



TAKING THE HIGH ROAD TO
DIGITAL
TRANSFORMATION



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सबैका लागि, सधैंका लागि

(नेपाल राष्ट्र बैंकबाट “क” वर्गको ईजाजत पत्र प्राप्त संस्था)



हामो आँखा - सधैं देखोस्
नवीनता, उत्कृष्टता

हामो भावना - आतिथ्यमा रमोस् सधैं जसो
साथमा, सधैं साथमा

हामी हाँस्न सकौँ, अनि हँसाउन सकौँ
हामी अघि बढौँ, अघि बढाउन सकौँ

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

हामी देखौँ यस्तो व्यवहार
सुरु गरौँ यस्तो संस्कार
जसले ल्याउँछ हामीलाई नजिक

शुभ कार्यको संस्कारमा - कुमारी बैंक

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

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

We move forward together to create a new world, world of our culture – where everyone is engulfed in a comfortable space of their own.

Welcome to Kumari Culture.



VISION

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



MISSION

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



KUMARI BANK

Kumari Bank Limited, came into existence as the fifteenth commercial bank of Nepal by starting its banking operations from Chaitra 21, 2057 B.S (April 03, 2001) with an objective of providing competitive and modern banking services in the Nepalese financial market. The Bank has paid up capital of NPR 13.87 billion.


Kumari Bank Limited has been providing wide-range of modern banking services through 228 points of representation located in various urban, semi urban part and rural parts of the country, with 193 branches, 13 extension counters and 23 Branchless Banking Units.

The Bank has pioneered in providing modern banking services like Internet Banking and Mobile Banking services. With the implementation of Core Banking Software, FINACLE (version 10), the Bank is confident that it will be able to provide a robust, ultra-modern banking platform for all customers throughout the country.

The Bank has been offering both Domestic and International Visa Debit Card and Credit Card, accessible in all VISA linked ATMs in Nepal and

India, providing additional services to the customers through its 156 ATMs throughout the country and several POS terminals. Along with this, the Bank has also been offering latest Mobile Banking, Internet Banking, Viber Banking and QR Payments. The Bank has been able to get recognition as an innovative and fast-growing institution striving to enhance customer value and satisfaction backed by transparent business practices, professional management, corporate governance, and Total Quality Management as the organizational mission.

The Bank acquired Kasthamandap Development Bank Ltd., Paschimanchal Finance Co. Ltd., Mahakali Bikash Bank Ltd. and Kankrebihar Bikash Bank Ltd. on Asadh 2074; with an objective to fulfill the directive forwarded by Nepal Rastra Bank to attain the paid-up capital of NPR 12.52 billion. Further to that, the Bank acquired Deva Bikas Bank Limited and joint operation was started from Asadh 28, 2077. Post this acquisition, the Bank's branch network reached 203 branches, 138 ATMs, Bank's loan investment to NPR 112 billion and deposit-base to NPR 124 billion. The key focus of the Bank is always centered on serving unfulfilled needs of all customers by offering swift and modern technology-driven banking products and services, thereby leaving the impression as a financial institution truly committed to enhancing customer satisfaction, convenience and value.



KUMARI BANK AT A GLANCE



2001



Kumari Bank starts its operations as an 'A' class Banking institution



2002



Kumari Bank introduces Internet Banking for the first-time in Nepal



2005



Kumari Bank introduces Mobile Bill Payment Services of schools/colleges



2011



Kumari Bank introduces Mobile Cash for the first time in Nepal

Receives the coveted international recognition - mBillionth Award South Asia 2011 for its Kumari Mobile Cash product. It is a platform that recognizes some of the key innovative applications and services and honored excellence in the arena of mobile communications across South Asia.

The first of its kind, Kumari Mobile Cash pioneered the "mobile wallet" concept in Nepal, which allows users to store cash balances in their mobile phones. Users are then able to deposit and withdraw cash from their mobile phones, and use the stored cash value for various purposes such as remittance, bill payments, and airtime recharge, with the push of a few buttons. For this, Kumari Bank Won the Manthan Award South Asia 2011 for the concept and introduction of Kumari Mobile Cash in Nepal, out of 481 participants across 30 categories.

Introduced "Kumari Secure Mind Home Loan" scheme, an innovative insurance scheme for Home Loans.



2017



Acquired four different
BFIs : Paschimanchal Finance Co. Ltd.,
Kasthamandap Development Bank,
Mahakali Bikash Bank & Kankrebihar Bikas Bank.



2018



**Awarded with Accelerated Transformation Award for
the shortest record-time for successful
migration of its core-banking software.**

Commenced its first Branchless Banking
(BLB) at Musikot, Rukum with 3 BLB
locations to start with.

Kumari Bank introduces its ATM at the point of
4,410 metres above level at Dinboche in the
Everest region.

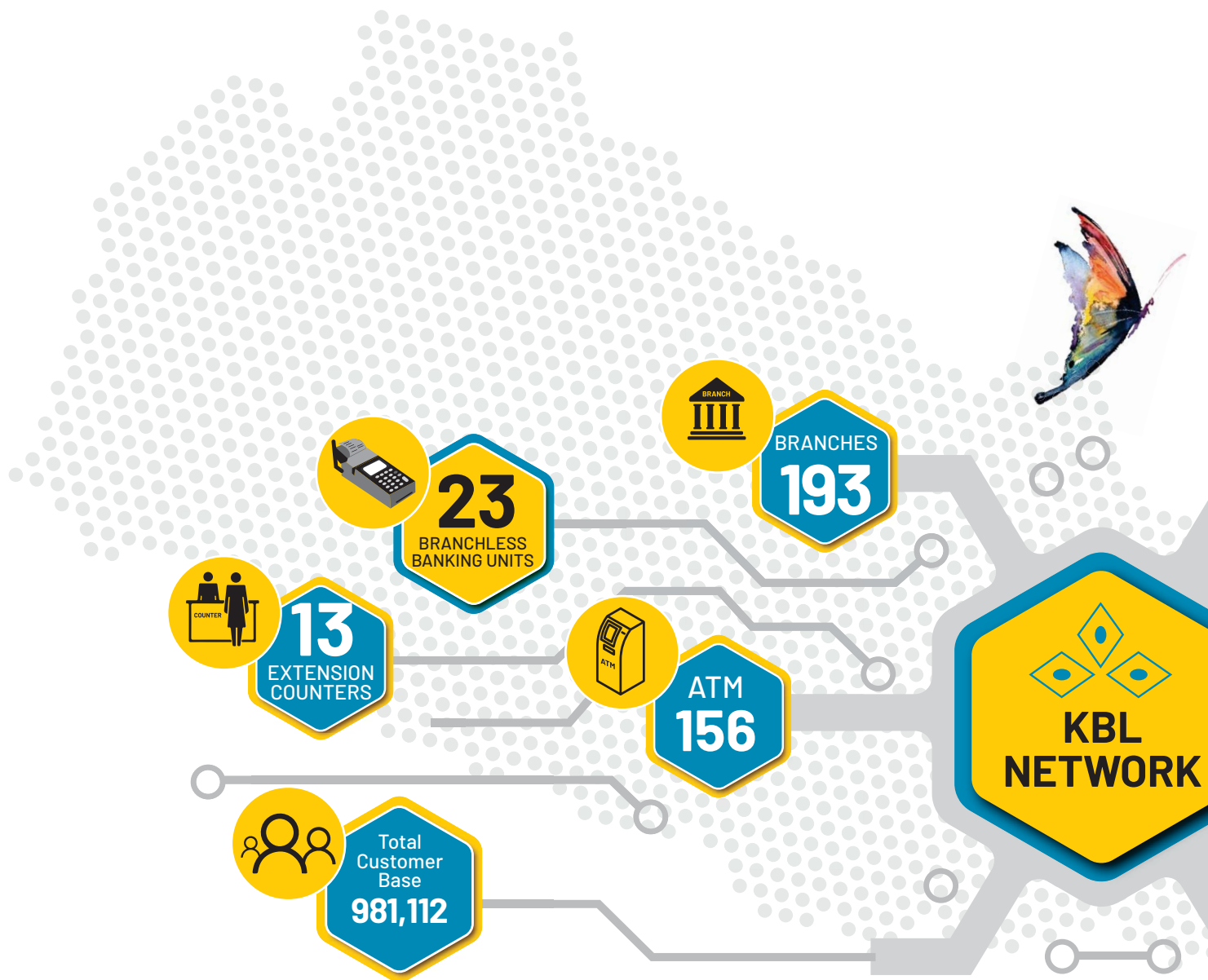


2020



Acquired Deva Bikas Bank Limited

After the acquisition paid-up capital to NPR 12.52
billion, deposit-base to NPR 120 billion, Bank's loan
investment to NPR 105 billion and the Bank's branch
network reached 200+.



SUBSIDIARY COMPANIES

**Kumari Capital Limited
(Merchant-Banking)**

**KBL Securities Limited
(Brokerage Company)**



BOD PORTFOLIO



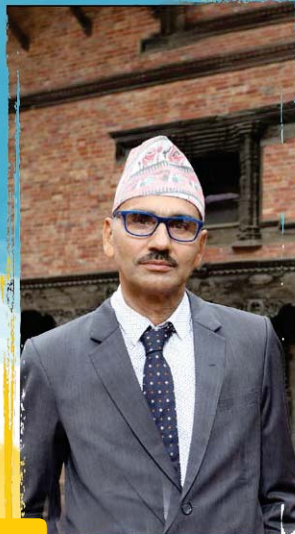
Mr. Amir Pratap JB Rana
Chairman

- Profession: Entrepreneur, Businessperson
- Professional Experience: More than 25 years of experience in industry and business
- Business Associations:
 - i) Chairman – Universal Group
 - ii) Chairman – Thoppal Khola Hydropower Nepal (P.) Ltd.



Mr. Krishna Prasad Gyawali
Director (Promoter Group)

- Profession: Businessperson
- Professional Experience: More than 25 years of experience in Travel & Tours and remittance sector
- Business Associations:
 - i) Chairman – Advance Money Transfer P. Ltd.
 - ii) Managing Director– Union International Tours and Travels P. Ltd.
 - iii) Director – Manang Air P. Ltd.
 - iv) Director – Thamel Hotel and Suite P. Ltd.



Mr. Mahesh Prasad Pokharel
Director (Public Group)

- Profession: Investor
- Professional Experience: More than 20 years of experience in investment sector
- Business Associations:
 - i) Chairman – Utkarshak Investment P. Ltd.
 - ii) Director – Nasha Hydropower P. Ltd.

Dr. Prof. Ganesh Prasad Pathak
Independent Director

- Profession: Lecturer
- Professional Experience: More than 30 years of experience in the Educational sector
- Professional Associations:
 - i) Associate Professor – Tribhuwan University
 - ii) Chairman – Sectoral Management Subject Committee
 - ii) Member – Campus Executive Committee, Nepal Commerce Campus

Mrs. Anuradha Chaudhari
Director (Public Group)

- Profession: Lecturer
- Professional Experience: More than 13 years of experience in the Educational sector
- Professional Associations:
 - i) Lecturer – NSCS Higher Secondary School



ON TECHNOLOGY VS TEAM

The market is very competitive at this point in time, therefore, it is critical for Banks, today, to have a very capable workforce. It needs a vibrant workforce that knows how to transform the Bank from a traditional setup to a digital-friendly environment. As it goes, "An organization can be as good as its people are". Therefore, a capable workforce that is open to technological innovation is the best-case scenario in the Banking industry.

ON DAILY RITUALS

Every day is a challenge for me. In my opinion, people thrive in a challenging environment. Without challenges, life will be monotonous. I personally enjoy a high-pressure working environment because it brings out the best in me. Change is a constant and a dynamic process, where people are on their toes, lead to progress.

I'm a morning person. I love spending time with my family and am a proponent of quality rather than quantity. As I begin my day, I surround myself with people that I enjoy working with. I like being around people who, like myself, enjoy sharing diverse ideas and experiences. Otherwise, I don't have a concrete schedule on how to go about my day. I like surprises so I don't plan meticulously. I take things as they come, and that's how I prefer things in life. I do, however, have long and short-term goals.



ON LEADERSHIP

To the best of my knowledge and understanding, there are three types of leaders: one who makes all the decisions for their team to follow; a leader who always follows the team's decisions; a leader who makes a collective decision with their team to achieve the best results. I'm an advocate of the third. As a team, members should be on the same page about their comprehensive mission and vision.

For me, a competent leader is someone who can inspire others to perform, excel and deliver. I try to empower people around me and give them a chance to do their personal best, instead of doing everything by myself as a leader. As a leader, I ensure that the people on my team have a positive attitude and inclination to bring out their talent and capabilities. I work with my team to ensure how I can drive them to achieve the best results.

ON ORGANIZATIONAL STRENGTH

The strength of a Bank lies in its robust structure, strong foundations, efficient delivery system and a driven workforce. On top of these, a strong risk-measurement dynamic is necessary too. Once these are in place, the Bank can gradually earn the status of one of the finer institutes and move towards market-leadership. This is what I've been advocating throughout: we need to be strong on all fronts, so that tomorrow, we can stand, on our own, as a leading financial institution.

ON TECHNOLOGY MEETING PEOPLE

When we have a vibrant workforce with a strong and positive attitude, that workforce will be capable enough to deliver the objectives of the organization while serving the customers. Sadly enough, this area (customer care system/framework) in today's extent, has suffered to a large extent. With technology playing such an integral part of our lives, it has permeated to customer interfaces, as well. However, we have not been able to strike a balance in integrating it, in a way that they and human-aspect of customer-handling do hand-in-hand to enhance the overall customer convenience and experience. I am yet to see, such instances of excellent customer care in practice. What we need now is to learn to how to integrate modern technology into the traditional customer-service setup.

ON KUMARI CULTURE

For me, Kumari Culture is a culture of a strong workforce that respects everyone, regardless of their ranking, position or background. A crucial aspect of Kumari Culture is its dynamic workforce that's positive, willing to change, develop and grow with the organization.

ON DIGITAL TRANSFORMATION

Bank s are going to be very competitive and crucial to the economy in the days to come. So, one important move for Kumari Bank is to rapidly transform itself into a digital Bank for which the blueprint of costs is already in place. These days, people want information as a service at their fingertips and that can only happen when robust digital mechanisms and frameworks are in place. Nepal's current demographic has 40% of people under the age of 40 who belong to the digital age. Thus, catering to them is something we look forward to in the days to come.

ON EQ VS IQ

Keeping emotions in check basically comes down to choosing between the matters of head vs heart. You must first distinguish if it's the emotions of the head or the heart. Your head might lead you to have false or misleading conceptions, sometimes but if you can recognize your inner voice, i.e. the voice of your heart, it will seldom let you down. Your inner voice is the divinity within you and will always be going to prompt you to do the right thing. So, work on your conscience and the rest will just follow.

MOVING FORWARD

As I've said before, we have a very vibrant and dynamic workforce at this point in time. We're all engaged in transferring the Bank to a new sphere altogether. Our goals are that we want to make our Bank one of the most digitally advanced Bank s in Nepal, in the years to come. Our growth volumes in the past few years have been remarkable and I'm sure, all the stakeholders are looking into that very closely. At the same time, the risk perception or risk-management framework is also paramount to our business philosophy. Good governance and transparency are going to be very critical to us, so whatever we do is going to be in full compliance with those. It's just a matter of time until we will see Kumari Bank standing robust as one of the leading financial institutes in the country.

Senior Executive Management Team



Mr. Bikas Khanal, Chief Risk Officer

Mr. Manish Timilsina, Chief Business Officer



Mr. Surender Bhandari, Chief Executive Officer

Mr. Anuj Mani Timilsina, Senior Deputy Chief Executive Officer

Mr. Ram Chandra Khanal, Chief Operating Officer

Executive Management Team



From left to right

Mr. Siddhartha Singh
Chief - Province 2

Mr. Narayan Ghimire
Chief - Information Technology

Mr. Rohit Singh
Head - Human Resources/ Central Logistics

Mr. Bikas Khanal
Chief Risk Officer

Mr. Manish Timilsina
Chief Business Officer

Mr. Surender Bhandari
Chief Executive Officer



Mr. Anuj Mani Timilsina
Senior Deputy Chief Executive
Officer

Mr. Ram Chandra Khanal
Chief Operating Officer

Mr. Anish Tamrakar
Chief – Digital Banking

Mr. Ganesh Kumar KC
Head – Internal Audit

Mr. Bishnu Regmi
Chief – Bagmati Province (Outside Valley)

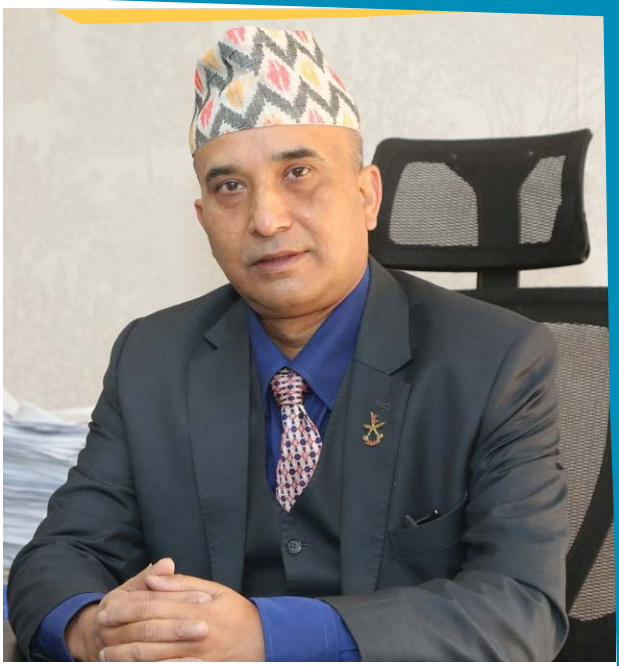
Executive Management Team



Mr. Surender Bhandari
Chief Executive Officer



Mr. Anuj Mani Timilsina
Senior Deputy Chief Executive Officer



Mr. Manish Timilsina
Chief Business Officer



Mr. Ram Chandra Khanal
Chief Operating Officer



Mr. Bikas Khanal
Chief Risk Officer



Mr. Rohit Singh
Head - Human Resources/
Central Logistics



Mr. Ganesh Kumar KC
Head - Internal Audit



Mr. Anish Tamrakar
Chief - Digital Banking



Mr. Narayan Ghimire
Chief - Information Technology

Chief of Province



Mr. Manish Shrestha
Chief - Province 1



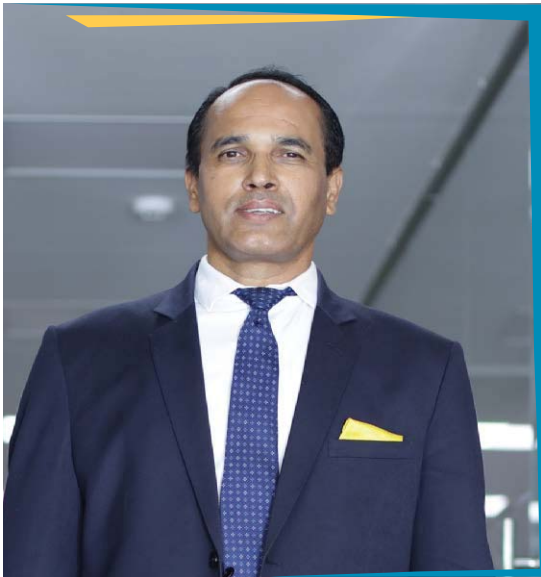
Mr. Siddhartha Singh
Chief - Province 2



Mr. Prabin Jha
Chief - Bagmati Province (Inside Valley)



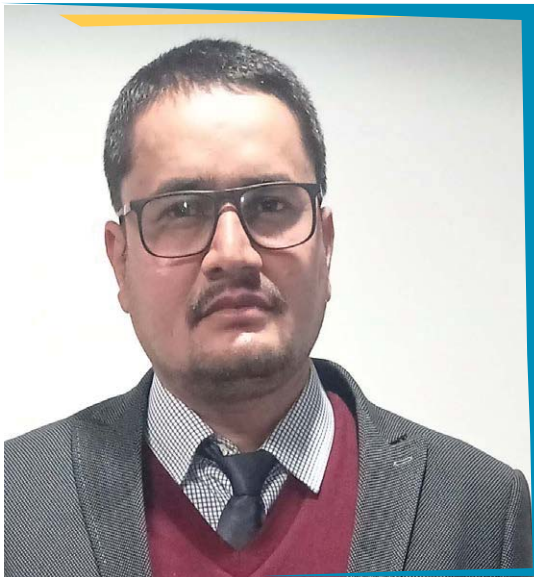
Mr. Bishnu Regmi
Chief - Bagmati Province (Outside Valley)



Mr. Nabin Raj Poudel
Chief – Gandaki Province



Mr. Ram Mani Adhikari
Chief – Lumbini Province A



Mr. Deepak Adhikari
Chief – Lumbini Province B



Mr. Himal Prasad Mudbhari
Chief – Karnali Province



Mr. Deepak Khanal
Chief – Sudurpaschim Province

Head of Department



Mr. Bhusan Tandukar, Head - Credit



Mr. Nabin Muni Bajracharya, Chief - Marketing



**Mr. Bibek Man Singh Shakya
Head - Business Coordination**



**Mr. Niraj Rai
Head-Credit Administration and Control**



**Mr. BIKRANT KOIRALA
Head - Legal Affairs**



**Mr. Aswin Babu Shrestha
Head- Finance & MIS**



Mr. Himat Singh Basnet
Head – Central Operations & Control



Mr. Rabi Shanker Shrestha
Head – Market Risk & Treasury Mid-Office/
Operation Risk Management



Ms. Renu Koirala
Head – Compliance & Governance



Mr. Suwash Khadka
Head – Foreign Trade



Mr. Kiran Kumar Shah
Head – AML/ CFT



Ms. Diksha Singh
Head – Credit Risk Management



Mr. Suresh Raj Pandey
Head – Operations Co-ordination



Mr. Bhupendra Pandey
Head – Recovery, NPA & Debt Service Management



Mr. Rupendra Kumar Panday
Information Security Officer



Ms. Kripa Shrestha
Head – Credit Operations



Mr. Unesh Manandhar
Head – Branch Expansion & Relocation



Ms. Tripti Silwal
Head – Deprived Sector Lending



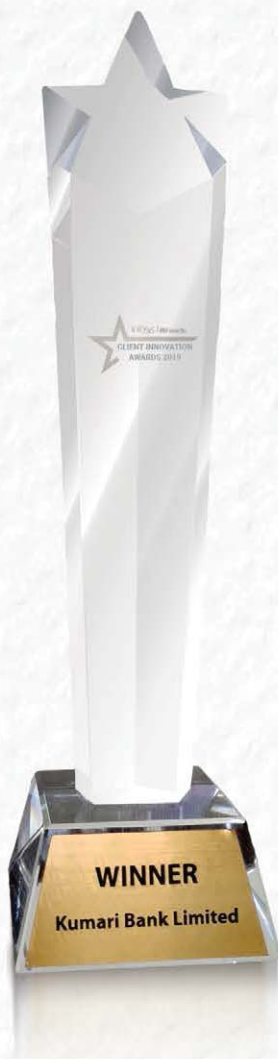
Ms. Anusha Shakya
Head – Corporate Communication & CSR



Mr. Santosh Kumar Mahato
Head – Central Remittance



Mr. Anup Shrestha
Head – Treasury



2019 Kumari Bank Limited has been awarded with International recognition: the **"Accelerated Transformation Award"** at the **InfoSys Finacle Client Innovation Awards 2019**. Kumari Bank is the first ever Nepali Bank to receive the said-award by Finacle InfoSys. The said-award has recognized the competence and potential of the comprehensive Nepali Banking Industry.

The Finacle Client Innovation Award is a global platform of recognition given to Banks delivering breakthrough innovations in Banking products, customer service, process design and distribution channels via capitalization on Finacle solutions.

With over 250 nominations received over 8 categories, **Kumari Bank Limited** has successfully bagged the winning title for core Banking modernization in the **"Accelerated Transformation"** category this year. With this, Kumari Bank has set up a historical record for successful migration of CBS Finacle Version 10.2.19 in the shortest recorded time of 4.5 months.





2011 - The first of its kind, Kumari Mobile Cash pioneered the "mobile wallet" concept in Nepal, which allows users to store cash balances in their mobile phones. Users are then able to deposit and withdraw cash from their mobile phones, and use the stored cash value for various purposes such as remittance, bill payments, and airtime recharge, with the push of a few buttons. For this, Kumari Bank Won the **Manthan Award South Asia 2011** for the concept and introduction of Kumari Mobile Cash in Nepal, out of 481 participants across 30 categories.

2011 - Receives the coveted international recognition - **mBillionth Award South Asia 2011** for its Kumari Mobile Cash product. It is a platform that recognizes some of the key innovative applications and services and honored excellence in the arena of mobile communications across South Asia.



ANNUAL REPORT OF BOARD OF DIRECTORS

TWENTIETH ANNUAL GENERAL MEETING

Dear Shareholders,

We would like to cordially welcome all shareholders, invited representatives, auditor, journalists and support staffs on behalf of the Board of Directors, present here today in the 20th Annual General Meeting (AGM) of Kumari Bank Ltd.

In this 20th Annual General Meeting (AGM) of the Bank, we would like to present you with the financial statement of the fiscal year 2076/77 BS. Together with the annual report, we shall make here a brief presentation on the achievements of this Bank in the current fiscal year and the plans in future. Upon learning the mixed experiences of the past, we have completed 20 years of our inception by employing the challenges and opportunities in the Bank's favor as the time demands. We always nurture the objectives to render quality services to our customers, to give optimum returns to the investors, to maintain good governance and moral conduct within the institution, and to fully comply with the laws and rules put in place by the nation. We extend our sincerest thanks to those who have helped and wished our best, directly or indirectly, in the successful realization of these goals. This Bank has succeeded in becoming a successful and strong institution from the invaluable support and partnership of people like you. We express our trust that even in the days to come; you shall be equally contributing towards the progress of the Bank .

The major financial indicators till the date of preparation of balance sheet are as follows:

1. Review of the Financial Indicators of previous years

Table 1. Financial Synopsis of the Bank in the past 5 years (Amount in NPR millions)

Particulars	072/73	073/74	074/75	075/76	076/77
Paid Up Capital	3,265.99	6,882.78	7,163.39	8,685.57	12,520.04
Deposits	37,950.53	52,037.39	69,651.22	84,403.34	124,220.03
Loan and Advances	30,111.45	45,195.17	62,740.97	76,584.77	115,133.98
Investment	7,742.97	8,039.52	9,022.93	9,341.56	17,660.63
Fixed Assets (Net)	265.41	358.07	544.76	759.49	1,590.49
Total Assets	42,416.51	60,993.26	82,723.55	105,311.48	153,341.63
Net Interest Income	1,175.43	1,297.37	2,006.02	2,869.95	3,573.19
Other Income	338.61	389.22	637.89	809.81	900.08
Operating Expenses	581.11	659.42	1,228.75	1,653.64	2,289.58
Operating Profit/(Loss) before Loan Loss Provision	932.94	1,027.17	1,420.41	1,994.26	2,147.86
Net Profit	716.06	660.74	1,046.49	1,230.37	1,158.50
Non-Performing Loan Ratio (%)	1.15	1.86	1.05	1.01	1.39

Due to the global COVID-19 epidemic, the negative impact of the review period and in the coming years is not unpredictable. The impact of the epidemic on the public; the uncertainty in economic activity and its effects are evident. Nepal, of course, is no exception, as its economy has been hit hard and the economy has not been able to keep moving, which has had a direct impact on the banking sector.

Although the bank's financial indicators for the past years have been positive, systematic and progress-oriented, it is projected to have some negative impact on the indicators during the review period and in the coming years due to the inconvenience caused by the global epidemic. The Bank's financial indicators for the past years have been positive, systematic and progress-oriented. In recent years, the inactive assets have been vastly managed, and the risks associated with Bank's business have been properly assessed. As Nepal's fiscal market, political milieu and industrial sectors are prone to frequent upheavals, we have made up our mind that we should always be balanced and sustainable the growth of our businesses and ventures.

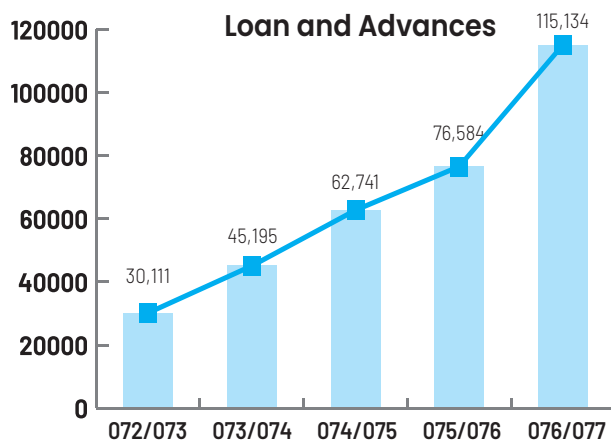
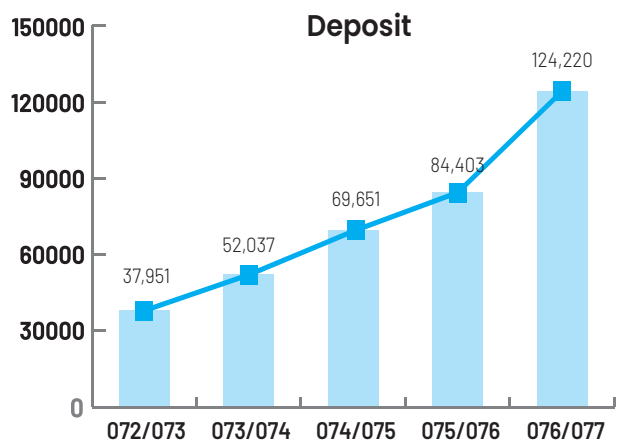
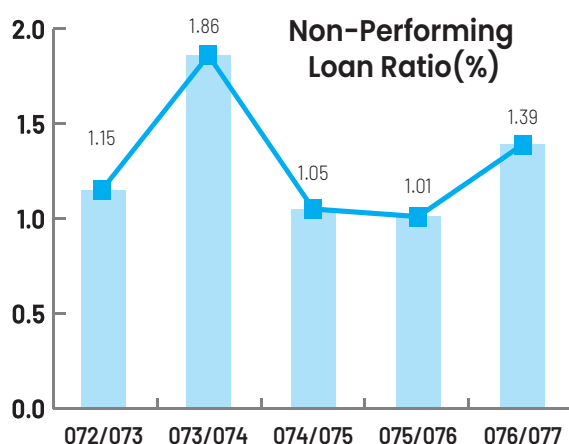
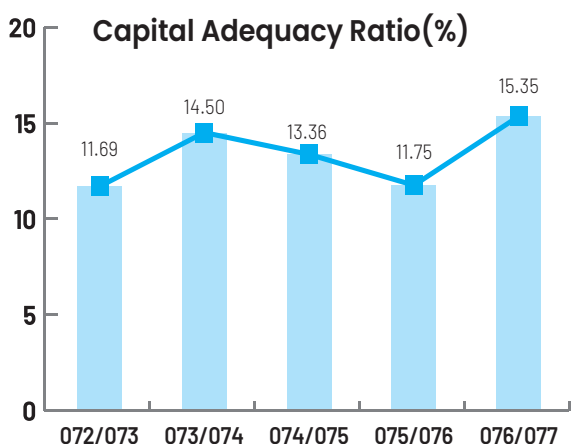
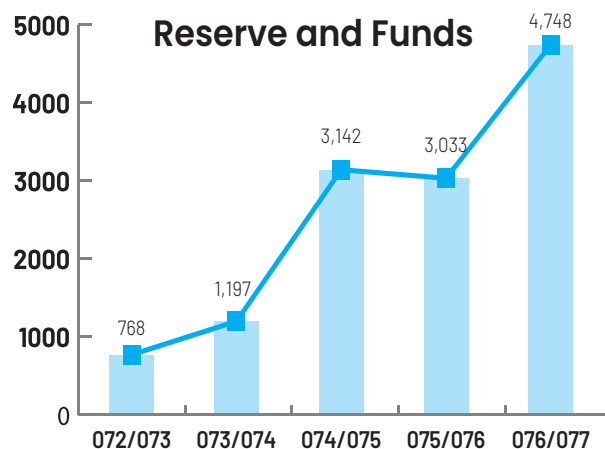
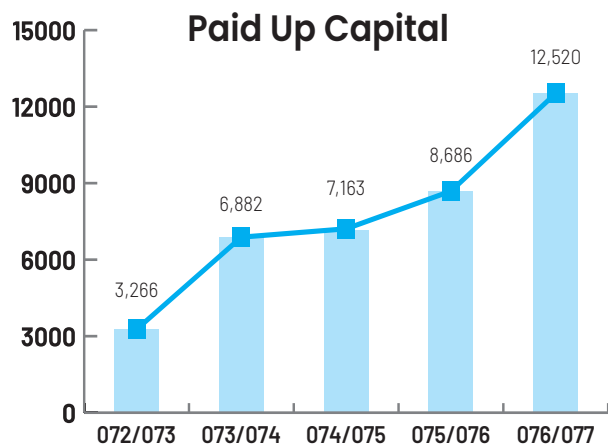
In the Fiscal Year 2076/77, the Bank acquired Dev Bikas Bank and started joint business transaction from 28th Ashad, 2077 BS. This clarifies the reason for the extraordinary increase in business during the review period compared to last fiscal year.

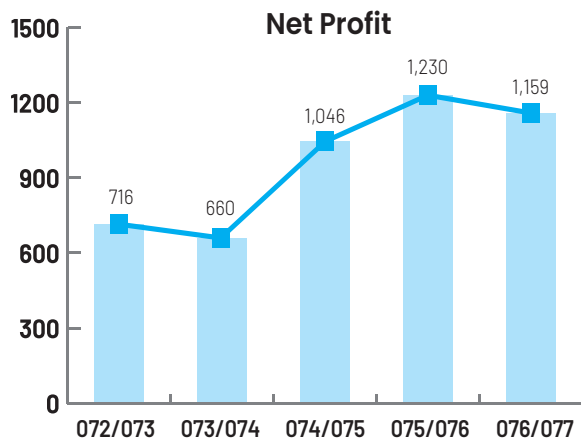
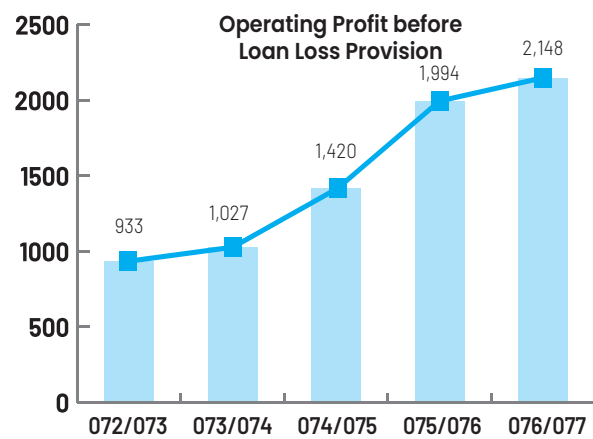
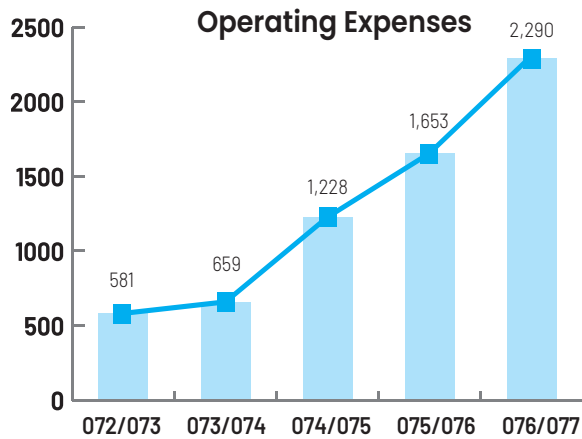
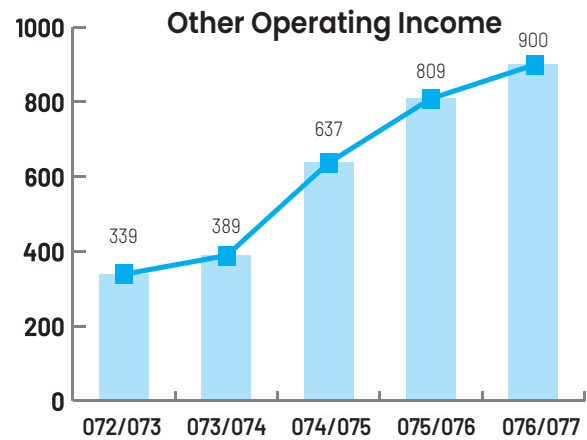
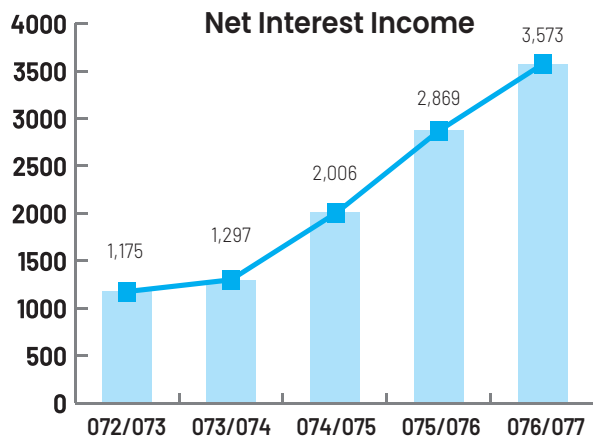
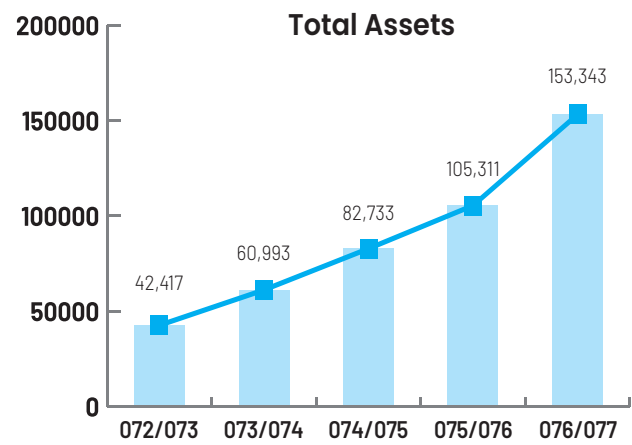
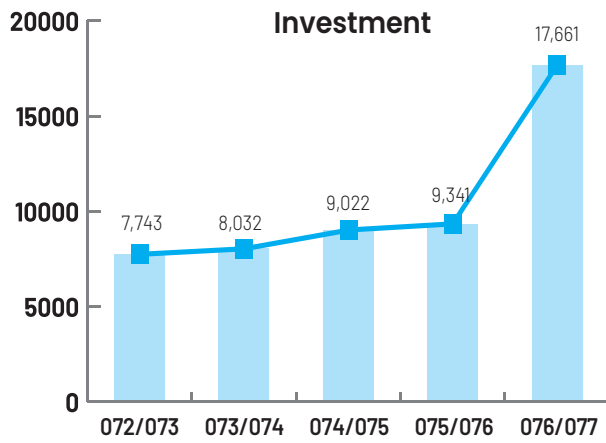
As compared to the fiscal year (FY) of 2075/76, in the FY of 2076/77 BS, Credit, Deposit and Investment have risen to 50.34 %, 47.17% and 89.05% respectively, reaching NPR 115.13 billion, 124.22 billion and 17.66 billion. Similarly, the Net interest Income has recorded an increase of 24.5% reaching NPR 3.57 billion and Other Operating Income increased by 11.15% reaching NPR 900 million. Similarly, Operating Expenses increased by 38.46 % reaching NPR 2.28 billion . The Operating Profit before Loan Loss Provision in the FY of



2076/77 has marked a surge of 7.7% reaching NPR 2.14 billion. However, due to the negative impact of the global COVID-19 epidemic on the financial position of the debtors as well as special concessions and facilitation provided by the bank in repayment of loans and interest payments to the debtors in the fiscal year 2076/77, the credit loss provision has increased. Thus, the Net Profit of NPR 1.23 billion in the FY 2075/76 has constricted to NPR 1.15 billion in the FY 2076/77, registering a decline of 5.84%.

The graphs of some major financial indicators of the Bank in the past 5 years are presented as follows: (Amount in NPR millions):







2. A Review of International and National Economies

The global economy, which has been sluggish and stagnant due to the economic recession, has been gradually improving and progressing in recent years. A century later, an unexpected epidemic has infected more than 60 million people and killed more than 1.4 million. The world economy has contracted to its greatest contraction since the Great Depression of the 1930s. Poverty, unemployment and income inequality are expected to increase as the world faces a simultaneous health crisis and economic crisis.

According to the monetary policy of Nepal Rastra Bank, COVID-19 has added an unexpected challenge. Nepal's economy has seen low economic growth in FY 2076/77 after three consecutive years of high economic growth. Inflation remained within the target range, while trade deficit and current account deficit improved due to contraction in imports. BOP surplus has increased significantly. Credit expansion is lower than deposit mobilization. Financial access has expanded significantly and the use of electronic payments in financial transactions is increasing. Along with financial expansion, infrastructure development work for modern payment system has moved forward. Due to the increase in the use of mobile banking, banking business has become easier even during the lockdown to control Covid-19.

Covid-19 is expected to affect labor markets and remittance inflows worldwide. Along with the return of foreign labor, it has also affected the domestic labor market. If the major labor destination countries go into economic contraction, the decline in remittance inflows will have an impact on the banking sector resource mobilization, external sector balance and poverty alleviation. In order to keep the economic activities going, the credit management of the affected areas and access to Bank has to be facilitated and the financial resources have to be encouraged towards entrepreneurship development, product growth and job creation.

The global economy has shrunk as the entire chain from production to supply has been disrupted by measures taken globally to control and prevent the COVID-19 infection. According to the World Economic Outlook, updated by the International Monetary Fund in June 2020, the world economy is projected to shrink by 4.9 percent by 2020.

The International Monetary Fund (IMF) has projected that the economies of developed countries will shrink by 8 percent in 2020 compared to 1.7 percent expansion in 2019. Emerging and developing economies are projected to shrink by 3 percent in 2020 compared to growth of 3.7 percent in 2019.

The International Monetary Fund (IMF) has projected the Asian economy to shrink by 1.6 percent by 2020. Of these, India's economy is projected to shrink by 4.5 percent and China's economy is projected to expand by 1 percent. The International Monetary Fund (IMF) has projected that Nepal's economic growth will be limited to 1 percent.

Inflation has been low due to contraction in aggregate

demand due to COVID-19 and fall in prices of petroleum products. The International Monetary Fund (IMF) has projected inflation in developed economies at 1.4 percent in 2019 to 0.3 percent in 2020. In emerging and developing economies, consumer inflation is projected to be 4.4 percent in 2020 compared to 5.1 percent in 2019.

To meet the challenges facing the world economy, most countries have adopted expansionary monetary and fiscal policies. Despite the uncertainty created by the COVID-19 crisis, many countries have been gradually easing sanctions and other measures to facilitate economic activity.

The above-mentioned scenario in the national economy of the country is also likely to affect the bank's transactions.

a. Gross Domestic Product

As per the Central Bureau of Statistics (CBS), the growth in gross domestic product (GDP) in FY 2075/76 was 7.0% in base-price. The growth rate is predicted to be 2.3% for FY 2076/77. Agriculture, industry and service sector are estimated to grow by 2.6 percent, 3.2 percent and 2 percent respectively. Ratios of Gross Domestic Savings and Gross National Savings to GDP are estimated at 18.1 percent and 46 percent respectively in 2019/20. In the previous year, such ratios were 19 percent and 48.9 percent respectively. Ratios of Gross Fixed Capital Formation and Gross Capital Formation to GDP are estimated at 28.1 percent and 50.2 percent respectively in 2019/20. In the previous year, such ratios were 33.7 percent and 56.6 percent respectively.

b. Inflation

Consumer inflation, on year-on-year basis, remained 4.54 percent in mid-June 2020. Likewise, average inflation in the eleven months of FY 2076/77 recorded 6.28 percent compared to 4.51 percent a year ago.

c. Service

Total services are estimated to have increased by an average of 2 percent in the review year. Services include wholesale and retail trade, hotels and restaurants, transportation, communications and warehousing, financial intermediation, real estate and business services, public administration and defense, education, health and other community and personal service activities. The contribution of the service sector to the GDP has averaged 21 percent in the last 10 years.

d. Foreign Trade

In the eleven months of FY 2076/77, exports increased by 0.2 percent to Rs. 88 billion and imports declined by 15.3 percent to Rs. 1100.81 billion. Trade deficit improved by 16.4 percent during the review period, while remittance inflows declined by 3 percent to Rs. 774.87 billion during the review period.

In the eleven months of FY 2076/77, the current account deficit increased to Rs. 71.64 billion and BOP surplus of Rs. 179.37 billion during the review period. In the corresponding period of FY 2075/76, the current account deficit increased

by Rs. 249.08 billion and BOP deficit stood at Rs. 90.83 billion in the corresponding period of the previous year.

In Jestha end 2077, the total foreign exchange reserves stood at Rs. 1306.46 billion (US\$ 10.79 billion). Based on the eleven months of imports in FY 2076/77, the foreign exchange reserves maintained with the banking sector will be sufficient to support 13.3 months of goods and 11.7 months of goods and services imports.

The Nepali rupee depreciated by 9.15 percent against the US dollar in Y/E 2076-77 compared to mid-July Y/E 2076-77 resulting at exchange rate of NPR. 120.37 per US\$.

e. Foreign Trade, Remittance Inflow, Current Account And Balance Of Payments

In the eleven months of FY 2076/77, exports increased by 0.2 percent to Rs. 88 billion and imports declined by 15.3 percent to Rs. 1100.81 billion. Trade deficit improved by 16.4 percent during the review period, while remittance inflows declined by 3 percent to Rs. 774.87 billion during the review period.

In the eleven months of FY 2076/77, the current account deficit increased to Rs. 71.64 billion and BOP surplus of Rs. 179.37. In the corresponding period of FY 2075/76, the current account deficit increased by Rs. 249.08 billion and BOP deficit stood at Rs. 90.83 billion in the corresponding period of the previous year. As compared to Asadh end 2076, NPR is undermined by US dollar by 9.15% in Asadh end 2077 which led purchase rate of 1 US dollar at Rs. 120.37.

f. Foreign exchange reserves

In Jestha end, 2077, the total foreign exchange reserves stood at Rs. 1,306.46 billion (US\$ 10.79 billion). Based on the eleven months of imports in FY 2076/77, the foreign exchange reserves maintained with the banking sector will be sufficient to support 13.3 months of goods and 11.7 months of goods and services imports.

g. Government expenditure, revenue and internal debt mobilization

According to the public statement from the Office of the Controller and Auditor General, the current expenditure of the Federal Government increased to Rs. 786.53 billion, capital expenditure was Rs. 191.77 billion and expenditure on financial management was Rs. 116.04 billion and a total of Rs. 1094.34 billion has been spent. Revenue collection during this period was Rs. 841.36 billion during the review period.

In FY 2076/77, the Government of Nepal mobilized a total of Rs. 194.64 billion and the principal payment was Rs. 34.39 billion. The net internal debt of Rs. 160.25 billion. That amounts to 4.3 percent of GDP.

h. Deposit collection

In the eleven months of FY 2076/77, deposit mobilization of banks and financial institutions increased by 17.27 percent to Rs. 3933.73 billion. In the corresponding period of the

previous year, deposit mobilization increased by 18.24 percent to Rs. 3354.42 billion.

i. Capital Adequacy

In Asadh end, 2077, the paid up capital of banks and financial institutions (including MFIs) increased by 8.17 percent to Rs. 330.76 billion during the review period. Similarly, the capital increased by 9.38 percent to Rs.488.27 billion during the review period.

As of Ashad end, 2077, the capital adequacy ratio of commercial banks stood at 14.01 percent, development banks at 14.42 percent and finance companies at 19.59 percent. In Ashad end, 2076, these ratios were 14 percent, 16 percent and 20.4 percent respectively.

j. Financial Access

Financial access has increased with the expansion of branches of banks and financial institutions. The number of branches of banks and financial institutions has increased from 8686 in Ashad End, 2076 to 9765 in Asadh end, 2077. During that period, the population per bank branch has decreased from 3,363 to 3,072.

k. Debt flow

In FY 2076/77, credit to banks and financial institutions increased by 12.32 percent to Rs. 3273.90 billion during the review period. Such loans increased by 20.27 percent to Rs. 2913.97 billion in the corresponding period of the previous year. In Chaitra end, 2076, Out of the investment of banks and financial institutions, Loans up to Rs. 1.5 million 15 percent, loans of Rs. 1.5 million to Rs. 5 million 24.9 percent, Loans up Rs. 5 million to Rs. 10 million 10.2 percent, Loans up to Rs. 10 million to Rs. 50 million 22.3 percent and Loans above Rs 50 million are 27.6 percent.

l. Non- performing loan

Non-performing loan of Banks and Financial institutions at Asadh end 2076 was 1.52 % and reached 1.89 % at the end of fiscal year 2077. At the end of Asadh 2077, non-performing loan ratio of commercial banks are 1.81%, Development Banks are 1.52% and Finance Companies are 6.18%.

m. Liquidity Management

In FY 2076/77, Total of Rs. 219.15 billion liquidity was injected, out of which Rs. 115.87 billion through Repo and Rs.103.28 billion through Standing Liquidity Facility(SLF). Total of Rs. 78 billion liquidity was mopped up in 2076-77, out of which Rs. 48 billion through Reverse Repo and Rs. 30 billion through deposit auction. NRB injected Rs. 492.24 billion liquidity through the net purchase of US dollar 4.20 billion from commercial banks in 2076/77. During the review period, NRB purchased Indian currency equivalent to Rs. 442.13 billion through the sale of convertible foreign currencies.

n. Interbank Transactions And Use Of Standing Liquidity Facility

In FY 2076/77 inter bank transaction among commercial



banks is, Rs. 1501.45 billion and that among banks and financial institutions (except commercial banks) is Rs. 129.40 billion.

o. Interest rate

The weighted average interest rate on 91-day Treasury Bills stood at 1.27 percent and the weighted average interbank rate between commercial banks was 0.35 percent in 2077 Ashad. In Ashad 2076, these rates were 4.97 percent and 4.52 percent respectively.

The average base rate of commercial banks stood at 8.50 percent in Ashad 2077 as compared to 9.57 percent in Ashad 2076. Similarly, the weighted average interest rate on loans stood at 10.11 percent and the weighted average interest rate on deposits stood at 6.01 percent in Ashad 2077. The weighted average interest rate on loans was 12.13 percent and the weighted average interest rate on deposits was 6.60 percent in Ashad 2076.

p. Merger & Acquisition

In the decade since banks and financial institutions began to be encouraged to merge and acquire, altogether 196 BFIs (including 25 commercial banks) have been involved in the merger and acquisition process thereby forming 46 institutions. In this process, license of 150 institutions including 5 commercial banks have been revoked. In 2076/77, altogether 35 BFIs including 4 commercial banks were merged and acquired and license of 20 institutions was revoked. In review year 2076/77 total 155 BFIs existed including 27 commercial bank, 20 development bank, 22 Financial cooperative, 85 micro finance co. & 1 infrastructure development bank.

q. Capital market

The NEPSE index that stood at 1259 in Ashad 2076 has stood at 1362.34 in Ashad 2077. Similarly, the market capitalization increased to Rs. 1792.76 billion in Ashad 2077 compared to Rs. 1567.50 billion in the corresponding period of the previous year.

Instrumental diversification has started in the stock market as commercial banks have been encouraged to mobilize financial instruments by issuing long-term bonds. In the eleven months of FY 2076/77, 19 institutions including 17 commercial banks and 2 finance companies have obtained approval for issuance of bonds amounting to Rs. 45.25 billion. In Jestha 2077, banks and financial institutions has bond debt of Rs. 54.29 billion.

(Source: *Nepal Rastra Bank, Monetary Policy of the FY 2077/78*)

3. Performance Review of Bank in the FY 2076/77 and the way forward:

Upon reviewing the financial statements of review period, it is evident that the Bank's transactions have consistently increased in a robust-manner. Due to the increase in its transactions, the balance-sheet size of the Bank has also surged by 45.61% from the previous fiscal year to reach 153.34 billion in the current fiscal year.

a) Capital Management: The current paid-up capital of Bank is at NPR 12.52 billion. The current capital of the Bank shall reach NPR 13.87 billion, including NPR 1.35 billion on behalf of the proposed 10.85% share dividends for the FY 2076/77.

b) Deposits: As compared to the previous fiscal year, the deposits in Bank have increased by 47.17% to reach a total of NPR 124.22 billion by Asadh end, 2077.

Table 2:
Comparative Deposit Status of the Bank (Amount in NPR millions)

Deposit	FY 2076/77	Percent of Total Deposits (%)	FY 2075/76	Percent of Total Deposits (%)	Increased Amount	Increase in Percent
Current	16,141	12.99	6,088	7.21	10,053	165.12
Savings	30,894	24.87	18,137	21.49	12,757	70.34
Call	8,225	6.62	14,613	17.32	-6,388	-43.71
Fixed	68,960	55.51	45,565	53.98	23,395	51.34
Total	124,220	100	84,403	100	39,817	47.17

c) Loans, Borrowings and Advances: By the end of FY 2075/76, the total credit issued by this Bank was NPR 76.58 billion, which rose by 50.34% until the end of review year to reach NPR 115.13 billion. The Bank has diversified its credit portfolio by facilitating lending in sectors like personal loans, education loans, small and medium enterprise loans, agriculture and productive loans, deprived sector lending, institutional loans and development project loans. During the review period, the ratio of inactive loans stood at a 1.39%. Despite significant increase in credit investment and significant recovery of non-performing

loans during the review year, the global epidemic COVID-19 has had a negative impact on the financial position of the borrowers. additionally, bank facilitated subsidies and discounts on loan disbursement and interest payment to the borrowers in FY 2076/77. As a result, the bank's non-performing loan (NPL) ratio seems to have changed somewhat this year compared to last year. We would like to announce herein that the Bank has been proactive in regularizing more of its inactive loans.

d) Investment: In line with the Bank's objective of gaining returns from overall resources by maintaining robust liquidity, Bank's policy of investing in riskless assets issued by Nepal Rastra Bank such as treasury bills, development bonds, etc has been given continuity. The Bank has also been cautiously investing in the local and international currency market as well as in the shares and debentures of various institutions. It has invested a sum of NPR 1.13 billion in the treasury bills of Government of Nepal and NPR 11.18 billion in the development bonds. The Bank has also invested in shares of some other institutions amounting to NPR 5.33 billion. With this, the total investment of the Bank has been at NPR 17.66 billion, as of Asadh end, 2077.

e) Profits: Along with overall business portfolio, a welcome growth has been seen in various revenue streams of the Bank in the review year. Likewise, the Bank has succeeded in limiting the growth rate of its Operating Expenses at 38.46%. As compared to FY 2075/76, the interest revenue from credit and investments in FY 2076/77 has also risen by 16.17%, thereby reaching NPR 10.53 billion. The interest expenses have also increased by 12.33% thereby reaching NPR 6.99 billion. As compared to FY 2075/76, the net interest income of the Bank also rose by 24.5% in the FY 2076/77, reaching NPR 3.57 billion. Similarly, the Bank's income from fees and commissions arising from lending, deposits and other banking facilities and services has risen by 10.52% to reach NPR 520 million in FY 2076/77. The foreign exchange income has touched NPR 360 million after posting a growth of 27.65%. Thus, the total Operating Income of the Bank has reached NPR 4.43 billion in the FY 2076/77, which marks a growth of 21.64%, from the previous fiscal year. Similarly, when looking at the expenses, the personnel and other operating expenses have risen by 43.9% and 30.56% to reach NPR 1.40 billion and NPR 880 million, respectively. Similarly, the Operating Profit before Loan Loss Provision in FY 2076/77 has surged by 7.7% from the previous fiscal year and stands at 2.14 billion. In FY 2075/76, net profit stood at Rs. 1.23 billion but due to the negative impact of the global pandemic COVID-19 on the financial position of the debtors as well as concessions and facilitation in the repayment of special loans and interest to the debtors in FY 2076/77, the loan loss provision has increased and the net profit of the bank has decreased. In 2076/77, there was contraction of 5.84% resulting in net profit of Rs. 1.15 billion.

f. Contribution in the Government Revenue: The Bank had paid NPR 560 million as institutional tax in the FY 2075/76, it has already made an advance payment of NPR 730 million as the corporation's tax-liability for the FY 2076/77.

g. Products and Services: Kumari Bank has been introducing and enhancing its deposit/loan products and services into the market, keeping abreast focus on the dynamic needs of its customers and the rapid technological innovation and adoption in the market. The diverse savings/deposit schemes of the Bank such as: Kumari Pariwar Surkashya Bachat Khata, Kumari Premium Salary Savings Account, Share Demat Account, ASBA Process Account, Youth Savings Account, Swastha Jeevan Bachat Khata, Big Savings Khata, Nagarik Bachat Khata, Twinkle Star savings are among some of the most lucrative and widely-preferred savings products. Likewise, a wide array of other services such as: Kumari Smart (Bank's mobile banking system), Internet Banking, Debit, credit and prepaid cards are some of the most popular services of the Bank. With partnership with 43 companies and more than 10,000 payment agent alliances to its name, the Bank extends quick, convenient and modern remittance services across the globe. The bank continuously strives to deliver modern, innovative Banking services to its customers with continuous efforts in research and development to grasp a better understanding of the dynamic needs and preference of the general population. It is clearly evident that the Bank has been able to cater to the modern needs of its customers, citing the significant increase in its customer-base and via adoption of contemporary banking and digital technologies. We have been able to carve a niche market for our financial products/services, namely through embodiment of latest digital products and services, namely the 3D-secure VISA debit/credit cards, QR payment systems, mobile-banking and mobile wallets and other forms of contactless payment methods. Our VISA dollar debit cards are accessible across Nepal, India and the whole world through the VISA network.

h. Branch Expansion : The Bank, has been able to extend its banking reach via addition of 30 new branches and 4 extension counters. As of date, our banking reach has touched 38 inside and 146 outside-valley branches (Total 184) , 144 ATMs and 13 extension counters across the nation. This expanded network includes 77 branches and 6 extension counters added from acquisition of Deva Bikas Bank Ltd. 14 of these added branches will be discontinued and 11 of them are to be relocated.

h. Corporate Governance : The Bank has always given utmost importance to good corporate governance and moral conduct. As a public limited company and a financial institution, good governance and moral conduct are one of the crucial factors to ensure public faith and transparent dealings within the organization. The Board of directors is proactive in developing transparent and fair business practices and a strong corporate governance culture in the Bank's overall activities, whilst staying in line with the organization's core functioning and long-term goals and objectives.

j. Risk Management : A separate risk-management sub-committee is in place with an underlying view to identify, assess, mitigate and manage the risks and uncertainties that may appear in the future, in a timely manner. Dynamic and robust set of policies and guidelines have been put in



place for timely-management of the innumerable risks that arise or may arise within the organization. The Bank has been properly managing the risks associated with credit, operations, market and other areas in its daily business and has pursued a policy of frequently adapting and revising the internal control system to ensure the robustness and relevance of the control system. Various policies, rules, circulars have been framed and implemented to counter the issues pertaining to proper customer identification, credit management, stress-test and other matters of daily functioning.

- a. **Credit Risk Management:** A separate credit-risk management committee has been formed in the Bank, so as to detect credit-related risks in time. Prior to sanctioning loans, this department makes a thorough study of all the risks associated with loans, standards set by the regulatory bodies, compliance with internal rules and policies and other risks pertaining to the sector and the debtor. This unit shall examine the contemporary affairs, predict the risks that may arise in the future and make recommendations for the revision of internal policies and guidelines in the matter. Moreover, it will reorganize the credit portfolio and re-assess grades of credit, credit-sector, debtors, etc, based on their risk-potential.
- b. **Operations Risk Management:** The Basel committee on Banking Supervision defines Operational Risk as the "risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk, but excluding strategic and reputational risk." Every banking transaction involves a number of steps. There are complex set of steps that goes into every seemingly simple transaction. This is because the transactions, on the surface are completed instantaneously. However, a lot goes on behind the scenes to make our banking transactions easy and quick. There are several causes of operational risk, hence it's not possible to create an exhaustive list. However, 3 major elements contribute to operational risk, namely: people risk, Information technology risk and procedure-related risk. Since all banking transactions rely on these three factors, i.e. human, technology and defined-procedures, there's always possibility of one or more factors deviating from the desired, optimum result. Hence, operations risk shall always lurk in banking transactions. With the advent of new technology, implementation of new procedures and the human factor, such risks can never be completely eliminated. In order to manage such risks, continual revision and upgradation of internal and external control system is needed. The Bank has a robust and proactive Operations Risk Management to look into the said-matters. The department is entrusted to identify beforehand the potential risks associated with the internal control system, process and human capital of the Bank and has been offering needful advice, suggestions and solutions on mitigation of such risks. All the

banking operations have a clear-defined working system and workflow as well as determinants that must be adhered to. This leads us to believe that the operations risks are adequately kept in check.

- c. **Liquidity Risk Management:** Liquidity, basically refers to the ability of a firm, company, or even an individual to meet its short-term obligations, without suffering catastrophic losses. Liquidity is crucial to the sustainability of any financial institution. Investors, managers, and creditors alike rely on liquidity measurement ratios when deciding on the level of risk within an organization. Financial institutions depend upon borrowed money to a considerable extent, so they're commonly scrutinized to determine whether they can meet their debt obligations without realizing great losses, which could be catastrophic. Institutions, therefore, face strict compliance requirements and stress tests to measure their financial stability. As demonstrated by the frequent upheavals in liquidity-levels of the Bank and the resulting impact on the net interest income of the Bank, a thorough research and analysis of current and future liquidity has been made and strategies on deposit collection, interest rate fixation and both short and long-term investments have been set, accordingly. At present, the ALCO/pricing committee actively oversees these types of risk within the Bank.
- d. **Market Risk Management:** Market risk is the possibility of losses in a business organization due to factors that affect the overall performance of the financial markets. Market risk, also called "systematic risk," *cannot* be eliminated through diversification, though it can be hedged against in other ways. Sources of market risk include, but is not limited to recessions, political turmoil, and fluctuations in foreign-exchange rates, natural disasters and terrorist attacks. Systematic, or market risk tends to influence the entire market at the same time. Thus, Banks should develop a framework that addresses such risks, so as to mitigate its adverse-impacts by performing regular stress-tests to ensure capital adequacy, in relation to its own liquidity profile and the liquidity of markets, in which they operate.

In view of this, the Bank has been vigilant on the risk-factors associated with market-uncertainties and fluctuations. The risk-management committee, thus, regularly review these factors and devises strategies accordingly to hedge the burden of these risks. In order to mitigate the risks emanating from such factors, and especially the fluctuations in foreign exchange rates, the Bank has pursued relevant policy and procedures to regularly watch the same. The needful policies and guidelines are framed, to enable regular review of the market interest rates. The ALCO/Pricing committee currently active in the Bank review this type of risk.

k. Corporate Social Responsibility :

Corporate Social Responsibility is a broad concept that can take many forms, depending on the company and the industry. Generally, philanthropy, volunteer efforts and contributions to projects and activities that benefit a particular section of the society, especially the underprivileged and marginalized sections or enhance the overall economic, social or environmental standing of a society are included under CSR contributions.

As important as CSR is for the community, it is equally valuable for a company by CSR activities helping to forge a stronger bond between employees and corporations; boost morale; and help both employees and employers feel more connected with the world around them.

We, at Kumari Bank, are fully aware of how important it is to give back to the community we operate in. We recognize the significance of CSR, in line with our understanding that involvement in CSR activities is symbolic of our accountability to our stakeholders. Our CSR policy, which has recognized four pillars of contributions, namely: Health, Education, Heritage and Environment, we pledge day in and out to do our bit to make the community a better and fairer place.

a. Education:

- The Bank has created a Kumari Education fund as a gesture of support in the higher education of living Goddess, Kumari residing at Kumari Ghar, Basantapur, and has been providing an annual sum of NPR 100,000.00 in the account.
- The Bank has provided 2 years academic scholarship for a visually challenged student studying at National College.
- The Bank has rendered financial-assistance to several schools in the rural areas for the school's infrastructural enhancement and construction
- The Bank has provided financial assistance for the kidney treatment of a poor student of a community school in Imadol.
- A charitable religious organization called Shree Satya Sai Sansthan is taking care children from poor families who are currently receiving education based on Gurukul education system. The Bank provides full expenses to two of these students.

b. Health:

- The Bank has provided a lump sum assistance of Rs. 7 million to the Provincial Covid Fund under Health in addition to various in-kind assistance.
- A financial assistance of Rs. 500,000 was provided for the welfare program of Food for Life to provide food to the poor children.
- Ms. Pradipta Adhikari, who is also the first runner-up of Miss Nepal 2018, had provided financial support for running a health camp.
- At the local level, through its nationwide

branches, food distribution program was carried out at various places including distribution of masks, sanitizers, food items to the poor and COVID-19 epidemic affected people.

- The bank had organized free PCR test camps for the front line staff of various branches as well as the local general public.

c. Heritages:

- The Bank had raised Rs. 1.2 million for a grand walk organized by the Lalitpur Chamber of Commerce and the Lalitpur Municipal Corporation for the purpose of raising funds for the reconstruction of the Shri Bhimsen Temple.
- Through an organization called the Shree Galkot Art Foundation, it provided financial support for an international sculpture workshop to promote endangered, ancient art such as sculpture.
- In appreciation of the diligence and excellent artistry of the local painters, and their contribution to the national art field, the bank has been encouraging the artists by purchasing their paintings and artworks.
- The Bank had provided financial assistance of Rs. 500,000 to the Buddhist Bihar Association, which has been promoting the preservation of Nepal's religious traditions and culture since its inception and has played an important role in maintaining its traditions at home and abroad.
- Financial support has been provided for the organization of a grand annual fair of cultural significance of the Sherpa community in Lukla.
- In view of fostering the traditional customs, norms and values, Bank renders frequent financial-assistance to various jatras, festivals and pujas organized by the local community and other local bodies.

d. Environment:

- Under the World Environment Day, sanitation and tree planting program was organized in various branches of Kumari Bank across the country.
- The Bank, in association with the SAARC Chamber of Commerce, had provided financial assistance for the establishment of a biodegradable sanitary napkin production unit in Bardiya.

Apart from the above mentioned social works, the bank has been providing assistance in disaster preparedness, management and rehabilitation funds. Similarly, it has been providing financial and material assistance to various local level schools, orphanages, old age homes and other welfare organizations through its central office and other branches.

I. Sub-committees formed by the Board of Directors:

As part of our corporate culture and good-governance and to ensure timely realization of the Bank's goals and



objectives, staying compliant to the prevailing laws and policies adopted by the Bank, the following committees and sub-committees are currently active in the Bank:

a. Audit Committee :

Pursuant to Section 164 of the Companies Act, an audit committee led by the non-executive director Anuradha Chaudhary, comprising of director Professor Dr. Ganesh Prasad Pathak and the Bank's Head of Internal Audit, as the member-secretary, is in place. The Internal Audit department of the bank directly reports to this committee.

b. Human Resource Sub-Committee :

In order to formulate plans, policies and guidelines in the functions of human resource selection, recruitment, appointment, career growth, training, services and pension of employees and to present them for approval from the Board of Directors, a Human Resource Sub-committee led by director Mahesh Prasad Pokharel, comprising of the Chief Executive Officer, Senior Deputy Chief Executive Officer and Head- Human Resources, as its members, is in place.

c. Risk Management Sub-Committee :

In order to correctly identify the risks inherent in the Bank and to formulate needful policies and rules, a Risk Management Sub-Committee, led by director Krishna Prasad Gyawali, comprising of director Anuradha Koirala, Chief- Operating Officer and Chief Risk Officer, as its members is in place.

d. Money Laundering Prevention Sub-Committee :

In order to frame needful policies and framework on internal liability and work-division at the Bank, regarding system of risk-assessment, identification of risk-bearing customers and on updating our monitoring systems, a money laundering prevention sub-committee led by director, Dr. Ganesh Prasad Pathak, comprising of Chief Risk Officer and Chief Operations Officer as its members and the Head of Compliance and Operations Risk as its member secretary, is in place.

e. Other committees at the Management Level

In addition to the above-committees and sub-committees, several committees such as the Management Committee, Management Advisory Committee, Bad Loans Recovery Committee, ALCO/Pricing Committee, etc. led by the Chief Executive Officer are also in place to facilitate effective discharge of the Bank's functions. Similarly, the Recruitment committee, Labor Relations Committees, Discipline and Performance Appraisal Committee and Procurement Committee are also active in the Bank. The officials of the

said-committees are not rendered any additional allowances, remuneration or other perks.

m. Human Resources :

The human resources of an organization play a crucial role in an organization's progress. It is through a dedicated, skilled and driven pool of human resources that all organizational goals and objectives are met, via utilization of technological and other resources. The Human Resource policy of the Bank reflects on and decides the need to provide trainings to staffs throughout the country and abroad to enhance their technical knowhow, professional capacity, managerial skills, competency and productivity in their assigned fields as well as to identify, recruit and appoint technically-equipped, knowledgeable and professionally-capable, high-caliber individuals. The Bank is focused on capacity-building and enhancement through regular on-the-job trainings and through imparting new skills, relevant to their assigned scope of responsibilities. At the end of the review period, the Bank employed a total of 1,781 staff on a permanent and contractual basis. During the review period, there was significant participation of the staffs in various sporting, leadership and competitive events, as well.

Goals and Programs of the Current Year

The financial plans of the Bank for the current year are as follows:

The goal is to increase the credit and investment of the Bank by 15.12% and 41.00% reaching a total of NPR 132.54 billion and NPR 24.90 billion, respectively. Similarly, the Bank is also planning to enhance its deposit base by 15.88% to attain a figure of NPR 143.94 billion. It is predicted that the net interest income shall rise by 55%, other operating income by 21% and other operating expenses by 26% to reach NPR 5.53 billion, 1.09 billion and 2.78 billion, respectively.

Likewise, it has been estimated that the Operating Profit before Loan Loss Provision shall surge by 75% to reach NPR 3.75 billion. In the review year, there was a slight surge in Non-Performing Loan Ratio from in the prior year 1.01% to 1.39%. It is worth noting that deliberate, strenuous efforts are being made in the current year for inactive loan-recovery. In view of this, the Bank is projected to attain a surge of 107.00% in its net profits to attain the figure of NPR 2.4 billion.

The Bank is driven to achieve peak-productivity of its employees, enhancement of its asset-quality and overall profitability, whilst rendering excellent banking products/services to its customers. The Bank seeks to introduce innovative financial products/services to render convenient, hassle-free and effective banking experience to its customers.

Furthermore, the Bank is dedicated to contribute to financial access and inclusivity via its expanding network of branches, ATMs, extension counters and Branchless Banking Units, across the country. In a similar manner, the

Bank has also been extending credit-facilities to various small and medium-sized enterprises and also deprived and productive sectors of the nation, i.e. agriculture, animal husbandry, floriculture, etc to uplift the comprehensive reach of the general population to formal channels of financial access and Banking. As for remote areas of the country, deprived of proper infrastructure for establishment of branch networks, the Bank is relying on modern technology, namely its Mobile-banking service and BLB units to offer competitive banking services, to the extent possible.

4. Industrial and Professional Relations of the Company

The Bank has been maintaining cordial relations with all industrial and professional parties within the industry and expresses our commitment to strive for maintaining such relationship in the days to come, and to use it transparently in the interests of the Bank. Continuing its business activities, it has maintained good business relations with customers, shareholders, well-wishers, various banks and financial institutions and other industrial and business associations on the basis of transparency for the progress, advancement, development and expansion of the organization. The management and board of directors of the organization are determined to keep the business relationship strong in line with the belief that their business relationship should be agile, accurate and timely. While formulating and implementing its policies and rules, the Bank has been working with the business aspect and far-reaching impact in mind and implementing them in an efficient, transparent and professional manner.

5. Changes in the Board of Directors and the Reasons thereof:

There has been no change in the Board of Directors during the review year. There is a five-member board of directors with independent directors.

6. Major Factors Affecting the Business

During the review year, the global epidemic of COVID-19 had a direct negative impact on the Bank's business activities. However, unforeseen fluctuations in market conditions, untimely government spending, and a shortage of skilled workers in the industrial sector remain. The main source of growth of the banking sector is the development of other industrial and business sectors of the country which, despite some signs of improvement, have been negatively affected by the global epidemic of COVID-19 in the year under review. Due to the global epidemic of COVID-19, the market is currently affected by credit investment and deposit mobilization. These various factors have a direct impact on the business activities of the bank.

7. Response of Board of Directors on the Audit Report

With the exception of some standard comments on the Bank's regular operations, no adverse comments were raised in the Annual Report. The Bank's management has already been clearly instructed to implement the suggestions and inputs put forth by the Auditor. The

comments and directives issued by the Nepal Rastra Bank, during approval of the Bank's financial statements for the FY 2076/77, dated 2077/08/04, have been attached in the annual report booklet. The bank's management has already been instructed for appropriate enforcement of such suggestions.

8. Amount Recommended for Distribution of Dividends

The Bank has proposed a bonus dividend for the FY 2075/76, equivalent to NPR 1.358 billion at the rate of 10.85% of the total paid-up capital. Likewise, 3.15% cash-dividend has also been proposed on its total paid-up amounting NPR 294 million capital, in favor of its shareholders.

9. Details of Forfeited Shares

No shares have been forfeited during the reporting period.

10. Progresses made by the Bank and its subsidiaries

The progress reports of both entities have been included in various clauses of this annual report.

11. Major transactions accomplished by the Bank and its sister-company in the FY 2076/77 and any significant changes seen in the company's business in that period.

No significant changes are seen in any of its sister companies and no other changes are witnessed in the Bank's business, other than included in this report.

12. Information provided by basic shareholders of the bank

None.

13. Details of the share ownership acquired by the directors and officials of the Bank in the previous fiscal years and if they are involved in share transactions of the company, information gleaned by the company from them

No information available.

14. Information on any individual interest of any director or his/her relatives in agreements made with the Bank

No information available.

15. Details of share bought back

None.

16. Information on Internal Control System

A separate, independent department exists in the Bank for maintaining robust internal control system. The Department's has proactive involvement in mitigation of the Bank's credit, operations and market risks. The Internal Audit Unit of the Bank reviews the efficacy of the internal control mechanisms, during the audit process.

17. Details of the total management expenses of the Bank

The details of the Bank's management expenses for the



FY 2076/77 have been as follows:

Staff/Personnel Expenses: NPR 1,408,600,989.00

Other Expenses: NPR 880,980,671.00

The detailed statement of the Bank's total management expenses have been quoted in Appendices 4.36, 4.37 and 4.38 of its Annual Report.

18. Information on the Audit Committee Review

Pursuant to Section 164 of the Companies Act, an audit committee led by non-executive director Anuradha Chaudhary and comprising of director Dr. Ganesh Prasad Pathak as member and Head of the Bank's Internal Audit department, Ganesh Kumar KC, as its member secretary, is in place. The Internal Audit department of the Bank directly reports to this committee. A total of 13 committee meetings took place in the FY 2076/77. Meeting allowance on par with the members of the Board of Directors, has been provided to the members of this committee, save for the member secretary.

The proceedings of this Committee are in conformity with the guidelines of Nepal Rastra Bank and the provisions laid out in the Company Act. The report of internal audit points out no serious remarks of any kind about the Bank's actions or decisions. The Audit Committee regularly reviews the Bank's internal control system and offers frequent suggestions and recommendations on its compliance to the management and the Board of Directors. Pursuant to the inputs received from the Audit committee, the Bank has been enhancing its proceedings in regular manner.

19. In case any dues are payable to the Bank by a Director, Managing Director, Executive Head, Basic Shareholders of the Bank or their relatives by a firm, company or body corporate, in which they are involved, then the details thereof:

None.

20. Remuneration, Allowance and Perks paid to the Directors, Managing Director, Executive Head and Officials:

a. Directors: The bank's directors are provided with meeting allowances for having participated in the meetings of Board and sub-committees formed by it, as provided in the Rules, at the rate of NPR 12,000.00 for the Chairman and NPR 10,000.00 for members thereof. Moreover, the Chairman and Members of the Board are paid a sum of NPR 12,000.00 per month as communications and magazine benefits. The Bank has awarded no other perks to the directors. A sum of NPR 5,073,311.00 has been paid to the directors in the FY 2076/77, on behalf of meeting allowances and communications and magazine benefits.

b. Annual Salaries, Allowances and Perks for Chief Executive Officer and other Officials/Managers in the FY 2076/77:

Table 3

(Amount in NPR)

Remuneration and Perks	Chief Executive Officer	Managers
Salary	10,747,699	25,635,780
Allowances	4,567,772	6,405,300
Provident Fund	-	2,563,578
Vehicle Repair	-	267,000
Medical Treatment (Annual +Cumulative)	-	822,740
Dashain Allowance	1,309,015	3,003,655
Leave (Annual + Cumulative)	895,642	9,151,457
Gratuity	-	611,812
Others	6,340,927	56,025,527
Total	23,861,055	104,486,849

The above salaries and allowances are for the officials from the Assistant Manager to the Chief Executive Officer level. It is inclusive of the salaries and allowances received by the staffs, who have resigned from the Bank in FY 2076/77 as well as the newly-recruited staffs, during their tenures.

Other than the above stated salaries and allowances, some fringe benefits are also provided as follows:

- The Chief Executive Officer and the Assistant General Managers are given auto-loan together with driver and fuel and vehicle repair allowance. Other managerial officials are also granted auto loan, fuel and vehicle repair allowance, as per the Vehicle Policy of the Bank.

- All the permanent staffs are granted loans for purchase of vehicles, real estate as well as personal loan as per the Bank's Human Resource Policy.
- Magazines and phone/mobile facilities as per the Bank's Human Resource policy.
- Group accident insurance of the staffs is also made available as per the Bank's policy.

21. Dividends due to be received by the shareholders

Out of the cash dividend, the dividend remaining to be received by the shareholders till Ashad end, 2077 is Rs. 5,059,667.00 and its details are as follows.

Particulars	Amount (Rs.)
Kumari Bank Limited	911,257
Cash-Dividends due from Acquired institutions (Kasthamandap Development Bank Ltd., Mahakali Bikas Bank Ltd., Paschimanchal Finance Ltd. and Kankrebihar Bikas Bank Ltd.)	715,095
Remaining dividend of Paschimanchal Finance Ltd. (paid to Kumari Capital Ltd. for distribution)	1,736,382
Payment due by acquired institution (Deva Bikas Bank Ltd.)	1,696,933
Dividends due to be received by shareholders	5,059,667

22. Details of Purchase or Sale of Assets as per section 141 of the Companies Act, 2007:

None.

23. Details of Transactions between related companies as per section 175 of the Companies Act, 2007:

None.

24. Other matters to be revealed in the report of Board of Directors as per the Companies Act, 2007 and the prevailing laws:

None.

25. Other Matters:

None.

26. Vote of Thanks

We would like to extend our heartfelt thanks to our respected shareholders, customers, officials at various departments in the Nepal Rastra Bank, Office of the Company Registrar, Securities Board of Nepal, Nepal Stock Exchange Ltd, CDS & Clearing Ltd. and all other parties rendering direct and indirect support and also the general public for aiding to boost the morale of this Bank.

We also express our utmost gratitude to our statutory auditor SR Pandey and Co. for having completed the audit in time and for presenting the Bank with appropriate, professional suggestions. Moreover, we would also like to thank the Bank's entire management and staff for having served the Bank with their invaluable efforts and time and doing beyond what is asked of them.

In our concluding remarks, we would like to state an adage within the Banking industry that the Bank and its customers are the two sides of the same coin. They are interdependent, inter-connected and we accept that the present heights that the Bank has been able to reach is through the utmost faith, trust placed in us by our valued customers. We would like to restate our commitment to make this Bank, one of the finest financial institutions in the country, not only in terms of balance-sheet size but also in areas of fiscal discipline, good governance, robust control, risk-management framework and excellent customer-care.

Thank you!

From the Board of Directors

Krishna Prasad Gyawali

(Director)

Date: 2077/08/05

Amir Pratap JB Rana

(Chairman)



ANNUAL REPORT CONCERNING RULE 26 (2) OF THE SECURITIES REGISTRATION AND ISSUANCE RULES, 2016

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

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

3. Audited Financial Statements: Attached with the Annual Report

4. Details on Legal Action:

- a) In case of any lawsuits filed by or against the Bank :
Except for some cases filed by the Bank relating to the flow of loans in course of the Bank's daily functioning, no cases are active that might inflict financial burden on the Bank .
- b) In case of lawsuits filed by or against any promoter or Director of the Bank on a criminal offence or defiance of the Prevailing Rules : The Bank has no knowledge to this effect.
- c) In case of lawsuits filed against any promoter or Director of the Bank on financial crimes:
The Bank has no knowledge to this effect.

5. Analysis of Share Transactions and Progress of the Body Corporate

- a) Opinion of Bank Management as to the Bank's share transactions in the securities market :
The Bank elicits no special opinion in this connection as the price and transaction of shares are determined by open market.
- b) The highest, lowest and final price of the Bank's shares in the fiscal year of 2076/77 together with the number of shares traded and transaction days:

Trimester	Highest Price of Shares in NPR	Lowest Price of Shares in NPR	Final Price of Shares in NPR	Total Transaction	Total No of Shares Traded	Total Transaction days in each Trimester
First Trimester (Last Day of Ashoj Month, 2076)	227	174	181	5,598	1,936,632	63
Second Trimester (Last Day of Poush Month, 2076)	200	174	190	4,136	1,395,127	59
Third Trimester (Last Day of Chaitra Month, 2076)	240	172	177	11,430	4,947,843	46
Fourth Trimester (Last Day of Ashadh Month, 2077)	200	153	186	1,104	523,102	15

6. Problems and Challenges

A) Problems and Challenges

a) Internal:

- Retention of competent, talent pool
- Rising Operation Costs
- Increasing Operational Capacity via reduction of inherent risks

b) External:

- Financial and political condition of the country
- Lack of investment-friendly climate
- Competitive Banking market
- Maximum dearth of Banking liquidity
- Adverse health, business and social condition generated by COVID-19 pandemic

B) Strategies adopted by the management to mitigate those problems and challenges:

- Correct Identification of capabilities of Bank staff and help enhance their skills and competency.
- Expenditures to be made in an economic manner after a thorough analysis and identification of needs.
- To develop innovative products and services, as per the changing customer needs and preferences and market-fluctuations.

- Price-determination of interest-sensitive assets and liabilities, as per the market-liquidity scenario.
- Loan-diversification and proper, timely management of inactive debts.

7. Corporate Good Governance

The Board of directors is liable and accountable for enforcement of corporate good governance in the Bank, at the highest level. The Bank recognizes it as one of the guiding principles for all its administrative proceedings. The Board of Directors is continually active in developing a transparent and robust system of corporate governance throughout the organization, to make sure it is implemented across all levels in the organization's activities.

Various committees and sub-committees are in place for timely identification, diversification, prevention and mitigation of various risks, associated with the internal as well as external factors and to materialize the prevailing policies, guidelines and laws of the Bank. The scope of operations of various departments such as: Credit, Risk Management which run the risk of inter-departmental conflict of interests are well-bifurcated. With a view to enforce a robust system of good-governance at the highest-level at the Bank, the circulars and directives issued by the Nepal Rastra Bank are properly adhered to.

8. Details on the variation of 20 or more percent in the statements projected in the prospectus and in the audited statements:

There are some variations in the statements projected in the prospectus and in the audited statements for the fiscal year of 2076/77 B.S. The difference in share capital exceeding 20 percent is due to acquisition of Deva Bikas Bank Ltd. at near year end and unforeseen COVID-19 pandemic scenario that has crumbled entire economy increased the loan loss provision resulting in difference exceeding 20 percent in net profit. Apart from these differences, there are no differences in major indicators above 20 percent.

9. Details on the Special Incidents or Circumstances concerning Rule 22(5):

- There has been no change in the Board of Directors during the review year. There is a five-member board of directors with independent directors.
- The Bank has proposed bonus share of NPR. 1,35,84,25,367.35 from Twentieth Annual General Meeting and the mentioned amount has not been included in the bank's capital as on Ashad End 2077.

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kumari Bank Limited ("the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Statement of Financial Position as at Ashad 31, 2077, (July 15, 2020), the Consolidated Statement of Profit or Loss (including Other Comprehensive Income), the Consolidated Statement of Change in Equity and the Consolidated Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the consolidated financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the consolidated financial statements presents fairly, in all material respects, the financial position of the Group, as at Ashad 31, 2077, (July 15, 2020), and its consolidated financial performance, consolidated changes in equity, consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards with allowed carveouts and comply with Company Act, 2063 and Bank and Financial Institution Act 2073.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The 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 audit opinion on the consolidated financial statements.

Emphasis of Matters

We draw attention to the uncertainties resulted due to the outbreak of SARS-CoV-2 virus (COVID-19). The Government of Nepal initiated a nation-wide lockdown from March 24, 2020 which has led to significant decline and volatility in local economic activities. The Nepalese economy would be impacted by this pandemic with contraction in industrial and services output across small and large businesses which may also impact the Bank's business. In view of these uncertainties, the impact on the Bank's results is significantly dependent on future developments.

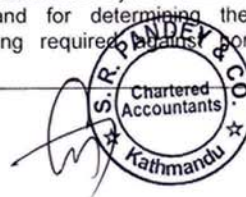
We have issued an unqualified report dated 21st October 2020 where the goodwill has been charged directly to capital reserve. After the clarification of Institute of Chartered Accountants of Nepal (ICAN) vide its letter dated 31st October 2020. The financial statement has been revised recognizing the goodwill and share premium separately. Our audit report issued on 21st October 2020 has been withdrawn with respect to this aspect.

Our opinion is not modified in respect of this matter.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summaries below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	The risk	The response
Impairment of Loans and Advances to Customers including Interest Income on Loans & Advances recognized for Bad Loans Total loans and advances to Customers: NRs. 113,317 Million as on 15 th July 2020 (NRs).	Subjective Estimate Bank's policy for the allowance for impairment of loans and advances has been described in Notes 3.4 (Impairment) and the impact described in 5.1.2(c) Based on the application of Incurred Loss Model and the impact of COVID-19, the estimation of credit impairment on loans and advances is uncertain	Our audit procedures to verify allowances for impairment of loans and advances included, amongst others, the following: Control design, observation and operation: We tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing



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<p>74,355 Million as on 15th July 2019:)</p> <p>Total Impairment: NRs. 2,600 Million as on 15th July 2020 (NRs. 1,337 Million as on 15th July 2019:)</p> <p>Total Impairment Charge: NRs. 460 Million in FY 2019/20 (NRs. 216 Million in FY 2018/19:)</p> <p>Total accrued interest income is NRs. 1,048 Million in FY 2019/20 (NRs. 331 Million in FY 2018/19) out of total interest income of NRs. 10,570 Million in FY 2019/20 (NRs. 9,099 Million in FY 2018/19)</p>	<p>as it involves significant management judgement and estimation. Further, the compulsory carve-out to provide for higher of the incurred loss model or Central Bank's Directive also makes the assessment of impairment important.</p> <p>The carrying value of the loans and advances can be materially misstating if judgements made by the management are inappropriate.</p> <p>Further, Interest income of the bank has been recognized on accrual basis as calculated by Core Banking System (CBS) and following the Interest Income Guidelines 2019 issued by Nepal Rastra Bank (NRB). Recognition of interest income on bad loans involves the judgments on calculating the net realizable value of loans and receivables. Therefore, it is considered as key audit matters. Details of procedures and impact has been disclosed in Notes 3.13 (Interest income)</p>	<p>loans and advances.</p> <p>Test of Controls on impairment: The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing loans and advances on time-based criteria; control over statistical models used to calculate the incurred loss as prescribed under Incurred Loss Model; controls over monitoring of loans and advances with higher risk of default; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>Substantive Procedures: We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> checked repayments of loan installments and tested classification of non-performing loans based on the number of days overdue. evaluated the management's assessment for classification of customer's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussions with the management. Assessment of control over mortgagee value of loans and advances. <p>Independent re-performance: We independently recalculated the Probabilities of Default (PD), Loss Given Default (LGD) and exposure at Default (EAD) for a sample of exposures, and compared the results with management's calculations.</p> <p>Our results: We considered the impairment charge on loans and advances and interest recognition to be acceptable.</p>
<p>Information Technology (IT)</p>	<p>Control Performance</p> <p>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>	<p>Our procedure included:</p> <p>User access management and control: We 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> <p>Change management control operation: Obtained and inspected the change management policies and, for a sample of changes in inputs and control functions on the systems, has been reviewed to confirm that changes had been performed in line with approved decisions.</p> <p>Segregation of duties: Tested a sample of the automated controls that are designed to enforce appropriate segregation of duties.</p> <p>Test of outputs: We have tested a sample of</p>



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		<p>outputs particularly interest income and expenses on loans and advances of the system through manual calculations.</p> <p>Findings of IT Audit: We have reviewed the IT Audit findings performed by the independent IT auditor and the actions undertaken by the bank.</p> <p>Our results: We considered the change managements, segregation of duties controls and outputs in relation to financial accounting and reporting systems to be acceptable.</p>
<p>Goodwill on acquisition Net Assets Acquired NRs 4,234 Million Goodwill on acquisition NRs 89 Million Share Premium on Acquisition NRs 572 Million</p>	<p>Subjective Estimate The bank has acquired Deva Bikas Bank Ltd. and has started joint operation on 28th Ashad 2077. Goodwill has been calculated on acquisition method in compliance with NFRS 3 (detail calculation has been explained in Notes 5.9). The calculation of the goodwill may be misstated if it is not supported by calculation of fair value of consideration paid and net asset transferred.</p>	<p>Our procedure included:</p> <p>Methodology assessment: We have checked the valuation of consideration paid (ie shares value of Kumari given to shareholders of Deva) and net asset acquired (as per DDA report with adjustment thereto) to assess the calculation of goodwill on acquisition.</p> <p>Net off procedure: The net off procedure of goodwill identified and capital reserve on acquisition has been checked.</p> <p>Transfer of reserves: Tested whether the regulatory reserves of the acquired bank have been carried on the financial statements of the bank and whether it has been considered in calculation of capital reserve of the bank.</p> <p>Our result: The calculations, disclosure of goodwill on acquisition is to be acceptable.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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



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We also:

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

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

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


Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The Consolidated Statement of Financial Position, Off Balance Sheet Transactions, Consolidated Statement of Profit or Loss (including other Comprehensive Income), Consolidated Statement of Cash Flow and attached Schedules dealt with by this report are prepared as per procedure and format prescribed by Nepal Rastra Bank and agree with the books of account maintained by the Bank.
- iii. The proper books of accounts as required by the law have been maintained by the Bank.
- iv. During our examination of the books of account of the Bank, we have not come across any cases where any office holder of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank.
- v. The Bank has been functioning as per the Directives of Nepal Rastra Bank.
- vi. We have not come across any fraudulence in the accounts, based on our sample examination of the books, and
- vii. The returns received from branches of the Bank though the statements are independently not audited were adequate for the purpose of our audit.

Date: 6th November 2020
Place: Kathmandu
UDIN Number: 201109CA00031dNElh

For, S. R. Pandey & Co.
Chartered Accountants


Sudarshan Raj Pandey, FCA
Senior Partner





Kumari Bank Limited

Statement of Financial Position

As on 31st Ashad 2077

S.N	Particulars	Note	Group		Bank	
			FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
	Assets					
1	Cash and cash equivalent	4.1	9,167,710,010	8,823,890,014	9,154,311,271	8,821,135,632
2	Due from Nepal Rastra Bank	4.2	5,821,520,113	3,580,514,349	5,821,520,113	3,580,514,349
3	Placement with Bank and Financial Institutions	4.3	852,447,642	384,382,797	852,447,642	384,382,797
4	Derivative financial instruments	4.4	7,416,210,368	5,858,648,394	7,416,210,368	5,858,648,394
5	Other trading assets	4.5	-	-	-	-
6	Loan and advances to B/FIs	4.6	3,796,212,739	3,035,403,974	3,796,212,739	3,035,403,974
7	Loans and advances to customers	4.7	110,717,259,568	73,017,913,052	110,717,259,568	73,017,913,052
8	Investment securities	4.8	12,948,889,348	9,301,568,177	12,757,707,848	9,121,568,177
9	Current tax assets	4.9	329,120,837	61,227,298	328,287,861	61,227,298
10	Investment in susidiaries	4.10	-	-	220,000,000	200,000,000
11	Investment in associates	4.11	260,684,660	65,198,592	130,063,901	20,000,000
12	Investment property	4.12	60,348,333	88,422,015	60,348,333	88,422,015
13	Property and equipment	4.13	1,389,062,111	662,104,656	1,383,658,862	662,104,656
14	Goodwill and Intangible assets	4.14	207,853,560	97,393,609	206,831,581	97,393,609
15	Deferred tax assets	4.15	9,891,409	77,789,908	10,001,697	77,789,908
16	Other assets	4.16	486,967,994	286,947,574	486,767,825	284,981,292
	Total Assets	-	153,464,178,691	105,341,404,409	153,341,629,610	105,311,485,151

S.N	Particulars	Note	Group		Bank	
			FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
	Liabilities					
17	Due to Bank and Financial Instituions	4.17	7,452,226,327	12,146,455,539	7,475,893,656	12,168,482,092
18	Due to Nepal Rastra Bank	4.18	225,355,404	1,433,248,037	225,355,404	1,433,248,037
19	Derivative financial instruments	4.19	7,369,687,548	5,715,359,938	7,369,687,548	5,715,359,938
20	Deposits from customers	4.20	116,547,033,196	73,201,143,766	116,547,033,196	73,201,143,766
21	Borrowing	4.21	-	-	-	-
22	Current Tax Liabilities	4.9	-	-	-	-
23	Provisions	4.22	-	-	-	-
24	Deferred tax liabilities	4.15	-	-	-	-
25	Other liabilities	4.23	1,465,176,738	1,076,213,750	1,460,369,865	1,074,165,793
26	Debt securities issued	4.24	2,995,116,270	-	2,995,116,270	-
27	Subordinated Liabilities	4.25	-	-	-	-
Total liabilities		-	136,054,595,483	93,572,421,031	136,073,455,939	93,592,399,626

S.N	Particulars	Note	Group		Bank	
			FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
	Equity					
28	Share capital	4.26	12,520,049,469	8,685,573,112	12,520,049,469	8,685,573,112
29	Share premium	4A	571,628,069	54,803,159	571,628,069	54,803,159
30	Retained earnings	4B	1,457,834,507	933,596,484	1,317,542,681	883,698,633
31	Reserves	4.27	2,860,071,164	2,095,010,622	2,858,953,451	2,095,010,622
	Total equity attributable to equity holders		17,409,583,208	11,768,983,378	17,268,173,670	11,719,085,527
32	Non-controlling interest		-	-	-	-
	Total equity	-	17,409,583,208	11,768,983,378	17,268,173,670	11,719,085,527
	Total liabilities and equity		153,464,178,691	105,341,404,409	153,341,629,610	105,311,485,153
CL	Contingent liabilities and commitment	4.28	45,540,477,438	28,918,971,029	45,540,477,438	28,918,971,029
	Net assets value per share		139.05	135.50	137.92	134.93

Surender Bhandari
Chief Executive Officer

Amir Pratap J.B Rana
Chairman

Krishna Prasad Gyawali
Director

Anuj Mani Timilsina
Senior Deputy Chief Executive Officer

Mahesh Prasad Pokharel
Director

Anuradha Chaudhari
Director

Ram Chandra Khanal
Chief Operating Officer

Ganesh Prasad Pathak
Director

As per our report of even date

Aswin Babu Shrestha
Head- Finance & MIS

CA. Sudarshan Raj Pandey
Senior Partner
S.R. Pandey & Co.
Chartered Accountants

Date: 6 November 2020
Place: Tangal, Kathmandu

Kumari Bank Limited

Statement of Profit or Loss

For the year ended 31st Ashad 2077

S.N	Particulars	Note	Group		Bank	
			FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
33	Interest income	4.29	10,590,079,668	9,103,394,715	10,569,829,224	9,098,573,839
34	Interest expense	4.30	6,996,079,831	6,225,027,655	6,996,630,749	6,228,619,912
	Net interest income	-	3,593,999,837	2,878,367,060	3,573,198,475	2,869,953,928
35	Fee and commission income	4.31	529,322,874	478,946,166	529,322,874	478,946,166
36	Fee and commission expense	4.32	35,833,499	31,866,063	35,833,499	31,866,063
	Net fee and commission income	-	493,489,375	447,080,103	493,489,375	447,080,103
	Net interest, fee and commission income	-	4,087,489,212	3,325,447,162	4,066,687,850	3,317,034,030
37	Net trading income	4.33	355,323,689	258,904,627	355,323,689	258,904,627
38	Other operating income	4.34	42,131,686	92,601,259	15,435,693	71,959,751
	Total operating income	-	4,484,944,586	3,676,953,048	4,437,447,231	3,647,898,408
39	Impairment charge/(reversal) for loans and other losses	4.35	461,786,171	229,030,770	461,786,171	229,030,770
	Net operating income	-	4,023,158,415	3,447,922,278	3,975,661,060	3,418,867,638
	Operating expense					
40	Personnel expenses	4.36	1,415,867,151	978,885,790	1,408,600,989	978,860,368
41	Other operating expenses	4.37	704,854,537	556,028,165	703,066,709	554,656,220
42	Depreciation & Amortisation	4.38	178,390,629	120,126,238	177,913,962	120,126,238
	Operating Profit	-	1,724,046,097	1,792,882,085	1,686,079,399	1,765,224,812
43	Non operating income	4.39	22,586,294	11,842,001	23,336,294	11,842,001
44	Non operating expense	4.40	32,238	1,029,811	32,238	1,029,811
	Profit before income tax		1,746,600,153	1,803,694,275	1,709,383,455	1,776,037,002
	Income tax expense	4.41	555,239,679	547,672,710	550,877,499	545,658,742
45	Current Tax	4.41	564,385,650	623,935,895	560,133,759	621,921,927
46	Deferred Tax	4.41	(9,145,971)	(76,263,185)	(9,256,260)	(76,263,185)
	Profit for the year	-	1,191,360,475	1,256,021,564	1,158,505,956	1,230,378,260
	Profit attributable to:					
	Equity holders of the Bank		1,191,360,475	1,256,021,564	1,158,505,956	1,230,378,260
	Non-controlling interest				-	-
	Profit for the year		1,191,360,475	1,256,021,564	1,158,505,956	1,230,378,260
	Earnings per share					
	Basic earnings per share		12.43	14.18	12.08	14.13
	Diluted earnings per share		12.43	14.18	12.08	14.13

Surender Bhandari
Chief Executive Officer

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Director

Aswin Babu Shrestha
Head- Finance & MIS

As per our report of even date

Date: 6 November 2020
Place: Tangal, Kathmandu

CA. Sudarshan Raj Pandey
Senior Partner
S.R. Pandey & Co.
Chartered Accountants



Kumari Bank Limited

Statement of Comprehensive Income

For the year ended 31st Ashad 2077

Particulars	Note	Group		Bank	
		FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Profit for the year		1,191,360,475	1,256,021,564	1,158,505,956	1,230,378,260
Other comprehensive income, net of income tax					
a) Items that will not be reclassified to profit or loss					
Gain /(losses) from investments in equity instruments measured at fair value		36,262,478	(10,287,089)	36,262,478	(10,287,089)
Gain /(losses) on revaluation		-	-	-	-
Actuarial gains/(loss) on defined benefit plans		170,478,062	(62,673,742)	170,478,062	(62,673,742)
Income tax relating to above items		(62,022,162)	21,888,249	(62,022,162)	21,888,249
Net other comprehensive income that will not be reclassified to profit or loss	-	144,718,378	(51,072,582)	144,718,378	(51,072,582)
b) Items that are or may be classified to profit or loss					
Gain /(losses) on cash flow hedge		-	-	-	-
Exchange gain/ (losses) (arising from translating financial assets of foreign operation)		-	-	-	-
Income tax relating to above items		-	-	-	-
Reclassify to profit or loss		-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method		-	-	-	-
Other comprehensive income for the period, net of income tax		144,718,378	(51,072,582)	144,718,378	(51,072,582)
Total comprehensive income for the year		1,336,078,853	1,204,948,983	1,303,224,334	1,179,305,679
Total comprehensive income attributable to:					
Equity holders of the Bank		1,336,078,853	1,204,948,983	1,303,224,334	1,179,305,679
Non-controlling interest				-	-
Total comprehensive income for the year	-	1,336,078,853	1,204,948,983	1,303,224,334	1,179,305,679

Surender Bhandari

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Place: Tangal, Kathmandu

CA. Sudarshan Raj Pandey

Senior Partner

S.R. Pandey & Co.

Chartered Accountants

Kumari Bank Limited

Statement of Cash Flows

For the year ended 31st Ashad 2077

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	10,250,239,396	8,819,608,618	10,229,988,952	8,814,787,742
Fees and other income received	528,572,874	465,986,518	529,322,874	465,986,518
Dividend received	-	-	-	-
Receipts from other operating activities	385,378,480	345,641,080	381,447,487	345,630,367
Interest paid	(6,874,775,017)	(6,211,445,975)	(6,875,325,935)	(6,215,038,231)
Commission and fees paid	(35,833,499)	(31,866,063)	(35,833,499)	(31,866,063)
Cash payment to employees	(1,312,528,586)	(926,366,301)	(1,305,262,424)	(926,340,878)
Other expense paid	(474,205,112)	(874,478,993)	(472,639,877)	(872,793,798)
Operating cash flows before changes in operating assets and liabilities	2,466,848,534	1,587,078,884	2,451,697,577	1,580,365,657
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	1,295,236,402	2,002,246,470	1,295,236,402	2,002,246,470
Placement with bank and financial institutions	(461,967,784)	329,712,888	(461,967,784)	329,712,888
Other trading assets	-	-	-	-
Loan and advances to bank and financial institutions	(177,019,286)	(1,256,469,391)	(177,019,286)	(1,256,469,391)
Loans and advances to customers	(17,302,462,870)	(12,231,328,755)	(17,302,462,870)	(12,231,328,755)
Other assets	(1,142,059,866)	(5,596,894,250)	(1,141,859,700)	(5,594,927,968)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(6,250,667,965)	2,242,268,208	(6,447,000,636)	2,064,294,760
Due to Nepal Rastra Bank	(1,207,892,632)	893,690,459	(1,207,892,632)	893,690,459
Deposit from customers	19,858,964,949	13,654,808,247	19,858,964,949	13,654,808,247
Borrowings	-	-	-	-
Other liabilities	1,403,716,935	4,689,469,914	1,398,910,063	4,687,421,956
Net cash flow from operating activities before tax paid	(1,517,303,583)	6,314,582,674	(1,733,393,917)	6,129,814,324
Income taxes paid	(817,256,881)	(571,380,094)	(812,172,014)	(569,366,126)
Net cash flow from operating activities	(2,334,560,463)	5,743,202,580	(2,545,565,931)	5,560,448,198
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(2,832,423,373)	(510,761,174)	(2,641,241,873)	(330,761,174)
Receipts from sale of investment securities	81,372,433	12,096,887	81,372,433	12,096,887
Purchase of property and equipment	(487,035,465)	(316,224,012)	(481,632,216)	(316,224,012)
Receipt from the sale of property and equipment	11,299,523	14,046,526	11,299,523	14,046,526
Purchase of intangible assets	(92,976,193)	13,059,820	(91,954,213)	13,059,820
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	-	-	-
Interest received	-	-	-	-
Dividend received	12,648,189	10,035,659	12,648,189	10,035,659
Net cash used in investing activities	(3,307,114,885)	(777,746,294)	(3,109,508,158)	(597,746,294)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	3,000,000,000	-	3,000,000,000	-
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(45,713,543)	-	(45,713,543)	-
Interest paid	(144,338,800)	-	(144,338,800)	-
Other receipt/payment	-	77,789,908	-	77,789,908
Net cash from financing activities	2,809,947,657	77,789,908	2,809,947,657	77,789,908
Net cash from business combination	3,178,302,070	-	3,178,302,070	-
Net increase (decrease) in cash and cash equivalents	346,574,378	5,043,246,194	333,175,638	5,040,491,812
Cash and cash equivalents at Shrawan 1, 2076	8,821,135,632	3,780,643,820	8,821,135,632	3,780,643,820
Effect of exchange rate fluctuations on cash and cash equivalents held				
Cash and cash equivalents at Ashad end 2077	9,167,710,011	8,823,890,014	9,154,311,271	8,821,135,632

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As per our report of even date

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Head- Finance & MIS

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Senior Partner
S.R. Pandey & Co.
Chartered Accountants

Date: 6 November 2020
Place: Tangal, Kathmandu



Kumari Bank Limited
Statement of changes in equity
For the year ended 31st Ashad 2077

Particulars	Bank										Non-controlling interest	Total equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization Reserve	Regulatory Reserve	Fair value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 1, 2075	7,183,394,988	54,803,159	1,284,989,784	39,685,586	477,170,416	(9,310,883)	-	152,672,613	2,326,199	10,539,779,862	-	10,539,779,862
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2075	7,183,394,988	54,803,159	1,284,989,784	39,685,586	477,170,416	(9,310,883)	-	152,672,613	2,326,199	10,539,779,862	-	10,539,779,862
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,230,378,260	-	1,230,378,260	-	1,230,378,260
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments	-	-	-	-	-	-	-	(7,200,962)	-	(7,200,962)	-	(7,200,962)
measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gain / (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain / (losses) on defined benefit plans	-	-	-	-	-	-	-	(43,871,619)	-	(43,871,619)	-	(43,871,619)
Gain / (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gain/ (losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	1,179,305,679	-	1,179,305,679	-	1,179,305,679
Transfer to reserve during the year	-	-	246,075,652	5,498,558	107,232,061	(7,200,962)	-	(300,149,520)	(51,455,789)	0	-	0
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1522,178,139	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1522,178,139	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashad end 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	883,698,633	(49,129,590)	11,719,085,541	-	11,719,085,541
Balance at 1 Shrawan 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	883,698,633	(49,129,590)	11,719,085,541	-	11,719,085,541
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	883,698,633	(49,129,590)	11,719,085,541	-	11,719,085,541
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,158,505,956	-	1,158,505,956	-	1,158,505,956
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments	-	-	-	-	-	-	-	25,383,735	-	25,383,735	-	25,383,735
measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gain / (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain / (losses) on defined benefit plans	-	-	-	-	-	-	-	119,334,643	-	119,334,643	-	119,334,643
Gain / (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gain/ (losses) arising from translating financial assets of foreign operation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	1,303,224,334	-	1,303,224,334	-	1,303,224,334
Gain/ (losses) on disposal of investments in equity instruments	-	-	-	-	-	-	-	7,863,764	-	7,863,764	-	7,863,764
at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	(54,803,159)	231,701,191	809,201	(631,433,241)	25,383,735	69,419,000	219,407,664	108,934,610	69,419,000	-	69,419,000
Transfer from reserve during the year	-	571,628,069	-	-	-	-	-	-	-	571,628,069	-	571,628,069
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	868,557,313	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Others (From Acquisition)	2,985,919,029	-	448,538,554	950,746	420,736,446	(19,839,163)	-	(888,557,313)	-	(45,713,543)	-	(45,713,543)
Total contributions by and distributions	3,834,476,342	-	448,538,554	950,746	420,736,446	(19,839,163)	-	(182,380,859)	8,741,752	3,642,666,505	-	3,642,666,505
Total comprehensive income for the year	-	-	-	-	-	-	-	(1,088,787,950)	8,741,752	3,604,816,726	-	3,604,816,726
Balance at Ashad end 2077	12,520,049,469	571,628,069	2,211,305,181	46,944,090	473,705,682	(10,967,274)	69,419,000	1,317,542,681	68,546,772	17,288,173,670	-	17,288,173,670

Kumari Bank Limited
Statement of changes in equity
For the year ended 31st Ashad 2077

Group											
Particulars	Attributable to equity holders of the Bank								Total	Non-controlling interest	Total equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair value Reserve	Revaluation Reserve	Retained Earning			
Balance at Shrawan 1, 2075	7,163,394,988	54,803,159	1,284,989,784	39,885,586	477,170,416	(9,310,883)	-	1,561,064,160	10,574,123,409	-	10,574,123,409
Adjustment/Restatement	-	-	-	-	-	-	-	(10,089,000)	(10,089,000)	-	(10,089,000)
Adjusted/Restated balance at Shrawan 1, 2075	7,163,394,988	54,803,159	1,284,989,784	39,885,586	477,170,416	(9,310,883)	-	1,550,975,160	10,564,034,409	-	10,564,034,409
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,256,021,564	1,256,021,564	-	1,256,021,564
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	(7,200,962)	(7,200,962)	-	(7,200,962)
Gain/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/ (losses) on defined benefit plans	-	-	-	-	-	-	-	(43,871,619)	(43,871,619)	-	(43,871,619)
Gain/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gain/ (losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	1,204,948,983	1,204,948,983	-	1,204,948,983
Transfer to reserve during the year	-	-	246,075,652	5,488,558	107,232,061	(7,200,962)	-	(51,455,769)	0	-	0
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,522,178,139	-	-	-	-	-	-	(1,522,178,139)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1,522,178,139	-	-	-	-	-	-	(1,522,178,139)	-	-	-
Balance at Ashad end 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	933,596,484	11,768,983,392	-	11,768,983,392
Balance at 1 Shrawan 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	933,596,484	11,768,983,392	-	11,768,983,392
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 2076	8,685,573,127	54,803,159	1,531,065,436	45,184,144	584,402,477	(16,511,845)	-	933,596,484	11,768,983,392	-	11,768,983,392
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,191,360,475	1,191,360,475	-	1,191,360,475
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Gain/ (losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	25,383,735	25,383,735	-	25,383,735
Gain/ (losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/ (losses) on defined benefit plans	-	-	-	-	-	-	-	119,334,643	119,334,643	-	119,334,643
Gain/ (losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Exchange gain/ (losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	1,336,078,853	1,336,078,853	-	1,336,078,853
Gain/ (losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	7,863,764	7,863,764	-	7,863,764
Transfer to reserve during the year	-	(54,803,159)	232,717,294	809,201	(531,433,241)	25,383,735	69,419,000	218,289,951	109,036,220	-	69,419,000
Transfer from reserve during the year	-	571,628,069	-	-	-	-	-	-	571,628,069	-	571,628,069
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	868,557,313	-	-	-	-	-	-	(868,557,313)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-
Others (From Acquisition)	2,965,919,029	-	448,538,554	950,746	420,736,446	(19,839,163)	-	(49,713,543)	(49,713,543)	-	(49,713,543)
Total contributions by and distributions	3,834,476,342	-	448,538,554	950,746	420,736,446	(19,839,163)	-	8,741,752	3,705,323,672	-	3,705,323,672
Balance at Ashad end 2077	12,520,049,469	571,628,069	2,212,321,284	46,944,090	473,705,682	(10,967,274)	69,419,000	1,457,834,507	17,409,583,207	-	17,409,583,207



Notes to the Financial Statements

Year ended 15th July 2020

1. BANK

1.1. General

Kumari Bank Limited (hereinafter referred to as "The Bank") is a public limited company, incorporated on 10th December 1999 and domiciled in Nepal. The corporate office of the Bank is located at Tangal, Kathmandu, Nepal. The Bank carries out commercial banking activities and other financial services in Nepal under the license from Nepal Rastra Bank (NRB), the Central Bank of Nepal, as "Ka Class" (Class A) licensed financial institution. The Bank is listed in Nepal Stock Exchange Limited for public trading of stocks.

1.2. Financial Statements

The Financial Statement of Bank for the year ended 15 July, 2020 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Significant Accounting Policies of the Company.

1.3. Principal Activities and Operations

Bank

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

Subsidiary and Associates

Subsidiary	Principal Activities	Ownership as on:	
		15th July 2020	16th July 2019
Kumari Capital Limited	The Subsidiary is opened to provide merchant/investment banking services such as Management of public offerings, portfolio management, underwriting of securities, management of mutual fund schemes, depository participant's service under Central Depository Service (CDS) and other merchant banking services.	100%	100%
K.B.L Securities Limited	The Subsidiary is opened to provide the brokerage services on the request of clients. However, on FY 2019/20, license has not been obtained and final approval from Securities Board of Nepal is under process	100%	-
Associate	Principal Activities	Ownership as on:	
		15th July 2020	16th July 2019
National Microfinance Bittiya Sanstha Limited	The Associate is of the bank is microfinance banking institute with license to operate as a D class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	20%	20%
First Microfinance Laghu Bittiya Sanstha Limited	The Associate of the bank is microfinance banking institute with license to operate as a "D" class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	4%	-
Mero Microfinance Bittiya Sanstha Limited	The Associate of the bank is microfinance banking institute with license to operate as a "D" class financial institution from Nepal Rastra Bank. The Principal Activity of the associate is to provide one window financial solutions to the customers with wide range of banking product and services customized to the requirement of remote area customer needs.	7%	-
General Insurance Company Limited	The associate is a General Insurance company incorporated under Nepal Company Act 1964 and the Insurance Act 1968 of Nepal. The principal activity of the associate is to provide non-life insurance services like property, health and risk coverages.	7%	-

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of Bank for the year ended 15th July, 2020 comprising Statement of Financial Position, Statement of Profit or loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements (including Significant Accounting Policies), have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of all applicable laws and regulations.

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

2.2. Reporting Period and Approval of Financial Statements

a) Reporting Period

The Bank has prepared the financial statements in accordance with NFRS depicting financial performance for FY 2019/20 and financial position of 15th July 2020 and the comparatives of FY 2018/19.

b) Responsibility for Financial Statements

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

c) Approval of Financial Statements by Directors

The accompanied Financial Statements have been authorized to issue by the Board of Directors vide its resolution dated 6th November 2020 and recommended for its approval by the Annual General Meeting of the shareholders.

2.3. Functional and Presentation Currency

The Financial Statements of Bank and Group are presented in Nepalese Rupees (Rs.), which is the currency of the primary economic environment in which the Bank operates. There was no change in Bank's presentation and functional currency during the year under review.

2.4. Use of Estimates, Assumptions and Judgments

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

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

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

2.4.1. Going Concern

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

2.5. New Standards in issue but not yet effective

There have been amendment to the Standards issued by IASB and applicability of the new Standards has been notified for IFRS. But the amendments and new standards become applicable only when ASB-Nepal pronounces them. The new Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Bank will adopt these standards when they become effective.

i) NFRS 9- Financial Instruments

NFRS 9 states a logical principle base to classify financial assets and financial liabilities which is driven by cash flow characteristics and the business model in which an assets or liability is held. Further this standard recommends the assessment of impairment based on more timely recognition of expected credit losses and entities are required to account for expected credit losses from the initial recognition of financial instruments and it lowers the threshold for recognition of full life time expected losses by aligning financial accounting treatment with risk management activities.

NFRS 9 full-fledged has become effective from 1 July 2021 and has an effect on classification and measurement of the Bank's financial assets. IFRS 9, as issued reflects the first phase of work on replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities. The bank is assessing on the impact of the changes.

ii) Other Standards

NFRS 15 revenue from contract with customer will replace NAS 18 on Revenue and NAS 11 Construction Contracts which will be applicable from FY 2020/21. NFRS 16 on lease will replace NAS 17 on Lease. Insurance contracts are out of scope and so this Standard is not expected to have a significant impact on the Bank.

NFRS 9, NFRS 15 and NFRS 16 is expected to have some impact on the financial statement of the bank however the impact is yet to be assessed.



2.6. Discounting

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

Service fees charged by the bank on loans and advances unless immaterial or impracticable to determine reliably is to be considered for computation of Effective Interest Rate. However, bank has opted the Carve-out (optional) pronounced by Institute of Chartered Accountants of Nepal (ICAN) on 20th September 2018; as per the notice issued by ICAN regarding the extension of a year time for its implementation.

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

2.7. Materiality and Aggregation

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

2.8. Comparative Information

The Financial Statement of the Bank provides comparative information in respect of previous periods. The accounting policies have been consistently applied by Bank with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NFRS or expiry of the carve out period. Further, comparative information is reclassified wherever necessary to comply with the current presentation. The changes in comparative have been duly disclosed in 5.33 of notes.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Basis of Measurement

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

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

3.2. Basis of consolidation

a. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of Nepal Financial Reporting Standard - NFRS 03 (Business Combinations). The Bank measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is positive, this will result into goodwill. Nepal Rastra Bank does not allow recognition of goodwill. Therefore goodwill created is disclosed as charged to capital adjustment account as per Central Bank's directive.

b. Non-controlling interest (NCI)

Non-controlling interest (NCI), also known as minority interest, is an ownership position whereby a shareholder owns less than 50% of outstanding shares and has no control over decisions.

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

c. Subsidiaries

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

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

The cost of acquisition of a Subsidiary is measured as the fair value of the consideration, including

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

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

This Subsidiary of the Bank has been incorporated in Nepal.

d. Associates

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

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

e. Loss of Control

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

f. Transaction elimination on consolidation

Intra group balances and transactions, any unrealized income and expenses arising from intra group transactions, are eliminating in preparing the consolidated financial statements. Unrealized gains/losses arising from transactions with equity accounted investees are eliminated against the investments to the extent of group interest of investee.

3.3. Cash and cash equivalent

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

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

3.4. Financial Assets and financial liabilities

a. Recognition

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

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

b. Classification and Measurement

Financial Assets

All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

Classification and Subsequent Measurement of Financial Instruments

Classification and Subsequent Measurement of Financial Assets

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

- a. Financial assets at fair value through profit or loss
 - i) Financial assets held for trading
 - ii) Financial assets designated at fair value through profit or loss
- b. Held to Maturity Financial Assets
- c. Loans and Receivables
- d. Financial Assets available for Sale

The subsequent measurement of financial assets depends on their classification.



Financial Assets at Fair Value through Profit or Loss

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

a. Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standards NAS39 (Financial Instruments: Recognition and Measurement).

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

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

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

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

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

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

Financial assets designated at fair value through profit or loss is recorded in the Statement of Financial Position at fair value. Changes in fair

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

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

Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

Financial Assets Available for Sale

Available for sale financial assets include equity and debt securities. Equity Investments classified as 'Available for Sale' are those which are neither classified as 'Held for Trading' nor 'Held till Maturity'. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

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

Loans and Receivables from Customers

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

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

Loans and Advances mainly represent loans and advances to customers, Banking and Financial Institutions. After initial measurement, loans and receivables are subsequently measured at amortized cost using a rate that closely approximates effective interest rate, less allowance for impairment. Within this category, loans and advances to the customers have been recognized at amortized cost using the method that very closely approximates effective interest rate method adopting the Carve Out pronounced by Institute of Chartered Accountants of Nepal (ICAN); implementation of which has been extended for a year till 2019/20 by ICAN through notice issued by regarding the implementation of EIR. The amortization is included in 'Interest Income' in the Statement of Profit or Loss. The losses arising from impairment are recognized in 'Impairment charge / reversal for loans and other losses' in the Statement of Profit or Loss.

Financial Liabilities

Classification and Subsequent Measurement of Financial Liabilities

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

- Financial liabilities at fair value through profit or loss
 - Financial liabilities held for trading
 - Financial liabilities designated at fair value through profit or loss
- Financial liabilities at amortized cost

Financial Liabilities at Fair Value through Profit or Loss

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

(i) Financial Liabilities Held for Trading

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

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

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

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

Financial Liabilities at Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Bank having an obligation either to deliver cash or another financial asset to another Bank, or to exchange financial assets or financial liabilities with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank's own equity instruments.

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

Reclassification

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

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

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

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

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



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

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

c. De-recognition

De-recognition of Financial Assets

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

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

De-recognition of Financial Liabilities

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

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

Offsetting of Financial Instruments

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

Amortized Cost Measurement

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

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

Fair Value Measurement

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

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

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

- **Level 1 - Valuation technique using quoted market price:** financial instruments with quoted prices for identical instruments in active markets.
- **Level 2 - Valuation technique using observable inputs:** financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3 - Valuation technique with significant unobservable inputs:** financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Level 1

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument or dealer price quotations, without any deduction for transaction costs.

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

Level 2

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Level 3

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions.

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

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

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

d. Impairment

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

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

Impairment of Financial Assets carried at Amortized Cost

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

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

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current rate closely approximates effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new closely approximates effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of collateralized financial assets reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Impairment of Financial Assets – Loans and Advances

The Bank review it's individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. The bank has conducted objective evidence test for individual impairment through different parameters like inability to meet loan agreements, substantial drop in profits/ turnover, significant adverse cash flows, significant adverse net worth situation, problematic borrower financial position, etc. Mainly, management judgment is required in the estimation of the amount and timing of the expected future cash flows for determination of the impairment loss.

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

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

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



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

Individually Assessed Financial Assets

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

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

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

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

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

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

Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

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

Incurred but not yet identified impairment

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

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

The collective impairment allowance is determined after taking into account:

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

Homogeneous groups of Financials Assets

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

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

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

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

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

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

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

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

Reversal of Impairment

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

Write-off of Financial Assets measured at Amortized Cost

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

Impairment of Rescheduled Loans and Advances

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

Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally

assessed, at a minimum, at inception and based on the guidelines issued by the central bank (Nepal Rastra Bank). Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

Collateral Repossessed or Where Properties have Devolved to the Bank

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

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

Impairment of Financial Assets – Available for Sale

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

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

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

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

3.5. Trading Assets

Financial assets such as government securities, equity etc. held for short term with an intention to trade have been classified as trading assets. Trading assets are measured at fair value with any changes in fair value being recognized in Profit or Loss.

3.6. Derivative assets and derivative liabilities

Derivative financial instruments such as forward foreign exchange contracts are valued using a valuation technique



with market observable inputs. The most frequently applied valuation technique is forward pricing model which incorporates various inputs including foreign exchange spot and forward premiums.

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

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

3.7. Property and Equipment

Recognition

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

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

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

Measurement

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

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

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

Cost Model

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

Revaluation Model

The Bank has not applied the revaluation model to the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

However, the assets transferred from the acquisition of Deva Bikas Bank Limited is recognized at Fair Value of the assets and liabilities at the date of acquisition due to which the land transferred from Deva Bikas Bank is recognized at revalued amount which is close to fair value.

Subsequent Cost

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

De-recognition

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

Depreciation

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

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

Asset Category	Estimated Useful Life of Asset (Years) FY 2076/77	Estimated Useful Life of Asset (Years) FY 2075/76
Buildings	40 Years	40 Years
Vehicles	10 Years	10 Years
Office Equipment	8 Years	8 Years
Furniture & Fixtures (Metal & Wooden)	8 Years	8 Years
Computer Hardware	8 Years	8 Years
Battery	6 Years	6 Years
Leasehold Properties	5 Years	5 Years

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

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

Changes in Estimates

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

Capital Work in Progress

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

3.8. Intangible Assets

Recognition

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

of the cost of an intangible asset at a later date.

Computer Software

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

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software and are amortized over their useful life estimated as 5 years from the date of acquisition.

Subsequent Expenditure

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

Amortization of Intangible Assets

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

Asset Category	For the year ended 15th July 2020	For the year ended 16th July 2019
Computer Software	5 years	5 years

De-recognition of Intangible Assets

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

3.9. Investment Property

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

Measurement

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



De-recognition

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

3.10. Income Tax

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

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

Current Tax

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

Deferred Tax

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

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

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

forward unused tax credits and unused tax losses can be utilized except:

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

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

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

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

3.11. Deposits, debt securities issued and subordinated liabilities

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

3.12. Provisions, Commitments and Contingencies

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

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

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

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

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

3.13. Revenue Recognition

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

Interest Income

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

Bank has adopted the guideline issued by Nepal Rastra bank issued on July 2019 for the recognition of Interest Income i.e. the criteria for suspension of interest income and cessation of accrued Interest which requires cessation of recognition interest income for loans which are significantly impaired i.e. bad. As on Asadh End 2077 the bank has ceased acquisition of interest amounting to NPR. 93,260,228 related to bad loan which was NPR. 79,133,834 as on Asadh End 2076.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over the period, which include service fees and commission income. The bank has availed the

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

Dividend Income

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

Net Trading Income

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

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

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

3.14. Interest expense

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

3.15. Employee Benefits

Employee benefits include:

- Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
- Wages, salaries and social security contributions;
- Paid annual leave and paid sick leave;
- Profit sharing and bonuses, and
- Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
- Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
- Post-employment benefits, such as the following:
- Retirement benefits (E.g.: pensions, lump sum payments on retirement); and
- Other post-employment benefits such as post-employment life insurance and post-employment medical care;
- Other long term employee benefits and



- Termination benefits

1. Post employments benefits

Defined Contribution Plans

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

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

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

Defined Benefit Plans

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

Gratuity

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

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

The Gratuity recognition each year is as per the bank's employee bye laws which stipulates for recognition of gratuity provision / payment as per the latest staff basic remuneration; multiplied by the eligible number of years.

Bank determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of

the annual period. The discount rate is the average yield on government bonds issued during the period having maturity dates approximating to the terms of Bank's obligations.

The increase in gratuity liabilities attributable to the services provided by employees during the year ended 15th July, 2020 (current service cost) has been recognized in the Statement of Profit or Loss under 'Personnel Expenses' together with interest expense under the Interest Expense of bank. Bank recognizes the total actuarial gain/(loss) that arises in computing Bank's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

Other long term employee benefits

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

Unutilized Accumulated Leave

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

3.16. Leases

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

Finance Lease

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

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

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

minimum lease payments. Finance charges payable are recognized in 'Interest expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

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

3.17. Foreign currency translation

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates (i.e. mid-rate) prevailing at the dates when the transactions were affected.

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

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

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

3.18. Financial guarantee and loan commitments

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

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letters of credit, guarantees and acceptances commit the Bank

to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. They carry a similar credit risk to loans. Operating lease commitments of the Bank (as a lessor and as a lessee) and pending legal claims against the Bank to form part of commitments of the Bank. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. But these contingent liabilities do contain credit risk and are therefore form part of the overall risk of the Bank.

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

Any increase in the liability relating to the financial guarantees is recorded in the Statement of Profit or Loss under 'Impairment Charges for Loans & other losses'. The premium received is recognized in the Statement of Profit or Loss under 'Net fees and commission income' on a straight line basis over the life of the guarantee; except for the commission income up to Rs. 1,00,000, which is recognized as realized irrespective of the period of guarantee.

3.19. Share capital and reserves

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

3.20. Earnings per share including diluted

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

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

3.21. Segment Reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),



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

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

3.22. Employee Bonus

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

3.23. Dividend on Ordinary Shares

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

3.24. Cash Flow Statement

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

3.25. Comparative Figures

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year's presentation. The changes in comparative figures are presented in 5.33.

4.1 Cash and cash equivalent

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Cash in hand	4,386,170,699	2,217,438,325	4,386,170,699	2,217,438,325
Balances with B/FIs	945,320,706	1,818,207,267	931,921,967	1,815,452,885
Money at call and short notice	-	2,178,848,601	-	2,178,848,601
Other	3,836,218,605	2,609,395,821	3,836,218,605	2,609,395,821
Total	9,167,710,010	8,823,890,014	9,154,311,271	8,821,135,632

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

4.2 Due from Nepal Rastra Bank

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Statutory balances with NRB	5,764,986,460	3,574,461,207	5,764,986,460	3,574,461,207
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	56,533,653	6,053,142	56,533,653	6,053,142
Total	5,821,520,113	3,580,514,349	5,821,520,113	3,580,514,349

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

4.3 Placements with Bank and Financial Institutions

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Placement with domestic B/FIs	6,232,701	274,383,316	6,232,701	274,383,316
Placement with foreign B/FIs	846,214,941	109,999,481	846,214,941	109,999,481
Less: Allowances for impairment	-	-	-	-
Total	852,447,642	384,382,797	852,447,642	384,382,797

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

4.4 Derivative financial instruments

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	7,416,210,368	5,858,648,394	7,416,210,368	5,858,648,394
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	7,416,210,368	5,858,648,394	7,416,210,368	5,858,648,394
Other	-	-	-	-
Total	7,416,210,368	5,858,648,394	7,416,210,368	5,858,648,394

The Forward Exchange Contracts are derivative products used by the bank for hedging purpose as a regular treasury activities. The gross derivative assets and derivative liabilities are netted off and shown separately in the financial statements as derivative assets or liabilities as a part of risk management.

4.5 Other trading assets

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-
Pledged	-	-	-	-
Non-pledged	-	-	-	-



4.6 Loan and advances to B/FIs

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Loans to microfinance institutions	3,834,548,584	3,066,054,519	3,834,548,584	3,066,054,519
Other	-	-	-	-
Less: Allowances for impairment	38,335,845	30,650,545	38,335,845	30,650,545
Total	3,796,212,739	3,035,403,974	3,796,212,739	3,035,403,974

Loans to microfinance institutions

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Loans to microfinance institutions	3,833,584,520	3,065,306,249	3,833,584,520	3,065,306,249
Accrued Interest	964,064	748,270	964,064	748,270
Total	3,834,548,584	3,066,054,519	3,834,548,584	3,066,054,519

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

4.6.1: Allowances for impairment

Balance at Shrawan 1	30,650,545	17,946,832	30,650,545	17,946,832
Impairment loss for the year:	1,788,437	12,703,714	1,788,437	12,703,714
Charge for the year	7,536,380	12,703,714	7,536,380	12,703,714
Recoveries/reversal	5,747,943	-	5,747,943	-
Amount written off	-	-	-	-
Others(From Acquisition)	5,896,863	-	5,896,863	-
Balance at Ashad end	38,335,845	30,650,545	38,335,845	30,650,545

4.7 Loans and advances to customers

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Loan and advances measured at amortized cost	113,316,902,056	74,355,360,821	113,316,902,056	74,355,360,821
Less: Impairment allowances	2,599,642,487	1,337,447,769	2,599,642,487	1,337,447,769
Collective impairment	1,221,900,973	765,099,806	1,221,900,973	765,099,806
Individual impairment	1,377,741,515	572,347,963	1,377,741,515	572,347,963
Net amount	110,717,259,568	73,017,913,052	110,717,259,568	73,017,913,052
Loan and advances measured at FVTPL	-	-	-	-
Total	110,717,259,568	73,017,913,052	110,717,259,568	73,017,913,052

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

4.7.1: Analysis of loan and advances - By Product

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Product				
Term loans	31,477,294,091	18,993,177,653	31,477,294,091	18,993,177,653
Overdraft	17,371,740,948	14,487,470,655	17,371,740,948	14,487,470,655
Trust receipt/Import loans	6,334,354,737	5,352,970,188	6,334,354,737	5,352,970,188
Demand and other working capital loans	24,094,374,496	15,168,675,010	24,094,374,496	15,168,675,010
Personal residential loans	7,365,693,581	4,785,290,028	7,365,693,581	4,785,290,028
Real estate loans	2,351,012,391	2,026,941,097	2,351,012,391	2,026,941,097
Margin lending loans	3,328,610,032	2,648,021,801	3,328,610,032	2,648,021,801
Hire purchase loans	5,303,758,687	3,171,083,830	5,303,758,687	3,171,083,830
Deprived sector loans	5,391,229,198	808,920,618	5,391,229,198	808,920,618
Bills purchased	20,487,924	6,000,000	20,487,924	6,000,000
Staff loans	968,388,322	543,520,850	968,388,322	543,520,850
Other	8,261,836,418	6,031,833,447	8,261,836,418	6,031,833,447
Sub total	112,268,780,825	74,023,905,177	112,268,780,825	74,023,905,177
Interest receivable	1,048,121,231	331,455,644	1,048,121,231	331,455,644
Grand total	113,316,902,056	74,355,360,821	113,316,902,056	74,355,360,821

4.7.2: Analysis of loan and advances - By Currency

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Nepalese rupee	107,115,305,814	69,252,440,390	107,115,305,814	69,252,440,390
Indian rupee	-	-	-	-
United State dollar	6,201,596,241	5,102,920,431	6,201,596,241	5,102,920,431
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japenese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	113,316,902,056	74,355,360,821	113,316,902,056	74,355,360,821

4.7.3: Analysis of loan and advances - By Collateral

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Secured				
Movable/immovable assets	105,829,728,786	68,396,707,813	105,829,728,786	68,396,707,813
Gold and silver	297,608,781	2,986,252	297,608,781	2,986,252
Guarantee of domestic B/FIs	276,004,304	173,557,031	276,004,304	173,557,031
Government guarantee	162,076,912	151,183,084	162,076,912	151,183,084
Guarantee of international rated bank	-	-	-	-
Collateral of export document	13,705,558	1,847,722	13,705,558	1,847,722
Collateral of fixed deposit receipt	411,783,449	338,429,004	411,783,449	338,429,004
Collateral of Government securities	3,572,154,028	27,900,406	3,572,154,028	27,900,406
Counter guarantee	-	52,419,402	-	52,419,402
Personal guarantee	7,243,025	228,896,184	7,243,025	228,896,184
Other collateral	2,746,597,213	4,981,433,924	2,746,597,213	4,981,433,924
Subtotal	113,316,902,056	74,355,360,821	113,316,902,056	74,355,360,821
Unsecured	-	-	-	-
Grant Total	113,316,902,056	74,355,360,821	113,316,902,056	74,355,360,821

4.7.4: Allowances for impairment

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Specific allowances for impairment				
Balance at Shrawan 1	766,329,547	626,268,801	766,329,547	626,268,801
Impairment loss for the year:				
Charge for the year	585,214,697	140,060,746	585,214,697	140,060,746
Recoveries/reversal during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (from acquisition)	26,197,271	-	26,197,271	-
Balance at Ashad end	1,377,741,515	766,329,547	1,377,741,515	766,329,547
Collective allowances for impairment				
Balance at Shrawan 1	571,118,222	494,851,912	571,118,222	494,851,912
Impairment loss for the year:				
Charge/(reversal) for the year	(125,216,963)	(519,351,945)	(125,216,963)	76,266,310
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (from acquisition)	775,999,713	-	775,999,713	-
Balance at Ashad end	1,221,900,973	571,118,222	1,221,900,973	571,118,222
Total allowances for impairment	2,599,642,487	1,337,447,769	2,599,642,487	1,337,447,769

4.8 Investment securities

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Investment securities measured at amortized cost	12,300,207,299	9,127,596,713	12,112,686,299	8,947,596,713
Investment in equity measured at FVTOCI	648,682,050	173,971,464	645,021,550	173,971,464
Total	12,948,889,348	9,301,568,177	12,757,707,848	9,121,568,177

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



4.8.1: Investment securities measured at amortized cost

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Debt securities	-	-	-	-
Government bonds	11,322,438,089	7,178,107,897	11,322,438,089	7,178,107,897
Government treasury bills	790,248,209	1,769,488,816	790,248,209	1,769,488,816
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	187,521,000	180,000,000	-	-
Less: specific allowances for impairment	-	-	-	-
Total	12,300,207,299	9,127,596,713	12,112,686,299	8,947,596,713

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

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Equity instruments				
Quoted equity securities	648,682,050	134,964,764	609,173,690	134,964,764
Unquoted equity securities	35,847,860	39,006,700	35,847,860	39,006,700
	684,529,910	173,971,464	645,021,550	173,971,464

4.8.3: Information relating to investment in equities

Particulars	Group				Bank			
	FY 2076-77	FY 2075-76			FY 2076-77	FY 2075-76		
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in Quoted Equity								
Api Power Company Ltd. (API)	6,685	6,372	-	-	6,685	6,372	-	-
59 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 55 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 4 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Arun Kabeli Power Ltd.(AKPL)	-	-	-	-	-	-	-	-
295 Ordinary Shares of Rs. 100 each, fully paid	55,165	34,220	-	-	55,165	34,220	-	-
Ordinary Shares 295 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Asian Life Insurance Co. Limited(ALICL)	-	-	-	-	-	-	-	-
16,040 Ordinary Shares of Rs. 100 each, fully paid	10,669,508	9,736,280	-	-	10,669,508	9,736,280	-	-
Ordinary Shares 15,863 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 177 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Barun Hydro Power Co. Ltd. (BARUN)	2,500	1,680	-	-	2,500	1,680	-	-
20 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 20 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bottlers Nepal (Terai) Ltd. (BNT)	633,301	620,000	-	-	633,301	620,000	-	-
100 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 100 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Chhimek Laghubitta Bikas Bank Limited(CBBL)	3,677,049	3,566,480	-	-	3,677,049	3,566,480	-	-
3,272 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 2,764 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 508 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Citizen Investment Trust(CIT)	-	-	-	-	-	-	-	-
1,000 Ordinary Shares of Rs. 100 each, fully paid	3,114,440	2,428,000	-	-	3,114,440	2,428,000	-	-
Ordinary Shares 1,000 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Deprosc Laghubitta Bittiya Sanstha Limited(DDBL)	11,246,492	9,734,706	-	-	11,246,492	9,734,706	-	-
1,1241 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 1,000 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Dibyashwari Hydropower Limited (DHPL)	1,958	534	-	-	1,958	534	-	-
11 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 11 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Everest Insurance Co.Ltd.(EIC)	988,773	876,324	-	-	988,773	876,324	-	-
2,127 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 1,999 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 128 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Forwad Community Micro Finance Bittiya Sanstha Ltd. (FOWAD)	606,997	590,031	-	-	606,997	590,031	-	-
369 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 213 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 156 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Global IME Laghubitta Bittiya Sanstha Ltd.(Reliable Micro Finance Bittiya Sanstha Ltd.) GILB	2,300	32,950	-	-	2,300	32,950	-	-
25 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 25 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Himalayan General Insurance Co.Ltd.(HGI)	480,154	544,700	-	-	480,154	544,700	-	-
1,300 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 1,252 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 48 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Kisan Microfinance Bittiya Sanstha (KMFL)	-	830	-	-	-	830	-	-
1 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 0 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 1 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Khanikhola Hydro Power Co. Ltd. (KKHC)	3,968	1,568	-	-	3,968	1,568	-	-
32 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-

Ordinary Shares 32 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Laxmi Laghubitta Bittiya Sanstha Ltd.(LLBS)	1,081,829	1,255,276	-	-	1,081,829	1,255,276	-
1,034 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 814 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 220 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Life Insurance Co. Nepal(LICN)	16,380,828	13,558,020	-	-	16,380,828	13,558,020	-
10,194 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 8,620 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 1574 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Lumbini General Insurance Company Limited(LGIL)	1,916,613	1,077,234	-	-	1,916,613	1,077,234	-
2,378 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 2,153 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 225 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Mirmire Laghubitta Bittiya Sanstha Ltd.(MMFDB)	2,300	48,546	-	-	2,300	48,546	-
54 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 23 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 31 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Mithila Laghubitta Bittiya Sanstha Ltd. (MLBBL)	400	9,780	-	-	400	9,780	-
12 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 12 Kitta of Rs. 100 each	-	-	-	-	-	-	-
National Life Insurance Company Limited(NLICL)	10,054,938	6,766,964	-	-	10,054,938	6,766,964	-
10,222 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 7,385 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 2837 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Nagbeli Laghubitta Bittiya Sanstha Ltd. (NBBL)	3,500	32,928	-	-	3,500	32,928	-
56 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 52 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 4 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Neco Insurance(NIL)	21,740,280	21,432,563	-	-	21,740,280	21,432,563	-
35,309 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 34,544 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 765 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Nepal Insurance Company Limited(NICL)	5,574,440	5,074,401	-	-	5,574,440	5,074,401	-
11,559 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 10,806 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 753 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Nerude Laghubita Bikas Bank Limited(NLBBL)	6,836,777	5,522,577	-	-	6,836,777	5,522,577	-
7,257 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 7,257 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Ngadi Group Power Limited(NGPL)	129,117	146,280	-	-	129,117	146,280	-
1,272 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 1,272 Kitta of Rs. 100 each	-	-	-	-	-	-	-
NMB Microfinance Bittiya Sanstha Ltd.(NMBMF)	2,901,510	2,369,056	-	-	2,901,510	2,369,056	-
2,932 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 2,932 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Prabhu Insurance Limited(PRIN)	580,459	413,725	-	-	580,459	413,725	-
871 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 775 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 96 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Prudential Insurance Company Limited(PICL)	1,756,666	801,618	-	-	1,756,666	801,618	-
1,626 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 1,410 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 216 Kitta of Rs. 100 each	-	-	-	-	-	-	-
RADHI bidyut Co. Ltd(RADHI)	-	3,043	-	-	-	3,043	-
17 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 17 Kitta of Rs. 100 each	-	-	-	-	-	-	-
RSDC Laghubitta Bittiya Sanstha Ltd.(RSDC)	33,700	50,406	-	-	33,700	50,406	-
93 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 80 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 13 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Rural Micro Finance Development Central Ltd.(RMDC)	535,599	693,990	-	-	535,599	693,990	-
990 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 880 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 110 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Sana Kisan Bikas Lagubitta Bittiya Sanstha Ltd. (SKBBL)	9,300	470,962	-	-	9,300	470,962	-
362 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 192 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 170 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Surya Life Insurance Company Limited(SLICL)	3,341,430	3,499,776	-	-	3,341,430	3,499,776	-
7,812 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 6,638 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Bonus Shares 1174 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Swarojgar Laghu Bitta Bikas Bank Ltd.(SLBBL)	1,784,996	1,744,470	-	-	1,784,996	1,744,470	-
1890 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 1,890 Kitta of Rs. 100 each	-	-	-	-	-	-	-
Synergy Power Development Limited(SPDL)	113,344	60,368	-	-	113,344	60,368	-
616 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 616 Kitta of Rs. 100 each	-	-	-	-	-	-	-
United Insurance Co. (Nepal) Ltd.(UIC)	1,000,333	855,440	-	-	1,000,333	855,440	-
2312 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-
Ordinary Shares 2,312 Kitta of Rs. 100 each	-	-	-	-	-	-	-



United Modi Hydro Power Co. Ltd.(UMHL)	100,089	70,096	-	-	100,089	70,096	-	-
674 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 674 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Vijaya Laghibitta Bittya Sanstha Ltd. (VLBS)	476	6,120	-	-	476	6,120	-	-
6 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 6 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Shikhar Insurance Co. Ltd.(SICL)	8,165,856	5,956,055	10,086,676	6,183,420	8,165,856	5,956,055	10,086,676	6,183,420
5,845 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 4,554 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 1291 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Premier Insurance Co. Ltd.(PIC)	6,702,346	4,903,360	1,881,048	638,470	6,702,346	4,903,360	1,881,048	638,470
7,960 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 5,224 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 2736 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Prime Life Insurance Co Ltd.(PLIC)	696,704	760,923	2,582,271	1,690,150	696,704	760,923	2,582,271	1,690,150
1433 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 814 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 619 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Siddhartha Insurance Ltd.(SIL)	6,205,647	4,361,020	2,716,866	1,351,350	6,205,647	4,361,020	2,716,866	1,351,350
7,519 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 5,815 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 1704 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Chilime Hydropower Company Limited(CHCL)	1,640,220	1,357,976	1,631,755	1,250,400	1,640,220	1,357,976	1,631,755	1,250,400
3,412 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 1,497 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 1915 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Sagarmatha Insurance Co. Ltd.(SIC)	2,289,545	2,034,200	3,068,385	1,270,500	2,289,545	2,034,200	3,068,385	1,270,500
2,906 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 1,100 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 1,806 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
NLG Insurance Co Ltd.(NLG)	3,498,681	3,334,932	4,527,922	3,070,860	3,498,681	3,334,932	4,527,922	3,070,860
5,076 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 5,076 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nepal Grameen Bikash Bank Limited(GBLBS)	-	-	5,595,585	4,120,200	-	-	5,595,585	4,120,200
7,630 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
3,815 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Right shares 3,815 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Sanima Mai Hydropower Ltd.(SHPC)	10,851,165	7,615,450	9,544,250	6,492,500	10,851,165	7,615,450	9,544,250	6,492,500
34,150 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
30,000 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus shares 4150 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nirdhan Utthan Bank(NUBL)	4,620,327	4,281,270	716,915	585,336	4,620,327	4,281,270	716,915	585,336
4,218 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
4,102 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus shares 116 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
National Microfinance Bittiya Sanstha Ltd.(NMFBS)	628,063	961,950	-	7,400	628,063	961,950	-	7,400
583 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
224 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 359 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Ridi Hydropower Development Company Ltd.(RHPC)	34,710	26,208	-	90	34,710	26,208	-	90
312 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
285 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 27 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Swabalamban Laghubitta Bittiya Sanstha Limited(SWBBL)	6,978,653	6,529,968	-	875	6,978,653	6,529,968	-	875
5,296 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
5,296 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Hydroelectricity Investment and Development Company	2,380,451	3,475,423	2,877,098	5,095,328	2,380,451	3,475,423	2,877,098	5,095,328
26,131 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
20,296 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 5835 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nepal Telecom(NTC)	53,365,849	46,891,450	47,627,199	43,239,735	53,365,849	46,891,450	47,627,199	43,239,735
71,590 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Butwal Power Co. Ltd.(BPCL)	31,136,576	23,705,488	-	-	31,136,576	23,705,488	-	-
66,302 Ordinary Shares of Rs. 100 each, fully paid	-	-	27,083,562	21,263,501	-	-	27,083,562	21,263,501
54,995 Ordinary Shares of Rs. 100 each,	-	-	-	-	-	-	-	-
Bonus Shares 11,307 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Lumbini General Insurance Co. Limited	8,750,400	24,450,851	8,750,400	8,750,400	8,750,400	24,450,851	8,750,400	8,750,400
107,713 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
87,504 Ordinary Shares of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 20,209 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nepal Life Insurance Co. Ltd.(NLIC)	44,035,130	44,973,180	10,436	8,109	44,035,130	44,973,180	10,436	8,109
35,693 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
29,329 Ordinary Shares of Rs. 100 each,	-	-	-	-	-	-	-	-
Bonus Shares 6,364 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Kalika Microcredit Development Bank Limited	-	-	-	325,734	-	-	-	325,734
Upper Tamakoshi Hydropower Limited (UPPER)	3,040,686	2,744,507	3,040,686	3,239,225	3,040,686	2,744,507	3,040,686	3,239,225
11,779 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-

Mutual Fund:

Nabil Equity Fund(NEF)	5,914,130	5,517,883	281,620	262,751	5,914,130	5,517,883	281,620	262,751
Of 591,413 ordinary share of Rs.10	-	-	-	-	-	-	-	-
NMB Hybrid Fund L(NMBHF1)	8,281,360	7,867,292	394,350	395,533	8,281,360	7,867,292	394,350	395,533
Of 828,136 ordinary share of Rs.10	-	-	-	-	-	-	-	-
NIBL Pragati Fund(NIBL PF)	10,702,290	8,722,366	428,220	318,596	10,702,290	8,722,366	428,220	318,596
Of 1,070,229 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Laxmi Equity Fund(LEMF)	24,860,720	21,802,851	1,462,390	1,115,804	24,860,720	21,802,851	1,462,390	1,115,804
Of 2,486,072 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Siddhartha Equity Fund(SEF)	29,032,440	29,032,440	9,677,480	9,764,577	29,032,440	29,032,440	9,677,480	9,764,577
Of 2,903,244 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Sanima Equity Fund(SAEF)	28,568,000	28,368,024	4,568,000	4,293,920	28,568,000	28,368,024	4,568,000	4,293,920
Of 2,856,800 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Citizens Mutual Fund(CMF-I)	25,000,000	25,150,000	5,000,000	5,090,000	25,000,000	25,150,000	5,000,000	5,090,000
Of 2,500,000 ordinary share of Rs.10	-	-	-	-	-	-	-	-
NIC Asia Growth Fund(NICGF)	25,000,000	25,475,000	5,000,000	5,140,000	25,000,000	25,475,000	5,000,000	5,140,000
Of 2,500,000 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Nabil Balance Fund II (NBF II)	15,000,000	14,850,000	-	-	15,000,000	14,850,000	-	-
Of 1,500,000 ordinary share of Rs.10	-	-	-	-	-	-	-	-
NMB 50	25,000,000	25,000,000	-	-	25,000,000	25,000,000	-	-
Of 2,500,000 ordinary share of Rs. 10	-	-	-	-	-	-	-	-
NIC ASIA Balanced Fund(NICBF)	15,000,000	15,570,000	-	-	15,000,000	15,570,000	-	-
Of 1,500,000 ordinary share of Rs. 10	-	-	-	-	-	-	-	-
Sunrise First Mutual Fund(SFMF)	17,000,000	17,000,000	-	-	15,000,000	15,000,000	-	-
Of 1,500,000 ordinary share of Rs. 10	-	-	-	-	-	-	-	-
Global IME Sammutat Scheme-1 (GIMES1)	9,493,170	8,145,140	-	-	9,493,170	8,145,140	-	-
Of 949,317 ordinary share of Rs. 10	-	-	-	-	-	-	-	-
NIBL Samridhi Fund I(NIBSFI)	13,911,290	13,772,177	-	-	13,911,290	13,772,177	-	-
Of 1,391,129 ordinary share of Rs. 10	-	-	-	-	-	-	-	-
Citizens Mutual Fund-II(CMF-II)	7,000,000	7,763,000	-	-	7,000,000	7,763,000	-	-
Of 700,000 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
NIBL Capital Ltd Portfolio	20,000,000	24,145,892	-	-	20,000,000	24,145,892	-	-
NLG Insurance Co. Ltd. (Promoter)	-	500	-	-	-	500	-	-
Of 50 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Everest Insurance Co.Ltd. (Promoter)EICPO	223,600	223,600	-	-	223,600	223,600	-	-
Of 2236 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Siddhartha Investment Growth Scheme 2(SISG2)	45,000,000	50,265,000	-	-	45,000,000	50,265,000	-	-
Of 4500,000 Ordinary Shares of Rs.100 each, fully paid	-	-	-	-	-	-	-	-

Investment in Unquoted Equity and Mutual Funds

Credit Information Centre Limited	1,424,500	1,424,500	1,330,000	1,330,000	1,424,500	1,424,500	1,330,000	1,330,000
94,947 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 14,245 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 80,702 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nepal Clearing House Limited	5,253,500	5,253,500	3,976,700	3,976,700	5,253,500	5,253,500	3,976,700	3,976,700
63,041 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Ordinary Shares 52,535 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Bonus Shares 10,506 Kitta of Rs. 100 each	-	-	-	-	-	-	-	-
Nepal Electronic Payment System Limited	20,000,000	20,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,000,000	15,000,000
200,000 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
National Banking Training Institute	1,834,860	1,834,860	1,200,000	1,200,000	1,834,860	1,834,860	1,200,000	1,200,000
18348 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
NIBL Sahabagita Fund(NIBLSF)-open ended	6,591,500	7,195,500	2,500,000	2,500,000	5,000,000	5,535,000	2,500,000	2,500,000
500,000 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Citizens Mutual Fund-II(CMF-II)	-	-	5,000,000	5,000,000	-	-	5,000,000	5,000,000
Of 500,000 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Nabil Balance Fund II (NBF II)	-	-	10,000,000	10,000,000	-	-	10,000,000	10,000,000
Of 1,000,000 ordinary share of Rs.10	-	-	-	-	-	-	-	-
Prabhu Capital Ltd. (Promoter)	1,800,000	1,800,000	-	-	1,800,000	1,800,000	-	-
18,000 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-	-	-	-
Total	664,280,583	648,682,051	197,559,814	173,971,464	660,689,083	645,021,551	197,559,814	173,971,464

4.9 Current tax assets

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Current tax assets	849,471,846	596,796,795	848,638,870	596,796,795
Current year income tax assets	849,471,846	596,796,795	848,638,870	596,796,795
Tax assets of prior periods	-	-	-	-
Current tax liabilities	520,351,009	535,569,497	520,351,009	535,569,497
Current year income tax liabilities	520,351,009	535,569,497	520,351,009	535,569,497
Tax liabilities of prior periods	-	-	-	-
Total	329,120,837	61,227,298	328,287,861	61,227,298

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



4.10 Investment in subsidiaries

Particulars	Bank	
	FY 2076-77	FY 2075-76
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	220,000,000	200,000,000
Total investment	220,000,000	200,000,000
Less: Impairment allowances	-	-
Net carrying amount	220,000,000	200,000,000

4.10.1: Investment in quoted subsidiaries

Particulars	Bank			
	FY 2076-77		FY 2075-76	
	Cost	Fair Value	Cost	Fair Value
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

Particulars	Bank			
	FY 2076-77		FY 2075-76	
	Cost	Fair Value	Cost	Fair Value
Kumari Capital Ltd. (20,00,000 Kitta of Rs. 100 each)	200,000,000	200,000,000	200,000,000	200,000,000
KBL Securities Ltd. (2,00,000 Kitta of Rs. 100 each)	20,000,000	20,000,000	-	-
Total	220,000,000	220,000,000	200,000,000	200,000,000

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Bank	
	Percentage of ownership held by the Bank	
	FY 2076-77	FY 2075-76
Kumari Capital Ltd.	100%	100%
KBL Securities Ltd.	100%	100%

4.10.4: Non controlling interest of the subsidiaries

Particulars	...Ltd	...Ltd.	...Ltd	...Ltd.
Equity interest held by NCI (%)				
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Ashad end 2074				
Dividend paid to NCI				
Equity interest held by NCI (%)	...Ltd	...Ltd.	...Ltd	...Ltd.
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Ashad end 2075				
Dividend paid to NCI				

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

4.11 Investment in associates

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Investment in quoted associates	210,684,660	65,198,592	80,063,901	20,000,000
Investment in unquoted associates	50,000,000	-	50,000,000	-
Total investment	260,684,660	65,198,592	130,063,901	20,000,000
Less: Impairment allowances	-	-	-	-
Net carrying amount	260,684,660	65,198,592	130,063,901	20,000,000

4.11.1: Investment in quoted associates

Particulars	Group				Bank			
	FY 2076-77		FY 2075-76		FY 2076-77		FY 2075-76	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
National Microfinance Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each Bonus Shares 3,28,085 Kitta of Rs. 100 each	20,000,000	87,963,592	20,000,000	65,198,592	20,000,000	20,000,000	20,000,000	20,000,000
First Microfinance Laghu Bittiya Sanstha Limited Promoter Shares 2,15,068 Kitta of Rs. 100 each Ordinary Shares 20,405 Kitta of Rs. 100 each Bonus Shares 88,779 Kitta of Rs. 100 each	22,994,596	42,860,876	-	-	22,994,596	22,994,596	-	-
Mero Microfinance Bittiya Sanstha Limited Promoter Shares 3,70,230 Kitta of Rs. 100 each Ordinary Shares 125 Kitta of Rs. 100 each Bonus Shares 2,28,416 Kitta of Rs. 100 each	37,069,305	79,860,192	-	-	37,069,305	37,069,305	-	-
Total	80,063,901	210,684,660	20,000,000	65,198,592	80,063,901	80,063,901	20,000,000	20,000,000

4.11.2: Investment in unquoted associates

Particulars	Group				Bank			
	FY 2076-77		FY 2075-76		FY 2076-77		FY 2075-76	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
General Insurance Company Limited Promoter Shares 5,00,000 Kitta of Rs. 100 each	50,000,000	50,000,000	-	-	50,000,000	50,000,000	-	-
Total	50,000,000	50,000,000	-	-	50,000,000	50,000,000	-	-

4.11.3: Information relating to associates of the Bank

Particulars	Group		Bank	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
National Microfinance Bittiya Sanstha Limited Promoter Shares 2,00,000 Kitta of Rs. 100 each Bonus Shares 3,28,085 Kitta of Rs. 100 each	20%	20%	20%	20%
First Microfinance Laghu Bittiya Sanstha Limited Promoter Shares 2,15,068 Kitta of Rs. 100 each Ordinary Shares 20,405 Kitta of Rs. 100 each Bonus Shares 88,779 Kitta of Rs. 100 each	4%	-	4%	-
Mero Microfinance Bittiya Sanstha Limited Promoter Shares 3,70,230 Kitta of Rs. 100 each Ordinary Shares 125 Kitta of Rs. 100 each Bonus Shares 2,28,416 Kitta of Rs. 100 each	7%	-	7%	-
General Insurance Company Limited Promoter Shares 5,00,000 Kitta of Rs. 100 each	7%	-	7%	-

4.11.4: Equity value of associates

Particulars	Group	
	FY 2076-77	FY 2075-76
National Microfinance Bittiya Sanstha Limited	87,963,592	65,198,592
First Microfinance Laghu Bittiya Sanstha Limited	42,860,876	-
Mero Microfinance Bittiya Sanstha Limited	79,860,192	-
General Insurance Company Limited	50,000,000	-
Total	260,684,660	65,198,592

4.12 Investment properties

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Investment properties measured at fair value				
Balance as on Shrawan 1, 2076	88,422,015	134,171,003	88,422,015	134,171,003
Addition/disposal during the year	(28,073,682)	(45,748,988)	(28,073,682)	(45,748,988)
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	60,348,333	88,422,015	60,348,333	88,422,015
Investment properties measured at cost				
Balance as on Shrawan 1, 2076	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net amount	-	-	-	-
Total	60,348,333	88,422,015	60,348,333	88,422,015



4.13 Property and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Ashad End 2077	Total Ashad End 2076	Bank
Cost											
As on Shrawan 1, 2075	90,972,155	35,444,275	188,681,229	168,307,307	222,375,622	102,346,527	-	268,281,318		1,076,408,433	
Addition during the Year											
Acquisition	44,521,831	65,926,467	63,084,946	15,883,718	64,240,650	22,792,695		64,563,820		341,014,127	
Capitalization	-										
Disposal during the year	-		40,934,782	5,324,576	20,554,800	10,575,752		36,347,504		113,737,413	
Adjustment/Revaluation			(7,327,212)	1,322,357		(120,952)		13,485,170		7,359,362	
Balance as on Ashad end 2076	135,493,986	101,370,742	218,158,605	177,544,093	266,061,472	114,684,422	-	283,012,465	1,296,325,785	1,296,325,785	
Addition during the Year											
Acquisition	-	-	169,201,112	54,840,136	43,436,200	53,816,203		124,068,008	445,361,659	-	
Capitalization											
Through Acquisition-DEVA	129,736,532	17,503,762	143,777,581	51,375,253	85,736,399	46,296,873		147,221,840	621,648,241	-	
Disposal during the year			6,450,017	8,042,802	74,971,758	4,538,001		8,980,270	102,982,847		
Adjustment/Revaluation	99,170,000	-	(1)	(29,568)	0	(0)		24,568	99,164,999		
Balance as on Ashad end 2077	364,400,518	118,874,504	524,687,282	275,687,112	320,262,313	210,259,496	-	545,346,611	2,359,517,836		
Depreciation and Impairment											
As on Shrawan 1, 2075	-	17,756,160	137,731,765	127,952,912	94,419,272	76,431,495	-	188,073,777		642,365,381	
Depreciation charge for the Year	-	884,406	18,562,437	11,980,273	29,161,912	8,249,858		27,411,338		96,250,223	
Impairment for the year	-	-	-	-	-	-		-		-	
Disposals	-		39,010,019	4,992,678	9,579,334	8,607,459		33,804,551		95,954,041	
Adjustment	-		(7,327,212)	1,264,135		593,991		13,608,152		8,139,066	
As on Ashad end 2076	-	18,640,565	124,611,395	133,676,371	114,001,850	75,479,903	-	168,072,412	634,482,497	634,482,497	
Impairment for the year	-										
Depreciation charge for the Year	-	4,136,509	39,229,793	17,292,188	31,621,527	14,365,377		43,638,512	150,283,906		
Through Acquisition-DEVA	-	7,310,923	59,107,214	31,222,098	37,854,071	24,492,853		83,341,891	243,329,050		
Disposals	-	-	6,317,072	5,471,756	28,891,019	4,065,282		8,213,549	52,958,678		
Adjustment	-	0	378,048	(28,080)	(48,679)	613,096		69,184	983,568		
As on Ashad end 2077	-	30,087,997	217,009,379	176,680,821	154,537,750	110,885,946	-	286,908,450	976,120,343		
Capital Work in Progress 2075	-	261,369	-	-	-	-	-	-		261,369	
Capital Work in Progress 2076	-	261,369	-	-	-	-	-	-		261,369	
Capital Work in Progress 2077	-	261,369	-	-	-	-	-	-	261,369		
Net Book Value											
As on Ashad end 2075	90,972,155	17,949,484	50,949,464	40,354,395	127,956,350	25,915,031	-	80,207,540			
As on Ashad end 2076	135,493,986	82,991,545	93,547,209	43,867,722	152,059,622	39,204,519	-	114,940,052		662,104,656	
As on Ashad end 2077	364,400,518	89,047,876	307,677,902	98,996,291	165,724,563	99,373,551	-	258,438,161	1,383,658,862		

4.13 Property and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Ashad End 2077	Total Ashad End 2076	Group
Cost											
As on Shrawan 1, 2075	90,972,155	35,444,275	188,681,229	168,307,307	222,375,622	102,346,527	-	268,281,318	-	1,076,408,433	
Addition during the Year	-	-	-	-	-	-	-	-	-	-	
Acquisition	44,521,831	65,926,467	63,084,946	15,883,718	64,240,650	22,792,695	-	64,563,820	-	341,014,127	
Capitalization	-	-	-	-	-	-	-	-	-	-	
Disposal during the year	-	-	40,934,782	5,324,576	20,554,800	10,575,752	-	36,347,504	-	113,737,413	
Adjustment/Revaluation	-	-	(7,327,212)	1,322,357	-	(120,952)	-	13,485,170	-	7,359,362	
Balance as on Ashad end 2076	135,493,986	101,370,742	218,158,605	177,544,093	266,061,472	114,684,422	-	283,012,465	1,296,325,785	1,296,325,785	
Addition during the Year											
Acquisition	-	-	169,692,758	55,902,122	46,434,600	53,958,751	-	125,059,728	451,047,958	-	
Capitalization	-	-	-	-	-	-	-	-	-	-	
Through Acquisition-DEVA	129,736,532	17,503,762	143,777,581	51,375,253	85,736,399	46,296,873	-	147,221,840	621,648,241	-	
Disposal during the year	-	-	6,450,017	8,042,802	74,971,758	4,538,001	-	8,980,270	102,982,847	-	
Adjustment/Revaluation	99,170,000	-	(1)	(29,568)	0	(0)	-	24,568	99,164,999	-	
Balance as on Ashad end 2077	364,400,518	118,874,504	525,178,927	276,749,098	323,260,713	210,402,044	-	546,338,331	2,365,204,136	-	
Depreciation and Impairment											
As on Shrawan 1, 2075	-	17,756,160	137,731,765	127,952,912	94,419,272	76,431,495	-	188,073,777	-	642,365,381	
Depreciation charge for the Year	-	884,406	18,562,437	11,980,273	29,161,912	8,249,858	-	27,411,338	-	96,250,223	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	39,010,019	4,992,678	9,579,334	8,607,459	-	33,804,551	-	95,994,041	
Adjustment	-	-	(7,327,212)	1,264,135	-	593,991	-	13,608,152	-	8,139,066	
As on Ashad end 2076	-	18,640,565	124,611,395	133,676,371	114,001,850	75,479,903	-	168,072,412	634,482,497	-	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	
Depreciation charge for the Year	-	4,136,509	39,266,667	17,391,012	31,653,127	14,378,649	-	43,740,992	150,566,956	-	
Through Acquisition-DEVA	-	7,310,923	59,107,214	31,222,098	37,854,071	24,492,853	-	83,341,891	243,329,050	-	
Disposals	-	-	6,317,072	5,471,756	28,891,019	4,065,282	-	8,213,549	52,958,678	-	
Adjustment	-	0	378,048	(28,080)	(48,679)	613,096	-	69,184	983,568	-	
As on Ashad end 2077	-	30,087,997	217,046,253	176,789,645	154,569,350	110,899,218	-	287,010,930	976,403,394	-	
Capital Work in Progress 2075	-	261,369	-	-	-	-	-	-	-	261,369	
Capital Work in Progress 2076	-	261,369	-	-	-	-	-	-	-	261,369	
Capital Work in Progress 2077	-	261,369	-	-	-	-	-	-	261,369	-	
Net Book Value											
As on Ashad end 2075	90,972,155	17,949,484	50,949,464	40,354,395	127,956,350	25,915,031	-	80,207,540	-	434,304,421	
As on Ashad end 2076	135,493,986	82,991,545	93,547,209	43,867,722	152,059,622	39,204,519	-	114,940,052	-	662,104,656	
As on Ashad end 2077	364,400,518	89,047,876	308,132,674	99,959,452	168,691,363	99,502,826	-	259,327,401	1,389,062,111	-	



4.14 Goodwill and Intangible Assets

Bank

Particulars	Goodwill	Software		Other	Total Ashad end 2077	Total Ashad end 2076
		Purchased	Developed			
Cost						
As on Shrawan 1, 2075	-	178,780,046	-	-		178,780,046
Addition during the Year						-
Acquisition	-	10,816,195	-	-		10,816,195
Capitalization	-	-	-	-		-
Disposal during the year	-	423,750	-	-		423,750
Adjustment/Revaluation	-	-	-	-		-
Balance as on Ashad end 2076	-	189,172,490	-	-	189,172,490	189,172,490
Addition during the Year						
Acquisition	88,804,041	30,780,230	-	-	119,584,271	
Capitalization	-	-	-	-	-	
Through Acquisition-DEVA		38,998,225			38,998,225	
Disposal during the year	-	-	-	-		
Written off during the year						
Adjustment/Revluation	-	-	-	-	-	
Balance as on Ashad end 2077	88,804,041	258,950,945	-	-	347,754,986	
Amortization and Impairment						
As on Shrawan 1, 2075	-	68,326,617	-	-		68,326,617
Amortization charge for the Year	-	23,876,015	-	-		23,876,015
Impairment for the year	-	-		-		-
Disposals	-	423,750		-		423,750
Adjustment	-	-		-		-
As on Ashad end 2076	-	91,778,881	-	-	91,778,881	91,778,881
Amortization charge for the Year	-	27,630,057	-	-	27,630,057	
Impairment for the year	-	-	-	-	-	
Through Acquisition-DEVA		21,514,468			21,514,468	
Disposals	-	-	-	-		
Written of during the year						
Adjustment	-	-	-	-	-	
As on Asar end 2077	-	140,923,406	-	-	140,923,406	
Capital Work in Progress	-	-	-	-	-	
Net Book Value						
As on Ashad end 2075	-	110,453,429	-	-	-	110,453,429
As on Ashad end 2076	-	97,393,609	-	-		97,393,609
As on Ashad end 2077	88,804,041	118,027,540	-	-	206,831,581	

4.14 Goodwill and Intangible Assets

Particulars	Goodwill	Software		Other	Total Ashad end 2077	Group
		Purchased	Developed			Total Ashad end 2076
Cost						
As on Shrawan 1, 2075	-	178,780,046	-	-		178,780,046
Addition during the Year						
Acquisition	-	10,816,195	-	-		10,816,195
Capitalization	-	-	-	-		-
Disposal during the year	-	423,750	-	-		423,750
Adjustment/Revaluation	-	-	-	-		-
Balance as on Ashad end 2076	-	189,172,490	-	-	189,172,490	189,172,490
Addition during the Year						
Acquisition	88,804,041	31,995,826	-	-	120,799,867	
Capitalization	-	-	-	-	-	
Through Acquisition-DEVA	-	38,998,225	-	-	38,998,225	
Disposal during the year	-	-	-	-	-	
Written off during the year	-	-	-	-	-	
Adjustment/Revaluation	-	-	-	-	-	
Balance as on Ashad end 2077	88,804,041	260,166,541	-	-	348,970,582	-
Amortization and Impairment						
As on Shrawan 1, 2075	-	68,326,617	-	-	-	68,326,617
Amortization charge for the Year	-	23,876,015	-	-	-	23,876,015
Impairment for the year	-	-	-	-	-	-
Disposals	-	423,750	-	-	-	423,750
Adjustment	-	-	-	-	-	-
As on Ashad end 2076	-	91,778,881	-	-	91,778,881	91,778,881
Amortization charge for the Year	-	27,823,673	-	-	27,823,673	
Impairment for the year	-	-	-	-	-	
Through Acquisition-DEVA	-	21,514,468	-	-	21,514,468	
Disposals	-	-	-	-	-	
Written off during the year	-	-	-	-	-	
Adjustment	-	-	-	-	-	
As on Ashad end 2077	-	141,117,022	-	-	141,117,022	-
Capital Work in Progress	-	-	-	-	-	-
	-	-	-	-	-	-
Net Book Value						
As on Ashad end 2075	-	110,453,429	-	-	-	110,453,429
As on Ashad end 2076	-	97,393,609	-	-	-	97,393,609
As on Ashad end 2077	88,804,041	119,049,520	-	-	207,853,561	-



4.15 Deferred Tax

Particulars	Group			Bank		
	FY 2076-77			FY 2076-77		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	(5,944,513)	-	(5,944,513)	(5,923,813)	-	(5,923,813)
Property & equipment	(31,689,114)	-	(31,689,114)	(31,526,591)	-	(31,526,591)
Employees' defined benefit plan	45,099,742	-	45,099,742	45,057,453	-	45,057,453
Lease liabilities	3,859,767	-	3,859,767	3,859,767	-	3,859,767
Provisions	-	-	-	-	-	-
Other temporary differences	(1,434,474)	-	(1,434,474)	(1,465,119)	-	(1,465,119)
Deferred tax on temporary differences	9,891,409	-	9,891,409	10,001,697	-	10,001,697
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 2077			9,891,409		-	10,001,697
Deferred tax (asset)/liabilities as on Shrawan 1, 2076			(77,789,908)			(77,789,908)
Deferred tax (asset)/liabilities as on Asadh 28, 2077-Deva			15,022,308			15,022,308
Origination/(Reversal) during the year			(52,876,191)			(52,765,902)
Deferred tax expense/(income) recognised in profit or loss			(9,145,971)			(9,256,260)
Deferred tax expense/(income) recognised in other comprehensive income			62,022,162			62,022,162
Deferred tax expense/(income) recognised in directly in equity			-			-

Particulars	Group			Bank		
	FY 2075-76			FY 2075-76		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	7,076,505	-	7,076,505	7,076,505	-	7,076,505
Property & equipment	(2,151,701)	-	(2,151,701)	(2,151,701)	-	(2,151,701)
Employees' defined benefit plan	71,782,875	-	71,782,875	71,782,875	-	71,782,875
Lease liabilities	1,082,229	-	1,082,229	1,082,229	-	1,082,229
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences			77,789,908	77,789,908	-	77,789,908
Deferred tax on carry forward of unused tax losses			-		-	-
Deferred tax due to changes in tax rate			-	-	-	-
Net Deferred tax asset/(liabilities) as on year end of 2076			77,789,908			77,789,908
Deferred tax (asset)/liabilities as on Shrawan 1, 2075			(20,361,526)			(20,361,526)
Origination/(Reversal) during the year			(98,151,434)			(98,151,434)
Deferred tax expense/(income) recognised in profit or loss			(76,263,185)			(76,263,185)
Deferred tax expense/(income) recognised in other comprehensive income			(21,888,249)			(21,888,249)
Deferred tax expense/(income) recognised in directly in equity			-			-

4.16 Other assets

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	105,158,611	23,881,925	105,158,611	23,881,925
Accrued income	1,998,206	2,547,192	1,998,206	2,547,192
Prepayments and deposit	45,639,509	26,815,325	45,639,509	26,815,325
Income tax deposit	27,898,264	27,898,264	27,898,264	27,898,264
Deferred employee expenditure	35,877,047	7,415,980	35,877,047	7,415,980
Other	270,396,357	198,388,888	270,196,188	196,422,606
Total	486,967,994	286,947,574	486,767,825	284,981,292

4.17 Due to Bank and Financial Institutions

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Money market deposits	-	-	-	-
Interbank borrowing	-	1,540,300,000	-	1,540,300,000
Other deposits from BFIs	7,452,226,327	10,606,155,539	7,475,893,656	10,628,182,092
Settlement and clearing accounts	-	-	-	-
Total	7,452,226,327	12,146,455,539	7,475,893,656	12,168,482,092

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

4.18 Due to Nepal Rastra Bank

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Refinance from NRB	28,255,404	859,948,037	28,255,404	859,948,037
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	197,100,000	573,300,000	197,100,000	573,300,000
Total	225,355,404	1,433,248,037	225,355,404	1,433,248,037

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

4.19 Derivative financial instruments

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Held for trading	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
Held for risk management	7,369,687,548	5,715,359,938	7,369,687,548	5,715,359,938
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	7,369,687,548	5,715,359,938	7,369,687,548	5,715,359,938
Other	-	-	-	-
Total	7,369,687,548	5,715,359,938	7,369,687,548	5,715,359,938

The Forward Exchange Contracts are derivative products used by the bank for hedging purpose as a regular treasury activities. The gross derivative assets and derivative liabilities are netted off and shown separately in the financial statements as derivative assets or liabilities as a part of risk management.



4.20 Deposits from customers

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Institutions customers:	55,559,029,874	37,431,358,725	55,559,029,874	37,431,358,725
Term deposits	36,190,897,748	24,412,193,942	36,190,897,748	24,412,193,942
Call deposits	7,557,727,821	9,345,509,803	7,557,727,821	9,345,509,803
Current deposits	11,697,435,450	3,485,705,454	11,697,435,450	3,485,705,454
Other	112,968,855	187,949,525	112,968,855	187,949,525
Individual customers:	60,988,003,322	35,769,785,041	60,988,003,322	35,769,785,041
Term deposits	29,731,377,330	16,785,085,194	29,731,377,330	16,785,085,194
Saving deposits	30,781,149,269	18,000,201,092	30,781,149,269	18,000,201,092
Current deposits	455,977,176	311,855,292	455,977,176	311,855,292
Other	19,499,547	672,643,463	19,499,547	672,643,463
Total	116,547,033,196	73,201,143,765	116,547,033,196	73,201,143,766

4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Nepalese rupee	114,508,860,710	72,362,539,204	114,508,860,710	72,362,539,204
Indian rupee	-	-	-	-
United State dollar	2,026,698,818	829,037,964	2,026,698,818	829,037,964
Great Britain pound	4,146,579	3,751,887	4,146,579	3,751,887
Euro	7,325,153	5,812,914	7,325,153	5,812,914
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
AUD	1,031	943	1,031	943
CAD	905	854	905	854
Total	116,547,033,196	73,201,143,766	116,547,033,196	73,201,143,766

Currency wise deposit include NPR converted value of deposit on different currencies as on reporting date.

4.21 Borrowing

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	-	-	-	-
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	-	-	-	-
Total	-	-	-	-

4.22 Provisions

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

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

4.22.1: Movement in provision

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Balance at Shrawan 1	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
Balance at Ashad end	-	-	-	-

4.23. Other liabilities

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Liability for employees defined benefit obligations	(64,985,147)	84,941,038	(64,985,147)	84,941,038
Liability for long-service leave	215,176,656	154,335,212	215,176,656	154,335,212
Short-term employee benefits	-	-	-	-
Bills payable	11,924,134	5,151,836	11,924,134	5,151,836
Creditors and accruals	213,101,537	107,809,247	213,101,537	107,809,247
Interest payable on deposit	3,890,355	2,784,212	3,890,355	2,784,212
Interest payable on borrowing	-	10,558,450	-	10,558,450
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	3,323,285	3,057,079	3,323,285	3,057,079
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	219,282,689	197,337,445	219,282,689	197,337,445
Other	863,463,228	510,239,231	858,656,356	508,191,274
Total	1,465,176,737	1,076,213,750	1,460,369,865	1,074,165,793

4.23.1: Defined benefit obligations

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

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Present value of unfunded obligations	0	0	0	0
Present value of funded obligations	298,532,121	393,020,354	298,532,121	393,020,354
Total present value of obligations	298,532,121	393,020,354	298,532,121	393,020,354
Fair value of plan assets	363,517,268	308,079,316	363,517,268	308,079,316
Present value of net obligations	(64,985,147)	84,941,038	(64,985,147)	84,941,038
Recognised liability for defined benefit obligations	(64,985,147)	84,941,038	(64,985,147)	84,941,038

4.23.2: Plan assets

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	363,517,268	308,079,316	363,517,268	308,079,316
Other (Deposit with CIT)	-	-	-	-
Total	363,517,268	308,079,316	363,517,268	308,079,316

Actual return on plan assets

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Defined benefit obligations at Shrawan 1	393,020,354	275,113,564	393,020,354	275,113,564
Actuarial losses	(170,478,062)	62,673,742	(170,478,062)	62,673,742
Benefits paid by the plan	(17,903,232)	(5,276,609)	(17,903,232)	(5,276,609)
Current service costs and interest	93,893,061	60,509,657	93,893,061	60,509,657
Defined benefit obligations at Asadh end	298,532,121	393,020,354	298,532,121	393,020,354

**4.23.4: Movement in the fair value of plan assets**

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Fair value of plan assets at Shrawan 1	308,079,316	216,916,781	308,079,316	216,916,781
Contributions paid into the plan	73,341,184	96,439,144	73,341,184	96,439,144
Benefits paid during the year	(17,903,232)	(5,276,609)	(17,903,232)	(5,276,609)
Actuarial (losses) gains	-	-	-	-
Expected return on plan assets	-	-	-	-
Fair value of plan assets at Asadh end	363,517,268	308,079,316	363,517,268	308,079,316

4.23.5: Amount recognised in profit or loss

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Current service costs	59,746,185	36,641,169	59,746,185	36,641,169
Interest on obligation	34,146,876	23,868,488	34,146,876	23,868,488
Expected return on plan assets	-	-	-	-
Total	93,893,061	60,509,657	93,893,061	60,509,657

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Actuarial (gain)/loss	(170,478,062)	62,673,742	(170,478,062)	62,673,742
Total	(170,478,062)	62,673,742	(170,478,062)	62,673,742

4.23.7: Actuarial assumptions

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Discount rate	9%	9%	9%	9%
Expected return on plan asset	0%	0%	0%	0%
Future salary increase	5%	9%	5%	9%
Withdrawal rate	8%	8%	8%	8%

4.24 Debt securities issued

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	2,995,116,270	-	2,995,116,270	-
Total	2,995,116,270	-	2,995,116,270	-

4.25 Subordinated Liabilities

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26 Share capital

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Ordinary shares	12,520,049,469	8,685,573,112	12,520,049,469	8,685,573,112
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	12,520,049,469	8,685,573,112	12,520,049,469	8,685,573,112

4.26.1: Ordinary shares

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Authorized Capital				
150,000,000 Ordinary shares of Rs. 100 each share			15,000,000,000	10,000,000,000
Issued capital				
125,200,494 Ordinary shares of Rs.100 each share (Previous Year 86,855,731 Ordinary shares of Rs.100 each share)			12,520,049,469	8,685,573,112
Subscribed and paid up capital				
125,200,494 Ordinary shares of Rs.100 each share (Previous Year 86,855,731 Ordinary shares of Rs.100 each share)			12,520,049,469	8,685,573,112
Addition from acquisition 2,965,919 Ordinary Shares			-	
Total			12,520,049,469	8,685,573,112

4.26.2: Ordinary share ownership

Particulars	Bank			
	FY 2076-77		FY 2075-76	
	Percent	Amount	Percent	Amount
Domestic ownership	100%	12,520,049,469	100%	8,685,573,112
Nepal Government	0%	-	0%	-
"A" class licensed institutions	0%	-	0%	-
Other licensed intitutions	0%	-	0%	-
Other Institutions	9.44%	1,181,828,992	4.75%	412,906,040
Public	90.56%	11,338,220,476	95.25%	8,272,667,072
Other	0%	-	0%	-
Foreign ownership	0%	-	0%	-
Total	100%	12,520,049,469	100%	8,685,573,112

4.27 Reserves

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Statutory general reserve	2,212,321,284	1,531,065,436	2,211,305,181	1,531,065,436
Exchange equilisation reserve	46,944,090	45,184,144	46,944,090	45,184,144
Corporate social responsibility reserve	11,775,013	15,131,685	11,673,403	15,131,685
Capital redemption reserve	-	-	-	-
Regulatory reserve	473,705,682	584,402,477	473,705,682	584,402,477
Investment adjustment reserve	1,800,000	-	1,800,000	-
Capital reserve	-	-	-	-
Assets revaluation reserve	69,419,000	-	69,419,000	-
Fair value reserve	(10,967,274)	(16,511,845)	(10,967,274)	(16,511,845)
Dividend equalisation reserve	-	-	-	-
Actuarial gain / (loss)	24,579,136	(94,755,507)	24,579,136	(94,755,507)
Special reserve	-	-	-	-
Other reserve	30,494,232	30,494,232	30,494,232	30,494,232
Employee Training Reserve	-	-	-	-
Capital Adjustment Reserve	30,494,232	30,494,232	30,494,232	30,494,232
Debenture Redemption Reserve	-	-	-	-
Deferred Tax Reserve	-	-	-	-
Other	-	-	-	-
Total	2,860,071,164	2,095,010,622	2,858,953,451	2,095,010,622

Statutory General Reserve

General reserve maintained as per the regulatory requirements. The regulatory requirement to set aside 20% of net profit until the reserve is twice the paid up capital and thereafter minimum 10% of the net profit. Details disclosed in 5.17

Exchange Equalization Reserve

Exchange equalization is maintained as per requirement of NRB Directive, which is set at 25% of foreign exchange realuation gain on the translation to the reporting currency. This reserve is accumulation of such gains over the years. Details disclosed in 5.18



Corporate Social Responsibility Reserve

Corporate Social Responsibility Reserve is created as per NRB directive, which is set aside of 1% of net profit of previous year. The balance in the reserve is the amount which is not exhausted in the current fiscal year to be utilized for Corporate Social Responsibility Objective in the coming years. Details disclosed in 5.24(b)

Regulatory Reserve

Regulatory Reserve is created due to the changes in the NFRS conversion and adoption with effect in the retained earnings of the bank. Details disclosed in 5.21

Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the directive of NRB created against the quoted as well as unquoted investments. Details disclosed in 5.19

Fair Value Reserve

The fair value reserve is created against the valuation of the investment of the bank as per the fair valuation of the investment made, quoted as available for sale investments. Details disclosed in 5.22

Actuarial gain/(losses)

The reserve created against the actuarial valuation of gratuity benefit to the employee of the bank. Details disclosed in 5.23

Assets Revaluation Reserve

The reserve created on the basis of Fair Value of Assets Adjustment on acquisition. Details disclosed in 5.24 (d)

Other Reserves

Capital Adjustment Reserve is created against the income recognition by capitalization in loans, for which capitalization is allowed by NRB, but distribution is not done till the settlement of the capitalized interest part. Details disclosed in 5.23 (c)

4.28 Contingent liabilities and commitments

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Contingent liabilities	14,142,283,535	9,584,407,734	14,142,283,535	9,584,407,734
Undrawn and undisbursed facilities	31,032,484,822	19,262,115,327	31,032,484,822	19,262,115,327
Capital commitment	-	-	-	-
Lease Commitment	-	-	-	-
Litigation	365,709,081	72,447,968	365,709,081	72,447,968
Total	45,540,477,438	28,918,971,029	45,540,477,438	28,918,971,029

4.28.1: Contingent liabilities

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Acceptance and documentary credit	1,503,717,102	1,519,156,999	1,503,717,102	1,519,156,999
Bills for collection	-	-	-	-
Forward exchange contracts	4,152,030,640	2,743,916,734	4,152,030,640	2,743,916,734
Guarantees	8,486,535,794	5,321,334,000	8,486,535,794	5,321,334,000
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
Total	14,142,283,535	9,584,407,734	14,142,283,535	9,584,407,734

4.28.2: Undrawn and undisbursed facilities

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Undisbursed amount of loans	11,102,789,033	6,032,241,000	11,102,789,033	6,032,241,000
Undrawn limits of overdrafts	4,952,205,115	3,086,405,422	4,952,205,115	3,086,405,422
Undrawn limits of credit cards	144,513,827	52,423,283	144,513,827	52,423,283
Undrawn limits of letter of credit	14,832,976,847	10,091,045,623	14,832,976,847	10,091,045,623
Undrawn limits of guarantee	-	-	-	-
Total	31,032,484,822	19,262,115,327	31,032,484,822	19,262,115,327

4.28.3: Capital commitments

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

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Capital commitments in relation to Property and Equipment	-	-	-	-
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total		-	-	-
Capital commitments in relation to Intangible assets				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	-	-	-	-

4.28.4: Lease commitments

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total			-	-
Grand total			-	-

4.28.5: Litigation

Tax settlement up to the FY 2066/67 has been completed. Against tax reassessment order of FY 2067/68, 2068/69 and 2069/70, the bank has filed a case at Revenue Tribunal. For the FY 2070/71 and 2071/72, the bank has filed a case for Administrative Review. The bank had acquired Kasthamandap Development Bank and Paschimanchal Finance Company Limited, whose tax assessment of FY 2071/72 a case is filed at Administrative Review Level. Bank has acquired Deva Bikas Bank on FY 2076/77, of which case has been filed case at Revenue Tribunal of FY 2066/67 and that of FY 2067/68 has been filed for Administrative Review Level.



4.29 Interest income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Cash and cash equivalent	107,675,169	40,449,066	87,424,725	35,628,190
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	14,493,045	7,934,152	14,493,045	7,934,152
Loan and advances to bank and financial institutions	286,170,239	290,141,368	286,170,239	290,141,368
Loans and advances to customers	9,593,392,720	8,334,882,386	9,593,392,720	8,334,882,386
Investment securities	527,548,592	394,384,306	527,548,592	394,384,306
Loan and advances to staff	60,799,902	35,603,437	60,799,902	35,603,437
Other	-	-	-	-
Total interest income	10,590,079,668	9,103,394,715	10,569,829,224	9,098,573,839

4.30 Interest expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Due to bank and financial institutions	228,423,837	54,711,156	228,974,755	58,303,413
Due to Nepal Rastra Bank	34,482,601	76,355,040	34,482,601	76,355,040
Deposits from customers	6,521,949,874	6,061,783,361	6,521,949,874	6,061,783,361
Borrowing	-	-	-	-
Debt securities issued	144,338,800	-	144,338,800	-
Subordinated liabilities	-	-	-	-
Other	66,884,718	32,178,098	66,884,718	32,178,098
Total interest expense	6,996,079,831	6,225,027,655	6,996,630,749	6,228,619,912

4.31 Fees and Commission Income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Loan administration fees	198,770,051	188,412,541	198,770,051	188,412,541
Service fees	6,983,565	8,167,027	6,983,565	8,167,027
Consortium fees	-	-	-	-
Commitment fees	1,130,050	1,593,230	1,130,050	1,593,230
DD/TT/Swift fees	8,724,329	10,490,421	8,724,329	10,490,421
Credit card/ATM issuance and renewal fees	63,750,920	73,932,342	63,750,920	73,932,342
Prepayment and swap fees	6,293,395	10,270,274	6,293,395	10,270,274
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	16,785,147	17,052,550	16,785,147	17,052,550
Commission on letter of credit	81,331,031	64,889,497	81,331,031	64,889,497
Commission on guarantee contracts issued	107,859,973	81,187,146	107,859,973	81,187,146
Commission on share underwriting/issue	-	-	-	-
Locker rental	3,886,726	3,845,797	3,886,726	3,845,797
Other fees and commission income	33,807,687	19,105,341	33,807,687	19,105,341
Total fees and Commission Income	529,322,874	478,946,166	529,322,874	478,946,166

4.32 Fees and commission expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
ATM management fees	261,811	414,434	261,811	414,434
VISA/Master card fees	27,118,486	25,598,469	27,118,486	25,598,469
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	7,397,241	5,598,033	7,397,241	5,598,033
Remittance fees and commission	-	-	-	-
Other fees and commission expense	1,055,961	255,127	1,055,961	255,127
Total fees and Commission Expense	35,833,499	31,866,063	35,833,499	31,866,063

4.33 Net trading income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Changes in fair value of trading assets	-	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	355,323,689	258,904,627	355,323,689	258,904,627
Other	-	-	-	-
Net trading income	355,323,689	258,904,627	355,323,689	258,904,627

4.34 Other operating income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Foreign exchange revaluation gain	3,236,802	21,994,232	3,236,802	21,994,232
Gain/loss on sale of investment securities	-	2,844,781	-	2,844,781
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	12,648,189	10,035,659	12,648,189	10,035,659
Gain/loss on sale of property and equipment	(38,692,408)	(2,667,035)	(38,692,408)	(2,667,035)
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	9,499,407	10,979,072	9,499,407	10,979,072
Other	55,439,696	49,414,550	28,743,703	28,773,042
Total	42,131,686	92,601,259	15,435,693	71,959,751

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

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Impairment charge/(reversal) on loan and advances to B/FIs	1,788,437	12,703,714	1,788,437	12,703,714
Impairment charge/(reversal) on loan and advances to customer	459,997,734	216,327,056	459,997,734	216,327,056
Impairment charge/(reversal) on financial investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	461,786,171	229,030,770	461,786,171	229,030,770

4.36 Personnel Expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Salary	517,173,915	341,745,680	509,907,753	341,720,257
Allowances	331,606,724	212,840,768	331,606,724	212,840,768
Gratuity expense	59,746,185	36,641,169	59,746,185	36,641,169
Provident fund	49,474,945	32,559,789	49,474,945	32,559,789
Uniform	6,917,250	5,879,528	6,917,250	5,879,528
Training & development expense	18,608,231	22,118,040	18,608,231	22,118,040
Leave encashment	60,096,000	71,047,182	60,096,000	71,047,182
Medical	29,677,230	19,191,682	29,677,230	19,191,682
Insurance	31,400,233	22,810,435	31,400,233	22,810,435
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	9,122,208	1,774,393	9,122,208	1,774,393
Other expenses related to staff	112,112,736	14,939,680	112,112,736	14,939,680
Subtotal	1,225,935,656	781,548,345	1,218,669,494	781,522,923
Employees bonus	189,931,495	197,337,445	189,931,495	197,337,445
Grand total	1,415,867,151	978,885,790	1,408,600,989	978,860,368



4.37 Other operating expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Directors' fee	3,284,000	3,662,516	3,284,000	3,662,516
Directors' expense	1,789,311	793,055	1,789,311	793,055
Auditors' remuneration	1,655,450	1,497,250	1,542,450	1,469,000
Other audit related expense	800,888	762,750	800,888	762,750
Professional and legal expense	10,641,557	4,434,384	10,641,557	4,434,384
Office administration expense	331,748,358	272,837,182	330,701,615	272,837,182
Operating lease expense	196,839,165	123,769,676	196,839,165	123,769,676
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	21,985,093	13,132,781	21,985,093	13,132,781
Onerous lease provisions	-	-	-	-
Other	136,110,715	135,138,571	135,482,630	133,794,876
	-	-	-	-
Total	704,854,537	556,028,165	703,066,709	554,656,220

4.37.1 Office Administration Expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Water and electricity	26,196,794	18,986,260	26,196,794	18,986,260
Repair and maintenance				
a) Building	927,031	922,422	927,031	922,422
b) Vehicle	3,091,624	3,571,572	3,091,624	3,571,572
c) Computer Accessories	124,685	181,660	124,685	181,660
d) Office equipment and furniture	4,136,688	5,459,490	4,136,688	5,459,490
e) Other	234,724	312,652	111,429	312,652
Insurance	8,997,450	4,479,124	8,991,667	4,479,124
Postage, telex, telephone, fax	3,994,572	3,607,271	3,830,833	3,607,271
Printing and stationery	16,662,652	14,929,069	16,622,833	14,929,069
Newspaper, books and journals	516,379	725,511	514,219	725,511
Advertisement	55,101,583	23,845,037	55,043,529	23,845,037
Donation	5,000	21,500	5,000	21,500
Security expense	115,356,429	97,329,702	115,118,257	97,329,702
Deposit and loan guarantee premium	18,061,831	18,685,642	18,061,831	18,685,642
Travel allowance and expense	14,058,396	19,578,226	14,058,396	19,578,226
Entertainment	5,222,108	7,512,267	5,222,108	7,512,267
Annual/ Special General meeting expense	1,647,190	2,481,433	1,630,283	2,481,433
Other	57,413,222	50,208,345	57,014,408	50,208,345
Total	331,748,358	272,837,182	330,701,615	272,837,182

4.38 Depreciation & Amortisation

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Depreciation on property and equipment	150,760,572	96,250,224	150,283,905	96,250,224
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	27,630,057	23,876,014	27,630,057	23,876,014
Total	178,390,629	120,126,238	177,913,962	120,126,238

4.39 Non operating income

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Recovery of loan written off	-	-	-	-
Other income	22,586,294	11,842,001	23,336,294	11,842,001
Total	22,586,294	11,842,001	23,336,294	11,842,001

4.40 Non operating expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Loan written off	-	-	-	-
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	32,238	1,029,811	32,238	1,029,811
Total	32,238	1,029,811	32,238	1,029,811

4.41 Income tax expense

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Current tax expense	564,385,650	623,935,895	560,133,759	621,921,927
Current year	521,232,715	537,583,465	516,980,824	535,569,497
Adjustments for prior years	43,152,935	86,352,430	43,152,935	86,352,430
Deferred tax expense	(9,145,971)	(76,263,185)	(9,256,260)	(76,263,185)
Origination and reversal of temporary differences	(9,145,971)	(76,263,185)	(9,256,260)	(76,263,185)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	555,239,679	547,672,710	550,877,499	545,658,742

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		Bank	
	FY 2076-77	FY 2075-76	FY 2076-77	FY 2075-76
Profit before tax	1,709,383,455	1,783,063,479	1,709,383,455	1,776,037,002
Tax amount at tax rate of 30%	523,980,046	534,919,044	512,815,037	532,811,101
Add: Tax effect of expenses that are not deductible for tax purpose	-	695,059	-	695,059
Less: Tax effect on exempt income	3,071,229	3,010,698	3,071,229	3,010,698
Add/less: Tax effect on other items	7,237,017	4,980,060	7,237,017	5,074,035
Total income tax expense	521,232,715	537,583,465	516,980,824	535,569,497
Effective tax rate	29.8%	30.1%	30.24%	30.16%



Disclosures and Additional Information

5.1. Risk Management

5.1.1. a. Risk management framework

All of the Bank's activities involve, to varying degrees, the analysis, evaluation, acceptance and management of risks or combinations of risks. The Bank has placed high importance to identification, assessment and well thought out handling of all the prominent risk that it faces or likely to face in execution of its activities. The Bank is quite aware about the risk profile of the business and is committed to establish a strong Risk Management System in the bank. An established risk management framework ensures oversight of and accountability for the effective management of risk at Country and regional business levels. For managing risks effectively, the Bank has an independent risk management department to assess its position regarding each separate risk area including Credit Risk, Market Risk, Operational Risk, Compliance & Legal Risk and Reputation Risk. The management through Risk Management Committee (RMC) comprising 4 members, 2 of which represent BOD and one from Operating Unit and another one from Credit Risk. Risk management is an all-round practice in the bank. Every business unit and department is well informed about its activities and risks corresponding to those activities.

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

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

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

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

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

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

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

5.1.1.c. Stress testing

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

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

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

The stress testing mechanism at KBL aims to address:

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

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

The Bank carries out stress testing in three broad areas based on credit shocks, market shocks and liquidity shocks which are discussed below:

a. Credit Shocks:

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

The Bank has formulated stress testing framework where various historical scenarios have been analyzed. The Bank carries out stress testing in line with the stress testing framework on a regular basis as prescribed by Stress

Testing Framework or NRB guidelines issued from time to time, under Case basis or collective basis of CAR and NPL perspective along with Concentration stress risks.

b. Market Shocks:

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

c. Liquidity Shocks:

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

Results of stress testing

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

Scenario analysis and Sensitivity Analysis

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

5.1.2.a.Credit Risk

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

Credit risk:

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

5.1.2.b.Credit Risk Management

The Bank has its own Credit Risk Policy and Strategy to handle the Credit Risk Management philosophy that



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

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

5.1.2.c. Impairment assessment and credit risk mitigation

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

Impairment assessment methodology

a. Impairment of Financial Assets carried at Amortized Cost

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

In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Impairment is assessed on a collective basis in two circumstances:

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

Incurred but not yet identified impairment

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

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

The collective impairment allowance is determined after taking into account:

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

Homogeneous groups of Financials Assets

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

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

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

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

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

- Recent loan portfolio growth and product mix
- Unemployment rates
- Gross Domestic Production (GDP) Growth
- Inflation
- Interest rates

- Changes in government laws and regulations
- Property prices
- Payment status

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

- Impairment calculated as per Impairment Assessment Methodology as described in Pt. 5.1.2.c above or,
- Loan Loss Provision calculated as per the provisions of Directive No. 2, Unified Directives, 2076 and Circular issued by Nepal Rastra Bank (Circular 01/077/78).

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

i) Firstly, top borrowers constituting around 25%-30% of total funded exposure of the Bank is subjected to Individual Impairment Testing in FY 2076-77

ii) Loans and advances as filtered out following pt-(i) were tested for individual impairment including following criteria but not limited to:

- Known Cash Flow difficulties experienced by the borrowers;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.
- Bank's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The extent of other creditors' commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

iii) As per the impairment testing conducted as per Pt. (ii), only few loans and advances were identified as individually impaired in each FY 2076-77

Particulars	Amount (Rs.) 2076/77
Total Individual Impairment as per NAS 39	36,790,073

iv) All loans and advances were then grouped into homogenous types such as home loans, auto loans, term loans, etc. to calculate collective impairment.

v) Collective impairment was calculated following net flow rate method. Under this methodology, the movements in the outstanding balance of customers into default categories over the periods are used to estimate the amount of

financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Bank is not able to identify on an individual loan basis.

vi) Collective impairment as per the method mentioned in Pt. (v) in each FY 2076-77 is shown below:

Particulars	Amount (Rs.) 2076/77
Total Collective Impairment as per paragraph 63 of NAS 39	934,289,441

Write off of loans and receivables

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

Collateral management

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

Credit Risk Mitigants availed under CRM

Types of eligible credit risk mitigants used and the benefits availed under CRM as at 15 July 2020 are as follows:

Particulars	Eligible CRM (Rs. 000)
Deposit with Bank & Cash margin	591,763
Deposit with Other Bank / FI	-
Total	591,763

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.

5.1.3.a. Liquidity Risk

Liquidity is crucial to the ongoing viability of any financial institution. Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity is the ability of an institution to transform its assets into cash or its equivalent in a timely manner at a reasonable price to meet its commitments as they fall due. Liquidity risk is considered a major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. In such a situation banks often meet their liquidity requirements from market. Funding through market depends upon liquidity in the market and borrowing bank's liquidity.

Liquidity risk is:

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

Management of liquidity risk

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

cash inflows and outflows both on a day-to-day basis and over a series of specified time periods as presented in the NRB Ni.Fa.No.5.1 under NRB Directives No. 5.

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

5.1.3.b. Market Risk

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

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

Management of Market Risk

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

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

Market Risk Assessment Methodology

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

5.1.3.c. Operational Risk

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

Management of Operational Risk

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

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

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

Operational Risk Assessment Methodology

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

5.1.4.a. Fair value of financial assets and liabilities

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

Fair values are determined according to the following hierarchy:

Level-1 inputs

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

Level-2 inputs

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

Level-3 inputs

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

5.2. Capital Management

a. Qualitative disclosures

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

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

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

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



Paid up Share Capital of the bank

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

Fiscal Year	Cumulative Paid up Capital	Remarks
2057/58	350,000,000	
2058/59	350,000,000	
2059/60	350,000,000	
2060/61	500,000,000	Initial Public Offering of NPR. 150 million
2061/62	625,000,000	Right share issue of NPR. 125 million (25%)
2062/63	750,000,000	Bonus share issue of NPR. 125 million (20%)
2063/64	900,000,000	Bonus share issue of NPR. 150 million (20%)
2064/65	1,070,000,000	Right share issue of NPR. 180 million (20%). NPR. 170 million capitalized on balance sheet date and balance on subsequent year.
2065/66	1,186,099,200	In the fiscal year 2064/65, the bank had proposed 10 % bonus share and 15 % right share. 10 % bonus share had been capitalized as on balance sheet date pending issuance of right share.
2066/67	1,306,015,920	In the FY 2065/66, the bank had issued 10% bonus share including to those who were released from black list during the year. Further, right share of NPR. 1,080,000 issued on FY 2064/65 relating to blacklisted shareholders are included in current year's capital subsequent to their release from black list.
2067/68	1,603,800,000	In the FY 2067/68, the bank capitalized NPR. 178,200,000 (15%) share capital which was approved for issuance in fiscal year 2064/65. Further, the bank auctioned 7841 numbers of shares that include right and bonus shares of subsequent years relating to right share approved in FY 2064/65 but issued only in FY 2067/68. Bonus share at the rate of 8% (NPR. 118,800,000) had been proposed in the FY 2067/68.
2068/69	1,603,800,000	-
2069/70	1,828,332,000	14% bonus share of NPR. 224.532 million issued in the FY 2069/70.
2070/71	2,431,681,560	33% bonus share of NPR. 603,349,560 issued in the FY 2070/71
2071/72	2,699,166,532	11% bonus share of Rs. 267,484,972 issued in the FY 2071/72
2072/73	3,265,991,503	21% bonus share of Rs. 566,824,971 issued in the FY 2072/73
2073/74	5,969,495,823	50% right share issued amounting to Rs. 1,349,583,266.00 before acquisition plus share capital of Rs. 1,353,921,054 added from acquisition.
2074/75	7,163,394,973	20% right share issued amounting to Rs. 1,193,559,650.00
2075/76	8,685,573,112	21.25% of bonus share for the FY 2073-74 and 2074-75.
2076/77	12,520,049,469	10.526% of bonus share of 868,557,313 for the FY 2076-77 and with 2,965,919,029 added from acquisition.

b. Quantitative disclosures

1. Capital structure and capital adequacy

- Tier 1 capital and a breakdown of its components:

Rs. in '000

S.N.	Particulars	Amount
	Tier 1 Capital (Core Capital) (CET1+ AT1)	15,999,385
	Common Equity Tier 1 (CET 1)	15,999,385
a	Paid Up Equity Share Capital	12,520,049
b	Equity Share Premium	571,628
c	Proposed Bonus Equity shares	
d	Statutory General Reserves	2,211,305
e	Retained Earnings	1,317,543
f	Current year cumulative profit/(Loss)	
g	Capital Adjustment Reserve	30,494
h	Capital Redemption Reserve	
i	Other Free Reserves	
j	Less: Goodwill	88,804
k	Less: Deferred Tax Assets	10,002
l	Less: Intangible Assets	118,028
m	Less: Investment in equity of institutions with financial interests	220,000
n	Less: Purchase of land and building in excess of limit and unutilized	214,802
o	Less: Other Deductions	

- Tier 2 capital and a breakdown of its components:

Rs. in '000

S.N.	Particulars	Amount
a	Cumulative and/or Redeemable Preference Shares	
b	Subordinated Term Debt	3,000,000
c	Hybrid Capital Instruments	
d	General Loan Loss Provision	1,324,138
e	Investment Adjustment Reserve	1,800
f	Assets Revaluation Reserve	69,419
g	Exchange Equalization Reserve	46,944
h	Other Reserves	
Total Tier 2 Capital		4,442,302

- Deductions from Capital:

The Bank has investments of Rs. 200 million in the equity shares of KumariCapital Ltd. And RS 20 million in the equity shares of KBL Securities Ltd which has been deducted from the core capital while computing capital adequacy.



■ **Total Qualifying Capital:**

Rs. in '000

Particulars	Amount
Common Equity Tier 1 (CET1)	15,999,385
Additional Tier 1 (AT1)	-
Supplementary Capital (Tier 2)	4,442,302
Total Capital Fund	20,441,686

■ **Capital Adequacy Ratio:**

Capital Adequacy Ratio	Amount
Common Equity Tier 1 Ratio	12.01%
Core Capital Ratio - Tier 1	12.01%
Total Capital Adequacy Ratio (Tier 1 & Tier 2)	15.35%

■ Internal approach of the Bank to assess capital adequacy

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

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

Following elements are taken into consideration while assessing capital adequacy of the Bank:

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

2. Risk exposures

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

Rs. in '000

Particulars	Amount
Risk Weighted Exposure for Credit Risk	124,264,007
Risk Weighted Exposure for Operational Risk	3,674,346
Risk Weighted Exposure for Market Risk	73,558
Adjustments under Pillar II:	
Add: 4% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	1,326,413
Add: 4% of the total RWE due to supervisor is not satisfied with the overall risk management policies and procedures of the bank (6.4 a 9)	3,840,357
Total Risk Weighted Exposure (After Pillar II Adjustment)	133,178,681

■ Risk Weighted Exposures under different categories of Credit Risk:

Rs. in '000

S.N.	Categories	Risk Weighted Exposure
1	Claims on domestic banks that meet capital adequacy requirements	66,748
2	Claims on domestic banks that do not meet capital adequacy requirements	-
3	Claims on foreign bank (ECA Rating 0-1)	647,212
4	Claims on foreign bank (ECA Rating 2)	317,874
5	Claims on foreign bank (ECA Rating 3-6)	783,575
6	Claims on foreign bank (ECA Rating 7)	-
7	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	47,713
8	Claims on Domestic Corporates	71,641,664
9	Claims on Foreign Corporates (ECA 0-1)	-
10	Claims on Foreign Corporates (ECA 2)	-
11	Claims on Foreign Corporates (ECA 3-6)	-
12	Claims on Foreign Corporates (ECA 7)	-
13	Regulatory Retail Portfolio (Not Overdue)	19,175,327
14	Claims fulfilling all criterion of regularity retail except granularity	-
15	Claims secured by residential properties	3,573,296
16	Claims not fully secured by residential properties	-
17	Claims secured by residential properties (Overdue)	318,744
18	Claims secured by Commercial real estate	840,802
19	Past due claims (except for claims secured by residential properties)	1,566,082
20	High Risk claims	6,653,404
21	Lending against securities (bonds & shares)	3,269,984
22	Investments in equity and other capital instruments of institutions listed in stock exchange	391,053
23	Investments in equity and other capital instruments of institutions not listed in the stock exchange	929,550
24	Staff loan secured by residential property	310,965
25	Other Assets (as per attachment)	3,598,234
26	Forward Exchange Contract Liabilities	415,203
27	LC Commitments With Original Maturity Upto 6 months domestic counterparty	1,018,673
28	LC Commitments With Original Maturity Over 6 months domestic counterparty	587,031
29	Bid Bond, Performance Bond and Counter guarantee domestic counterparty	2,978,011
30	Advance Payment Guarantee	2,167,756
31	Acceptances and Endorsements	1,489,562
32	Irrevocable Credit commitments (short term)	1,475,544
Total		124,264,007



■ **Total Risk Weighted Exposure calculation table:**

Rs. in '000

Particulars	Amount
Total Risk Weighted Exposures	124,264,007
Tier 1 Capital (Core Capital) (CET1+AT1)	15,999,385
Total Capital Fund	20,441,686
Total Core Capital to Total Risk Weighted Exposures %	12.01
Total Capital Fund to Total Risk Weighted Exposures %	15.35

Details of Non-Performing Assets

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

Rs. in '000

Non-Performing Assets	Amount	Loan Loss Provision	Net NPL
Sub-Standard	243,265	60,816	182,449
Doubtful	394,210	197,105	197,105
Doubtful (Additional 20%)	579	405	174
Loss	963,574	963,574	-
Total	1,601,628	1,221,901	379,727

2. Compliance with external requirement

The Bank is required to comply with the minimum Capital Adequacy Requirements of Nepal Rastra Bank. For the year ended 15 July 2020, such Capital Adequacy Requirement was set at 11% of Total Risk Weighted Exposures of the Bank.

During the year ended 15 July 2020, the Bank has complied with such minimum Capital Adequacy Requirements. The minimum regulatory requirement of capital as was 11.00% (including capital conservation buffer) and 13% (including Counter Cyclical buffer); however, maintaining of 2% of buffer as countercyclical buffer is adjourned due to pandemic and to be implemented soon once the economy revives. Bank maintains the total CAR of 15.35 which is above 13% (inclusive of counter cyclical buffer subjected to be implemented soon).

5.3. Classification of financial assets and financial liabilities

Financial Assets

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

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Loans and receivables
- Held to maturity investments

Financial assets at fair value through profit or loss have two sub-categories:

- Financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.
- Held for trading.

Financial Liabilities

NAS 39 recognizes two classes of financial liabilities:

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

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

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

5.4. Operating Segment information

1. General Information

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

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

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

(a)	Remittance Services
1	Remittance fee and commission
2	Other remit related fees and commission
(b)	Digital Banking Business
1	Interchange Income (VISA/NIBL)
2	Credit Card
3	Debit Card
4	Prepaid Card
5	ATM Fees
6	Merchant Settlement Fees and commission
7	Other Fees and Commission
(c)	Treasury
1	Interest Income from placements and investments
2	Purchase and Sale of shares/bonds and other financial instruments
3	Bullion Trading Income
4	Dividend Income on Investments
5	Forex Gain
6	Rebate from Nostro Banks
7	Other Fees and Commission income
(d)	Banking
1	Income from Loan Products
2	Income from Bills Purchase and Discounting
3	Income from issuance of Letter of Credit
4	Income from issuance of Bank Guarantee
5	Income from Document Collection
7	Income from Bancassurance
8	Profit on sale of assets
9	Profit on sale of Non-Banking Assets
10	Income from other Banking Services



2. Information about profit or loss, assets and liabilities

In '000

Particulars		Remittance Services	Digital Banking Business	Treasury Business	Banking	Total
(a)	Revenue from external customers	25,509	98,746	908,257	10,460,736	11,493,248
(b)	Intersegment revenues	-	-	-	-	-
(c)	Net Revenue	25,509	98,746	908,257	10,460,736	11,493,248
(d)	Interest Revenue	-	6,050	527,549	10,036,230	10,569,829
(e)	Interest Expense	-	-	263,457	6,996,631	7,260,088
(f)	Net interest revenue (b)	-	6,050	264,091	3,039,599	3,309,741
(g)	Depreciation and Amortization	1,423	4,428	1,265	170,797	177,914
(h)	Segment profit/(loss)	16,968	31,294	637,207	1,023,914	1,709,383
(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	-	7,857	-	2,630,121	2,637,978
(l)	Segment assets	12,715	90,920	25,093,895	128,144,100	153,341,630
(m)	Segment liabilities	6,547	6,079	5,743,615	130,317,214	136,073,456

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

a. Basis of Accounting

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

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

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

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

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

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

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

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

No asymmetrical allocations are made to reportable segments.

4. Reconciliations

a. Revenue			
		2076-77	2075-76
	Total revenues for reportable segments	11,493,247,773	9,919,196,573
	Other revenues	-	-
	Elimination of intersegment revenues	-	-
	Entity's revenues	11,493,247,773	9,919,196,573
b. Profit or loss			
		2076-77	2075-76
	Total profit or loss for reportable segments	1,709,383,455	1,776,037,002
	Other profit or loss	-	-
	Elimination of intersegment profits	-	-
	Unallocated amounts:	-	-
	Profit before income tax	1,709,383,455	1,776,037,002
c. Assets			
		2076-77	2075-76
	Total assets for reportable segments	153,341,629,610	105,311,485,153
	Other assets	-	-
	Unallocated amounts	-	-
	Entity's assets	153,341,629,610	105,311,485,153
d. Liabilities			
		2076-77	2075-76
	Total liabilities for reportable segments	136,073,455,939	93,592,399,626
	Other liabilities	-	-
	Unallocated liabilities	-	-
	Entity's liabilities	136,073,455,939	93,592,399,626

5. Information about products and services

S. No.	Particulars	2076-77	2075-76
(a)	Remittance Services	25,509,476	17,052,550
1	Remittance fee and commission	25,509,476	17,052,550
2	Other fees and commission	-	-
(b)	Card Business	98,745,520	77,228,113
1	Interchange Income (VISA/CUP/NEPS)	12,274,780	13,098,802
2	Credit Card	2,414,036	5,893,099
3	Debit Card	8,675,958	11,912,993
4	Prepaid Card	16,500	9,000
5	ATM Fees	19,143,474	11,051,961
6	Merchant Settlement Fees and commission	10,207,891	10,215,319
7	Other Fees and Commission	46,012,880	25,046,939
(c)	Treasury	908,256,680	742,705,019
1	Interest Income from placements and investments	527,548,592	437,946,648
2	Purchase and Sale of shares/bonds and other financial instruments	0	2,844,781



3	Bullion Trading Income	9,499,407	10,979,072
4	Dividend Income on Investments	12,648,189	10,035,659
5	Forex Gain	358,560,491	280,898,859
6	Rebate from Nostro Banks		-
7	Other Fees and Commission income	-	-
(d)	Banking	10,460,736,098	9,082,210,890
1	Income from Loan Products	9,940,362,861	8,865,774,493
2	Income from Bills Purchase and Discounting		
3	Income from issuance of Letter of Credit	81,331,031	64,889,497
4	Income from issuance of Bank Guarantee	107,859,973	81,187,146
5	Income from Document Collection		10,490,421
6	Income from Banc-assurance	16,211,949	10,675,458
8	Profit on sale of assets	(38,692,408)	(2,667,035)
9	Profit on sale of Non-Banking Assets		-
10	Income from other Banking Services	353,662,692	51,860,910
Total Revenue		11,493,247,773	9,919,196,573

6. Information about geographical areas (Total Operating Income)

		2076-77	2075-76
(a)	Domestic	4,437,447,231	3,647,898,408
	Province 1	1,160,501,633	989,786,637
	Province 2	505,317,106	334,766,501
	Province 3	1,672,733,488	1,309,879,317
	Gandaki province	123,633,316	212,383,821
	Province 5	659,815,496	536,563,681
	Karnali Province	186,658,885	130,406,651
	Sudurpaschim province	140,021,256	134,111,800
(b)	Foreign	-	-
	Total	4,437,447,231	3,647,898,408

7. Information about major customers

None of the external customer of the Bank individually contributes 10% or more to the Bank's revenue as at Asadh 32, 2076 as well as Asadh 31, 2077.

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 has not entered into any share option or share based payment contract as of Asadh 31, 2077.

5.6. Contingent liabilities and commitment

Contingent Liabilities:

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

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

Commitments:

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

Please refer **Note No. 4.28 (including Note No. 4.28.1- 4.28.5)** for detail of contingent liabilities and commitments as at Asadh 31, 2077 and Asadh 32, 2076.

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

Bank has adopted the guideline issued by Nepal Rastra bank issued on July 2019 for the recognition of Interest Income- the criteria for suspension of interest income and cessation of Accrued Interest. Bank has suspended NPR 93,260,228 from booking interest income of the borrowers with arrears on contractual payments for more than a year. Out of total accrued interest income recognized during the year the aforementioned suspended amount has not been transferred regulatory reserve. The Net Realizable Value (NRV) of collateral is adequate to cover the principal and accrued interest of the borrowers with arrears of more than three months and within 12 months, and therefore, accrued interest is recognized as interest income.

5.8 Related parties' disclosures

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

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

a. Subsidiary

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

Transactions during the year (Kumari Capital Limited)	2076-77 (Rs.)	2075-76Rs.)
Equity Investment by Kumari Bank Limited on Kumari Capital Ltd.	200,000,000	200,000,000
Deposits held by Kumari Capital Limited at Kumari Bank Ltd.	3,667,329	22,026,552
Interest Expenses incurred by Kumari Bank Limited, which formed part of income of Kumari Capital Limited	594,550	3,592,256
Expenses of Kumari Capital Limited paid by Kumari Bank Ltd, reimbursable	2,250,000	-
RTS income of Kumari Capital Limited for the service rendered to Kumari Bank Limited	700,000	-
Amount transferred in relation to Dividend Payable of Kumari Bank Limited for subsequent payment to shareholders (related to then Paschimanchal Finance Company Limited)	1,736,382	-
Transactions during the year (KBL Securities Limited)	2076-77 (Rs.)	2075-76Rs.)
Equity Investment by Kumari Bank Limited on K.B.L Securities Ltd.	20,000,000	-
Deposits held by K.B.L Securities Ltd at Kumari Bank Ltd.	20,000,000	-
Expenses of Kumari Capital Limited paid by Kumari Bank Ltd, reimbursable	102,150	-

b. Associates

Transactions between the Bank and its associates also meet the definition of related parties. The Bank considers an investee as its associate if the Bank can exercise significant influence in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Bank does not exercise significant influence in the financial and operating policy decisions of any of its investees as at and Asadh 31, 2077 and Asadh 32, 2076.

The Bank has appointed its employee as a director in case of following investees but do not exercise significant influence in their financial and operating policy decisions:



Particulars	Ashad End 2076-77 (Rs.)	Asadh End 2075-76 (Rs.)
National Microfinance BittiyaSanstha Limited		
Investment in shares-Promoter	20,000,000	20,000,000
First Microfinance LaghuBittiyaSanstha Limited		
Investment in shares-Promoter	20,414,200	-
Investment in shares-Ordinary	2,580,396	-
Mero Micro Finance BittiyaSanstha Ltd		
Investment in shares- Promoter	37,023,000	-
Investment in shares- Ordinary	46,305	-
General Insurance Co. Ltd		
Investment in shares- Promoter	50,000,000	-
Total Investment in Associates	130,063,901	20,000,000

c. Directors and other Key Managerial Personnel (KMP)

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

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

Following is a list of Board of Directors and CEO bearing office at Asadh 31, 2077.

Mr. Amir Pratap J. B. Rana	Chairman
Mr. Krishna Prasad Gyawali	Director
Mr. Mahesh Prasad Pokharel	Director
Mrs. Anuradha Chaudhari	Director
Prof. Dr. Ganesh Prasad Pathak	Director
Mr. Surender Bhandari	Chief Executive Officer

Mr. Surender Bhandari has been appointed as Chief Executive Officer since 16 July 2017.

Compensation to the members of the Board

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

Board Meeting fees Rs. 3,284,000

Other benefits Rs. 1,789,311

These allowances and benefits are approved by the Annual General Meeting of the Bank.

Compensation to Chief Executive Officer of the Bank

In '000

Nature of Compensation	Total Compensation (Rs.)	
	2076-77	2075-76
Short-term employee benefits	15,315	14,025
Employee Bonus	6,341	5,469
Post employee benefits	-	-
Festival Allowances and payment against annual leave	2,205	1,968
Other Allowances	-	-
Total	23,861	21,463

Compensation to Senior Management Personnel of the Bank

In '000

Nature of Compensation	Total Compensation (Rs.)	
Nature of Compensation	2076-77	2075-76
Short-term employee benefits	34,605	34,595
Employee Bonus	14,587	12,273
Post employee benefits	49,026	2,650
Festival Allowances and payment against annual leave	5,402	4,735
Other Allowances	367	841
Total	103,987	55,096

Senior Management Personnel is represented by employees of AGM level and above

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

In '000

Particulars	2076-77	2075-76
Loans and Receivables	21,361	43,873
Credit Cards	1,450	167
Deposits	9,576	61,992

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

5.9. Merger and acquisition

On FY 2076-77, Bank acquired Deva Bikas Bank and started joint operation on 28th Ashad 2077. The Bank had acquired erstwhile Kasthamandap Development Bank Limited, Paschimanchal Finance Company Limited, Mahakali Bikas Bank Limited and Kakre Bihar Bikas Bank Limited and had started joint operation from 16th Asadh 2074.

Deva Bikas Bank has prepared its Financials as of 28th Ashad 2077; the assets and liabilities of Deva Bikas Bank has been recognized in the books of Kumari Bank. Profit for FY 2076/77 that has been transferred to retained earning has been carried by Kumari Bank.

Goodwill

According to NFRS 3 Business Combination, Goodwill/ Bargain Purchase to be valued on the basis of Fair Value of Consideration transferred and Net Assets transferred and accordingly, goodwill has been computed as below:

Particulars	Amount
Consideration Transferred	4,322,826,984
Net Assets Transferred*	4,234,022,943
Goodwill	88,804,041

Consideration transferred has been calculated as:

Particulars	No. of shares	FV per share	Fair Value	Paid Up Value
Valuation of Promoter Share	15,126,187	109	1,648,754,388	1,512,618,705
Valuation of Public Share	14,533,003	184	2,674,072,596	1,453,300,324
Purchase Considerations			4,322,826,984	2,965,919,029



FV of Net Assets Acquired on acquisition

Assets	FV as on 2077/3/28
Cash and cash equivalent	3,196,878,925
Due from Nepal Rastra Bank	3,536,242,166
Loan and advances to B/FIs	583,789,479
Loans and advances to customers	20,396,883,646
Investment securities	1,101,049,445
Current tax assets	106,385,120
Investment in associates	110,063,901
Investment property	22,742,602
Property and equipment	477,489,191
Goodwill and Intangible assets	17,483,758
Deferred tax assets	43,602,856
Other assets	156,966,236
Total Assets	29,749,577,324
Liabilities	
Due to Bank and Financial Institutions	1,754,412,200
Deposits from customers	23,486,924,481
Current Tax Liabilities	29,751,000
Other liabilities	244,466,700
Total liabilities	25,515,554,381
Net Assets Acquired	4,234,022,943

Also, reserves as prescribed by Nepal Rastra Bank has been separately considered.

Particulars	Amount
Share Capital of Deva	3,448,743,057
Paid up value of shares transferred	2,965,919,029
Swap ratio Adjustment	482,824,028
Net Assets	4,234,022,943
Add: Goodwill	88,804,041
Total Assets Including Goodwill (A)	4,322,826,984
Share Capital	2,965,919,029
Reserve	865,904,496
Retained Earning	(150,043,609)
Fair Value Reserve	69,419,000
Total Equity (B)	3,751,198,915
Share Premium(A-B)	571,628,069

Out of total Share Premium of NPR 571,628,069, NPR 482,824,028 (swap ratio adjustment) shall be used for allocation of dividend for FY 2076/77. The bank assesses the resulting goodwill amounting to NPR. 88,804,041 as not impaired.

5.10. Additional disclosures of non-consolidated entities

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

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

The Bank has already disclosed its interests in subsidiaries and associates in 5.7. Related parties' disclosures. The Bank

does not have any interest in any form of joint arrangements or unconsolidated structured entities as on Asadh 31, 2077 as well as Asadh 32, 2076.

5.11. Events after reporting period

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

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

Creation of regulatory reserve is not required for Accrued interest receivable as on Ashad end 2077 which was recognized subsequently upto Asoj end 2077. Such accrued interest receivable as on Ashad End 2077 which was subsequently recovered within Asoj end 2077 amount to NPR 569,844,131. Further due to COVID 19 relief provided by NRB, subsequent recovery of installments or principal due is also treated as performing loans and only 5% needs to be provided considering it as watchlist. Such loans subsequently recovered amounts to NPR. 219,824,318.

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

The Institute of Chartered Accountants of Nepal has notified 7 Carve-outs in NFRS which allows alternative treatment. Out of the 7 Carve-outs, the Bank has availed following Carve-outs while preparing its financial statements for FY 2076/77:

- a) Carve-Out: 3 - NAS 28: Investment in Associates and Joint Venture
- b) Carve-Out: 5 - NAS 39: Financial Instruments: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loan and Advances)
- c) Carve-Out: 6 - NAS 39: Financial Instruments: Recognition and Measurement (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate); one year extended for implementation.
- d) Carve-Out: 7 - NAS 39: Financial Instruments: Recognition and Measurement (Impracticability to determine interest income on amortized cost)

a. Carve-Out: 3 - NAS 28: Investment in Associates and Joint Venture

As per Par 35 of NAS 28, The entity's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances. However, carve-out is available for Associates which allows that unless, in case of an associate, it is not required if it is impracticable to do so. The investment in Associates that includes National Micro Finance Bittya Sanstha, First Microfinance Laghu Bittiya Sanstha, Mero Microfinance Bittiya Sanstha, General Insurance Company is reported in financial statement.

b. Carve-Out: 5 - NAS 39: Financial Instruments: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loan and Advances)

As per NAS-39, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss.

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

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

Particulars	Amount (Rs.)		
	2074/75	2075/76	2076/77
Total Loan loss provision as per norms prescribed by Nepal Rastra Bank (NRB Directive No. 2) and circular issued.	1,139,067,544	1,368,098,314	2,637,978,332
Total Impairment as per paragraph 63 of NAS 39	337,030,710	495,283,916	971,079,514

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



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

c. Carve-out: 6- NAS 39: Financial Instruments: Recognition and Measurement (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate)

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

The Carve-out states that the effective interest rate calculation shall include all fees and points paid or received, unless it is immaterial or impracticable to determine reliably. The Bank has availed this Carve-out and opted for the extended time limit for its implementation and has not considered all fees and points paid or received which are impracticable to measure reliably while determining effective interest rate.

d. Carve-Out: 7 – NAS 39: Financial Instruments: Recognition and Measurement (Impracticability to determine interest income on amortized cost)

As per NAS-39, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The Carve-out states that once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income shall be calculated by applying effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

The Bank has availed this Carve-out and has calculated interest income on gross carrying amount of financial assets rather than calculating the interest income on amortized cost.

5.13. Dividend and Bonus

Bank's BOD meeting held on 6th November 2020 has decided to propose Rs1,358,425,367.35 (10.85% of the existing paid-up capital) as bonus shares and Rs394,381,558.26 (3.15% of the existing paid up capital) as cash dividend (inclusive for tax purpose, if any) from the retained earnings upto FY 2076/77 of Rs. 1,317,542,681 and remaining from share premium created from business combination of Rs 482,824,028.

5.14. Unpaid Dividend

Total cash dividend proposed, NPR 50,59,667 is still payable to shareholders who have not yet collected. Detail of same is as follows:

Particulars	Amount Rs.
Payable of Kumari Bank Limited	911,257
Payable from acquisition of then (Kasthamandap / Kakre Bihar / Mahakali / Paschimanchal Finance)	715,095
Payable of Paschimanchal Finance (transferred to Kumari Capital Limited)	1,736,382
Payable addition from acquisition of then Deva Bikas Bank Limited	1,696,933
Total Dividend Payable	5,059,667

Total Payable in the books of Kumari Bank Limited amounts to Rs. 33,23,285

As per Section 182 (9) of Companies Act, dividend amount not claimed/received by any shareholder even after the expiry of a period of five years after the date of resolution adopted by the company in its general meeting to distribute dividend shall be credited to the investor protection fund to be established under Section 183. With reference to the said requirement bank had transferred Rs. 6,054,754.33 to investor protection fund out of the dividend payable standing related to various prior years payable pending in FY 2075/76.

5.15. Provision for Staff Bonus

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

5.16. Share Premium

The excess amount of Fair Value of consideration transferred above face value on acquisition of Deva Bikas Bank of NPR 571,628,069 has been created as share premium out of which NPR 482,824,082 (swap ratio adjustment on acquisition) shall be used for distribution of bonus share.

5.17. General Reserve

20 percent of the profit after tax is transferred to General Reserves as per Section 44 of Banks and Financial Institutions Act 2073. In FY 2076/77, the Bank has transferred Rs. 231,701,191 to the General Reserve Fund from the current year's profit. Also, on acquisition, bank has transferred the General Reserve of NPR 448,538,554. The balance in General Reserve Stands at Rs. 2,211,305,181 as at 31st Ashad 2077.

5.18. Exchange Fluctuation Fund

25 percent of the revaluations gain on foreign exchange is transferred to exchange fluctuation fund as per Section 45 of Banks and Financial Institutions Act 2073. In FY 2076/77, the revaluation gains on foreign exchange amounts to Rs. 3,236,802. Therefore, the Bank has transferred Rs. 809,201 to Exchange Fluctuation Fund from the current year profit. Also, through acquisition of Deva Bikas Bank, the total of NPR 9,50,746 has been transferred to Exchange Fluctuation Fund. The balance in Exchange Fluctuation Fund stands at Rs. 46,944,090 as on Asadh 31, 2077.

5.19. Investment Adjustment Reserve

Total outstanding investment adjustment reserve as at Balance Sheet date is Rs 1,800,000 as per the exemption provided by Nepal Rastra Bank Directive 8 and other requirements as per the same directive as stipulated below;

			In Rs.	
Particulars	Cost Price Rs.	% Reserve	Investment Reserve	Adjustment
1. Investment in Shares				
Credit Information Center Limited	1,424,500	Exemption by NRB		-
Nepal Clearing House Limited	5,253,500	Exemption by NRB		-
National Banking Training Institute	1,834,860	Exemption by NRB		-
Kumari Capital Ltd	200,000,000	100% Subsidiary Company		-
Nepal Electronic Payment System Ltd	20,000,000	Exemption by NRB		-
KBL Securities Ltd	20,000,000	100% Subsidiary Company		
Prabhu Capital Ltd	1,800,000	Unlisted for 3 years		1,800,000
Total Investment	250,312,860			1,800,000

5.20. Interest Capitalization

Following are the loans, on which interest is capitalized to recognize income in accordance with NRB approval. These loans are the project loans, interest on which was capitalized for moratorium period. Detail of such loans and interest recognized in FY 2076/77 is as follows –

Amount in NPR				
S.N	Name of client	Type	Capitalized Interest	Date of Approval
1	Super Madi Hydropower	Term Loan	3,929,569	9/18/2076
2	Singati Hydro Energy Pvt.Ltd.	Term Loan	22,096,643	6/24/2075
3	C.G. Cement Industries Palpa P.Ltd.	Term Loan	20,521,922	8/21/2075
4	Chhyangdi Hydropower Pvt Ltd	Term Loan	9,680,741	3/30/2076
5	Himalayan Hydropower Limited	Term Loan	23,682,540	2074/6/31
6	Pan Himalayan Energy P Ltd	Term Loan	18,475,327	12/25/2075
7	Peoples Hydropower Company Pvt Ltd	Term Loan	29,717,077	12/24/2075
8	Samrat Cement Company Pvt Ltd	Term Loan	48,871,811	11/14/2075
9	Sanigad Hydro Pvt. Ltd.	Term Loan	26,714,730	12/30/2074
10	Swetganga Hydropower & Construction Ltd	Term Loan	22,478,725	6/28/2076



11	Universal Power Company Limited	Term Loan	25,210,182	9/30/2074
12	Civil Hydropower Pvt Ltd	Term Loan	54,377,265	3/7/2074
13	Rapti Hydro And General	Term Loan	5,542,810	9/21/2076

As per the Circular issued by Nepal Rastra Bank dated 2076/12/16, 18/076/77-point number 12, related to interest capitalization; For loans whose prior approval for interest capitalization ends on Poush 2076 or Chaitra 2076, further interest capitalization till Asadh end 2077 is allowed. Above interest capitalization are as per the directive issued by Nepal Rastra Bank, where capital adjustment reserve is not requiring to be created for the same.

5.21. Regulatory Reserve

As per NRB, the Bank is required to create regulatory reserve; the details included in the regulatory reserve are as:

Particulars	FY 2075-76	Addition/ (Reversal)	Addition through acquisition	FY 2076-77
Accrued Interest	288,121,080	(234,772,798)	321,054,991	374,403,272
Provision for possible losses on investment	16,511,845	(25,383,735)	42,925,020	34,053,130
Provision on Non-Banking Assets	88,422,015	(44,894,247)	11,719,815	55,247,583
Deferred Tax Asset	77,789,908	(112,824,831)	45,036,621	10,001,697
Actuarial loss	113,557,630	(113,557,630)	-	-
Total	584,402,477	(531,433,241)	420,736,446	473,705,682

5.22. Fair Value Reserve

Fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value with changes in fair value is recognized in other comprehensive income. Gain/ Loss on DE recognition (net of tax) of Financial assets measured at fair value through Other Comprehensive Income (OCI) has been recognized directly under equity. Such gain netted of tax amounts NPR 7,863,764.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2076	(16,511,845)
Movement in Fair Value Reserve net of taxation	25,383,735
Fair Value Reserve on acquisition	(19,839,163)
Closing balance as on 31st Asadh 2077	(10,967,274)

5.23. Actuarial Gain/ Loss Reserve

Actuarial gain or loss Reserve includes gain loss resulting from changes in actuarial assumptions used to value employee obligations.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2076	(94,755,507)
Actuarial Gain during the year	119,334,643
Closing balance as on 31st Asadh 2077	24,579,136

5.24. Other Reserves

a. Employee Related Reserve Fund

As per NRB directive, in previous year the Bank is required to expend at least 3% of total staff expenses of subsequent year in employees training and development. If the required amount could not be spent for the purpose, employees related reserve fund should be created for the shortfall amount. However, through NRB issued Circular No. 14/076/77, bank need not spend 3% of previous year total staff expense. As of Balance Sheet date, the Bank's Employee Related Reserve Fund stands at Nil, as the expenses incurred in relation to the Employee Training exceeds the previous year carry forward reserve.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2076 (A)	-
3% of Total Employee expenses for FY 2076/77 (B)-Not required as per Circular	-

Expenses Incurred During the Year	18,608,231
Closing balance as on 31st Asadh 2077	-

b. CSR Reserves

As per NRB circular, the Bank has to transfer 1% of current year's profit to CSR fund. The Bank has transferred Rs11,585,060 to CSR Fund from net profit of FY 076/77. As of Balance Sheet date, the Bank's CSR fund stands at Rs11,673,403.

Particulars	Amount (Rs.)
Opening balance as on 1st Shrawan 2076 (A)	15,131,685
1% of Net profit for FY 2076/77 to be transferred to CSR Fund (B)	11,585,060
Addition from acquisition of Deva Bikas Bank Limited (C)	6,941,752
CSR expenses incurred out of CSR Fund in FY 2076-77 (D)	21,985,093
Closing balance as on 31st Asadh 2077 (A+B+C-D)	11,673,403

As per the requirement mentioned in the NRB directive 2076; 6/076(16)(ja) as amended, the remaining balance on CSR reserve as on Asadh 2077 is required to be deposited to fund established by Nepal Government in relation to COVID prevention, control and treatment fund; bank had deposited Rs. 12,638,646 to Corona Virus Sankraman Roktham Niyantan Ra Upachar Kosh established by Nepal Government on 32 Shrawan 2077.

c. Capital Adjustment Reserve

Capital Adjustment Reserve is created on interest income recognized by capitalizing interest income for the loans provided under National Priority after approval for such capitalization from Nepal Rastra Bank. The total capital adjustment reserve created in the FY 2075-76 is carried forward in the current year, while no addition to the capital adjustment reserve is required to be created as per NRB directive.

Financial Year	Name of Borrower	Capital Adjustment Reserve Amount
2071/72	Electrocom and Research Center P Ltd	2,990,173
2072/73	Electrocom and Research Center P Ltd	14,936,857
2072/73	Nepal Health Care Co-operative Limited	4,007,609
2073/74	Nepal Health Care Co-operative Limited	8,559,593
Total Amount		30,494,232

d. Assets Revaluation Reserve

Assets Revaluation Reserve of NPR 619,419,000 has been created as the fair value adjustment of net assets acquired on business combination.

5.25. Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off (except for Staff Loans and advances and interest accrued)

The loan and advances disbursed, recovered and written off during the year is given below:

(Rs in million)

Particulars	Amount
Opening Loans and Advances	76,585
Loans and Advances disbursed during the year	64,585
Loans and Advances recovered during the year	47,050
Loans and Advances written off during the year	-
Loans and Advances through business combination	21,013
Closing Loans and Advances	115,134
Interest written off	-



5.26. Weighted Average Interest Rate Spread

Particulars	Rate (%)
Average Rate of return from loans and advances and investment	10.74
Average Rate of interest on deposits & borrowings	7.33
Net Spread	3.41

5.27. Summary of Concentration of exposure

No balance sheet and off balance sheet transaction have been highly concentrated to a single person, firm, organization or to a particular sector. Detail of highest exposure to a single person or organization is as follows:

NPR In Million

Particulars	Total Exposure	Maximum concentration to a single customer	
		Amount	%
Loans & Advances	115,133	1,754	1.52%
Deposits	124,220	3,474	2.80%
Off Balance Sheet Items	16,472	2,210	13.42%

5.28. Summary of Changes in deposit during the year

Growth in deposits during the year is given below:

NPR In Million

Particulars	This Year (Rs.)	Last Year (Rs)	Changes in amount
1) Current Deposit	16,093	5,383	10,710
a) Local Currency	15,840	5,263	10,577
b) Foreign Currency	253	121	132
2) Saving Deposit	30,894	18,137	12,757
a) Local Currency	30,759	18,004	12,755
b) Foreign Currency	135	133	2
3) Fixed Deposit	68,960	45,564	23,396
a) Local Currency	65,899	41,893	24,006
b) Foreign Currency	3,061	3,670	(609)
4) Call Deposit	8,225	14,614	(6,389)
a) Local Currency	8,008	14,404	(6,396)
b) Foreign Currency	217	210	7
5) Margin Deposit	48	705	(657)
a) Local Currency	48	705	(657)
b) Foreign Currency	-	-	-
Total Deposit	124,220	84,403	39,817

5.29. Classification of Assets and Liabilities based on Maturity

NPR in Million

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
Assets							
1	Cash Balance	4,386	-	-	-	-	4,386
2	Balance with Banks & FIs	6,910	-	-	-	-	6,910
3	Investment in Foreign Banks	3,448	-	-	-	-	3,448
4	Call Money	-	-	-	-	-	-
5	Government Securities	943	202	-	-	11,178	12,323
6	Nepal Rastra Bank Bonds	-	-	-	-	-	-
7	Inter Bank & FI Lending	877	-	2	-	-	879
8	Loans & Advances	44,302	12,803	7,556	3,464	47,009	115,134
9	Interest Receivable	1,362	4	0	-	285	1,651
10	Reverse Repo	-	-	-	-	-	-

11	Receivables from other Institutions under Commitment	-	-	-	-	-	-
12	Payment to be made for facilities under s.no 20,21 & 22	11,895	1,648	622	1,546	9,227	24,938
13	Others	1,605	535	535	535	2,407	5,617
	Total Assets (A)	75,728	15,193	8,715	5,545	70,106	175,286
Liabilities							
14	Current Deposits	7,263	2,421	2,421	2,421	1,614	16,141
15	Saving Deposits	9,780	1,956	1,956	1,956	23,472	39,120
16	Fixed Deposits	23,418	16,409	9,205	14,038	5,890	68,960
17	Debentures	-	-	-	-	-	-
18	Borrowings:	-	-	28	-	-	28
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	-	-	-	-
	(c) Refinance	-	-	28	-	-	28
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	27	9	9	9	-	54
	(a) Sundry Creditors	-	-	-	-	-	-
	(b) Bills Payable	25	8	8	8	-	51
	(c) Interest Payable	0	-	-	-	-	0
	(d) Provisions	-	-	-	-	-	-
	(e) Others	2	1	1	1	-	3
20	Payable to other institutions under Commitment	1,499	-	-	-	4	1,504
21	Unutilized Approved Facilities	1,107	1,568	1,568	1,568	1,568	7,378
22	Letter of Credit/Guarantee (Net of Margin)	15,493	2,355	889	1,681	3,164	23,583
23	Repo	-	-	-	-	-	-
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	-
25	Others	1,037	346	346	346	-	2,074
	Total Liabilities (B)	59,624	25,063	16,422	22,019	35,712	158,841
	Net Financial Assets (A-B)	16,103	(9,871)	(7,707)	(16,474)	34,394	16,446
	Cumulative Net Financial Assets	16,103	6,233	(1,474)	(17,948)	16,446	-

5.30. Reconciliation Status

The Bank reconciles inter branch transactions and other agency accounts regularly. The difference has been identified, reviewed and reconciled and it has been or will be adjusted in due course of business.

Rs. in '000

Reconciliation status	Ledger Credit	Statement Credit	Ledger Debit	Statement Debit
Less than 1 Month	64,964	209,467	84,824	301,436
More than 1 Month To Less than 3 Months	5,677	506	3	1,411
More than 3 Months To Less than 9 Months	1,238	-	-	-
More than 9 Months	24	-	-	-
Total	71,904	209,973	84,827	302,848



5.31. Details of Software Application (Intangible Assets)

Amount in NPR

Net Opening Balance	Net Additions during the year	Amortization during the year	Additions through Acquisition	Net Closing Balance
97,393,609	30,780,230	27,630,057	17,483,757	118,027,540

5.32. Capital Work in Progress (WIP)

Carrying amount of capital work-in-progress includes cost incurred for the soil testing work for building construction site at Naxal. As of the balance sheet date, the carrying amount of WIP is NPR. 261,369.

5.33. Disclosure of Actuarial Valuation of Gratuity

Gratuity Liability of the bank is governed based on Bank's Employee Service Bylaw. Liability/ Asset pertaining to gratuity liability of bank has been assessed through actuarial valuation and has been recognized on liabilities/ asset as on year end, which governs overall liability of the bank in relation to the Gratuity expenses. Details related to actuarial valuation is as mentioned below:

Particulars	2076-77 Amount (NPR)
Change in Present Value Obligations	
PV of Obligation at beginning of the year	3,930,20,354
Interest Cost	34,146,876
Current Service Cost	59,746,185
Benefit paid	(17,903,232)
Actuarial (Gain)/ Loss	(170,478,062)
Liability at the end of the year	298,532,121
Change in Fair Value of Plan Assets	
Fair Value of Plan Asset at Beginning of the Year	308,079,316
Contribution by Employer	73,341,184
Benefit paid	(17,903,232)
Actuarial (Gain)/ Loss on Plan Assets	-
Fair Value of Plan Asset at End of the Year	363,517,268
Amount Recognized in Statement of Financial Position	
Present Value of Obligations at Year End	298,532,121
Fair Value of Plan Assets at Year End	363,517,268
Funded Status-(Surplus)/Deficit	(64,985,147)
Unrecognized Actuarial (Gain)/Loss at Year End	
Unrecognized Past Service Cost	
Net (Asset)/Liability Recognized in Balance Sheet	(64,985,147)

5.34. Leave Liability:

Leave liability of bank has computed on the basis as per the norms of bank on the basis of the number of days' staffs are entitled to. Leave encashment during the year (leave balances in excess of accumulated balances) charged to profit or loss account during FY 2076-77 amounts to NPR 60,096,000. For accumulated leave, bank's policy states for accumulation of total 150 days leave (60 days' annual leave and 90 days' medical leave), payable on gross salary of the staff on the date of encashment. Thus the liability of the bank is provisioned as per the latest staff remuneration for the leave accumulated.

5.35. Operating Lease recognized on straight line basis over the lease term

As per NAS 17, Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term. For the first time adoption of lease, the effect is recognized and restated from previous years as:

Particulars	75-76	76-77
Leases expenses charged in PL	121,474,313	179,855,670
Additional Lease expenses as per NFRS	2,295,363	16,498,536
Total Lease Expenses	123,769,676	196,354,206

5.36. Disclosure of Non-Banking Assets

As at Asadh 31, 2077, Non-Banking Assets assumed by Bank are as follows:

Name of Borrower/Party	Date of assuming of Non-Banking Assets	Total Non-Banking Assets (Rs.)
Opportunity Manpower Service	27-Jan-14	2,892,225
Rajkumar Tamang	27-Jun-18	5,890,530
Jeni Karmacharya	27-Jun-18	800,000
Shree Ajima Grocery	28-Jun-18	51,840
Buddhi Hotel	28-Jun-18	1,807,084
Manakamana Diagnostic & Imaging Center	28-Jun-18	10,086,674
Pashupati Ojha & Pashupati Press	7-Jul-20	5,064,345
Bhagwan Basnet and Bhagwan tiles & Sanitary	15-Jul-20	6,619,708
Kamachya Store	15-Jul-20	3,618,324
City Center Hospital Pvt. Ltd.	08-May-18	16,318,114
Surendra Gurung	04-Jul-18	775,000
Mandira Bhattarai	15-Jul-18	1,323,738
TOTAL		55,247,583

Non-Banking assets (NBA) as disclosed above along with land in the name of bank which that does not meet the criteria of recognition of Property plant and Equipment under NAS 16 costing NPR 51,00,750 has been classified under Investment property. Total Investment Property as reflected on FY 2076/77 end is NPR 60,348,333.

5.37. Debenture Issued

Bank had issued debenture worth NPR 3,000,000,000, par value NPR. 1,000, with a term of 10 years at 10.5% interest rate, paid on semiannual basis. The debenture issued is listed in Nepal Stock Exchange. It has been valued at amortized cost, valued at NPR. 2,995,116,270. As per approval for issuance of debenture from Nepal Rastra Bank, the issued debenture is required to maintain Debenture Redemption Reserve for 8 years leaving start year of issuance and end year of issuance. Thus, no debenture redemption reserve is created in the current fiscal year.

5.38. Gain on Disposal of equity investment measured at Fair value through OCI

The gain on equity investment measured at fair value through OCI is recycled from OCI and recognized directly into equity, which amounts to NPR. 11,233,949 net of taxes.

5.39. COVID Related Relief

The Corona Virus epidemic started from China by the end of December 2019. The impact of corona virus was felt in Nepal from around mid-March 2020. To prevent spread of the corona virus Nepal Government had imposed lockdown from 24th March 2020. From then the modality of lockdown was changed as suited the situation.

Due to the corona virus outbreak and lockdown situation subsequent to spread of the virus, borrowers have faced/ are facing financial hardship that has aggravated their financial situation and their ability to suffice their loan commitments is under immense stress.

Bank has duly complied with the directives, circulars and notices related to COVID's impact mitigating measures issued by Nepal Rastra Bank time to time. NRB on 16th Baisakh 2077 had issued notice in relation to relief for COVID notice stipulates on the relief rebate of 2% to almost all the credit customers on the interest rate as on Chaitra 2076 to be effective for last quarter of the FY 2076/77. In the same line Kumari Bank Limited had provided relief to the customers as per the regulatory direction. The total rebate in the interest provided to the credit clients in the FY 2076/77 in 2% rebate amounts to Rs. 277,487,579



Apart from rebate of 2%, bank had also provided discount relief in the spirit of NRB to the extent of 10% to those credit customers who paid their total installment dues within Chaitra 2076, the impact of such discount amounts to Rs. 16,696,893

Apart from above direct rebates and discounts which totals to Rs. 294,184,472; bank had also stopped Penal on Loan till Asadh 2077.

5.40. Fair Value Disclosure

Level 1 and Level 2 Valuation has been used for Fair Valuation of Financial Assets through Other Comprehensive Income (OCI), the details of which are mentioned below:

Particulars	Amount (NPR)
Level 1	545,452,651
Api Power Company Ltd. (API)	6,372
Arun Kabel Power Ltd.(AKPL)	34,220
Asian Life Insurance Co. Limited(ALICL)	9,736,280
Barun Hydro Power Co. Ltd. (BARUN)	1,680
Bottlers Nepal (Terai) Ltd. (BNT)	620,000
Butwal Power Co. Ltd.(BPCL)	23,705,488
Chhimek Laghubitta Bikas Bank Limited(CBBL)	3,566,480
Chilime Hydropower Company Limited(CHCL)	1,357,976
Citizen Investment Trust(CIT)	2,428,000
Citizens Mutual Fund(CMF-I)	25,150,000
Citizens Mutual Fund-II(CMF-II)	7,763,000
Deprosc Laghubitta Bittiya Sanstha Limited (DDBL)	9,734,706
Dibyashwari Hydropower Limited (DHPL)	534
Everest Insurance Co.Ltd.(EIC)	876,324
Forwad Community Micro Finance BittiyaSanstha Ltd. (FOWAD)	590,031
Global IME Laghubitta Bittiya Sanstha Ltd.(Reliable Micro Finance BittiyaSanstha Ltd.) GILB	32,950
Global IME Sammunat Scheme-1 (GIMES1)	8,145,140
Himalayan General Insurance Co.Ltd.(HGI)	544,700
Hydroelectricity Investment and Development Company	3,475,423
Khanikhola Hydro Power Co. Ltd. (KKHC)	1,568
Kisan Microfinance BittiyaSanstha (KMFL)	830
Laxmi Equity Fund(LEMF)	21,802,851
Laxmi Laghubitta Bittiya Sanstha Ltd.(LLBS)	1,255,276
Life Insurance Co. Nepal(LICN)	13,558,020
Lumbini General Insurance Co. Limited	24,450,851
Lumbini General Insurance Company Limited(LGIL)	1,077,234
Mirmire Laghubitta Bittiya Sanstha Ltd.(MMFDB)	48,546
Mithila Laghubitta Bittiya Sanstha Ltd. (MLBBL)	9,780
Nabil Balance Fund II (NBF II)	14,850,000
Nabil Equity Fund(NEF)	5,517,883
Nagbeli Laghubitta Bittiya Sanstha Ltd. (NBBL)	32,928
National Life Insurance Company Limited(NLICL)	6,766,964
National Microfinance BittiyaSanstha Ltd.(NMFBS)	961,950
Neco Insurance(NIL)	21,432,563
Nepal Insurance Company Limited(NICL)	5,074,401
Nepal Life Insurance Co. Ltd.(NLIC)	44,973,180
Nepal Telecom(NTC)	46,891,450
Nerude Laghubita Bikas Bank Limited(NLBBL)	5,522,577
Ngadi Group Power Limited(NGPL)	146,280

NIBL Capital Ltd Portfolio	24,145,892
NIBL Pragati Fund(NIBL PF)	8,722,366
NIBL Sahabhagita Fund(NIBLSF)-open ended	5,535,000
NIBL Samridhi Fund I(NIBSF1)	13,772,177
NIC ASIA Balanced Fund(NICBF)	15,570,000
NIC Asia Growth Fund(NICGF)	25,475,000
Nirdhan Utthan Bank(NUBL)	4,281,270
NLG Insurance Co Ltd.(NLG)	3,334,932
NLG Insurance Co. Ltd. (Promoter)	500
NMB Hybrid Fund L(NMBHF1)	7,867,292
NMB Microfinance Bittiya Sanstha Ltd.(NMBMF)	2,369,056
Prabhu Insurance Limited(PRIN)	413,725
Premier Insurance Co. Ltd.(PIC)	4,903,360
Prime Life Insurance Co Ltd.(PLIC)	760,923
Prudential Insurance Company Limited(PICL)	801,618
RADHI bidyut Co. Ltd(RADHI)	3,043
Ridi Hydropower Development Company Ltd.(RHPC)	26,208
RSDC Laghubitta Bittiya Sanstha Ltd.(RSDC)	50,406
Rural Micro Finance Development Central Ltd. (RMDC)	693,990
Sagarmatha Insurance Co. Ltd.(SIC)	2,034,200
Sana Kisan Bikas Lagubitta Bittiya Sanstha Ltd.(SKBBL)	470,962
Sanima Equity Fund(SAEF)	28,368,024
Sanima Mai Hydropower Ltd.(SHPC)	7,615,450
Shikhar Insurance Co. Ltd.(SICL)	5,956,055
Siddhartha Insurance Ltd.(SIL)	4,361,020
Siddhartha Investment Growth Scheme 2(SISG2)	50,265,000
Surya Life Insurance Company Limited(SLICL)	3,499,776
Swabalamban Laghubitta Bittiya Sanstha Limited(SWBBL)	6,529,968
Swarojgar Laghubitta Bikas Bank Ltd.(SLBBL)	1,744,470
Synergy Power Development Limited(SPDL)	60,368
United Insurance Co. (Nepal) Ltd.(UIC)	855,440
United Modi Hydro Power Co. Ltd.(UMHL)	70,096
Upper Tamakoshi Hydropower Limited (UPPER)	2,744,507
Vijaya Laghibitta Bittya Sanstha Ltd. (VLBS)	6,120
Level 2	99,568,900
Credit Information Centre Limited	1,424,500
Everest Insurance Co.Ltd. (Promoter)EICPO	223,600
National Banking Training Institute	1,834,860
Nepal Clearing House Limited	5,253,500
Nepal Electronic Payment System Limited	20,000,000
NMB 50	25,000,000
Prabhu Capital Ltd. (Promoter)	1,800,000
Siddhartha Equity Fund(SEF)	29,032,440
Sunrise First Mutual Fund(SFMF)	15,000,000
Grand Total	645,021,551

5.41. Rounding off and Comparative Figures

Figures are rounded to nearest rupees.



Statement of distributable profit or loss

For the year ended 31 Ashad 2077

(As per NRB Regulation)

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	1,158,505,956	1,230,378,260
Appropriations:		
a. General reserve	(231,701,191)	(246,075,652)
b. Foreign exchange fluctuation fund	(809,201)	(5,498,558)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	10,400,033	-
e. Employees' training fund	-	-
f. Other	-	-
- Investment Adjustment Reserve	-	-
- Other Reserve	-	-
Profit or (loss) before regulatory adjustment	936,395,598	978,804,050
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	234,772,798	(5,316,437)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	25,383,735	(7,200,962)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	44,894,247	45,748,988
e. Deferred tax assets recognised (-)/ reversal (+)	112,824,831	(77,789,908)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	113,557,630	(62,673,742)
i. Other (+/-)	-	-
Distributable profit or (loss)	1,467,828,839	871,571,989

KUMARI BANK LIMITED
Comparison Unaudited and Audited Financial Statements as of FY 2076/77

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reason for variance
			In amount	In %	
Assets					
Cash and Cash Equivalents	9,248,390,835	9,154,311,271	(94,079,565)	-1.02%	Reclassification of Cash and Cash Equivalents
Due from Nepal Rastra Bank	5,914,624,916	5,821,520,113	(93,104,803)	-1.57%	Reclassification of Cash and Cash Equivalents
Placement with Bank and Financial Institutions	852,447,642	852,447,642	-	0.00%	
Derivative Financial Instruments	7,416,210,368	7,416,210,368	-	0.00%	
Other Trading Assets	-	-	-	0.00%	
Loans and Advances to BFIs	3,796,212,739	3,796,212,739	-	0.00%	
Loans and Advances to Customers	111,092,705,896	110,717,259,568	(375,446,328)	-0.34%	Due to Change in Loan Loss Provision and reclassification, Staff Loan Calculation as per NFRS
Investment Securities	12,746,998,456	12,757,707,848	10,709,392	0.08%	Due to consideration of Net Assets Value (NAV) for fair valuation of Mutual funds.
Current Tax Assets	327,531,382	328,287,861	756,479	0.23%	Due to Taxable Income calculation as per Income Tax Act.
Investment in Subsidiaries	220,000,000	220,000,000	-	0.00%	
Investment in Associates	130,063,901	130,063,901	-	0.00%	
Investment Property	60,348,333	60,348,333	-	0.00%	
Property and Equipment	1,274,504,031	1,383,658,862	109,154,831	8.56%	Due to adjustments related to assets after acquisition.
Goodwill and Intangible Assets	122,083,646	206,831,581	84,747,935	69.42%	Due to adjustments related to assets after acquisition.
Deferred Tax Assets	140,815,023	10,001,697	(130,813,326)	-92.90%	Due to Taxable Income calculation as per Income Tax Act.
Other Assets	468,533,638	486,767,825	18,234,187	3.89%	Reclassification of Other Assets
Total Assets	100,256,682,479	153,341,629,609	53,084,947,130	52.95%	
Liabilities					
Due to Bank and Financial Institutions	7,475,893,656	7,475,893,656	-	0.00%	
Due to Nepal Rastra Bank	225,355,404	225,355,404	-	0.00%	
Derivative Financial Instruments	7,369,687,548	7,369,687,548	-	0.00%	
Deposits from Customers	116,547,033,196	116,547,033,196	-	0.00%	
Borrowings	-	-	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	2,312,231	-	(2,312,231)	-100.00%	Due to reclassification of provision under accounts payable
Deferred Tax Liabilities	-	-	-	0.00%	
Other Liabilities	2,110,261,404	1,460,369,865	(649,891,539)	-30.80%	Due to adjustment related to gratuity as per actuarial valuation report and other reclassification and offsetting.
Debt Securities Issued	2,995,116,270	2,995,116,270	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
Total Liabilities	88,389,138,853	136,073,455,939	47,684,317,086	53.95%	
Equity					
Share Capital	12,520,049,469	12,520,049,469	-	0.00%	
Share Premium	-	571,628,069	571,628,069	100.00%	
Retained Earnings	742,996,827	1,317,542,681	574,545,854	77.33%	Impact of Changes in Statement of Profit or Loss
Reserves	3,822,764,801	2,858,953,451	(963,811,350)	-25.21%	Impact of Changes in Statement of Profit or Loss
Total Equity Attributable to Equity Holders	11,867,543,626	17,268,173,630	5,400,630,045	45.51%	Impact of Changes in Statement of Profit or Loss
Non Controlling Interest	-	-	-	0.00%	
Total Equity	11,867,543,626	17,268,173,630	5,400,630,045	45.51%	Impact of Changes in Statement of Profit or Loss
Total Liabilities and Equity	100,256,682,479	153,341,629,609	53,084,947,130	52.95%	Impact of Changes in Statement of Profit or Loss



Statement of Profit or Loss	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		In %	Reason for variance
			In amount			
Interest income	10,588,877,054	10,569,829,224	(19,047,830)		-0.2 %	Due to recognition of interest income and amortisation related to prepaid staff cost.
Interest expense	6,958,728,075	6,996,630,749	37,902,674		0.5 %	Due to impact of actuarial valuation
Net interest income	3,630,148,979	3,573,198,475	(56,950,504)		-1.6 %	
Fee and commission income	529,322,874	529,322,874	-		0.0 %	
Fee and commission expense	33,934,447	35,833,499	1,899,052		5.6 %	Reclassification of expenses pertaining to the year
Net fee and commission income	495,388,427	493,489,375	(1,899,052)		-0.4 %	
Net interest, fee and commission income	4,125,537,406	4,066,687,850	(58,849,556)		-1.4 %	
Net trading income	355,323,689	355,323,689	-		0.0 %	
Other operating income	21,955,741	15,435,693	(6,520,048)		-29.7 %	Reclassification of expenses pertaining to the year
Total operating income	4,502,816,836	4,437,447,231	(65,369,604)		-1.5 %	
Impairment charge/ (reversal) for Loans and other losses	422,251,536	461,786,171	39,534,636		9.4 %	Changes in the Loan Loss provision in line with circular issued and as per regulatory requirements
Net operating income	4,080,565,300	3,975,661,060	(104,904,240)		-2.6 %	
Operating expense			-		0.0 %	
Personnel expenses	1,442,696,795	1,408,600,989	(34,095,805)		-2.4 %	Change in Staff Bonus and expenses reclassification
Other operating expenses	707,290,708	703,066,709	(4,223,999)		-0.6 %	Reclassification and recognition of expenses pertaining to the year
Depreciation & Amortization	177,913,962	177,913,962	-		0.0 %	
Operating Profit	1,752,663,835	1,686,079,399	(66,584,436)		-3.8 %	
Non operating income	23,336,294	23,336,294	-		0.0 %	
Non operating expense	(29,884)	32,238	62,122		-207.9 %	Reclassification of non operating expense
Profit before income tax	1,776,030,013	1,709,383,455	(66,646,558)		-3.8 %	
Income tax expense	549,470,685	550,877,499	1,406,814		0.3 %	
Current Tax	577,246,681	560,133,759	(17,112,922)		-3.0 %	Due to Taxable income calculation as per Income Tax Act.
Deferred Tax	(27,775,996)	(9,256,260)	18,519,736		-66.7 %	Due to Taxable income calculation as per Income Tax Act.
Profit/(loss) for the period	1,226,559,328	1,158,505,956	(68,053,372)		-5.5 %	Due to above factors
Statement of Comprehensive Income						
Profit/(loss) for the period	1,334,046,290	1,158,505,956	(175,540,334)		-13.16 %	
Other Comprehensive Income	(7,200,962)	144,718,378	151,919,340		-2109.71 %	Due to Actuarial gain and fair value recognition of equity investment charged.
Total Comprehensive Income for the period	1,326,845,328	1,303,224,334	(23,620,994)		-1.78 %	
Basic earnings per share	15.36	12.08	0		-21.32 %	
Diluted earnings per share	15.36	12.08	(3.27)		-21.32 %	
Profit attributable to:			-			
Equity holders of the Bank	1,326,845,328	1,303,224,334	(23,620,994)		-1.78 %	
Non-controlling interest		0	0		0.00 %	

Interim Financial Statements of the FY 2076/077

Condensed Consolidated Statement of Financial Position

As at fourth quarter (15 July 2020) of the Fiscal Year 2019/2020

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	9,261,488,744	8,823,890,014	9,248,390,835	8,821,135,632
Due from Nepal Rastra Bank	5,914,624,916	3,580,514,349	5,914,624,916	3,580,514,349
Placement with Bank and Financial Institutions	852,447,642	384,382,797	852,447,642	384,382,797
Derivative Financial Instruments	7,416,210,368	5,858,648,394	7,416,210,368	5,858,648,394
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	3,796,212,739	3,035,403,974	3,796,212,739	3,035,403,974
Loans and Advances to Customers	111,092,705,896	73,017,913,052	111,092,705,896	73,017,913,052
Investment Securities	12,938,179,956	9,301,568,177	12,746,998,456	9,121,568,177
Current Tax Assets	328,364,358	61,227,298	327,531,382	61,227,298
Investment in Subsidiaries	-	-	220,000,000	200,000,000
Investment in Associates	243,668,476	65,198,592	130,063,901	20,000,000
Investment Property	60,348,333	88,422,015	60,348,333	88,422,015
Property and Equipment	1,279,907,280	662,104,656	1,274,504,031	662,104,656
Goodwill and Intangible Assets	123,105,625	97,393,609	122,083,646	97,393,609
Deferred Tax Assets	140,674,090	77,789,908	140,815,023	77,789,908
Other Assets	468,733,806	286,947,574	468,533,638	284,981,292
Total Assets	153,916,672,227	105,341,404,409	153,811,470,806	105,311,485,153
Liabilities				
Due to Bank and Financial Institutions	7,451,925,496	12,146,455,539	7,475,893,656	12,168,482,092
Due to Nepal Rastra Bank	225,355,404	1,433,248,037	225,355,404	1,433,248,037
Derivative Financial Instruments	7,369,687,548	5,715,359,938	7,369,687,548	5,715,359,938
Deposits from Customers	116,547,033,196	73,201,143,766	116,547,033,196	73,201,143,766
Borrowings	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	2,312,231	2,231,750	2,312,231	2,231,750
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	2,114,966,127	1,073,982,000	2,110,261,404	1,071,934,043
Debt Securities Issued	2,995,116,270	-	2,995,116,270	-
Subordinated Liabilities	-	-	-	-
Total Liabilities	136,706,396,272	93,572,421,032	136,725,659,709	93,592,399,626
Equity				
Share Capital	12,520,049,469	8,685,573,112	12,520,049,469	8,685,573,112
Share Premium	-	54,803,159	-	54,803,159
Retained Earnings	866,343,973	933,596,484	742,996,827	883,698,633
Reserves	3,823,882,514	2,095,010,622	3,822,764,801	2,095,010,622
Total Equity Attributable to Equity Holders	17,210,275,955	11,768,983,378	17,085,811,097	11,719,085,527
Non Controlling Interest	-	-	-	-
Total Equity	17,210,275,955	11,768,983,378	17,085,811,097	11,719,085,527
Total Liabilities and Equity	153,916,672,227	105,341,404,409	153,811,470,806	105,311,485,153



Condensed Consolidated Statement of Profit or Loss

For the Fourth Quarter Ended (15 July 2020) of the Fiscal Year 2019/20

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Interest income	2,685,956,378	10,609,127,498	2,368,494,890	9,103,394,715	2,680,963,909	10,588,877,054	2,364,825,839	9,098,573,839
Interest expense	1,803,499,357	6,958,177,157	1,724,343,904	6,225,027,655	1,803,499,357	6,958,728,075	1,727,936,160	6,228,619,912
Net interest income	882,457,021	3,650,950,341	644,150,986	2,878,367,060	877,464,552	3,630,148,979	636,889,678	2,869,953,928
Fee and commission income	95,853,811	529,322,874	142,445,869	465,986,518	95,853,811	529,322,874	142,445,869	465,986,518
Fee and commission expense	7,618,824	33,934,447	12,330,153	31,866,063	7,618,824	33,934,447	12,330,153	31,866,063
Net fee and commission income	88,234,987	495,388,427	130,115,716	434,120,455	88,234,987	495,388,427	130,115,716	434,120,455
Net interest, fee and commission income	970,692,008	4,146,338,768	774,266,702	3,312,487,515	965,699,539	4,125,537,406	767,005,394	3,304,074,383
Net trading income	120,197,720	355,323,689	44,878,858	258,904,627	120,197,720	355,323,689	44,878,858	258,904,627
Other operating income	(37,712,266)	48,651,734	71,716,480	84,930,111	(53,504,530)	21,955,741	71,716,480	84,919,398
Total operating income	1,053,177,461	4,550,314,191	890,862,040	3,656,322,252	1,032,392,729	4,502,816,836	883,600,732	3,647,898,408
Impairment charge/ (reversal) for Loans and other losses	240,481,052	422,251,536	(7,361,042)	229,030,770	240,481,052	422,251,536	(7,361,042)	229,030,770
Net operating income	812,696,410	4,128,062,655	898,223,082	3,427,291,483	791,911,677	4,080,565,300	890,961,774	3,418,867,638
Operating expense								
Personnel expenses	321,102,597	1,449,962,956	334,806,284	978,885,790	319,049,303	1,442,696,795	336,354,895	978,860,368
Other operating expenses	156,562,415	708,976,386	183,234,103	556,028,165	156,296,906	707,290,708	183,162,158	554,656,220
Depreciation & Amortization	53,284,450	178,390,629	34,852,817	120,126,238	52,807,783	177,913,962	34,852,817	120,126,238
Operating Profit	281,746,948	1,790,732,683	345,329,877	1,772,251,289	263,757,685	1,752,663,835	336,591,903	1,765,224,812
Non operating income	1,462,605	22,586,294	(13,730,696)	11,842,000	2,212,605	23,336,294	2,147,109	11,842,001
Non operating expense	(414,830)	(29,884)	1,029,812	1,029,812	(414,830)	(29,884)	1,029,811	1,029,811
Profit before income tax	283,624,383	1,813,348,861	330,569,370	1,783,063,477	266,385,120	1,776,030,013	337,709,201	1,776,037,002
Income tax expense	53,590,996	553,863,509	108,384,166	547,672,710	52,539,540	549,470,685	110,620,089	545,658,742
Current Tax	81,226,059	581,498,572	184,647,351	623,935,895	80,315,536	577,246,681	186,883,274	621,921,927

Deferred Tax	(27,635,063)	(27,635,063)	(76,263,185)	(76,263,185)	(27,775,996)	(76,263,185)	(76,263,185)
Profit/(loss) for the period	230,033,386	1,259,485,352	222,185,204	1,235,390,767	213,845,580	227,089,112	1,230,378,260
Condensed Consolidated Statement of Comprehensive Income							
Profit/(loss) for the period	230,033,386	1,259,485,352	222,185,204	1,235,390,767	213,845,580	227,089,112	1,230,378,260
Other Comprehensive Income	17,377,152	22,837,501	(42,026,415)	(51,072,582)	17,377,152	22,837,501	(51,072,582)
Total Comprehensive Income for the period	247,410,539	1,282,322,853	180,158,789	1,184,318,185	231,222,733	185,062,697	1,179,305,679
Basic earnings per share		13.12		14.22		12.77	14.17
Diluted earnings per share		13.12		14.22		12.77	14.17
Profit attributable to:							
Equity holders of the Bank	247,410,539	1,282,322,853	180,158,789	1,184,318,185	231,222,733	185,062,697	1,179,305,679
Non-controlling interest	-	-	-	-	-	-	-



Statement of Distributable Profit or Loss

Amount in NPR

Net Profit for the period end Ashad 2077	1,226,559,328
Net Profit for the period till Ashad 26, 2077 from Acquisition	186,198,765
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(282,551,619)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(809,201)
d. Corporate Social Responsibility Fund	9,719,500
e. Employees Training Fund	-
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(426,233,564)
a. Transfer to Regulatory Reserve	(477,144,748)
b. Transfer from Regulatory Reserve	50,911,183
Distributable Profit / (Loss)	712,883,209

Ratios as per NRB

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Capital fund to RWA		14.42%		12.07%		14.42%		12.07%
Non-performing loan (NPL) to total loan		1.41%		0.97%		1.41%		0.97%
Total loan loss provision to Total NPL		159.72%		188.12%		159.72%		188.12%
Cost of Funds	6.77%		8.35%		6.77%		8.35%	-
Credit to Deposit Ratio	75.85%		78.32%		75.85%		78.32%	-
Base Rate	10.08%		10.82%		10.08%		10.82%	-
Interest Rate Spread	4.07%		3.54%		4.07%		3.54%	-

Notes to the Interim Financial Statements

- Above figures are prepared in accordance with Nepal Financial Reporting Standards, including the carve-outs as issued by the Institute of Chartered Accountants of Nepal; subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
- Group represents the Bank and its wholly owned subsidiary Kumari Capital Ltd, KBL Securities Ltd and National Microfinance Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, and General Insurance Co. Ltd as Associates.
- The NFRS reporting has been complied by adopting appropriate accounting judgment, those having potential material impact on the financial statements and had made appropriate judgment in making accounting estimates.
- Figures have been regrouped and rearranged wherever necessary.
- Loan and Advances include interest receivables and are presented net of impairment charges.
- Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate
- Personnel Expenses include employment bonus provision calculated at 10 percent of profit and amortization of prepayment amount of subsidized loans provided to the employees of the bank.

Interest income on loans and advances to customers are shown on accrual basis.

Net profit from former Deva Bikas Bank Limited is Rs. 186,198,765 till the date of acquisition.

The detail Interim report has been published in the Bank's website www.kumaribank.com

KUMARI BANK LIMITED

Major Indicators

Particulars	Indicators	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.
		2072/2073	2073/2074	2074/2075	2075/76	2076/77
1. Net Profit/Gross Income	%	47.29%	42.58%	38.90%	12.40%	10.08%
2. Earnings Per Share						
Basic EPS	Rs.	26.53	13.29	14.54	14.81	12.08
Diluted EPS	Rs.	26.53	13.29	14.54	14.81	12.08
3. Market Value per Share	Rs.	0	327.00	199.00	220.00	186.00
4. Price Earning Ratio	Times	0	24.61	13.68	14.85	15.39
5. Dividend (including bonus) on share capital	%	21.00%	12.75%	8.50%	10.00%	10.85%
6. Cash Dividend on share Capital	%	1.10%	0.00%	0.00%	0.53%	3.15%
7. Interest Income/Loans & Advances	%	8.56%	8.36%	10.91%	11.96%	9.23%
8. Employee Expenses/Total Operating Exps	%	54.48%	51.29%	51.37%	47.26%	53.23%
9. Interest Exps on Total Deposit and Borrowings	%	4.00%	4.51%	6.85%	7.30%	5.64%
10. Exchange Fluctuation Gain/Total Income	%	7.20%	5.71%	6.21%	7.81%	8.04%
11. Staff Bonus/ Total Employee Expenses	%	24.91%	24.41%	23.68%	25.25%	15.59%
12. Net Profit/Loans & Advances	%	2.38%	1.77%	1.67%	1.62%	1.01%
13. Net Profit/ Total Assets	%	1.69%	1.29%	1.26%	1.17%	0.76%
14. Total Credit/Deposit	%	79.34%	87.60%	89.55%	90.11%	92.19%
15. Total Operating Expenses/Total Assets	%	1.37%	0.48%	0.56%	1.57%	1.49%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	10.75%	13.55%	12.48%	10.89%	12.01%
b. Supplementary Capital	%	0.94%	0.95%	0.88%	0.86%	3.34%
c. Total Capital Fund	%	11.69%	14.50%	13.36%	11.75%	15.35%
17. Liquidity	%	8.74%	10.33%	6.85%	4.59%	3.78%
18. Non Performing Loans/Total Loans	%	1.15%	1.86%	1.05%	1.01%	1.39%
19. Base Rate	%	7.15%	11.31%	11.60%	10.82%	10.08%
20. Weighted Average Interest Rate Spread *	%	3.59%	3.26%	3.12%	3.54%	4.07%
21. Book Net worth (in lakhs)	Rs.	40,336	82,579	105,398	117,191	172,682
22. Total Shares	Number	32,659,915	68,827,854	80,767,278	86,855,731	125,200,495
23. Total Employees	Number	385	755	796	1043	1781
Others						
Per employee Buisness in lakhs	Rs.	775.42	592.00	783.61	729.18	642.97
Employee Expense/ Total Income	%	20.59%	23.28%	24.10%	7.88%	10.60%

Subsidiary Company
Kumari Capital Limited
Annual Report

VAT No.: 303662965

S. Dangol & Associates

Chartered Accountants

Chakupat, Kupondole
Lalitpur, Nepal
Tel. No:- 977-1-5260809
E-mail:- s.dangol.associates7@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUMARI CAPITAL LIMITED

Report on the Audit of Financial Statements

Opinion on the Financial Statements

We have audited the accompanying financial statements of Kumari Capital Limited ("Company") which comprise the statement of financial position as at Ashadh 31, 2077 (corresponding to July 15, 2020), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in Equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above, present fairly, in all material respects, the financial position of the Company as of Ashadh 31, 2077 (July 15, 2020), and its performances, changes in Equity and its cash flows for the year ended on that date in conformity with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant 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.

- *There are no key audit matters to communicate.*

Other Information

The directors are responsible for the other information presented in the Company's annual report. Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. We have nothing to report in this respect.



S. Dangol & Associates

Chartered Accountants

Chakupat, Kupondole
Lalitpur, Nepal
Tel. No:- 977-1-5260809
E-mail:- s.dangol.associates7@gmail.com

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

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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



VAT No.: 303662965

S. Dangol & Associates

Chartered Accountants

Chakupat, Kupondole
Lalitpur, Nepal
Tel. No:- 977-1-5260809
E-mail:- s.dangol.associates7@gmail.com

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


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

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

Report on Other Legal and Regulatory Requirements

On examination of the financial statements as aforesaid, we report that:

- We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit as per NSA;
- The accounts and records of the company have been maintained as required by Law.
- In our opinion, proper books of account as required by law have been kept by the Company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report, are in agreement with the books of accounts.
- In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law relating to accounts or caused loss or damage to the Company nor have we been informed of any such case by the management.



Suman Dangol, FCA
Engagement Principal
S. Dangol & Associates
Chartered Accountants

UDIN # 200811CA00409zvw1q
Auditor's Address: Lalitpur, Kathmandu
Date: 2076/04/27



Kumari Capital Limited

Statement of Financial Position

As on Ashadh 31, 2077 (Corresponding to July 15, 2020)

Particulars	Notes	Ashadh 31, 2077	Ashadh 31, 2076
Assets			
Non-Current Assets			
Property, Plant and Equipment	4.1	5,403,249	-
Intangible Assets	4.2	1,021,979	-
Financial Assets Measured at Amortized Cost	4.4	77,521,000	10,000,000
Financial Assets held at fair value through Profit or Loss	4.5	3,660,500	-
Total Non-Current Assets		87,606,728	10,000,000
Current Assets			
Financial Assets Measured at Amortized Cost	4.4	110,000,000	170,000,000
Inventories	4.6	118,022	-
Trade and Other Receivables	4.7	82,144	446,250
Current Tax Assets	4.8	832,976	-
Cash and Cash Equivalents	4.9	17,066,068	24,780,934
Total Current Assets		128,099,210	195,227,184
Total Assets		215,705,938	205,227,184

Equity & Liabilities

Non-Current Liabilities			
Deferred Tax Liabilities	4.3	140,933	-
Total Non-current Liabilities		140,933	-
Current Liabilities			
Trade and Other Payables	4.10	2,893,766	33,990
Provisions	4.11	1,758,060	-
Deferred Revenue	4.12	52,896	-
Total Current Liabilities		4,704,722	527,925
Equity			
Share Capital	4.13	200,000,000	200,000,000
Reserve & Surplus	4.14	10,860,283	4,699,259
Total Equity		210,860,283	204,699,259
Total Equity and Liabilities		215,705,938	205,227,184

Kaji Thebe

Head - Finance, Admin & HR

Puspa Sharma

Chief Operating Officer

Aswin Babu Shrestha

Chief Executive Officer

Bikas Khanal

Director

Ram Chandra Khanal

Director

Anuj Mani Timilsina

Chairman

Anil Joshi

Independent Director

Hari Prasad Wagle

Independent Director

As per our attached report of even date

On Behalf of S. Dangol & Associates

Date: July 21, 2020

Place: Kathmandu

Suman Dangol, FCA

Proprietor

Kumari Capital Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended Ashadh 31, 2077 (Corresponding to July 15, 2020)

Particulars	Notes	Ashadh 31, 2077	Ashadh 31, 2076
A. Incomes			
Income from Merchant Banking Activities	4.15	4,386,993	
Interest Income	4.16	20,801,362	8,413,132
Net Unrealized gain/(Loss) on FVTPL Financial Assets	4.17	69,000	-
Other Income		-	10,712
Total Operating Income		25,257,355	8,423,844
Merchant Banking Related Expenses	4.18	1,153,085	1,300,000
Operating Profit		24,104,270	7,123,844
Non-Operating Expenses			
Staff Cost	4.19	8,016,162	25,423
General Administrative Expenses	4.20	1,057,593	71,945
Depreciation of Property and Equipment	4.1	283,051	-
Amortization of Intangible Assets	4.2	193,616	-
Profit Before Tax		14,553,848	7,026,477
Income Tax Expenses		4,392,824	2,013,968
- Current Tax Expenses	4.21	4,251,891	2,013,968
- Deferred Tax Expenses	4.3	140,933	-
Profit for the Year		10,161,024	5,012,509
Other Comprehensive Income / (Expenses)			
Net gains on FVTOCI Financial Assets			
Actuarial Gain / (Loss) on defined benefit plans			
Total Other Comprehensive Income / (Expenses)		-	-
Less: Tax Expenses related to Components of OCI			
Total Comprehensive Income for the Year		10,161,024	5,012,509
Profit attributable to:			
Equity holders		10,161,024	5,012,509
Non-controlling Interest		-	-
Profit for the year		10,161,024	5,012,509
Earning per Share (EPS)		5.08	2.51
Diluted Earning Per Share (DEPS)		5.08	2.51

Kaji Thebe

Head - Finance, Admin & HR

Puspa Sharma

Chief Operating Officer

Aswin Babu Shrestha

Chief Executive Officer

Bikas Khanal

Director

Ram Chandra Khanal

Director

Anuj Mani Timilsina

Chairman

Anil Joshi

Independent Director

Hari Prasad Wagle

Independent Director

As per our attached report of even date

On Behalf of S. Dangol & Associates

Date: July 21, 2020

Place: Kathmandu

Suman Dangol, FCA

Proprietor



Kumari Capital Limited

Cash Flow Statement

For the Year Ended Ashadh 31, 2077 (Corresponding to July 15, 2020)

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
(A). Cash Flow from Operating Activities		
1. Cash Received	23,728,866	7,977,594
1.1 Cash Flow from Merchant Banking Activities	4,386,993	-
1.2 Interest Income	19,341,873	7,966,882
1.3 Other Income	-	10,712
2. Cash Payment	10,226,840	1,397,368
2.1 Merchant Banking Related Expenses	1,153,085	1,300,000
2.2 Staff Cost	8,016,162	25,423
2.3 General Administrative Expenses	1,057,593	71,945
2.4 Other Expenses	-	-
Cash Flow before Changes in Working Capital	13,502,026	6,580,227
Increase /(Decrease) of Current Assets	246,084	-
1. (Increase)/Decrease in Short Term Investment	-	-
2. (Increase)/Decrease in Other Current Assets	246,084	-
Increase /(Decrease) of Current Liabilities	4,670,732	(279,260)
1. Increase/(Decrease) in Short Term Borrowings	-	-
2. Increase/(Decrease) in Other Current Liabilities	2,912,672	(279,260)
3. Increase/(Decrease) in Provisions	1,758,060	-
Payment of Income Tax	(5,578,802)	(1,520,032)
(B) Cash Flow from Investment Activities	(16,554,905)	(180,000,000)
1. Purchase of Long-term Investment	(11,112,500)	(180,000,000)
2. Proceeds from Disposal of Long-term Investment	-	-
3. Purchase of Property, Equipment, and Intangible Assets	(6,901,894)	-
4. Proceeds from Disposal of Property, Equipment, and Intangible Assets	-	-
5. Interest income from Long Term Investment	1,459,489	-
6. Dividend Income	-	-
7. Others	-	-
(C) Cash Flow from Financing Activities	(4,000,000)	-
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital	-	-
3. Payment of Dividend	(4,000,000)	-
4. Increase/(Decrease) in Other Liabilities	-	-
(E) This Year's Cash Flow from All Activities	(7,714,865)	(175,219,066)
(F) Opening Balance of Cash and Bank Balances	24,780,934	200,000,000
(G) Closing Balance of Cash and Bank Balances	17,066,068	24,780,934

Kaji Thebe

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Chairman

Anil Joshi

Independent Director

Hari Prasad Wagle

Independent Director

**As per our attached report of even date
On Behalf of S. Dangol & Associates**

Date: July 21, 2020

Place: Kathmandu

Suman Dangol, FCA

Proprietor

Kumari Capital Limited

Statement of Changes in Equity

For the Year Ended Ashadh 31, 2077 (Corresponding to July 15, 2020)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	CSR Reserve	Deferred Tax Reserve	Other Reserve & Fund	Total Amount (Rs.)
Balance as on Shrawan 1, 2075	200,000,000	(313,250)					199,686,750
Adjustments							
Adjusted Balance as on Shrawan 1, 2075	200,000,000	(313,250)		-	-	-	199,686,750
Capital Issued							-
Net Profit for the Period		5,012,509					5,012,509
Dividend Paid during the year							-
Other Comprehensive Income/(expenses) (net of Tax)							-
Deferred Tax Fund							-
Balance as on Ashadh 31, 2076	200,000,000	4,699,259		-	-	-	204,699,259
Balance as on Shrawan 1, 2076	200,000,000	4,699,259		-	-	-	204,699,259
Adjustments							
Adjusted Balance as on Shrawan 1, 2076	200,000,000	4,699,259		-	-	-	204,699,259
Capital Issued							-
Net Profit for the Period		10,161,024					10,161,024
Dividend Paid during the year		(4,000,000)					(4,000,000)
Other Comprehensive Income/(expenses) (net of Tax)							-
General Reserve Fund		(1,016,102)	1,016,102				-
Corporate Social Responsibility (CSR) Reserve		(101,610)		101,610			-
Deferred Tax Fund							-
Balance as on Ashadh 31, 2077	200,000,000	9,742,571	1,016,102	101,610	-	-	210,860,283

Kaji Thebe

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As per our attached report of even date

On Behalf of S. Dangol & Associates

Date: July 21, 2020

Place: Kathmandu

Suman Dangol, FCA

Proprietor



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. General Information

Kumari Capital Limited (KCL) is the subsidiary of Kumari Bank Limited (KBL) registered under Company Act, 2063, which holds 100 percent of the paid-up capital. The company has been working as Depository Participant (DP) under the license obtained by KBL which has delegated the authority to provide DP Service through an agreement signed on 2076/04/27 between KBL and KCL. The bank has received DP Registration Certificate from SEBON to operate as Depository Participants dated Ashwin 07, 2072 and membership license from the CDS and Clearing Ltd, dated Magh 15, 2072 as per the CDS Byelaws, 2058. MOU has been signed with KBL to use all of its branches as representative to provide DP services nationwide.

The company has received Merchant Banker License from SEBON on Poush 10, 2075. Under the license, the company is permitted to provide Issue Management and Underwriting Services, Registrar to Shares, Portfolio Management Services, and Corporate Advisory Services.

The company was registered at Company Registrar Office on Ashwin 06, 2074 with registration number of 176694/074/075 and registered office at Ward no: 01, Naxal, Kathmandu. It is also registered with Inland Revenue Office on Mangsir 05, 2074 with PAN registration number of 606868806.

The Board of Directors of the company acknowledges the responsibility of preparation of financial statements of the company. The financial statements were authorized for issue by the Board of Directors on Shrawan 23, 2077 and have been recommended for approval by shareholders in the Annual General Meeting.

Kumari Capital Limited is a limited liability company, incorporated on Ashwin 06, 2074 and domiciled in Nepal. It is a licensed Merchant Entity as wholly owned subsidiary of Kumari Bank Limited, licensed under Securities Businessperson (Merchant Banker) Rules, 2064 from the Securities Board of Nepal (SEBON). The registered address of Kumari Capital is Kathmandu, Nepal.

Financial Statements

The Financial Statement of the company for the year ended July 15, 2020 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Summary of Significant Accounting Policies of the Company and Other Explanatory Notes.

Principal Activities and Operations

Kumari Capital Limited obtained license for commercial operation as a Securities Businessperson (Merchant Banker) from SEBON on Poush 10, 2075. The major activities of the company are issue management, portfolio management services, underwriting of securities, securities trustee, registrar to shares, depository participant services in a central depository services, corporate advisory services etc.

2. Basis of Preparation of Financial Statements

2.1. Statement of Compliance

The Financial Statement of the entity which comprises components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Securities Act, 2063 and its regulation and in conformity with the Company Act 2063 and other relevant laws.

2.2. Reporting Period and Approval of Financial Statements

a. Reporting Dates

The company follows the Nepalese financial year based on the Nepalese calendar starting from first day of Shrawan (Mid July) of each year to the last day of Ashadh (Mid July) of the next year. The corresponding dates for the English calendar are as follows:

Relevant financial statements date/ period	Nepalese calendar	English calendar
Reporting date	Ashadh 31, 2077	July 15, 2020
Comparative reporting date	Ashadh 31, 2076	July 16, 2019
Reporting period	Shrawan 01, 2076 to Ashadh 31, 2077	July 16, 2019 to July 15, 2020
Comparative reporting period	Shrawan 01, 2075 to Ashadh 31, 2076	July 17, 2018 to July 16, 2019

b) Responsibility for Financial Statements

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

c) Approval of Financial Statements by Directors

The accompanied Financial Statements have been authorized to issue by the Board of Directors vide its resolution dated 28th August 2019 and recommended for its approval by the Annual General Meeting of the shareholders.

2.3. Functional & Presentation Currency

The Financial Statements of Entity are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the Entity operates. Financial information is presented in Nepalese Rupees. There was no change in Entity's presentation and functional currency during the year under review.

2.4. Significant Accounting Judgments, Estimates and Assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

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

2.4.1. Going Concern

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

2.4.2. Useful lives of Property Plant & Equipment

Useful life is the period over which an asset is expected to be available for use by an Entity. Various factors may limit the useful life of a vessel. These factors may be due to physical wear and tear, technological advancement,

economic factors and legal factors. The entity assesses the remaining useful lives of its Property Plant & Equipment at each reporting date. An assessment is made to determine whether there is any indication of impairment in each asset.

2.5. Presentation of Financial Statements

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

The statement of profit or loss has been prepared using classification 'by nature' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

The accounting policies have been consistently applied by entity with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

2.6. Materiality & Aggregation

In compliance with Nepal Accounting Standard - NAS 01 Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial.

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

2.7. Discounting

When the realization of assets and settlement of obligations is for more than one year, the finance company considers discounting of such assets and liabilities where the impact is material.

2.8. Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in Notes to the financial statements.

3. Summary of Significant Accounting Policies

3.1. Basis of Measurement

These are prepared under accrual basis of accounting in accordance with the historical cost convention, except



for certain items as follows:

- Investment in equity instruments and units of mutual fund are measured at fair value.
- Provision against unused accumulated leave as at reporting date has been made. However, actuarial valuation of the same has not been done as management is of the view that difference would not be significant.

The Principle accounting policies are adopted in preparation of financial statements, which have been consistently applied unless otherwise stated.

3.2. Revenue Recognition

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable net of sales returns, trade discounts and revenue related taxes. The management of the Company determines the amount of revenue based on the applicable service agreement. Fees and commission arising from transactions are recognized on basis of completion of underlying transaction. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

3.2.1. Issue Management Fees

The issue management fee is recognized when the related service as specified in the agreement is performed. The management also considers the degree of recoverability and probability that the economic benefit will flow into the company.

3.2.2. ASBA Fee and Other Collection Commission

The ASBA fee and other collection commission is recognized as revenue after the allotment is completed.

3.2.3. Underwriting Fee

The issue management fee is recognized when the related service as specified in the agreement is performed. The management also considers the degree of recoverability, non-refund ability and probability that the economic benefit will flow into the company.

3.2.4. RTS/RTS Fee

The Registrar to Shares (RTS) fee is recognized as income on an accrual basis over the period covered by the related agreement.

3.2.5. Depository Participant (DP) Fee

The income related to DP service is recognized on cash basis. This is because of the high uncertainty on recoverability of DP income. The management estimates that the income when recognized on cash basis shall provide reliable and more relevant information about the effects of transactions, and conditions of financial performance of the company.

3.2.6 Dividend Income

Dividend income is recognized in profit or loss on an accrual basis when the Entity's right to receive the dividend is established.

Dividends are presented in net trading income or net gain/ (loss) from financial investments based on the underlying classification of the equity investment.

3.2.7. Interest Income

Interest income are recognized in profit or loss using the effective interest rate. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

Interest income on all trading assets are considered to be incidental to the Entity's trading operations and are presented together with all other changes in the fair value of trading assets in net trading income.

3.2.8. Gain on Disposal and Fair valuation of FVTPL Financial Instruments

Gain on Sale of "FVTPL Financial Investments" comprises realized trading gains on disposal of government securities, quoted shares and listed debentures, are presented in direct income as sale of financial investments held for trading in the statement of profit or loss.

Fair Valuation changes on "FVTPL Financial Investments" comprises unrealized gains on fair valuation (marked to market valuation) of government securities, quoted shares, investment in unit trust and listed debentures, are presented in profit or loss as gain on fair valuation of Financial Investments Held for Trading in the statement of profit or loss.

3.2.9. Other Income

Other incomes are recognized when it is probable that consideration associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

3.3. Interest Expenses

The interest expense on financial liabilities measured at amortized cost is recognized using the effective interest rate. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments through the expected life of the financial asset or financial liability

(or, where appropriate, a shorter period) to the carrying amount of the financial liability.

3.4. Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income (OCI).

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Income Tax Act, 2002 and the amendments thereto.

Deferred Tax

Deferred taxation is computed for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.5. Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currency of Entity at the

spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate (Closing rate) at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss.

3.6. Financial Instrument

Recognition

The company initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of an instrument. The company initially recognizes loans and advances, deposits and debt securities/subordinated liabilities issued on the date that they are originated which is the date that the company becomes party to the contractual provisions of the instruments. The investments in equity instruments, units of mutual funds, bonds, debenture, government securities and NRB bond are recognized on trade date at which the company commits to purchase/acquire the financial assets. Regular purchase and sale of financial assets are recognized on trade date.

Classification

The company classifies its financial assets and financial liabilities as per NFRS 9 into the following measurement categories:

Financial assets

- Financial assets held at fair value through profit or loss;
- Financial assets held at fair value through other comprehensive income, and
- Financial assets held at amortized cost.

Financial liabilities

- Held at fair value through profit or loss, or
- Held at amortized cost.

Financial assets

The company classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of



the financial assets. Interest income from these financial assets is included in Interest Income using the effective interest rate method. The two classes of financial assets are as follows:

a. Financial assets recognized at amortized cost

The company classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets recognized at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

- **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are classified as FVTPL if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in statement of profit or loss.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as FVTOCI. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

Financial Liabilities

The company classifies financial liabilities as follows:

- Financial liabilities recognized at fair value through profit or loss (FVTPL)

Financial liabilities are classified as FVTPL if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in statement of profit or loss as incurred. Subsequent changes in fair value is recognized at statement of profit or loss.

- Financial Liabilities recognized at amortized cost

All financial liabilities other than measured at fair value though statement of profit or loss are classified as subsequently measured at amortized cost using effective interest method.

Measurement

a. Initial Measurement

Financial assets and financial liabilities are recognized when the company becomes party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities unless the same is measured at fair value through profit or loss. The transaction cost of financial assets and financial liabilities measured at fair value through profit or loss are expensed in profit or loss.

b. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability.

Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

Further, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter calculated by applying effective interest rate to the gross carrying amount of a financial asset. Interest income on financial assets (loans and advances) which has been individually impaired are not recognized.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in statement of profit or loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

Derecognition

a. Derecognition of Financial Assets

Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the company has transferred substantially all of the risks and rewards of ownership. Financial assets are also derecognized upon write off. Any gain or loss arising on the disposal or retirement of an item of financial asset is determined as the difference between the sales proceeds and its carrying amount and is recognized in the statement of profit or loss. The cumulative gain or loss that was recognized in other comprehensive income, is recognized to statement of profit or loss except for investment in equity instruments measured at fair value through other comprehensive income.

b. Derecognition of Financial Liabilities

A financial liability is derecognized when, and only when it is extinguished (i.e. when the obligation specified in contract is discharged, cancelled or expired). If the liability is renegotiated with the original lender on substantially different contractual terms, the original liability is derecognized and new liability is recognized.

The difference between the carrying amount of a liability (or portion) extinguished or transferred to another party (including related unamortized cost) and the amount paid for it (including any non-cash assets transferred or liability assumed), are included in statement of profit or loss.

Determination of Fair Value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date.

The fair value of a liability reflects its non-performance risk. When available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

The fair value measurement hierarchy is as follows:

Level 1: These are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2: These are the inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. These would include prices for the similar, but not identical, assets or liabilities that were then adjusted to reflect the factors specific to the measured asset or liability.

Level 3: These are unobservable inputs for the assets or liability.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. Where available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. If a market for a financial instrument is not active, the company, establishes fair value using an appropriate fair valuation technique.

For all unquoted investment in equity instruments, their cost has been considered as their fair value and accordingly these are recognized at cost, net of impairment if any.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through the Statement of Profit or Loss are impaired.

A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the company on terms that the company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

a. Impairment of financial assets measured at amortized cost

Impairment of financial assets measured at amortized cost is based on the judgments of past experience of the assets' behavior. In assessing collective impairment, the company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Further, management has taken additional external risk (inflation, market risk and risk of data incompleteness) for the impairment of loans and advances.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the finance company.

If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized,



the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'recovery of loan written off'.

b. Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.7. Derivative assets and derivative liabilities

The company does not have any derivative assets and liabilities.

3.8. Trade and Other Payables

Amounts payable to creditors, TDS Payable, amounts refundable to investors, RTS and custodial dividend payable, Advance received/ transfer from DP clients are categorized as trade and other payables.

3.9. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

3.10. Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

The low value minor equipment below NRs 5,000 are

not booked as Property, Plant and Equipment to ease record keeping and is shown under Office Accessories & Equipment's under Other Administrative Expenses in Explanatory Notes 4.20 as the cumulative impact of such amount is considered immaterial.

Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Entity. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Entity will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property and equipment lives for the current and comparative periods are as follows:

Asset Type	Useful Life Time (Years)
Laptop and Computers	8 Years
Furniture & Fixtures	8 Years
Office Equipment	8 Years
Motor Vehicles	10 Years
Other Office Equipment	8 Years
Leasehold Developments	As estimated by the management, or within the lease period where applicable.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

3.11. Intangible Assets

Software

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful lives for the current and comparative periods are as follows:

Asset Type	Useful Life Time (Years)
Software	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.12. Assets held for sale and discontinued operations

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

- their carrying amounts will be recovered principally through sale;
- they are available-for-sale in their present condition; and
- their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

There are no assets that meet the recognition criteria for assets held for sale and discontinued operation.

3.13. Provisions

A provision is recognized if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14. Commitments & Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

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

3.15. Employee Benefits

Short-term Employee Benefit

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Salaries, leave benefits, bonuses and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognized in that period. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit or loss as and when they are due.

a. Employee's Provident Fund

The company and employee contribute 10% of basic salary (including grade) of each employee to an approved retirement fund.

b. Gratuity

The company contributes 8.33% of basic salary (including grade) of each employee to an approved retirement fund.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

a. Annual Leave Encashment

The company's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long-term employee benefits. The company's net obligation towards unutilized accumulated leave is calculated on the basis of number of days of eligible leaves multiplied by the encashment available which is calculated on the basis of basic salary and grade. Provision against unused accumulated leave as at the reporting date has been made. However, actuarial valuation of the same has not been done as management is of the view that difference would not be significant.

Gain or loss arising as a result of changes in assumptions is recognized in other comprehensive income (OCI) in the period in which it arises.

3.16. Statement of Cash flows

The Statement of Cash Flow has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Nepal Accounting Standard - (NAS 7) "Statement of Cash Flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.



3.17. Subsequent Events

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

All material and important events that occurred after the reporting date have been considered and appropriate disclosures if any are made in Note to the Financial Statements.

3.18. Earnings per Share (EPS)

The company presents basic and diluted Earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. Earnings per share is calculated and presented in statement of comprehensive income.

3.19. Segmental Reporting

The company is organized for management and reporting purposes into segments such as: Merchant Banking and Fund Management. The segmental information is disclosed in notes.

3.20. Leasehold Assets

The company holds Leasehold Developments on its building leased to it by Kumari Bank Limited.

4. Other Explanatory Notes

4.1. Property, plant and equipment

Details of property, plant and equipment are presented as follows:

Amount in NPR

	Leasehold Developments	Computers & Accessories	Office Equipment	Furniture & Fixture	Vehicles	Total
a. Opening Balance						
b. Addition during the year	491,646	1,061,986	991,720	142,548	2,998,400	5,686,299
c. Sales/Disposal						
d. Revaluation / written back this year						
e. Written off during the year						
Total Cost (a + b – c + d + e)	491,646	1,061,986	991,720	142,548	2,998,400	5,686,299
a. Up to Previous Year						
b. For this year	36,873	98,824	102,480	13,273	31,600	283,051
c. Depreciation on revaluation / written back						
d. Depreciation on Assets sold / written off						
Total Depreciation	36,873	98,824	102,480	13,273	31,600	283,051
3. Carrying Value (WDV) (1 – 2)	454,772	963,162	889,239	129,275	2,966,800	5,403,249

4.2. Intangibles

Intangibles comprises of Computer Software and Website Development cost. The details of the same is presented as follows:

Particulars	C-ASBA	Rigo: Accounts, HR, & FA	Shareplus	Windows Server & CAL	SQL Server & CAL	Website	Total
1. Cost Price:							
a. Opening Balance							
b. Addition during the year	50,000	259,900	339,000	142,945	254,250	169,500	1,215,595
c. Sales/Disposal							
d. Revaluation / written back this year							
e. Written off during the year							
Total Cost (a + b – c + d + e)	50,000	259,900	339,000	142,945	254,250	169,500	1,215,595
2. Accumulated Depreciation							
a. Up to Previous Year							
b. For this year	5,000	43,317	62,150	23,824	42,375	16,950	193,616
c. Depreciation on revaluation / written back							
d. Depreciation on Assets sold / written off							
Total Depreciation	5,000	43,317	62,150	23,824	42,375	16,950	193,616
3. Carrying Value (WDV) (1 – 2)	45,000	216,583	276,850	119,121	211,875	152,550	1,021,979



4.3. Deferred Tax Asset/Liability

The details of Deferred Tax Asset/Liability is presented are as follows:

SN	Particulars	Carrying Amount	Tax Base	Temporary Difference
Assets				
1	Property and Equipment	5,403,249	4,911,009	492,503
2	Intangible Assets	1,021,979	972,476	49,503
3	Financial Assets Held for Trading	3,660,500	3,591,500	69,000
Taxable/(Deductible) Temporary Difference on assets				610,743.12
Liabilities				
1	Provision for leave	140,957	-	(140,957)
Taxable/(Deductible) Temporary Difference on liabilities				(140,957)
Net Taxable/(Deductible) Temporary Difference				469,777
Current Tax Rate				30%
Deferred Tax Liability as of Ashadh 31, 2077				140,933
Opening Deferred Tax (Assets)/Liability				-
Deferred Tax (Income)/Expenses				140,933

Financial Assets measured at Amortized Cost

The financial assets measured at amortized cost include investment in fixed deposits and investment in bond and debentures. The details have been presented as below:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Fixed Deposits with Banks	170,000,000	170,000,000
2	Investment in Debentures	17,521,000	10,000,000
Total		187,521,000	180,000,000

The investments have been classified to current and non-current assets as below:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Current Assets	110,000,000	170,000,000
2	Non-current Assets	77,521,000	10,000,000
Total		187,521,000	180,000,000

4.5. Financial Assets measured at Fair Value through Profit and Loss (FVTPL)

The details of investment and analysis within the fair value hierarchy at reporting period end have been presented as below:

Investment in:	FY 2076/77				FY 2075/76			
	Fair Value as on Ashadh 31, 2077	L1	L2	L3	Fair Value as on Ashadh 31, 2076	L1	L2	L3
Mutual Fund Units	3,660,500	3,660,500	-	-	-	-	-	-
Total	3,660,500	3,660,500	-	-	-	-	-	-

The investment has been classified to non-current assets.

4.6. Inventories

Inventories include stock of stationery to be used in the ordinary course of business.

4.7. Trade and Other Receivables

These current assets include the assets directly held for the ordinary purpose of business. Following is the details:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Account Receivable	16,219	-
2	Less: Impairment	-	-
3	Interest Receivable	-	446,250
4	Prepaid Expenses	65,925	-
Total		82,144	446,250

4.8. Current Tax Assets/(Liabilities)

The current tax assets includes advance tax paid by the company and the tax deducted from payment made to the company by various parties (withholding tax). Similarly, tax liabilities include tax payable by the company computed as per the provision of Income Tax Act, 2058.

The details of current tax assets are presented as follows:

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
Current Tax Assets		
Opening Balance (Net offset with current tax liabilities)	-	-
Add: Tax Receivable during the year	5,578,803	1,520,032
Closing balance	5,578,803	1,520,032
Current Tax Liabilities		
Opening Balance (Net offset with current tax assets)	493,936	-
Add: Current tax payable during the year	4,251,891	2,013,968
Closing balance	4,745,827	2,013,968
Net Current Tax Assets / (Liabilities)	832,976	(493,936)

4.9. Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call accounts with banks, other short-term investments in an active market with original maturities of three months or less and bank overdrafts. The details of cash and cash equivalents are presented as follows:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Cash in Hand	1,163	-
2	Cash at Bank	17,064,905	24,780,934
Total		17,066,068	24,780,934

The cash and cash equivalents as presented above also includes restricted cash balances. Restricted cash balances are those which are not available for use by the company. Those includes amounts collected from investors during issue management, dividends uncollected by the investors, and right share amount yet to be refunded.

Following is the details of amount not available for use at reporting period end:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Uncollected Dividend	1,736,382	-
2	Right Share Refund Payable	265,000	-
3	IPO Refund Payable	87,330	-
Total		2,088,712	-



4.10. Trade and other payables

Trade liabilities include the current liabilities directly related to the operating income or expenses.

Details of trade and other payable are presented as follows:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Accounts Payable	539,408	27,875
2	Employee Payable	4,196	-
3	Gratuity Payable	117,899	-
4	Provident Fund Payable	-	3,103
5	TDS Payable	135,500	3,011
6	Other Payables	8,050	-
7	Dividend Payable	1,736,382	-
8	Right Share Refund Payable	265,000	-
9	IPO Refund Payable	87,330	-
Total		2,893,766	33,990

4.11. Provisions

The details of provision is as follows:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Provision for Staff Bonus	1,617,094	-
2	Provision for Accumulated Leave Liability	140,966	-
Total		1,758,060	-

4.12. Deferred Revenue

Deferred revenue is the revenue already received but related service is yet to be performed. The details are as follows:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	RTS Fee Received in Advance	51,229	-
2	Debenture Trusteeship Fee Received in Advance	1,667	-
Total		52,896	-

4.13. Share Capital

The capital structure of the company is presented as follows:

Particulars	Value per Share	Ashadh 31, 2077		Ashadh 31, 2076	
		No. of Shares	Amount	No. of Shares	Amount
Authorized capital	100	2,000,000	200,000,000	2,000,000	200,000,000
Issued and subscribed capital	100	2,000,000	200,000,000	2,000,000	200,000,000
Paid-up capital	100	2,000,000	200,000,000	2,000,000	200,000,000

Following is the reconciliation of outstanding number of shares at the reporting period end.

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
Number of paid-up outstanding shares at beginning	2,000,000	2,000,000
Add: Additional issue of equity instruments	-	-
Add: Issue of bonus shares	-	-
Number of paid-up shares outstanding at period end	2,000,000	2,000,000

4.14. Reserve and Surplus

All accumulated profit reduced by distribution is represented under Reserve and Surplus. Following is the details of Reserve and Surplus:

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
Opening Balance	4,699,259	(313,250)
Add: Net profit during the year	10,161,024	5,012,509
Add/(Less): Restatement/ Adjustment	-	-
Less: Distribution during the year	(4,000,000)	-
Closing Balance	10,860,283	4,699,259

4.15. Income from Merchant Banking Activities

The income from merchant banking activities comprises income from RTS/RTS, income from depository participant (DP), income from issue management and underwriting and Income from Portfolio Management. The following table summarizes the income earn from each of these activities:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Income from Share Registrar	1,079,863	-
	Other Income from RTS	51,544	-
	RTS Fee	690,437	-
	Debenture Trusteeship Fee	8,333	-
	Bonus/Right Share Credit Charge	304,548	-
	Charge for Additional General Meeting	25,000	-
2	Income from DP	417,723	-
	Account Operation Annual Fee	178,600	-
	Mero Share Renewal Fee	114,300	-
	Other Income from DP	2,023	-
	Securities Transfer Fee	93,000	-
	Pledge Acceptance Fee	24,150	-
	Pledge Set-up Fee	5,650	-
3	Income from Issue Management and Underwriting	2,889,407	-
	ASBA Fee	12,380	-
	Issue Management Fee	100,000	-
	Interest Income	1,210,686	-
	Underwriting Fee	1,566,341	-
	Grand Total	4,386,993	-

4.16. Interest Income

It includes the interest income earned from Fixed Deposits, Bond and Debentures and Call Accounts maintained with various banks and financial institutions. The details are presented as below:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Interest Income from Fixed Deposits	18,242,839	3,226,301
2	Interest Income from Call Deposit	1,099,034	4,740,581
3	Interest Income from Bond and Debenture	1,459,489	446,250
	Total	20,801,362	8,413,132



4.17. (Gain)/Loss on Fair value Adjustment of FVTPL Financial Assets

Following table summarizes the change in fair value of FVTPL Financial Assets:

Particulars	Ashadh 31, 2077			Ashadh 31, 2076		
	Cost	Fair Value	Gain/(Loss)	Cost	Fair Value	Gain/(Loss)
Investment in mutual fund units	3,591,500	3,660,500	69,000	-	-	-
Total	3,591,500	3,660,500	69,000	-	-	-
Less: Gain/(Loss) recognized up to previous year			-	-		
Gain/(Loss) for the year			69,000			-

4.18. Merchant Banking Related Expenses

Direct expense include expenses directly related to the operation of the company. Details presented as under: Employee cost relating to depute staffs has been booked in the Statement of Profit or Loss in terms of management service fee.

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Issue Management & Underwriting Expenses	28,000	-
2	Merchant Banking License Renewal Fee	650,000	1,300,000
3	SEBON Fee on Merchant Banking Income	198,366	-
4	CDS Service Fee	276,719	-
	Grand Total	1,153,085	1,300,000

4.19. Staff Cost

The details of staff cost have been presented as below:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Festival Allowance	61,111	-
2	Deputation Charge	2,250,000	-
3	Forced Leave Allowances	163,864	-
4	Intern Expenses	576,816	-
5	Leave Expenses	140,966	-
6	Gratuity Expenses	117,899	-
7	Provident Fund Expenses	193,673	1,552
8	Salary and Allowance	2,858,686	23,871
9	Staff Bonus Expenses	1,617,094	-
10	Staff Refreshment Expenses	36,053	-
	Total	8,016,162	25,423

4.20. General Administrative Expenses

The details are as follows:

S. N.	Particulars	Ashadh 31, 2077	Ashadh 31, 2076
1	Annual General Meeting Expenses	16,907	-
2	Advertisement and Publicity Expenses	58,054	-
3	Annual Maintenance Charge	123,296	-
4	Audit Fees (Compliance)	11,300	-
5	Audit Fees (External)	56,500	28,250
6	Audit Fees (Internal)	45,200	-
7	Business Development Expenses	6,818	-
8	Consumption of Inventory	90,224	-
9	Fuel (Petrol)	16,842	-
10	Insurance Premium	5,783	-
11	Membership Fee	50,000	-
12	Miscellaneous Expenses	19,966	43,695
13	Notice Publication Charge	6,916	-
14	Other Meeting related Expenses	3,457	-
15	Other Office Expenses	61,930	-
16	Periodicals and Books	2,160	-
17	Postage, Telephone, Email, Internet	163,739	-
18	Printing and Stationery	39,818	-
19	Security Expenses	238,172	-
20	Training Expenses	40,511	-
Total		1,057,593	71,945

4.21. Income Tax Expenses

Following is the details of tax expenses recognized in statement of comprehensive income

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
Current Tax Expenses	4,251,891	2,013,968
in respect of current year	4,227,267	2,013,968
in respect of previous year	24,624	-
Deferred Tax (Income)/Expenses	140,891	-
in respect of current year	140,933	-
Total Income Tax Expenses Recognized during the year	4,392,824	2,013,968

Following table shows the reconciliation of tax expenses with the product of accounting profit multiplied by applicable tax rate.

	Ashadh 31, 2077	Ashadh 31, 2076
Profit/ (loss) before tax for the year	14,553,848	7,026,477
Income tax expenses calculated at 30 %	4,366,154	2,107,943
Less: Effect of incomes that are not taxable for the year		
Net changes in unrealized gain of financial asset at FTVTL	20,700	-
Add: Effect of expenses that are not deductible for taxation		
Depreciation and amortization and other expenses	187,336	-



Net changes in unrealized (loss) of financial asset at FTVTL	-	-
Less: Effect of expenses that are deductible for taxation		
Depreciation and amortization as per tax law	305,523	-
Tax credit (used)/ carried forward	-	(313,250)
Current Tax Expenses in respect of current year	4,227,267	2,013,968

4.22. Related Party

A person or entity is considered a related party if it:

- controls or has significant influence to the Company
- is subsidiary, joint venture, associates or in which the Company can have significant influence
- is member of key management personnel of the company or its parent.

A. Nature of Relationship and Name of Related Parties

a. Holding Company: Kumari Bank Limited (KBL)

b. Board of Directors:

- | | |
|---------------------------|----------------------|
| ■ Mr. Anuj Mani Timilsina | Chairman |
| ■ Mr. Ram Chandra Khanal | Director |
| ■ Mr. Bikas Khanal | Director |
| ■ Mr. Anil Joshi | Independent Director |
| ■ Mr. Hari Prasad Wagle | Independent Director |

c. Key Management Personnel

- | | |
|---------------------------|-------------------------|
| ■ Mr. Aswin Babu Shrestha | Chief Executive Officer |
| ■ Mr. Puspa Sharma | Chief Operating Officer |

B. Key Management Personnel Compensation

As per the provision of Articles of Association of the company, the directors are entitled to meeting allowance at NPR 5,000 per meeting. However, during the year the company has not paid any allowance to the directors.

Chief Executive Officer (CEO) has been deputed by the holding company. Mr. Rajesh Shrestha had been working in the capacity of CEO till Chaitra 30, 2076 and was entitled to allowance of NPR 250,000 per month which was paid by the entity to Kumari Bank Limited as compensation for deputed staff's cost. Aswin Babu Shrestha has been deputed as new CEO on Jestha 32, 2077 after separation of Mr. Rajesh Shrestha. Mr. Aswin Babu Shrestha is not entitled to any allowance.

Following is the compensation paid to key management personnel during the period (including the allowance paid for the former CEO):

Particulars	Ashadh 31, 2077	Ashadh 31, 2076
Short term employee benefits		
Salary & Allowances including Festival Allowance	2,960,853	-
Total Short Tern Employee Benefits (A)	2,960,853	-
Post-Employment Benefits		
Provident Fund	48,852	-
Gratuity	22,608	-
Leave Encashment	-	-
Total Post-Employment Benefits (B)	71,460	-
Total Benefits (A+B)	3,032,313	-

C. Related Party Transactions

a. Related Party Transactions with Holding Company

The following is the related party transactions with the Holding Company:

S. N.	Particulars	Transaction Amount	Nature of Transactions	Remarks
1	Deposit at KBL (Operating Account)	3,746,295	Bank Deposit	
2	Deposit at KBL (Other Bank Balances)	300,832	Bank Deposit	
3	Interest earned from accounts maintained at KBL	599,443	Interest Income	
4	RTS fee from KBL	700,000	RTS Fee Income	Includes NPR 51,230 received for FY 2077/78
5	Share/Debenture Credit Charge received from KBL	304,548	Share/Debenture Credit Charge Income	
6	Amount received from KBL for Special General Meeting	25,000	Additional General Meeting Charge Income	
7	Human Resource Expenses (Mr. Rajesh Shrestha)	2,250,000	Staff Expenses	Employee of KBL deputed as CEO of KCL

4.23. Events after Reporting Period

There have been no post balance sheet events that have come to our attention.

4.24. Segment Reporting

The company's Chief Executive Officer, Chief Operating Officer and the Head of Finance, Admin & HR examines the company's performance from a product perspective and has identified two reportable segments of its business:

Particulars	Fund Management	Merchant Banking	Others	Total
Segment Revenue	-	4,386,993	20,870,362	25,257,355
Segment Expenses	-	1,153,085	-	1,153,085
Segment Result	-	3,233,908	20,870,362	24,104,270
Other Unallocated Expenses				9,550,422
Income Taxes				4,392,824
Net Profit				10,161,024

4.25. Interim Financial Reporting

NAS 34, 'Interim Financial Reporting' doesn't mandate Kumari Capital Limited to publish interim financial reports. Since, the shares of KBL are not listed and is wholly owned by Kumari Bank Limited, KBL is not required by any regulatory or other bodies which may govern its operating activities to publish interim financial reports.

4.26. Risk Management

The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The wide-ranging risk categories that includes Market, Liquidity, Credit, and Operational Risk are reviewed, measured, monitored and controlled.

a. Market Risk

Market risk is the risk that changes in market prices, interest rate, foreign exchange rate will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

b. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company manages the credit quality of financial assets using internal credit ratings. The company's exposure and the credit rating of its counterparties are continuously monitored.



c. Liquidity Risk

Liquidity risk is the risk that the Entity will not have adequate financial resources to meet Entity's obligations as when the fall due. This risk arises from mismatches in the timing of cash flows. The management of liquidity risk includes taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

d. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Entity's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The compliance with company's internal controls and procedures is supported by a program of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business units with summaries submitted to the Audit Committee.

4.27. Proposed Dividend

The Board of Directors meeting of Kumari Capital Limited held on Shrawan 23, 2077 has proposed cash dividend amounting to NPR 80,00,000 (4% of paid-up capital) including tax from retained earning including current year profit.

4.28. Re-grouping, Re-arranging and Rounding Off

The previous year figure has been re-grouped and re-arranged wherever found necessary for better presentation of Financial Statements. The figures presented in financial statements have been rounded off to the nearest rupee.

Subsidiary Company
KBL Securities Limited
Annual Report



Acharya Subas & Associates, Chartered Accountants

Registration no: 838 COP no: 943 Membership no: 1351
Corporate Office, Shantinagar, New Baneshwor, Kathmandu

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
K.B.L Securities Limited.

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of K.B.L Securities Ltd. (hereafter referred as "the Company") which comprise the statement of financial position as at Ashad end 2077, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at Ashad end 2077 and of its financial performance for the period FY 2076/77 & statement of cash flows for the year then ended in accordance with 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 Company in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statement in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



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

As a part of an audit in accordance with NSAs, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

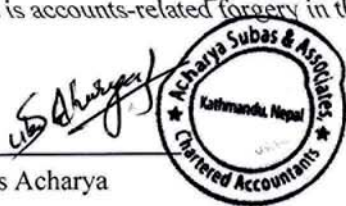
Based on our examination of the financial statements as per the Company's Act, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. The accounts and records of the Company have been maintained as required by law and practice in a manner to reflect the real affairs of the Company.
- c. The statement of financial position, statement of profit or loss and other comprehensive income and the statement of cash flows dealt with by this report are in agreement with the books of account of the Company, and these statements follow prevailing accounting standards.
- d. In our opinion and to the best of our information and according to the explanation given to us, we did not come across any such instances where the Board of Directors, the representative or any employee of the Company has acted contrary to the provision of law relating to accounts or caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company.





- e. In our opinion and to the best of information provided to us, and as confirmed by the management through Management Representation Letter, we did not obtain any information that substantiate there is accounts-related forgery in the company.



CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountants

Place: Kathmandu, Nepal

Date: 2077/05/03

UDIN No.: 200819CA01351vgGmk

KBL Securities Limited
Statement of Financial Position
As on Ashad 31, 2077

	Note	As on Ashad 31, 2077	As on Ashad 31, 2076
Assets			
Cash & Cash Equivalent	4.1	20,000,000	-
Current Tax Assets	4.2	-	-
Investment Property	4.3	-	-
Property & Equipment	4.4	-	-
Goodwill and Intangible Assets	4.5	-	-
Deferred Tax Assets	4.6	30,645	-
Other Assets	4.7	-	-
Total Assets		20,030,645	-
Liabilities			
Note			
Current Tax Liabilities	4.2	-	-
Provisions	4.8	-	-
Deferred Tax Liabilities	4.6	-	-
Other Liabilities	4.9	102,150	-
Total Liabilities		102,150	-
Equity			
Share Capital	4.1	20,000,000	-
Retained Earning	SOCE	(71,505)	-
Reserves	4.11	-	-
Total Equity Attributable to EquityHolders		19,928,495	-
Non-Controlling Interest			
Total Equity		19,928,495	-
Total Liabilities and Equity		20,030,645	-
Contingent Liabilities and Commitment	4.12	-	-

Ram Chandra Khanal
Director

Manish Timilsina
Director

Aswin Babu Shrestha
Representative from Management

As per our report of even date attached
CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountant
Place: Kathmandu, Nepal
Date: 19 Aug. 2020.



KBL Securities Limited

Profit/Loss Statement

Statement of Income

As on Ashad 31, 2077

	Note	For the Year Ended Ashad 31, 2077	For the Year Ended Ashad 31, 2076
Commission Income	4.13	-	-
Other Business Income	4.14	-	-
Total Operating Income		-	-
Operating Expenses			
Personnel Expenses	4.15	-	-
Other Operating Expenses	4.16	102,150	-
Depreciation & Amortization	4.17	-	-
Operating Profit		(102,150)	-
Non Operating Income	4.18	-	-
Non Operating Expenses	4.19	-	-
Profit Before Income Tax		(102,150)	-
Income Tax Expenses	4.20	30,645	-
Current Tax		-	-
Deferred Tax Income/(Loss)		30,645	-
Profit For the Year		(71,505)	-
Profit Attributable to:			
Equity Holders of the Company		(71,505)	-
Non-Controlling Interest		-	-
Profit For the Year		(71,505)	-

Ram Chandra Khanal
Director

Manish Timilsina
Director

Aswin Babu Shrestha
Representative from Management

As per our report of even date attached
CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountant
Place: Kathmandu, Nepal
Date: 19 Aug. 2020.

KBL Securities Limited

Statement of Other Comprehensive Income

As on Asadh 31, 2077

	For the Period Ended	
	Ashad 31, 2077	Ashad 32, 2076
Profit for the Year	(71,505)	-
Other Comprehensive Income, Net of Income Tax		
a) Items that will not be Reclassified to Profit or Loss		
Gains/(Losses) from Investments in Equity Instruments Measured at Fair Value		
Gains/(Losses) on Revaluation	-	-
Atuarial Gains/(Losses) on Defined Benefit Plans	-	-
Income Tax relating to above items	-	-
Net Other Comprehensive Income that will not be reclassified to Profit or Loss	-	-
b) Items that are or may be reclassified to Profit or Loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss	-	-
Net Other Comprehensive Income that are or may be reclassified to Profit or Loss	-	-
c) Share of Other Comprehensive Income of Associate Account- ed as per Equited Method	-	-
Other Comprehensive Income for the Year, Net of Income Tax	-	-
Total Comprehensive Income for the Year	(71,505)	-
Total Comprehensive Income Attributable to:		
Equity holders of the Bank	(71,505)	-
Non-controlling Interest	-	-
Total Comprehensive Income for the Period	(71,505)	-

Ram Chandra Khanal
Director

Manish Timilsina
Director

Aswin Babu Shrestha
Representative from Management

As per our report of even date attached
CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountant
Place: Kathmandu, Nepal
Date: 19 Aug. 2020.



KBL Securities Limited

Statement of Cash Flow

As on Asadh 31, 2077

	For the Period Ended	
	Ashad 31, 2077	Ashad 32, 2076
Net Profit for the Year	(71,505)	
Adjustments		
Depreciation	-	
Provision for the Tax	-	
Deferred Tax	(30,645)	
Interest Income	-	
Cash Flow before change in Working Capital	(102,150)	-
Changes in Working Capital		
Decrease / (Increase) in Current Assets	-	-
Decrease / (Increase) in Current Liabilities	102,150	-
Net Cash Flow from Operating Activities Before Tax Paid	-	-
Income Taxes Paid	-	
Net Cash Flow from Operating Activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	
Receipt from the Sale of Property and Equipment	-	-
Purchase of Intangible Assets	-	-
Receipt from the Sale of Intangible Assets	-	-
Purchase of Investment Properties	-	-
Receipt from the Sale of Investment Properties	-	-
Interest Received	-	-
Dividend Received	-	-
Net Cash used In Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from Issue of Debt Securities	-	-
Repayment of Debt Securities	-	-
Receipt from Issue of Subordinated Liabilities	-	-
Repayment of Subordinated Liabilities	-	-
Receipt from Issue of Shares	20,000,000	
Dividends Paid		
Interest Paid	-	-
Net Cash from Financing Activities	20,000,000	-
Net Increase (Decrease) In Cash And Cash Equivalents	20,000,000	-
Cash and Cash Equivalents at Shrawan 1, 2076	-	
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents Held	-	-
Cash and Cash Equivalents at Ashad end 2077	20,000,000	-

Ram Chandra Khanal
Director

Manish Timilsina
Director

Aswin Babu Shrestha
Representative from Management

As per our report of even date attached
CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountant
Place: Kathmandu, Nepal
Date: 19 Aug. 2020.

KBL Securities Limited

Attributable to equity holders

As on Asadh 31, 2077

	Share Capital	Share Premium	General Reserve	Re- tained Earning	Other Re- serve	Total	Non- controlling Interest	Total equity
Balance at Shrawan 1, 2076								
Comprehensive Income for the year								
Profit for the year				(71,505)		(71,505)		(71,505)
Other Comprehensive Income, net of tax								
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-
Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(71,505)	-	(71,505)	-	(71,505)
Transactions with owners, directly recognized in equity								
Share issued	20,000,000	-	-	-	-	20,000,000	-	20,000,000
Share based payments	-	-	-	-	-	-	-	-
Dividends to equity holders								
Bonus shares issued	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-
Share issue expenes directly charged to equity				-		-		-
Total Contributions By And Distributions	20,000,000	-	-	-	-	20,000,000	-	20,000,000
Balance at Ashad end 2077	20,000,000	-	-	(71,505)	-	19,928,495	-	19,928,495

Ram Chandra Khanal
Director

Manish Timilsina
Director

Aswin Babu Shrestha
Representative from Management

As per our report of even date attached
CA Subas Acharya
Principal,
For,
Acharya Subas & Associates, Chartered Accountant
Place: Kathmandu, Nepal
Date: 19 Aug. 2020.



Significant Accounting Policies

For the Year Ended Ashad 31, 2077

1	Reporting Entity
	K.B.L Securities is incorporated on 2076/4/26, vide registration no 221079/076/077. under the Nepal Companies Act, 2063 having its registered Office at Naxal, Kathmandu. The company is registered at Inland revenue department with the PAN No 609514456 with the objective of dealing with brokerage of stock. K.B.L. securities Limited is fully owned subsidiary of Kumari Bank Limited.
2	Basis of Preparation
	<p>The financial statements are prepared on accrual basis in accordance with Nepal Financial Reporting Standards (NFRS) pronounced by Accounting Standard Board of Nepal as effective on September, 13, 2013 and the manner required by the Nepal Companies Act.</p> <p>The financial statements comprises the Statement of Financial Position, Statement of Income and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.</p>
2.1	Statement of Compliance
	<p>The financial statements of the company have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), as pronounced by the Institute of Chartered Accountants of Nepal (legally delegated authority under Companies Act to do so) issued by the Accounting Standard Board of Nepal so far as applicable. The applicable laws; Company Act, 2063 and Nepal Accounting Standards issued by ICAN, Bonus Act, Labour Act and other applicable laws.</p> <p>The principal accounting policies adopted in the preparation of these financial statements are presented below and apply to the company. These policies have been consistently applied to all years presented, unless otherwise stated.</p>
2.2	Reporting Period and Approval of Financial Statements
2.2.1	Reporting Period
	The company follows the Nepalese financial year based on the Nepalese calendar. The reporting period for the financial statement is 2076.04.01 to 2077.03.31.
2.2.2	Responsibility for Financial Statements
	The Board of Directors acknowledges the responsibility for the preparation and fair presentation of the financial statements of "K.B.L Securities Limited" in accordance with NFRS.
2.2.3	Approval of Financial Statements
	The accompanied financial statements for the year ended on 15 July 2020 (Ashadh 31, 2077) have been adopted by the Board of Directors vide resolution passed through meeting held on 19/8/2020 and recommended for its approval by the Annual General Meeting of the shareholder in the 1st AGM of the company.
2.3	Functional and Presentation Currency
	The financial statements are presented in Nepalese Rupees (Rs) which is the functional and presentation currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.
2.4	Use of Estimates, Assumptions and Judgments
	<p>The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.</p> <p>NFRS requires the company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.</p> <p>The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.</p> <p>Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.</p>
2.5	Going Concern
	The financial statements are prepared on a going concern basis, as the Board of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.
2.6	Changes in Accounting Policies
	The company has applied uniform accounting policy as permitted by NFRS and applying NFRS in measurement of recognised assets and liabilities.

3	Significant Accounting Policies
3.1	<p>Basis of Measurement</p> <p>The company, while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.</p> <p>Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgement in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.</p>
3.2	<p>Cash and Cash Equivalent</p> <p>Cash and cash equivalents include cash in hand, balances with BFIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the company in the management of its short-term commitments.</p>
3.5	<p>Income tax</p> <p>Tax expenses comprises of current tax and deferred tax and are recognised in profit and loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.</p> <p>A. Current Tax</p> <p>Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.</p> <p>B. Deferred Tax</p> <p>Deferred income tax is provided in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.</p> <p>The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.</p>
3.6	<p>Provisions</p> <p>A provision is recognized when as a result of a past event, the licensed institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.</p> <p>A) Provision for Redundancy</p> <p>It shall include benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. It also includes provision for employees' termination benefits like voluntary retirement scheme.</p> <p>B) Provision for Restructuring</p> <p>Restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganizations that restructuring that is recognized as per the requirement of NFRSs. Provision for the same shall be done.</p> <p>C) Pending Legal Issues and Tax Litigation</p> <p>It includes provisions for pending legal issues and tax litigation.</p>
3.7	<p>Revenue Recognition:</p> <p>Revenue are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value.</p>
3.8	<p>Share capital and reserves</p> <p>Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.</p> <p>Dividends on ordinary shares and preference shares classified as equity are recognised in equity in the period in which they are declared.</p> <p>Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.</p> <p>The reserves include retained earnings and other statutory reserves such as general reserve, assets revaluation reserve, capital reserve and other reserve etc.</p>



Notes to the Financial Statements

4.1 Cash & Cash Equivalent

Cash & Cash Equivalent has been shown at carrying value which is fair value. Balance with B/FIs includes balance maintained at various banks and financial institutions. Highly Liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Cash in Hand	-	-
Balances with B/FIs	20,000,000	-
Other	-	-
Total	20,000,000	-

4.2 Current Tax Assets/Liabilities

Current Income Tax Assets includes advance income tax paid under the self assesment tax returns by the bank as per Income Tax Act 2058 & tax deducted at source (TDS) on behalf of the Bank. Simialrly, the current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Current tax assets	-	-
Current year income tax assets	-	-
Tax assets of prior periods	-	-
Current tax liabilities	-	-
Current year income tax liabilities	-	-
Tax liabilities of prior periods	-	-
Total	-	-

4.3 Investment Properties

KBL Securities Ltd. doesnot not own any investment properties as on reporting date.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Investment Properties measured at Fair value	-	-
Balance as on shrawan 1,	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment Properties Measured at Cost	-	-
Balance as on shrawan 1,	-	-
Addition/disposal during the year	-	-
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	-	-
Total	-	-

4.4 Property & Equipment

KBL Securities Ltd does not own any Property & Equipment as on reporting date.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Cost		
Balance as on Ashad end 2076	-	-
Addition during the Year	-	-
Acquisition	-	-
Capitalization	-	-
Disposal during the year	-	-
Adjustment/Revaluation	-	-
Balance as on Ashad end 2077	-	-
Depreciation and Impairment		-
As on Shrawan 1, 2076	-	-
Depreciation charge for the Year	-	-
Impairment for the year	-	-
Disposals	-	-
Adjustment	-	-
As on Ashad end 2077	-	-
Capital Work in Progress	-	-
Net Book Value	-	-
As on Ashad end 2076	-	-
As on Ashad end 2077	-	-

4.5 Goodwill and Intangible Assets

KBL Securities Ltd does not have any Goodwill & Intangible Assets as on reporting date.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Cost		
Balance as on Ashad end 2076		-
Addition during the Year		-
Acquisition	-	-
Capitalization	-	-
Disposal during the year	-	-
Adjustment/Revaluation	-	-
Balance as on Ashad end 2077	-	-
Amortization and Impairment		-
As on Ashad end 2076		-
Amortization charge for the Year	-	-
Impairment for the year	-	-
Disposals	-	-
Adjustment	-	-
As on Ashad end 2077	-	-
Capital Work in Progress	-	-
Net Book Value		-
As on Ashad end 2076	-	-
As on Ashad end 2077	-	-



4.6 Deferred Tax

Deferred Tax is recognised as per the provisions of NAS 12, Income Taxes.

Deferred tax on temporary differences on following items	As on Ashad 31, 2077	
	Deferred Tax Assets	Deferred Tax Assets/(Liabilities)
Property & equipment	-	-
Employees' defined benefit plan	-	-
Lease liabilities	-	-
Provisions	-	-
Other temporary differences	-	-
Carry forward losses	30,645	30,645
Deferred tax on temporary differences	30,645	30,645
Deferred tax on carry forward of unused tax losses	-	-
Deferred tax due to changes in tax rate	-	-
Net Deferred tax asset/(liabilities) as on Ashad end of 2077 (Closing F.Y 76-77)	30,645	30,645
Deferred tax(asset)/liabilities as on Shrawan 1, 2076. (Opening F.Y 75-76)		
Origination/(Reversal) during the year		30,645
Deferred tax expense/(income) recognised in profit or loss		30,645
Deferred tax expense/(income) recognised in other comprehensive income		-
Deferred tax expense/(income) recognised in directly in equity		-

4.7 Other Assets

KBL Securities Ltd does not have other assets as on reporting date.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Assets held for sale	-	-
Bills receivable	-	-
Accounts receivable	-	-
Accrued income	-	-
Prepayments and Deposit	-	-
Others	-	-
Total	-	-

4.8 Provisions

KBL Securities Ltd does not have provisions as on reporting date.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

4.9 Other Liabilities

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Liability for long-service leave	-	-
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	-	-
Liabilities under Finance Lease	-	-
Provision for Audit Fee	27,875	-
Employee bonus payable	-	-
Other	-	-
Liabilities under Operating Lease	-	-
Employees Provident Fund Payable	-	-
TDS Payable	375	-
Other Payable-(Kumari Bank Ltd)	73,900	-
Total	102,150	-

4.10 Share capital

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Ordinary shares		
Ordinary Equity Share Capital	20,000,000	-
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Total	20,000,000.00	-
Authorized Capital		
a) 500,000 Ordinary Shares of Rs.100 each	50,000,000	-
b) ... Non- redeemable preference shares of Rs.each	-	-
c) ... Redeemable Preference Shares of Rs.each	-	-
Issued capital		
a) 200,000 Ordinary Shares of Rs.100 each	20,000,000	-
b) .. Non- redeemable preference shares of Rs.each	-	-
c) Redeemable Preference Shares of Rs.each	-	-
Subscribed and paid up capital		
a (i) 200,000 Ordinary Shares of Rs.100 each	20,000,000	-
b) ... Non- redeemable Preference Shares of Rs. ...each	-	-
c) Redeemable Preference Shares of Rs.each	-	-
Total	20,000,000	-



4.11 Reserves

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Capital Redemption Reserve	-	-
Capital Reserve	-	-
Assets Revaluation Reserve	-	-
Actuarial Gain	-	-
Special Reserve	-	-
Other Reserve	-	-
Total	-	-

4.12 Contingent Liability

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. Where the entity undertakes to make a payment on behalf of its customers for guarantees issued for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities

Where the company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not and the company has not made payments at the reporting date, those instruments are included in these financial statement as commitments. KBL Securities Ltd does not have contingent liability to be disclosed as on reporting date.

4.13 Commission Income

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Purchase Transaction Income	-	-
Sales Transaction Income	-	-
Total interest income	-	-

4.14 Other Business Income

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Interest Income	-	-
Other Miscellaneous Income	-	-
Total interest expense	-	-

4.15 Personnel Expense

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Salary	-	-
Allowance	-	-
Gratuity Expense	-	-
Provident fund	-	-
Uniform	-	-
Training & Development Expense	-	-
Leave Encashment	-	-
Medical	-	-
Insurance	-	-
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expenses	-	-
Other expenses related to staff	-	-
Sub total	-	-
Employees Bonus	-	-
Grand Total	-	-

4.16 Other Operating Expense

All operating expenses other than those relating to personnel expense are recognized and presented under this account head.

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Directors' fee	-	-
Directors' expense	-	-
Auditors' remuneration	28,250	-
Other audit related expense	-	-
Registration Fee	40,000	-
Professional and legal expense	33,900	-
Office administration expense	-	-
Operating lease expense	-	-
Onerous lease provisions	-	-
Other	-	-
Total	102,150	-

4.17 Depreciation & Amortisation

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Depreciation on property and equipment	-	-
Depreciation on investment property	-	-
Amortisation of intangible assets	-	-
Total	-	-

4.18 Non operating income

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Other income	-	-
Total	-	-

4.19 Non operating expense

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
Total	-	-

4.20 Income Tax Expense

Particulars	As on Asad 31, 2077	As on Asad 31, 2076
Current tax expense	-	-
Current year	-	-
Adjustments for prior years	-	-
Net Current Tax	-	-
Deferred tax expense	-	-
Origination and Reversal (TD)	30,645	-
Changes in tax rate	-	-
Recognition of previously unrecog tax losses	-	-
Net Deferred Tax	30,645	-
Total income tax expense	30,645	-



4.21 Related parties disclosures

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether price is charged. Following are the related party and transactions occurred with them.

Following has been identified as Related Parties for company under NAS 24 Related Parties:

- a. Directors
- b. Key Management Personnel of the company
- c. Relatives of Directors and Key Managerial Personnel

Name	Relationship
Manish Timilsina	Director
Ram Chandra Khanal	Director
Aswin Babu Shrestha	Key Management Personnel

4.23 Events after reporting date:

Events after Reporting Period are those that occur between the end of the reporting period and when the financial statements are authorized for issue.



नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग



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

प.सं: वै.सु.वि./अफसाइट/एजिएम/०७/२०७७/०७८

मिति : २०७७/०८/०४

कुमारी बैंक लिमिटेड,
टंगाल, काठमाडौं

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

महाशय

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातहरूका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरू पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,३५,८४,२५,३६७.३५ (अक्षरेपि एक अर्ब पैतीस करोड चौरासी लाख पन्चिस हजार तीन सय सत्सठ्ठी र पैसा पैतीस मात्र) बराबरको बोनस शेयर वितरण गर्न र रु.३९,४३,८१,५५८.२६ (अक्षरेपि उन्नचालीस करोड त्रिचालिस लाख एकासी हजार पाँच सय अन्ठाउन्न र पैसा छव्विस मात्र) बराबरको कर प्रयोजन सहितको नगद लाभांश वितरण गर्न अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७६/७७ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- प्रारम्भिक लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका सम्पूर्ण कैफियतहरू पूर्णरूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।
 - बैंक तथा वित्तीय संस्था सम्बन्धि ऐन २०७३ को दफा ११ को उपदफा ३ मा बैंकको चुक्ता पूँजीको २ प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरूले आफुले धारण गरेको 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 शेयरधनीहरू रहेमा त्यस्ता संस्थापक शेयरधनीहरूलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रूपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर 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 संस्थाहरूमा चुक्ता पूँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूले आफ्नो शेयर सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

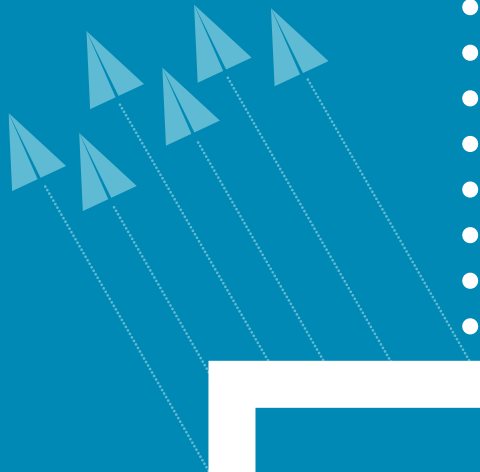
भवदीय

(मिलन राई)

उप-निर्देशक

बोधार्थ

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



KBL Networks





Our Branches

Province 1

Bargachhi Branch

Biratnagar Metropolitan,
Ward No. 5, Bargachhi, Morang
Tel: 021-461388

Belaka Branch

Belaka -9, Rampur, Udayapur
Mobile: 9807321234

Biratnagar Branch

Goshwara Road, Biratnagar-9,
Morang, Byapaar Sangh Building
Tel: 021-577101/02/03/04

Birtamod Branch

Purano Bhadrapur Line, Anarmani,
Jhapa
Tel: 023-541028

Chandragadhi Branch

Bhadrapur Municipality,
Chandragadhi, Jhapa, Province 1
Tel: 023- 456026/ 27

Chisankhugadhi Branch

Chisankhugadhi, Rural Municipality - 5
Serna, Okhaldhunga
Mobile : 9860748484/9842330733

Damak Branch

Damak Municipality, Ward No. 6,
Damak, Jhapa
Tel: 023-582580

Fikkal Branch

Suryodaya Municipality, Ward No. 10,
Fikkal, Ilam, Ilam, Province 1
Tel: 027-540632/33
Mobile : 9852054779

Inaruwa Branch

Inaruwa Municipality, Inaruwa,,
Sunsari, Province 1
Tel: 025- 590120/ 21

Itahari Branch

Pathivara Market, Itahari, Sunsari
Tel: 025-586659/ 61

Lukla Branch

Khumbu Passanglamu Rural
Municipality, Ward No. 02,
Lukla, Solukhumbu
Mobile: 9813036097

Namche Branch

Namche Bazar, Solukhumbu
Tel: 038-540414

Okhaldhunga Branch

Ram Bazar, Okhaldhunga-4
Tel: 037-520626

Pathari Branch

Pathari Sanischare Municipality,
Ward No. 1, Pathari, Morang
Tel: 021-556127/137

Urlabari Branch

Itahara Road, Urlabari-4, Morang
Tel: 021-541901/ 02

Province 2

Barahathawa Branch

Barahathawa Municipality,
Ward No. 07, Barahathawa, Sarlahi
Tel: 046-540387

Bardibas Branch

Bardibas Municipality, Ward No. 01
Bardibas, Mahottari
Tel: 044-550558/580/680

Bhangaha Branch

Bhangaha-5, Mahottari
Mobile: 9841521424

Birgunj Branch

Ghadiarwa, Birgunj, Parsa
Tel: 051-524812/13

Chandrapur Branch

Chandrapur Municipality, Ward No.
04, Chandrapur, Rautahat
Tel: 055-540006/ 07

Dryport Branch

Sirsiya, Parsa
Tel: 051-590022

Hariwon Branch

Hariwon Municipality, Ward No. 11,
Hariwon, Sarlahi
Mobile: 9851147100

Janakpur Branch

Janakpurdham Sub-Metropolitan
City, Dhanusa, Province 2
Tel: 041-590092/ 093

Jitpur Branch

Jitpur Simara Sub-Metropolitan City,
Ward Nos. 07, Jitpur, Bara
Tel: 053-412275/76

Lahan Branch

Lahan Municipality, Ward No. 2,
Lahan, Siraha
Tel: 033-561758/59

Mahendranagar Branch

Mahendranagar-5, Dhanusa
Tel: 041-540351

Malangwa Branch

Malangwa Municipality, Ward No. 09,
Malangwa, Sarlahi
Mobile: 9801660025

Nijgadh Branch

Nijgadh-7, Bara
Tel: 053-540483

Rajbiraj Branch

Rajbiraj Municipality, Ward No. 7,
Rajbiraj, Saptari, Saptari, Province 2
Tel: 031-520272/ 73

Sirsiya Branch

Birgunj Metropolitan City, Ward No.25,
Sirsiya, Dryport, Parsa
Tel: 051-590410/432

Province Bagmati (Inside Valley)

Aalapot Branch

Kageshowari Manahara Municipality,
Ward No. 2, Aalapot, Kathmandu
Tel: 01-4156779/798

Bagmati Branch

Bagmati Gaupalika - 5 Gha,
Bhattedanda, Lalitpur
Tel: 01-6227411

Balaju Branch

Balaju Bypass, Kathmandu, Bagmati
Province
Tel: 01-4382180

Banepa Branch

Surya Bhawan, Banepa-8 (Near Bus
Park), Kavrepalanchok, Bagmati
Province
Tel: 011-661298/ 1309

Baneshwor Branch

Old Baneshwor, Kathmandu
Tel: 01-4462601/71

Basundhara Branch

Basundhara Chauki, Basundhara -3,
Kathmandu, Bagmati Province
Tel: 01-4356708 ; 01-4353609

Bhaktapur Branch

Dudhpati-01, Bhaktapur, Bagmati
Province
Tel: 01-6620045, 6641300

Boudha Branch

Boudha, Kathmandu
Tel: 01-4913075/ 76

Budhanilkantha Branch

Narayanthan Milan Chowk
Budhanilkantha, Kathmandu
Tel: 01-4377718

Byasi Branch

Bhaktapur Municipality, Byasi,
Bhaktapur, Bagmati Province
Tel: 01-6612257/ 261

Chabahil Branch

Chuchepati, Chabahil, Kathmandu
Tel: 01-4474299

Durbarmarg Branch

Annapurna Arcade,
Durbarmarg, Kathmandu
Tel: 01-4221314/6644

Gatthaghar Branch

Madhyapur Thimi
Municipality, Ward
No. 3, Gatthaghar,
Bhaktapur
Tel: 01-5903941/42

Golfutar Branch

Golfutar,
Kathmandu
Tel: 01-
4378873

Gongabu Branch

Lhotse Mall, Gongabu,
Kathmandu
Tel: 01-4385456/807/809

Imadol Branch

Mahalaxmi Municipality,
Ward No. 04, Imadol, Lalitpur
Tel: 01-5202157/ 177

Jagati Branch

Jagati Chowk, Bhaktapur
Tel: 01-6616006/ 007

Jhamsikhel Branch

Jhamsikhel, Lalitpur Metropolitan-3
Tel: 01-5522080/ 81

Kalanki Branch

Purano Kalimati, Kalanki, Kathmandu
Tel: 01-5225394/ 400

Kalimati Branch

Kalimati, Kathmandu
Tel: 01-4270303/04/07

Kirtipur Branch

Kirtipur Municipality, Ward No. 09,
Nayabazaar, Kirtipur
Tel: 01- 4330726/ 01- 4333164

Koteshwor Branch

Tinkune, Koteshwor, Kathmandu
Tel: 01-5199425/426

Kumaripati Branch

Kumaripati, Lalitpur
Tel: 01-5556025/ 26

Newroad, Dharmapath Branch

Fresh House Building, Dharmapath,
Newroad, Kathmandu, Bagmati
Province
Tel: 01-4221912, 4221915

Putalisadak Branch

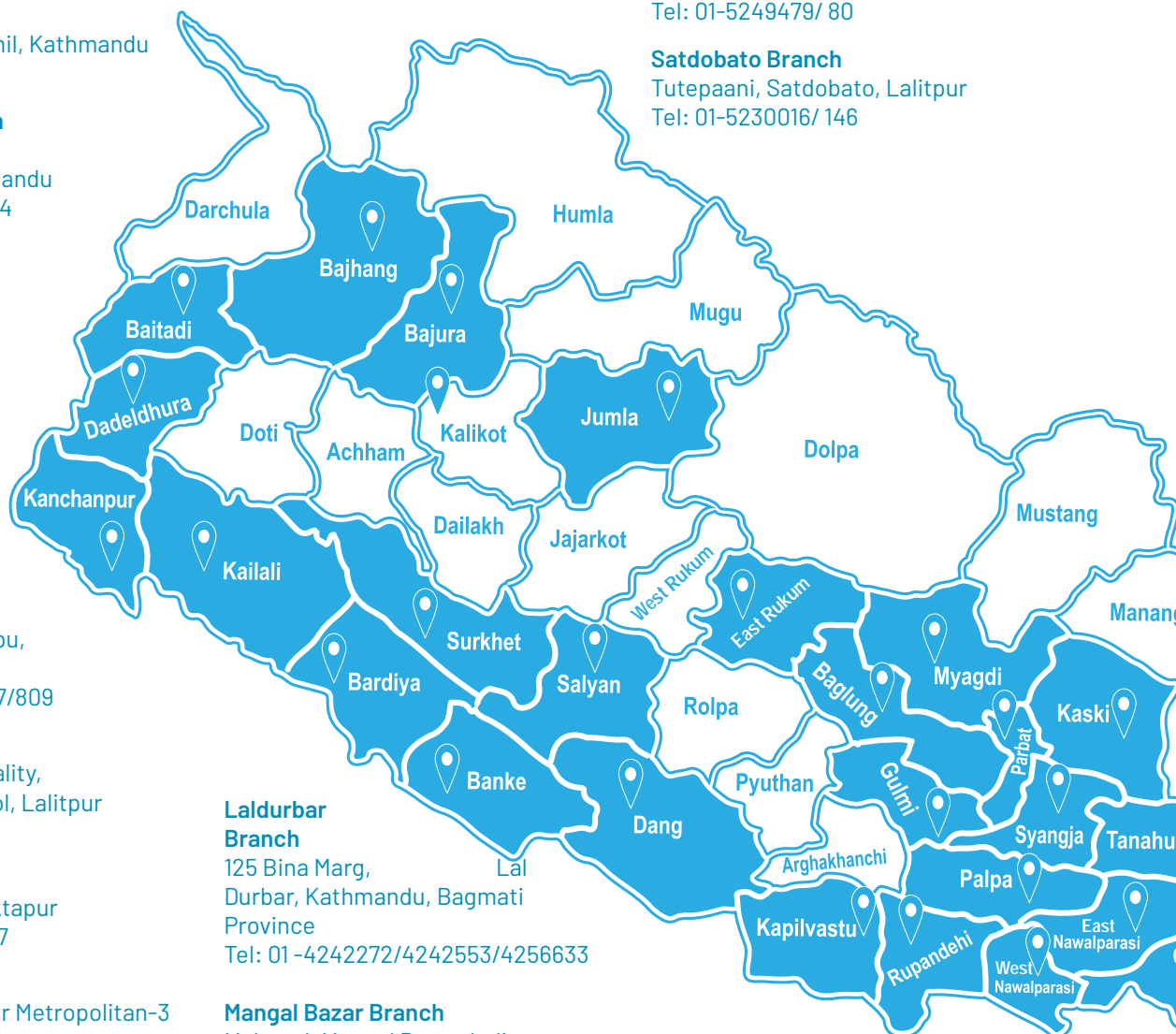
Putalisadak, Kathmandu
Tel: 01-4232112/113

Sanobharyang Branch

Namgyelchowk, Echangu
Sanobharyang, Kathmandu
Tel: 01-5249479/ 80

Satdobato Branch

Tutepaani, Satdobato, Lalitpur
Tel: 01-5230016/ 146

**Laldurbar Branch**

125 Bina Marg,
Durbar, Kathmandu, Bagmati
Province
Tel: 01-4242272/4242553/4256633

Mangal Bazar Branch

Mahapal, Mangal Bazar, Lalitpur
Tel: 01-5529701

Naxal Branch

Naxal, Kathmandu
Tel: 01-4427091/4429337

New Baneshwor Branch

New Baneshwor, Kathmandu
Tel: 01-4785654

New Road Branch

New Road, Kathmandu
Tel: 01-5713323/ 75/ 79/ 88/ 92
01-5713412/ 32/ 33/ 36/ 56

Tangal, Lalitpur Branch

Lalitpur - 19, Tangal, Lalitpur, Bagmati
Province
Tel: 01-5538011, 5548301

Thahity Branch

Thahity, Kathmandu
Tel: 01-4255005/4257141/
4258400

Thali Branch

Thali Chowk, Kathmandu
Tel: 01-4451285/431/486

Thamel Branch

Chhayadevi Complex, 3rd Floor
Tridevi Marga, Thamel
Tel: 01-5252022/ 23

Thimi Branch

Madhyapur Thimi - 7, Mill Road,
Bhaktapur, Bagmati Province
Tel: 01-6634098/832 ; 01-6635202

Tokha Branch

Tokha Grande Hospital Road,
Kathmandu
Tel: 01-4986827

**Bagmati Province
(Outside Valley)****Amachhodingbo Branch**

Amachhodingbo Gaupalika -5,
Chilime, Rasuwa
Molibe: 9808133434

Battar Branch

Bidur Municipality -4, Battar Bazaar,
Nuwakot, Bagmati Province
Tel: 010-561739, 561740

Bharatpur Branch

Bharatpur Metropolitan City - 10,
Synergy Road,, Chitwan, Bagmati
Province
Tel: 056-532308/532328/532329

Dharke Branch

Dhunibeshi Municipality-6, Dharke
Bazar,, Dhading, Bagmati Province
Tel: 010-414027

Dhulikhel Branch

Dhulikhel Bus Park,, Kavrepalanchok,
Bagmati Province
Tel: 011-490614

Futung Branch

Tarakeshwor Municipality,
Kathmandu, Bagmati Province
Tel: 01-5189020/ 21

Geetanagar Branch

Bharatpur -6, Chowk Bazaar, Chitwan,
Bagmati Province
Tel: 056-400048

Hakimchowk Branch

Bharatpur Metropolitan City,
Hakimchowk, Chitwan, Bagmati
Province
Tel: 056-522637/ 430

Hetauda Branch

Nayasadak, Hetauda Sub-
Metropolitan-04
Tel: 057-524143/243

Jalbire Branch

Jalbire VDC - 4,, Sindhupalchok,
Bagmati Province
Tel: 011- 403051

Kholesimal Branch

Kalika - 6, Kholesimal Bazaar,
Narayangarh, Chitwan, Bagmati
Province
Tel: 056-413004/5

Kuhsadevi Branch

Panauti - 2, Kushadevi Bazaar,
Kavrepalanchok, Bagmati Province
Tel: 011-405104/105/106

Lankoo Branch

Dharamchowk, Bharatpur, Chitwan,
Bagmati Province
Tel: 056-531850/531860

Madi Branch

Madi - 3, Basantaur,, Chitwan,
Bagmati Province
Tel: 056-501082

Mahadevbesi Branch

Mahadevbesi,, Dhading, Bagmati
Province
Tel: 010-415003

Malekhu Branch

Benighat-1, Malekhu, Baikunthapuri,,
Dhading, Bagmati Province
Tel: 010-400021, 400022

Mangalpur Branch

Mangalpur Chowk, Bharatpur,
Chitwan, Bagmati Province
Tel: 056-591713

Melamchi Branch

Melamchi Municipality, Ward No. 11,
Melamchi, Sindhupalchok
Tel: 011-401087/97

Narayangadh Branch

Kamalnagar Chowk, Bharatpur,
Chitwan
Tel: 056-571092

Naya Parsa Branch

Khairahani Municipality,
Ward No. 8, Naya Parsa,
Chitwan
Tel: 056-583326/27

Panchkhal Branch

Panchkhal - 3, Tamaghat,,
Kavrepalanchok,
Bagmati Province
Tel: 011-499048

Chanauli Branch

Gunjanagar - 4,, Chitwan, Bagmati
Province
Tel: 056-592486

Dhading Besi Branch

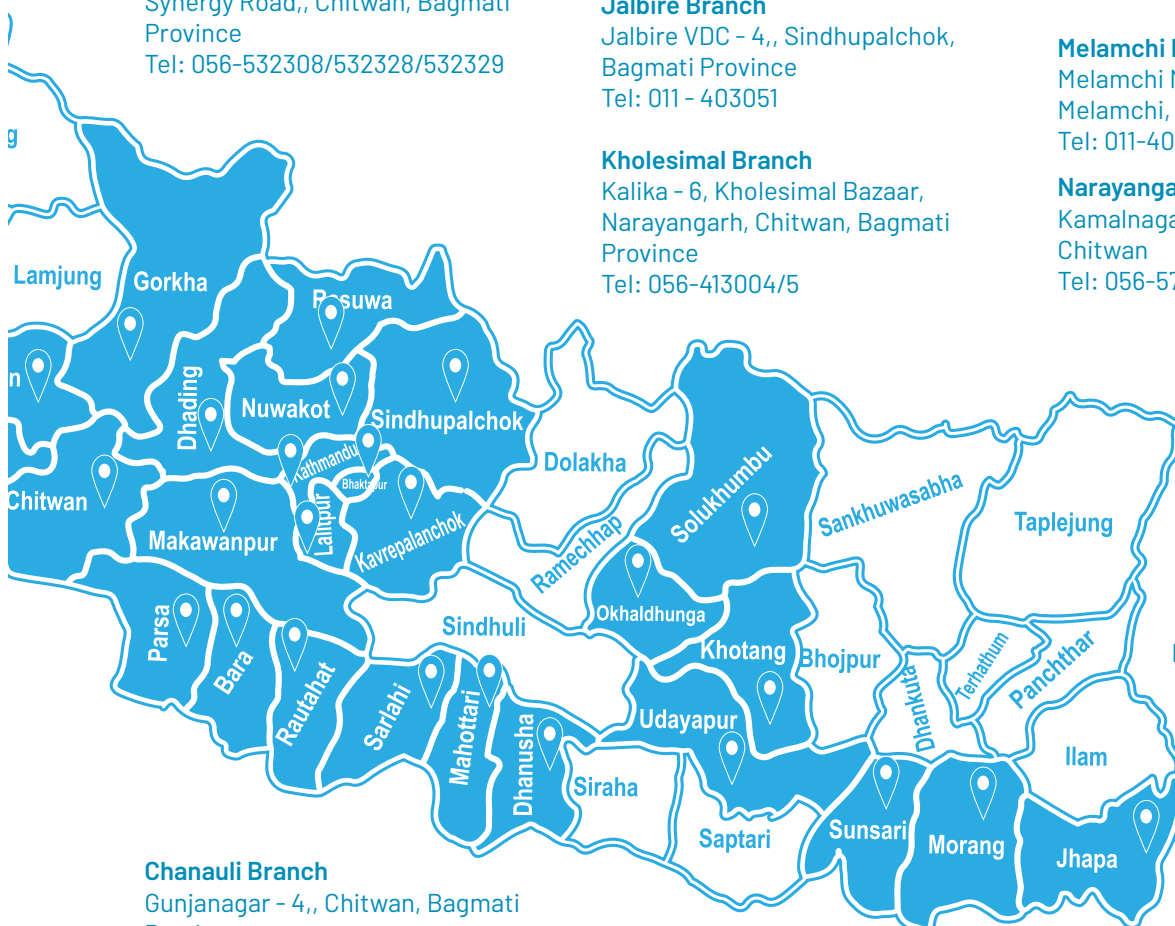
Nilkantha Municipality-3, Dhadingbesi
Bazar, Dhading, Bagmati Province
Tel: 010-521065/ 67

Kuntabesi Branch

Kuntabesi, Kavre, Kavrepalanchok,
Bagmati Province
Tel: 011-412044

Purano Parsa Branch

Khairahani Municipality, Ward No. 06,
Purano Parsa, Chitwan
Tel: 056-582639/ 582649



Sauraha Branch

Hattichowk, Ratna Nagar - 6, Chitwan
Tel: 056-580491

Siddhalekh Branch

Siddhalekh Gaupalika -4, Bungchung,
Dhading
Tel: 01-6227413

Tandi Branch

Ratnanagar - 2, Tandi, Chitwan,
Bagmati Province
Tel: 056-563066, 056-563067

Timure Branch

Gosaikunda Rural Municipality,
Timure, Rasuwa, Rasuwa, Bagmati
Province
Tel: 010-543119

Gandaki Province**Amarsingh Chowk Branch**

Pokhara Metropolitan City, Amarsingh
Chowk, Kaski, Gandaki Province
Tel: 061- 430523/24

Arungkhola Branch

Nayabelhani-8, Nawalparasi,
Nawalpur, Gandaki Province
Tel: 078-555296/ 297

Baglung Branch

Mahendrapath, Baglung
Tel: 068-522472/473

Beni Branch

Beni Bazar, Myagdi
Tel: 069-520151/ 963

Bhimad Branch

Bhimad Municipality, Ward No. 6,
Bhimad, Tanahun
Tel: 065-572480

Birauta Branch

Birauta, Pokhara - 17, Kaski
Tel: 061-467760/ 61

Chumnumbri Branch

Chumnumbri Gaupalika -3, Filim
Gorkha, Gandaki
Tel: 01-6227410

Daldale Branch

Devchuli - 13, Daldale, Nawalpur,
Gandaki Province
Tel: 078-575546/575548

Damauli Branch

Vyas-02, Shree tole, Damauli
Tel: 065-561787

Dulegaunda Branch

Shuklagandaki Municipality-04,
Uniquechowk, Dulegaunda, Tanahun
Tel: 065-414304/325

Gaidakot Branch

Gaidakot Municipality, ward Nos. 04,
Gaidakot, Nawalparasi
Tel: 078-501850/502500

Ghiring Branch

Ghiring Gaupalika -3, Manpur, Tanahun
Tel: 065-620003

Gorkha Branch

Gorkha Municipality , Ward No. 06,
Gorkhabazar, Gorkha
Tel: 064-420781

Harinash Branch

Harinash Gaupalika - 4, Chittre
Bhanjyang, Syangja
Tel: 063-620004

Kawasoti Branch

Sabhapati Chowk, Kawasoti-5,
Nawalparasi
Tel: 078-541166/67

Kushma Branch

Melmilaap Chowk, Kushma
Tel: 067-421145

Lakeside Branch

Lakeside, Pokhara, Kaski
Tel: 061-468123/ 24/ 25

Lekhnath Branch

Pokhara Metropolitan City, Kaski,
Gandaki Province
Tel: 061-562014/15

Pokhara Branch

BBC Building, B P Chowk,
Chiplehunga, Pokhara, Kaski
Tel: 061-540266/ 67

Pragatinagar Branch

Devchuli Municipality, ward Nos. 15,
pragatinagar, Nawalparasi
Tel: 9849034950

Rishing Branch

Rishing Gaupalika -2, Pokhari,
Tanahun
Tel: 065-620002

Syangja Branch

Putalibazar-1, Syangja
Tel: 063-420370/ 71

Waling Branch

Waling Nagarpalika, Syangja
Tel: 063-440310

Province 5**Bansgadhi Branch**

Bansgadhi Nagarpalika, Bardia
Tel: 084-400179/ 181

Bardaghat Branch

Bardaghat Municipality -Nawalparasi
West, Parasi District
Tel: 078-590974/ 975

Bahadurjung Branch

Krishnanagar-8, Kapilvastu

Tel: 076-530190

Bhairahawa Branch

Narayanpath, Siddharthanagar - 8,
Rupandehi
Tel: 071-521008/009

Bhalubang branch

Bhalubang
Tel: 082-415145

Bhumahi Branch

Sunwal Municipality, Ward Nos. 1 2,
Bhumahi, Nawalparasi
Tel: 078415425

Bijauri branch

Main Road, Bijauri
Tel: 082-411146

Butwal Branch

Rammandir Line, Butwal-6,
Rupandehi
Tel: 071-551546/547

Chandrauta Branch

Main Chowk, Chandrauta, Kapilvastu
Tel: 076-540433

Chisapani Branch

Baidanath - 1, Chisapani (Opposite to
NGMC Gate)
Tel: 081-401050

Driver Tole Branch

Tillotama-4, Driver Tole, Rupandehi
Tel: 071-414350/403

Gadhawa Branch

Main Road, Gadhawa
Tel: 082-410007,082-410002

Ghorahi Branch

Sahid Gate Marg, Ghorahi
Tel: 082-560732, 082-561579

Hapure Branch

Babai - 4, Hapure
Tel: 082-403032/ 033, 9847879431

Hospital road Branch

Ghorahi Sub Metropolitan, Hospital
Road,
Tel: 082-561559

Jitpur (Kapilvastu) Branch

Banaganga Municipality, Ward No. 01,
Jitpur, Kapilvastu
Tel: 076-550446 /447

Kaligandaki Branch

Kaligandaki Gaupalika - 4, Purtighat,
Gulmi
Tel: 075-620021

Khaireni Branch

Debdaha Municipality -7, Rupandehi

Khajura Branch



Khajura - 3
Tel: 081-560457

Kohalpur Branch

New Road Chowk, Kohalpur-11, Banke
Tel: 081-541264

Lamahi Branch

Main Road, Lamahi
Tel: 082-540432

Magargadhi Branch

Magargadhi - 6
Tel: 084-404119/120

Murgiya Branch

Sainamaina Municipality, Murgiya,
Rupandehi
Tel: 071-440312/ 316

Narayanpur Branch

Narayanpur, Ghorahi, Dang
Tel: 082-530258/ 59

Nepalgunj Branch

Dhambhoji chowk, Nepalgunj-1,
Bank e
Tel: 081-528062/ 63

Nepalgunj, karkando Branch

Pushpa Lal Chowk, Nepalgunj
Tel: 081-521380/520176

Palpa Branch

Tansen-4, Makkhan Tole, Palpa
Tel: 075-522690

Parasi Branch

Ramgram Municipality, Ward No. 3,
Parasibazaar, Nawalparasi
Tel: 078-520391/ 392

Ridi Branch

Ridi Bazar, Gulmi
Tel: 079-400098

Rimjhim Branch

Khajura Gaun Palika - 2, Rimjhim
Bazaar
Mobile: 9848126095

Samjhana bazaar Branch

Baijanath - 6, Samjhana Bazar
Tel: 081-413080/ 081

Shamsergunj Branch

Rapati Sonari - 8, Shamsergunj
Tel: 081-400062

Sishaniya Branch

Sishaniya
Tel: 082-402055

Sukrapath Branch

Sukrapath, Butwal -10, Rupandehi
Tel: 071-543924

Taratal Branch

Taratal-6, Sanoshree
Tel: 084-440261/30

Thakurbaba Branch

Thakurbaba, Bardiya
Tel: 084-403203/ 04

Tulsipur Branch

"Ka" Line, Tulsipur-5, Dang
Tel: 082-521775/ 76

Karnali Province

Babiachaur Branch

Babiachaur-1, Surkhet
Tel: 083-416031/032

Birendranagar Branch

Birendranagar Municipality-4,
Arichowk, Surkhet, Karnali Province
Tel: 083-522474/522310/521557

Kanakasundari Branch

Kanakasundari Gaupalika -3,
Gothijiula, Jumla, Karnali
Mobile: 9749027688

Kapurkot Branch

New Road, Kapurkot-3, Salyan
Tel: 088 - 410011

Mehelkuna Branch

Mehelkuna-1, Surkhet
Tel: 083-410003

Musikot Khalanga Branch

Tallao Bazar, Musikot-1, Khalanga,
Rukum
Tel: 088-530308

Salyan Branch

Khalanga-5, Old Buspark, Salyan
Tel: 088-520317/ 18

Surkhet Branch

Tallo Bazzar, Birendra Nagar
Surkhet
Tel: 083-521256/2256

Sudurpashchim Province

Attariya Branch

Godawari Municipality Ward No. 02,
Mahendranagar Road, Attariya, Kailali
Tel: 091-551334/088

Belaury Branch

Belaury Na. Pa. 6, Kanchanpur
Tel: 099-580099

Budar Branch

Chhatiban VDC, Budar, Doti,
Sudurpashchim Province
Tel : 094-410039/40

Campus Chowk Branch

Campus Chowk, Dhangadhi-8, Kailali
Tel: 091-522869

Chandani Dodhara Branch

Dodhara Chandani, Na. Pa. 5
Kanchanpur
Tel: 099-400001

Chhabispathivera Branch

Chhabispathivera Gaupalika
Byasi, Bajhang
Mobile: 9848721893

Dadeldhura Branch

Amargadhi Na. Pa. 5 Bagbazaar
Tel: 096-420423

Dhangadi Branch

Ratopul, Dhangadi-7, Kailali
Tel: 091-526036/037

Dilasaini Branch

Dilasaini Gaupalika - 9, Gokuleswor,
Baitadi
Tel: 093-400015

Durgathali Branch

Durgathali Gaupalika
Chaudhaari, Bajhang
Mobile: 9869910793

Gaumul Branch

Gaumul Rural Municipality, Ghatmuna,
Bajura, Sudurpashchim Province
Mobile: 9858750312

IBRD

Bazaar line, IBRD, Kanchanpur,
Sudurpashchim Province
Tel: 099-420010

Jhalari Branch

Jhalari Bazaar-7, Kanchanpur
Tel: 099-540171

Joshipur Branch

VDC Office Area, Joshipur, Kailali,
Sudurpashchim Province
Tel: 091-401072

Kanchanpur Branch

Campus Road-4,
Mahendranagar, Kanchanpur
Tel: 099-521365

Lamki Branch

Mainroad, Lamki, Kailali,
Sudurpashchim Province
Tel: 091-540201

Pahalmanpur Branch

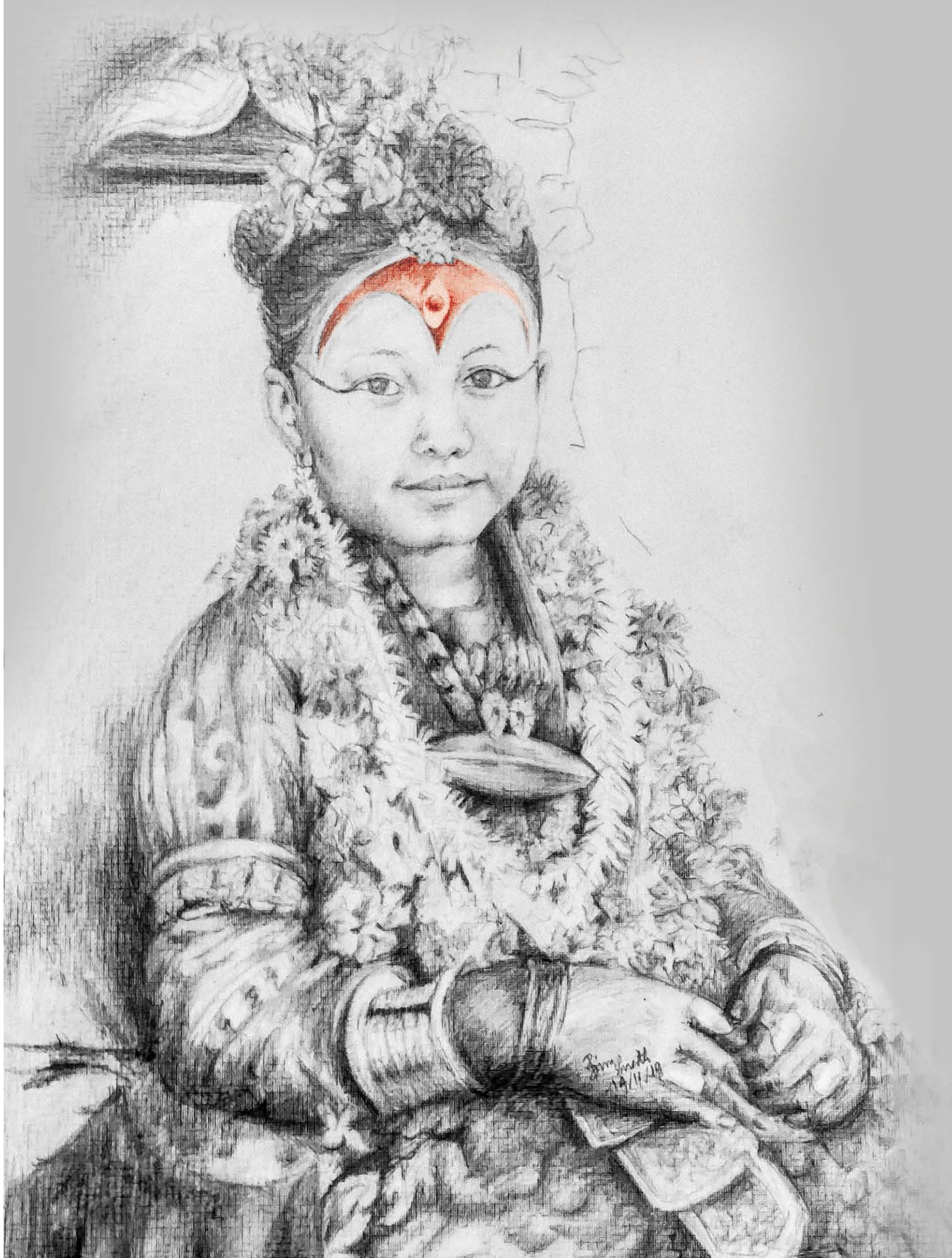
Main Road, Pahalmanpur, Kailali,
Sudurpashchim Province
Tel: 091-400080

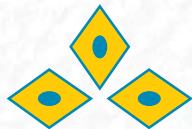
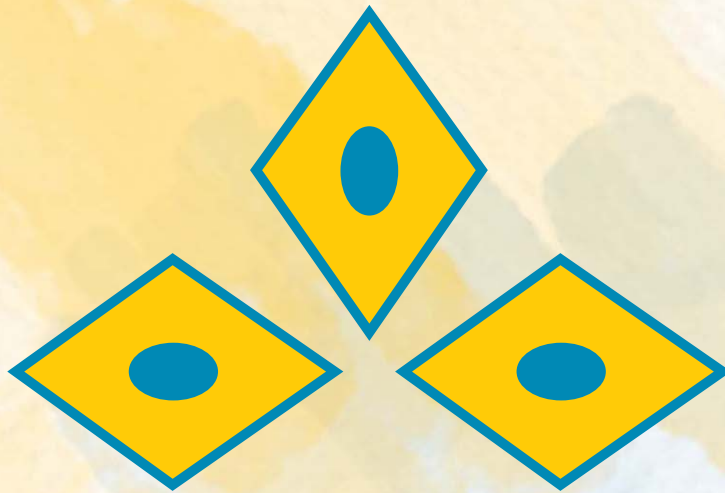
Thalara Branch

Thalara Rural Municipality, Ward
No. 5, Kholi, Bajhang, Bajhang,
Sudurpashchim Province
Mobile: 9851194405

Tikapur Branch

Hospital Line, Tikapur, Kailali,
Sudurpashchim Province
Tel: 091-560006/526007





कुमारी बैंक लिमिटेड

KUMARI BANK LIMITED

सबैका लागि, सधैंका लागि

(नेपाल राष्ट्र बैंकबाट “क” वर्गको ईजाजत पत्र प्राप्त संस्था)

Corporate Office:

Tangal, Thirbaum Sadak, Kathmandu, Nepal

Phone: 01-4443074-79

SWIFT: KMBLNPKA