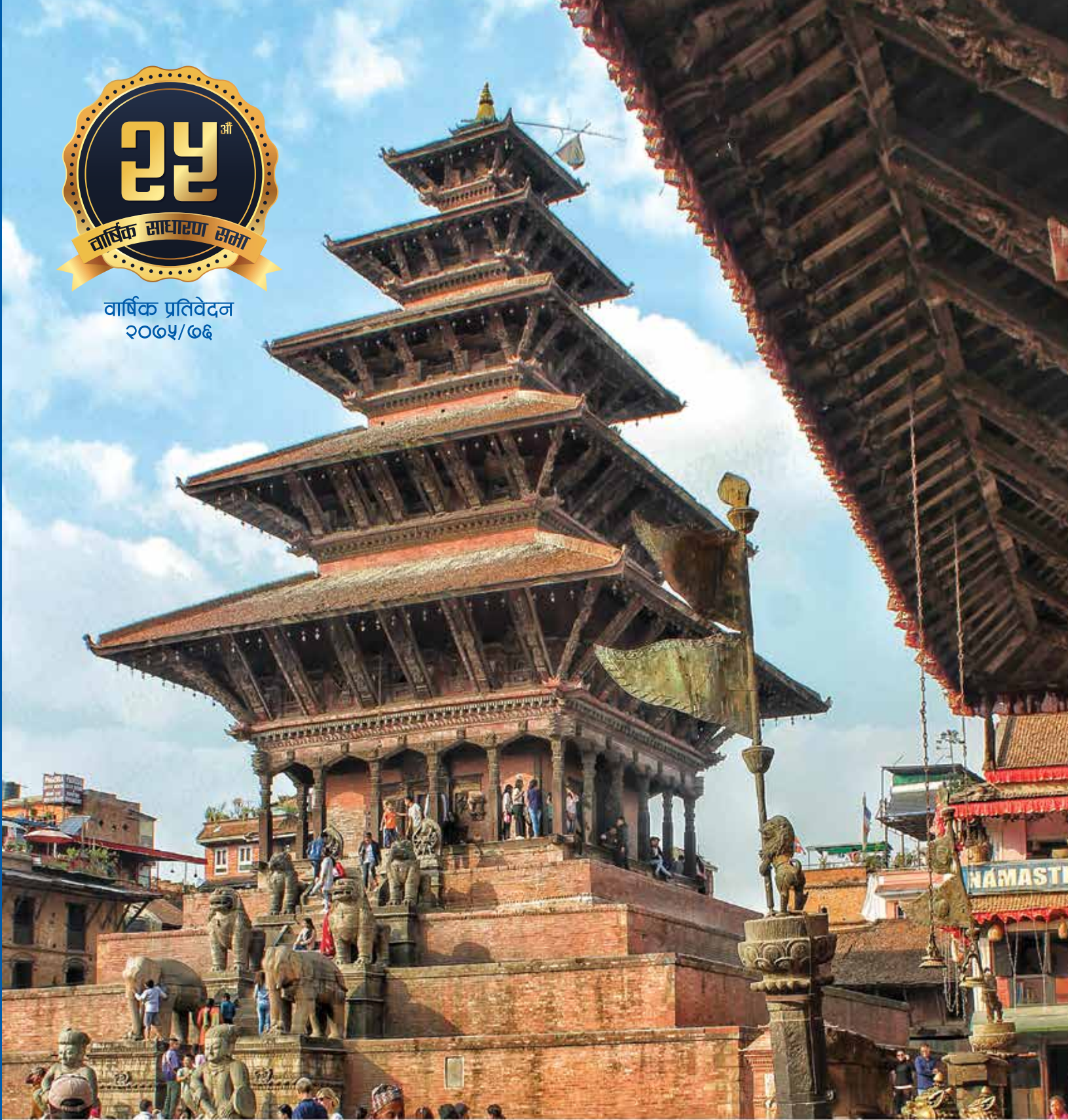




वार्षिक प्रतिवेदन
२०७५/७६



गुडविल फाइनान्स लिमिटेड (वित्तीय संस्था)

GOODWILL FINANCE LIMITED

नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतप्राप्त राष्ट्रियस्तरको संस्था

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साधारण सभा सम्बन्धी जानकारी

१. सभामा उपस्थित हुने शेयरधनीहरूले यो पुस्तिका साथमा लिई आउनु हुन अनुरोध छ ।
२. मिति २०७६ साल पौष १६ गते देखि मिति २०७६ साल पौष २९ गते सम्म संस्थाको शेयर नामसारी दाखिला खारेज बन्द गरिएको छ ।
३. शेयरधनी महानुभावहरूको सुविधाको लागि सभा हुने दिन अर्थात मिति २०७६ साल पौष २९ गते दिनको १०:०० बजे सभा स्थलमा उपस्थित जनाउने कार्यको लागि उपस्थित पुस्तिका राख्ने व्यवस्था मिलाईएको छ ।
४. प्रतिनिधि-पत्र ल्याउने व्यक्ति पनि यस संस्थाको शेयर धनी मध्येबाटै हुनु पर्नेछ । प्रतिनिधि पत्र सभा हुनु भन्दा ४८ घण्टा अगावै यस संस्थाको कार्यालयमा दाखिल भैसकेको हुनु पर्नेछ ।
५. नाबालक वा विक्षिप्त शेयरधनीहरूको तर्फबाट संरक्षकले सभामा भाग लिन वा शेयरधनीहरू मध्ये कै अन्य व्यक्तिलाई प्रतिनिधि तोक्न पाउने छन् । तर आफु संरक्षक भएको शेयरधनीहरूको बाहेक अरुको प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भागलिन पाउने छ ।
६. संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा लगत किताबमा पहिलो नाम उल्लेख भएका व्यक्ति वा सर्वसम्मत प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भागलिन पाउनेछ ।
७. एकै व्यक्तिले एक भन्दा बढी व्यक्तिलाई प्रतिनिधि-पत्र दिएको भएमा सबै प्रतिनिधि-पत्र रद्द हुने छन् ।
८. प्रतिनिधि-पत्र दिने शेयरधनी स्वयं सभामा उपस्थित भई उपस्थित किताबमा दस्तखत गर्नु भएमा प्रतिनिधि-पत्र दिइसकेको भएता पनि स्वतः बदर हुनेछ ।
९. प्रतिनिधि-पत्र पेश गर्नहुने शेयरधनी महानुभावले प्रतिनिधि-पत्र दिने शेयरधनीको नाम, शेयर प्रमाण पत्र नम्बर र शेयर कित्ता उल्लेख भएको सुची तयार गरी पेश गर्न पर्नेछ ।
१०. सभामा भाग लिन आउंदा शेयरधनी महानुभावहरूले प्रवेश-पत्र अथवा शेयर प्रमाण पत्र अनिवार्य रूपले ल्याउने पर्नेछ ।
११. शेयरधनी महानुभावहरूलाई सभाकक्ष भित्र व्याग तथा अन्य सर-समान नल्याउनु हुन अनुरोध गरिन्छ ।
१२. संचालक पदको निर्वाचन सम्बन्धि कार्यक्रम तथा जानकारी केन्द्रिय कार्यालय, हात्तिसार, काठमाडौंको सूचना पाटीमा टाँस गरिने छ ।
१३. अन्य जानकारीको लागि संस्थाको कर्पोरेट कार्यालय हात्तिसारमा सम्पर्क राख्न हुन अनुरोध गरिन्छ ।

विशेष अनुरोध : यस वित्तीय संस्थाले निष्काशन गरिएको हकप्रद शेयर तथा बोनस शेयरको प्रमाण-पत्र बुझिलिन बांकी रहेका शेयरधनी महानुभावहरूले स-प्रमाण सहित संस्थाको कर्पोरेट कार्यालय हात्तिसार वा साधारण सभा हुने कार्यकक्षमा सम्पर्क राखी बुझिलिन हुन हार्दिक अनुरोध गरिन्छ ।

साधारण सभाको सूचना

यस संस्थाको मिति २०७६/०९/०७ मा बसेको सञ्चालक समितिको ३४६ औं बैठकको निर्णय बमोजिम पचिसौ वार्षिक साधारण सभा निम्न लिखित मिति, समय र स्थानमा निम्न प्रस्ताव उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सबै शेयरधनी महानुभावहरूलाई उपस्थितको लागि हार्दिक अनुरोध गर्दछु।

क) सभा हुने मिति, समय र स्थान :

मिति : २०७६ साल पौष २९ गते मंगलवार (तदनुसार १४ जनवरी २०२०)

समय : बिहान ११:०० बजे

स्थान : गुडविल फाइनेन्स लिमिटेड, गुडविल कम्प्लेक्स, हात्तिसार काठमाडौं।

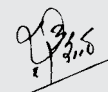
ख) छलफलका बिषयहरू :

- १) सञ्चालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन।
- २) लेखा परीक्षकको प्रतिवेदन सहित २०७६ आषाढ मसान्तसम्मको वासलात तथा आ.व.२०७५/०७६ को नाफा-नोक्सान हिसाव र नगद प्रवाह विवरण स्वीकृत गर्ने।
- ३) लेखा समितिको सिफारिस बमोजिम आ.व. २०७६/७७ को लागि लेखापरीक्षकको नियुक्ती र निजको पारिश्रामिक निर्धारण गर्ने। (वर्तमान लेखापरीक्षक श्री विदुर एशोसियेट्स पुनः नियुक्ती गर्न मिल्ने।)
- ४) संचालक समितिले सिफारिस गरे बमोजिम चुक्ता पूँजीको कर सहितको प्रति शेयर नगद लाभांश १०% (दश प्रतिशत) प्रतिशतका दरले जम्मा रु. ८,००,००,०००।०० (अक्षरेपी आठ करोड मात्र) नगद लाभांश वितरण गर्न प्रस्ताव पारित गर्ने।

विशेष प्रस्ताव :

- १) एक जना महिला सहित संस्थापक शेयरधनीहरूको तर्फबाट संचालक समितिमा प्रतिनिधित्व गर्ने संचालक पद ३ र सर्वसाधारण शेयरधनीहरूको तर्फबाट संचालक समितिमा प्रतिनिधित्व गर्ने संचालक पद ३ को निर्वाचन।
- २) संचालकको बैठक भत्ता, दैनिक तथा भ्रमण भत्ता बृद्धि गर्ने/गरे पश्चात सो को लागि नियमावलीमा संशोधन गर्न नियमन निकायबाट कुनै निर्देशन वा सुझाव दिएमा सोही अनुरूप आवश्यक समायोजन गर्न संचालक समितिलाई अधिकार प्रत्यायोजन गर्ने
- ३) विविध।

आज्ञाले



कम्पनी सचिव

साधारण सभा सम्बन्धी जानकारी

- १) मिति २०७६ साल पौष १६ गते देखि मिति २०७६ साल पौष २९ गते सम्म संस्थाको शेयर नामसारी दाखिला खारेज बन्द गरिएको छ।
- २) शेयरधनी महानुभावहरूको सुविधाको लागि सभा हुने दिन अर्थात मिति २०७६ साल पौष २९ गते दिनको १०:०० बजे सभा स्थलमा उपस्थित जनाउने कार्यको लागि उपस्थित पुस्तिका राख्ने व्यवस्था मिलाईएको छ।
- ३) संचालक पदको निर्वाचन सम्बन्धि कार्यक्रम तथा जानकारी केन्द्रिय कार्यालय, हात्तिसार, काठमाडौंको सूचना पाटीमा टाँस गरिने छ।
- ४) अन्य जानकारीको लागि संस्थाको कर्पोरेट कार्यालय हात्तिसारमा सम्पर्क राख्न हुन अनुरोध गरिन्छ।

विशेष अनुरोध: यस वित्तीय संस्थाले निष्काशन गरिएको हकप्रद शेयर तथा बोनस शेयरको प्रमाणपत्र बुझिलिन बाँकी रहेका शेयरधनी महानुभावहरूले स-प्रमाण सहित संस्थाको कर्पोरेट कार्यालय हात्तिसार वा साधारण सभा हुने कार्य कक्षमा सम्पर्क राखी बुझिलिन हुन हार्दिक अनुरोध गर्दै डिमाट खाता खोली दिन हुन अनुरोध गर्दछौं।

गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)
हात्तिसार, काठमाडौं

प्रस्तावित नियमावलीमा संशोधनको तीन महले

| नियम | साविकको व्यवस्था | दफा | सञ्चालक समितिको बैठकमा उपस्थित भए वापत समितिको अध्यक्षलाई रु. ७,९००। (अक्षरेपी सात हजार नौ सय रुपैया) र सञ्चालकलाई रु. ६,९००। (अक्षरेपी छ हजार नौ सय रुपैया) बैठक भत्ता दिइनेछ । | संशोधन औचित्य |
|-------|---|-------|---|---------------------------------------|
| २९(ख) | सञ्चालक समितिको बैठकमा उपस्थित भए वापत समितिको अध्यक्षलाई रु. ७,९००। (अक्षरेपी सात हजार नौ सय रुपैया) र सञ्चालकलाई रु. ६,९००। (अक्षरेपी छ हजार नौ सय रुपैया) बैठक भत्ता दिइनेछ । | २९(ख) | सञ्चालक समितिको बैठकमा उपस्थित भए वापत समितिको अध्यक्षलाई रु. १२,०००। (अक्षरेपी बाह्र हजार रुपैया) र सञ्चालकलाई रु. १०,०००। (अक्षरेपी दश हजार रुपैया) बैठक भत्ता दिइनेछ । | समयानुसार संशोधन गर्नु पर्ने भएकोले । |
| २९(ग) | वित्तीय संस्थाको कामको सिलसिलामा सञ्चालकलाई प्रदान गरिने दैनिक तथा भ्रमण भत्ता देहाय बमोजिम हुनेछ । होटल खर्च तथा अन्य खर्च वापतको दैनिक भत्ता पद एरिया १ एरिया २ एरिया ३ (अमेरिकी डलर) (भा.रु.) (ने.रु.) अध्यक्ष १०० ५,००० ४,००० अन्य खर्च २५ १,००० १,५०० सञ्चालक ९० ४,००० ३,५०० अन्य खर्च २५ ८०० १,००० खाना खर्च वापतको दैनिक सुविधा पद एरिया १ एरिया २ एरिया ३ (अमेरिकी डलर) (भा.रु.) (ने.रु.) अध्यक्ष ७५ १,२५० २,००० सञ्चालक ६५ १,००० १,५०० माथि उल्लेख गरिए बाहेक भ्रमण गर्दा लाग्ने हवाई टिकट वापत खर्च र पासपोर्ट र भिसा खर्च र भ्रमण गर्दाको सम्पर्क र परिवहन खर्च अनुसार सोध भर्ना गरिनेछ । एरिया अनुसार एरिया १ मा नेपाल र भारत बाहेकका अन्य राष्ट्रहरु, एरिया २ मा भारत र एरिया ३ मा नेपाल रहेनेछन् । | २९(ग) | वित्तीय संस्थाको कामको सिलसिलामा सञ्चालकलाई प्रदान गरिने दैनिक तथा भ्रमण भत्ता देहाय बमोजिम हुनेछ । होटल खर्च तथा अन्य खर्च वापतको दैनिक भत्ता पद एरिया १ एरिया २ एरिया ३ (अमेरिकी डलर) (भा.रु.) (ने.रु.) अध्यक्ष १५० ६,५०० ६,५०० अन्य खर्च ५० १,५०० २,००० सञ्चालक १२५ ५,५०० ५,००० अन्य खर्च ५० १,२०० १,२०० खाना खर्च वापतको दैनिक सुविधा पद एरिया १ (अमेरिकी डलर) एरिया २ (भा.रु.) एरिया ३ (ने.रु.) अध्यक्ष १०० २,००० ३,००० सञ्चालक १०० २,००० २,५०० माथि उल्लेख गरिए बाहेक भ्रमण गर्दा लाग्ने हवाई टिकट वापत खर्च, पासपोर्ट, भिसा खर्च र भ्रमण गर्दाको सम्पर्क र परिवहन खर्च अनुसार सोध भर्ना गरिनेछ । एरिया अनुसार एरिया १ मा नेपाल र भारत बाहेकका अन्य राष्ट्रहरु, एरिया २ मा भारत र एरिया ३ मा नेपाल रहेनेछन् । | समयानुसार संशोधन गर्नु पर्ने भएकोले । |



गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)
GOODWILL FINANCE LIMITED

नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतप्राप्त राष्ट्रियस्तरको संस्था

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साधारण सभामा प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फारम)

श्री सञ्चालक समिति,
गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था),
हात्तिसार, काठमाडौं ।

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

जिल्ला.....म.न.पा./उप.म.न.पा./न.पा./गा.पा., वडा नं. बस्ने म/हामीले गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)को शेयरवालाको हैसियतले मितिका दिन हुने पचिसौ वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन जिल्लाम.न.पा./उप.म.न.पा./न.पा./गा.पा., वडा नं. बस्ने त्यस कम्पनीका शेयरवाला श्री शेयर प्रमाण-पत्र नं. लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

निवेदक

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाण-पत्र नं.

कित्ता नं. देखि सम्म

मिति

द्रष्टव्य :

यो निवेदन पचिसौ वार्षिक साधारण सभा हुनु भन्दा कम्तिमा
४८ घण्टा अगावै कम्पनीको कार्यालयमा पेश गरिसक्नु पर्नेछ ।



गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)
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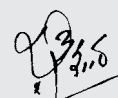
प्रवेश पत्र

शेयर धनीको नाम

शेयरधनी परिचय नं. शेयर संख्या शेयरधनीको सही

गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को पचिसौ वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

मिति २०७६ साल पौष २५ गते मंगलवार हुने गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को पचिसौ वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।



कम्पनी सचिव

गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को पच्चिसौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्ष श्री राजाराम जोशीज्यूले प्रस्तुत गर्नु भएको वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावज्यूहरू,

गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को पच्चिसौं वार्षिक साधारण सभामा उपस्थित हुनु भएका सम्पूर्ण शेयरधनी महानुभावज्यूहरू तथा आमन्त्रित अतिथिज्यूहरूलाई संचालक समितिको तर्फबाट हार्दिक स्वागत गर्दछु। आर्थिक वर्ष २०७५/०७६ को वासलात, नाफा नोक्सान हिसाब सहितको सम्पूर्ण वित्तीय विवरण पारित गरिदिनु हुन अनुरोध गर्दै संचालक समितिको अध्यक्षको हैसियतले प्रतिवेदन प्रस्तुत गर्ने अनुमति चाहन्छु।

शेयरधनी महानुभावज्यूहरू,

हाम्रो संस्थाले डिबेन्चर निष्काशन गर्नका लागि ७ वर्षे १२ प्रतिशत व्याजदरमा ६/६ महिनामा व्याज भुक्तानी हुने गरि प्रति डिबेन्चर रु. १०००।०० (एक हजार) का दरले कूल रु. २५ (पच्चिस) करोड रुपैया बराबरको २,५०,००० (दुई लाख पचास हजार) कित्ता “१२ प्रतिशत गुडविल फाइनेन्स लिमिटेड डिबेन्चर २०८३” सार्वजनिक रुपमा निष्काशन गर्नका लागि सम्बन्धित निकाय समक्ष स्वीकृतिका लागि आवश्यक पहल भएको व्यहोरा सहर्ष जानकारी गर्दछु। उक्त डिबेन्चरमा सम्पूर्ण शेयरधनी महानुभावज्यूहरूलाई समेत सहभागिता जनाई दिनहुन हार्दिक अनुरोध गर्न चाहन्छु।

सम्भावित जोखिमलाई न्युनिकरण गरि सूचना प्रविधिको माध्यमबाट भरपर्दो, सुरक्षित तथा प्रभावकारी सेवाहरु उपलब्ध गराउने हाम्रो लक्ष्य यथावत कायमै रहनेछ। यस अनुरूप ATM, Connect IPS, Mobile Banking, SMS Banking सेवाहरु प्रदान गरिएको छ। कर्मचारीहरुको क्षमता अभिवृद्धि गर्न कर्मचारी वृत्ति विकासका कार्यक्रमहरुलाई निरन्तरता दिदै आइरहेका छौं। यसरी प्रतिस्पर्धात्मक वातावरणमा कर्मचारीहरुको मनोबल उच्च राख्न हामी प्रयत्नशील रहदै आएका छौं।

समिक्षा वर्षमा शाखा सञ्जालको विस्तारको क्रममा हामीले धनगढी, बर्दिवास र नवलपुर शाखा विस्तार गरि १६ वटा शाखा पुऱ्याएका छौं। शाखा विस्तारबाट देशका ग्रामिण तथा शहरोन्मुख क्षेत्रमा बैकिङ्ग सेवाको विस्तार हुनुका साथै स्थानीय ग्राहकहरुको सुविधामा समेत वृद्धि हुने हामीले अपेक्षा गरेका छौं। तसर्थ चालू आर्थिक वर्षमा समेत आवश्यकतानुसार थप शाखाहरु विस्तार गर्दै लैजाने हाम्रो योजना अनुसार काठमाडौं जिल्ला वडा नं. १६ खुशीबु, नयाँ बजार स्थित प्राईम कलेजमा एक्सटेन्सन काउण्टर खोल्नका लागि श्री नेपाल राष्ट्र बैकबाट स्वीकृती समेत भैसकेको छ। उक्त एक्सटेन्सन काउण्टर निकट भविष्यमा संचालनमा आउने यस सम्मानित सभामा अनुरोध गर्न चाहन्छौं।

सम्पत्ति शुद्धिकरण सम्बन्धि नीतिलाई प्राथमिकताका साथ लागु गरि ग्राहकहरुको स्पष्ट पहिचान (Know Your Customer) होस भन्नाका लागि पुराना हाम्रा ग्राहकहरुको (KYC) अद्यावधिक गर्ने कार्य भैरहेको छ। साथै सम्पत्ति शुद्धिकरणका लागि प्रयोगमा आउने goAML Software प्रयोगमा ल्याउनका लागि समेत आवश्यक कार्य भैरहेको जानकारी गराउँदछौं।

यस समिक्षा वर्षमा हाम्रा शेयरधनी महानुभावज्यूहरूलाई कर सहितको प्रति शेयर नगद लाभांश १० प्रतिशत प्रदान गर्न यहाँहरु समक्ष स्वीकृतिका लागि प्रस्ताव पेश गरेका छौं। आशा छ, यहाँहरुबाट प्रस्तुत प्रस्तावलाई पारित गरिदिनु हुनेछ।

(क) आ.व. २०७५/०७६ को वित्तीय कारोबार:

निक्षेप:

समिक्षा अवधिमा गत वर्षको तुलनामा प्रस्तुत आ.व.को निक्षेपमा वृद्धि कायम गर्न सफल भएका छौं। जस अन्तर्गत आ.व. २०७५/७६ मा करिब २७% निक्षेप वृद्धि भई रु. ६,८९,५६,१३,७११।८३ पुऱ्याउन सफल भएका छौं।

निक्षेपको भ्रलक तल उल्लेख गरिएको छ

| निक्षेप | आ.ब.०७४/०७५ | आ.ब.०७५/०७६ | (कम) वृद्धि | % |
|-----------------|-------------------|-------------------|-------------------|-------|
| मुद्दती निक्षेप | ३,३९,६५,०३,९८०।०० | ४,१६,५६,९६,३९६।८२ | ७६,९१,९२,४१६।८२ | २२.६५ |
| बचत निक्षेप | १,९०,३३,८०,२११।०० | २,५५,३८,९१,०१७।५१ | ६५,०५,१०,८०६।५१ | ३४.१८ |
| क्रमिक निक्षेप | ८,६६,८८,६४३।०० | १२,२६,०२,०७४।०० | ३,५९,१३,४३१।०० | ४१.४३ |
| अन्य निक्षेप | ३,९८,८१,२२२।०० | ५,३५,२४,२२३।५ | १,३६,४३,३०१।५० | ३४.२१ |
| जम्मा | ५,४२,६४,५४,०५६।०० | ६,८९,५६,१३,७११।८३ | १,४६,९१,५९,६५५।८३ | २७.०७ |

कर्जा:

समिक्षा अवधिको अन्तसम्ममा यस संस्थाले कर्जा तर्फ रु.५,९०,३१,२२,८२४।५८ ऋण प्रवाह गरेको छ। जुन गत वर्षको तुलनामा रु.१,२२,९८,५७,६०३।०० बढोत्तरी भई २६% को वृद्धि भएको जानकारी गराउन चाहन्छौं।

यस समिक्षा वर्षमा गरिएको कर्जा प्रवाहको भ्रलक तल दिइएको छ।

| कर्जाको किसिम | आ.ब.०७४/०७५ | आ.ब.०७५/०७६ | (कम)/वृद्धि | फरक छ |
|---------------------------|-------------------|-------------------|-------------------|--------|
| हायर पर्चेज कर्जा | ४६,५५,१४,५९३।०० | ६१,५०,४९,६१०।०० | १४,९५,३५,०१७।०० | ३२.१२ |
| आवास कर्जा | १,४१,९०,५३,८३१।०० | १,५१,४८,१५,४७०।०० | ९,५७,६१,६३९।०० | ६.७५ |
| रु.१,५०,००,००० सम्म | १,२४,८३,८७,३४८।०० | १,२८,२७,०३,६१०।०० | ३,४३,१६,२६२।०० | २.७५ |
| रु.१,५०,००,००० भन्दा माथि | १७,०६,६६,४८३।०० | २३,२१,११,८६०।०० | ६,१४,४५,३७७।०० | ३६.०० |
| रियलस्टेट कर्जा | १४,६१,२५,४२०।०० | ८,७८,२२,३२०।५८ | (५,८३,०३,०९९।४२) | (३९.९) |
| आवधीक कर्जा | १,६७,९२,४२,४८७।०० | २,४९,४५,१६,९६७।५० | ८१,५२,७४,४८०।५० | ४८.५५ |
| अन्य कर्जा | २९,७८,५३,४८४।०० | ३३,०१,००,३६०।०० | ३,२२,४६,८७६।०० | १०.८३ |
| मार्जिन कर्जा | २०,७६,८०,०००।०० | २२,०९,०६,३९२।०० | १,३२,२६,३९२।०० | ४७.७८ |
| विपन्न वर्ग कर्जा | २२,६१,१७,५७४।०० | २९,२६,९९,०४२।०० | ६,६५,८१,४६८।०० | २९.४४ |
| कृषि कर्जा | २३,१६,७७,८३२।०० | ३४,७२,१२,६७२।५० | ११,५५,३४,८४०।५० | ४९.८७ |
| जम्मा | ४,६७,३२,६५,२२१।०० | ५,९०,३१,२२,८२४।५८ | १,२२,९८,५७,६०३।५८ | २६.३२ |

लगानी तथा तरलता :

समिक्षा अवधिको अन्त्यमा यस संस्थाको ने.रा.बैंक लगायत विभिन्न बैंक तथा वित्तीय संस्थाहरुको खातामा एवं आफ्नो हुकुटीमा रहेको नगद मौज्दात समेत गर्दा रु.१,५०,२१,३७,९०६।०० रहेको छ। यसरी नै लगानी तर्फ गत वर्ष रु.५६,८८,२१,१२२।०० रहेकोमा यस वर्ष रु.८६,५३,९६,१४७।०० रहन आएको छ। यदपी, लगानी एवं तरलताको हिसाबले गत वर्षमा रु. २,११,७६,२७,३९०।०० रहेकोमा यस आ.व. मा रु. २,३६,७५,३४,०५३।०० रहेको छ। जुन गत आ.व.को तुलनामा ११.८% ले वृद्धि भएको छ।

ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई परेको असर:

समीक्षा अवधिमा देशको आर्थिक स्थितिमा सुधारका संकेतहरु देखिएका छन्। वित्तीय क्षेत्रको विकास तथा स्थायित्वद्वारा मात्र आर्थिक वृद्धिदर हासिल गर्न सक्ने भएकोले नेपाल जस्तो न्युन आर्थिक वृद्धि भएको अतिकम विकसित मुलुकमा समष्टिगत आर्थिक संरचनाको सुदृढीकरण हुनु नितान्त आवश्यक देखिन्छ। यस वर्ष कूल ग्राहस्थ्य उत्पादन वृद्धिदर ७.१ प्रतिशत रहेको केन्द्रिय तथ्याङ्क विभागको अनुमान छ। कूल ग्राहस्थ्य बचतको कूल ग्राहस्थ्य उत्पादनसँगको अनुपात २०.५ प्रतिशत पुगेको अनुमान छ। बैंक तथा वित्तीय संस्थाहरुलाई दिर्घकालीन ऋणपत्र जारी गरि वित्तीय साधन परिचालन गर्न प्रोत्साहन गर्ने नीति अपनाए पश्चात ऋणपत्र बजारको विकासमा समेत सहयोग पुगेको छ। यस्तै चालू आ.व.को चार महिनाको तथ्याङ्कको आधारमा बैंक तथा वित्तीय संस्थाको निक्षेप संकलन ३.१ प्रतिशतले र निजी क्षेत्रतर्फको कर्जा ५.० प्रतिशतले बढेको छ। वार्षिक विन्दुगत आधारमा निक्षेपको वृद्धिदर १७.४ प्रतिशत र कर्जाको वृद्धिदर १५.६ प्रतिशत रहेको छ। यस्तै विस्तृत मुद्राप्रदाय ३.१ प्रतिशतले बढेको छ। यसरी

नै वार्षिक बिन्दुगत आधारमा उपभोक्ता मूल्य सुचकाङ्कमा आधारित मुद्रास्फीति ५.७६ प्रतिशत रहेको छ । तथापी चार महिनाको औसत मुद्रास्फीति ६.२७ प्रतिशत रहेको छ ।

सन् २०१८ मा ३.६ प्रतिशत रहेको विश्व अर्थतन्त्रको वृद्धिदर सन् २०१९ मा ३.२ प्रतिशत रहने अन्तराष्ट्रिय मुद्रा कोषको प्रक्षेपण सन् २०१८ मा विकसित मुलुक र उदीयमान तथा विकासशील मुलुकका अर्थतन्त्रहरु क्रमशः २.२ प्रतिशत र ४.५ प्रतिशतले वृद्धि भएकोमा सन् २०१९ मा क्रमशः १.९ प्रतिशत र ४.१ प्रतिशतले वृद्धि हुने कोषको प्रक्षेपण छ । चीन र भारतको आर्थिक वृद्धिदर सन् २०१८ मा क्रमशः ६.६ प्रतिशत र ६.८ प्रतिशत रहेकोमा सन् २०१९ मा क्रमशः ६.२ प्रतिशत र ७.० प्रतिशत रहने कोषको प्रक्षेपण छ । विकसित र उदीयमान तथा विकासशील मुलुकको मुद्रास्फीति सन् २०१८ मा क्रमशः २.० प्रतिशत र ४.८ प्रतिशत रहेकोमा सन् २०१९ मा क्रमशः १.६ प्रतिशत र ४.८ प्रतिशत रहने कोषको प्रक्षेपण छ ।

ग) प्रतिवेदन मितिसम्म चालू वर्षको उपलब्धी र भविष्यका सम्बन्धमा संचालक समितिको धारणा:

प्रतिवेदन तयार गर्दा (२०७६ मंसिर मसान्त) सम्म यस संस्थाको निक्षेप रु.७,७३,८९,०१,६३४।७१ र कर्जा रु.६,१७,१०,८३,६१०।९७ रहेको व्यहोरा जानकारी गराउन चाहन्छौं ।

संस्थाले आफ्नो व्यवसायलाई वृद्धि गर्दै लैजाने क्रममा सेवा तथा सुविधाको गुणस्तरलाई अभिवृद्धि गर्दै सम्भाव्यताको आधारमा शाखा संञ्जाल एवं मानव संसाधनलाई व्यवस्थित गरि सूचना तथा प्रविधि र जोखिम व्यवस्थापन प्रणालीलाई थप मजबुत बनाउँदै लैजाने हाम्रो लक्ष्य रहेको छ ।

चालू आर्थिक वर्षमा कर्जाको मागमा भने कमी आएको महसुस गरेका छौं । तथापी निक्षेपमा भने उत्साहजनक वृद्धि भैरहेको छ । तसर्थ चालू आर्थिक वर्षमा त्यसको प्रत्यक्ष प्रभाव यस संस्थाको नाफामा पर्नेछ । यसका लागी आवश्यक गृहकार्य समेत गरिरहेको जानकारी गराउँदछु ।

घ) औद्योगिक तथा व्यवसायिक सम्बन्ध:

वित्तीय संस्थाले औद्योगिक तथा व्यावसायिक पक्षहरूसँग सौहार्दपूर्ण तथा व्यवसायिक सम्बन्ध राख्दै पारदर्शिताको आधारमा स्थापित भएका यस्ता सम्बन्धहरु फलदायी हुने र भविष्यका लागि उपयुक्त माध्यम बन्ने हामीले विश्वास लिएका छौं । तसर्थ ग्राहकहरुको सन्तुष्टिबाट नै यस संस्थाको प्रगति हुने भएकोले आफ्नो व्यवसायिक सम्बन्धलाई उच्च प्राथमिकतामा राखिएका छौं ।

ङ) सामाजिक उत्तरदायित्व:

हाम्रो वित्तीय संस्थाले सामाजिक उत्तरदायित्वका कार्यहरुलाई यस समीक्षा वर्षमा पनि निरन्तरता दिएको छ । आर्थिक अवस्था कमजोर भएका जेहेन्दार विद्यार्थीहरुलाई छात्रवृत्ति, साँस्कृतिक प्रवर्द्धन एवं महोत्सवहरु, वित्तीय जागरण ल्याउन उपत्यका तथा उपत्यका बाहिर विभिन्न कलेजहरुमा I am MBA कार्यक्रमहरु, सरसफाई, शारीरिक अस्वस्थ व्यक्तिहरुको शसक्तीकरण र वृक्षारोपण तथा पर्यावरण सम्बन्धि सामाजिक उत्तरदायित्वहरुलाई आत्मसाथ गर्दै संस्थाको तर्फबाट सक्दो योगदान गरेका छौं ।

च) लेखापरिक्षण प्रतिवेदनमा संचालक समितिको प्रतिक्रिया:

आन्तरिक तथा वाह्य लेखापरीक्षकहरुबाट यस अवधिमा सामान्य कुराहरु वाहेक नीतिगत तथा संस्थाको कारोबारमा असर पर्ने खालका कुनै कैफियतहरु उल्लेखित गरिएको छैन ।

छ) लाभांश बाँडफाँड:

समीक्षा अवधिमा यस संस्थाको खुद मुनाफा NFRS प्रावधान अन्तर्गत गत आ.व. २०७४/२०७५ को समायोजित संचित नाफा रु.६,७४,७२,००४।०० तथा यस आ.व. २०७५/०७६ आषाढ मसान्त सम्मको खुद मुनाफा रु.१४,७८,४०,५६३।०० समेत जोडदा हुन आउने मुनाफा रु.२१,५३,१२,५६७।०० बाट यस आ.व. २०७५/०७६ को खुद मुनाफाबाट २० प्रतिशत रकम रु.२,९५,६८,११३।०० साधारण जगेडा कोषमा र अन्य Regulatory Reserve अन्तर्गत जम्मा रु.१०,००,६२,२२१।०० विभिन्न कोषमा सारे पछि बाँकी रहन आएको मुनाफा रु.८,५६,८२,२३३।०० बाट शेयरधनी महानुभावहरुज्यूहरुलाई १०% का दरले हुन आउने रु. ८,००,००,०००।०० रकम नगद लाभांश वितरण गर्ने संचालक समितिको निर्णय पश्चात यहाँहरुलाई सो प्रस्ताव पारित गरीदिनु हुनका लागी पेश गरेका छौं । सभामा उपस्थित शेयरधनी महानुभावज्यूहरुले यस प्रस्ताव पारित गरीदिनु हुन हार्दिक अनुरोध समेत गर्न चाहन्छौं ।

ज) संचालक समितिमा भएको हेरफेर र सो को कारण:

विद्यमान संचालक समितिमा कुनै हेरफेर भएको छैन। तथापी यस गरिमामय सभाबाट सर्वसाधारण तर्फ ३ र संस्थापक तर्फबाट ३ गरी संचालकहरु नियुक्त गरी नयाँ संचालक समितिको चयन समेत गरी यस संस्थालाई अधि बढाउन अतुलनिय सहयोग पुऱ्याउनु हुनेछ भन्ने आशा एवम भरोसा लिएका छौं। चार वर्ष अधि यहाँहरुले चयन गरी यस संस्थाको संचालक समितिमा पठाउनु भएकोमा हार्दिक धन्यवाद दिदै मलाई यस संस्थाको अध्यक्षको रुपमा पूर्ण रुपमा सहयोग गरी आफ्नो कार्यकाल सफल रुपमा सम्पन्न गर्न मद्दत पुऱ्याउनु हुने संचालक समितिका साथीहरुलाई समेत म यही सभा मार्फत हार्दिक धन्यवाद दिन चाहन्छु।

शेयरधनी महानुभावज्यूहरु,

अन्तमा यस संस्थाको उत्तरोत्तर प्रगति तथा समृद्धिका लागि प्रत्यक्ष वा अप्रत्यक्ष रुपमा विभिन्न माध्यमबाट सहयोग, प्रोत्साहन र मार्ग दर्शन प्रदान गरि हामी प्रति देखाउनु भएको सद्भाव एवं माया ममता प्रति यस संचालक समिति सराहना व्यक्त गर्दछु। हाम्रा उपलब्धीमुलक कार्यप्रति हातेमालो गर्ने यस संस्थाका सम्पूर्ण शेयरधनी महानुभावज्यूहरु तथा हाम्रा शुभचिन्तकहरुको उच्च मूल्यांकन गर्दै आदरणीय शेयरधनी महानुभावज्यूहरु, संस्थापक सदस्यज्यूहरु, शुभचिन्तक ग्राहक महानुभावज्यूहरु, श्री नेपाल राष्ट्र बैंक, श्री कम्पनी रजिष्ट्रारको कार्यालय, श्री धितोपत्र बोर्ड, श्री नेपाल स्टक एक्सचेन्ज लिमिटेड, श्री कर कार्यालय, श्री नेपाल वित्तीय संस्था संघ, बैंक तथा वित्तीय संस्थाहरु, लेखा परिक्षकज्यू, लगनशीलताका साथ योगदान पुऱ्याउने संस्थाका कर्मचारी वर्गहरु लगायत प्रत्यक्ष अप्रत्यक्ष रुपमा सहयोग पुऱ्याउदै आउनु भएका सम्पूर्ण निकाय तथा महानुभावज्यूहरु प्रति हार्दिक कृतज्ञता एवं धन्यवाद व्यक्त गर्दै आगामी दिनहरुमा पनि यहाँहरुको आत्मीयता र सदासयता कायमै रहने अपेक्षा व्यक्त गर्दछौं।

धन्यवाद।

राजाराम जोशी
अध्यक्ष

उत्तम राज कायस्थ
संचालक

औं

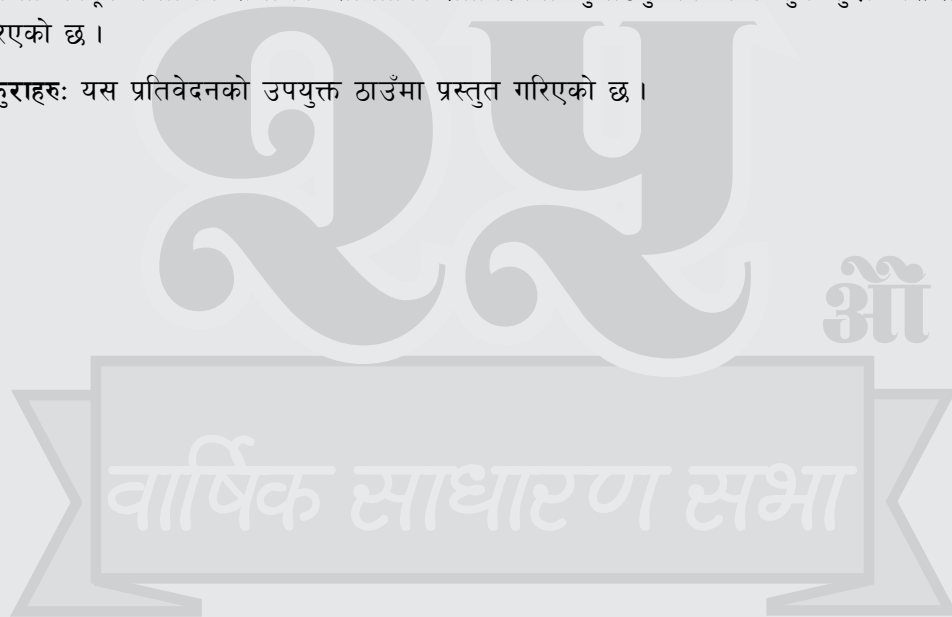
मिति: २०७६/०९/२९

वार्षिक साधारण सभा

कम्पनी ऐन २०६३ को दफा १०९ को उपदफा ४ अनुसारको अतिरिक्त विवरण :

- क) विगत आर्थिक वर्षको कारोबारको सिंहवलोकन: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर: राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई प्रत्यक्ष वा अप्रत्यक्ष रूपमा असर परेको हुन्छ । राष्ट्रिय एवं मौद्रिक नीतिको स्वरूप लगायत नियमन निकायहरूको नीतिगत परिवर्तनले निश्चय नै असर पार्ने कुरामा दुइमत हुन सक्दैन ।
- ग) प्रतिवेदन तयार भएको मितिसम्म चालु वर्षको उपलब्धी र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा संचालक समितिको धारणा: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- घ) कम्पनीको औद्योगिक वा व्यवसायिक सम्बन्ध: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- ङ) संचालक समितिमा भएको हेरफेर र सो को कारण: नभएको ।
- च) कारोबारलाई असर पार्ने मुख्य कुराहरू: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर संचालक समितिको प्रकृया: सुधार निरन्तर चल्ने प्रकृया भएकोले आवश्यक निर्देशन दिने गरेको छ ।
- ज) लाभांश बाँडफाँड गर्ने सिफारिस गरिएको रकम: रु. ८ करोड (१० प्रतिशत नगद लाभांश) ।
- झ) शेयर जफत भएको भए जफत भएको शेयर सङ्ख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयरको जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण: नभएको ।
- ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी: नभएको ।
- ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयर स्वामित्वको विवरण र कम्पनीले शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी: नभएको ।
- ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा गराइएको जानकारीको व्यहोरा: नभएको ।
- ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको सङ्ख्या र अंकित मूल्य तथा शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम: नभएको ।
- त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए, सोको विस्तृत विवरण: भएको, संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण: संस्थाका सञ्चालक श्री विश्व प्रकाश साखःज्यूको संयोजकत्वमा व्यवस्थापनबाट श्री स्वयम्भू शाक्य र श्री पारस नरसिंह प्रधान सहित तीन जना सदस्य रहने गरी लेखापरीक्षण समिति बनाइएको छ । लेखा परीक्षण समितिमा रहेका सञ्चालकज्यूलाई प्रति बैठक भत्ता रु.३५०० को दरले व्यवस्था गरिएको छ । समितिले समयानुसार विभिन्न निर्देशनहरू दिने गरेको छ ।

- ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकको नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा सँगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा: नभएको ।
- न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, तथा पदाधिकारीहरूलाई भूक्तान गरिएको पारिश्रामिक, भत्ता तथा सुविधाको रकम: सञ्चालकहरूलाई भूक्तानी गरिने पारिश्रामिक, भत्ता तथा सुविधा वारेको विवरण प्रबन्धपत्र तथा नियमावलीमा उल्लेख गरिए अनुसार अध्यक्षज्यूलाई प्रति बैठक भत्ता रु.७,९०० र संचालकहरूलाई प्रति बैठक भत्ता रु.६,९०० रहेको छ र आ.व. २०७५/०७६ मा संचालक समिति सम्बन्धि खर्च जम्मा रु.१०,७८,४७२।९० भएको छ । यस वर्ष प्रमुख कार्यकारी अधिकृतलाई तलबभत्ता, दशैँ खर्च एवं सञ्चयकोष गरी जम्मा रु. ५९,६५,०००।०० प्रदान गरिएको छ । कर्मचारीहरूलाई खर्च भूक्तानी गरिएको पारिश्रामिक भत्ता तथा सुविधाहरू रु. ९,६०,७७,५१९।०० रहेको छ ।
- प) शेयरधनीहरूले बूझिलिन बाँकी रहेको लाभांशको रकम: नभएको ।
- फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा विक्री गरेको कुराको विवरण: नभएको ।
- व) दफा १७५ बमोजिम सम्बन्ध कम्पनी बिच भएको कारोवारको विवरण: नभएको ।
- भ) यस ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा: यस प्रतिवेदनको उपयुक्त ठाउँमा प्रस्तुत गरिएको छ ।
- म) अन्य आवश्यक कुराहरू: यस प्रतिवेदनको उपयुक्त ठाउँमा प्रस्तुत गरिएको छ ।





Who We Are

Goodwill Finance Limited is the leading provider of financial solutions with a unique mix of dedication and perfect execution. With the vision of providing the best financial services for success, Goodwill Finance Limited started its operation as financial institution under the license from Nepal Rastra Bank in 1995. It is a public limited company established under the Financial Company Act 2042, on 2051 BS.

The Authorized Capital of the company is Rupees 1,000,000,000/- and the Issued Capital is 800,000,000/-. 51 % of the Paid-Up Capital is held by the promoter and the remaining 49 % is held by the general public. The shares of the company are listed at Nepal Stock Exchange Limited (NEPSE).

What We Do

Our objective is to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs, and providing a broad mix of financial services to business and individuals.

With our corporate office based in Hattisar, Kamalpokhari, Kathmandu, we are known for our financial stability and excellent customer services. We are a continuously growing company and at present our branches are spread over Dillibazar, Indrachowk, Lalitpur, Bakhtapur, Butwal, Birtamode, Itahari, Dang, Nepalgunj, Illam, Phidim, Tripureshwor, Dhangadhi, Bardibas and Nawalpur.

Staying true to our vision mission and objective, we have made significant impact in the financial industry. This is why we are considered the best and professionally managed financial company.

What is Our Future Plan

We strive to give optimum benefit to our shareholders. Our every strategic plan is designed to takes us closer to our vision of becoming the best financial service provider based on operational excellence and establish a successful relationship with our customers.

Our prime focus is increasing our capital base, and enlarging our loan and deposit portfolio. To facilitate our customers with easy access to our products and services, we have plans of opening our branches in more provinces of Nepal soon.

Vision

To be the best financial service provider because of operational excellence, while establishing a successful relationship with our customers.

Mission

To become a market leader in the financial sector, known for its high profitability, customer centric quality products, and outstanding services to its customers and high rates of significant and attractive returns to its stakeholders.

सञ्चालक समिति



श्री राजाराम जोशी
अध्यक्ष
(संस्थापक समूह)



श्री स्वर्णमान सिंह श्रेष्ठ
सदस्य, सञ्चालक समिति
(संस्थापक समूह)



श्री दिलीप कुमार मुनंकर्मी
सदस्य, सञ्चालक समिति
(संस्थापक समूह)



श्री विश्व प्रकाश साखः
सदस्य, सञ्चालक समिति
(सर्वसाधारण समूह)



श्री उत्तम राज कायस्थ
सदस्य, सञ्चालक समिति
(सर्वसाधारण समूह)



श्री पशुपति अक्त श्रेष्ठ
सदस्य, सञ्चालक समिति
(सर्वसाधारण समूह)

व्यवस्थापन समिति



सरोज काजी तुलाधर



स्वयम्भू शाक्य



पारस नरसिंह प्रधान



देवकी वैद्य



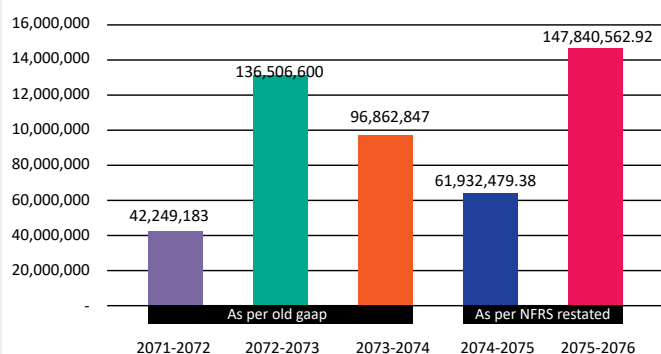
भरत बहादुर महत



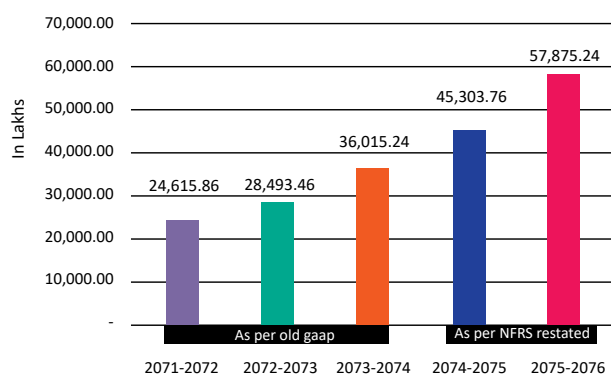
अञ्जली रस्थापित

Financial Highlights (Graphs)

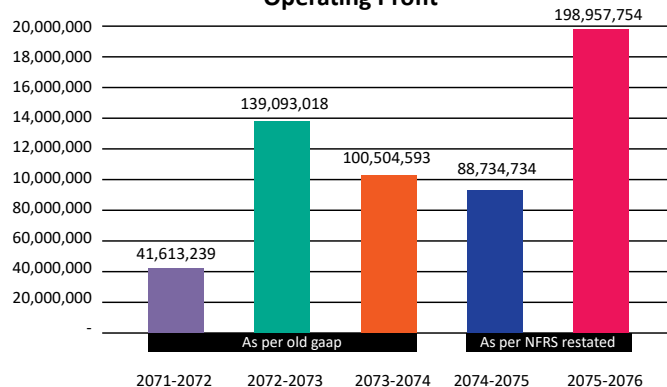
Net Profit (Loss)



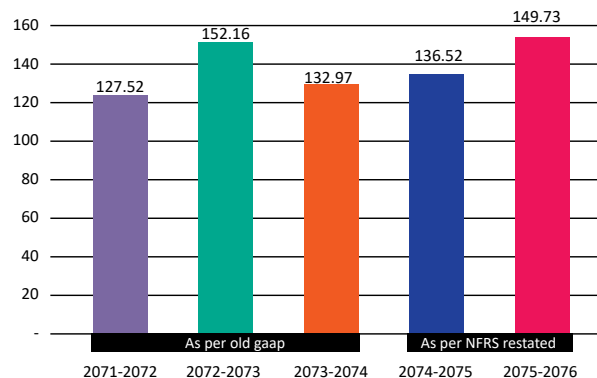
Total Loan Port Folio



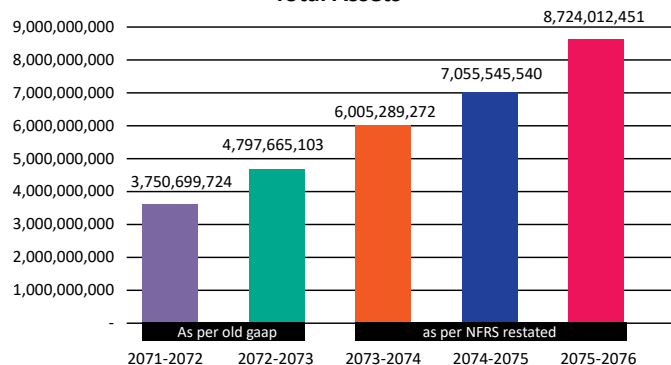
Operating Profit



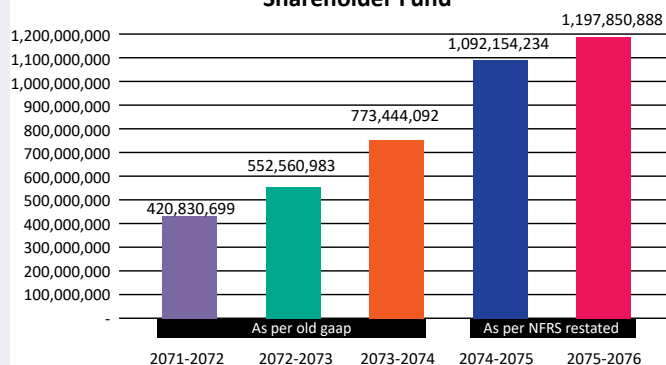
Net Worth Per Share



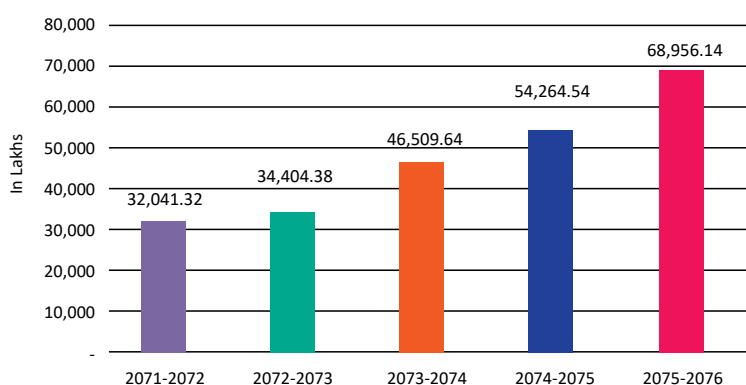
Total Assets



Shareholder Fund



Total Deposit



Principal Indicators of last 5 Financial Year

| S.N. | Indicators | UNIT | FY 2071-72 | FY 2072-73 | FY 2073-74 | FY 2074-75 | FY 2075-76 |
|------|---|---------|-----------------|---------------|---------------|---------------|---------------|
| | | | As per old GAAP | | | Restated | |
| 1 | Net Profit/ Gross Income | Percent | 9.29 | 25.38 | 15.17 | 8.32 | 14.40 |
| 2 | Earnings Per Share | NPR | 12.80 | 37.61 | 16.65 | 7.74 | 18.48 |
| 3 | Market Value Per Share | NPR | 205 | 334.00 | 201.00 | 126.00 | 135.00 |
| 4 | Price Earning Ratio | Ratio | 16.01% | 8.88% | 12.07% | 16.28 | 7.31 |
| 5 | Dividend (including bonus) on Share Capital | Percent | 10% | 25% | 10.19% | | - |
| 6 | Cash Dividend on Share Capital | Percent | 0.53% | 1.32% | 0.54% | 5.26% | 10% |
| 7 | Interest Income/ Loans and Advances and Investments | Percent | 14.53 | 13.20 | 12.50 | 13.05% | 13.77% |
| 8 | Staff Expenses/ Total Operating Expenses | Percent | 40.41 | 43.26 | 43.57 | 47.41% | 52.15% |
| 9 | Interest Expenses/ Total Deposits & Borrowings | Percent | 7.69 | 5.68 | 6.35 | 9.29% | 9.49% |
| 10 | Exchange Gain/ Total Income | Percent | 0 | 0 | 0 | - | - |
| 11 | Staff Bonus/ Total Staff Expenses | Percent | 17.62 | 48.20 | 29.71 | 15.51% | 23.25% |
| 12 | Net Profit/Total Loans & Advances | Percent | 1.80 | 4.79 | 2.60 | 1.96% | 3.47% |
| 13 | Net Profit/ Total Assets | Percent | 1.13 | 2.85 | 1.67 | 0.88% | 1.69% |
| 14 | Total Loans & Advances/ Total Deposits | Percent | 75.70 | 72.35 | 69.55 | 83.51% | 86.28% |
| 15 | Total Operating Expenses/ Total Assets | Percent | 2.26 | 1.94 | 1.85 | 1.82% | 2.11% |
| 16 | Capital Adequacy (On Risk Weighted Assets) | | | | | | |
| | a. Core Capital | Percent | 13.32% | 14.57% | 15.50% | 18.80% | 14.40% |
| | b. Supplementary Capital | Percent | 1.57% | 1.20% | 0.89% | 0.56% | 0.66% |
| | c. Total Capital Fund | Percent | 14.90% | 15.78% | 16.39% | 19.35% | 15.05% |
| 17 | Liquidity | Percent | 31.85 | 48.18 | 33.39 | 33% | 30% |
| 18 | Non-Performing Loan/ Total Loans & Advances | Percent | 2.76 | 2.39 | 2.07 | 2.67% | 1.65% |
| 19 | Base Rate | | | | 12.88 | 13.57 | 12.57 |
| 20 | Weighted Average Interest Rate Spread | Percent | 5.62% | 4.85% | 4.32% | 3.83 | 4.50 |
| 21 | Book Net Worth (Per Share) | NPR | 127.52 | 152.16 | 132.97 | 136.52 | 149.73 |
| 22 | Number of Shares | Nos. | 3,300,000 | 3,630,000 | 5,816,650 | 8,000,000 | 8,000,000 |
| 23 | Number of Staff | Nos. | 62 | 71 | 87 | 96 | 119 |

CHARTERED
ACCOUNTANT**INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF GOODWILL FINANCE LIMITED****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****OPINION**

We have audited the financial statements of M/s. Goodwill Finance Limited (the "Finance"), which comprise the Statement of Financial Position as at Ashadh 31, 2076 (July 16, 2019), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Finance as at 31 Ashad, 2076 (16 July 2019), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Finance in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

Those charged with Governance are responsible for overseeing the Finance's financial reporting process.



Fourth Floor, Bidur Tower, Kalikasthan Marga, Dillibazar, Kathmandu, Tel: +977-9851238754, Email: luitel.bidur@gmail.com

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Finance's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Finance'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 Finance to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Finance to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 THE REQUIREMENTS OF BANKS AND FINANCIAL INSTITUTIONS ACT, 2073 AND COMPANY ACT, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the Finance, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Finance; and the accounts and records of the Finance are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that the loans has not been written off; the business of the Finance was conducted satisfactorily, and the Finance's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the Board of Directors or any employee or any office bearer of the Finance has acted contrary to the provisions of law or caused loss or damage to the Finance or committed any misappropriation of the funds of the Finance.



CA. Bidur Luitel
Proprietor
Bidur Associates
Chartered Accountants



Date: 2nd Poush 2076
Place: Kathmandu, Nepal

Goodwill Finance Ltd.
Statement of Financial Position
As at 31st Ashadh 2076 (16 July 2019)

Figures in NPR

| Particulars | Note | " As at 31st Ashadh 2076 " | " Restated* As at 32nd Ashadh 2075 " | " Restated* As at 1st Shrawan 2074 " |
|--|------|-------------------------------|--|--|
| Assets | | | | |
| Cash and cash equivalents | 4.1 | 1,215,232,842 | 1,285,245,733 | 1,131,907,779 |
| Due from Nepal Rastra Bank | 4.2 | 286,905,064 | 263,560,535 | 205,461,909 |
| Placement with Bank and Financial Institutions | 4.3 | - | - | - |
| Derivative Financial Instruments | 4.4 | - | - | - |
| Other Trading Assets | 4.5 | - | - | - |
| Loans and advances to B/FIs | 4.6 | 246,095,360 | 158,073,339 | 156,194,269 |
| Loans and advances to customers | 4.7 | 5,541,428,538 | 4,372,302,958 | 3,445,329,403 |
| Investment securities | 4.8 | 865,396,147 | 568,821,122 | 482,899,436 |
| Current tax assets | 4.9 | 47,938,668 | 45,855,785 | 56,051,737 |
| Investment in subsidiaries | 4.10 | - | - | - |
| Investment in associates | 4.11 | - | - | - |
| Investment property | 4.12 | 74,030,783 | - | - |
| Property and Equipment | 4.13 | 337,694,737 | 329,112,953 | 397,706,230 |
| Goodwill and Intangible assets | 4.14 | 793,757 | 83,488 | 108,066 |
| Deferred Tax Assets | 4.15 | - | - | - |
| Other assets | 4.16 | 108,496,554 | 32,489,627 | 129,630,442 |
| Total Assets | | 8,724,012,451 | 7,055,545,540 | 6,005,289,272 |

| Particulars | Note | " As at 31st Ashadh 2076 " | " Restated* As at 32nd Ashadh 2075 " | " Restated* As at 1st Shrawan 2074 " |
|--|------|-------------------------------|--|--|
| Liabilities | | | | |
| Due to Bank and Financial Institutions | 4.17 | 477,888,287 | 231,546,107 | 227,151,971 |
| Due to Nepal Ratsra Bank | 4.18 | 96,533,873 | 74,267,009 | 2,000,000 |
| Derivative Financial Instrument | 4.19 | - | - | - |
| Deposits from customers | 4.20 | 6,707,725,425 | 5,424,907,949 | 4,598,812,504 |
| Borrowings | 4.21 | - | - | - |
| Current Tax Liabilities | 4.9 | 45,628,865 | 38,030,858 | 43,296,676 |
| Provisions | 4.22 | - | - | - |
| Deferred Tax Liabilities | 4.15 | 17,953,560 | 10,313,001 | 45,033,106 |
| Other liabilities | 4.23 | 180,431,553 | 184,326,383 | 181,856,392 |
| Debt securities issued | 4.24 | - | - | - |
| Subordinated Liabilities | 4.25 | - | - | - |
| Total liabilities | | 7,526,161,563 | 5,963,391,306 | 5,098,150,650 |
| Equity | | | | |
| Share Capital | 4.26 | 800,000,000 | 800,000,000 | 581,665,000 |
| Share Premium | | 2,475,548 | 2,475,548 | - |
| Retained Earnings | | 85,682,233 | 108,387,139 | 102,587,109 |
| Reserves | 4.27 | 309,693,106 | 181,291,547 | 222,886,513 |
| Total equity attributable to equity holders | | 1,197,850,888 | 1,092,154,234 | 907,138,622 |
| Non-controlling interest | | - | - | - |
| Total Equity | | 1,197,850,888 | 1,092,154,234 | 907,138,622 |
| Total Liabilities and Equity | | 8,724,012,451 | 7,055,545,540 | 6,005,289,271 |
| Contingent Liabilities and commitment | 4.28 | 1,720,000 | 2,017,000 | 150,000 |
| Net Assets Value Per share | | 149.73 | 136.52 | 155.96 |

The accompanying notes are integral part of these financial statements.

As per our report of even date

.....
Saroj Kaji Tuladhar
Chief Executive Officer

.....
Raja Ram Joshi
Chairman

.....
Swarga Man Singh Shrestha
Director

.....
Paras Narsingh Pradhan
Chief Finance Officer

.....
Bishwa Prakash Shakh
Director

.....
Uttam Raj Kayastha
Director

.....
Bidur Luitel
Partner
Bidur Associates
Chartered Accountants

Date: 2076/09/02
Place: Hattisar, Kathmandu, Nepal

.....
Dilip Kumar Munankarmi
Director

.....
Pashupati Bhakta Shrestha
Director

Goodwill Finance Ltd.
Statement of Profit or Loss
for the year ended 31st Ashad 2076 (16 July 2019)

Figures in NPR

| Particulars | Note | "Year ended 31st Ashad 2076" | "Restated* Year ended 32nd Ashad 2075" |
|---|------|---------------------------------|--|
| Interest income | 4.29 | 915,987,134 | 665,530,316 |
| Interest expense | 4.30 | 636,532,702 | 503,730,001 |
| Net interest income | | 279,454,432 | 161,800,315 |
| Fees and commission income | 4.31 | 105,356,362 | 69,629,730 |
| Fees and commission expense | 4.32 | - | - |
| Net fee and commission income | | 105,356,362 | 69,629,730 |
| Net interest and commission income | | 384,810,794 | 231,430,046 |
| Net trading income | 4.33 | - | - |
| Other operating income | 4.34 | 3,138,800 | 9,208,843 |
| Total operating income | | 387,949,594 | 240,638,889 |
| Impairment charge/(reversal) for loans and other losses | 4.35 | 4,772,256 | 23,460,067 |
| Net operating income | | 383,177,338 | 217,178,821 |
| Operating expense | | | |
| Personnel expenses | 4.36 | 96,077,519 | 60,889,625 |
| Other Operating expenses | 4.37 | 73,468,053 | 53,526,312 |
| Depreciation and Amortisation | 4.38 | 14,674,013 | 14,028,151 |
| Operating Profit | | 198,957,754 | 88,734,734 |
| Non operating Income | 4.39 | 2,080,600 | - |
| Non operating expense | 4.40 | - | - |
| Profit before income tax | | 201,038,354 | 88,734,734 |
| Income tax expense | 4.41 | | |
| Current Tax Expense | | 45,628,865 | 38,030,858 |
| Deferred Tax Expense (Income) | | 7,568,926 | (11,228,603) |
| Profit for the period | | 147,840,563 | 61,932,479 |
| Profit attributable to: | | | |
| Equity holders of the Bank | | 147,840,562.92 | 61,932,479.38 |
| Non-controlling interests | | - | - |
| Profit for the period | | | |
| Earnings Per Share (EPS) | | | |
| Basic EPS | | 18.48 | 7.74 |
| Diluted EPS | | 18.48 | 7.74 |

The accompanying notes are integral part of these financial statements.

As per our report of even date

Saroj Kaji Tuladhar
Chief Executive Officer

Raja Ram Joshi
Chairman

Swarga Man Singh Shrestha
Director

Paras Narsingh Pradhan
Chief Finance Officer

Bishwa Prakash Shakh
Director

Uttam Raj Kayastha
Director

Bidur Luitel
Partner
Bidur Associates
Chartered Accountants

Date: 2076/09/02
Place: Hattisar, Kathmandu, Nepal

Dilip Kumar Munankarmi
Director

Pashupati Bhakta Shrestha
Director

Goodwill Finance Ltd.
Statement of Other Comprehensive Income
for the year ended 31st Ashad 2076 (16 July 2019)

Figures in NPR

| Particulars | Note | " Year ended 31st Ashad 2076 " | " Restated* Year ended 32nd Ashad 2075 " |
|---|------|-----------------------------------|--|
| Profit for the year | | 147,840,563 | 61,932,479 |
| Other Comprehensive Income, net of income tax | | | |
| a Items that will not be reclassified to Profit or Loss | | | |
| Gains / (Losses) from investment in equity instruments measured at fair value | | 3,581,079 | (37,487,184) |
| Gains / (Losses) on revaluation | | - | - |
| Actuarial Gains / (Losses) on defined benefit plans | | (3,342,300) | (5,836,995) |
| Income tax relating to above items | | (71,634) | 12,997,254 |
| Net other Comprehensive Income that will not be reclassified to Profit or Loss | | 167,146 | (30,326,925) |
| b Items that are or may be reclassified to Profit or Loss | | | |
| Gains (Losses) on cash flow hedge | | - | - |
| Exchange gains (Losses) (arising from translation of financial assets of foreign operation) | | - | - |
| Income tax relating to above items | | - | - |
| Reclassify to Profit or Loss | | - | - |
| Net other Comprehensive Income that are or may be reclassified to Profit or Loss | | - | - |
| c Share of other comprehensive income of associate accounted as per equity method | | - | - |
| Other Comprehensive income for the year, net of income tax | | 167,146 | (30,326,925) |
| Total Comprehensive income for the year | | 148,007,708 | 31,605,554 |
| Total Comprehensive income attributable to: | | | |
| Equity shareholder of the bank | | 148,007,708 | 31,605,554 |
| Non controlling interest | | - | - |
| Total Comprehensive income for the period | | 148,007,708 | 31,605,554 |

The accompanying notes are integral part of these financial statements.

As per our report of even date

.....
Saroj Kaji Tuladhar
 Chief Executive Officer

.....
Raja Ram Joshi
 Chairman

.....
Swarga Man Singh Shrestha
 Director

.....
Paras Narsingh Pradhan
 Chief Finance Officer

.....
Bishwa Prakash Shakh
 Director

.....
Uttam Raj Kayastha
 Director

.....
Bidur Luitel
 Partner
 Bidur Associates
 Chartered Accountants

.....
Dilip Kumar Munankarmi
 Director

.....
Pashupati Bhakta Shrestha
 Director

Date: 2076/09/02
 Place: Hattisar, Kathmandu, Nepal

Goodwill Finance Ltd.
Statement of Changes in Equity
for the year ended 31st Ashad 2076 (16 July 2019)

Figures in NPR

| Particulars | Share Capital | Share premium | General reserve | Exchange equalisation reserve | Regulatory Reserve | Investment adjustment reserve | Fair value reserve | Revaluation Reserve | Retained earning | Other reserve | Total | Non-controlling interest | Total equity |
|--|---------------|---------------|-----------------|-------------------------------|--------------------|-------------------------------|--------------------|---------------------|------------------|---------------|---------------|--------------------------|---------------|
| Balance at 1 Shrawan 2074 | 655,665,000 | - | 101,828,073 | - | - | 3,307,569 | - | - | 6,949,216 | 5,694,235 | 773,444,092 | - | 773,444,092 |
| Adjustment/Restatement | (74,000,000) | - | - | - | - | (3,307,569) | 10,043,080 | 109,836,171 | 95,637,893 | (4,515,045) | 133,694,529 | - | 133,694,529 |
| Adjusted/Restated balance at 1 Shrawan 2074 | 581,665,000 | - | 101,828,073 | - | - | - | 10,043,080 | 109,836,171 | 102,587,109 | 1,179,190 | 907,138,622 | - | 907,138,622 |
| Comprehensive income for the year | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | - | - | 61,932,479 | - | 61,932,479 | - | 61,932,479 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains / (Losses) from investment in equity instruments measured at fair value | - | - | - | - | - | - | (26,241,029) | - | - | - | (26,241,029) | - | (26,241,029) |
| Gains / (Losses) on revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Actuarial Gains / (Losses) on defined benefit plans | - | - | - | - | - | - | - | - | - | (4,085,897) | (4,085,897) | - | (4,085,897) |
| Gains / (Losses) on Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange gains / (Losses) arising from translating financial assets of foreign operation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive income for the year | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to reserve during the year | - | - | 13,001,807 | - | - | 1,764,177 | - | - | - | 1,185,358 | 15,951,343 | - | 15,951,343 |
| Transfer from reserve during the year | - | - | - | - | - | - | - | (34,980,825) | (15,951,343) | (968,628) | (51,900,797) | - | (51,900,797) |
| Other Adjustments | - | (2,050,329) | - | - | - | (1,764,177) | - | 10,494,248 | 37,713,631 | - | 44,393,372 | - | 44,393,372 |
| Transactions with owners, directly recognised in equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Right share issued | 144,335,000 | 4,525,877 | - | - | - | - | - | - | - | - | 148,860,877 | - | 148,860,877 |
| Share based payment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends to equity holders | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bonus shares issued | 74,000,000 | - | - | - | - | - | - | - | (74,000,000) | - | - | - | - |
| Cash dividend paid | - | - | - | - | - | - | - | - | (3,894,737) | - | (3,894,737) | - | (3,894,737) |
| Total contributions by and distributions to owners | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance at 31 Ashad 2075 | 800,000,000 | 2,475,548 | 114,829,880 | - | - | - | (16,197,949) | 85,349,593 | 108,387,139 | (2,689,977) | 1,092,154,234 | - | 1,092,154,234 |
| Balance at 1 Shrawan 2075 | 800,000,000 | 2,475,548 | 114,829,880 | - | - | - | (16,197,949) | 85,349,593 | 108,387,139 | (2,689,977) | 1,092,154,234 | - | 1,092,154,234 |
| Adjustment/Restatement | - | - | - | - | - | - | - | - | 540,037 | - | 540,037 | - | 540,037 |
| Adjusted/Restated balance at 1 Shrawan 2075 | 800,000,000 | 2,475,548 | 114,829,880 | - | - | - | (16,197,949) | 85,349,593 | 108,927,176 | (2,689,977) | 1,092,694,271 | - | 1,092,694,271 |
| Comprehensive income for the year | - | - | - | - | - | - | - | - | - | - | - | - | - |

| Particulars | Share Capital | Share premium | General reserve | Exchange equalisation reserve | Regulatory Reserve | Investment adjustment reserve | Fair value reserve | Revaluation Reserve | Retained earning | Other reserve | Total | Non-controlling interest | Total equity |
|--|---------------|---------------|-----------------|-------------------------------|--------------------|-------------------------------|--------------------|---------------------|------------------|----------------|---------------|--------------------------|---------------|
| Profit for the year | | | | | | | | | 147,840,563 | | 147,840,563 | | 147,840,563 |
| Other comprehensive income, net of tax | | | | | | | | | | | - | | - |
| Gains / (Losses) from investment in equity instruments measured at fair value | | | | | | | 2,506,756 | | | | 2,506,756 | | 2,506,756 |
| Gains / (Losses) on revaluation | | | | | | | | - | | | - | | - |
| Actuarial Gains / (Losses) on defined benefit plans | | | | | | | | | | (2,339,610) | (2,339,610) | | (2,339,610) |
| Gains / (Losses) on Cash Flow Hedge | | | | | | | | | | | - | | - |
| Exchange gains / (Losses) arising from translating financial assets of foreign operation | | | | | | | | | | | - | | - |
| Total Comprehensive income for the year | | | | | | | | | | | | | - |
| Transfer to reserve during the year | | | 29,568,113 | | | | | | - | 3,084,779 | 32,652,891 | | 32,652,891 |
| Transfer from reserve during the year | | | | | 96,977,442 | | | | (129,630,333) | - | (32,652,891) | | (32,652,891) |
| Other Adjustments | | | | | | | | | 650,090 | (1,395,919.42) | (745,829) | | (745,829) |
| Transactions with owners, directly recognised in equity | | | | | | | | | | | | | - |
| Right share issued | | - | | | | | | | | | - | | - |
| Share based payment | | | | | | | | | | | - | | - |
| Dividends to equity holders | | | | | | | | | | | - | | - |
| Bonus shares issued | | | | | | | | | | | - | | - |
| Cash dividend paid | | | | | | | | | (42,105,263) | | (42,105,263) | | (42,105,263) |
| Total contributions by and distributions to owners | | | | | | | | | | | | | - |
| Balance at 31 Asadh 2076 | 800,000,000 | 2,475,548 | 144,397,993 | - | 96,977,442 | - | (13,691,193) | 85,349,593 | 85,682,233 | (3,340,728) | 1,197,850,888 | | 1,197,850,888 |

Goodwill Finance Ltd.
Statement of Cash Flows
for the year ended 31st Ashad 2076 (16 July 2019)

Figures in NPR

| Particulars | Year ended 31st Ashad 2076 | Restated*Year ended 32nd Ashad 2075 |
|--|----------------------------|-------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | 884,553,281 | 665,530,316 |
| Fees and other income received | 58,767,078 | 23,040,447 |
| Receipts from other operating activities | 48,669,884 | 48,535,734 |
| Interest paid | (639,299,065) | (483,699,468) |
| Commission and fees paid | - | - |
| Cash payment to employees | (72,429,866) | (54,662,461) |
| Other expense paid | (82,781,729) | (74,076,051) |
| Operating cash flows before changes in operating assets and liabilities | 197,479,583 | 124,668,516 |
| (Increase)/Decrease in operating assets | | |
| Due from Nepal Rastra Bank | (23,344,529) | (58,098,626) |
| Placement with Bank and Financial Institutions | - | - |
| Other trading assets | (29,403,225) | (55,836,686) |
| Loans and advances to bank and financial institutions | (88,911,133) | (1,898,050) |
| Loans and advances to customers | (1,141,574,872) | (950,414,642) |
| Other assets | (79,019,382) | 117,498,585 |
| Increase/(Decrease) in operating liabilities | | |
| Due to bank and financial institutions | 246,342,180 | 4,394,136 |
| Due to Nepal Rastra Bank | 22,266,864 | 72,267,009 |
| Deposit from customers | 1,282,817,477 | 826,095,444 |
| Borrowings | - | - |
| Other liabilities | (10,338,067) | (22,832,818) |
| Net cash flow from operating activities before tax paid | 376,314,895 | 55,842,868 |
| Income taxes paid | (40,113,741) | (33,100,724) |
| Net cash flow from operating activities | 336,201,155 | 22,742,144 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of investment securities | (273,747,283) | (83,361,185) |
| Proceeds from sale of investment securities | 9,179,290 | 16,730,226 |
| Purchase of property and equipment | (24,153,920) | (18,325,156) |
| Proceeds from the sale of property and equipment | 2,072,649 | 73,127,694 |
| Acquisition of intangible assets | (819,250) | - |
| Proceeds from the sale of intangible assets | - | - |
| Purchase of investment properties | (74,030,783) | - |
| Proceeds from the sale of investment properties | - | - |
| Interest received | - | - |
| Dividend received | 1,594,447 | 2,938,856 |
| Net cash used in investing activities | (359,904,850) | (8,889,566) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of debt securities | - | - |
| Repayment of debt securities | - | - |
| Receipts from issue of subordinated liabilities | - | - |
| Repayment of subordinated liability | - | - |
| Receipts from issue of shares | - | 144,335,000 |
| Dividends paid | (46,309,197) | (4,849,626) |
| Interest paid | - | - |
| Other receipt/payment | - | - |
| Net cash from financing activities | (46,309,197) | 139,485,374 |
| Net increase (decrease) in cash and cash equivalents | (70,012,892) | 153,337,953 |
| Cash and cash equivalents Beginning of the Period | 1,285,245,732 | 1,131,907,779 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | - | - |
| Cash and cash equivalents at 31 Asadh 2074 | 1,215,232,840 | 1,285,245,732 |

Anx 5.1

ii. Capital Structure and Capital Adequacy

1. Tier 1 Capital and a breakdown of its components is as follows:

| S.N. | Particulars | Amount in 000's | Amount in 000's |
|------|---|---------------------|---------------------|
| 1 | Paid up Equity Share Capital | 800,000.00 | 800,000.00 |
| 2 | Share Premium | 2,475.55 | 2,475.55 |
| 3 | Proposed Bonus Equity Shares | | |
| 4 | Statutory General Reserves | 144,397.99 | 144,397.99 |
| 5 | Retained Earnings | 85,682.23 | 108,387.14 |
| 6 | Un-audited current year cumulative profit/(loss) | | |
| 7 | Other Free Reserve | 93,636.71 | (2,689.98) |
| 8 | Less: Deferred Tax Assets | | |
| 9 | Less: goodwill & other Fictitious Assets | | |
| 10 | Less: Investment in equity of institutions with financial interests | | |
| 11 | Less: Investment in equity of institutions in excess of limits | (75,144.03) | (10,929.00) |
| 12 | Less: Purchase of land & building in excess of limit and unutilized | | |
| | Total Tier 1 Capital | 1,051,048.46 | 1,041,641.70 |

2. Tier 2 Capital and a breakdown of its components is as follows:

| S.N. | Particulars | Amount in 000's | Amount in 000's |
|------|-------------------------------|------------------|------------------|
| a | General loan loss provision | 61,573.34 | 46,983.76 |
| b | Exchange Equalization Reserve | | |
| c | Investment Adjustment Reserve | | |
| d | Other Reserves | (13,691) | (16,197.95) |
| | Total Tier 2 Capital | 47,882.14 | 30,785.81 |

3. Total Qualifying Capital:

| S.N. | Particulars | Amount in 000's | Amount in 000's |
|------|--------------------------------|---------------------|---------------------|
| i. | Core Capital (Tier 1) | 1,051,048.46 | 1,041,641.70 |
| ii. | Supplementary Capital (Tier 2) | 47,882.14 | 30,785.81 |
| | Total Capital Fund | 1,098,930.60 | 1,072,427.51 |

4. Capital Adequacy Ratio:

| S.N. | Particulars | Percent | Percent |
|------|--------------------------------|---------------|---------------|
| i. | Core Capital (Tier 1) | 14.40% | 18.80% |
| ii. | Supplementary Capital (Tier 2) | 0.66% | 0.56% |
| | Total Capital Fund | 15.05% | 19.35% |

8. Statement of Risk Seight Asset

A. On-Balance-sheet Items

(Rs. in '000)

| S.N. | Description | Weight (%) | Current period | | Previous period | |
|---|---|------------|----------------------|---------------------|---------------------|---------------------|
| | | | Amount | RWA | Amount | RWA |
| 1 | Cash Balance | 0 | 139,887.87 | - | 112,855.31 | - |
| 2 | Gold (Tradable) | 0 | | - | | - |
| 3 | NRB Balance | 0 | 286,905.06 | - | 263,560.54 | - |
| 4 | Investment to Govt. Bond | 0 | 38,900.00 | - | 38,900.00 | - |
| 5 | Investment to NRB Bond | 0 | 500,353.63 | - | 224,660.54 | - |
| 6 | Loan against Own FD | 0 | 108,721.01 | - | 115,188.25 | - |
| 7 | Loan against Govt. Securities | 0 | 1,356,869.00 | - | - | - |
| 8 | Accrued interests on Govt. bond | 0 | - | - | | - |
| 9 | Investment to Youth Self-employment Fund | 0 | 3,642.78 | - | 3,642.78 | - |
| 10 | Balance on domestic banks and financial institutions | 20 | 1,048,043.36 | 209,608.67 | 1,154,030.85 | 230,806.17 |
| 11 | Loan against other banks' and financial institutions' FD | 20 | - | - | | - |
| 12 | Foreign bank balance | 20 | - | - | | - |
| 13 | Money at call | 20 | 27,301.61 | 5,460.32 | 18,359.57 | 3,671.91 |
| 14 | Loan against internationally rated bank guarantee | 20 | - | - | | - |
| 15 | Investment to internationally rated Banks | 20 | - | - | | - |
| 16 | Inter-bank lending | 20 | - | - | | - |
| 17 | Investment on shares/debentures/bonds | 100 | 326,142.52 | 326,142.52 | 293,472.60 | 293,472.60 |
| 18 | Other investments | 100 | | - | | - |
| 19 | Loans & advances, bills purchase/discount | 100 | 5,818,230.25 | 5,818,230.25 | 4,391,750.83 | 4,391,750.83 |
| 20 | Fixed assets | 100 | 253,138.90 | 253,138.90 | 243,846.85 | 243,846.85 |
| 21 | Net interest receivables (Toral IR - 8 - Interest supsense) | 100 | | - | | - |
| 22 | Gross Non-Banking Asset | 100 | 74,030.78 | 74,030.78 | - | - |
| 23 | Other assets (Except advance tax and Deferred Tax) | 100 | 108,496.55 | 108,496.55 | 32,489.63 | 32,489.63 |
| 24 | Real estate/residential housing loans exceeding the limits | 150 | - | - | | - |
| Total On-Balance-sheet Items (A) | | | 10,090,663.33 | 6,795,108.00 | 6,892,757.74 | 5,196,037.99 |

B. Off-Balance-sheet Items

| S.N. | Description | Weight (%) | Current period | | Previous period | |
|---|---|------------|-------------------|-------------------|-------------------|-------------------|
| | | | Amount | RWA | Amount | RWA |
| 1 | Bills collection | 0 | | | | |
| 2 | Forward foreign exchange contract | 10 | | | | |
| 3 | L/C with maturity less than six months (Outstanding value) | 20 | | | | |
| 4 | Guarantee against International rated bank's counter guarantee | 20 | | | | |
| 5 | L/C with maturity more than six months (Outstanding value) | 50 | | | | |
| 6 | Bid bond, performance bond and underwriting | 50 | 1,720.00 | 860.00 | 2,017.00 | 1,008.50 |
| 7 | Loan sale with repurchase agreement | 50 | | | | |
| 8 | Advance payment guarantee | 100 | | | | |
| 9 | Financial and other guarantee | 100 | | | | |
| 10 | Irrevocable loan commitment | 100 | | | | |
| 11 | Possible liabilities for income tax | 100 | | | | |
| 12 | All types of possible liabilities including acceptance | 100 | | | | |
| 13 | Rediscounted bills | 100 | | | | |
| 14 | Unpaid portion of partly paid share investment | 100 | | | | |
| 15 | Unpaid guarantee claims | 200 | | | | |
| 16 | Claimed possible liabilities but not accepted | 200 | | | | |
| 17 | Amount to be maintained for operational risk (5% of Total Assets) | 100 | 504,533.17 | 504,533.17 | 344,637.89 | 344,637.89 |
| Total Off-Balance-sheet Items (B) | | | 506,253.17 | 505,393.17 | 346,654.89 | 345,646.39 |
| Total Risk Weighted Assets (A) + (B) | | | | 7300501.17 | | 5541684.37 |

Significant Accounting Policies and Notes to the Accounts

1 Reporting Entity

Goodwill Finance Limited ('the Finance' or 'the Company') is a public company incorporated under the Companies Act, 2063 and licensed by Nepal Rastra Bank to conduct banking transaction as a "C" Class Financial Institution under the Bank and Financial Institution Act, 2073. The Finance has its Corporate Office at HattisarSadak, Kathmandu. The Finance received the license to commence banking operations on Baishakh 29, 2052 BS (May 12, 1995 AD). The Finance's Equity Shares are listed in Nepal Stock Exchange. The objective of the Finance is to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs and providing broad mix of financial services to business and individuals.

The Authorized Capital of the company is Rupees 1,000,000,000/- and the Issued Capital is 800,000,000/-. 51 percent of the Paid-Up Capital is held by the promoter and remaining 49 is held by the general public. The shares of the Company are listed at Nepal Stock Exchange Limited (NEPSE). The shareholder composition of the Finance is as follows (as of 2076-03-31)

| S.N | Ownership | Percent |
|-----|-------------------|---------|
| 1 | General Public | 97.77 |
| 2 | Other Institution | 2.23 |
| | Total | 100 |

| S.N | Ownership | Percent |
|-----|-----------------|---------|
| 1 | Promoter Shares | 51% |
| 2 | Ordinary Shares | 49% |
| | Total | 100 |

2 Basis of Preparation

The financial statements of the Finance have been prepared on accrual basis of accounting except the Cash flow information which is prepared, on a cash basis, using the direct method. The interest income is recognized on effective interest rate method. The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown in two separate statement, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts. The significant accounting policies applied in the preparation of financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1 Statement of compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal.

Upto the year ended 32nd Ashadh 2075, the Company prepared its financial statements in accordance with the requirements of previous GAAP, NRB Directive and Nepal Accounting Standard (NAS) issued by ASB of Nepal. This is the Company's first NFRS adopted financial statements. The date of transition to NFRS is 1st Shrawan 2074. Refer Note 5.10 for the details of significant first-time adoption exemptions availed by the Company and an explanation of how the transition from previous GAAP to NFRS has affected the Company's financial position, performance and cash flows. The financial statements have been prepared on the going-concern basis.

The Company has adopted all the NFRS and the adoption was carried out in accordance with NFRS 1, First Time Adoption of NFRS. Reconciliations and descriptions of the effect of the transition have been summarized in Notes that follows.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in the respective notes.

2.2 Reporting period and approval of financial statements

Reporting Period is a period from the first day of Shrawan (mid-July) of any year to the last day of Ashadh (mid-July) of the next year as per Nepalese calendar.

The current year period refers to 1st Shrawan 2075 to 31st Ashadh 2076 as per Nepalese Calendar corresponding to 17th July 2018 to 16th July 2019 as per English Calendar and corresponding previous year period is 1st Shrawan 2074 to 32nd Ashadh 2075 as per Nepalese Calendar corresponding to 16th July 2017 to 16th July 2018 as per English Calendar.

| Nepalese Calendar | English Calendar | |
|----------------------|---------------------------------|-------------------------------|
| Current Year | 2075/76 | 2018/19 |
| Previous Year | 2074/75 | 2017/18 |
| | 1 st Shrawan 2075 to | 17 th July 2018 to |
| Current Year Period | 31 st Ashadh 2076 | 16 th July 2019 |
| | 1 st Shrawan 2074 to | 16 th July 2017 to |
| Previous Year Period | 31 nd Ashadh 2075 | 16 th July 2018 |

The Financial Statements were authorized for issue by the Board of Directors on 2nd Poush 2076. The Company prepared its financial statements in accordance with the requirements of Nepal Financial.

2.3 Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the company's functional currency. The Finance determines the functional currency and items included in the financial statements are measured using that functional currency.

2.4 Use of Estimates, assumptions and judgments

The preparation of the Finance's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.
- Assessment of the Finance's ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

2.5 Changes in Accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

2.6 New standards in issue but not yet effective

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Finance's financial statements are disclosed below. The Finance intends to adopt these standards, if applicable, when they become effective.

- IFRS 15 Revenue from Contract Customers
IFRS 15 shall be applicable on or after 1 January 2018 where as ASB Nepal has not incorporated them within NFRS.
- IFRS 16 Leases
The Original version of IFRS 16 which was issued on January 2016 shall be applicable for annual periods beginning on or after 1 January 2019.
- IFRS 17 Insurance Contract

The original version of IFRS 4 insurance contract will be replaced by IFRS 17 which was issued on May 2017 shall be applicable for annual periods beginning on or after 1 January 2022.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

2.7 New Standards and interpretation not adapted

All Nepal Accounting Standards and Nepal Financial Reporting Standards and other interpretation issued by ASB of Nepal have been adapted while preparing financial statements.

2.8 Discounting**3 Non-current assets and liabilities are discounted where discounting is material. Significant Accounting Policies**

The principal accounting policies applied by the Finance in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

3.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the following material items in the statement of financial position:

- Investment property is measured at fair value.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Investments held-for-trade is measured at fair value.
- Derivative financial instruments are measured at fair value.
- Defined benefit schemes, surpluses and deficits are measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company. Any revision to accounting estimates are recognised prospectively in the period in which the estimates are revised and in the future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes that follow.

Distinction of Current and Non-Current Assets

All the assets except the property, plant and equipment's and deferred tax assets are classified as current assets unless specific additional disclosure is made in the notes.

Liabilities

All the liabilities except the defined benefit plan obligations are classified as current liabilities unless specific additional disclosure is made in the notes.

Materiality and Aggregation

In compliance with NFRS 1 - Presentation of Financial Statements, each material class of similar items is presented separately in the financial Statements. Items of dissimilar nature or functions are presented separately unless they are material.

3.2 Basis of consolidation

The Finance does not have any subsidiaries or special purpose entities over which it exercises control. Hence, only standalone financial statement is prepared.

3.3 Cash and cash equivalent

Cash and cash equivalents include cash at vault and agency bank account balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash and Cash equivalent are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 07- Statement of Cash Flows.

3.4 Financial assets and financial liabilities**Recognition**

The Finance initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Finance 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 Finance becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Finance commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

Classification**i. Financial Assets**

The Finance classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Finance's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. Financial assets measured at amortized cost

The Finance 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.

2. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs 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.

b) Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Finance makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. Financial Liabilities

The Finance classifies the financial liabilities as follows:

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

b) Financial liabilities measured at amortized cost

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

Measurement**Financial assets at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of

subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

i. De-recognition of financial assets

The Finance derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Finance neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Finance is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset, and the sum of

- (i) The consideration received and
- (ii) Any cumulative gain or loss that had been recognized in other comprehensive income is recognized in Statement of Profit or Loss.

The Finance enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

ii. 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 a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Finance 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 Finance 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 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

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

value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in profit or loss immediately.

Impairment

At each reporting date, the Finance assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through 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 Finance on terms that the Finance 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.

In case of financial difficulty of the borrower, the Finance considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and 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 or collective impairment assessment, calculated using the loan's original EIR.

Impairment of financial assets measured at amortized cost

The Finance considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Finance first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. 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.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. In assessing collective impairment, the Finance 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. 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. 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 'Other operating income'.

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.

3.5 Trading assets

Interest income on all trading assets are considered to be incidental to the finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Interest expense on all trading liabilities are considered to be incidental to the finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.6 Derivatives assets and derivative liabilities

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the income statement in Net trading income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognised in the income statement in Net trading income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

3.7 Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Finance and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self-constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.

Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

b) Capital work in progress

Assets in the course of construction are capitalised in the assets under capital work in progress account (CWIP). At the point when an asset is capable of operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

c) Depreciation

Property and equipments are depreciated from the date they are available for use on property on written down value method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

The estimated useful lives of significant items of property and equipment for current year and comparative periods are as follows:

| Class of Assets | Useful Life | Rate of Depreciation |
|----------------------|-------------|----------------------|
| Building | 20 years | 5% |
| Vehicles | 5 years | 20% |
| Machinery | 7 years | 15% |
| Equipment and Others | 4 years | 25% |

- The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 years' period or within the ownership period.

- Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. For assets purchased/sold during the year, depreciation is provided up to the date of use on pro-rata basis.

3.8 Goodwill Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

The estimated useful lives of significant items of intangible assets for current year and comparative periods are as follows:

| Class of Assets | Useful Life | Rate of Depreciation |
|-------------------|-------------|----------------------|
| Computer software | 5 years | 20% |

3.9 Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner-occupied property. The Finance holds investment property that has been acquired through the enforcement of security over the loan and advances.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred. If the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Investment property which initially measured at cost and subsequently at Cost Model. Accordingly, such properties are subsequently measured at cost less accumulated depreciation and impairment loss if any.

Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the income statement in the year of retirement or disposal.

3.10 Income tax

The Company is subject to tax laws of Nepal. Income Taxes have been calculated as per the provisions of the Income Tax Act, 2058. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax law carry-forwards become deductible. The company considers the expected reversal of deferred tax liabilities and projected future taxable income making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current Tax

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred Tax

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are reviewed at each reporting date and reversed if it is no longer probable that the related tax benefits will be realised. The measurement of deferred tax reflects the tax consequences that would follow 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 are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Deposits, debt securities issued and subordinated liabilities

Finance deposits consist of money placed into the Finance by its customers. These deposits are made to deposit accounts such as Fixed deposit accounts, savings accounts, margin deposit accounts, call deposit accounts and current accounts. Details and further disclosures about deposits have been explained in Note that follows.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligation that arises from past events but is not recognized because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

3.13 Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Finance and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of comprehensive income includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter banking lending etc.
- Interest on investment securities measured at fair value, calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets are considered to be incidental to the Finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Fee and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of letter of credit and guarantee are recognized as the related services are performed. When the loan commitment is not utilized to the extent of approved limit, the related commitment fees are recognized on undrawn amount on straight line basis over the period of commitment.

Dividend income

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

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

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and 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 financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss is recognised in statement of Profit or Loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in Other operating income when the right to the payment has been established.

3.14 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.15 Employees Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the prevailing Bonus Act to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- paid annual leave and paid sick leave;
- profit-sharing and bonuses; and
- non-monetary benefits

b) Post-Employment Benefit Plan

Post-employment benefit plan includes followings:

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Finance to its employees:

a) Employees Provident Fund

In accordance with law, all employees of the Finance are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Finance contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Finance does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Finance's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Finance's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Finance recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit or loss.

The following are the defined benefit plans provided by the Finance to its employees:

a) Gratuity

Finance provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Finance. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service.

b) Leave Salary

The employees of the Finance are entitled to carry forward a part of their unavailed/ unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service

Byelaws of the Finance. The Finance accounts for the liability for entire accumulated outstanding leave balance on accrual basis as per Employee Service Byelaws of the Finance.

c) Termination Benefits

Termination benefits are recognized as expense when the Finance is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Finance has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

3.16 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessee:

Finance leases that transfer to the company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals are recognised as an expense in the period in which they are incurred.

Company as a lessor

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.17 Foreign Currency translation

The items included in the financial statements of the entity are measured using the functional currency of the Company.

3.18 Financial guarantee and loan commitment

The Finance makes available to its customers guarantees that may require that the Finance makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Finance to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Finance to similar risks to loans and are mitigated by the same control processes and policies.

3.19 Share capital and reserves

The Finance classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Finance and distributions thereon are presented in statement of changes in equity.

The Finance is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 11% for current year and the Finance has maintained the required ratio.

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

3.20 Earnings per share including diluted

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

3.21 Segment reporting

An operating segment is a component of the Finance that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Finance's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance. Since the Chief Operating Decision Maker monitors the activities of the Finance as a whole, the Finance has classified a single operating segment.

4 Explanatory Notes

The explanatory notes and significant disclosure relating to the financial statements are as follows:

4.1 Cash and Cash Equivalents

Cash and Cash Equivalents consists of the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and Cash equivalent**(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Cash in hand | 139,887,871 | 112,855,306 | 114,852,809 |
| Balance with B/FIs | 1,048,043,360 | 1,154,030,852 | 991,430,517 |
| Money at call and short notice | | | |
| Other | 27,301,611 | 18,359,574 | 25,624,454 |
| Total | 1,215,232,842 | 1,285,245,733 | 1,131,907,779 |

4.2 Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank has been presented under this account head.

Due from Nepal Rastra Bank**(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Statutory Balances with NRB | 286,905,064 | 263,560,535 | 205,461,909 |
| Securities Purchased under re-sale agreement | | | |
| Other deposit and receivable from NRB | | | |
| Total | 286,905,064 | 263,560,535 | 205,461,909 |

4.3 Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

Placement with Bank and Financial Institutions

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Placements with domestic B/Fis | - | - | - |
| Placement with foreign B/Fis | - | - | - |
| Less: Allowances for Impairment | - | - | - |
| Total | - | - | - |

4.4 Derivative Financial Instruments

The derivative financial instruments held by the Bank during the year are as follows:

Derivative Financial Instruments

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---------------------------|------------------------------------|------------------------------------|------------------------------------|
| Held for trading | - | - | - |
| Interest rate swap | - | - | - |
| Currency swap | - | - | - |
| Forward exchange contract | - | - | - |
| Others | - | - | - |
| Held for risk management | - | - | - |
| Interest rate swap | - | - | - |
| Currency swap | - | - | - |
| Forward exchange contract | - | - | - |
| Others | - | - | - |
| Total | - | - | - |

4.5 Other Trading Assets

There were no trading assets held by the Bank during the year.

4.6 Loan and Advances to Banks and Financial Institutions

Loan and advances given to microfinance financial institutions as well as other bank and financial institutions has been presented under this head. Specific impairment on loan and advance to bank and financial institutions has been deducted.

Loans and advances to BF/Is

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Loans to microfinance institutions | 248,581,172 | 159,670,039 | 157,771,989 |
| Other | - | - | - |
| Less: Allowances for Impairment | (2,485,812) | (1,596,700) | (1,577,720) |
| Total | 246,095,360 | 158,073,339 | 156,194,269 |

Impairment allowances for the loans and advances forwarded to BFIs during the year are as follows:

Allowances for Impairment

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Balance at 1 st Shrawan | 1,596,700 | 1,577,720 | 600,000 |
| Impairment loss for the year: | | | |
| Charge for the year | 889,111 | 18,981 | 977,720 |
| Recoveries/reversals | - | - | - |
| Amount written off | - | - | - |
| Balance at Asadh end | 2,485,812 | 1,596,700 | 1,577,720 |

4.7 Loans and advances to customers

Outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the Bank has also be presented under this head.

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Loans and advances measured at amortized cost | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Less: | 140,584,328 | 136,701,183 | 113,260,096 |
| Impairment allowances | - | - | - |
| Collective Allowances | 140,584,328 | 136,701,183 | 113,260,096 |
| Individual Allowances | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Net amount | 5,541,428,538 | 4,372,302,958 | 3,445,329,403 |
| Loans and advances measured at FVTPL | - | - | - |
| Total | 5,541,428,538 | 4,372,302,958 | 3,445,329,403 |

4.7.1 Analysis of Loans and Advances- By Product**Analysis of Loans and advances- By Product****(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Product | | | |
| Term Loans | 2,841,729,640 | 1,910,920,000 | 1,046,215,981 |
| Overdraft | - | - | - |
| Trust receipt/Import loans | - | - | - |
| Demand and other working capital Loans | - | - | - |
| Personal residential loans | 1,282,703,610 | - | - |
| Real estate loans | 319,934,170 | 316,792,000 | 257,517,217 |
| Margin lending loans | 220,906,390 | 207,680,000 | 314,340,434 |
| Hire purchase loans | 615,049,610 | 446,617,807 | 358,487,597 |
| Deprived sector loans | 44,117,868 | 66,447,961 | 183,573,451 |
| Bills purchased | - | - | - |
| Staff loans | 14,970,615 | 14,306,152 | 14,471,094 |
| Others | 311,167,110 | 1,546,240,221 | 1,383,983,725 |
| Sub Total | 5,650,579,013 | 4,509,004,141 | 3,558,589,499 |
| Interest receivable | 31,433,852 | - | - |
| Grand Total | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |

4.7.2 Analysis of Loans and advances- By Currency**(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---------------------|------------------------------------|------------------------------------|------------------------------------|
| Nepalese rupee | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Indian rupee | - | - | - |
| United State dollar | - | - | - |
| Great Britain pound | - | - | - |
| Euro | - | - | - |
| Japanese yen | - | - | - |

| | | | |
|--------------|----------------------|----------------------|----------------------|
| Chinese yen | - | - | - |
| Other | - | - | - |
| Total | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |

4.7.3 Analysis of Loans and advances- By Collateral

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Secured | | | |
| Movable/immovable assets | 5,390,720,450 | 4,180,120,351 | 3,029,462,400 |
| Gold and silver | 158,950,410 | 163,334,010 | 180,675,850 |
| Guarantee of domestic B/Fis | - | - | - |
| Government Guarantee | - | - | - |
| Guarantee of International Rated bank | - | - | - |
| Collateral of export document | - | - | - |
| Collateral of fixed deposit receipt | 108,721,010 | 115,188,249 | 177,865,490 |
| Collateral of Government securities | 1,715,370 | - | - |
| Counter Guarantee | - | - | - |
| Personal Guarantee | - | - | - |
| Other collateral | 21,905,626 | 50,361,531 | 170,585,759 |
| Subtotal | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Unsecured | - | - | - |
| Grand Total | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |

4.7.4 Allowances for Impairment

Impairment of financial assets

At each reporting date, the Bank has assessed whether there exists objective evidence that a financial asset or group of financial assets not carried at fair value through 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 Bank on terms that the Bank 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.

In case of financial difficulty of the borrower, the Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and 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 or collective impairment assessment, calculated using the loan's original EIR.

1. Use of Carve Outs for Financial Assets

a. For Impairment Calculation

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 amortised cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 of NAS 39 : Financial Instruments: Recognition and Measurement, to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Bank and Financial Institutions shall measure impairment loss on loan and advances as higher of amount derived as per prudential norms prescribed by Nepal Rastra Bank and amount determined as per paragraph 63.

However, bank and financial institutions shall apply paragraph 63 of NAS 39 : Financial Instruments: Recognition and Measurement to determine the amount of impairment loss on financial assets other than loan and advances.

b. For Using Effective Interest rate

During the reporting period Bank has used the exemption for not calculating Interest Income using Effective Interest Rate (EIR) as Bank has considered such calculation to be impracticable. Accordingly Bank has used Normal interest rate to charge interest income.

c. Interest calculation on Impaired Loan and advances

NAS 39 requires when 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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. However the bank has charged interest income by applying the Normal interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

Impairment of financial assets measured at amortized cost

The Bank considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. 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.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. In assessing collective impairment the Bank 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. 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 Normal 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 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.

Impairment allowance for Loans and Advances

During the year, the Bank changed its accounting policy with respect to Impairment allowance for Loans and Advances. The Bank now at each reporting date, assesses whether there is objective evidence that loans and advances carried at fair value through profit or loss are impaired and impairment provided for if impairment assessment indicates so. Loans and advances 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 loans and advances 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 Bank on terms that the Bank 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.

In case of financial difficulty of the borrower, the Bank considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the Normal Interest rate 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 or collective impairment assessment, calculated using the loan's Normal Interest rate.

Prior to this change in policy, the Bank used to provide for impairment loss of loans and advances at 1% to 100% on the basis of classification of loans and advances in accordance with the directives of Nepal Rastra Bank.

The Bank believes the new policy is preferable as it more closely aligns the accounting for these transactions with the NFRS and will aid comparability.

Following table below show the NFRS provision under two different model:

A. LOAN LOSS PROVISION AS PER NRB DIRECTIVE:

Loans and advances to BF/Is

(Figures in NPR)

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Loans to microfinance institutions | 248,581,172 | 159,670,039 | 157,771,989 |
| Other | - | - | - |
| Less: Allowances for Impairment | (2,485,812) | (1,596,700) | (1,577,720) |
| Total | 246,095,360 | 158,073,339 | 156,194,269 |

| Loans and advances to customers | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Loans and advances measured at amortized cost | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Less: | | | |
| Impairment allowances | 140,584,328 | 136,701,183 | 113,260,096 |
| Collective Allowances | - | - | - |
| Individual Allowances | 140,584,328 | 136,701,183 | 113,260,096 |
| Net amount | 5,541,428,538 | 4,372,302,958 | 3,445,329,403 |
| Loans and advances measured at FVTPL | - | - | - |
| Total | 5,541,428,538 | 4,372,302,958 | 3,445,329,403 |

Movement of Loan Loss Provision as per NRB directive

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Specific allowance for impairment | - | - | - |
| Balance at Shrawan 1 | - | - | - |
| Impairment loss for the year | - | - | - |
| Charge for the year | - | - | - |
| Recoveries/reversal during the year | - | - | - |
| Write-offs | - | - | - |
| Exchange rate variance on foreign currency | - | - | - |
| Other Movement | - | - | - |

| | | | |
|--|--------------------|--------------------|--------------------|
| Balance at Asadh end | - | - | - |
| Collective allowance for Impairment | - | - | - |
| Balance at Shrawan 1 | 136,701,184 | 113,260,096 | 109,315,144 |
| Impairment loss for the year | - | - | - |
| Charge/(reversal) for the year | 3,883,144 | 23,441,088 | 3,944,952 |
| Exchange rate variance on foreign currency | - | - | - |
| Other movement | - | - | - |
| Balance at Asadh end | 140,584,328 | 136,701,184 | 113,260,096 |

B. IMPAIRMENT AS PER NAS 39**Loans and advances to BF/Is**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Loans to microfinance institutions | 248,581,172 | 159,670,039 | 157,771,989 |
| Other | - | - | - |
| Less: Allowances for Impairment | (2,485,812) | (1,596,700) | (1,577,720) |
| Loans and advances to Customers | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
| Loans and advances measured at amortized cost | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Loans and advances to Customers (A) | 5,654,541,652.58 | 4,513,595,182.26 | 3,561,681,029.25 |
| Staff Loan (B) | (3,962,639.34) | (4,591,041.15) | (3,091,529.98) |
| AIR (C) | 31,433,852.34 | - | - |
| Total Loan as per Financial Statement (A+B+C) | 5,682,012,866 | 4,509,004,141 | 3,558,589,499 |
| Less: | | | |
| Impairment allowances (a + b) | 140,584,328 | 136,701,183 | 113,260,096 |
| Collective Allowances (a) | - | - | - |
| Individual Allowances (b) | 140,584,328 | 136,701,183 | 113,260,096 |

4.8 Investment securities

Investments made by the Bank in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment.

Investment securities**(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Investment securities measured at amortised cost | 539,253,625 | 275,348,525 | 241,148,525 |
| Investment Securities measured at FVTOCI | 326,142,522 | 293,472,597 | 241,750,911 |
| Total | 865,396,147 | 568,821,122 | 482,899,436 |

4.8.1 Investment securities measured at amortized cost

Detail of Investment Securities measured at amortized cost is as follows:

Investment securities measured at amortized cost**(Figures in NPR)**

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|------------------|------------------------------------|------------------------------------|------------------------------------|
| Debt securities | | | |
| Government bonds | 539,253,625 | 275,348,525 | 241,148,525 |

| | | | |
|--|--------------------|--------------------|--------------------|
| Government treasury bills | - | - | - |
| Nepal Rastra Bank bonds | - | - | - |
| Nepal Rastra Bank deposits instruments | - | - | - |
| Other | - | - | - |
| Less: specific allowances for impairment | - | - | - |
| Total | 539,253,625 | 275,348,525 | 241,148,525 |

4.8.2 Investment in equity

Investment in equity measured at fair value through other comprehensive income (Figures in NPR)

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|-----------------------------------|------------------------|------------------------|------------------------|
| Equity instrument | | | |
| Quoted equity instrument | 259,852,222 | 230,448,997 | 174,612,311 |
| Unquoted equity instrument | 66,290,300 | 63,023,600 | 67,138,600 |
| Total | 326,142,522 | 293,472,597 | 241,750,911 |

4.8.3 Information relating to investment in equities

Investment in Quoted Equity

| Particulars | As at 31st Ashadh 2076 | | As at 32nd Ashadh 2075 | | As at 1st Shrawan 2074 | |
|---|------------------------|------------|------------------------|------------|------------------------|------------|
| | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value |
| Unilever Ltd. | 1,177,626 | 810,000 | 1,177,626 | 1,000,000 | 888,979 | 876,120 |
| Rastriya Beema Company Ltd. | 20,535,902 | 18,851,500 | 20,535,902 | 22,020,590 | 10,518,659 | 21,333,200 |
| Nepal Insurance Company Limited | 6,226,179 | 4,952,460 | 5,379,802 | 5,516,014 | 2,760,058 | 2,809,950 |
| National life Insurance Company Limited | 42,045,357 | 34,519,680 | 26,875,143 | 22,846,606 | 8,456,416 | 8,112,100 |
| Alliance Prabhu Insurance Company Limited | 5,978,163 | 3,677,128 | 5,978,163 | 5,404,570 | 1,664,817 | 1,843,000 |
| Butwal Power Company Limited | 1,429,046 | 1,096,120 | 1,429,046 | 1,113,252 | 765,457 | 724,160 |
| Sagarmatha Insurance Limited | 15,358,836 | 11,528,880 | 12,587,867 | 11,711,600 | 9,197,582 | 7,770,510 |
| Everest Insurance Limited | 7,417,877 | 4,954,875 | 6,459,677 | 5,270,760 | 1,676,345 | 2,285,850 |
| Shikhar Insurance Limited | 25,830,411 | 15,071,508 | 25,605,979 | 19,008,530 | 17,732,541 | 16,017,132 |
| Siddhartha Insurance Limited | 2,371,451 | 1,403,675 | 2,248,133 | 1,705,680 | 2,971,199 | 3,114,000 |
| United Insurance Limited | 4,138,330 | 2,517,700 | 3,980,317 | 2,637,710 | 3,753,015 | 3,663,660 |
| Citizen Investment Trust | 4,076,873 | 4,287,185 | 3,917,779 | 3,537,500 | 3,565,273 | 3,379,480 |
| Premier Insurance Limited | 5,729,736 | 3,938,620 | 4,617,674 | 3,962,250 | 3,394,220 | 3,488,160 |
| Solti Hotel Limited | 2,425,645 | 2,128,412 | 3,683,401 | 2,926,206 | 3,488,883 | 3,560,543 |
| Lumbini General Insurance Limited | 4,778,732 | 2,626,870 | 4,778,732 | 3,359,950 | 3,865,948 | 4,039,920 |
| Nepal Life Insurance Limited | 27,927,320 | 24,099,047 | 27,419,266 | 22,327,200 | 13,662,322 | 13,714,980 |
| Prime Life Insurance Limited | 1,304,344 | 726,984 | 1,304,344 | 877,680 | 29,794 | 33,215 |
| Himalayan General Insurance Limited | 6,961,273 | 4,333,000 | 6,834,817 | 5,436,000 | 5,562,249 | 6,163,385 |
| Chilime Hydro Power Limited | 2,179,687 | 1,411,389 | 2,179,687 | 1,783,820 | 1,577,209 | 1,389,318 |
| Prudential Insurance Limited | 1,655,860 | 1,085,580 | 1,655,860 | 1,525,680 | 2,077,397 | 2,394,180 |
| Nepal Telecom | 155,409 | 159,390 | 155,409 | 165,830 | 155,409 | 155,250 |
| Asian Life Insurance Limited | 7,513,283 | 5,261,654 | 7,072,983 | 6,375,805 | 5,401,819 | 5,260,464 |
| Siddhartha Investment Growth Scheme | - | - | - | - | 1,867,536 | 1,921,450 |
| Gurans Life Insurance Limited | 3,677,992 | 2,588,190 | 3,409,150 | 3,010,770 | 2,692,052 | 2,621,400 |
| Surya Life Insurance Limited | 5,758,477 | 4,510,296 | 5,587,085 | 5,119,200 | 2,550,239 | 2,391,450 |
| Nabil Equity Fund | 163,230 | 152,294 | 163,230 | 160,945 | 163,230 | 163,230 |

| | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Life Insurance Corporation Limited | 23,819,348 | 23,198,400 | 21,890,280 | 19,773,802 | 11,495,713 | 11,122,821 |
| Laxmi Equity Fund | 2,924,780 | 2,231,607 | 2,924,780 | 2,369,064 | 2,924,780 | 2,924,780 |
| Rural Microfinance Development Centre Limited | 478,021 | 492,445 | 478,021 | 442,081 | 478,021 | 499,875 |
| Taragaun Regency Limited | 126,802 | 140,304 | 725,404 | 695,960 | 519,201 | 488,070 |
| Oriental Hotel Limited | 123,668 | 154,178 | 768,122 | 911,229 | 492,861 | 654,000 |
| Neco Insurance Co. Ltd | 4,618,918 | 4,288,185 | 4,618,918 | 4,833,954 | 3,990,901 | 3,642,453 |
| Nabil Pragati Fund | 356,300 | 265,087 | 356,300 | 320,670 | 356,300 | 356,300 |
| NMB Hybrid Fund | 641,350 | 643,274 | 641,350 | 621,468 | 641,350 | 637,502 |
| JalabidhyutLagaaniTathaBikash Company Limited | 231,470 | 188,370 | 231,470 | 164,920 | 231,470 | 209,608 |
| National life Insurance Company Limited (pr) | 33,254,713 | 60,722,500 | 33,254,713 | 35,000,000 | 31,379,713 | 31,250,000 |
| NLG Insurance Co. Ltd (pr) | 1,230,841 | 1,538,799 | 1,230,841 | 1,538,810 | 1,230,841 | 1,230,841 |
| Alliance Prabhu Insurance Company Limited (pr) | 816,655 | 4,044,891 | 816,655 | 4,044,891 | 585,255 | 2,369,954 |
| Sanima Mai Hydropower Ltd | 1,373,580 | 1,315,895 | - | - | - | - |
| Citizen Mutual Fund | 1,000,000 | 1,018,000 | 1,000,000 | 928,000 | - | - |
| Upper Tamakoshi | 1,749,289 | 1,917,850 | - | - | - | - |
| Nabil Bal Fund 2 | 1,000,000 | 1,000,000 | - | - | - | - |
| Total | 280,562,770 | 259,852,222 | 253,973,924 | 230,448,997 | 164,765,054 | 174,612,311 |

Investment in Unquoted Equity

| Investment in quoted equity | As at 31st Ashadh 2076 | | As at 32nd Ashadh 2075 | | As at 1st Shrawan 2074 | |
|--|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
| | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value |
| KarjaSuchana Kendra Limited | 613,400 | 1,380,100 | 613,400 | 613,400 | 613,400 | 613,400 |
| Citizen Investment Trust2 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| NCHL Limited | 1,925,200 | 2,310,200 | 1,925,200 | 2,310,200 | 1,925,200 | 1,925,200 |
| Banking Finance & Insurance Institute Of Nepal | 2,500,000 | 2,500,000 | - | - | - | - |
| Citizen Life Insurance | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Bijaya Laghu bitta Bittiya Sanstha Limited | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 34,500,000 |
| | 65,138,600 | 66,290,300 | 62,638,600 | 63,023,600 | 62,638,600 | 67,138,600 |

4.8.4 Disclosure of Cost and Fair Value

| Particulars | As at 31st Ashadh 2076 | | As at 32nd Ashadh 2075 | | As at 1st Shrawan 2074 | |
|---|------------------------|------------|------------------------|------------|------------------------|------------|
| | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value |
| Unilever Ltd. | 1,177,626 | 810,000 | 1,177,626 | 1,000,000 | 888,979 | 876,120 |
| RastriyaBeema Company Ltd. | 20,535,902 | 18,851,500 | 20,535,902 | 22,020,590 | 10,518,659 | 21,333,200 |
| Nepal Insurance Company Limited | 6,226,179 | 4,952,460 | 5,379,802 | 5,516,014 | 2,760,058 | 2,809,950 |
| National life Insurance Company Limited | 42,045,357 | 34,519,680 | 26,875,143 | 22,846,606 | 8,456,416 | 8,112,100 |
| Alliance Prabhu Insurance Company Limited | 5,978,163 | 3,677,128 | 5,978,163 | 5,404,570 | 1,664,817 | 1,843,000 |
| Butwal Power Company Limited | 1,429,046 | 1,096,120 | 1,429,046 | 1,113,252 | 765,457 | 724,160 |
| Sagarmatha Insurance Limited | 15,358,836 | 11,528,880 | 12,587,867 | 11,711,600 | 9,197,582 | 7,770,510 |
| Everest Insurance Limited | 7,417,877 | 4,954,875 | 6,459,677 | 5,270,760 | 1,676,345 | 2,285,850 |
| Shikhar Insurance Limited | 25,830,411 | 15,071,508 | 25,605,979 | 19,008,530 | 17,732,541 | 16,017,132 |
| Siddhartha Insurance Limited | 2,371,451 | 1,403,675 | 2,248,133 | 1,705,680 | 2,971,199 | 3,114,000 |
| United Insurance Limited | 4,138,330 | 2,517,700 | 3,980,317 | 2,637,710 | 3,753,015 | 3,663,660 |
| Citizen Investment Trust | 4,076,873 | 4,287,185 | 3,917,779 | 3,537,500 | 3,565,273 | 3,379,480 |
| Premier Insurance Limited | 5,729,736 | 3,938,620 | 4,617,674 | 3,962,250 | 3,394,220 | 3,488,160 |

| | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Solti Hotel Limited | 2,425,645 | 2,128,412 | 3,683,401 | 2,926,206 | 3,488,883 | 3,560,543 |
| Lumbini General Insurance Limited | 4,778,732 | 2,626,870 | 4,778,732 | 3,359,950 | 3,865,948 | 4,039,920 |
| Nepal Life Insurance Limited | 27,927,320 | 24,099,047 | 27,419,266 | 22,327,200 | 13,662,322 | 13,714,980 |
| Prime Life Insurance Limited | 1,304,344 | 726,984 | 1,304,344 | 877,680 | 29,794 | 33,215 |
| Himalayan General Insurance Limited | 6,961,273 | 4,333,000 | 6,834,817 | 5,436,000 | 5,562,249 | 6,163,385 |
| Chilime Hydro Power Limited | 2,179,687 | 1,411,389 | 2,179,687 | 1,783,820 | 1,577,209 | 1,389,318 |
| Prudential Insurance Limited | 1,655,860 | 1,085,580 | 1,655,860 | 1,525,680 | 2,077,397 | 2,394,180 |
| Nepal Telecom | 155,409 | 159,390 | 155,409 | 165,830 | 155,409 | 155,250 |
| Asian Life Insurance Limited | 7,513,283 | 5,261,654 | 7,072,983 | 6,375,805 | 5,401,819 | 5,260,464 |
| Siddhartha Investment Growth Scheme | - | - | - | - | 1,867,536 | 1,921,450 |
| Gurans Life Insurance Limited | 3,677,992 | 2,588,190 | 3,409,150 | 3,010,770 | 2,692,052 | 2,621,400 |
| Surya Life Insurance Limited | 5,758,477 | 4,510,296 | 5,587,085 | 5,119,200 | 2,550,239 | 2,391,450 |
| Nabil Equity Fund | 163,230 | 152,294 | 163,230 | 160,945 | 163,230 | 163,230 |
| Life Insurance Corporation Limited | 23,819,348 | 23,198,400 | 21,890,280 | 19,773,802 | 11,495,713 | 11,122,821 |
| Laxmi Equity Fund | 2,924,780 | 2,231,607 | 2,924,780 | 2,369,064 | 2,924,780 | 2,924,780 |
| Rural Microfinance Development Centre Limited | 478,021 | 492,445 | 478,021 | 442,081 | 478,021 | 499,875 |
| Taragaun Regency Limited | 126,802 | 140,304 | 725,404 | 695,960 | 519,201 | 488,070 |
| Oriental Hotel Limited | 123,668 | 154,178 | 768,122 | 911,229 | 492,861 | 654,000 |
| Neco Insurance Co. Ltd | 4,618,918 | 4,288,185 | 4,618,918 | 4,833,954 | 3,990,901 | 3,642,453 |
| Nabil Pragati Fund | 356,300 | 265,087 | 356,300 | 320,670 | 356,300 | 356,300 |
| NMB Hybrid Fund | 641,350 | 643,274 | 641,350 | 621,468 | 641,350 | 637,502 |
| JalabidhyutLagaaniTathaBikash Company Limited | 231,470 | 188,370 | 231,470 | 164,920 | 231,470 | 209,608 |
| National life Insurance Company Limited (pr) | 33,254,713 | 60,722,500 | 33,254,713 | 35,000,000 | 31,379,713 | 31,250,000 |
| NLG Insurance Co. Ltd (pr) | 1,230,841 | 1,538,799 | 1,230,841 | 1,538,810 | 1,230,841 | 1,230,841 |
| Alliance Prabhu Insurance Company Limited (pr) | 816,655 | 4,044,891 | 816,655 | 4,044,891 | 585,255 | 2,369,954 |
| Sanima Mai Hydropower Ltd | 1,373,580 | 1,315,895 | - | - | - | - |
| Citizen Mutual Fund | 1,000,000 | 1,018,000 | 1,000,000 | 928,000 | - | - |
| Upper Tamakoshi | 1,749,289 | 1,917,850 | - | - | - | - |
| Nabil Bal Fund 2 | 1,000,000 | 1,000,000 | - | - | - | - |
| KarjaSuchana Kendra Limited | 613,400 | 1,380,100 | 613,400 | 613,400 | 613,400 | 613,400 |
| Citizen Investment Trust2 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| NCHL Limited | 1,925,200 | 2,310,200 | 1,925,200 | 2,310,200 | 1,925,200 | 1,925,200 |
| Banking Finance & Insurance Institute Of Nepal | 2,500,000 | 2,500,000 | - | - | - | - |
| Citizen Life Insurance | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| BijayaLaghubittaBittiyaSanstha Limited | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 | 34,500,000 |
| | 345,701,370 | 326,142,522 | 316,612,524 | 293,472,597 | 227,403,654 | 241,750,911 |

4.9 Current Tax Assets and Liabilities

| Particulars | As at 31st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|-------------------------------------|------------------------|------------------------------------|------------------------------------|
| Current tax assets | | | |
| Current year income tax assets | 47,938,668 | 45,855,785 | 56,051,737 |
| Tax assets of prior periods | | | |
| Total | 47,938,668 | 45,855,785 | 56,051,737 |
| Current tax Liabilities | | | |
| Current year income tax liabilities | 45,628,865 | 38,030,858 | 43,296,676 |

| | | | |
|----------------------------------|-------------------|-------------------|-------------------|
| Tax Liabilities of prior periods | | | |
| Total | 45,628,865 | 38,030,858 | 43,296,676 |
| Total | 2,309,803 | 7,824,927 | 12,755,061 |

4.10 Investment in Subsidiaries

There were no Investment by Bank in Subsidiaries.

4.11 Investment in Associates

The Finance company has no any subsidiary. Thus, it does not prepare consolidated financial statement and accordingly, equity method of accounting is not used as per Nepal Accounting Standards (NAS 28) on – Investment in Associates and Joint Ventures.

4.12 Investment Properties

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard has been presented under this account head. This also includes land, land and building acquired as non-banking assets by the Bank but not sold. After Initial Recognition, the Bank chose either the fair value model to subsequently measure Investment Properties. No Investment properties are measured at cost. The detail of Investment properties measured at fair value is as follows:

| Particulars | As at 31st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------|------------------------------------|------------------------------------|
| Investment Properties measured at fair value | | | |
| Balance as on Shrawan 1 | - | - | - |
| Addition/Disposal during the year | 74,030,783 | - | - |
| Net changes in fair value during the year | - | - | - |
| Adjustment/Transfer | - | - | - |
| Net Amount | 74,030,783 | - | - |
| Investment Properties measured at cost | | | |
| Balance as on Shrawan 1 | | | |
| Addition/Disposal during the year | - | - | - |
| Adjustment/Transfer | - | - | - |
| Accumulated impairment loss | - | - | - |
| Net Amount | - | - | - |
| Total | 74,030,783 | - | - |

4.13 Property and Equipment

All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the Bank has been presented under this head.

| Particulars | Land | Building | Leasehold Properties | Computer and Accessories | Vehicles | Furniture & Fixture | Machinery | Equipment and Others | Total | Total | Total |
|--------------------------------|--------------|------------|----------------------|--------------------------|------------|---------------------|-----------|----------------------|------------------------|------------------------|------------------------|
| | | | | | | | | | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
| Cost | | | | | | | | | | | |
| Balance as on 1st Shrawan 2074 | 290,691,313 | 52,032,447 | - | 11,429,339 | 29,920,482 | 54,827,834 | - | 40,747,021 | | | 479,648,435 |
| Addition during the Year | - | - | - | 3,386,963 | 930,100 | 9,791,055 | - | 4,217,039 | | 18,325,156 | |
| Acquisition | | | | 3,386,963 | 930,100 | 9,791,055 | | 4,217,039 | | 18,325,156 | |
| Capitalization | | | | | | | | | | - | |
| Disposal during the year | (72,761,000) | | | | (78,480) | - | | (75,381) | | (72,914,860) | |
| Adjustment/Revaluation | | | | | (90,920) | - | | (70,853) | | (161,773) | |
| Balance as on 32nd Ashadh 2075 | 217,930,313 | 52,032,447 | - | 14,816,302 | 30,681,182 | 64,618,888 | - | 44,817,826 | | 424,896,957 | |
| Addition during the Year | - | - | - | 2,907,079 | 16,488,029 | 331,576 | - | 4,427,236 | 24,153,920 | | |
| Acquisition | | | | 2,907,079 | 16,488,029 | 331,576 | | 4,427,236 | 24,153,920 | | |
| Capitalization | | | | | | | | | - | | |
| Disposal during the year | | | | (27,928) | (979,175) | - | | | (1,007,104) | | |

| | | | | | | | | | | | |
|--------------------------------------|-------------|------------|---|------------|------------|------------|---|------------|-------------|-------------|-------------|
| Adjustment/Revaluation | | | | | | | | | - | | |
| Balance as on 31st Asadh 2076 | 217,930,313 | 52,032,447 | - | 17,695,452 | 46,190,035 | 64,950,464 | - | 49,245,062 | 448,043,774 | 424,896,957 | 479,648,435 |
| Depreciation and Impairment | | | | | | | | | | | |
| Balance as on 1st Shrawan 2074 | - | 16,219,273 | - | 7,565,876 | 12,736,428 | 25,158,728 | | 20,261,901 | | | 81,942,205 |
| Depreciation charge for the Year | | 1,790,613 | | 1,143,240 | 2,606,455 | 5,034,849 | | 3,428,416 | | 14,003,573 | |
| Impairment for the year | | | | | | | | | | - | |
| Disposal | | | | | | | | | | - | |
| Adjustment | | | | | (90,920) | - | | (70,853) | | (161,773) | |
| As on 32nd Asadh 2075 | - | 18,009,886 | - | 8,709,116 | 15,251,962 | 30,193,576 | - | 23,619,464 | | 95,784,005 | |
| Impairment for the year | | | | | | | | | | | |
| Depreciation charge for the Year | | 1,701,082 | | 1,575,671 | 2,796,389 | 5,083,039 | | 3,408,852 | 14,565,032 | | |
| Disposals | | | | | | | | | - | | |
| Adjustment | | 97,974 | | (637) | | | | (97,337) | (0) | | |
| As on 31st Ashadh 2076 | - | 19,808,942 | - | 10,284,150 | 18,048,352 | 35,276,615 | - | 26,930,979 | 110,349,037 | 95,784,005 | 81,942,205 |
| Capital Work in Progress | | | | | | | | | | | |
| Net Book Value as on 31st Asadh 2074 | 290,691,313 | 35,813,174 | - | 3,863,463 | 17,184,054 | 29,669,106 | - | 20,485,120 | - | | 397,706,230 |
| Net Book Value as on 32nd Asadh 2075 | 217,930,313 | 34,022,561 | - | 6,107,186 | 15,429,219 | 34,425,312 | - | 21,198,362 | - | 329,112,953 | - |
| Net Book Value as on 31st Asadh 2076 | 217,930,313 | 32,223,505 | - | 7,411,303 | 28,141,684 | 29,673,850 | - | 22,314,084 | 337,694,737 | | |

4.14 Goodwill and Intangible Assets

Goodwill and intangible assets like computer software both purchased and internally generated, trade mark etc has been presented under this account head.

| Particulars | Goodwill | Software | | Other | Total | | Total | Total |
|---------------------------------------|----------|------------------|-----------|-------|-----------------------|-----------------------|-------|------------------------|
| | | Purchased | Developed | | As at 31st Ashad 2076 | As at 32nd Ashad 2075 | | As at 1st Shrawan 2074 |
| Cost | | | | | | | | |
| Balance as on 1st Shrawan 2074 | | 1,533,144 | | | | | | 1,533,144 |
| Addition during the Year | | | | | | - | | |
| Acquisition | | - | | | | - | | |
| Capitalization | | - | | | | - | | |
| Disposal during the year | | - | | | | - | | |
| Adjustment/Revaluation | | - | | | | - | | |
| Balance as on 32nd Asadh 2075 | | 1,533,144 | | | | 1,533,144 | | |
| Addition during the Year | | 819,250 | | | 819,250 | | | |
| Acquisition | | 819,250 | | | 819,250 | | | |
| Capitalization | | | | | - | | | |
| Disposal during the year | | | | | - | | | |
| Adjustment/Revaluation | | | | | - | | | |
| Balance as on 31st Asadh 2076 | | 2,352,394 | | | 2,352,394 | | | |
| Ammortization and Impairment | | | | | | | | |
| Balance as on 1st Shrawan 2074 | | 1,425,078 | | | | | | 1,425,078 |
| Ammortization charge for the Year | | 24,578 | | | | 24,578 | | |
| Impairment for the year | | | | | | - | | |
| Disposals | | | | | | - | | |
| Adjustment | | | | | | - | | |
| Balance as on 32nd Asadh 2075 | | 1,449,656 | | | | 1,449,656 | | |
| Ammortization charge for the Year | | 108,981 | | | 108,981 | | | |
| Impairment for the year | | | | | - | | | |

| | | | | | | | |
|--------------------------------------|--|-----------|--|--|-----------|--------|---------|
| Disposals | | | | | - | | |
| Adjustment | | | | | - | | |
| Balance as on 31st Asadh 2076 | | 1,558,637 | | | 1,558,637 | | |
| Capital Work in Progress | | | | | | | |
| Net Book Value as on 31st Asadh 2074 | | 108,066 | | | | | 108,066 |
| Net Book Value as on 32nd Asadh 2075 | | 83,488 | | | | 83,488 | |
| Net Book Value as on 31st Asadh 2076 | | 793,757 | | | 793,757 | | |

4.15 Deferred Tax Assets

Deferred tax assets recognized as per NFRSs on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. has been presented under this account head.

| Particulars | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/Liabilities |
|--|---------------------|--------------------------|-------------------------------------|
| Deferred Tax on Temporary differences on following items | | | Previous Year |
| Loans and Advances to B/FIs | - | - | - |
| Loans and Advances to customers | - | - | - |
| Investment Properties | - | - | - |
| Investment Securities | 5,867,654 | - | 5,867,654.32 |
| Property and equipment | - | (36,578,397) | (36,578,397.00) |
| Employees' defined benefit plan | 11,338,511 | - | 11,338,511.10 |
| Lease liabilities | - | - | - |
| Provisions | - | - | - |
| Other temporary differences | 1,418,671 | - | 1,418,671.20 |
| Deferred Tax on Temporary differences | 18,624,837 | (36,578,397) | (17,953,560) |
| Deferred Tax on carry forward of unused tax losses | | | |
| Deferred tax due to changes in tax rate | - | - | - |
| Net Deferred tax (asset)/liabilities as on year end of 2075/76 | - | - | (17,953,560) |
| Deferred tax(asset)/liabilities as on shrawan 1, 2075 | - | - | (1,313,001) |
| Origination/(Reversal) during the year | - | - | (16,640,559) |
| Deferred tax expense/(income) recognized in profit or loss | - | - | (16,568,926) |
| Deferred tax expense/(income) recognized in other comprehensive income | - | - | (71,634) |
| Deferred tax expense/(income) recognized directly in equity | - | - | - |
| Current Year | | | |
| | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/Liabilities |
| Deferred Tax on Temporary differences on following items | | | |
| Loans and Advances to B/FIs | - | - | - |
| Loans and Advances to customers | - | - | - |
| Investment Properties | - | - | - |
| Investment Securities | 25,733,558 | - | 25,733,558 |
| Property and equipment | - | (36,578,397) | (36,578,397) |
| Employees' defined benefit plan | 8,268,276 | - | 8,268,276 |

| | | | |
|--|-----------|---|--------------|
| Lease liabilities | - | - | - |
| Provisions | - | - | - |
| Other temporary differences | 1,263,562 | - | 1,263,562 |
| Deferred Tax on Temporary differences | | | (1,313,001) |
| 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 2074/75 | - | - | (1,313,001) |
| Deferred tax(asset)/liabilities as on shrawan 1, 2074 | - | - | (45,033,106) |
| Origination/(Reversal) during the year | | | |
| Deferred tax expense/(income) recognized in profit or loss | - | - | (20,228,603) |
| Deferred tax expense/(income) recognized in other comprehensive income | - | - | (12,997,254) |
| Deferred tax expense/(income) recognized directly in equity | - | - | (10,494,248) |

4.16 Other assets

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|-------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Assets held for sale | - | - | - |
| Accounts receivable | - | - | - |
| Accrued income | - | - | - |
| Prepayments and deposits | 1,143,600 | 259,000 | 321,000 |
| Bills Receivable | - | - | - |
| Income tax deposit | - | - | - |
| Deferred Employee Expenditure | 3,962,639 | 4,591,041 | 3,091,530 |
| Other Non-Banking Assets | - | - | - |
| Other | 103,390,315 | 27,639,586 | 126,217,912 |
| Total | 108,496,554 | 32,489,627 | 129,630,442 |

4.17 Due to Bank and financial institution

The balances in accounts maintained with the institution by other local and foreign banks and financial institution has been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution has also been presented under this account head. There is no any amount due to Banks and Financial Institutions.

4.18 Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

| Particulars | As at 31 st Ashadh 2076 | As at 32 nd Ashadh 2075 | As at 1 st Shrawan 2074 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Refinance from NRB | - | - | - |
| Standing liquidity facility | - | - | - |
| Lender of last report facility from NRB | - | - | - |
| Securities sold under repurchase agreement | - | - | - |
| Other payable to NRB | 96,533,873 | 74,267,009 | 2,000,000 |
| Total | 96,533,873 | 74,267,009 | 2,000,000 |

4.19 Derivative financial instruments

There were no derivative financial instruments held by the Bank during the year.

4.20 Deposits from Customers

All deposit accounts other than deposit from BFIs (local and foreign) and NRB has been presented under this account head.

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|-------------------------|------------------------|------------------------|------------------------|
| Institutions Customers: | | | |
| Term deposits | 674,513,150 | 509,380,497 | 329,940,269 |
| Call Deposits | 544,548,975 | 602,160,042 | 496,292,047 |
| Current Deposits | - | - | - |
| Other | - | - | - |
| Subtotal: | 1,219,062,125 | 1,111,540,539 | 826,232,316 |
| Individual Customers: | | | |
| Term deposits | 3,613,785,320 | 2,973,812,126 | 2,340,936,409 |
| Saving Deposits | 1,821,453,760 | 1,299,674,062 | 1,421,587,999 |
| Current Deposits | - | - | - |
| Other | 53,424,220 | 39,881,222 | 10,055,780 |
| Subtotal: | 5,488,663,300 | 4,313,367,410 | 3,772,580,188 |
| Total | 6,707,725,425 | 5,424,907,949 | 4,598,812,504 |

4.20.1 Currency wise analysis of deposits from customers

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|----------------------|------------------------|------------------------|------------------------|
| Nepalese rupee | 6,707,725,425 | 5,424,907,949 | 4,598,812,504 |
| Indian rupee | - | - | - |
| United states dollar | - | - | - |
| Great Britain pound | - | - | - |
| Euro | - | - | - |
| Japanese yen | - | - | - |
| Chinese yuan | - | - | - |
| Other | - | - | - |
| Total | 6,707,725,425 | 5,424,907,949 | 4,598,812,504 |

4.21 Borrowing

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Domestic Borrowing: | | | |
| Nepal Government | - | - | - |
| Other institution | - | - | - |
| Other | - | - | - |
| Sub total | - | - | - |
| Foreign Borrowing: | | | |
| Foreign Bank and Financial Institutions | - | - | - |
| Multilateral Development Bank | - | - | - |
| Other institutions | - | - | - |
| Sub total | - | - | - |
| Total | - | - | - |

4.22 Provisions

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Provisions for redundancy | - | - | - |
| Provision for restructuring | - | - | - |
| Pending legal issues and tax litigation | - | - | - |
| Onerous contract | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

4.23 Other liabilities

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Liability for employees defined benefit obligations | 37,795,037 | 27,560,919 | 18,301,087 |
| Liability for long-service leave | 4,639,511 | 4,164,306 | 2,801,426 |
| Short-term employee benefits | 89,393 | 47,568 | 43,207 |
| Bills payable | - | - | - |
| Creditors and Accruals | 6,738,795 | 16,088,144 | 36,637,884 |
| Interest payable on deposit | 77,332,625 | 80,098,989 | 60,068,456 |
| Interest payable on borrowing | - | - | - |
| Liabilities on deferred grant income | - | - | - |
| Unpaid Dividend | - | 4,203,934 | 5,158,822 |
| Liabilities under finance lease | - | - | - |
| Employee bonus payable | 22,337,595 | 9,441,090 | 13,840,999 |
| Other | 31,498,596 | 42,721,433 | 45,004,511 |
| Total | 180,431,553 | 184,326,383 | 181,856,392 |

4.23.1 Defined benefit obligation

The Bank provides Pension & Gratuity Plan, Retirement Plan and Leave Encashment Plan (in terms of Annual Leave and Sick Leave) as defined benefits to its employees. These benefits are post-employment benefit plans and are paid based on length of service. These benefit plans are funded whereas the Bank makes earmark investment of these funds. The gratuity plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed year of service.

The pension plan provides for lump sum payments to vested employees at retirement or equated payment till death of the employee (and half thereafter to the spouse of the employee). Further, employees of the Bank are entitled to avail Annual Leave and Sick Leave. The employees can carry forward the un-availed leave and are entitled to encash the cumulative leave at the time of the retirement. The obligation under these plans are calculated by a qualified actuary every year using projected unit credit method. The disclosure relating to defined benefit plans are as follows:

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Present value of unfunded obligations | 37,795,037 | 27,560,919 | 18,301,087 |
| Present value of funded obligations | - | - | - |
| Total present value of obligations | 37,795,037 | 27,560,919 | 18,301,087 |
| Fair value of plan assets | - | - | - |
| Present value of net obligations | 37,795,037 | 27,560,919 | 18,301,087 |
| Assets not recognised due to assets ceiling | - | - | - |
| Recognised liability for defined benefit obligation | 37,795,037 | 27,560,919 | 18,301,087 |

4.23.2 Plan Assets

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|-------------------|------------------------|------------------------|------------------------|
| Equity securities | - | - | - |
| Government bonds | - | - | - |
| Bank deposits | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

4.23.3 Movement in the present value of defined benefit obligations

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Defined benefit obligation at Shrawan 1st | 27,560,919 | 18,301,087 | 15,661,565 |
| Actuarial (Gains) / losses | 3,342,300 | 5,836,995 | (233,126) |
| Benefit paid by the plan | - | - | - |
| Current service cost and interest | 6,891,818 | 3,422,837 | 2,872,648 |
| Defined benefit obligation at Ashadh end | 37,795,037 | 27,560,919 | 18,301,087 |

4.23.4 Movement in the fair value of plan assets

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 |
|--|------------------------|------------------------|
| Fair value of plan assets at Shrawan 1st | - | - |
| Contributions paid into the plan | - | - |
| Benefit paid during the year | - | - |
| Actuarial (losses) gains | - | - |
| Expected return on plan assets | - | - |
| Fair value of plan assets at Ashadh end | - | - |

4.23.5 Amount recognised in profit or loss

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 |
|--------------------------------|------------------------|------------------------|
| Current service cost | 5,101,624 | 1,868,354 |
| Past Service Cost | - | - |
| Interest on obligation | 1,790,194 | 1,554,483 |
| Expected return on plan assets | - | - |
| Total | 6,891,818 | 3,422,837 |

4.23.6 Amount recognised in other comprehensive income

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 |
|----------------------------|------------------------|------------------------|
| Actuarial (gains) / losses | 3,342,300 | 5,836,995 |
| Total | 3,342,300 | 5,836,995 |

4.23.7 Actuarial assumptions

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|--|------------------------|------------------------|------------------------|
| | Gratuity | Gratuity | Gratuity |
| Discount Rate | 8.00% | 6.50% | 8.50% |
| Expected Return on Plan Asset | - | - | - |
| Future Salary Increase | 6.00% | 8.00% | 8.00% |
| Expected Average remaining working lives (years) | - | - | - |
| Withdrawal rate | 1.00% | 1.00% | 1.00% |

4.24 Debt securities issued

No debt securities have been issued by the Bank.

4.25 Subordinated Liabilities

No Subordinated Liabilities has been issued by the Bank.

4.26 Share Capital

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Ordinary shares | 800,000,000 | 800,000,000 | 581,665,000 |
| Convertible preference share(Equity component) | - | - | - |
| Irredeemable preference share(Equity component) | - | - | - |
| Perpetual debt(Equity component only) | - | - | - |
| Total | 800,000,000 | 800,000,000 | 581,665,000 |

4.26.1 Ordinary Shares

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|--|------------------------|------------------------|------------------------|
| Authorized capital: | | | |
| 10,000,000 ordinary share of Rs.100 each | 1,000,000,000 | 1,000,000,000 | 1,000,000,000 |
| Issued capital: | | | |
| 8,000,000 ordinary share of Rs.100 each | 800,000,000 | 800,000,000 | 581,665,000 |
| Subscribed and paid of capital: | | | |
| 8,000,000 ordinary share of Rs.100 each | 800,000,000 | 800,000,000 | 581,665,000 |
| Total | 800,000,000 | 800,000,000 | 581,665,000 |

4.26.2 Ordinary share ownership

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|--------------------------------|------------------------|------------------------|------------------------|
| Domestic ownership: | - | - | - |
| Nepal Government | - | - | - |
| “A” class licensed institution | - | - | - |
| Other licensed institutions | - | - | - |
| Other institutions | 17,840,000 | 17,840,000 | 12,971,130 |
| Public | 782,160,000 | 782,160,000 | 568,693,871 |
| Other | - | - | - |
| Foreign ownership | - | - | - |
| Total | 800,000,000 | 800,000,000 | 581,665,000 |

4.27 Reserves

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|---|------------------------|------------------------|------------------------|
| Statutory General Reserve | 144,397,993 | 114,829,880 | 101,828,073 |
| Exchange equilisation reserve | - | - | - |
| Corporate social responsibility reserve | 1,478,406 | 650,090 | 968,628 |
| Capital redemption reserve | - | - | - |

| | | | |
|-------------------------------|--------------------|--------------------|--------------------|
| Regulatory reserve | 96,977,442 | - | - |
| Investment adjustment reserve | - | - | - |
| Capital reserve | - | - | - |
| Assets revaluation reserve | 85,349,593 | 85,349,593 | 109,836,171 |
| Fair value reserve | (13,691,193) | (16,197,949) | 10,043,080 |
| Dividend equalisation reserve | - | - | - |
| Actuarial gains | (6,425,507) | (4,085,897) | - |
| Special reserve | - | - | - |
| Other reserve | 1,606,373 | 745,829 | 210,561 |
| Total | 309,693,106 | 181,291,547 | 222,886,513 |

4.27.1 General Reserve

General Reserve is created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 20% of the net profit earned during the year until the reserve is twice the paid-up share capital of the Bank after which 10% of the net profit earned during the year shall be set aside as General Reserve.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank.

4.27.2 Exchange Fluctuation Reserve Fund

Exchange Fluctuation Reserve is the reserve created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 25% of the foreign exchange gain realized on the translation of foreign currency to the reporting currency during the year other than Indian Rupees.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank other than to set off revaluation loss incurred, if any during the year.

4.27.3 Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the regulatory requirement equivalent to 2% of investment securities classified as available for sale which are not listed within the prescribed time except on investment on shares specifically allowed by Nepal Rastra Bank. It is presented within other reserve in Statement of changes in equity.

4.27.4 Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets has been presented under this account head.

4.27.5 Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) has been presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

4.27.6 Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the Directive of NRB for the purpose of implementation of NFRSs and which has not been regarded as free for distribution of dividend (cash as well as bonus shares) has been presented under this account head. The amount allocated to this reserve includes interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRSs (in case lower impairment is recognized under NFRSs), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRSs etc.

4.27.7 Corporate Social Responsibility Fund

The fund created for the purpose of corporate social responsibility by allocating profit has been presented under this account head.

4.27.8 Other Reserve Fund

Any reserve created with specific or non-specific purpose (except stated in above) has been presented under this by disclosing accounting heads.

Movement of Other Reserves are as follows:

| Particulars | CSR | Employee Training | Actuarial gain / (loss) | Def Tax Reserve | Total Other Reserve |
|--------------------------|-----------|-------------------|-------------------------|-----------------|---------------------|
| As on 2074.04.01 | 968,628 | 210,561 | | 4,515,045 | 5,694,235 |
| Adjustment | | | | (4,515,045) | (4,515,045) |
| 2074.04.01 | 968,628 | 210,561 | - | - | 1,179,190 |
| NFRS Adjustment | | | | - | - |
| Expensed off from CSR | (968,628) | | | | (968,628) |
| Allocated during 2074.75 | 650,090 | 535,268 | (4,085,897) | | (2,900,538) |
| As on 2075.0.31 | 650,090 | 745,829 | (4,085,897) | - | (2,689,977) |
| NFRS Adjustment | | | | | - |
| Expensed off from CSR | (650,090) | (745,829) | | | (1,395,920) |
| Allocated during 2075.76 | 1,478,406 | 1,606,373 | (2,339,610) | | 745,169 |
| Other Adjustment | - | | | | - |
| As on 2076.03.31 | 1,478,406 | 1,606,373 | (6,425,507) | - | (3,340,728) |

4.28 Contingent Liabilities and Commitment

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|------------------------------------|------------------------|------------------------|------------------------|
| Contingent Liabilities | 1,720,000 | 2,017,000 | 150,000 |
| Undrawn and undisbursed facilities | - | - | - |
| Capital commitment | - | - | - |
| Lease commitment | - | - | - |
| Litigation | - | - | - |
| Total | 1,720,000 | 2,017,000 | 150,000 |

4.28.1 Contingent Liabilities

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|-----------------------------------|------------------------|------------------------|------------------------|
| Acceptance and Documentary credit | - | - | - |
| Bills for collection | - | - | - |
| Forward exchange contracts | - | - | - |
| Guarantees | 1,720,000 | 2,017,000 | 150,000 |
| Underwriting commitments | - | - | - |
| Other commitments | - | - | - |
| Total | 1,720,000 | 2,017,000 | 150,000 |

4.28.2 Undrawn and Undisbursed Facilities

| Particulars | As at 31st Ashadh 2076 | As at 32nd Ashadh 2075 | As at 1st Shrawan 2074 |
|------------------------------------|------------------------|------------------------|------------------------|
| Undisbursed amount of loans | - | - | - |
| Undrawn limits of overdraft | - | - | - |
| Undrawn limits of credit cards | - | - | - |
| Undrawn limits of letter of credit | - | - | - |
| Undrawn limits of guarantee | - | - | - |
| Total | - | - | - |

4.29 Interest Income

The interest income recognized as per NFRSs has been presented under this head. This includes interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| Cash and cash equivalents | 82,708,109 | 63,372,703 |
| Due from Nepal Rastra Bank | - | - |
| Placement with Banks and Financial Institutions | - | - |
| Loans and Advances to Bank and Financial Institutions | - | - |
| Loans and advances to customers | 813,237,348 | 585,625,140 |
| Investment securities | 17,853,035 | 14,275,796 |
| Loans and advances to staff | 2,188,642 | 2,256,677 |
| Other | - | - |
| Total interest income | 915,987,134 | 665,530,316 |

4.30 Interest Expenses

The interest expenses recognized as per NFRSs has been presented under this head. The interest expenses include accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|-------------------------------------|-------------------------------------|
| Due to Bank and Financial Institutions | - | 6,139,849 |
| Due to Nepal Rastra Bank | - | - |
| Deposits from customers | 636,532,702 | 497,590,152 |
| Borrowing | - | - |
| Debt securities issued | - | - |
| Subordinated liabilities | - | - |
| Other | - | - |
| Total interest expense | 636,532,702 | 503,730,001 |

4.31 Fees and Commission Income

Fee income is earned for diverse ranges of services provided by the Bank to its customers. Fee income arises on the execution of a significant act completed or from provision of services like service fees, Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| Loan Administration fees | - | - |
| Service fees | 68,132,765 | 46,589,284 |
| Consortium fees | - | - |
| Commitment fees | - | - |
| DD/TT/Swift fees | - | - |
| Credit card/ATM issuance and renewal fees | - | - |
| Prepayment and swap fees | - | - |
| Investment banking fees | - | - |
| Assets management fees | - | - |
| Brokerage fees | - | - |

| | | |
|--|--------------------|-------------------|
| Remittance fees | - | - |
| Commission on letter of credit | - | - |
| Commission on Guarantee Contracts issued | 265,000 | 50,755 |
| Commission on share underwriting/issued | - | - |
| Locker rental | - | - |
| Other Fees and Commission Income | 36,958,597 | 22,989,692 |
| Total Fees and Commission Income | 105,356,362 | 69,629,730 |

4.32 Fees and Commission Expense

Payment on account of fee and commission for services obtained by the Bank has been presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|-------------------------------------|-------------------------------------|
| ATM management fees | - | - |
| VISA/Master card fees | - | - |
| Guarantee commission | - | - |
| Brokerage | - | - |
| DD/TT/Swift fees | - | - |
| Remittance fees and commission | - | - |
| Other Fees and Commission Expense | - | - |
| Total Fees and Commission Expense | - | - |

4.33 Net trading income

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities has been presented under this account head.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| 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 | - | - |
| Other | - | - |
| Total Net trading income | - | - |

4.34 Other operating income

Receipt of all other operating income not specifically provided under the income heads above has been booked and presented under this head. This includes foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, income of Finance lease etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| Foreign Exchange Revaluation Gain | - | - |
| Gain/loss on sale of investment Securities | (977,272) | 4,374,597 |
| Fair value gain/loss on investment property | - | - |
| Fair value gain/loss on investment Securities | - | - |
| Dividend on equity instruments | 1,594,447 | 2,938,856 |

| | | |
|---|------------------|------------------|
| Gain/loss on sale of property and equipment | 1,065,545 | (51,060) |
| Gain/loss on sale of investment property | - | - |
| Operating lease income | - | - |
| Gain/loss on sale of gold and silver | - | - |
| Locker rent | 306,600 | 316,900 |
| Other | 1,149,480 | 1,629,550 |
| Total other operating income | 3,138,800 | 9,208,843 |

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

It includes impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|-------------------------------------|-------------------------------------|
| Impairment charge/(reversal) on loan and advances to B/FIs | - | - |
| Impairment charge/(reversal) on loan and advances to customer | 4,772,256 | 23,460,067 |
| Impairment charge/(reversal) on financial Investment | - | - |
| Impairment charge/(reversal) on placement with bank and financial institutions | - | - |
| Impairment charge/(reversal) on property and equipment | - | - |
| Impairment charge/(reversal) on goodwill and intangible assets | - | - |
| Impairment charge/(reversal) on investment property | - | - |
| Total impairment charge/(reversal) for loan and other losses | 4,772,256 | 23,460,067 |

4.36 Personnel Expense

All expenses related to employees of the Bank has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, Finance expense under NFRSs, cash-settled share-based payments etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Salary | 50,538,182 | 36,024,484 |
| Allowances | 3,241,700 | 2,099,470 |
| Gratuity expenses | 6,891,818 | 3,458,587 |
| Provident fund | 3,802,541 | 2,397,877 |
| Uniform | 1,004,438 | 794,513 |
| Training & Development Expense | 1,290,177 | 862,573 |
| Leave encashment | 2,780,267 | 3,527,369 |
| Medical | - | - |
| Insurance | 761,397 | 1,253,003 |
| Employees Incentive | - | - |
| Cash-settled share-based payments | - | - |
| Pension Expense | - | - |
| Finance expenses under NFRS | 628,402 | 612,688 |
| Other Expenses Related to Staff | 25,138,597 | 9,859,061 |
| Total Personnel expenses | 96,077,519 | 60,889,625 |

4.37 Other operating expense

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|--|--|
| Directors' fee | 1,029,900 | 1,047,700 |
| Directors' expense | 153,573 | 163,790 |
| Auditors' remuneration | 406,800 | 350,300 |
| Other audit related expense | 219,723 | 56,466 |
| Professional and legal expense | 546,750 | - |
| Office administration expense | 43,900,770 | 32,238,948 |
| Operating lease expense | 9,404,031 | 7,737,022 |
| Operating expense of investment properties | - | - |
| Corporate Social Responsibility Expense | 4,681,335 | 968,628 |
| Onerous lease provision | - | - |
| Other | 13,125,171 | 10,963,457 |
| Total other operating expense | 73,468,053 | 53,526,312 |

4.37.1 Other operating expense

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|--|--|
| Water and electricity | 3,722,344 | 3,192,346 |
| Repair and maintenance | - | - |
| (a) Building | 951,421 | 1,363,576 |
| (b) Vehicle | 1,464,984 | 1,368,092 |
| (c) Computer and accessories | 582,073 | - |
| (d) Office equipment and furniture | 64,675 | 7,600 |
| (e) Other | 1,021,800 | 1,222,991 |
| Insurance | 1,990,949 | 1,789,625 |
| Postage, telex, telephone, fax | 1,898,494 | 1,640,013 |
| Printing and stationery | 2,334,773 | 1,901,447 |
| News paper, books and journals | 357,896 | 527,789 |
| Advertisement | 4,087,332 | 4,771,887 |
| Donation | - | - |
| Security expense | 8,900,631 | 6,556,090 |
| Deposit and loan guarantee premium | 1,745,799 | 1,574,723 |
| Travel allowance and expense | 777,619 | 1,003,513 |
| Entertainment | 2,180,103 | 1,704,196 |
| Annual/special general meeting expense | 1,470,987 | 850,331 |
| Other | - | - |
| Website | 2,613,059 | - |
| Software | 4,450,250 | 2,764,729 |
| Others | 3,285,583 | (0) |
| Total | 43,900,770 | 32,238,948 |

4.38 Depreciation & Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRSs on property and equipment, and investment properties, and amortization of intangible assets has been presented under this account head.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|--|-------------------------------------|-------------------------------------|
| Depreciation on Property and Equipment | 14,565,032 | 14,003,573 |
| Depreciation on investment property | - | - |
| Amortization of intangible assets | 108,981 | 24,578 |
| Total depreciation and amortization | 14,674,013 | 14,028,151 |

4.39 Non-operating income

The income and expenses that have no direct relationship with the operation of transactions of the Bank has been presented under this head. The income/expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Recovery of loan written off | - | - |
| Other income | 2,080,600 | - |
| Total non-operating income | 2,080,600 | - |

4.40 Non-Operating Expenses

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Loan Written Off | - | - |
| Redundancy provision | - | - |
| Expenses of restructuring | - | - |
| Other expense | - | - |
| Total non-operating Expenses | - | - |

4.41 Income tax Expense

The amount of income tax on net taxable profit has been recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| Current tax expense | | |
| Current year | 45,628,865 | 38,030,858 |
| Adjustment for prior years | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 7,568,926 | (11,228,603) |
| Changes in tax rate | - | - |
| Recognition of previously unrecognized tax losses | - | - |
| Total income tax expense | 53,197,791 | 26,802,254 |

4.41.1 Reconciliation of tax expense and accounting profit

| Particulars | For the year ended 31st Ashadh 2076 | For the year ended 32nd Ashadh 2075 |
|---|-------------------------------------|-------------------------------------|
| Profit before tax | 201,038,354 | 88,734,734 |
| Tax amount at tax rate of 30% | 60,311,506 | 26,620,420 |
| Add: Tax effect of expenses that are not deductible for tax purpose | 3,020,911 | - |
| Less: Tax effect on exempt income | (478,334) | (881,657) |
| Add/less: Tax effect on other items | (17,225,217) | 12,292,095 |
| Total income tax expense | 45,628,865 | 38,030,858 |
| Effective tax rate | 23% | 43% |

Statement of Distributable profit or loss
For the year ended 31st Ashadh 2076
As per NRB Regulation

| Particulars | Current Year |
|--|--------------------|
| Opening Retained Earnings (adjusted) | 67,472,004 |
| Net Profit/(loss) as per Statement of Profit or Loss | 147,840,563 |
| Appropriation | |
| a. General Reserve | (29,568,113) |
| b. Foreign Exchange Fluctuation fund | - |
| c. Capital redemption reserve | - |
| d. Corporate social responsibility fund | (1,478,406) |
| e. Employees training fund | (1,606,373) |
| f. Other | - |
| Profit/(loss) before regulatory adjustment | 182,659,675 |
| Regulatory Adjustments: | |
| a. Interest Receivable (-)/previous accrued interest received(+) | (13,771,126) |
| b. Short loan loss provision in accounts(-)/reversal(+) | - |
| c. Short provision for possible losses on investment(-)/reversal(+) | (36,523,021) |
| d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+) | (40,257,788) |
| e. Deferred Tax Assets recognized(-)/reversal(+) | - |
| f. Goodwill recognized (-)/Impairment of Goodwill(+) | - |
| g. Bargain purchase gain recognized (-)/reversal(+) | - |
| h. Actuarial Loss recognized (-)/reversal(+) | (6,425,507) |
| i. Other (+/-) | |
| Investment Provision as per NRB Directive no. 8 | - |
| Profit or (Loss) after Regulatory Adjustments | 85,682,233 |

5. Disclosures & Additional Information

5.1 Risk Assessment and Management

Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Factors for the credit risk includes Counterparty Risk, Concentration Risk and Securitization Risk.

The Finance has applied following mitigates for management of Credit Risk factors:

- Independent and ongoing credit quality review
- Limiting credit exposures
- Problem credit management system
- Diversification of risk asset portfolio among several sectors and sub sectors of the economy over a large number of customers
- Deposit of borrower in bank, cash margin and additional collateral at individual level
- Proper valuation, storage, maintenance and insurance of collaterals.

Such mitigates are monitored by Board of Directors, Risk Management Committee which is Board Level Committee, Credit Risk Management Department, NRB Inspection team and Internal Audit Department of the Finance

Market Risk

Market risk is the possibility of a customer experiencing losses due to factors that affect the overall performance of the Finance in which the customer is involved. Market risk is systematic risk of the financial market.

Factors of Market Risk includes Interest Rate Risk, Equity Risk in Banking Book.

The Finance has applied following mitigates for management of the Market Risk factors:

- Stress testing/simulation of market conditions
- Gap Analysis
- Limiting trading activity of instruments in the different markets
- Regular review of risk management processes
- Regular review of Risk Tolerance and appetite limit.
- Measurement of Equity price shocks.
- Measurement of Interest Rate Shocks
- Interest rate related Risk Monitoring.

Such mitigates are monitored by Board of Directors, Risk Management Committee, Internal Audit Department

Liquidity Risk

Liquidity risk is the risk that the Finance may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Factors of Liquidity Risk includes Deterioration in quality of credit portfolio Concentrations in either assets or liabilities, Rapid asset growth funded by highly volatile large deposits, A large size of off-balance sheet exposure.

The Finance has applied following mitigates for the management of Liquidity Risk:

- Appropriate composition of assets and liabilities
- Diversified and stable sources of funds
- Access to inter-bank market
- Contingency funding plan for crisis situations
- Regular stress testing
- Cushion of liquid assets held
- Consistent analysis using liquidity ratios
- Review of Deposit Mix Concentration.

Such mitigates are monitored by BOD, Finance and Credit Department, Internal Audit Department.

Fair value of Financial Assets and Liabilities

Fair Value of financial assets and liabilities risk management includes effective portfolio management by finance department which is monitored by BOD, and other high-level officials.

5.2 Capital Management

The capital management approach of the Finance 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 at all times.

As Capital is the centrepiece of the Finance's performance matrix, a sound capital management forms the very core of the overall performance landscape to ensure that the Finance delivers on its objective of maximizing the shareholder's value. The senior management of the Finance is engaged and responsible for prudent capital management at all times. In compliance with the regulatory requirement of increasing the capital base as prescribed by the Central Bank, the Finance is comfortable in meeting the minimum capital requirements and is strongly positioned to meet the performance benchmarks.

5.3 Classification of financial assets and financial liabilities

| Particulars | Fair Value through PL | Amortized Cost | Fair Value through OCI | Total |
|---|-----------------------|----------------|------------------------|---------------|
| Financial Assets: | | | | |
| Cash and cash equivalents | | 1,215,232,842 | | 1,215,232,842 |
| Due from Nepal Rastra Bank | | 286,905,064 | | 286,905,064 |
| Loans and advances to B/FIs | | 246,095,360 | | 246,095,360 |
| Loans and advances to customers | | 5,541,428,538 | | 5,541,428,538 |
| Investment securities (Development Bonds) | | 539,253,625 | | 539,253,625 |
| Investment securities (Equity) | | | 326,142,522 | 326,142,522 |
| Other Financial assets | | 104,533,915 | | 104,533,915 |
| Total financial Assets | | 7,933,449,344 | 326,142,522 | 8,259,591,866 |
| Financial Liabilities: | | | | |
| Due from customers | | 6,895,613,712 | | |
| Other Financial Liabilities | | 6,738,795 | | |
| Total financial Liabilities | | 6,902,352,507 | | |

5.4 Segment Analysis

5.4.1 General Information

The Finance's operation is managed centrally through Head Office. All strategic, financial and operational policies and operations are controlled and directed from the head office. The finance operates in 16 branches though has a single jurisdiction

The Finance has identified following segments as reportable:

- Banking Segment involves functions like collecting deposits and lending activities among other similar activities.
- Treasury Segment involves short term and long-term investment activities like investing in T-Bills, Bonds, Shares of companies etc.
- Remittance Segment involves activities of transferring / receiving funds locally and/or globally.

There is no inter-unit cost transfer mechanism within the bank.

5.4.2 The segmental information about profit or loss, assets and liabilities are presented below:

| Name of Segment | Banking | Treasury | Remittance |
|--|------------------|----------------|------------|
| a. Revenues from external customers | 960,810,980.76 | 20,283,470.52 | - |
| b. Intersegment revenues | - | - | - |
| c. Net Revenue | 960,810,980.76 | 20,283,470.52 | - |
| d. Interest revenue | 898,134,099.18 | 17,853,034.65 | - |
| e. Interest Expense | 636,532,701.69 | - | - |
| f. Net interest revenue (b) | 261,601,397.49 | 17,853,034.65 | - |
| g. depreciation and amortization* | - | - | - |
| h. Segment Profit / (Loss) | 261,601,397.49 | 17,853,034.65 | - |
| i. Entity's interest in the profit or loss of associates accounted using equity method | - | - | - |
| j. Other Material non cash item | - | - | - |
| k. Impairment of assets | - | - | - |
| l. Segment Assets** | 7,363,692,586.90 | 865,396,147.43 | - |
| m. Segment liabilities** | 6,804,259,298.33 | | |

* Depreciation and amortization cannot be allocated to reportable segment from internal data record keeping system.

** The presented assets and liabilities exclude assets such as PPE, Intangibles, Advances and payables that are not allocable to particular segment.

5.4.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

a) Revenue

| | |
|---|-----------------------|
| Total revenue of reportable segments | 981,094,451.28 |
| Other revenue | 45,468,444.39 |
| Elimination of intersegment revenue | - |
| Entity's revenues | 1,026,562,895.67 |

b) Profit or Loss

| | |
|---|-----------------------|
| Total profit or loss for reportable segments | 279,454,432.14 |
| Other profit or loss | - |
| Elimination of intersegment profits | - |
| Unallocated amounts: | (78,416,078.42) |
| Profit before income tax | 201,038,353.72 |

c) Assets

| | |
|---|-------------------------|
| Total assets for reportable segments | 8,229,088,734.33 |
| Other assets | - |
| Unallocated amounts | 494,923,716.60 |
| Entity's assets | 8,724,012,450.93 |

d) Liabilities

| | |
|--|-------------------------|
| Total liabilities for reportable segments | 6,804,259,298.33 |
| Other liabilities | - |
| Unallocated liabilities | 721,902,264.91 |
| Entity's liabilities | 7,526,161,563.24 |

e) Information about product and service

Revenue from each type of product and services described in point 1 (b) above

| | |
|------------|----------------|
| Banking | 960,810,980.76 |
| Treasury | 20,283,470.52 |
| Remittance | - |

f) Information about geographical areas

Bank has been assessing segment results differently than as required.

g) Information about major customer:

None of the customer individually or as a group contributes to 10% or more of the bank's revenue.

5.5 Share options and share based payment

There is no share-based payment made by the Finance.

5.6 Contingent Liabilities and Commitments

Litigation is a common occurrence in the banking industry due to the nature of business undertaken. The finance company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the finance makes adjustment to account for adverse effect which the claims may have on its financial standing. Contingent liabilities on other matters have already been disclosed in notes 4.28.

5.7 Related party disclosures

The related parties of the Finance which meets the definition of related parties as defined in “NAS 24 Related Parties Disclosure” are as follows:

i. Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Finance includes members of its Board of Directors, Chief Executive Officer, and other higher-level employee of the Finance. The name of the key management personnel who were holding various positions in the office during the year were as follows:

| Name of the Key Management Personnel | Post |
|--------------------------------------|-------------------------------------|
| Raja Ram Joshi | BOD Chairman |
| Swarga Man Singh Shrestha | Director |
| Bishwa Prasad Shakh | Director |
| Pashupati Bhakta Shrestha | Director |
| Uttam Raj Kayastha | Director |
| Dilip Kumar Kayastha | Director |
| SarojKajiTuladhar | Chief Executive Officer |
| SwayambhuShakya | Executive Manager/Company Secretary |
| Paras Narsingh Pradhan | Executive Manager |
| Devaki Baidya | Manager |
| Bharat BahadurMahat | Manager |
| Anjali Sthapit | Manager |

5.7.1 Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the Finance with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP.

The details relating to compensation paid to key management personnel (directors only) were as follows:

| Particulars | Current Year |
|----------------|--------------|
| Meeting Fees | 1,029,900 |
| Other Expenses | 153,573 |
| Total | |

The details relating to compensation paid to key management personnel other than directors were as follows:

| Particulars | Amount |
|--|---------------------------|
| Short term employee benefits(including Bonus and Paid Leave) | 19,524,110.4 |
| Vehicle Facility | No |
| *Other Benefits | Yes |
| Other long-term benefits | No |
| **Post-Employment | Mentioned in Note 3.15(b) |

* Other benefits and payments include Finance cost calculated towards subsidized Loans and advances provided to staffs.

** Post employment benefit includes Provident fund, Gratuity and Leave provision created, the bifurcation of which is not quantifiable separately to KMPs. The provision is made on lump sum as per the Actuarial Valuation.

5.8 Merger and acquisition

No any Merger and acquisition has taken in the years presented.

5.9 Additional Disclosure of Non-consolidated entities

Since, the finance company does not have any subsidiaries, there are no such non-consolidated entities.

5.10 Events after reporting date.

Following are the adjusting events qualifying for adjustment in respect to creating Regulatory Reserve.

| | |
|---|---------------|
| Balance in Investment Property as on 2076.03.31 | 74,030,782.53 |
| Less: Sold within adjusting period | 10,129,531.48 |
| Balance in Investment Property as on date of authorization. | 63,901,251.05 |

There were no other adjusting events.

5.11 Disclosure effect of transition from previous GAAP to NFRSs**5.11.1 6.9.1 Reconciliation of Equity**

| Particulars | Explanatory note | 01-04-74 |
|--|------------------|-----------------------|
| Equity as per GAAP | | 773,444,092.30 |
| Adjustments for NFRS | | - |
| Employee Benefit NAS-19 | 1 | 2,809,030.99 |
| Investment provision reversal | 2 | 5,282,840.00 |
| Bonus share and proposed dividend reversal | 3 | 3,894,736.84 |
| Revaluation Reserve | 4 | 156,908,815.00 |
| Deferred Tax Impact | 5 | (49,548,150.59) |
| Fair Value of Investment | 6 | 14,347,256.97 |
| Total Adjustments | | 133,694,529.21 |
| Total Equity as per NFRS | | 907,138,621.52 |
| Difference | | - |

| Particulars | Explanatory note | 32-03-75 |
|--|------------------|------------------|
| Equity as per GAAP | | |
| Adjustments for NFRS | | |
| Adjustment upto Previous Year | | 133,694,529.21 |
| Bonus share and proposed dividend reversal | 3 | 38,210,526.32 |
| Revaluation Reserve | 4 | - |
| Share issue expenses written off | 7 | (2,050,329.34) |
| Deferred Tax Impact | 5 | 23,491,501.23 |
| Fair Value of Investment | 6 | (37,487,184.11) |
| Actuarial loss | 8 | (5,836,995.00) |
| CSR expensed off | 9 | 968,628.47 |
| Total adjustments in income statement | | (3,076,556.80) |
| Total Adjustments | | 147,914,119.98 |
| Total Equity as per NFRS | | 1,092,154,233.84 |
| Difference | | |

Explanatory Notes:**1. Remeasurement loss of Defined benefit Obligation**

Amount of gain or loss on remeasurement of Defined Benefit Obligation is derived from actuary valuation of Employee Benefit Schemes such as: pension and gratuity, leave etc. Such gain or loss is charged to Equity through Other Comprehensive Income.

2. Provision for loss on Investment

Since Investments are measured at Fair Value through OCI, there is no need to create provision for loss on Investment. Therefore, such provision is reversed and charged to Retained earnings. Further, Bonus Shares that were not issued as on 31.03.2074 has been reversed from Share Capital and charged to Retained Earnings

3. **Proposed Dividend and Bonus Share**
As per NFRS, Bonus shares that are only to be declared cannot be shown as Share Capital(Paid Up) unless they are issued. Further, Equity is not reduced for the portion of dividend which has only been proposed and not distributed.
4. **Revaluation Reserve**
Revaluation reserve is created out of revaluation of Land. The same has increasing effect in equity.
5. **Deferred tax**
Deferred tax is revised due to adjustments made in NFRS financials and deferred tax income/expenses is revised. Deferred tax on Fair Value of Investment, Revaluation on Land and Actuarial Gain/(loss) on remeasurement of DBO is adjusted through equity.
6. **Measurement of Investment securities at fair value**
The Adjustments made here is of Fair Value gain/(loss) on remeasurement of Investment measured at FVTOCI. Increase in fair value is added to equity and decrease in fair value is deducted from equity.
7. **Share issue Expense**
Expense incurred for issue of shares(net of tax benefits) are deducted directly under equity as per NFRS which used to be charged under PL previously.
8. **Actuarial Loss**
The amount adjusted above is for loss on remeasurement of Defined benefit Obligation(Gratuity) which has been adjusted through OCI to equity.
9. **CSR Expense**
Expense made for Corporate Social Responsibility from the reserve set aside has been reversed from CSR Reserve and charged to Retained Earnings.

5.11.2 Reconciliation of Profit and Loss for FY 2074/75

| | Year ended 32nd Ashadh 2075 |
|---|-----------------------------|
| Profit as per GAAP | |
| Adjustments for NFRS | |
| CSR Expenses Charged | (968,628.47) |
| Leave encashment expenses as per Actuary report | (1,367,241.00) |
| Gratuity Expenses Reversed | 4,077,163.00 |
| Gratuity Expenses Recognised | - |
| Provision for Investment Reversed | 25,513,035.93 |
| Gain on Sale of revalued land | (34,980,825.00) |
| Share issue expenses reversed | 2,050,329.34 |
| Deferred tax income reversed | (8,628,994.00) |
| Deferred tax income Booked | 11,228,603.40 |
| Total Adjustments | (3,076,556.80) |
| Profit as per NFRS | 61,932,479.37 |
| Difference | - |

5.11.3 Effect of NFRs Adoption for the statement of financial position.

| ASSETS | Explanatory Notes | As per Old GAAP As at 1st Shrawan 2074 | Adjustments for NFRS | Restated* As at 1st Shrawan 2074 | As per Old GAAP As at 32nd Ashadh 2075 | Adjustments for NFRS | Restated* As at 32nd Ashadh 2075 |
|--|-------------------|--|----------------------|----------------------------------|--|----------------------|----------------------------------|
| Cash and cash equivalents | | 1,131,907,779 | - | 1,131,907,779 | 1,285,245,733 | - | 1,285,245,733 |
| Due from Nepal Rastra Bank | | 205,461,909 | - | 205,461,909 | 263,560,535 | - | 263,560,535 |
| Placement with Bank and Financial Institutions | | - | - | - | - | - | - |
| Derivative Financial Instruments | | - | - | - | - | - | - |
| Other Trading Assets | | - | - | - | - | - | - |
| Loans and advances to B/FIs | 1 | - | 156,194,269 | 156,194,269 | - | 158,073,339 | 158,073,339 |
| Loans and advances to customers | 1 | 3,604,615,202 | (159,285,799) | 3,445,329,403 | 4,534,967,338 | (162,664,380) | 4,372,302,958 |
| Investment securities | 2 | 463,269,339 | 19,630,097 | 482,899,436 | 561,165,173 | 7,655,949 | 568,821,122 |
| Current tax assets | 3 | 12,755,061 | 43,296,676 | 56,051,737 | 7,824,927 | 38,030,858 | 45,855,785 |
| Investment in subsidiaries | | - | - | - | - | - | - |
| Investment in associates | | - | - | - | - | - | - |
| Investment property | | - | - | - | - | - | - |
| Property and Equipment | 4 | 240,905,481 | 156,800,749 | 397,706,230 | 207,268,451 | 121,844,502 | 329,112,953 |
| Goodwill and Intangible assets | 5 | - | 108,066 | 108,066 | - | 83,488 | 83,488 |
| Deferred Tax Assets | 6 | 4,515,045 | (4,515,045) | - | 13,144,039 | (13,144,039) | - |
| Other assets | 7 | 126,538,912 | 3,091,530 | 129,630,442 | 27,898,586 | 4,591,041 | 32,489,627 |
| Total Assets | | 5,789,968,728 | 215,320,544 | 6,005,289,272 | 6,901,074,782 | 154,470,758 | 7,055,545,540 |

| Liabilities | Explanatory Notes | As per Old GAAP As at 1st Shrawan 2074 | Adjustments for NFRS | Restated* As at 1st Shrawan 2074 | As per Old GAAP As at 32nd Ashadh 2075 | Adjustments for NFRS | Restated* As at 32nd Ashadh 2075 |
|---|-------------------|--|----------------------|----------------------------------|--|----------------------|----------------------------------|
| Due to Bank and Financial Institutions | 8 | 175,000,000 | (52,151,971) | 227,151,971 | 230,000,000 | (1,546,107) | 231,546,107 |
| Due to Nepal Ratsra Bank | | 2,000,000 | - | 2,000,000 | 74,267,009 | - | 74,267,009 |
| Derivative Financial Instrument | | - | - | - | - | - | - |
| Deposits from customers | 8 | 4,650,964,475 | 52,151,971 | 4,598,812,504 | 5,426,454,056 | 1,546,107 | 5,424,907,949 |
| Borrowings | | - | - | - | - | - | - |
| Current Tax Liabilities | 3 | - | (43,296,676) | 43,296,676 | - | (38,030,858) | 38,030,858 |
| Provisions | | - | - | - | - | - | - |
| Deferred Tax Liabilities | 9 | - | (45,033,106) | 45,033,106 | - | (10,313,001) | 10,313,001 |
| Other liabilities | 10 | 188,560,160 | 6,703,768 | 181,856,392 | 226,113,604 | 41,787,221 | 184,326,383 |
| Debt securities issued | | - | - | - | - | - | - |
| Subordinated Liabilities | | - | - | - | - | - | - |
| Total liabilities | | 5,016,524,636 | (81,626,014) | 5,098,150,650 | 5,956,834,668 | (6,556,638) | 5,963,391,306 |
| Equity | | | | | | | |
| Share Capital | 11 | 655,665,000 | 74,000,000 | 581,665,000 | 800,000,000 | - | 800,000,000 |
| Share Premium | | - | - | - | 4,525,877 | 2,050,329 | 2,475,548 |
| Retained Earnings | 12 | 6,949,216 | (95,637,893) | 102,587,109 | 5,272,652 | (103,114,487) | 108,387,139 |
| Reserves | | 13 | 110,829,877 | (112,056,636) | 222,886,513 | 134,441,585 | (46,849,962) |
| Total equity attributable to equity holders | | 773,444,092 | (133,694,529) | 907,138,622 | 944,240,114 | (147,914,120) | 1,092,154,234 |
| Non-controlling interest | | | | | | | |
| Total Equity | | 773,444,092 | (133,694,529) | 907,138,622 | 944,240,114 | (147,914,120) | 1,092,154,234 |
| Total Liabilities and Equity | | 5,789,968,728 | (215,320,543) | 6,005,289,271 | 6,901,074,782 | (154,470,758) | 7,055,545,540 |

Explanatory Notes:

- Adjustments made to loans and advances to customers is for interest income recognised in accrual basis and amortisation of staff loan and also due to reclassification
- Adjustments made to investment securities is for market value adjustment and reversal of previously recognised provision for investment.
- Current tax is recognized net of current tax liabilities as per NFRS. Therefore, the difference can be observed in above statement.
- Adjustments made to Property and Equipment is for segregation of intangible assets which was previously included in property and equipment and for Revaluation of land.
- Intangible assets were presented under the heading of Property Plant and Equipment and now has been reclassified to Intangible Assets as per NFRS.
- Deferred tax asset is revised as per NFRS and adjusted as per NFRS calculation.
- Adjustment in other assets is for deferred employee expenditure as per staff loan amortisation and reclassification adjustment.
- Balances of other BAFIs in our bank is classified as Due to Bank and Financial Institution unlike previous classification.
- Deferred tax liability is revised as per NFRS and adjusted as per NFRS calculation.
- Adjustments made to other liability includes actuarial liability adjustments as per actuarial valuation of defined benefit obligation.
- Adjustment made for Equity Share Capital is for proposed Bonus Shares
- Retained earnings adjustments can be verified through note 6.9.1.
- Adjustments for reserve can be verified through note no. 6.9.1.

5.11.4 Effect of NFRSs adoption for statement of profit or loss and other comprehensive income

| | As per Old GAAP As at 31st Ashadh 2075 | Adjustments for NFRS | Restated* As at 31st Ashadh 2075 |
|---|--|-------------------------|--|
| Interest income | 667,856,484.68 | (2,326,168.67) | 665,530,316.01 |
| Interest expense | 503,730,000.59 | - | 503,730,000.59 |
| Net interest income | 164,126,484.09 | (2,326,168.67) | 1,169,260,316.60 |
| Fees and commission income | 69,629,730.14 | - | 69,629,730.14 |
| Fees and commission expense | - | - | - |
| Net fee and commission income | 69,629,730.14 | - | 69,629,730.14 |
| Net interest and commission income | 233,756,214.23 | (2,326,168.67) | 231,430,045.56 |
| Net trading income | - | - | - |
| Other operating income | 1,946,450.00 | 7,262,392.97 | 9,208,842.97 |
| Total operating income | 235,702,664.23 | 4,936,224.30 | 240,638,888.53 |
| Impairment charge/(reversal) for loans and other losses | (48,973,103.36) | 72,433,170.79 | 23,460,067.43 |
| Net operating income | 186,729,560.87 | 30,449,260.23 | 217,178,821.10 |
| Operating expense | | | |
| Personnel expenses | 62,986,859.23 | (2,097,234.18) | 60,889,625.06 |
| Other Operating expenses | 54,608,012.57 | (1,081,700.87) | 53,526,311.70 |
| Depreciation and Amortization | 14,028,150.63 | (0.00) | 14,028,150.63 |
| Operating Profit | 55,106,538.44 | 33,628,195.29 | 88,734,733.72 |
| Non-operating Income | 39,304,361.48 | (39,304,361.48) | - |
| Non-operating expense | - | - | - |
| Profit before income tax | 94,410,899.92 | (5,676,166.19) | 88,734,733.72 |
| Income tax expense | | | |
| Current Year Income Tax | 38,030,857.74 | - | 38,030,857.74 |
| Deferred Tax income | (8,628,994.00) | (2,599,609.40) | (11,228,603.40) |
| Profit for the period | 65,009,036.17 | (3,076,556.79) | 26,802,254.34 |

5.11.5 Effect of NFRS adoption for statement of cash flows

For the Year ended 31.03.2075

| Particulars | Explanatory Notes | Previous GAAP | Effect of transition to NFRS | Amount as per NFRS |
|---|-------------------|------------------|------------------------------|--------------------|
| Net cash flows from operating activities | 1 | 14,476,482.56 | 64,102,347.60 | 78,578,830.16 |
| Net cash flows from investing activities | 2 | 22,634,338.99 | (87,360,590.56) | (64,726,251.57) |
| Net cash flows from financing activities | 3 | 181,590,637.66 | (42,105,263.16) | 139,485,374.50 |
| Net increase/(decrease) in cash and cash equivalent | | 218,701,459.20 | (65,363,506.12) | 153,337,953.08 |
| Cash and cash equivalent at the beginning of the period | 4 | 1,311,745,234.49 | (179,837,455.33) | 1,131,907,779.16 |
| Cash and cash equivalent at the end of the period | | 1,530,446,693.69 | (245,200,961.45) | 1,285,245,732.24 |

Explanatory Notes

- Under NFRS, the net cash flows from operating activities includes the movement of Dues to/from Nepal Rastra Bank, placements with BFI's and money at call and short notice. Dues from Nepal Rastra Bank were previously included in cash and cash equivalents whereas money at call and short notice is included in cash and cash equivalent as of now. The movement of short term investment shown under previous GAAP includes that of T-Bills and Bonds. Now the same has been included in investment activities except that having maturity period 3 months or less which is included in cash and cash equivalent.
- Under NFRS, the investing activities also include the movement of foreign bonds which was previously included in (Increase)/ Decrease in Short-term Investment in net cash flows from operating activities.
- Under NFRS, the financing activities do not include movement in Refinance/facilities received from NRB which was previously included there and the same has now been shown under dues to Nepal Rastra Bank under net cash flow from operating activities.
- NAS 7 defines cash equivalents as 'short-term' highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value'. Under NFRS Inter-bank lending, Treasury bills and short-term government bonds with a maturity date of three months or less is shown as cash and cash equivalents. Under previous GAAP, the cash and cash equivalent included Balance at Nepal Rastra Bank however the same has been shown under dues from Nepal Rastra Bank under NFRS.

5.11.6 Valuation Hierarchy

Following tables demonstrates the valuation hierarchy of Bank's Assets and Liabilities. This fair value may differ from the actual amount that may be received or paid on settlement, realization or maturity of those Financial Assets and Liabilities.

Fair Value of Financial Assets and Liabilities Measured at Fair Value

The fair value measurement hierarchy is as follows:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

| Fair Value Disclosure | Level 1 | | | Level 2 | | | Level 3 | | |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | As on 31.03.2076 | As on 31.03.2075 | As on 31.03.2074 | As on 31.03.2076 | As on 31.03.2075 | As on 31.03.2074 | As on 31.03.2076 | As on 31.03.2075 | As on 31.03.2074 |
| Quoted Equity Shares | 259,852,222 | 230,448,997 | 174,612,311 | | | | | | |
| Unquoted equity | | | | 66,290,300 | 63,023,600 | 67,138,600 | | | |

5.12 Disclosure as per Capital Adequacy Framework as per NRB directive no 1

| | | |
|----|--|---------------------|
| 1. | Capital Structure and a Breakdown of its Components: | |
| | *Tier 1 Capital and a breakdown of its components | Rs. In '000 |
| | Core Capital (Tier 1) | 1,051,048.46 |
| | a. Paid Up Equity Share Capital | 800,000.00 |
| | b. Irredeemable Non-Cumulative Preference Shares | |
| | c. Share Premium | 2,475.55 |
| | d. Proposed Bonus Shares | |
| | e. General Reserves | 144,397.99 |
| | f. Retained Earnings | 85,682.23 |
| | g. Unaudited Current Year Cumulative Profit | |
| | h. Capital Redemption Reserve | |
| | i. Capital Adjustment Reserve | |
| | j. Dividend Equalization Reserve | |
| | k. Debenture Redemption Reserve | |
| | l. Capital Reserve (Created for loan waived as per Nepal Govt Direction) | |
| | m. Other Free Reserves | 93,636.71 |
| | n. Less: Goodwill | |
| | o. Less: Deferred Tax Assets | |
| | p. Less: Miscellaneous Assets not written off | |
| | q. Less: Investments in Equity in Licensed Financial Institutions | |
| | r. Less: Investments in equity of Institutions with excess of Limits | (75,144.03) |
| | s. Less: Investments in equity of Institutions with Vested Interest | |
| | t. Less: Investments arising out of Underwriting Commitments | |
| | u. Less: Reciprocal Cross Holdings | |
| | *Tier 2 Capital and a breakdown of its components | 47,882.14 |
| | Supplementary Capital (Tier 2) | |
| | a. Cumulative and/or Redeemable Preference Shares | |
| | b. Subordinated Term Debt | |
| | c. Hybrid Capital Instruments | |
| | d. General Loan Loss Provision | 61,573.34 |
| | e. Exchange Equalization Reserve | |
| | f. Investment Adjustment Reserve | |
| | g. Assets Revaluation Reserve | |
| | h. Additional Loan Loss Provision | |
| | i. Other Reserves | (13,691) |
| | Total Capital Fund (Tier 1 and Tier 2) | 1,098,930.60 |
| | Risk Weighted Exposure (Assets) (After Supervisor's Adjustment) | 7,300,501.17 |
| | Capital Adequacy Ratio | 15.05% |
| | Regulator Requirement | 10% |
| | Common Equity Tier 1 Capital Ratio | 14.40% |
| | Leverage Ratio (regulatory requirement >= 4%) | 15.43% |
| | • Deductions from Capital: Rs. (75,144.03) | |
| | • Total Qualifying Capital: Rs. 1,098,930.60 | |
| | • Capital Adequacy ratio: 15.05% | |

2. Risk Exposures

The risk weighted exposures as of 16th July 2019 is given below:

• Risk weighted exposures

| S. No. | Particulars | Amount Rs. (000) |
|--------|-------------------------------------|---------------------|
| 1. | Cash and cash equivalents | 215,068.99 |
| 2. | Due from Nepal Rastra Bank | - |
| 3. | Loans and advances to customers | 5,818,230.25 |
| 4. | Investment securities | 326,142.52 |
| 5. | Non-Banking Assets | 74,030.78 |
| 6. | Property and Equipment | 245,201.33 |
| 6. | Goodwill and Intangible assets | 7,937.57 |
| 7. | Other assets | 108,496.55 |
| | Total On Balance Sheet Items | 6,795,108 |
| 11. | Off Balance Sheet Items | 505,393.17 |
| | Total | 7,300,501.17 |

• Amount of NPAs (Both Gross and Net) Rs. In '000'

| S. No. | Particulars | Gross NPA (Rs.) | Loan-Loss Provision (Rs.) | Net NPA (Rs.) |
|--------|----------------|-----------------------|---------------------------|----------------------|
| a. | Watchlist Loan | 89,878,000.00 | 4,493,900.00 | 85,384,100.00 |
| b. | Substandard | 22,452,997.58 | 5,613,249.40 | 16,839,748.19 |
| c. | Doubtful | 2,994,697.31 | 1,894,697.31 | 1,100,000.00 |
| d. | Bad | 48,175,863.28 | 48,175,863.28 | 0.00 |
| | Total | 163,501,558.17 | 60,177,709.99 | 103,323,848.1 |

• NPA Ratios:

- Gross NPA to Gross Advances : 1.65%
- Net NPA to Net Advances : 0.73%

• Movement of Non-Performing Assets R

| Particulars | This Quarter | Previous Quarter | Changes % |
|---------------------------|--------------|------------------|-----------|
| Non-Performing Assets | 97,878 | 57,050 | 71.56% |
| Non-Performing Assets (%) | 1.65% | 1.00% | |

• Write off of Loans and Interest Suspense

Following Loans and Interest Suspense have been written off during the year 2018-19

- None

• Movements in Loan Loss provision and Interest Suspense:

Rs. In '000'

| Particulars | Loan Loss Provision | Interest Suspense |
|-----------------------------|---------------------|-------------------|
| Opening balance | 136,701,184 | 15,133,857.92 |
| Write Back/off in the years | - | - |
| Addition in the year | 3,883,144 | 16,299,994.42 |
| Balance as at 16h July 2019 | 140,584,328 | 31,433,852.34 |

• Details of Subordinated Term Debt:

- Not applicable

• Details of Additional Loan Loss Provision:

Loan amounting to Rs 8,696,652 has been provisioned for Rs. 2,832,088.58.

• Segregation of Investment Portfolio

| S.No. | Investment Category | Amount Rs. (000) |
|-------|---------------------|------------------|
| 1. | Held for Trading | - |
| 2. | Held to Maturity | 539,253,625 |
| 3. | Available for Sale | 326,142,522 |

3. Risk Management Function

GFIL is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Finance is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to. The Bank has set up a strong control and monitoring environment for comprehensive risk management at all levels of operation.

Measurement of Risks for Capital Adequacy Purpose:

Under Pillar 1 of the specific NRB guidelines, the finance company currently follows Simplified Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Net Open Position approach for Market risk.

A. Credit Risk

Strategies and Process:

All credit related aspects are governed by Operation Manual of GFIL. These documents outline the type of products that can be offered, customer categories, credit approval process and limits. These documents are approved by the Board of directors.

The Finance Company's main emphasis is on SME credit. Different limits of lending power have been assigned at branch level, department head level and the credit committee level. Every aspect relating to credit such as procedure, documentation etc. are clearly defined in the Operation Manual and the Credit Policy of the bank.

Pre-Sanction:

The branch managers have the authority to approve the credit within their permissible limits after due scrutiny of background of the promoter, nature of business, turnover in the account, other financial indicators, income, collateral and security. Loans above the authority of branch are recommended to head office for further decision.

Credit Risk Assessment Process:

Risk Management Department carries out a comprehensive credit risk assessment process that encompasses analysis of relevant quantitative and qualitative information to ascertain credit rating of the borrower. The credit rating process involves assessment of risk emanating from various sources such as market risk, management risk, environmental risk, financial risk and security risk taking into consideration as much as 30 sub-parameters under each of these categories. Credit thresholds have been set for forwarding the credit files for risk rating before they are submitted for approval in the credit committee by the concerned credit units.

Post Sanction Monitoring/ Follow up:

Concerned branch are required to obtain regular information of the business. In case of revolving loans, the drawing power is checked commensurate with the existing level of stocks and working capital checked and verified at regular interval. The credit units at the Head Office are also required to prepare quarterly credit report to submit at higher level as a part of formal monitoring process.

B. Operation Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the bank's business activities.

The board level committee that undertakes supervision and review of operational risk aspects are the Risk Management Committee and Audit Committee. The board and the risk committee review the operational risk level and the material operational risk exposure. The Audit committee supervises audit and compliance related aspects. Internal Audit department on the other hand carries out audit according to the audit plan and reports findings to the audit committee.

Risk Arising from breakdown of Information and Operating System:

The bank has introduced new centralized software PUMORI IV and has improved in its MIS infrastructure in order to ensure the associated operational risks being brought down to an acceptably low level.

To safeguard the probable losses resulting from system failure or natural disaster, the bank has taken following policies to minimize the risk:

- Back up – Daily back up of all balances are taken at the end of the day. The bank is developing a system of auto back up in the near future.
- Disaster Recovery Site – The bank has established disaster recovery site.

- c. Validation of Entry and Password control – There is a system of maker and checker for entry validation before posting. Access authority for data entry, update, modification and validation has been given on the basis of levels of staffs.
- d. Exception Reporting – The system creates exception report as and when required.

Risk Arising from Procedural Lapses and Internal control:

The company has defined every banking procedures in the Operation Manual related to banking transactions. Internal circulars are issued whenever required. Reporting by branches is regular.

Corporate Governance:

NRB Guidelines with respect to Corporate Governance are duly complied with.

C. Market Risk

a. Investments

Currently GFIL has not made any investment for trading purpose. The investment in government securities have been made to hold till maturity. The investment in equity of listed institutions has been held as available for sale.

b. Foreign Exchange

The company's policy is to maintain the net open position of convertible foreign currency where exchange rate risk persists in matching position.

5.13 Details of substantial Shareholder 0.5% and Above Shareholder List(Ashadh End 2076)

| S.No | Name | Type | Total Holding | Holding % |
|------|---------------------------|----------|---------------|-----------|
| 1 | Jeni Joshi | Public | 476,885 | 5.96 |
| | Jeni Joshi | Public | | |
| | Jeni Joshi | Promoter | | |
| 2 | Sudhir Man Maskey | Public | 455,686 | 5.70 |
| | Sudhir Man Maskey | Promoter | | |
| | Sudhir Man Maskey | Promoter | | |
| 3 | SarojKajiTuladhar | Public | 316,332 | 3.95 |
| | SarojKajiTuladhar | Promoter | | |
| 4 | Raja Ram Joshi | Promoter | 296,161 | 3.70 |
| | Raja Ram Joshi | Public | | |
| | Raja Ram Joshi | Promoter | | |
| 5 | Sworga Man Singh Shrestha | Public | 281,971 | 3.52 |
| | Sworga Man Singh Shrestha | Promoter | | |
| 6 | ParameshwarBhaktaMalla | Promoter | 278,409 | 3.48 |
| | ParameshwarBhaktaMalla | Public | | |
| | ParameshwarBhaktaMalla | Promoter | | |
| 7 | Jayakar Prasad Gauchan | Public | 245,305 | 3.07 |
| | Jayakar Prasad Gauchan | Promoter | | |
| 8 | ManjuMaskeyAmatya | Public | 239,602 | 3.00 |
| | ManjuMaskeyAmatya | Promoter | | |
| 9 | Indira Joshi | Public | 164,543 | 2.06 |
| | Indira Joshi | Promoter | | |
| 10 | Arun Agrawal | Promoter | 159,780 | 2.00 |
| 11 | Najma Khan | Promoter | 153,000 | 1.91 |
| 12 | Panna RatnaTuladhar | Public | 138,102 | 1.73 |
| | Panna RatnaTuladhar | Promoter | | |
| | Panna RatnaTuladhar | Promoter | | |

| | | | | |
|----|--------------------------|----------|---------|------|
| 13 | BijayBahadurShrestha | Public | 126,141 | 1.58 |
| 14 | RajendraTuladhar | Public | 123,099 | 1.54 |
| | RajendraTuladhar | Promoter | | |
| 15 | JyotiKumariSarawagi | Public | 116,464 | 1.46 |
| | JyotiKumariSarawagi | Promoter | | |
| 16 | KeshabTuladhar | Promoter | 115,299 | 1.44 |
| 17 | Assets Nepal | Promoter | 110,192 | 1.38 |
| 18 | SefinaMaskey | Promoter | 110,192 | 1.38 |
| 19 | Shanti PrabhaTuladhar | Public | 93,384 | 1.17 |
| 20 | DamarKesharShrestha | Promoter | 91,800 | 1.15 |
| 21 | RamhariPoudel | Promoter | 79,051 | 0.99 |
| 22 | Surya Capital Pvt. Ltd. | Promoter | 78,154 | 0.98 |
| 23 | RamitaShrestha | Public | 71,555 | 0.89 |
| | RamitaShrestha | Promoter | | |
| | RamitaShresthaPradhan . | Promoter | | |
| 24 | Shashi Kant Agarwal | Promoter | 67,319 | 0.84 |
| 25 | AnishTuladhar | Public | 56,377 | 0.70 |
| | AnishTuladhar | Promoter | | |
| | AnishTuladhar | Public | | |
| 26 | RomiRatnaTuladhar | Public | 56,121 | 0.70 |
| | RomiRatnaTuladhar | Promoter | | |
| | RomiRatnaTuladhar | Public | | |
| | RomiRatnaTuladhar | Promoter | | |
| 27 | Kedar Narayan Manandhar | Public | 51,994 | 0.65 |
| | Kedar Narayan Manandhar | Promoter | | |
| 28 | Mahendra Kumar Goyal | Public | 51,504 | 0.64 |
| 29 | Dharma BhaktaBalla | Promoter | 50,525 | 0.63 |
| 30 | Manohar Krishna Shrestha | Public | 49,356 | 0.62 |
| | Manohar Krishna Shrestha | Promoter | | |
| 31 | Raja RatnaTuladhar | Public | 48,318 | 0.60 |
| | Raja RatnaTuladhar | Public | | |
| | Raja RatnaTuladhar | Promoter | | |
| 32 | Sumit Kumar Agarwal | Promoter | 46,917 | 0.59 |
| 33 | MotiPrabhaTuladhar | Public | 46,693 | 0.58 |
| 34 | Nil Devi Tuladhar | Public | 46,693 | 0.58 |
| 35 | SmyakDharTuladhar | Public | 46,693 | 0.58 |
| 36 | TribhubanDharTuladhar | Public | 46,693 | 0.58 |
| 37 | TrikalDharTuladhar | Public | 46,693 | 0.58 |
| 38 | TusharDharTuladhar | Public | 46,693 | 0.58 |
| 39 | Hari Krishna Dangol | Public | 40,981 | 0.51 |
| | Hari Krishna Dangol | Public | | |
| | Hari Krishna Dangol | Public | | |

5.14 Additional Disclosure for Accured Interest Receivable (AIR)

Statement Showing AIR Adjustment

| Particulars | Amount (Rs.) |
|------------------------------------|--------------|
| Interest Receivable as on 74-04-01 | 13,417,172 |

| | |
|--------------------------------------|------------|
| Added/ (decreased) during 74-75 | 1,716,686 |
| Interest Receivable as on 2075.03.32 | 15,133,858 |

| | |
|--------------------------------------|------------|
| Added/ (decreased) during 75-76 | 16,299,994 |
| Interest Receivable as on 2076.03.31 | 31,433,852 |



5.15 Comparison Between Unaudited and Audited Financial Statement

| Statement of Financial Position | As per Unaudited Financial Statement | As per Audited Financial Statement | Variance | | Reasons for Variance |
|--|--------------------------------------|------------------------------------|---------------|---------|---|
| | | | Amount | % | |
| Assets | | | | | |
| Cash and Cash Equivalent | 1,187,931,231 | 1,215,232,842 | 27,301,611 | 2.30% | Due to effect of reclassification of cheque in Hand under Cash and Cash equivalent. |
| Due from Nepal Rastra Bank | 286,905,064 | 286,905,064 | - | 0.00% | |
| Placement with Bank and Financial Institutions | - | - | - | 0.00% | |
| Derivative Financials Instrument | - | - | - | 0.00% | |
| Other Trading Assets | - | - | - | 0.00% | |
| Loans and Advances to Bank and Financials Institutions | - | 246,095,360 | 246,095,360 | 0.00% | Due to reclassification to another heading |
| Loans and Advances to Customers | 5,789,493,581 | 5,541,428,538 | (248,065,043) | -4.28% | Change in Ammortization of Loans |
| Investment Securities | 900,636,342 | 865,396,147 | (35,240,194) | -3.91% | Due to reclassification adjustment |
| Current Tax Assets | 47,938,668 | 47,938,668 | - | 0.00% | |
| Investment in Subsidiaries | - | - | - | 0.00% | |
| Investment in Associates | - | - | - | 0.00% | |
| Investment Property | 74,030,783 | 74,030,783 | - | 0.00% | |
| Property and Equipment | 336,136,100 | 337,694,737 | 1,558,637 | 0.46% | Due to reclassification to another heading |
| Goodwill and Intangible Assets | 2,352,394 | 793,757 | (1,558,637) | -66.26% | Due to reclassification to another heading |
| Deferred Tax Assets | - | - | - | 0.00% | |
| Other Assets | 92,474,814 | 108,496,554 | 16,021,740 | 17.33% | Due to reclassification to another heading |
| Total Assets | 8,717,898,976 | 8,724,012,451 | 6,113,475 | 0.07% | Consequential effect of above items. |

| | | | | | |
|--|----------------------|----------------------|-------------------|--------------|---|
| Liabilities | | | | | |
| Due to Bank and Financial Institutions | 290,000,000 | 477,888,287 | 187,888,287 | 64.79% | Due to reclassification to another heading |
| Due to Nepal Rastra Bank | 96,533,873 | 96,533,873 | - | 0.00% | - |
| Derivative Financials Instrument | - | - | - | 0.00% | - |
| Deposits from Customers | 6,895,613,712 | 6,707,725,425 | (187,888,287) | -2.72% | Due to reclassification to another heading |
| Borrowings | - | - | - | 0.00% | - |
| Current Tax Liabilities | 24,994,799 | 45,628,865 | 20,634,066 | 82.55% | Due to reclassification of liability |
| Provisions | - | - | - | 0.00% | - |
| Deferred Tax Liabilities | - | 17,953,560 | 17,953,560 | 100.00% | Due to recalculation of deferred tax |
| Other Liabilities | 150,201,121 | 180,431,553 | 30,230,432 | 20.13% | Due to reclassification of liability |
| Debt Securities Issued | - | - | - | 0.00% | - |
| Subordinated Liabilities | - | - | - | 0.00% | - |
| Total Liabilities | 7,457,343,505 | 7,526,161,563 | 68,818,058 | 0.92% | Consequential effect of above items. |

| | | | | | |
|---------------|-------------|--------------|-------------|---------|---------------------------------------|
| Equity | | | | | |
| Share Capital | 800,000,000 | 800,000,000 | - | 0.00% | |
| Share Premium | 4,525,877 | 2,475,547.66 | (2,050,329) | -45.30% | Due to effect of share issue expenses |

| | | | | | |
|---|----------------------|----------------------|---------------------|---------------|--|
| Retained Earnings | 83,474,600 | 85,682,233.42 | 2,207,633 | 2.64% | Due to reclassification from Reserve & Surplus |
| Reserves | 372,554,994 | 309,693,106.45 | (62,861,888) | -16.87% | Due to reclassification to Retained earning |
| Total Equity Attributable to Equity Shareholders | 1,260,555,471 | 1,197,850,888 | (62,704,584) | -4.97% | Consequential effect of above items. |
| Non Controlling Interest | - | - | - | | |
| Total Equity | 1,260,555,471 | 1,197,850,888 | (62,704,584) | -4.97% | |
| Total Equity and Liabilities | 8,717,898,976 | 8,724,012,451 | 6,113,475 | 0.07% | Consequential effect of above items. |

| | | | | | |
|---|-------------|-------------|--------------|----------|--|
| Interest Income | 900,853,276 | 915,987,134 | 15,133,858 | 1.68% | Revised calculation of interest on staff loan and AIR Impact |
| Interest Expenses | 651,532,702 | 636,532,702 | (15,000,000) | -2.30% | |
| Net Interest Income | 249,320,574 | 279,454,432 | 30,133,858 | 12.09% | |
| Fee and Commission Income | 95,236,991 | 105,356,362 | 10,119,371 | 10.63% | Including Commission incomes previously classified under Other Operating Income and other reclassification adjustments |
| Fee and Commission Expenses | - | - | - | 0.00% | |
| Net Fee and Commission Income | 95,236,991 | 105,356,362 | 10,119,371 | 10.63% | - |
| Net Interest, Fee and Commission Income | 344,557,565 | 384,810,794 | 40,253,229 | 11.68% | - |
| Net Trading Income | | | | | |
| Other Operating Income | 17,949,878 | 3,138,800 | (14,811,078) | -82.51% | Few Commission incomes previously classified under Other Operating Income |
| Total Operating Income | 362,507,443 | 387,949,594 | 25,442,151 | 7.02% | - |
| Impairment Charge/(reversal) for loans and other losses | (8,368,645) | 4,772,256 | 13,140,901 | -157.03% | Additional Impairment Charged (Auditor's and NRB adjustments) |
| Net Operating Income | 370,876,088 | 383,177,338 | 12,301,250 | 3.32% | - |
| Operating Expenses | | | | | |
| Personnel Expenses | 91,511,109 | 96,077,519 | 4,566,410 | 4.99% | Revised calculation of bonus |
| Other Operating Expenses | 90,235,142 | 73,468,053 | (16,767,089) | -18.58% | Reclassification adjustments |
| Depreciation & Amortization | 14,674,013 | 14,674,013 | 0 | 0.00% | |

| Statement of Financial Position | As per Unaudited Financial Statement | As per Audited Financial Statement | Variance | | Reasons for Variance |
|---------------------------------|--------------------------------------|------------------------------------|-------------------|---------------|---|
| | | | Amount | % | |
| Operating Profit | 174,455,825 | 198,957,754 | 24,501,929 | 14.04% | |
| Non Operating Income | 2,224,110 | 2,080,600 | (143,510) | -6.45% | Reclassification adjustments |
| Non Operating Expenses | | - | - | - | - |
| Profit before Income Tax | 176,679,935 | 201,038,354 | 24,358,419 | 13.79% | - |
| Income Tax Expenses | | - | - | - | - |
| Current Tax | 24,994,799 | 45,628,865 | 20,634,066 | 82.55% | Due to change in profit |
| Deferred Tax | - | 7,568,926 | - | - | Deferred tax calculation not made in quarterly FS |
| Profit for the Period | 151,685,136 | 147,840,563 | (3,844,573) | -2.53% | Consequential effect of above items. |

| Consolidated Statement of Comprehensive Income | As per Unaudited Financial Statement | As per Audited Financial Statement | Variance | | Reasons for Variance |
|--|--------------------------------------|------------------------------------|---------------------|----------------|---|
| | | | Amount | % | |
| Profit/(Loss) for the period | 151,685,136 | 147,840,563 | (3,844,573) | -2.53% | - |
| Other Comprehensive Income | 12,511,700.00 | (30,326,925) | (42,838,625) | 100.00% | NFRS Adjustment and Change in Actuary Valuation |
| Total Comprehensive Income | 164,196,836 | 117,513,638 | (46,683,198) | -28.43% | Consequential effect of above items. |

5.16 Additional Disclosure

Regulatory Reserve

Regulatory Reserve is composed of AIR income included in Interest Income as per Accrual Basis of Accounting, Losses on remeasurement of Actuarial Liabilities, Provisions for Losses in Investment whose carrying cost is lower than Market Value, Provisions for Non- Banking Assets. Allocation to Regulatory Reserve is made out of profit of FY 2075-76. Composition of Regulatory Reserve are as follows:

- Interest Receivable as on 2076.03.31 (net of tax and bonus effect) after taking into consideration, interest collected during the first month of next Fiscal Year.
- Provisions for losses on Investments (net of tax effect) whose carrying amount is lower than the Market Value as on 2076.03.31.
- Provision for Non-Banking Assets (net of tax and bonus effect) after considering NBA sold within first Quarter.
- Losses on remeasurement of Defined Benefit Obligation (net of tax effect) which has been charged to OCI, is allocated to Regulatory Reserve.

Proposed Distributions (Dividends and Bonus Shares)

The Board has recommended 10.00% (including tax) as cash dividend for the reported year, 2018-19. This proposal of the Board of Directors is subject to the ratification by the annual general meeting of the shareholders. The proposed distribution shall be recognized in equity in the period in which they are paid.

वार्षिक साधारण सभा

Goodwill Finance Limited

Directors

| S.No. | Holder No./BOID | Name | Promoter | Public |
|-------|------------------------|--------------------------|------------|-----------|
| 1 | 50011/1301180000005183 | RAJA RAM JOSHI | 251,737.72 | - |
| 2 | 50016/1301550000006914 | SWORGAMAN SINGH SHRESTHA | 223,146.81 | - |
| 3 | 1301550000112435 | BISHWA PRAKASH SAAKHA | - | 18,494.00 |
| 4 | 547 | PASHUPATI B.SHRESTHA | - | 12,573.10 |
| 5 | 1109/1301010000184738 | UTTAM RAJ KAYASTHA | - | 601.69 |
| 6 | 1113/1301550000000298 | DILLIP KUMAR MUNAKARMI | 4,615.53 | 32,898.04 |



Goodwill Finance Limited
List of Promoter Shares Pledged

Ashad End-076

| S.No. | BOLD | Promoter's/Shareholders Name | Total Shares | "% of Paid-up capital" | Number of Share Pledge | Loan Amount (Rs.) | Lending Bank | "% of Pledge Share on Total Share" | Remarks |
|-------|-------------------|------------------------------|--------------|------------------------|------------------------|-------------------|--|------------------------------------|---------|
| 1 | 1301260000059924 | RAMHARI POUDEL | 79051 | 0.99% | 79051 | 2300000 | MANJUSHREE FINANCIAL INSTITUTION LIMITED | 100.00% | |
| 2 | 13014700000001219 | UTTAM SHRESTHA | 16161 | 0.20% | 7062 | 400000 | URJA SAVING & CREDIT COOPERATIVE LTD. | 89.77% | |
| 3 | 13014700000001219 | UTTAM SHRESTHA | | | 729 | 400000 | URJA SAVING & CREDIT COOPERATIVE LTD. | | |
| 4 | 13014700000001219 | UTTAM SHRESTHA | | | 1343 | 800000 | URJA SAVING & CREDIT COOPERATIVE LTD. | | |
| 5 | 13014700000001219 | UTTAM SHRESTHA | | | 5373 | 2000000 | URJA SAVING & CREDIT COOPERATIVE LTD. | | |
| 6 | 13014800000013519 | KESHAB TULADHAR | 115299 | 1.44% | 44739 | 2100000 | DEVA BIKAS BANK LIMITED | 100.00% | |
| 7 | 13014800000013519 | KESHAB TULADHAR | | | 4560 | 139000 | DEVA BIKAS BANK LIMITED | | |
| 8 | 13014800000013519 | KESHAB TULADHAR | | | 66000 | 1800000 | DEVA BIKAS BANK LIMITED | | |



नेपाल राष्ट्र बैंक वित्त कम्पनी सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन : ४४९९८०४/४४९९२५०
फ्याक्स : ४४९५९५८
इमेल : fsidreportsfc@nrb.org.np
Web : www.nrb.org.np
पोष्ट बक्स : ७३

पत्रसंख्या: वि.कं.सु.वि/अफसाइट/एजिएम/१०/२०७६-७७/२३९ मिति २०७६/०९/०९

गुडविल फाइनान्स लिमिटेड
हात्तीसार, काठमाण्डौ।

जि. फि. ल. वतां नं. २७७/०७६/७७
मिति २०७६/०९/०७

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

महाशय,

तहाँबाट पेश गरिएको आ.व.२०७५/७६ को वित्तीय विवरणहरु र संलग्न अनुसूचीहरु, लेखापरिक्षण प्रतिवेदन एवं लेखापरिक्षकले पेश गरेको लक्ष्म अडिट रिपोर्टको आधारमा आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न मात्र र प्रस्तावित नगद लाभांश रु.८,००,००,०००/- प्रचलित कानुनी व्यवस्थाको पालना गरी वार्षिक साधारण सभाबाट स्वीकृत भए पश्चात् मात्रै वितरण गर्न देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

१. यस बैंकले दिएका निर्देशन पालना गर्न तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनुहुन।
२. नियमित रुपमा Sytem Audit गर्ने व्यवस्था मिलाउनु हुन।
३. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनि लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रहरुको पूर्ण पालना हुने व्यवस्था मिलाउन संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ।
४. संचालकहरुको व्यक्तिगत फाइल अद्यावधिक गर्नुहुन।

उपर्युक्त निर्देशनहरुलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छैट्ट पानामा प्रकाशित गर्नुहुन अनुरोध गर्दछु।

भवदीय,

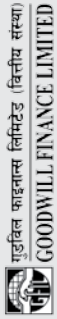
(खिलनाथ दहाल)
सहायक निर्देशक

बोधार्थ :

नेपाल राष्ट्र बैंक,

१. बैंक तथा वित्तीय संस्था नियमन विभाग।

२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, गुडविल फाइनान्स लिमिटेड।

काठमाडौं

१. हात्तिसार

५. डिल्लीबजार

६. इन्द्रचोक

१३. त्रिपुरेश्वर

७. तौमढी

भक्तपुर

कुमारीपाटी

ललितपुर

१२. बुटवल

७. धनगढी

३. नेपालगञ्ज

३. बाँके

७. धनगढी

७. दाङ

केन्द्रीय तथा शाखाहरू

१. केन्द्रिय क हात्तिसार, काठमाडौं • फोन : ०१-४४४४०३९, फ्याक्स : ०१-४४४३४९४
२. इटहरी, सुनसरी • फोन : ०२५-५८७०५९, फ्याक्स : ०२५-५८७०५०
३. नेपालगञ्ज, बाँके • फोन : ०८१-५२८०५६, फ्याक्स : ०८१-५२८०५८
४. विर्तामोड, भक्तपुर • फोन : ०२३-५४०५४८, फ्याक्स : ०२३-५४०५४९
५. डिल्लीबजार शाखा, काठमाडौं • फोन : ०१-४४२२२९०, फ्याक्स : ०१-४४२२२९०
६. इन्द्रचोक शाखा, काठमाडौं • फोन : ०१-४२२९५५४, फ्याक्स : ०१-४२२९५५५
७. तौमढी, भक्तपुर • फोन : ०१-६६१२०५५, फ्याक्स : ०१-६६२००६८
८. घोराही, दाङ • फोन : ०८२-५६३३५०, फ्याक्स : ०८२-५६३३५२
९. कुमारीपाटी, ललितपुर • फोन : ०१-५००८६९०, फ्याक्स : ०१-५००८६९३
१०. इलाम, • फोन : ०२७-५२०९४९, फ्याक्स : ०२७-५२०९४७
११. फिदिम, पाँचथर • फोन : ०२४-५२९०६८
१२. बुटवल • फोन : ०७१-५४७२८१
१३. त्रिपुरेश्वर • फोन : ०१-४२३९५३३, ४२३९९९२, ४२३९५८३
१४. बर्दिबास • फोन : ०४४-५५०२९९
१५. धनगढी • फोन : ०९१-४९७३५७
१६. नवलपुर • फोन : ०४६-५७००६०

टिपोट



टिपोट



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२४ औं साधारण सभाका केही भलकहर





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We are immensely proud of this milestone
and stay committed to leave behind
a lasting legacy of performance,
excellence & aspirations.