

२३ औं

# वार्षिक प्रतिवेदन

आर्थिक वर्ष  
२०७५/७६



नेपाल राष्ट्र बैंकबाट 'A' वर्गको इजाजतपत्रप्राप्त राष्ट्रिय स्तरको वित्तीय संस्था

**Progressive  
Finance Limited**

प्रोग्रेसिभ फाइनान्स लिमिटेड

## संचालक समिति



अधिल्लो पंक्तीमा बायाँबाट: संचालक श्री लक्ष्मी प्रसाद महर्जन, अध्यक्ष श्री किशोर कुमार महर्जन र संचालक श्री सविना महर्जन

पछिल्लो पंक्तीमा बायाँबाट: संचालक श्री समुन्द्र काजी श्रेष्ठ, संचालक श्री अनिश महर्जन, संचालक श्री शम्शु लाल डंगोल र कम्पनी सचिव श्री विशाल हुमागाई

## प्रोक्सी फारम

श्री सञ्चालक समिति

प्रोग्रेसिभ फाइनेन्स लिमिटेड

का.म.न.पा. ३२, तिनकुने, काठमाडौं ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला ..... न.पा./गा.पा वडा नं. .... बस्ने म/हामी .....  
.....ले त्यस कम्पनीको शेयरवालाको हैसियतले मिति २०७६ साल पौष २८ गते सोमबारका दिन हुने २३ औं  
साधारण सभामा स्वयम् उपस्थिति भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकाले उक्त सभामा भाग लिन र मतदान  
गर्नको लागि तपशिलमा उल्लेखित व्यक्तिलाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

प्रतिनिधिको

दस्तखतः

नामः

ठेगानाः

शेयर प्रमाण पत्र नं.: .....

डिम्याट नं. ....

शेयर कित्ता नं. ....

निवेदक

दस्तखतः

नामः

ठेगानाः

शेयर प्रमाण पत्र नं.: .....

डिम्याट नं. ....

शेयर कित्ता नं. ....

मिति: २०७६/...../.....

दृष्टव्यः यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ४८ घण्टा अगावै कम्पनीको कर्पोरेट कार्यालयमा पेश गरिसक्नु पर्नेछ ।

## प्रोग्रेसिभ फाइनेन्स लिमिटेड

### प्रवेश-पत्र

शेयरधनीको नाम: .....

शेयर प्रमाण पत्र नं.: ..... शेयर समूह: ..... शेयर कित्ता:.....

यस कम्पनीको २३औं साधारण सभा निम्न मिति, समय र स्थानमा हुने भएकाले उक्त सभामा उपस्थित हुन यो प्रवेश-पत्र जारी गरिएको छ ।

#### साधारण सभा हुने

मिति : २०७६ साल पौष २८ गते सोमवार (तदनुसार १३ जनवरी, २०२०)

समय : दिउँसो १:०० बजे

स्थान : ज्यापू प्रज्ञाभवन, भोलगणेश, ललितपुर म.न.पा. वडा नं. ९, ललितपुर

.....  
शेयरधनीको दस्तखत

.....  
कम्पनी सचिवको दस्तखत

यो प्रवेश-पत्र सभाकक्षमा प्रवेश गर्दा र साधारण सभा नहुन्जेल अनिवार्य रूपमा साथमा राख्नुहोला ।

## विषय-सूचि

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## प्रोग्रेसिभ फाइनेन्स लिमिटेड, का.म.न.पा.-३२, तीनकुने, काठमाडौंको २३ औं वार्षिक साधारण सभा बस्ने बारे सूचना

(प्रथम पटक प्रकाशित मिति २०७६/०९/०४)

### आदरणीय शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको संचालक समितिको मिति २०७६/०८/२९ मा बसेको ४३७ औं बैठकको निर्णयानुसार संस्थाको २३औं वार्षिक साधारण सभा निम्न विषयहरू उपर छलफल गर्न देहाय बमोजिमको मिति, समय र स्थानमा हुने हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको उपस्थिति तथा जानकारीका लागि यो सूचना प्रकाशित गरिएको छ ।

### सभा हुने मिति, समय र स्थान:

मिति : २०७६ साल पौष २८ गते, सोमबार (तदनुसार १३ जनवरी, २०२०)

समय : दिउँसो १:०० बजे ।

स्थान : ज्यापू प्रज्ञाभवन, भोलगणेश, ललितपुर म.न.पा. वडा नं. ९, ललितपुर ।


### छलफलका विषयहरू:

#### (क) सामान्य प्रस्तावहरू:

१. संचालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने सम्बन्धमा ।
२. लेखापरीक्षकको प्रतिवेदन सहितको २०७६ आषाढ मसान्तको वित्तीय अवस्थाको विवरण (वासलात), नाफा/नोक्सान विवरण (अन्य विस्तृत आम्दानीको विवरण सहित), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण आदि सहितको वित्तीय विवरण छलफल गरी पारित गर्ने ।
३. कम्पनी ऐन, २०६३ को दफा १११ अनुसार आ.व. २०७६/०७७ को लागि वाह्य लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने सम्बन्धमा । (हालका लेखापरीक्षक श्री एस.एम.सी. एशोसिएट्स, चार्टर्ड एकाउन्टेन्ट्स पुनःनियुक्ति हुनका लागि योग्य हुनुहुन्छ ।)
४. विविध ।

#### (ख) विशेष प्रस्तावहरू:

१. वित्तीय संस्थाको प्रबन्धपत्र तथा नियमावलीमा संसोधन गर्ने सम्बन्धी विशेष प्रस्ताव पारित गर्ने तथा प्रबन्धपत्र तथा नियमावलीको संसोधनमा नियमनकारी निकायबाट फेरबदल गर्न सुझाव प्राप्त भएमा सो अनुरूप समायोजन गर्न सञ्चालक समितिलाई अख्तियारी प्रत्यायोजन गर्ने ।
२. यस वित्तीय संस्था र अन्य कुनै उपयुक्त बैंक तथा वित्तीय संस्था एक आपसमा गाम्ने गाम्बिने, "बैंक तथा वित्तीय संस्था प्राप्ति (Acquisition) सम्बन्धी विनियमावली, २०७०" बमोजिम एक्विजिसन गर्ने गराउने, सो सम्बन्धमा वित्तीय संस्थाको चलअचल सम्पत्ति र दायित्व तथा कारोवारको मूल्याङ्कन (Due Diligence Audit) गर्ने, मान्यताप्राप्त परामर्शदाता, मूल्याङ्कनकर्ता तथा लेखापरीक्षकहरू नियुक्त गर्ने, निजहरूको पारिश्रमिक निर्धारण गर्ने, गाम्ने/गाम्बिने, एक्विजिसन सम्बन्धी समझदारी पत्र (Memorandum of Understanding) तर्जुमा गर्ने र अन्यप्रक्रिया समेत पूरा गरी सोमा हस्ताक्षर गर्ने लगायत गाम्ने/गाम्बिने वा एक्विजिसन गर्ने गराउने कार्यसँग सम्बन्धित आवश्यक सम्पूर्ण प्रक्रिया पूरा गर्न सञ्चालक समितिलाई अख्तियारी दिने ।  
(विगत साधारण सभाको निरन्तरताका लागि )



संचालक समितिको आज्ञाले  
कम्पनी सचिव

## प्रोग्रेसिभ फाइनेन्स लिमिटेडको

# २३ औं वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

१. यस वित्तीय संस्थाको २३औं वार्षिक साधारण सभाको प्रयोजनको लागि शेयर दाखिल खारेजको काम मिति २०७६/०९/२० देखि मिति २०७६/०९/२८ गते सम्म बन्द रहनेछ । साथै, नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०७६/०९/१७ गते सम्म कारोबार भई प्रचलित कानून बमोजिम यस वित्तीय संस्थाको शेयर रजिष्ट्रार एनआईबिएल एस क्यापिटल लिमिटेड, लाजिम्पाट, काठमाडौंमा प्राप्त शेयर नामसारी लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले मात्र उक्त सभामा भाग लिनपाउने छन् ।
२. शेयरधनी महानुभावहरूले आफ्नो परिचय दिने आधिकारिक परिचयपत्र तथा साधारण सभा प्रयोजनार्थ जारी प्रवेश पत्र वा नागरिकताको प्रमाणपत्रको प्रतिलिपि वा शेयर प्रमाण पत्रको प्रतिलिपि/हितग्राही खाता नम्बर लिई आउनु हुन अनुरोध गरिन्छ । सभा शुरू हुनु भन्दा एक घण्टा अगावै सभा कक्षमा उपस्थित भै दिनुहुन समेत शेयरधनी महानुभावहरूलाई अनुरोध गरिन्छ ।
३. सभामा भाग लिन प्रतिनिधि नियुक्त गर्न चाहने शेयरधनी महानुभावले वित्तीय संस्थाको सोही समूहको अर्को शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ र सो सम्बन्धी प्रोक्सी फारम सभा शुरू हुनु भन्दा ४८ घण्टा अगावै वित्तीय संस्थाको कर्पोरेट कार्यालय, तीनकुने, काठमाडौंमा बुझाई सक्नु पर्नेछ । प्रोक्सी फारम यस वित्तीय संस्थाको Website बाट Download गर्न सकिने छ ।
४. कुनै बैंक, वित्तीय कम्पनी, गुठी, संगठित संस्था, कम्पनी वा नेपाल सरकारले कम्पनीको शेयर खरिद गरेको अवस्थामा त्यस्ताको तर्फबाट खटाइएको वा मनोनित गरेको प्रतिनिधिले मतदान गर्न पाउने छ ।
५. प्रतिनिधि (प्रोक्सी) नियुक्त गरिसक्नु भएको शेयरधनी आफै सभामा उपस्थित भएमा प्रोक्सी दिएको भएतापनि स्वतः बदर हुनेछ ।
६. प्रतिनिधि मुकरर गर्दा केही शेयर आफैसँग राखी आफु समेत सभामा उपस्थित हुने किसिमले आंशिक शेयरको प्रतिनिधि मुकरर गर्न पाइने छैन । सम्पूर्ण शेयरको लागि एकै व्यक्तिलाई मात्र प्रतिनिधि मुकरर गर्नु पर्दछ। साथै प्रतिनिधि (प्रोक्सी) दर्ता गरी सकेपछि सो लाई बदर गरी अर्को प्रतिनिधिपत्र (प्रोक्सी) दिन चाहनेले सोको जानकारी ४८ घण्टा अगावै दिई सक्नुपर्नेछ ।
७. नाबालक वा विभिन्न शेयरधनीहरूको तर्फबाट वित्तीय संस्थाको शेयर लगत किताबमा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि (प्रोक्सी) तोक्न पाउने छ ।
८. एकै शेयरधनीले कुनै एक प्रतिनिधि मुकरर गरेकोमा सो बदर नगरी अर्को प्रतिनिधि मुकरर गरेमा जुन पहिले प्राप्त भई दर्ता हुन्छ सो मात्र मान्य हुनेछ ।
९. संगठित संस्था शेयरधनी भएमा त्यस्ता संगठित संस्थाद्वारा मनोनीत व्यक्तिले ल्याउने प्रोक्सी फारममा संस्थाको छाप, अधिकृत व्यक्तिको दस्तखत हुनुपर्नेछ ।
१०. साधारण सभाको काम कारवाही कम्पनी ऐन २०६३ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ बमोजिम हुनेछ ।
११. सभामा भाग लिने प्रत्येक शेयरधनी महानुभावले सभा हुने स्थानमा उपस्थित भई त्यहाँ रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्नेछ । हाजिरी पुस्तिका बिहान ११:०० बजे देखि खुल्ला रहनेछ ।
१२. छलफलको विषय मध्ये विविध शिर्षक अन्तरगत छलफल गर्न इच्छुक शेयरधनीहरूले सभा शुरू हुनुभन्दा ७ दिन अगावै छलफलको विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनुपर्नेछ । तर यसलाई छलफल र पारित हुने प्रस्तावको रूपमा समावेश गरिने छैन ।
१३. शेयरधनीहरूबाट उठेका प्रश्न, जिज्ञासाहरूको सम्बन्धमा सञ्चालक समितिको तर्फबाट अध्यक्ष वा अध्यक्षबाट अनुमति प्राप्त व्यक्तिले जवाफ दिन सक्नेछन् ।
१४. शेयरधनी महानुभावहरूको जानकारीको लागि वित्तीय संस्थाको वित्तीय विवरण सहितको वार्षिक प्रतिवेदन वित्तीय संस्थाको वेबसाइट [www.pfltd.com.np](http://www.pfltd.com.np) मार्फत उपलब्ध गराइनेछ ।
१५. साधारणसभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समय भित्र वित्तीय संस्थाको कर्पोरेट कार्यालय, तीनकुने, काठमाडौंमा सम्पर्क राख्न सकिने छ ।
१६. सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरूले साधारण सभासँग सम्बन्धित कागजातहरू बाहेक यथा सक्थ भोला प्याकेट आदि नलिई आउनु हुन अनुरोध छ ।

## प्रोग्रेसिभ फाइनेन्स लिमिटेडको अध्यक्षज्यूको मन्तव्य



**किशोर कुमार महर्जन**  
अध्यक्ष  
प्रोग्रेसिभ फाइनेन्स लिमिटेड

**आदरणीय शेयरधनी महानुभावहरू,**

यस प्रोग्रेसिभ फाइनेन्स लि. को तेइसौं बार्षिक साधारण सभामा उपस्थित सम्पूर्ण शेयरधनी महानुभावहरू र विभिन्न निकायबाट पाल्नुभएका प्रतिनिधिज्यूहरू तथा अन्य आमन्त्रित अतिथिज्यूहरूलाई सञ्चालक समितिका तर्फबाट हार्दिक स्वागत तथा अभिवादन गर्दछु ।

मुलुकको गणतान्त्रिक संविधानको कार्यान्वयनका क्रममा तीनै तहको निर्वाचन भई बजेट समेत कार्यान्वयनमा आइसकेको हुँदा आर्थिक गतिविधि विस्तारका लागि सकारात्मक वातावरण सृजना भएको मैले ठानेको छु । विगत दुई वर्षयता कुल ग्राहस्थ बचतको कुल ग्राहस्थ उत्पादनसँगको अनुपातमा वृद्धि हुँदै आएको छ । वैदेशिक रोजगारबाट प्राप्त रेमिटेन्स क्रमशः उत्पादनमूलक क्षेत्रमा लगानी हुँदै जानु, कृषिमा व्यवसायीकरण हुँदै जानु, राजनीतिक स्थिरतातर्फ देश उन्मुख हुँदै जानु, बन्द हडताल जस्ता कार्यमा आएको कमी तथा उत्पादनमूलक नीति कार्यान्वयन पक्ष सुधार हुनु आदि जस्ता कारणहरूले समिक्षा बर्षमा देशको अर्थतन्त्र सुधारोन्मुख भएको हो । हालै विश्व बैंकले चालू आर्थिक वर्षमा आर्थिक वृद्धि दर ७.१ प्रतिशत हुनसक्ने प्रक्षेपणलाई आधार मान्ने हो भने पनि मुलुकको अर्थतन्त्र सुधारको बाटोमा रहेको अनुमान गर्न सकिन्छ, यद्यपी विकास खर्चहरूको अवस्था भने निकै दयनीय देखिन्छ । वित्तीय प्रणालीलाई सुदृढ गर्ने उद्देश्यले नेपाल राष्ट्र बैंकले अनुकूल नीति अवलम्बन गरेको भएतापनि उत्पादनमूलक उद्योगहरू अपेक्षाकृत रूपमा वृद्धि नभएको हुँदा यस क्षेत्रको कर्जा प्रवाहमा उल्लेख्य वृद्धि हुन नसकेको अवस्था देखिन्छ । कृषि तथा कृषिजन्य उद्योगहरूमा सहूलियतपूर्ण कर्जा उपलब्ध गराउन नेपाल राष्ट्र बैंकबाट निर्देशन जारी भएपनि यस क्षेत्रमा भएको कर्जा प्रवाह अपेक्षाकृत रूपमा वृद्धि नभएको पाइन्छ ।

साथै, विप्रेषण आप्रवाहको वृद्धिदर र पूँजीगत खर्चको अवस्थाले आगामी समयमा वित्तीय स्थितिको दिशा निर्धारण गर्ने देखिन्छ । तरलतामा उतार-चढावको स्थिति रहेतापनि आर्थिक वर्ष २०७६/७७ को आश्विन मसान्त सम्ममा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जाको वृद्धि दर १६.२ प्रतिशत रहेको छ । सोहि अवधिमा बैंक तथा वित्तीय संस्थाहरूको निक्षेप भने १८.६ प्रतिशतले बढेको छ । केही समयदेखि घट्दै गएको विदेशी मुद्राको संचिति

यस आर्थिक वर्षमा आयातमा कमी, निर्यातमा वृद्धि तथा विदेश यात्राका लागि दिईने सटही सुविधामा नियन्त्रण गर्दा पुनः बढ्दै गएको सुखद अवस्था छ । यसैगरी ऋणात्मक तर्फ बढ्दै गएको सोधनान्तर स्थिति समेत यो आर्थिक वर्षको दोश्रो त्रैमास प्रवेश हुँदा सबल हुँदै गएको अवस्था छ ।

### आदरणीय शेयरधनी महानुभावहरू,


नेपाल राष्ट्र बैंकबाट तोकिएको न्यूनतम पूँजी वृद्धि पश्चात यस फाइनेन्स कम्पनीले निरन्तर रूपमा व्यवसाय वृद्धिलाई प्राथमिकतामा राखेको छ । आर्थिक वर्ष २०७५/०७६मा वित्तीय संस्थाले हासिल गरेका उपलब्धि तथा गतिविधिहरूका बारेमा संचालक समितिको वार्षिक प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ । ग्राहकवर्गको सन्तुष्टिबाट नै शेयरधनी, कर्मचारी, समाज तथा राष्ट्रलाई राम्रो प्रतिफल दिन सकिने हुनाले यसका लागि आवश्यक प्रविधि, सेवाहरू, कर्मचारी व्यवस्थापन, जोखिम व्यवस्थापन आदिमा फाइनेन्स कम्पनीले निरन्तर ध्यान केन्द्रित गरेको छ । यसै सन्दर्भमा वित्तीय संस्थाले नयाँ सुविधा सहितका निक्षेप तथा कर्जा योजनाहरू संचालन गर्ने नीति लिएको छ । यद्यपि वित्तीय क्षेत्रमा प्रविधिको उपयोगबाट गरिएका ठगी, चोरी तथा जालसाजी सम्बन्धी हालै घटेका घटनाहरूका सम्बन्धमा यहाँहरू जानकार नै हुनुहुन्छ । यस्ता घटनाहरूले वित्तीय क्षेत्रमा अझ बढी चुनौति थपेको छ । यसकारण हामीले सूचना प्रविधिलाई अझ सबल र सक्षम बनाउन आवश्यक रहेकोले यसतर्फ अझ सचेत रहनुपर्ने देखिन्छ ।

फाइनेन्स कम्पनीको शाखा संजाल विस्तार गरी बृहत बनाउन एक प्रदेशमा कम्तीमा ३ वटा शाखा संचालन गर्ने नीति लिई हाल गण्डकी प्रदेश (प्रदेश नं ४) को पोखरा महानगरपालिकामा, प्रदेश नं. २ को सबैला, क्षिरेश्वरनाथ र मलंगवा नगरपालिकाहरूमा शाखा कार्यालयहरू स्थापना गरी कारोबार संचालन गरिएको छ । साथै प्रदेश नं १ को इटहरी उपमहानगरपालिका, प्रदेश नं ३ को भरतपुर महानगरपालिका, हेटौँडा उपमहानगरपालिका तथा ललितपुर महानगरपालिका शाखा स्थापनार्थ नेपाल राष्ट्र बैंकबाट स्वीकृति प्राप्त भइसकेको छ । यसै आर्थिक वर्ष भित्र उल्लेखित चारवटा शाखाहरू संचालन हुनेगरी आवश्यक पुर्वाधार विकासको कार्यहरू भईरहेको जानकारी गराउँदै पाउँदा म हर्षित छु । यसै आर्थिक वर्षको अन्तिम सम्ममा यस फाइनेन्सका कम्तीमा १० शाखा तथा ४ एक्स्टेन्सन काउन्टरको सञ्जालबाट लाभान्वित रहनुहुन समेत आव्हान गर्दछु । यसका साथै अन्य स्थानहरूमा शाखा विस्तारका निम्ति पनि आवश्यक अध्ययन भईरहेको छ । त्यस्तै नविनतम प्रविधिको उच्चतम उपयोग गरी वित्तीय सेवालाई अझ सहज र सरल बनाउन यस संस्थाबाट भएको निरन्तर

प्रयास स्वरूप ग्राहकहरूको सुविधाका निम्ति आफ्नै एटीम कार्ड (Debit Card) जारी गरी कार्यान्वयनमा ल्याएको छ । यसको कार्यान्वयनबाट संस्थाको व्यवसायमा व्यापक विस्तार हुने अपेक्षा गरिएको छ । यसका अलावा यस संस्थाको सूचना प्रविधि सम्बन्धि जोखिम न्युनिकरणको लागि तथ्याङ्कहरू सुनसरी जिल्लाको ईटहरी उपमहानगरपालिकामा सुरक्षित राख्ने Disaster Recovery को व्यवस्था समेत मिलाइएको छ ।

बैंक तथा वित्तीय संस्थाहरूको संख्या घटाउने उद्देश्यले नेपाल राष्ट्र बैंकले हालै औपचारिक रूप मै बाणिज्य बैंकहरूको मर्जरका निम्ति प्रोत्साहन गरेको हुँदा निकट भविष्यमा बैंक तथा वित्तीय संस्थाहरूको स्वरूपमा अभै भन्ने परिवर्तन आउनसक्ने देखिएको छ । यसबाट क वर्गका वाणिज्य बैंकहरूको संख्या घट्न सक्ने सम्भावना प्रबल देखिन्छ, यद्यपि वित्त कम्पनीहरू पनि संख्यात्मक रूपमा कम हुनसक्ने सम्भावनालाई नकार्न सकिँदैन ।

अन्त्यमा, सभामा उपस्थित शेयरधनीज्यूहरू एवं अतिथिज्यूहरू प्रति हार्दिक कृतज्ञता व्यक्त गर्दै यहाँहरूबाट प्राप्त निरन्तर सहयोग तथा सद्भावका लागि आभार प्रकट गर्दछु । हामी यहाँहरूबाट प्राप्त सुझाव, सल्लाहको उच्च कदर गर्दै सोही बमोजिम अधि बढ्ने विश्वास दिलाउँदछौं । यस वित्तीय संस्थाले प्रदान गर्दै आएको वित्तीय सेवालाई अभै गुणस्तरीय, समयानुकूल र प्रभावकारी बनाउने सम्बन्धमा प्रतिबद्धता व्यक्त गर्दै यस संस्थाको स्थापनाकालदेखि वर्तमान अवस्थामसम्म आइपुग्न आ-आफ्नो क्षेत्रबाट प्रत्यक्ष र परोक्ष रूपमा अमूल्य सहयोग, सल्लाह र विश्वास गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरू, निक्षेपकर्ताहरू, नेपाल सरकारका सम्बन्धित निकायहरू, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लि., सि.डि.एस एण्ड क्लियरिङ लि., कर्जा सूचना केन्द्र लि., विभिन्न बैंक तथा वित्तीय संस्थाहरू, अन्य संघ-संस्थाहरू र शुभचिन्तक महानुभावहरू प्रति आभार व्यक्त गर्दछु । संस्थाका आन्तरिक तथा बाह्य लेखापरीक्षकहरूले संस्थाको लेखापरीक्षण सम्पन्न गरी दिनुभएको व्यावसायिक सुझावहरूका लागि हार्दिक धन्यवाद दिन चाहन्छु । साथै, यस संस्थाको कारोवार अभिवृद्धिमा सक्रिय रही संस्थाको उन्नति र प्रगतिमा आफ्नो अमूल्य श्रम र समय खर्च गरी लगनशीलताका साथ योगदान पुऱ्याउने व्यवस्थापन तथा सम्पूर्ण कर्मचारीहरूलाई विशेष धन्यवाद दिन चाहन्छु । आगामी दिनहरूमा पनि यहाँहरू सबैको सहयोग तथा सद्भावको अपेक्षा राखेको छु । धन्यवाद !!!

  
**किशोर कुमार महर्जन**  
 अध्यक्ष

## प्रोग्रेसिभ फाइनेन्स लिमिटेडको

# २३ औं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत आ.व. २०७५/७६ को वार्षिक प्रतिवेदन

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको तेइसौं वार्षिक साधारण सभामा आफ्नो अमूल्य समय दिई उपस्थित हुनुभएका आदरणीय शेयरधनी महानुभाव, प्रतिनिधि, पर्यवेक्षक तथा अतिथिज्यूहरूमा म सञ्चालक समितिको तर्फबाट हार्दिक स्वागत तथा अभिवादन व्यक्त गर्दछु ।

यस गरिमामय सभा समक्ष यस वित्तीय संस्थाको आर्थिक वर्ष २०७५/०७६ को वित्तीय अवस्थाको विवरण, नाफा नोक्सान हिसाव

विवरण, नाफा- नोक्सान वॉडफॉड विवरण, नगद प्रवाह, इक्यूटीमा आएको परिवर्तन तथा अनुसूचिहरू सहितका विवरण र लेखा परिक्षकको प्रतिवेदन सहितको वार्षिक प्रतिवेदन आदरणीय शेयरधनी महानुभावहरू समक्ष प्रस्तुत गरिसकिएको हुँदा सो को अध्ययन भै भविष्यमा यस कम्पनीले निर्वाह गर्नुपर्ने भूमिकाका सम्बन्धमा यहाँहरूबाट सदा भैं अमूल्य सल्लाह एवं सुभाष प्रदान गर्नु हुनेछ भन्ने विश्वास लिएका छौं ।

यस वित्तीय संस्थाको विगत ५ आ.व.को तुलनात्मक वित्तीय विवरण निम्नानुसार रहेको छ :

रु. हजारमा

शिर्षक	आ.व. २०७१/७२	आ.व. २०७२/७३	आ.व. २०७३/७४	आ.व. २०७४/७५	आ.व. २०७५/७६
अधिकृत पूँजी	४,००,०००	४,००,०००	४,००,०००	८,००,१००	८,००,१००
चुक्ता पूँजी (कल इन एडभान्स समेत)	१,२०,०००	२,००,१६०	२,१०,०००	२,७९,३५०.८०	८,००,१००
जगेडा कोष					
साधारण जगेडा कोष	४,४२९	८६१९	८,६५१	१४,७७३	१८,०८८.५६६
जोखिम व्यहोर्ने कोष	१०,५१५	११,९९३	१७,३५३	१५,८७७	२५,१०२.१६२
अन्य जगेडा कोष	४,८४४	६७९७	६,७९७	६,७९७	१५,४७४.०९
नगद लाभांस (कर समायोजन प्रयोजनार्थ समेत)	-	-	-	-	-
कुल निक्षेप	३०३१००.७८	५३३४३५	५,४६,७२१	७,८४,६३८	११,११,००९.२८
कुल कर्जा तथा सापट	२,६३,८७६.०९	४,४७,१२१	६,०५,१५९	५,१०,२७२	१०,३६,३२०.१८३
शेयर लगानी	२,०६९.३४	११,९५१	६,८६०	१७,४१३	८९,८५३.९४
कुल आमदानी	५०,४८९.७०	४८,१८२	७८,९६४	८९,८८०	१,६४,२६८.८६
कुल खर्च	६३४४०.३६	४०,५१२	५९,९३०	७७,८३७	१,१६,२३१.२९०
सञ्चालन नाफा (नोक्सान)	(१२९५०.६५)	(१०६११.३८)	३९२७	३९५६	४३,४२१.१११
सञ्चित नाफा (नोक्सान)	(३८५९१.१५)	(२२५००.८८)	(१४४७०)	(१०१६०)	१०,८६७.०२५
कर भुक्तानी र व्यवस्था					
कुल नेटवर्थ	९२७१२.६६	१९५७७४.४६	२,१८,६५१	२,९४,१२३	८,४४,५२९.६८१
प्रति शेयर नेटवर्थ	७७.२६	१००.१६	१०४.११	१०५.२९	१०५.५५

हालसम्मका उपलब्धी तथा भावी कार्यक्रमहरू :

#### १. पूँजी बृद्धि योजना:

नेपाल राष्ट्र बैंक बाट जारी निर्देशन बमोजिम चुक्ता पूँजी रु. ८० करोड १ लाख कायम गरिसकेको हुँदा हाल पूँजी वृद्धि सम्बन्धमा कुनै योजना बनाएको छैन । यद्यपि विगत साधारण सभाको निरन्तरताका लागि मर्जर तथा एक्विजिशन सम्बन्धमा संचालक समितिलाई अख्तियारी प्रदान गर्ने गरी यस साधारण सभामा विशेष प्रस्ताव पेश गरिएको छ ।

#### २. शाखा कार्यालय विस्तार:

हाल यस वित्तीय संस्थाका शाखा कार्यालयहरू काठमाडौंको न्यूरोड, काभ्रेको बनेपा नगरपालिका, कास्कीको पोखरा महानगर, सर्लाहीको मलंगवा तथा जनकपुरको सबैला र क्षिरेश्वरनाथ नगरपालिकाहरूमा गरी ६ वटा संचालनमा छन् । त्यस्तै काठमाडौं उपत्यका भित्र ठिमी, महालक्ष्मीस्थान, पुल्चोक तथा तिनकुनेमा एक्स्टेन्सन काउन्टर संचालनमा रहेका छन् । साथै सुनसरीको इटहरी उपमहानगरपालिका, चितवनको भरतपुर महानगरपालिका, मकवानपुरको हेटौडा उपमहानगरपालिका तथा ललितपुर महानगरपालिकामा शाखा संचालनका लागि नेपाल राष्ट्र बैंकबाट स्वीकृत प्राप्त भएको हुँदा चालू आर्थिक वर्षभित्र नै ४ वटा थप शाखा कार्यालयहरू संचालनमा आउने छन् ।

#### ३. मानव संसाधन विकास

आर्थिक वर्ष २०७५/७६ मा संस्थाले कर्मचारीहरूको क्षमता अभिवृद्धि तथा उत्प्रेरणाका निम्ति विभिन्न व्यवसायिक संस्थाहरूद्वारा आयोजित तालिम कार्यक्रमहरू तथा आन्तरिक रूपमा कार्यालय परिसरमा तालिमहरू आयोजना गरी कर्मचारीहरूलाई सहभागी गराई उनीहरूको क्षमता विकासलाई प्राथमिकता दिइएको छ । साथै कर्मचारीहरू बीच नियमित सम्पर्क तथा समन्वय गरी संस्थाको कार्य सञ्चालनमा एकरूपता ल्याउने कार्यलाई अघि बढाइएको छ ।

कार्यक्रम र कार्यक्षेत्रको विस्तार सँगै मानव संसाधन विकास आवश्यक रहने विषयलाई मध्यनजर गर्दै आर्थिक वर्ष २०७६/७७ मा आवश्यक जनशक्तिहरूको व्यवस्थापन, आवश्यकता अनुसारको तालीम तथा वृत्ति विकासका कार्यक्रमहरू संचालन गरी संस्थाले दक्ष जनशक्ति निर्माणमा आवश्यक पहल गरिरहेको छ । संस्थाको विकास तथा दीर्घकालीन सफलताका निम्ति कार्यरत कर्मचारीहरूको क्षमता, दक्षता, मनोबल तथा उत्प्रेरणाको महत्वपूर्ण भूमिका हुने भएकोले कर्मचारी छनौट, सरुवा, बढुवा, तालिम तथा वृत्ति विकासका निमित्त उपयुक्त

नीति एवं निर्देशिकाहरू तयार गरी कार्यान्वयन गरिनेछ । हाल यस संस्थामा कार्यरत कर्मचारी संख्या ८३ रहेको छ ।

#### ४. सूचना प्रविधि

उपलब्ध सूचना प्रविधिको उच्चतम उपयोगबाट मात्र ग्राहकहरूलाई उचित सेवा तथा सुविधा उपलब्ध गराउन सकिने तथ्यलाई मध्यनजर गर्दै संस्थाले एस.एम.एस बैंकिङ, इ बैंकिङ, मोबाइल बैंकिङ जस्ता सुविधाहरू ग्राहकहरूलाई उपलब्ध गराउन सहज भएको छ । साथै संस्थाको तथ्यांक सुरक्षाकालागि छुट्टै डाटाबेस सर्भर मार्फत Disaster Recovery Site लाई प्राथमिकतामा राखि सुनसरीको इटहरीमा छुट्टै डाटा सर्भर राखि सञ्चालन गरेको छ । साथै सूचना प्रविधि सम्बन्धी नयाँ निति तर्जुमा गरी कार्यान्वयन गरिएको छ । हालै नेपाल राष्ट्र बैंकले डेबिट कार्ड सञ्चालनका लागि स्वीकृति प्रदान गरेको हुँदा यस वित्तीय संस्थाले आफ्नै डेबिट कार्ड सञ्चालनमा ल्याएको छ । यसबाट सेवाग्राहीहरूलाई यस संस्थासँगको कारोबारमा अझ सहजता भएको छ । ग्राहकहरूको बदलिँदो चाहना, चेतनाको स्तर, ग्रामिण क्षेत्रमा पनि सूचना संचार प्रविधिको उपलब्धता तथा प्रयोग, प्रतिस्पर्धात्मक वातावरण जस्ता अवस्थाहरूलाई विश्लेषण गरी आगामी आर्थिक वर्षमा प्रविधिको नयाँ प्रयोगबाट ग्राहकहरूलाई अझ छिटो छरितो सेवा प्रवाह गर्नेतर्फ यो वित्तीय संस्था कृयाशील रहनेछ ।

#### ५. संस्थागत सुशासन र अनुपालन

संस्थाले विद्यमान ऐन कानून तथा नीति नियम र नियमनकारी निकायहरूबाट प्राप्त निर्देशनहरू मुताविक आफ्नो कारोबार संचालन गर्दै आएको ब्यहोरा जानकारी गराउन चाहन्छु । साथै संस्थाका शेयरधनीहरू प्रति संस्थाको सञ्चालक समिति पूर्णरूपमा जवाफदेही र उत्तरदायी रहनेछ । नेपाल राष्ट्र बैंकको नीति नियम अनुसार संस्था संचालनमा रहि आन्तरिक प्रणालीलाई व्यवस्थित गर्न त्रैमासिक रूपमा आन्तरिक लेखा परीक्षण गराई लेखापरिक्षकले दिएको सुझाव बमोजिम कार्यान्वयन गरेका छौं । संस्थाको सञ्चालक समितिबाट संस्थागत सुशासन कायम राख्न लेखापरिक्षण समिति, जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति तथा कर्मचारी सेवा सुविधा समितिहरू गठन गरिएको तथा उक्त समितिहरूको नियमित बैठक बसी प्रभावकारी भूमिकाका लागि आवश्यक व्यवस्था मिलाइएको छ । आन्तरिक तथा बाह्य लेखापरिक्षणका साथै नेपाल राष्ट्र बैंकबाट समय समयमा हुने निरिक्षण र त्यसबाट प्राप्त सुझावहरूको पूर्ण पालना गर्दै संस्थागत सुशासनलाई सुदृढ बनाउन सञ्चालक समिति तथा व्यवस्थापन सदैव कटिबद्ध रहनुका साथै कारोवारलाई

व्यवस्थित गर्न आवश्यक थप नीति, नियम तथा निर्देशनहरू तर्जुमा गरि तदनुरूप लागू गरिने छ । संस्थामा रहेका नीति, विनियमावली, निर्देशन तथा निर्देशिकाहरूलाई समय सापेक्ष परिमार्जन गरिएको छ भने केही नीति, नियम तथा निर्देशनहरू परिमार्जन तथा पुनर्लेखनका क्रममा रहेका छन् ।

#### ६. संस्थागत सामाजिक उत्तरदायित्व

संस्थाले सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न कार्यक्रमहरूमा वित्तीय तथा कार्यगत सहयोग प्रदान गरेको छ । यसै सन्दर्भमा ललितपुरमा अवस्थित ज्यापू समाजसँग उक्त समाजले वार्षिक रूपमा समाजमा आर्थिक, सामाजिक तथा सांस्कृतिक कृयाकलापहरू सञ्चालन का निम्ति सहयोग गर्नेगरी सम्झौता गरेको छ ।

साथै, संस्थाको प्रायोजन एवं सुन्दरनगर सुधार समितिको आयोजनामा ठिमिमा रक्तदान कार्यक्रम तथा निःशुल्क स्वास्थ्य शिविर सञ्चालन गरियो ।

यसै अन्तर्गत ललितपुर जिल्लाको प्रमुख सांस्कृतिक कार्यक्रम मत्स्यामा धर्मावलम्बीहरूलाई ग्लूकोज पानी तथा शर्बत वितरण गर्ने कार्यक्रम सम्पन्न गरियो ।

यस अन्तर्गत जनकपुरको सबैला तथा क्षिरेश्वरनाथ नगरपालिका तथा सर्लाहीको मलंगवा नगरपालिकामा जनचेतनामूलक अभिव्यक्तिहरू अंकित टी सर्टहरू वितरण गर्ने कार्य सम्पन्न गरियो ।

#### ७. लेखापरीक्षकको नियुक्ति

लेखापरीक्षक एस.एम.सी. एसोसिएट्स चार्टर्ड एकाउन्टेन्ट्सले आर्थिक वर्ष २०७५/०७६ को यस संस्थाको लेखापरीक्षण सु-सम्पन्न गर्नु भएकोमा धन्यवाद ज्ञापन व्यक्त गर्दछु । साथै आ.व. २०७६/०७७ को अन्तिम लेखापरीक्षण सम्पन्न गर्न लेखापरीक्षकमा एस.एम.सी. एसोसिएट्सका चार्टर्ड एकाउन्टेन्ट्स चार्टर्ड एकाउन्टेन्ट्सका श्री संगीत ढकाललाई नियुक्ती गर्न लेखापरीक्षण समितिले सिफारिस गरेको छ सो को स्विकृति पनि यहाँहरूबाट हुने नै छ ।

#### आभार प्रकट

तेइसौं वार्षिक साधारण सभाको यस अवसरमा यस संस्थाको स्थापनाकालदेखि संस्थालाई सहयोग पुऱ्याउँदै आउनुभएका शेयरधनी महानुभावहरू, ग्राहकहरू, लेखापरीक्षक तथा नेपाल सरकारका निकायहरू अर्थ मन्त्रालय, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, धितोपत्र बोर्ड, नेपाल धितोपत्र विनियम बजार, कर्जा सूचना केन्द्र तथा विभिन्न बैंक तथा वित्तीय संस्थाहरू लगायत संस्थाको कारोबार विस्तारमा प्रत्यक्ष तथा अप्रत्यक्ष रूपले सहयोग पुऱ्याउने सम्पूर्ण निकायहरूप्रति कृतज्ञता प्रकट गर्दछु । साथै संस्थाका प्रमुख कार्यकारी अधिकृत तथा सम्पूर्ण कर्मचारीहरूको कर्तव्यनिष्ठता, लगनशिलता एवम् अथक परिश्रमको सराहना गर्दछु ।

धन्यवाद !



किशोर कुमार महर्जन  
अध्यक्ष

मिति : २०७६/०९/२८

## प्रोग्रेसिभ फाइनेन्स लिमिटेडको

# कम्पनी ऐन २०६३ को दफा १०८ उपदफा ४ बमोजिमको विवरण

### क) विगत वर्षको कारोबारको सिंहावलोकन :

विगत केहि वर्षदेखि बैकिङ क्षेत्रमा देखिएको तरलता अभावका कारण प्रत्यक्ष परेको असर, व्याज दरमा अस्वस्थ प्रतिस्पर्धा हुनु जस्ता चुनौतिहरूको सामना गर्दै यसलाई व्यवस्थापन गर्नुपर्ने अवस्था रहेकोले सम्पूर्ण शेयरधनी महानुभावहरूको साथ र सहयोगबाट यस्ता समस्या समाधान गर्न सफल भै ग्राहक वर्गमा अधिकतम सेवा सुविधा उपलब्ध गराउन सकिन्छ भन्ने विश्वास लिएका छौं । लगानी मैत्री वातावरण बन्न नसक्दा परेका असरहरूका बावजुद निष्कृय कर्जा अधिल्लो आर्थिक वर्षको तुलनामा न्यून भएको छ । यसका साथै बैंक तथा वित्तीय संस्थाहरू बीच अत्यधिक प्रतिस्पर्धा हुनु, नियमनकारी निकायले जारी गरेको नीति निर्देशनमा आएका परिवर्तनहरू, केही संस्थामा देखिएका संस्थागत सुशासन सम्बन्धी समस्याका कारणबाट देखिएको अविश्वास जस्ता कारण हुँदाहुँदै संचालक समिति तथा व्यवस्थापनको अथक प्रयासबाट संस्थालाई गतिशील बनाउने दिशातर्फ उन्मुख गराउन सफल भएका छौं ।

संस्थाले ग्राहकहरूको सुविधाकालागि इ बैकिङ, मोबाइल बैकिङ तथा कनेक्ट आइपीएस, सी आश्वा लगायतका सेवाहरू सुचारु गरेको छ । हालै वित्तीय संस्थाले नेपाल राष्ट्र बैंकबाट स्वीकृति प्राप्त गरी आफ्नै डेबिट कार्ड संचालनमा ल्याएको जानकारी गराउन पाउँदा हामी गौरवान्वित छौं । यसबाट निक्षेप वृद्धिमा ठूलो योगदान पुग्ने विश्वास लिएका छौं । विगत ५ वर्षको संक्षिप्त वित्तीय विश्लेषण संचालक समितिका तर्फबाट प्रस्तुत वार्षिक विवरण अगाडि प्रस्तुत गरिएको छ ।

### ख) राष्ट्रिय तथा अन्तराष्ट्रिय स्थितिबाट वित्तीय संस्थाको कारोबारलाई परेको असर :

मुल्य बृद्धि, घट्दो शेयर बजार कारोबार, उत्पादनमूलक क्षेत्रको लगानीमा कमी तथा तरलताको समस्या लगायतका कारणहरूले समग्र नेपाली अर्थतन्त्रलाई प्रभाव पारिरहेको अवस्था विद्यमान रहेको देखिन्छ । यस परिस्थितिमा बैंक तथा वित्तीय संस्थाहरूको बाक्लो संख्यात्मक उपस्थितिले वित्तीय बजार निकै प्रतिस्पर्धात्मक हुँदै गएको छ । जसले गर्दा बढी मुल्यमा वित्तीय श्रोत संकलन गरी ठूला तथा पुराना बैंक तथा वित्तीय संस्थाहरू सँग प्रतिस्पर्धा गर्नु निकै चुनौतिपूर्ण रहेको छ ।

समीक्षा वर्षमा देशको आर्थिक वृद्धि दर अधिल्लो वर्षको ६.७ प्रतिशतको तुलनामा ७.१ प्रतिशत रहेको अनुमान गरिएको छ । जसमा कृषि, उद्योग र सेवा क्षेत्रको क्रमशः ५, ८.२ र ७.३ प्रतिशत बराबरको योगदान रहेको छ । त्यस्तै आयातको मात्रा गत वर्षको तुलनामा १३.९ प्रतिशतले वृद्धि भई रु. १४१८ अर्ब ५४ करोड पुगेको छ भने निर्यातको मात्रा १९.४ प्रतिशतले वृद्धि भई रु. ९७ अर्ब ११ करोड पुगेको छ । यसरी आयात भन्दा निर्यातको वृद्धिदर अधिक रहनु सकारात्मक भएपनि यसले रु. १३२१ अर्ब बराबरको ब्यापार घाटा भने कायम गरेको छ । समीक्षा वर्षमा विप्रेषण आप्रवाहमा १९.४ प्रतिशतले वृद्धि भई रु. ८७९ अर्ब २७ करोड पुगेको भएपनि चालू आर्थिक वर्षको शुरुवातमा वैदेशिक रोजगारका निम्ति वैधानिक माध्यमबाट विदेश जाने कामदारहरूको संख्यामा कमी आएको तथ्याङ्क सार्वजनिक भएसँगै विप्रेषणको आप्रवाहमा कमी आउनसक्ने आँकलन गरिएको छ ।

गत वर्षमा छिमेकी मित्र राष्ट्रहरूमा समेत आर्थिक वृद्धिमा कमी यथावत रहेको तथ्यांकहरू सार्वजनिक भै सकेका छन् । अन्य मुलुक लगायत युरोपेली मुलुकहरू अझै मन्दीको त्रासबाट खास बाहिर आउन सकेका छैनन् । खासगरी अमेरिका र चीन जस्ता शक्ति राष्ट्रहरू बीच देखिएका आर्थिक असमझदारीका कारण विश्वभरी नै संशयको वातावरण निर्माण गरेको छ । हाम्रो जस्तो आयातमुखी अर्थतन्त्र रहेको देशमा आयातको ठूलो हिस्सा चीन र भारत सँगै निर्भर रहेको छ । साथै विश्वकै दोश्रो ठूलो अर्थतन्त्र रहेको चीन र विश्वको ठूलो अर्थव्यवस्था मध्ये एक भारतले अवलम्बन गर्ने व्यापारिक रणनितिले विश्व अर्थतन्त्रमा पनि प्रत्यक्ष र अप्रत्यक्ष प्रभाव पार्ने गर्दछ । अझ हाम्रो जस्तो मुलुकमा ठूला छिमेकी दुई मुलुकले अवलम्बन गर्ने नितिहरूले प्रत्यक्ष प्रभाव पारेको देखिन्छ ।

### ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको अवधारणा :

यस संस्थाको आ.ब. २०७६/७७ को प्रथम त्रैमासको अन्त्य सम्ममा रु. २,०६,०६,७३४/- सञ्चालन आम्दानी रहेको र रु. ३०,८१,९७१/- खुद मुनाफा रहेको छ, साथै यस अवधिमा संस्थाको कुल कर्जा तथा सापटी रु. १,२१,३७,१८,६५०/- तथा कुल निक्षेप रु. १,२७,२९,८५,५७०/- रहेको छ ।

चालु आ.व. को प्रथम त्रैमासिक अर्थात् २०७६ आश्विन मसान्त सम्ममा वित्तीय संस्थाको आर्थिक उपलब्धिको तुलनात्मक विवरण निम्नानुसार रहेको छ ।

रु. हजारमा

विवरण	आ.व ०७६/०७७ आश्विन मसान्त	आ.व ०७५/०७६ आश्विन मसान्त	आ.व ०७४/०७५ आश्विन मसान्त	तुलनात्मक बृद्धि	
				०७६/०७७	०७५/०७६
चुक्ता पूँजी	८००,१००	२,१०,०००	२,१०,०००.००	२८१%	०%
कुल निक्षेप	१२,७२,९७८.५७	७०७,५२२.३८	६४४,८२०.३४	७९.९२%	९.७२%
कुल लगानी	८५,९२९.६७१	१७,३७४.२१	१६,८६०.०१	३९४.५४%	३.०४%
कुल कर्जा	१,२१३,७१८.६५	६१०,६०१.८५	५,७८,७७८.५६	९८.७८%	५.४९%
संचालन मुनाफा कर्मचारी बोनस तथा कर अघि	४४,०२.८१५	२४,९४७.६७	(८,९४७.९४)	(८२.३५%)	३७८.८०%
खराब कर्जा अनुपात	१.२२	१.९१	२.४४	(३६.१२%)	(२१.७२%)
कुल शेयर नेटवर्थ	१०५.८८	११४.७७	१०१.६३	(७.७५%)	१२.९२%

संस्थाको उन्नतिको लागि भविष्यमा गर्नुपर्ने कामको सम्बन्धमा सञ्चालक समितिको अवधारणा निम्नानुसार रहेको छ :

- वित्तीय संस्थाको ग्राहकसम्मको पहुँच बढाउन शाखा सञ्जाल विस्तार गर्ने योजना बनाइएको छ ।
- विप्रेषण सेवालाई प्रभावकारी बनाउन विप्रेषणको कारोबार गर्ने एजेन्सीहरूसँग सहकार्य बढाउदै लगिनेछ ।
- कर्जा तथा लगानीको गुणस्तर वृद्धि गरी कर्जा लगानी बढाईनेछ । विशेषतः विपन्न वर्ग कर्जा तथा उत्पादनशील क्षेत्रमा प्रवाह हुने साना तथा मझौला कर्जालाई प्राथमिकता दिइनेछ ।
- कर्जाको नयाँ योजनाहरू लागु गरिनेछ ।
- नयाँ निक्षेप योजनाहरू लागू गर्दै लगिनेछ ।
- वित्तीय क्षेत्रमा आएका नयाँ प्रविधिहरूलाई आत्मसात गर्दै कारोबार बृद्धि गरिनेछ ।
- संस्थाका कर्मचारीहरूको कार्य क्षमतामा बृद्धि ल्याउन आन्तरिक तथा बाह्य विभिन्न तालिम सेमिनारहरूमा सहभागिता गराउँदै लगिनेछ ।
- सामाजिक उत्तरदायित्व अन्तरगतका कार्यहरू गरिनेछ ।
- लगानीको दायरा बढाउन विभिन्न वित्तीय औजारहरूको (Financial Tools) समुचित उपयोग गर्दै संस्थालाई मुनाफातर्फ उन्मुख गराइनेछ ।
- वित्तीय संस्थामा सुसासन कायम राख्न विभिन्न निति, निर्देशन तथा मार्गदर्शन निर्माण गरी संस्थालाई अझ सबल तथा पारदर्शी बनाइनेछ ।

#### घ) औद्योगिक तथा व्यावसायिक सम्बन्ध :

वित्तीय संस्थाले आफूसँग सम्बन्धित औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरूसँग संस्थागत एवं व्यवसायिक मूल्य र मान्यताको आधारमा मैत्रिपूर्ण सम्बन्ध कायम गर्दै आएको छ र यस सम्बन्धलाई व्यवसायिक तथा पारदर्शिताका आधारमा वित्तीय संस्थाको हितमा रहने गरी अझ विकसित गर्दै लगिने छ ।

#### ङ) संचालक समितिमा भएको हेरफेर र सोको कारण:

आर्थिक वर्ष २०७५/७६ को आषाढ २८ गते सम्पन्न साधारण सभाबाट नयाँ सञ्चालक समिति गठन गरिएको छ । सो अनुरूप नयाँ सञ्चालक समितिमा संचालक श्री किशोर कुमार महर्जनको अध्यक्षतामा निम्नानुसारको कार्यसमिति गठन गरिएको छ ।

श्री किशोर कुमार महर्जन	अध्यक्ष
श्री लक्ष्मी प्रसाद महर्जन	सञ्चालक

श्री शम्भु लाल डंगोल	सञ्चालक
श्री समुन्द्र काजी श्रेष्ठ	सञ्चालक
श्री सविना महर्जन	सञ्चालक
श्री अनिश महर्जन	सञ्चालक

**च) कारोवारलाई असर पार्ने मुख्य कुराहरु:**

- नेपाल सरकार, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड लगायतका नियामक निकायले गर्ने नियमन, निर्देशनको परिवर्तनबाट कारोबारमा पर्नसक्ने असर
- बढ्दो अस्वस्थ प्रतिस्पर्धाका कारण बढ्नसक्ने जोखिम
- लगानी योग्य पूँजीको बढ्दो लागतका कारण उत्पन्न जोखिम
- सञ्चालन जोखिमका कारण उत्पन्न हुनसक्ने समस्याहरु
- अधिक वा न्यून तरलताका कारण बढ्नसक्ने जोखिमहरु
- ब्याजदर परिवर्तनका कारण उत्पन्न जोखिम
- नयाँ उद्योग, व्यवसायहरु स्थापना हुने क्रम न्यून रहेको हुँदा लगानीका क्षेत्रहरुको सिमित रहनु
- पूँजी बजारमा आउनसक्ने परिवर्तनहरु

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

आर्थिक वर्ष २०७५/०७६ को लेखापरीक्षण प्रतिवेदनमा बैकिङ्ग कारोवारको सिलसिलामा हुने सामान्य कैफियतहरु बाहेक वित्तीय संस्थाको कारोवारमा असर पार्ने खालका अन्य कुनै कैफियतहरु उल्लेख भएका छैनन् ।

**ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :**

आर्थिक वर्ष २०७५/०७६ मा लाभांश बाँडफाँडको व्यवस्था गरिएको छैन ।

**झ) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो वापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर विक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता गरेको भए सो को विवरण:**

यस वित्तीय संस्थाको प्रतिवेदनको मितिसम्म कुनै शेयर जफत भएको छैन ।

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

यस वित्तीय संस्थाको कुनै सहायक कम्पनी रहेको छैन ।

**ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोवारहरु र सो अवधिमा कम्पनीको कारोवारमा आएको कुनै महत्वपूर्ण परिवर्तन:**

यस कम्पनीको कुनै सहायक कम्पनी नरहेको हुँदा यसले कम्पनीको कारोबारमा कुनै महत्वपूर्ण परिवर्तन आएको छैन ।

**ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीले वित्तीय संस्थालाई उपलब्ध गराएको जानकारी:**

यस कम्पनीका कुनै पनि आधारभूत शेयरधनीहरुले कम्पनीलाई कुनै लिखित वा मौखिक जानकारी उपलब्ध गराउनु भएको छैन ।

**ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरुले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोवारमा निजहरु संलग्न रहेको भए सो सम्बन्धमा निजहरुबाट कम्पनीले प्राप्त गरेको जानकारी:**

यस वित्तीय संस्थाका सञ्चालकहरुले २०७६ आषाढ मसान्तसम्म लिएको शेयर (कल ईन एड्भान्स समेत) को स्वामित्वको विवरण

तपसील बमोजिम रहेको छ । साथै सञ्चालक एवं पदाधिकारीहरू वित्तीय संस्थाको शेयर कारोबारमा संलग्न रहनुभएको छैन ।

#### तपसील

नाम	पद	लिएको शेयर संख्या
श्री किशोर कुमार महर्जन	अध्यक्ष	२५,९०८
श्री लक्ष्मी प्रसाद महर्जन "संस्थापक तर्फ"	सञ्चालक	१,५२,४००
श्री शम्भु लाल डंगोल "संस्थापक तर्फ"	सञ्चालक	१,५२,४००
श्री समुन्द्र काजी श्रेष्ठ "सर्वसाधारण तर्फ"	सञ्चालक	१,४०,६४४
श्री सविना महर्जन "सर्वसाधारण तर्फ"	सञ्चालक	१,०००
श्री अनिश महर्जन "सर्वसाधारण तर्फ"	सञ्चालक	१,९४४

द) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको वारेमा उपलब्ध गराएको जानकारीको व्यहोरा:

समिक्षा अवधिमा वित्तीय संस्थालाई यस सम्बन्धी कुनै जानकारी उपलब्ध भएको छैन ।

ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम:

समिक्षा अवधिमा वित्तीय संस्थाले आफ्नो शेयर आफैले खरिद गरेको छैन ।

त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सो को विस्तृत विवरण :

संस्थामा जोखिम व्यवस्थापन समिति, लेखापरीक्षण समिति, कर्मचारी सेवा सुविधा समिति तथा सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति गठन गरिएको छ । साथै संस्थाको कारोबारका सन्दर्भमा भविष्यमा आवश्यक पर्ने नीति, विनियमावली तथा निर्देशनहरू समय सापेक्ष परिमार्जन एवं तर्जुमा गरी तदनुरूपको कार्यान्वयनमा जोड दिई संस्थाको आन्तरिक नियन्त्रण प्रणालीलाई अभि सुदृढ बनाउँदै लैजाने लक्ष्य लिइएको छ ।

आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्न त्रैमासिक रूपमा आन्तरिक लेखापरीक्षण गराई प्रतिवेदनमा दिइएका सुभावहरू कार्यान्वयन गर्ने तथा स्वतन्त्र रूपमा रहेको लेखापरीक्षण समितिको बैठकले दिएका निर्देशनहरूको कार्यान्वयन गर्ने व्यवस्था मिलाइएको छ ।

थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण:

विवरण	आ.व. २०७५/०७६
कुल कर्मचारी खर्च	२,११,५७,१३९.००
कुल कार्यालय खर्च	२,०९,१४,४१३.००

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

#### लेखापरीक्षण समिति :

- |                         |            |
|-------------------------|------------|
| १. श्री अनिश महर्जन     | संयोजक     |
| २. श्री शम्भु लाल डंगोल | सदस्य      |
| ३. श्री ललित भट्ट       | सदस्य सचिव |

उपरोक्त बमोजिमको लेखापरीक्षण समितिले नेपाल राष्ट्र बैंक लगायत बाह्य तथा आन्तरिक लेखापरीक्षण प्रतिवेदन उपर विस्तृत अध्ययन तथा विश्लेषण गरि सोमा उल्लेखित निर्देशन एवं कैफियतहरूका सम्बन्धमा व्यवस्थापनबाट आवश्यक जानकारी लिई सो को प्रतिवेदन कार्यान्वयनको सिफारिस एवं सुझाव सहित सञ्चालक समिति समक्ष पेश गर्ने गरेको छ । यस अवधिमा लेखापरीक्षण समितिका पदाधिकारी मध्ये संयोजक र संचालक सदस्यलाई प्रति बैठक रु. २,०००/- बाहेक अन्य कुनै पनि भत्ता प्रदान गरिएको छैन ।

ध) संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, कम्पनीका आधारभुत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनीवा संगठित संस्थाले वित्तीय संस्थालाई कुनै रकम वुभाउन वाँकी भए सो कुरा:

संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, कम्पनीका आधारभुत शेयरधनी वा निजको नातेदार वा निज संलग्न रहेको फर्म, वित्तीय संस्था वा संगठित संस्थाले वित्तीय संस्थालाई कुनै पनि रकम वुभाउन वाँकी रहेको छैन ।

न) संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:

आर्थिक वर्ष २०७५/०७६ मा अध्यक्ष तथा संचालकहरूलाई प्रति बैठक भत्ता क्रमश रु. २२००/- र २०००/- तथा मासिक पत्रपत्रिका खर्च वापत रु.१५००/- प्रदान गरिएको छ । सो अनुसार संचालक समितिका सदस्यहरूलाई बैठक भत्ता बापत रु.३,८४,६००/- तथा अन्य सुविधा बापत रु. १,०५,०००/- गरी जम्मा रु. ४,८९,६००/- उपलब्ध गराइएको छ ।

साथै कम्पनीका प्रमुख कार्यकारी अधिकृतलाई तलब, भत्ता तथा बोनस वापत वार्षिक रु.३१,२५,३९०/- उपलब्ध गराइएको छ । त्यसका साथै इन्धन तथा मर्मत सहित सवारी साधन तथा अन्य सुविधा कर्मचारी नियमावली अनुसार उपलब्ध गराइएको छ ।

प) शेयरधनीले बुभिलिन बाँकी रहेको लाभांशको रकम :

हालसम्म लाभांश वितरण गरिएको छैन ।

फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा विक्री गरेको कुराको विवरण:

समिक्षा अवधिमा वित्तीय संस्थाले कम्पनी ऐन, २०६३ को दफा १४१ बमोजिमको कुनै सम्पत्ति खरिद वा विक्री गरेको छैन ।

ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण:

बित्तीय संस्थाले समिक्षा अवधिमा कम्पनी ऐन, २०६३ को दफा १७५ बमोजिम अन्य कुनै कम्पनीसँग सम्बद्ध रहि कुनै किसिमको कारोबार गरेको छैन ।

भ) ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा:

ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनुपर्ने अन्य कुनै कुराहरू नभएको ।

म) अन्य आवश्यक कुराहरू: नभएको

अनिश महर्जन  
संचालक  
प्रोग्रेसिभ फाइनेन्स लि.

किशोर कुमार महर्जन  
अध्यक्ष  
प्रोग्रेसिभ फाइनेन्स लि.

मिति: २०७६/०९/२८

## धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उपनियम २ सँग सम्बन्धित अनुसूची-१५ बमोजिमको वार्षिक विवरण

१. सञ्चालक समितिको प्रतिवेदन : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
२. लेखापरीक्षकको प्रतिवेदन : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
३. लेखापरीक्षण भएको वित्तीय विवरण: वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
४. कानुनी कारवाही सम्बन्धी विवरण :
  - क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए :  
आर्थिक वर्ष २०७५/७६ मा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको छैन ।
  - ख) संगठित संस्थाको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्ध प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए :  
यस सम्बन्धमा वित्तीय संस्थालाई कुनै जानकारी प्राप्त नभएको ।
  - ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए :  
यस सम्बन्धमा वित्तीय संस्थालाई कुनै जानकारी प्राप्त नभएको ।
५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण :
  - क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:  
नेपाल धितोपत्र बोर्डको रेखदेखमा धितोपत्र बजारमा खुल्ला बजारले निर्धारण गरे अनुरूप कारोबार हुने हुँदा यस संस्थाको व्यवस्थापन तटस्थ छ ।
  - ख) गत वर्षको प्रत्येक त्रैमासिक अवधिमा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन :  
गत आर्थिक वर्षमा शेयरको अधिकतम, न्यूनतम, अन्तिम मूल्य, कारोबार संख्या र कारोबार भएको दिनको विवरण (नेपाल स्टक एक्सचेन्ज लिमिटेडको वेबसाइट अनुसार) निम्न बमोजिम रहेको छ :

आ. व. २०७५/०७६

क्र.सं.	विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
१	अधिकतम मूल्य	१४३	१२३	१२३	१२५
२	न्यूनतम मूल्य	९८	९८	१२१	१०२
३	अन्तिम मूल्य	१०२	१००	१२३	११०
४	कारोबार संख्या	३४४	५८	४	२६६
५	कारोबार दिन	४१	१९	३	४३

#### ६. समस्या तथा चुनौतीहरू :

##### (१) आन्तरिक समस्या र चुनौती :

- (क) बढ्दो मुद्रास्फिटिका कारण संचालन खर्चमा बृद्धि ।
- (ख) आवश्यक दक्ष जनशक्तिको अभाव ।
- (ग) ब्याजदर अन्तरमा ह्रास ।
- (घ) संस्थागत निक्षेपको अनुपात घटाइ सर्वसाधारणको निक्षेपको अंश वृद्धि गर्नु पर्ने व्यवस्था ।
- (ङ) दक्ष कर्मचारीहरू पलायन हुनबाट रोक्नुपर्ने ।

##### (२) बाह्य चुनौतीहरू :

- (क) बैंक तथा वित्तीय संस्थाहरूको संख्यामा भएको वृद्धिले सिर्जना गरेको प्रतिस्पर्धा ।
- (ख) सिमित लगानी क्षेत्रमा भएको प्रतिस्पर्धा ।
- (ग) तरलतामा हुने उतार चढाव तथा सोको कारणबाट सम्पति र दायित्व एवं निक्षेप र कर्जाको व्याज दर व्यवस्थापनमा चुनौतिहरू ।
- (घ) लगानी मैत्री वातावरणको अभाव ।
- (ङ) सरकारको पूँजीगत खर्चमा भएको कमी र न्यून तरलता ।

#### ७. संस्थागत सुशासन :

- (क) संस्थागत सुशासनको उल्लंघनलाई शुन्य सहनशिलताको नीतिलाई निरन्तरता दिइँदै आएको छ । संस्थाका लगानीकर्ता शेयरधनीहरू, सर्वसाधारण निक्षेपकर्ताहरू, कर्मचारी, ऋणी लगायत सम्बद्ध सबै सरोकारवालाहरूको हितको संरक्षणमा विशेष प्राथमिकता दिँदै आएको छ ।
- (ख) प्रचलित नेपाल कानून, नेपाल राष्ट्र बैंक लगायतका नियमनकारी निकायबाट जारी भएका निर्देशन परिपत्रहरू एवं बैंकको नीति नियमहरूको अक्षरशः परिपालना गर्दै आएको छ ।
- (ग) संस्थाले अनुपालना विभाग (Compliance Department) र आन्तरिक लेखापरीक्षण विभाग (Internal Audit) को गठन गरि सो मार्फत संस्थागत सुशासन परिपालनाको प्रत्याभुति तथा सोको प्रभावकारिताको अनुगमन, निरीक्षण तथा परीक्षण गरी आन्तरिक नियन्त्रण प्रणालीलाई सुदृढ गरिएको छ ।
- (घ) संचालक समितिको प्रत्येक बैठकमा विगतमा भएको निर्णयको कार्यान्वयन र संस्थाको कारोबारको अवस्थाको बारेमा व्यवस्थापनबाट जानकारी लिई आवश्यकता अनुसार कार्य संचालन गर्न व्यवस्थापनलाई निर्देशन दिने गरिएको छ ।



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Email: info@smca.com.np

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF PROGRESSIVE FINANCE LIMITED**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Progressive Finance Limited** ("the Finance") which comprise the Statement of Financial Position as at Ashad 31, 2076, (July 16, 2019), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the Finance, as at Ashad 31, 2076 (July 16, 2019), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards with allowed carveouts and comply with Company Act, 2063 and Bank and Financial Institution Act 2073.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are independent of the finance in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Finance's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 in the financial statements. We are responsible for the direction, supervision and performance of the finance audit. We remain solely responsible for our audit opinion.

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

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


#### Report on Other Legal and Regulatory Requirements


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

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

Date: 18<sup>th</sup> November 2019  
Place: Kathmandu

For, SMC Associates  
Chartered Accountants

  
Sangeet Dhakal, CA  
Partner



## Statement of Financial Position

As at 31 Asar 2076

Particulars	Note	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Assets</b>				
Cash and cash equivalent	4.1	794,546,538	511,896,101	143,178,207
Due from Nepal Rastra Bank	4.2	36,833,783	44,419,406	14,966,197
Placement with Bank and Financial Institutions	4.3	-	-	-
Derivative financial instruments	4.4	-	-	-
Other trading assets	4.5	-	-	-
Loan and advances to B/FIs	4.6	77,110,815	-	-
Loans and advances to customers	4.7	934,107,206	496,890,208	591,042,611
Investment securities	4.8	89,853,940	17,575,820	7,581,230
Current tax assets	4.9	-	-	4,987,446
Investment in subsidiaries	4.10	-	-	-
Investment in associates	4.11	-	-	-
Investment property	4.12	-	-	-
Property and equipment	4.13	20,238,867	12,171,271	5,587,794
Goodwill and Intangible assets	4.14	1,743,000	218,777	393,443
Deferred tax assets	4.15	450,068	4,946,749	3,258,089
Other assets	4.16	21,890,797	1,772,842	1,385,248
<b>Total Assets</b>		<b>1,976,775,014</b>	<b>1,089,891,174</b>	<b>772,380,265</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	4.17	40,054,073	-	-
Due to Nepal Rastra Bank	4.18	-	-	-
Derivative financial instruments	4.19	-	-	-
Deposits from customers	4.20	1,070,955,210	784,638,040	546,721,391
Borrowing	4.21	-	-	-
Current Tax Liabilities	4.9	5,735,847	1,147,452	-
Provisions	4.22	-	-	-
Deferred tax liabilities	4.15	-	-	-
Other liabilities	4.23	15,500,203	8,539,175	5,757,557
Debt securities issued	4.24	-	-	-
Subordinated Liabilities	4.25	-	-	-
<b>Total liabilities</b>		<b>1,132,245,333</b>	<b>794,324,667</b>	<b>552,478,948</b>
<b>Equity</b>				
Share capital	4.26	800,100,000	210,000,000	210,000,000
Share premium		7,124,781	6,796,664	6,796,664
Retained earnings		10,867,025	(3,810,547)	(8,869,360)
Reserves	4.27	26,437,875	82,580,390	11,974,013
<b>Total equity attributable to equity holders</b>		<b>844,529,681</b>	<b>295,566,507</b>	<b>219,901,317</b>
Non-controlling interest				
<b>Total equity</b>		<b>844,529,681</b>	<b>295,566,507</b>	<b>219,901,317</b>
<b>Total liabilities and equity</b>		<b>1,976,775,014</b>	<b>1,089,891,174</b>	<b>772,380,265</b>
Contingent liabilities and commitment	4.28	67,121,067	17,198,276	15,335,888
<b>Net assets value per share</b>		<b>105.52</b>	<b>209.93</b>	<b>156.18</b>

This is the same financial statement mentioned in our attached report

**Kishore Kumar Maharjan**  
Chairperson

**Laxmi Prasad Maharjan**  
Director

**Shambhu Lal Dangol**  
Director

**Samundra Kaji Shrestha**  
Director

**Sangeet Dhakal, CA**  
Partner  
S.M.C. Associates  
Chartered Accountants

**Sabina Maharjan**  
Director

**Anish Maharjan**  
Director

**Bishal Humagain**  
Chief Executive Officer

**Menuka Sharma Baral**  
Head of Accounts

Date: 2 Mangsir, 2076  
Place: Kathmandu

## Statement of Profit or Loss

For the year ended on 31 Asar 2076

Particulars	Note	Current Year	Previous Year
Interest income	4.29	144,972,644	85,328,015
Interest expense	4.30	74,159,738	55,485,385
<b>Net interest income</b>		<b>70,812,906</b>	<b>29,842,630</b>
Fee and commission income	4.31	10,264,763	3,312,179
Fee and commission expense	4.32	-	-
<b>Net fee and commission income</b>		<b>10,264,763</b>	<b>3,312,179</b>
<b>Net interest, fee and commission income</b>		<b>81,077,669</b>	<b>33,154,809</b>
Net trading income	4.33	-	-
Other operating income	4.34	201,166	238,407
<b>Total operating income</b>		<b>81,278,835</b>	<b>33,393,216</b>
Impairment charge/(reversal) for loans and other losses	4.35	(4,213,828)	(1,475,893)
<b>Net operating income</b>		<b>85,492,663</b>	<b>34,869,109</b>
Operating expense			
Personnel expenses	4.36	21,157,139	10,541,015
Other operating expenses	4.37	17,214,838	10,980,302
Depreciation & Amortisation	4.38	3,699,575	2,039,190
<b>Operating Profit</b>		<b>43,421,111</b>	<b>11,308,602</b>
Non operating income	4.39	4,616,458	-
Non operating expense	4.40	-	31,466
<b>Profit before income tax</b>		<b>48,037,569</b>	<b>11,277,136</b>
Income tax expense	4.41		
Current Tax		15,165,107	6,134,898
Deferred Tax Expenses/(Income)		4,643,658	(1,533,707)
<b>Profit for the period</b>		<b>28,228,804</b>	<b>6,675,945</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		28,228,804	6,675,945
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>28,228,804</b>	<b>6,675,945</b>
<b>Earnings per share</b>			
Basic earnings per share		8.64	4.75
Diluted earnings per share		8.64	4.75

This is the same financial statement mentioned in our attached report

**Kishore Kumar Maharjan**  
Chairperson

**Laxmi Prasad Maharjan**  
Director

**Shambhu Lal Dangol**  
Director

**Samundra Kaji Shrestha**  
Director

**Sangeet Dhakal, CA**  
Partner  
S.M.C. Associates  
Chartered Accountants

**Sabina Maharjan**  
Director

**Anish Maharjan**  
Director

**Bishal Humagain**  
Chief Executive Officer

**Menuka Sharma Baral**  
Head of Accounts

Date: 2 Mangsir, 2076  
Place: Kathmandu

## Statement of Comprehensive Income

For the year ended on 31 Asar 2076

Particulars	Note	Current Year	Previous Year
<b>Profit for the year</b>		<b>28,228,804</b>	<b>6,675,945</b>
<b>Other comprehensive income, net of income tax</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Gain/(loss) from investments in equity instruments measured at fair value		(489,924)	(516,509)
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		146,977	154,953
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(342,947)</b>	<b>(361,556)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>			
<b>Other comprehensive income for the period, net of income tax</b>		<b>(342,947)</b>	<b>(361,556)</b>
<b>Total comprehensive income for the period</b>		<b>27,885,857</b>	<b>6,314,389</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Bank		27,885,857	6,314,389
Non-controlling interest		-	-
<b>Total comprehensive income for the period</b>		<b>27,885,857</b>	<b>6,314,389</b>

This is the same financial statement mentioned in our attached report

**Kishore Kumar Maharjan**  
Chairperson

**Laxmi Prasad Maharjan**  
Director

**Shambhu Lal Dangol**  
Director

**Samundra Kaji Shrestha**  
Director

**Sangeet Dhakal, CA**  
Partner  
S.M.C. Associates  
Chartered Accountants

**Sabina Maharjan**  
Director

**Anish Maharjan**  
Director

**Bishal Humagain**  
Chief Executive Officer

**Menuka Sharma Baral**  
Head of Accounts

Date: 2 Mangsir, 2076  
Place: Kathmandu

## Statement of Changes in Equity

For the year ended on 31 Asar 2076

Particulars	Attributable to Equity holders of the Bank							Total Equity
	Share Capital	Share Premium	General Reserve	Regulatory Reserve	Fair Value Reserve	Retained Earning	Other Reserve	Total
Balance at Sawan 1, 2074	210,000,000	6,796,664	11,226,804			(14,470,041)	5,097,806	218,651,233
Adjustment/Restatement								-
Proposed bonus shares transferred to retained earning								-
Reduction on fair value of shares at less than their cost						132,941		132,941
Proposed dividend transferred to retained earning						-		-
Accrued interest income on loans accounted on accrual basis						1,993,283		1,993,283
Investment in shares measured at fair value					721,223			721,223
Share issue cost adjusted to capital	-					-		
Deferred tax adjustment					(216,368)	3,474,457	(4,855,452)	(1,597,363)
								-
Adjusted/Restated balance at Sawan 1, 2074	210,000,000	6,796,664	11,226,804		504,855	(8,869,360)	242,354	219,901,317
Comprehensive income for the year								-
Profit for the year						6,675,945		6,675,945
Other comprehensive income, net of tax					(361,556)	-	-	(361,556)
Remeasurements of defined benefit liability (assets)								-
Fair value reserve (Investment in equity instrument):					(361,556)			(361,556)
Net change in fair value					(361,556)			(361,556)
Net amount transferred to profit or loss								-
Net gain (loss) on revaluation								-
Cash flow hedges:								-
Effective portion of changes in fair value								-
Net Amount reclassified to profit or loss								-

Particulars	Attributable to Equity holders of the Bank							Total Equity
	Share Capital	Share Premium	General Reserve	Regulatory Reserve	Fair Value Reserve	Retained Earning	Other Reserve	Total
<b>Total comprehensive income for the year</b>					(361,556)	6,675,945		6,314,389
Transfer of equity on merger and acquisition								-
Transfer to reserve during the year			1,216,001			(1,617,133)	442,718	41,586
Transfer from reserve during the year							(41,585)	(41,585)
<b>Transactions with owners, directly recognised in equity</b>								-
Right share issued								-
Call in advance (net of cost of share issue)	69,350,800							
Share based payments								-
Dividends to equity holders								-
Bonus shares issued	-					-		-
Cash dividend paid								-
<b>Total contributions by and distributions</b>								-
<b>Balance at Asar end 2075</b>	279,350,800	6,796,664	12,442,805	-	143,299	(3,810,548)	643,487	295,566,507
<b>Balance at 1 Sawan 2075</b>	279,350,800	6,796,664	12,442,805	-	143,299	(3,810,548)	643,487	295,566,507
Adjustment/Restatement	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 1 Sawan 2075</b>	279,350,800	6,796,664	12,442,805	-	143,299	(3,810,548)	643,487	295,566,507
<b>Comprehensive income for the year</b>								-
Profit for the year								-
Other comprehensive income, net of tax								-
Remeasurements of defined benefit liability (assets)					(342,947)			-
Fair value reserve (Investment in equity instrument):					(342,947)			-
Net change in fair value								-
Net amount transferred to profit or loss								-
Net gain (loss) on revaluation								-
<b>Cash flow hedges:</b>								-
Effective portion of changes in fair value								-
Net Amount reclassified to profit or loss								-

This is the same financial statement mentioned in our attached report

**Sangeet Dhakal, CA**  
Partner  
S.M.C. Associates  
Chartered Accountants

**Menuka Sharma Baral**  
Head of Accounts

Date: 2 Mangsir, 2076  
Place: Kathmandu

## Statement of Cash Flow

For the year ended on 31 Asar 2076

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	126,666,292	85,845,834
Fees and other income received	10,264,763	3,312,179
Dividend received	-	-
Receipts from other operating activities	13,456,834	96,685
Interest paid	(75,366,908)	(54,963,647)
Commission and fees paid	-	-
Cash payment to employees	(15,337,675)	(8,825,627)
Other expense paid	(13,441,600)	(10,980,302)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>46,241,706</b>	<b>14,485,122</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	7,585,623	(29,453,209)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(77,889,712)	-
Loans and advances to customers	(444,866,971)	94,362,473
Other assets	(3,351,536)	(298,655)
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	40,054,073	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	286,317,170	237,916,649
Borrowings	-	-
Other liabilities	3,216,273	546,925
<b>Net cash flow from operating activities before tax paid</b>	<b>(142,693,374)</b>	<b>317,559,305</b>
Income taxes paid	(10,576,712)	-
<b>Net cash flow from operating activities</b>	<b>(153,270,086)</b>	<b>317,559,305</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(72,767,816)	(10,511,100)
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(11,477,744)	(8,448,000)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	(1,813,650)	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	-	-
Interest received	719,250	625,167
Dividend received	183,166	141,722
<b>Net cash used in investing activities</b>	<b>(85,156,794)</b>	<b>(18,192,211)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	521,077,317	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	69,350,800
<b>Net cash from financing activities</b>	<b>521,077,317</b>	<b>69,350,800</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>282,650,437</b>	<b>368,717,894</b>
<b>Cash and cash equivalents as at Sawan 1, 2075</b>	<b>511,896,101</b>	<b>143,178,207</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
<b>Closing Cash and Cash Equivalent at Ashad 31, 2076</b>	<b>794,546,538</b>	<b>511,896,101</b>

This is the same financial statement mentioned in our attached report

**Kishore Kumar Maharjan**  
Chairperson

**Laxmi Prasad Maharjan**  
Director

**Shambhu Lal Dangol**  
Director

**Samundra Kaji Shrestha**  
Director

**Sangeet Dhakal, CA**  
Partner

**Sabina Maharjan**  
Director

**Anish Maharjan**  
Director

**Bishal Humagain**  
Chief Executive Officer

**Menuka Sharma Baral**  
Head of Accounts

S.M.C. Associates  
Chartered Accountants

Date: 2 Mangsir, 2076, Place: Kathmandu

# Progressive Finance Limited

## Notes to Financial Statements

For the year ended on 31 Asar 2076

### 1 Reporting Entity

Progressive Finance Limited (hereinafter referred to as "Finance Co.") is class "C" licenced financial institution licenced by Nepal Rastra Bank. Finance is now operating with corporate office at Tinkune Kathmandu, main branch at New Road Kathmandu, two other branches and three extension counters.

Finance Co. was incorporated under Companies Act 2063 on as public limited company. Finance is listed with Nepal Stock Exchange.

Finance Co. offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2074.

### 2 Basis of Preparation

#### 2.1 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards (to the extent of carve out pronounced by ICAN, as stated in note 2.1.1) as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The financial statements are the first Finance Co. has prepared in line with NFRS. For all earlier periods, the financial statements were prepared in accordance with the Directives issued by Nepal Rastra Bank as well as Nepal Accounting Standards. The financial information of corresponding comparative period has been changed in line with NFRS and the opening statement of financial position on the date of transition to NFRS (1 Shrawan 2074) have also been recomputed. Reconciliation of changes for the financial statements on date of transition and for comparative period is integral part of financial statements.

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal.

#### 2.1.1 Use of Carve-out

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, Finance Co. has used following carve out for preparation and presentation of financial statements in line with NFRS.

##### a) Impairment Loss on Loan and Advances

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. The carve out has allowed to use higher amount of loss calculated as per para 63 or as per NRB Directives 2/075. Finance Co. has used this carve out and presented the impairment loss calculated as per NRB Directives and disclosed the amount of impairment loss as per NAS 39.

##### b) Effective Interest Rate

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored. Finance Co. has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

##### c) Interest income on amortized loan after impairment recognition

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out provides that interest income can be calculated on gross carrying amount of loan. Finance Co. has used the stated carve out in preparing the financial statements.

## 2.2 Reporting Period and Approval of Financial Statements

### 2.2.1 Reporting Period

The reporting period for this financial statements is fiscal year 2075-76, starting from 1 Shrawan 2075 and ending on 31 Ashad 2076. Financial information of following period/dates are provided on the financial statements.

1. Opening NFRS financial statements (statement of financial position on 1 Shrawan 2074)
2. Comparative NFRS financial statements (financial statements as on and for the period ended on 32 Ashad 2075)
3. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2076)

### 2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors on 2076.8.2 meeting no 436 . The financial statements are presented for approval to the upcoming annual general meeting of shareholders.

## 2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

## 2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

### 1. Classification of financial assets

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classification been based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

### 2. Fair value of financial assets

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Bank measures fair values using the following fair value hierarchy as provided in NFRS 13.

**Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

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

**Level 3 inputs** are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

### 3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directive 2075 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

#### 4. Useful life and salvage value of property and equipment

Management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

#### 5. Impairment loss of non financial assets

Impairment loss is calculated if carrying amount exceeds the recoverable amount. For recoverable amount, value in use is estimated and an estimated discount rate is used to arrive the present value of value in use.

#### 6. Current Tax and Deferred tax

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared.

#### 7. Employee benefit obligations

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company. Considering the cost benefit analysis, Finance Co. has not done actuarial valuation and carried the liability at book value.

### 2.5 Changes in Accounting Policies

The financial statements are prepared as per NFRS for the first time. For first time preparation, NFRS 1 requires the financial statements of previous period be prepared in line with NFRS. This has resulted in changes in accounting policies. The changes in policies as well as impact on statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow is separately presented.

### 2.6 New Standards in Issue but not Yet Effective

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered.

### 2.7 New Standards and Interpretation not Adopted

Finance has adopted all the applicable interpretation pronounced by ICAN.

### 2.8 Discounting

Discounting has been applied whenever the assets and liabilities are of non-current in nature and the impact of discounting is material.

### 2.9 Going Concern

The financial statements are prepared on the assumption that Finance Co. is going concern entity.

### 2.10 Standalone Financial Statements

The presented financial statements is the standalone financial statement of Finance Co. Finance Co. does not have subsidiary, accordingly, preparation of consolidated financial statement is not required.

## 3 Significant Accounting Policies

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

Note No.	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	4.1
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	4.5
3.6	Derivative Assets and Liabilities	4.4

Note No.	Accounting Policy	Information Note No.
3.7	Property and Equipment	4.13
3.8	Goodwill Intangible assets	4.14
3.9	Investment Property	4.12
3.10	Income tax	4.9
3.11	Deposits, debt securities issued and subordinated liabilities	4.17, 4.20, 4.24, 4.25
3.12	Provisions	4.22
3.13	Revenue	4.29, 4.31, 4.33, 4.34, 4.39
3.14	Interest expense	4.30
3.15	Employees Benefits	4.23
3.16	Leases	
3.17	Foreign currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	4.26, 4.27
3.2	Earning per share including diluted	
3.21	Segment reporting	5.4
3.22	Events after reporting date	

### 3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

### 3.2 Basis of consolidation

Finance Co. does not have subsidiary companies, accordingly, consolidation of financial statements is not a requirement.

### 3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and 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. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

### 3.4 Financial assets and financial liabilities

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

#### 3.4.1 Recognition

The Finance Co. initially recognises financial assets or financial liability on the date of which the Finance becomes party to the contractual arrangement.

#### 3.4.2 Classification and Measurement

**Financial Assets:** The classification and measurement of financial assets depend on how these are managed i.e. the

Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

- i) At Amortized Cost
  - ii) At Fair Value through Profit or Loss (FVPL)
  - iii) At Fair Value through Other Comprehensive Income (FVOCI)
- i) **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.
  - ii) **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.
  - iii) **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

**Financial Liabilities:** Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

### 3.4.3 De-recognition

#### Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

#### Financial Liabilities

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

### 3.4.4 Determination of fair value

Fair is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets 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 Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise 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.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

### Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

### 3.4.5 Impairment

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets 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 and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance would not consider otherwise;
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- 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 net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. 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 investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

### 3.4.6 Amortized cost measurement

The 'amortised cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between initial amount recognised and the maturity amount minus any reduction for impairment.

### 3.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

### 3.5 Trading assets

Trading assets are those assets that the Finance Co. acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

### 3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

### 3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

#### Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

#### Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

#### Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

#### Assets not capitalized

Items of property and equipment with original cost up to Rs. 2,000 are directly accounted as expenses.

#### Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

#### Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

## Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

Items	Estimated useful life (years)	Salvage Value
Building	50	5%
Leasehold Properties	Lease period	0
Computer & Accessories	5	0
Vehicle	10	25%
Furniture & Fixture	7	3%
Machinery	10	5%
Equipment & Others	3-5	0%

## 3.8 Goodwill and Intangible assets

### Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

### Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

### Computer Software

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or incase of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

## 3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 40 years) with 5% salvage value.

### 3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

#### Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

#### Deferred Tax

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

#### Income tax on items of OCI

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

### 3.11 Deposits, debt securities issued and subordinated liabilities

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance Co. from its customers.

The bank borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at bank level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

### 3.12 Provisions

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Contingent Liabilities:** Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

### 3.13 Revenue Recognition

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

#### 3.13.1 Interest income

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest

income has been booked for all interest received during the year as well as on those loans having collective impairment as per NRB Directives up to 50%, in line with circular issued by NRB. Interest on those loan with impairment on more than 50% have not been recognized.

Finance Co., in general, generates interest income from loan to customers, investment in debt securities and call deposits.

### 3.13.2 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

### 3.13.3 Dividend income

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

Dividend income if related to period earlier than the date of acquisition of shares and its amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

### 3.13.4 Net trading income

Income derived from buying/selling of assets and liabilities classified as for trading purpose are accounted as net trading income. Gain and loss on trading assets and liabilities are recognized on mark to market basis and not on realization basis.

### 3.13.5 Other Operating Income

Income other than interest, fees & commission and trading income are accounted as other operating income. This primarily comprises of changes in foreign exchange rate, dividend income, gain on disposal of non-financial assets etc.

### 3.14 Interest expense

Interest on deposit accepted from customer and borrowings of the Finance Co. are accounted on accrual basis.

### 3.15 Employees Benefits

Employee expenses includes the amount paid to employees of bank in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per the actuarial valuation.

Employee benefits are accounted using normal calculation method. Actuarial valuation has not been done considering the cost benefit and materiality impact.

**Short term employee benefits include** salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Finance Co., subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

Long term employee benefits include accumulated leave not encashed during service period. These are generally paid on retirement or termination of service of the employee.

Employee benefits are provided as per Employee Service Regulation of the Finance Co. and on book value basis. Finance believes that the impact of actuarial valuation will not be material and its benefit will not be more than the cost involved on such expert valuation.

### 3.16 Leases

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Finance Co. has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Co. has not entered into finance lease.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

### 3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

### 3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

### 3.19 Share Capital and Reserves

#### 3.19.1 Share Capital

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

#### 3.19.2 Reserves

Finance Co. has created various types of reserves as part of regulatory requirement.

##### a) General Reserve

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

##### b) Exchange Equalization Reserve

Exchange equalization reserve is a statutory reserve. A bank which has earned foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

##### c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/075, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

**d) Regulatory Reserve**

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

**e) Capital Reserve**

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc should be presented under this heading.

**f) 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 shall be presented under this account head.

**g) Actuarial Gain Reserve**

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

**h) Special Reserve**

In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

**i) Assets Revaluation Reserve**

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be 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.

**j) Capital Redemption Reserve**

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

**k) Dividend Equalization Reserve**

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

**l) Investment Adjustment Reserve**

It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank.

**3.19.3 Share Premium**

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

**3.19.4 Retained Earning**

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

**3.20 Earning per share including diluted**

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

### 3.21 Segment reporting

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

### 3.22 Events after Reporting Date

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

## Cash and cash equivalent

For the year ended on 31 Asar 2076

Note: 4.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Cash in hand	23,693,901	20,801,378	25,641,418
Balances with B/FIs	5,357,544	4,015,878	1,266,263
Money at call and short notice	765,495,093	487,078,845	116,270,526
Other	-	-	-
<b>Total</b>	<b>794,546,538</b>	<b>511,896,101</b>	<b>143,178,207</b>

Money at call and short notice in previous year includes Rs. 13,438,834 with problematic financial institutions. Such amount has been considered net of 100% impairment allowance. There is no deposit with problematic institution in the current year.

## Due from Nepal Rastra Bank

For the year ended on 31 Asar 2076

Note: 4.2

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Statutory balances with NRB	36,833,783	44,419,406	14,966,197
Securities purchased under resale agreement	-	-	-
Other deposit and receivable from NRB	-	-	-
<b>Total</b>	<b>36,833,783</b>	<b>44,419,406</b>	<b>14,966,197</b>

## Placements with Bank and Financial Institutions

For the year ended on 31 Asar 2076

Note: 4.3

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Placement with domestic B/FIs	-	-	-
Placement with foreign B/FIs	-	-	-
Less: Allowances for impairment	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Derivative financial instruments

For the year ended on 31 Asar 2076

Note: 4.4

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Held for trading	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
<b>Total</b>	-	-	-

## Other trading assets

For the year ended on 31 Asar 2076

Note: 4.5

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Treasury bills	-	-	-
Government bonds	-	-	-
NRB Bonds	-	-	-
Domestic Corporate bonds	-	-	-
Equities	-	-	-
Other	-	-	-
<b>Total</b>	-	-	-
Pledged			
Non-pledged			

## Loan and advances to B/FIs

For the year ended on 31 Asar 2076

Note: 4.6

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Loans to microfinance institutions	77,889,712	-	-
Other	-	-	-
Less: Allowances for impairment	(778,897)	-	-
<b>Total</b>	77,110,815	-	-

## Allowances for impairment

For the year ended on 31 Asar 2076

Note: 4.6.1

Balance at Sawan 1	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Impairment loss for the year:			
Charge for the year	778,897		
Recoveries/reversal			
Amount written off			
<b>Balance at Asar end</b>	<b>778,897</b>	<b>-</b>	<b>-</b>

## Loans and advances to customers

For the year ended on 31 Asar 2076

Note: 4.7

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Loan and advances measured at amortized cost	958,430,471	512,767,364	608,395,660
Less: Impairment allowances			
Collective impairment	(24,323,265)	(15,877,156)	(17,353,049)
Individual impairment			
<b>Net amount</b>	<b>934,107,206</b>	<b>496,890,208</b>	<b>591,042,611</b>
Loan and advances measured at FVTPL			
<b>Total</b>	<b>934,107,206</b>	<b>496,890,208</b>	<b>591,042,611</b>

Loan and advance is inclusive of staff loan and accrued interest on such loan net of interest suspense amount.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

We have selected around 35% of our outstanding loan for individual impairment test. The market value of collateral on valuation date was subjected to 25% haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. None of the loans were individually impaired. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non-recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.

Provided below is the impairment calculated as per NFRS:

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Individual impairment	-	-	-
Collective impairment	23,279,468.4	11,662,414.3	13,828,852.1
<b>Total</b>	<b>23,279,468.4</b>	<b>11,662,414.3</b>	<b>13,828,852.1</b>

Loan classification and impairment allowance as per NRB Directive 2 is as follows:

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Performing loan</b>	<b>926,147,742</b>	<b>500,737,671</b>	<b>595,061,857</b>
Good	891,131,509	476,294,683	584,803,857
Watchlist	35,016,233	24,442,988	10,258,000
<b>Non-performing loan</b>	<b>14,350,534</b>	<b>9,534,327</b>	<b>10,096,780</b>
Substandard	4,664,201	375,308	4,255,979

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Doubtful	1,394,289	66,459	1,598,759
Loss	8,292,044	9,092,560	4,242,042
<b>Total</b>	<b>940,498,276</b>	<b>510,271,998</b>	<b>605,158,637</b>
<b>Add: loan to employees and Net AIR</b>	<b>17,932,196</b>	<b>2,495,367</b>	<b>3,237,022</b>
<b>Total loan</b>	<b>958,430,472</b>	<b>512,767,365</b>	<b>608,395,659</b>
<b>Impairment allowance</b>			
<b>Performing loan</b>	<b>11,998,007</b>	<b>5,985,096</b>	<b>6,360,939</b>
Good	10,247,195	4,762,947	5,848,039
Watchlist	1,750,812	1,222,149	512,900
<b>Non-performing loan</b>	<b>12,325,258</b>	<b>9,892,059</b>	<b>10,992,111</b>
Substandard	1,166,050	93,827	1,063,995
Doubtful	697,144	33,229	799,380
Loss	8,292,044	9,092,560	4,242,042
Additional	2,170,020	672,443	4,886,694
<b>Total</b>	<b>24,323,265</b>	<b>15,877,155</b>	<b>17,353,050</b>

## Analysis of loan and advances - By Product

For the year ended on 31 Asar 2076

Note: 4.7.1

Product	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Term loans	291,794,060	87,547,942	105,791,849
Overdraft	-	-	-
Trust receipt/Import loans	-	-	-
Demand and other working capital loans	190,621,310	32,310,818	29,151,541
Personal residential loans	44,059,840	5,922,746	6,185,065
Real estate loans	44,915,880	46,970,392	40,197,098
Margin lending loans	32,946,150	17,940,561	59,126,913
Hire purchase loans	90,821,120	62,183,599	49,800,260
Deprived sector loans	23,262,408	53,117,999	53,398,270
Bills purchased			
Staff loans			
Other	233,423,224	205,925,445	262,751,384
<b>Sub total</b>	<b>951,843,992</b>	<b>511,919,502</b>	<b>606,402,380</b>
Interest receivable	6,586,483	847,864	1,993,283
<b>Grand total</b>	<b>958,430,475</b>	<b>512,767,366</b>	<b>608,395,663</b>

## Analysis of loan and advances - By Currency

For the year ended on 31 Asar 2076

Note: 4.7.2

Currency	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Nepalese rupee	958,430,471	512,767,364	608,395,660
Indian rupee			
United State dollar			
Great Britain pound			
Euro			
Japanese yen			
Chinese yuan			
Other			
<b>Total</b>	<b>958,430,471</b>	<b>512,767,364</b>	<b>608,395,660</b>

## Analysis of loan and advances - By Collateral

For the year ended on 31 Asar 2076

Note: 4.7.3

Collateral	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Secured</b>			
Movable/immovable assets	898,044,600	425,285,727	511,128,402.72
Gold and silver			
Guarantee of domestic B/FIs	9,999,998	50,000,000	-
Government guarantee			
Guarantee of international rated bank			
Collateral of export document			
Collateral of fixed deposit receipt	2,576,450	9,758,400	19,185,089
Collateral of Government securities			
Counter guarantee			
Personal guarantee	11,431,080	4,454,720	8,533,533
Other collateral	36,378,343	23,268,518	69,548,635
<b>Subtotal</b>	<b>958,430,471</b>	<b>512,767,365</b>	<b>608,395,660</b>
<b>Unsecured</b>			
<b>Grant Total</b>	<b>958,430,471</b>	<b>512,767,365</b>	<b>608,395,660</b>

## Allowances for impairment

For the year ended on 31 Asar 2076

Note: 4.7.4

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Specific allowances for impairment</b>			
Balance at Sawan 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			
<b>Balance at Asar end</b>	-	-	-
<b>Collective allowances for impairment</b>			
Balance at Sawan 1	15,877,155	17,353,048	11,992,635
Impairment loss for the year:			
Charge/(reversal) for the year	8,446,109	(1,475,893)	5,360,413
Exchange rate variance on foreign currency			
Other movement			
<b>Balance at Asar end</b>	<b>24,323,264</b>	<b>15,877,155</b>	<b>17,353,048</b>
<b>Total allowances for impairment</b>	<b>24,323,264</b>	<b>15,877,155</b>	<b>17,353,048</b>

## Investment securities

For the year ended on 31 Asar 2076

Note: 4.8

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Investment securities measured at amortized cost	15,000,000	15,000,000	5,000,000
Investment in equity measured at FVTOCI	74,853,940	2,575,820	2,581,230
<b>Total</b>	<b>89,853,940</b>	<b>17,575,820</b>	<b>7,581,230</b>

## Investment securities measured at amortized cost

For the year ended on 31 Asar 2076

Note: 4.8.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Debt securities	-	-	-
Government bonds	15,000,000	15,000,000	5,000,000
Government treasury bills	-	-	-
Nepal Rastra Bank bonds	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-
Other	-	-	-
Less: specific allowances for impairment	-	-	-
<b>Total</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>5,000,000</b>

## Investment in equity measured at fair value through other comprehensive income

For the year ended on 31 Asar 2076

Note: 4.8.2

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Equity instruments</b>			
Quoted equity securities	73,764,940	2,175,820	2,201,230
Unquoted equity securities	1,089,000	400,000	380,000
<b>Total</b>	<b>74,853,940</b>	<b>2,575,820</b>	<b>2,581,230</b>

## Information relating to investment in equities

For the year ended on 31 Asar 2076

Note: 4.8.3

Particulars	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>	<b>74,944,651</b>	<b>73,764,940</b>	<b>2,176,835</b>	<b>2,175,820</b>	<b>1,665,506</b>	<b>2,201,230</b>
Rural Microfinance Limited	-	-	348,200	376,856	347,971	426,250
Jalvidut Hydro Power	-	-	79,300	122,915	79,300	156,221
RSDC Micro Finance	-	-	4,700	28,305	1,400	47,200
Surya Life Insurance Limited	-	-	22,400	148,200	15,300	163,710
Nepal Telecom	-	-	256,800	288,400	256,800	270,000
Suryodaya Microfinance Limited	-	-	1,700	26,350	1,000	6,720
Himalayan General Insurance	-	-	256,650	78,300	256,650	129,630
Forward Microfinance Limited	-	-	2,600	57,720	2,600	83,746
National Life Insurance Limited	-	-	462,675	198,951	462,675	457,700
Arun Kabeli Power Limited	-	-	29,500	76,700	29,500	120,655
Mero Microfinance Limited	-	-	4,100	62,640	4,100	99,180
National Microfinance Limited	-	-	1,900	50,922	1,900	32,566
Divyeshwori Microfinance Limited	-	-	1,100	1,188	1,100	2,486
GBIME Mutual Fund	-	-	47,470	41,631	47,470	48,372
NMB Hybrid Fund	-	-	157,740	152,850	157,740	156,794
Laxmi Microfinance Limited	-	-	-	4,392	-	-
NICASIA Mutual Fund	-	-	500,000	459,500	-	-
<b>Portfolio Management Service</b>						
NIC Asia Capital	24,944,651	23,736,244				
Sunrise Capital	25,000,000	25,114,135				
NIBL Capital	25,000,000	24,914,561				
<b>Investment in unquoted equity</b>	<b>194,500</b>	<b>1,089,000</b>	<b>194,500</b>	<b>400,000</b>	<b>194,500</b>	<b>380,000</b>
Karja Suchana Kendra	94,500	945,000	94,500	280,000	94,500	280,000
Nepal Clearing House Limited	100,000	144,000	100,000	120,000	100,000	100,000
<b>Total</b>	<b>75,139,151</b>	<b>74,853,940</b>	<b>2,371,335</b>	<b>2,575,820</b>	<b>1,860,006</b>	<b>2,581,230</b>

## Current tax assets/(liabilities)

For the year ended on 31 Asar 2076

Note: 4.9

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Current tax assets</b>	<b>10,905,490</b>	<b>4,719,417</b>	<b>9,448,776</b>
Current year income tax assets	10,905,490	4,719,417	2,624,733
Tax assets of prior periods			6,824,043
<b>Current tax liabilities</b>	<b>16,641,337</b>	<b>5,866,869</b>	<b>4,461,330</b>
Current year income tax liabilities	16,641,337	5,866,869	4,461,330
Tax liabilities of prior periods			
<b>Net assets/(liabilities)</b>	<b>(5,735,847)</b>	<b>(1,147,452)</b>	<b>4,987,446</b>

## Investment in subsidiaries

For the year ended on 31 Asar 2076

Note: 4.10

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Investment in quoted subsidiaries			
Investment in unquoted subsidiaries			
<b>Total investment</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances			
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Investment in quoted subsidiaries

For the year ended on 31 Asar 2076

Note: 4.10.1

	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Investment in unquoted subsidiaries

For the year ended on 31 Asar 2076

Note: 4.10.2

	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	-	-	-	-	-	-

## Information relating to subsidiaries of the Bank

For the year ended on 31 Asar 2076

Note: 4.10.3

	Percentage of ownership held by the Bank		
	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Total</b>	-	-	-

## Non controlling interest of the subsidiaries

For the year ended on 31 Asar 2076

Note: 4.10.4

	As at 31.03.2076	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Asar end	-	-
Dividend paid to NCI	-	-
	As at 32.03.2075	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Asar end	-	-
Dividend paid to NCI	-	-
	As at 01.04.2074	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Asar end	-	-
Dividend paid to NCI	-	-

## Investment in associates

For the year ended on 31 Asar 2076

Note: 4.11

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Investment in quoted associates	-	-	-
Investment in unquoted associates	-	-	-
<b>Total investment</b>	-	-	-
Less: Impairment allowances	-	-	-
<b>Net carrying amount</b>	-	-	-

## Investment in quoted associates

For the year ended on 31 Asar 2076

Note: 4.11.1

	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	-	-	-	-	-	-

## Investment in unquoted associates

For the year ended on 31 Asar 2076

Note: 4.11.2

	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	-	-	-	-	-	-

## Information relating to associates of the Bank

For the year ended on 31 Asar 2076

Note: 4.11.3

	Percentage of ownership held by the Bank		
	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Total</b>	-	-	-

## Equity value of associates

For the year ended on 31 Asar 2076

Note: 4.11.4

.....Ltd.		
.....Ltd.		
<b>Total</b>		

## Investment properties

For the year ended on 31 Asar 2076

Note: 4.12

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Investment properties measured at fair value</b>			
Balance as on Sawan 1	-	-	-
Addition/disposal during the year	-	-	-
Net changes in fair value during the year	-	-	-
Adjustment/transfer	-	-	-
<b>Net amount</b>	-	-	-
<b>Investment properties measured at cost</b>			
Balance as on Sawan 1	-	-	-
Addition/disposal during the year	-	-	-
Adjustment/transfer	-	-	-
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
<b>Net amount</b>	-	-	-
<b>Total</b>	-	-	-

## Property and Equipment

For the year ended on 31 Asar 2076

Note: 4.13

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end 2076
<b>Cost</b>									
As on Sawan 1, 2074	-	-	1,838,544	3,420,499	1,900,530	1,411,773	-	3,771,091	12,342,437
Addition during the Year	-	-	4,203,718	2,310,850	488,300	-	-	1,445,402	8,448,270
Acquisition	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
<b>Balance as on Asar end 2075</b>	-	-	6,042,262	5,731,349	2,388,830	1,411,773	-	5,216,493	20,790,707
Addition during the Year									
Acquisition	-	-	-	1,678,199	4,925,000	114,130	-	312,306	7,029,635
Capitalization	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
<b>Balance as on Asar end 2076</b>	-	-	6,042,262	7,409,548	7,313,830	1,525,903	-	5,528,799	27,820,342
<b>Depreciation and Impairment</b>									
As on Sawan 1, 2074	-	-	520,921	1,507,138	1,414,265	1,200,987.92	-	2,111,331	6,754,643
Depreciation charge for the Year	-	-	483,828	638,690	105,391	52,702	-	584,182	1,864,793
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
<b>As on Asar end 2075</b>	-	-	1,004,749	2,145,828	1,519,656	1,253,690	-	2,695,513	8,619,436
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	-	1,208,452	1,183,460	150,267	66,898	-	801,071	3,410,148

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end 2076
Disposals	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2076	-	-	2,213,201	3,329,288	1,669,923	1,320,588	-	3,496,584	12,029,584
Capital Work in Progress									
			4,448,109						4,448,109
<u>Net Book Value</u>									
As on Asar end 2074	-	-	1,317,623	1,913,361	486,265	210,785	-	1,659,760	5,587,794
As on Asar end 2075	-	-	5,037,513	3,585,521	869,174	158,083	-	2,520,980	12,171,271
As on Asar end 2076	-	-	8,277,170	4,080,260	5,643,907	205,315	-	2,032,215	20,238,867

## Goodwill and Intangible Assets

For the year ended on 31 Asar 2076

Note: 4.14

Particulars	Goodwill	Software		Other	Total Asar end 2076	Total Asar end 2075
		Purchased	Developed			
<b>Cost</b>						
As on Sawan 1, 2074	-	1,164,995.00	-	-	1,164,995	-
Addition during the Year						
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2075</b>	-	1,164,995	-	-	1,164,995	
Addition during the Year						
Acquisition	-	1,813,650	-	-	1,813,650	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Asar end 2076</b>	-	2,978,645	-	-	2,978,645	
<b>Amortization and Impairment</b>						
As on Sawan 1, 2074	-	771,551.92	-	-	771,552	-
Amortization charge for the Year	-	174,666	-	-	174,666	-
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>As on Asar end 2075</b>	-	946,218	-	-	946,218	
Amortization charge for the Year	-	289,427	-	-	289,427	
Impairment for the year	-	-	-	-	-	
Disposals	-	-	-	-	-	
Adjustment	-	-	-	-	-	
<b>As on Asar end 2076</b>	-	1,235,645	-	-	1,235,645	
<b>Capital Work in Progress</b>						
<b>Net Book Value</b>						
As on Asar end 2074	-	393,443	-	-	393,443	
As on Asar end 2075	-	218,777	-	-	218,777	
As on Asar end 2076	-	1,743,000	-	-	1,743,000	

## Deferred Tax

For the year ended on 31 Asar 2076

Note: 4.15

Particulars	As at 31.03.2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs			-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	85,563		85,563
Property & equipment	-	837,074	(837,074)
Employees' defined benefit plan	1,201,579	-	1,201,579
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	-	-	-
<b>Deferred tax on temporary differences</b>	<b>1,287,142</b>	<b>837,074</b>	<b>450,068</b>
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2076</b>	<b>1,287,142</b>	<b>837,074</b>	<b>450,068</b>
Deferred tax (asset)/liabilities as on Sawan 1, 2075			(4,946,749)
<b>Deferred tax expenses/(income) during the year</b>			<b>4,496,681</b>
Deferred tax expense/(income) recognised in profit or loss			4,558,096
Deferred tax expense/(income) recognised in other comprehensive income			(61,415)
Deferred tax expense/(income) recognised in directly in equity			

Particulars	As at 32.03.2075		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs			-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	-	61,415	(61,415)
Property & equipment	73,726	-	73,726
Employees' defined benefit plan	902,788	-	902,788
Lease liabilities			-
Provisions			-
Other temporary differences	4,031,650	-	4,031,650

Particulars	As at 32.03.2075		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences</b>	<b>5,008,164</b>	<b>61,415</b>	<b>4,946,749</b>
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
<b>Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2075</b>	<b>5,008,164</b>	<b>61,415</b>	<b>4,946,749</b>
Deferred tax (asset)/liabilities as on Sawan 1, 2074			(3,258,089)
<b>Deferred tax expenses/(income) during the year</b>			<b>(1,688,660)</b>
Deferred tax expense/(income) recognised in profit or loss			(1,533,707)
Deferred tax expense/(income) recognised in other comprehensive income			(154,953)
Deferred tax expense/(income) recognised in directly in equity			

Particulars	As at 01.04.2074		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs			-
Loans and advances to customers	-	1,380,996	(1,380,996)
Investment properties	-	-	-
Investment securities	-	216,368	(216,368)
Property & equipment	73,036	-	73,036
Employees' defined benefit plan	750,767	-	750,767
Lease liabilities			-
Provisions			-
Other temporary differences	4,031,650	-	4,031,650
<b>Deferred tax on temporary differences</b>	<b>4,855,453</b>	<b>1,597,364</b>	<b>3,258,089</b>
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
<b>Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2074</b>	<b>4,855,453</b>	<b>1,597,364</b>	<b>3,258,089</b>
<b>Deferred tax (asset)/liabilities as on Ashad 31, 2073 (Previous GAAP)</b>			<b>(4,855,452)</b>
Origination/(Reversal) during the year			
Deferred tax expense/(income) recognised in profit or loss			
Deferred tax expense/(income) recognised in other comprehensive income			
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>(1,597,363)</b>

## Other Assets

For the year ended on 31 Asar 2076

Note: 4.16

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Assets held for sale			-
Other non banking assets			-
Bills receivable	-	-	-
Accounts receivable	1,243,237	718,362	226,085
Accrued income	11,828,750	-	-
Prepayments and deposit	1,244,981	839,512	959,153
Income tax deposit	-	-	-
Deferred employee expenditure	5,036,335	98,669	9,732
Other	2,537,494	116,299	190,278
<b>Total</b>	<b>21,890,797</b>	<b>1,772,842</b>	<b>1,385,248</b>

## Due to Bank and Financial Institutions

For the year ended on 31 Asar 2076

Note: 4.17

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Money market deposits	-	-	-
Interbank borrowing	-	-	-
Other deposits from BFIs	40,054,073	-	-
Settlement and clearing accounts	-	-	-
Other deposits from BFIs	-	-	-
<b>Total</b>	<b>40,054,073</b>	<b>-</b>	<b>-</b>

## Due to Nepal Rastra Bank

For the year ended on 31 Asar 2076

Note: 4.18

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Refinance from NRB	-	-	-
Standing Liquidity Facility	-	-	-
Lender of last report facility from NRB	-	-	-
Securities sold under repurchase agreements	-	-	-
Other payable to NRB	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Derivative financial instruments

For the year ended on 31 Asar 2076

Note: 4.19

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Held for trading</b>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
<b>Held for risk management</b>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
<b>Total</b>	-	-	-

## Deposits from customers

For the year ended on 31 Asar 2076

Note: 4.20

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Institutions customers:</b>			
Term deposits	124,679,800	77,000,000	45,000,000
Call deposits	75,706,260		
Current deposits	920,660		
Other	246,182,550	231,142,302	157,746,857
<b>Individual customers:</b>			
Term deposits	272,991,500	271,036,796	255,018,001
Saving deposits	348,338,840	203,615,390	86,328,698
Current deposits	2,135,600		
Other	-	1,843,552	2,627,835
<b>Total</b>	<b>1,070,955,210</b>	<b>784,638,040</b>	<b>546,721,391</b>

## Currency wise analysis of deposit from customers

For the year ended on 31 Asar 2076

Note: 4.20.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Nepalese rupee	1,070,955,210	784,638,040	546,721,391
Indian rupee			
United State dollar			
Great Britain pound			
Euro			
Japanese yen			
Chinese yuan			
Other			
<b>Total</b>	<b>1,070,955,210</b>	<b>784,638,040</b>	<b>546,721,391</b>

## Borrowing

For the year ended on 31 Asar 2076

Note: 4.21

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Domestic Borrowing	-	-	-
Nepal Government	-	-	-
Other Institutions	-	-	-
Other	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign Borrowing	-	-	-
Foreign Bank and Financial Institutions	-	-	-
Multilateral Development Banks	-	-	-
Other Institutions	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Provisions

For the year ended on 31 Asar 2076

Note: 4.22

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Provisions for redundancy	-	-	-
Provision for restructuring	-	-	-
Pending legal issues and tax litigation	-	-	-
Onerous contracts	-	-	-
Other	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Movement in provision

For the year ended on 31 Asar 2076

Note: 4.22.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Balance at Sawan 1	-	-	-
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Provisions reversed during the year	-	-	-
Unwind of discount	-	-	-
<b>Balance at Asar end</b>	-	-	-

## Other liabilities

For the year ended on 31 Asar 2076

Note: 4.23

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Liability for employees defined benefit obligation*	2,562,943	2,046,272	1,731,875
Liability for long-service leave	1,442,320	963,019	770,680
Short-term employee benefits	176,141	-	-
Bills payable	-	-	-
Creditors and accruals	2,363,771	934,080	568,479
Interest payable on deposit	1,207,170	521,738	-
Interest payable on borrowing	-	-	-
Liabilities on deferred grant income	-	-	-
Unpaid Dividend	-	-	-
Liabilities under Finance Lease	-	-	-
Employee bonus payable	4,803,758	2,740,407	1,534,188
Other	2,944,100	1,333,659	1,152,335
<b>Total</b>	<b>15,500,203</b>	<b>8,539,175</b>	<b>5,757,557</b>

\*This represents gratuity payable amount calculated on non-actuarial basis. Please refer accounting note no. 3.15.

## Defined benefit obligations

For the year ended on 31 Asar 2076

Note: 4.23.1

As actuarial valuation has not been done, the following notes (note 4.23.1 to 4.23.7) are not required to be filled up. Nevertheless, the form has been provided.

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

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Present value of unfunded obligations			
Present value of funded obligations			
Total present value of obligations	-	-	-
Fair value of plan assets			
Present value of net obligations			
Recognised liability for defined benefit obligations			

## Plan assets

For the year ended on 31 Asar 2076

Note: 4.23.2

There is no plan assets.

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Equity securities			
Government bonds			
Bank deposit			
Other			
<b>Total</b>			

## Movement in the present value of defined benefit obligations

For the year ended on 31 Asar 2076

Note: 4.23.3

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Defined benefit obligations at Sawan 1			
Actuarial losses			
Benefits paid by the plan			
Current service costs and interest			
Defined benefit obligations at Asar end			

## Movement in the fair value of plan assets

For the year ended on 31 Asar 2076

Note: 4.23.4

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Fair value of plan assets at Sawan 1			
Contributions paid into the plan			
Benefits paid during the year			
Actuarial (losses) gains			
Expected return on plan assets			
Fair value of plan assets at Asar end			

## Amount recognised in profit or loss

For the year ended on 31 Asar 2076

Note: 4.23.5

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Current service costs			
Interest on obligation			
Expected return on plan assets			
<b>Total</b>	-	-	-

## Amount recognised in other comprehensive income

For the year ended on 31 Asar 2076

Note: 4.23.6

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Actuarial (gain)/loss			
<b>Total</b>	-	-	-

## Actuarial assumptions

For the year ended on 31 Asar 2076

Note: 4.23.7

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Discount rate			
Expected return on plan asset			
Future salary increase			
Withdrawal rate			

## Debt securities issued

For the year ended on 31 Asar 2076

Note: 4.24

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Debt securities issued designated as at fair value through profit or loss	-	-	-
Debt securities issued at amortised cost	-	-	-
<b>Total</b>	-	-	-

## Subordinated Liabilities

For the year ended on 31 Asar 2076

Note: 4.25

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Redeemable preference shares	-	-	-
Irredeemable cumulative preference shares	-	-	-
Other	-	-	-
<b>Total</b>	-	-	-

## Share capital

For the year ended on 31 Asar 2076

Note: 4.26

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Ordinary shares	800,100,000	210,000,000	210,000,000
Convertible preference shares (equity component)			
Irredeemable preference shares (equity component)			
Perpetual debt (equity component only)			
<b>Total</b>	<b>800,100,000</b>	<b>210,000,000</b>	<b>210,000,000</b>
<b>Regulatory share capital</b>	<b>800,100,000</b>	<b>279,350,800</b>	<b>210,000,000</b>

## Ordinary shares

For the year ended on 31 Asar 2076

Note: 4.25.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Authorized Capital			
8,001,000 Ordinary share of Rs. 100 each	800,100,000	800,100,000	400,000,000
Issued capital			
8,001,000 Ordinary share of Rs. 100 each	800,100,000	800,100,000	210,000,000
Subscribed and paid up capital*			
8,001,000 Ordinary share of Rs. 100 each	800,100,000	210,000,000	210,000,000
<b>Total</b>	<b>800,100,000</b>	<b>210,000,000</b>	<b>210,000,000</b>
<b>Capital as per NRB Directives</b>	<b>800,100,000</b>	<b>210,000,000</b>	<b>210,000,000</b>

Reconciliation of no. of equity shares	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Opening	2,100,000	2,100,000	2,001,600
Add: issued during the year	5,901,000	-	98,400
Closing	<b>8,001,000</b>	<b>2,100,000</b>	<b>2,100,000</b>

## Ordinary share ownership

For the year ended on 31 Asar 2076

Note: 4.25.2

Particulars	As at 31.03.2076		As at 32.03.2075		As at 01.04.2074	
	Percent	Amount	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>						
Nepal Government						
"A" class licensed institutions						
Other licensed institution						
Other Institutions	0.85%	6,795,600	2.20%	4,622,900.00		
Public	99.15%	793,304,400	95.69%	205,377,100	100%	210,000,000
Other (Corporate)						
<b>Foreign ownership</b>						
<b>Total</b>		<b>800,100,000</b>		<b>210,000,000</b>		<b>210,000,000</b>

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2076 are as follows:

Name of shareholder	% of holding
Tirtha Lal Maharjan	4.54
Rasana Shrestha	3.52
Arjun Maharjan	3.38
Ram Kaji Awale	3.15
Babu Raja Maharjan	1.98
Bulal Maharjan	1.95
Mukesh Maharjan	1.95

Name of shareholder	% of holding
Bishan Maharjan	1.95
Krishna Awale	1.94
Surendra Awale	1.90
Manoj Dangol	1.90
Laxmi Prasad Maharjan	1.90
Raju Maharjan	1.90
Rabi Maharjan	1.90

Name of shareholder	% of holding
Shambhu Lal Dangol	1.90
Bhim Lal Maharjan	1.90
Ram Maharjan	1.90
Rajit Maharjan	1.90
Purna Sagar Maharjan	1.90
Sumin Maharjan	1.90
Sangha Ratna Dangol	1.90
Sanu Kaji Maharjan	1.90
Sanjib Maharjan	1.84
Samundra Kaji Shrestha	1.76
Krishna Awale	1.41
Rabin Maharjan	1.35
Gyanesh Maharjan	1.20
Babu Kaji Maharjan	1.18
Hera Man Maharjan	1.12
Anil Maharjan	1.00
Hira Kaji Maharjan	1.00
Bikki Maharjan	1.00

Name of shareholder	% of holding
Rushan Shrestha	1.00
Aayunskha Maharjan	1.00
Ishwori Bade	0.99
Isha Shrestha	0.94
Bish Ram Singh	0.91
Anil Maharjan	0.79
Toya Nath Poudel	0.77
Bijaya Maharjan	0.74
Saraswoti Timalsina	0.71
Ram Kaji Awale	0.65
Binaya Amatya	0.62
Ishan Shrestha	0.62
Kaji Ratna Maharjan	0.58
Ramesh Singh Maharjan	0.54
Sujan Jangam	0.54
Sandeep Timalsina	0.53
Purna Maharjan	0.50
<b>Total</b>	<b>74.35</b>

## Reserves

For the year ended on 31 Asar 2076

Note: 4.27

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Statutory general reserve	18,088,566	12,442,805	11,226,804
Exchange equalisation reserve	-	-	-
Corporate social responsibility reserve	282,288	191,168	130,368
Capital redemption reserve	-	-	-
Regulatory reserve	8,244,833	-	-
Investment adjustment reserve	-	348,258	-
Capital reserve	-	-	-
Assets revaluation reserve	-	-	-
Fair value reserve	(199,648)	143,299	504,855
Dividend equalisation reserve	-	-	-
Actuarial gain	-	-	-
Special reserve	-	-	-
Other reserve	-	-	-
Capital Adjustment Fund	-	69,350,800	-
Other	21,836	104,060	111,986
<b>Total</b>	<b>26,437,875</b>	<b>82,580,390</b>	<b>11,974,013</b>

Movement of specific reserves for the year 2075-76 is as follows:

Particulars	Corporate social responsibility reserve	Training reserve	
<b>Opening</b>	<b>191,168</b>	<b>104,059</b>	
Addition for the year	282,288	-	
Utilization during the year	(191,168)	(82,224)	
<b>Closing</b>	<b>282,288</b>	<b>21,835</b>	

## Contingent liabilities and commitments

For the year ended on 31 Asar 2076

Note: 4.28

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Contingent liabilities	-	-	-
Undrawn and undisbursed facilities	22,461,930.00	-	-
Capital commitment	2,419,279.00	-	-
Lease Commitment	42,239,858.00	17,198,276.00	15,335,888.00
Litigation			
<b>Total</b>	<b>67,121,067.00</b>	<b>17,198,276.00</b>	<b>15,335,888.00</b>

## Contingent liabilities

For the year ended on 31 Asar 2076

Note: 4.28.1

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Acceptance and documentary credit			
Bills for collection			
Forward exchange contracts			
Guarantees			
Underwriting commitment			
Other commitments			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Undrawn and undisbursed facilities

For the year ended on 31 Asar 2076

Note: 4.28.2

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
Undisbursed amount of loans	22,461,930		
Undrawn limits of overdrafts			
Undrawn limits of credit cards			
Undrawn limits of letter of credit			
Undrawn limits of guarantee			
<b>Total</b>	<b>22,461,930</b>	<b>-</b>	<b>-</b>

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

For the year ended on 31 Asar 2076

Note: 4.28.3

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Capital commitments in relation to Property and Equipment</b>			
Approved and contracted for	2,419,279		
Approved but not contracted for			
<b>Sub total</b>	<b>2,419,279</b>	-	-
<b>Capital commitments in relation to Intangible assets</b>			
Approved and contracted for			
Approved but not contracted for			
<b>Sub total</b>	-	-	-
<b>Total</b>	<b>2,419,279</b>	-	-

## Lease commitments

For the year ended on 31 Asar 2076

Note: 4.28.4

Particulars	As at 31.03.2076	As at 32.03.2075	As at 01.04.2074
<b>Operating lease commitments</b>			
Future minimum lease payments under non cancellable operating lease, where the bank is lessee			
Not later than 1 year	4,824,327	2,429,984	2,045,497
Later than 1 year but not later than 5 years	20,995,470	8,808,720	8,773,147
Later than 5 years	16,420,061	5,959,572	4,517,244
<b>Sub total</b>	<b>42,239,858</b>	<b>17,198,276</b>	<b>15,335,888</b>
<b>Finance lease commitments</b>			
Future minimum lease payments under non cancellable operating lease, where the bank is lessee			
Not later than 1 year			
Later than 1 year but not later than 5 years			
Later than 5 years			
<b>Sub total</b>	-	-	-
<b>Grand total</b>	<b>42,239,858</b>	<b>17,198,276</b>	<b>15,335,888</b>

## Litigation

For the year ended on 31 Asar 2076

Note: 4.28.5

There is no any legal case pending for or against the Finance company

## Interest income

For the year ended on 31 Asar 2076

Note: 4.29

Particulars	Current Year	Previous Year
Cash and cash equivalent	35,205,845	12,515,876
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	108,659,281	72,036,790
Investment securities	719,250	625,167
Loan and advances to staff	388,268	150,182
Other	-	-
<b>Total interest income</b>	<b>144,972,644</b>	<b>85,328,015</b>

## Interest expense

For the year ended on 31 Asar 2076

Note: 4.30

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	890,000
Deposits from customers	74,159,738	54,595,385
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
<b>Total interest expense</b>	<b>74,159,738</b>	<b>55,485,385</b>

## Fees and Commission Income

For the year ended on 31 Asar 2076

Note: 4.31

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	10,128,666	3,261,099
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	136,097	51,080
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	-	-
<b>Total fees and Commission Income</b>	<b>10,264,763</b>	<b>3,312,179</b>

## Fees and commission expense

For the year ended on 31 Asar 2076

Note: 4.32

Particulars	Current Year	Previous Year
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	-	-
<b>Total fees and Commission Expense</b>	<b>-</b>	<b>-</b>

## Net trading income

For the year ended on 31 Asar 2076

Note: 4.33

Particulars	Current Year	Previous Year
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	-	-
Other	-	-
<b>Net trading income</b>	<b>-</b>	<b>-</b>

## Other operating income

For the year ended on 31 Asar 2076

Note: 4.34

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	183,166	141,722
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	18,000	96,685
<b>Total</b>	<b>201,166</b>	<b>238,407</b>

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

For the year ended on 31 Asar 2076

Note: 4.35

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	-	-
Impairment charge/(reversal) on loan and advances to customer	9,225,006	(1,475,893)
Impairment charge/(reversal) on financial investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	(13,438,834)	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
<b>Total</b>	<b>(4,213,828)</b>	<b>(1,475,893)</b>

## Personnel Expense

For the year ended on 31 Asar 2076

Note: 4.36

Particulars	Current Year	Previous Year
Salary	8,080,593	5,023,624
Allowances	4,680,143	2,337,172
Gratuity expense	516,671	314,398
Provident fund	665,297	414,789
Uniform	330,000	270,000
Training & development expense	362,195	227,091
Leave encashment	717,467	308,496
Medical	981,281	436,793
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	19,734	2,433
Other expenses related to staff	-	-
<b>Subtotal</b>	<b>16,353,381</b>	<b>9,334,796</b>
Employees bonus	4,803,758	1,206,219
<b>Grand total</b>	<b>21,157,139</b>	<b>10,541,015</b>

## Other operating expense

For the year ended on 31 Asar 2076

Note: 4.37

Particulars	Current Year	Previous Year
Directors' fee	384,600	285,200
Directors' expense	118,521	107,045
Auditors' remuneration	169,500	169,500
Other audit related expense	216,724	143,160
Professional and legal expense	465,437	432,103
Office administration expense	11,593,973	7,473,666
Operating lease expense	4,074,915	2,369,628
Operating expense of investment properties	-	-
Corporate social responsibility expense	191,168	-
Onerous lease provisions	-	-
Other	-	-
<b>Total</b>	<b>17,214,838</b>	<b>10,980,302</b>

Office administration expenses include the following:	Current Year	Previous Year
Water and electricity	514,822	274,110
Repair and maintenance		
Building	-	-
Vehicles	81,597	253,931
Computer and accessories	-	-
Office equipment and furniture	-	-
Others	695,450	12,800
Insurance	1,127,736	758,053
Postage, telex, telephone , fax	208,039	226,943
Printing and stationery	533,567	476,254
Newspaper, books and journal	43,304	39,092
Advertisement	664,869	329,817
Donation	-	37,500
Security	2,379,404	953,381
Deposit and loan guarantee premium	-	-
Travel allowance and expense	332,329	30,373
Entertainment	349,051	212,475
Annual/special general meeting	430,508	28,250
Other	4,233,297	3,840,687
<b>Total</b>	<b>11,593,973</b>	<b>7,473,666</b>

## Depreciation & Amortisation

For the year ended on 31 Asar 2076

Note: 4.38

Particulars	Current Year	Previous Year
Depreciation on property and equipment	3,410,148	1,381,027
Depreciation on investment property	-	-
Amortisation of intangible assets	289,427	658,163
<b>Total</b>	<b>3,699,575</b>	<b>2,039,190</b>

## Non operating income

For the year ended on 31 Asar 2076

Note: 4.39

Particulars	Current Year	Previous Year
Recovery of loan written off	4,616,458	-
Other income	-	-
<b>Total</b>	<b>4,616,458</b>	<b>-</b>

## Non operating expense

For the year ended on 31 Asar 2076

Note: 4.40

Particulars	Current Year	Previous Year
Loan written off	-	31,466
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
<b>Total</b>	<b>-</b>	<b>31,466</b>

## Income tax expense

For the year ended on 31 Asar 2076

Note: 4.41

Particulars	Current Year	Previous Year
<b>Current tax expense</b>	<b>15,165,107</b>	<b>6,134,898</b>
Current year	16,641,337	5,866,869
Adjustments for prior years	(1,476,230)	268,029
<b>Deferred tax expense</b>	<b>4,643,658</b>	<b>(1,533,707)</b>
Origination and reversal of temporary differences	4,643,658	(1,533,707)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
<b>Total income tax expense</b>	<b>19,808,765</b>	<b>4,601,191</b>

## Reconciliation of tax expense and accounting profit

For the year ended on 31 Asar 2076

Note: 4.41.1

Current Year		
Profit before tax	48,037,569	11,277,136
Tax amount at tax rate of 30%	14,411,271	3,383,141
Add: Tax effect of expenses that are not deductible for tax purpose	(1,378,305)	2,204,527
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	-	-
Total income tax expense	13,032,966	5,587,668
Effective tax rate	27.13%	49.55%

## Statement of Distributable Profit or Loss

For the year ended on 31 Asar 2076

Note: 4.42

Particulars	Current Year	Previous Year
Profit of previous year	5,058,813	
Adjusted Retained earning of 01.04.2074	(8,869,360)	
Regulatory Adjustment of Previous Year	(1,341,166)	
<b>Adjusted Retained Earning available for distribution before current year profit</b>	<b>(5,151,713)</b>	
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>28,228,804</b>	<b>6,675,945</b>
Appropriations:		
a. General reserve	(5,645,761)	(1,216,001)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(282,288)	(60,800)
e. Employees' training fund	-	(104,059)
f. Investment Adjustment Reserve	348,258	(348,258)
g. Other	273,392	111,986
<b>Profit or (loss) before regulatory adjustment</b>	<b>17,770,692</b>	<b>5,058,813</b>
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(5,738,618)	
b. Short loan loss provision in accounts (-)/reversal (+)	-	
c. Short provision for possible losses on investment (-)/reversal (+)	(800,544)	
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	
e. Deferred tax assets recognised (-)/ reversal (+)	(364,505)	
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	
g. Bargain purchase gain recognised (-)/reversal (+)	-	
h. Actuarial loss recognised (-)/reversal (+)	-	
i. Other (+/-)	-	
<b>Distributable profit or (loss) from current year profit</b>	<b>10,867,025</b>	<b>5,058,813</b>

<b>Total amount available for distribution is as follows:</b>	
Retained earning	10,867,025
Share premium (bonus share only)	7,124,781
<b>Total</b>	<b>17,991,806</b>

## Disclosure and Additional Information

For the year ended on 31 Asar 2076

Note: 5

### 5.1 Risk Management

The Finance Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Finance Co. The Finance Co.'s Board and senior management has overall responsibility for the establishment and oversight of the Finance's risk management. The Finance Co.'s risk management policies are established to identify and analyses the risks faced by the Finance Co., to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### a) Credit Risk

Credit risk refers to the probability of loss due to a borrower's failure to make payments on the loan provided by the Finance Co. This directly impacts the financial performance of Finance Co.. Motive of credit risk management is to gain a complete understanding of a Finance's overall credit risk by viewing risk at the individual, customer and portfolio levels so that mitigating measures could be applied at desired levels.

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower. Credit Administration Department as well as senior management function to supervise risk on overall level.

Each prospective borrower is thoroughly analysed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance Co. to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

#### b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Finance Co. due to market factors. Market factors mainly comprise of interest rate, foreign exchange and collateral price. This risk is not entirely manageable as it encompasses factors that are not wholly within the control of Finance Co. and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance Co. has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

**Interest Rate Risk:** Interest rate risk is the risk of increased volatility due to changes in interest rate. Our nation has seen frequent and high changes in interest rate on deposit in the recent year with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one to Finance to another Finance is of high probability. Finance Co. has been focusing on raising fixed term deposits with fixed interest rate in order to lock the available liquidity/deposit for specified period.

**Foreign Exchange Risk:** Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Finance Co. does not have transaction in foreign currency.

**Equity Price Risk:** Finance Co. has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pegged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Finance Co. properly analyses the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigative measures are taken if the value is found to have been declined.

### c) Liquidity Risk

Liquidity risk is the risk that either Finance Co. does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the Directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyse liquidity status. Assets Liability Management Committee is formed at Finance Co. to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

### d) Operational Risk

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters with existence of four eyes on each transaction (maker and checker function). Finance Co. carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

### e) Information Technology Risk

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam, virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Finance Co. and Finance Co. has to rely heavily on IT. Finance Co. has in-house IT department for daily monitoring, evaluation of IT related issues. Finance Co.'s IT risk management comprises of investing in resources for identification, detection, recovery, respond and protection of IT assets.

### f) Other Risk

The ever-changing environment gives rise to various new risks. Some of this include reputational risk, human resource risk, compliance risk etc. The risks are being evaluated and managed on daily/periodic basis by way of implementing mitigating measures. Nevertheless, the Risk Management Department/Compliance Department remains vigilant towards each risk.

## 5.2 Fair Value of Financial Assets and Liabilities and their Classification

The method of determination of fair value of financial assets and financial liabilities of the Finance at three levels (level one, level two and level three) has been disclosed in Note 3.4.4. Classification of financial assets and financial liabilities is done as mentioned in Note 3.4.2.

Fair value measurement is done for investment in shares. Fair value hierarchy of financial assets and liabilities at each reporting dates for the financial instruments presented in statement of financial position is as follows:

As at 31 Ashad 2076

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent		794,546,538		
Due from Nepal Rastra Finance	AC	36,833,783		
Loans and advances to customers	AC			934,107,206
Investment securities				
Quoted shares	FVOCI	73,764,940		
Unquoted shares	FVOCI			1,089,000
Other Investment	AC			15,000,000
<b>Total Financial Assets</b>		<b>905,145,261</b>	<b>-</b>	<b>950,196,206</b>
<b>Financial Liabilities</b>				
Due to Finance and Financial Institutions	AC	40,054,073		
Deposits from customers	AC	1,070,955,210		
Other Liabilities	AC			15,500,203
<b>Total Financial Liabilities</b>		<b>1,111,009,283</b>	<b>-</b>	<b>15,500,203</b>

As at 32 Ashad 2075

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent				511,896,101
Due from Nepal Rastra Finance	AC			44,419,406
Loans and advances to customers	AC			591,042,611
Investment securities				
Quoted shares	FVOCI	2,175,820		
Unquoted shares	FVOCI			400,000
Other Investment	AC			15,000,000
<b>Total Financial Assets</b>		<b>2,175,820</b>	<b>-</b>	<b>1,162,758,118</b>
<b>Financial Liabilities</b>				
Due to Finance and Financial Institutions	AC			-
Deposits from customers	AC			784,638,040
Other Liabilities	AC			8,539,175
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>793,177,215</b>

As at 1 Shrawan 2074

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent				143,178,207
Due from Nepal Rastra Finance	AC			14,966,197
Loans and advances to customers	AC			591,042,611
Investment securities				
Quoted shares	FVOCI	2,201,230		
Unquoted shares	FVOCI			380,000
Other Investment	AC			5,000,000
<b>Total Financial Assets</b>		<b>2,201,230</b>	<b>-</b>	<b>754,567,015</b>
<b>Financial Liabilities</b>				
Due to Finance and Financial Institutions	AC			-
Deposits from customers	AC			546,721,391
Other Liabilities	AC			5,757,557
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>552,478,948</b>

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

### 5.3 Capital Management

#### 5.3.1 Principle and Objective

The principle of capital management of the Finance is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance Co., through its senior management level and manages the capital to meet regulatory requirement at all times and the Board ensures that such management of capital has been carried out by the management. Finance Co. has issued ordinary equity shares and the paid up capital meets the requirement of NRB. Periodic review of core capital and capital fund is also being done to ensure the capital base remains strong. Capital Adequacy Framework (CAF) 2007 (Updated 2008) is a benchmark of managing capital base of the Finance Co.

Finance Co. has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

### 5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Finance Co. as per CAF 2007 is as follows (amount in '000):

Particulars	As at 31 Ashad 2076	As at 32 Ashad 2075
<b>1.1 Risk Weighted Exposure (RWE)</b>		
RWE for Credit Risk	1,194,694.21	633,753.02
RWE for Operational Risk	101,025.10	100,712.55
RWE for Market Risk		-
<b>Total RWE before adjustment under Pillar II</b>	<b>1,295,719.31</b>	<b>734,465.57</b>
<u>Adjustments under Pillar II</u>		
<b>Total RWE</b>	<b>1,295,719.31</b>	<b>734,465.57</b>
<b>1.2 Capital</b>		
<b>A. Core Capital (Tier I)</b>	<b>849,281.53</b>	<b>283,422.00</b>
Paid up Equity Share Capital	800,100.00	210,000.00
Irredeemable Non-cumulative preference shares		
Share Premium	7,124.78	6,797.00
Proposed Bonus Equity Shares		
Statutory General Reserves	18,088.57	12,443.00
Retained Earnings	(3,810.55)	(10,160.00)
Un-audited current year cumulative profit/(loss)	28,228.80	
Capital Redemption Reserve		
Capital Adjustment Reserve		69,351.00
Dividend Equalization Reserves		
Other Free Reserve		
Less: Goodwill		
Less: Deferred Tax Assets	(450.07)	(5,008.00)
Less: Fictitious Assets		
Less: Investment in equity in licensed Financial Institutions		
Less: Investment in equity of institutions with financial interests		
Less: Investment in equity of institutions in excess of limits		
Less: Investments arising out of underwriting commitments		
Less: Reciprocal crossholdings		
Less: Purchase of land & building in excess of limit and unutilized		
Less: Other Deductions		
<u>Adjustments under Pillar II</u>		
<b>B. Supplementary Capital (Tier II)</b>	<b>12,492.34</b>	<b>5,825.00</b>
Cumulative and/or Redeemable Preference Share		

Particulars	As at 31 Ashad 2076	As at 32 Ashad 2075
Subordinated Term Debt		
Hybrid Capital Instruments		
General Loan Loss Provision	11,998.01	4763
Exchange Equalization Reserve		
Investment Adjustment Reserve	348.26	348
Assets Revaluation Reserve	41.59	41
Other Reserves	104.48	672
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>861,773.87</b>	<b>289,247.00</b>
<b>1.3 Capital Adequacy Ratio</b>		
<b>Tier I Capital to Total RWE</b>	65.55%	38.59%
<b>Total Capital Fund to Total RWE</b>	66.51%	39.38%

## Risk Exposure

For the year ended on 31 Asar 2076

Note: 5.3.3

Table of Risk Exposure at the reporting dates (amount in '000) is as follows:

### a) Credit Risk

A. Balance Sheet Exposures	Current Year					Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value
	a	b	c	d=a-b-c	e	f=d*e	
Cash Balance	23,693.90		-	23,693.90	0%	-	20,801.38
Balance With Nepal Rastra Bank	36,833.78		-	36,833.78	0%	-	44,419.41
Gold	-		-	-	0%	-	-
Investment in Nepalese Government Securities	15,000.00		-	15,000.00	0%	-	15,000.00
All Claims on Government of Nepal	-		-	-	0%	-	-
Investment in Nepal Rastra Bank securities	-		-	-	0%	-	-
All claims on Nepal Rastra Bank	-		-	-	0%	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-		-	-	0%	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-		-	-	20%	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-		-	-	50%	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-		-	-	100%	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-		-	-	150%	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-		-	-	0%	-	-
Claims on Other Multilateral Development Banks	-		-	-	100%	-	-
Claims on Public Sector Entity (ECA 0-1)	-		-	-	20%	-	-
Claims on Public Sector Entity (ECA 2)	-		-	-	50%	-	-
Claims on Public Sector Entity (ECA 3-6)	-		-	-	100%	-	-
Claims on Public Sector Entity (ECA 7)	-		-	-	150%	-	-
Claims on domestic banks that meet capital adequacy requirements	770,852.63			770,852.63	20%	154,170.53	477,746.46
							95,549.29

A. Balance Sheet Exposures	Current Year						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Claims on domestic banks that do not meet capital adequacy requirements	-		-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-		-	-	20%	-	-	-
Claims on foreign bank (ECA Rating 2)	-		-	-	50%	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-		-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-		-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-		-	-	20%	-	-	-
Claims on Domestic Corporates	107,877.71		-	107,877.71	100%	107,877.71	-	-
Claims on Foreign Corporates (ECA 0-1)	-		-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)	-		-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-		-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-		-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	393,980.56		-	393,980.56	75%	295,485.42	476,650.30	476,650.30
Claims fulfilling all criterion of regulatory retail except granularity			-	-	100%	-	-	-
Claims secured by residential properties	44,059.84		-	44,059.84	60%	26,435.90	5,922.75	3,553.65
Claims not fully secured by residential properties			-	-	150%	-	-	-
Claims secured by residential properties (Overdue)			-	-	100%	-	-	-
Claims secured by Commercial real estate	424,644.96		-	424,644.96	100%	424,644.96	-	-
Past due claims (except for claims secured by residential properties)	17,546.12		-	17,546.12	150%	26,319.18	-	-
High Risk claims	11,832.65		-	11,832.65	150%	17,748.98	17,940.56	26,910.84
Lending against shares	18,446.15		-	18,446.15	150%	27,669.23	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	74,944.65		-	74,944.65	100%	74,944.65	2,042.96	2,042.96
Investments in equity and other capital instruments of institutions not listed in the stock exchange	194.50		-	194.50	150%	291.75	194.50	291.75
Staff loan secured by residential property			-	-	60%	-	-	-
Interest Receivable/claim on government securities	-		-	-	0%	-	-	-

A. Balance Sheet Exposures	Current Year						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Cash in transit and other cash items in the process of collection	-		-	-	20%	-	-	-
Other Assets (as per attachment)	39,105.90		-	39,105.90	100%	39,105.90	28,754.23	28,754.23
<b>TOTAL (A)</b>	<b>1,979,013.35</b>	<b>-</b>	<b>-</b>	<b>1,979,013.35</b>		<b>1,194,694.21</b>	<b>1,089,472.55</b>	<b>633,753.02</b>
<b>B. Off Balance Sheet Exposures</b>								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	-	-	-	-	0%	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	-	-	-	-	100%	-	-	-
Financial Guarantee	-	-	-	-	100%	-	-	-

A. Balance Sheet Exposures	Current Year						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Acceptances and Endorsements	-	-	-	-	100%	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	20%	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-
Other Contingent Liabilities	-	-	-	-	100%	-	-	-
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
<b>TOTAL (B)</b>	-	-	-	-	-	-	-	-
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>1,979,013.35</b>	<b>-</b>	<b>-</b>	<b>1,979,013.35</b>		<b>1,194,694.21</b>	<b>1,089,472.55</b>	<b>633,753.02</b>
Adjustments under Pillar II								
<b>Total RWE for Credit Risk</b>	<b>1,979,013.35</b>	<b>-</b>	<b>-</b>	<b>1,979,013.35</b>		<b>1,194,694.21</b>	<b>1,089,472.55</b>	<b>633,753.02</b>

### Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt.& NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/ G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
<b>Balance Sheet Exposures</b>										
Claims on Foreign government and Central Bank (ECA -2)										-
Claims on Foreign government and Central Bank (ECA -3)										-
Claims on Foreign government and Central Bank (ECA-4-6)										-
Claims on Foreign government and Central Bank (ECA -7)										-
Claims on Other Multilateral Development Banks										-
Claims on Public Sector Entity (ECA 0-1)										-
Claims on Public Sector Entity (ECA 2)										-
Claims on Public Sector Entity (ECA 3-6)										-
Claims on Public Sector Entity (ECA 7)										-

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/ G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Claims on domestic banks that meet capital adequacy requirements										-
Claims on domestic banks that do not meet capital adequacy requirements										-
Claims on foreign bank (ECA Rating 0-1)										-
Claims on foreign bank (ECA Rating 2)										-
Claims on foreign bank (ECA Rating 3-6)										-
Claims on foreign bank (ECA Rating 7)										-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										-
Claims on Domestic Corporates										-
Claims on Foreign Corporates (ECA 0-1)										-
Claims on Foreign Corporates (ECA 2)										-
Claims on Foreign Corporates (ECA 3-6)										-
Claims on Foreign Corporates (ECA 7)										-
Regulatory Retail Portfolio (Not Overdue)										-
Claims fulfilling all criterion of regularity retail except granularity										-
Claims secured by residential properties										-
Claims not fully secured by residential properties										-
Claims secured by residential properties (Overdue)										-
Claims secured by Commercial Real Estate										-
Past due claims (except for claims secured by residential properties)										-
High Risk claims										-
Lending against shares										-
Investments in equity and other capital instruments of institutions listed in stock exchange										-
Investments in equity and other capital instruments of institutions not listed in the stock exchange										-
Other Assets (as per attachment)										-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Off Balance Sheet Exposures</b>										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
LC Commitments With Original Maturity Up to 6 months domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	-	-	-	-	-	-	-	-	-	-
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-	-	-	-	-

## b) Operational Risk

Amount in '000

Particulars	Fiscal Year		
	2072-73	2073-74	2074-75
Net Interest Income	40,275.69	74,764.50	73,807.38
Commission and Discount Income	3,516.02	4,805.24	4,881.45
Other Operating Income			
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period			
<b>Gross income (a)</b>	<b>43,791.71</b>	<b>79,569.74</b>	<b>78,688.83</b>
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed Percentage of Gross Income [c=(a×b)]</b>	<b>6,568.76</b>	<b>11,935.46</b>	<b>11,803.32</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>10,102.51</b>		
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>	<b>10</b>		
<b>Equivalent Risk Weight Exposure [f=(d×e)]</b>	<b>101,025.10</b>		
Pillar II Adjustments			
<b>If Gross Income for the last three years is negative (6.4 a 8)</b>			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>	<b>10</b>		
<b>Equivalent Risk Weight Exposure (g)</b>	<b>-</b>		
<b>Equivalent Risk Weight Exposure [h=f+g]</b>	<b>101,025.10</b>		

## c) Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)	Relevant Open Position of Previous Year
INR	-	-	-	-
USD	-	-	-	-
GBP	-	-	-	-
EUR	-	-	-	-
THB	-	-	-	-
CHF	-	-	-	-
AUD	-	-	-	-
CAD	-	-	-	-
SGD	-	-	-	-
JPY	-	-	-	-
HKD	-	-	-	-
DKK	-	-	-	-
SEK	-	-	-	-
SAR	-	-	-	-
QAR	-	-	-	-
AED	-	-	-	-
MYR	-	-	-	-
KRW	-	-	-	-

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)	Relevant Open Position of Previous Year
CNY	-	-	-	-
KWD	-	-	-	-
BHD	-	-	-	-
(a) Total Open Position				-
(b) Fixed Percentage				5%
(c) Capital Charge for Market Risk (=a*b)				-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10
(e) Equivalent Risk Weight Exposure (=c*d)				-

**d) Non Performing Assets (Gross and Net)**

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled	-	-	-
Sub-Standard	4,664,200.88	1,166,050.22	3,498,150.66
Doubtful	1,394,288.69	697,144.35	697,144.34
Bad	8,292,044.15	8,292,044.15	-
<b>Total</b>	<b>14,350,533.72</b>	<b>10,155,238.72</b>	<b>4,195,295.00</b>

## Compliance with Capital Requirement

For the year ended on 31 Asar 2076

Note: 5.3.4

Inline with NRB Directive 1/075, the following is the status of compliance with capital requirements at Ashad end 2076

Particulars	Requirement	Position
Tier I Capital to RWE	6%	65.55%
Tier I and Tier II Capital to RWE	10%	66.51%

## Operating Segment Information

For the year ended on 31 Asar 2076

Note: 5.4

**5.4.1 General Information**

Finance Co.'s management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. Finance has only presence in Province 3, hence all income, expenses, assets and liabilities have been allocated in this segment and there does not exist unallocated portion.

*In general, the sectors that derive revenue is classified in the following manner.*

- Financial Intermediary Activities: Revenue generated by way of providing financing services is categorized under this sector. This includes loans and deposit, service charges related to loans and deposit and related charges and income.

- ii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- iii) Others: Other revenue are included in this product and includes operational service fees, locker, guarantee commission, ATM fees, remittance commission etc.

#### 5.4.2 Segment result and segment position for the year ended on Ashad 2076

Particulars	Province 1	Province 2	Province 3	Gandaki	Province 5	Karnali	Far West	Total
Revenue from external customers			160,055,031					160,055,031
Intersegment revenues								
<b>Net revenue</b>			<b>160,055,031</b>					<b>160,055,031</b>
Interest income			144,972,644					144,972,644
Interest expenses			74,159,738					74,159,738
<b>Net interest revenue</b>			<b>70,812,906</b>					<b>70,812,906</b>
Depreciation and amortization			3,699,575					3,699,575
<b>Segment profit/(loss)</b>			<b>67,113,331</b>					<b>67,113,331</b>
Entity's interest in the profit or loss of associate accounted for using equity method								-
<b>Other material non-cash items:</b>								-
<b>Loans:</b>			<b>1,029,733,709</b>					<b>1,029,733,709</b>
Consumer			354,430,649					354,430,649
Corporate			675,303,060					675,303,060
<b>Deposit</b>			<b>1,070,955,210</b>					<b>1,070,955,210</b>
Consumer			623,465,940					623,465,940
Corporate			447,489,270					447,489,270
Impairment of Assets			25,102,162					25,102,162
Segment Assets			<b>1,976,775,014</b>					<b>1,976,775,014</b>
Segment Liabilities			<b>1,132,245,333</b>					<b>1,132,245,333</b>

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

- i) **Basis of accounting for any transactions between reportable segments:**  
All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.
- ii) **Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax**  
There does not exist such difference.
- iii) **Nature of any differences between the measurements of the reportable segment's assets and the entity's assets**  
There does not exist such difference.
- iv) **Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any,**  
Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.
- v) **Nature and effect of any asymmetrical allocations to reportable segments**  
There is no such allocation.

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

##### a) Revenue

Total revenue for reportable segments	160,055,031
Other revenue	-
Elimination of intersegment revenues	-
<b>Entity's revenue</b>	<b>160,055,031</b>

##### b) Profit or loss

Total profit or loss for reportable segments	28,228,804
Other profit or loss	-
Elimination of intersegment profit	-
Unallocated amounts:	-
Staff bonus	-
Income tax	-
NFRS adjustments	-
<b>Profit before income tax</b>	<b>28,228,804</b>

##### c) Assets

Total assets for reportable segments	1,976,775,014
Other assets	-
Unallocated assets	-
<b>Entity's assets</b>	<b>1,976,775,014</b>

##### d) Liabilities

Total liabilities for reportable segments	1,132,245,333
Other liabilities	-
Unallocated liabilities	-
<b>Entity's liabilities</b>	<b>1,132,245,333</b>

#### 5.4.5 Information about product and services

Particulars	Amount
Financial Intermediary Activities	154,382,060
Treasury	902,416
Others	154,097

#### 5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

<b>Domestic:</b>	
Province 1	-
Province 2	-
Province 3	160,055,031
Gandaki	-
Province 5	-
Karnali	-
Far West	-
<b>Foreign:</b>	<b>160,055,031</b>
<b>Total Revenue</b>	

#### 5.4.7 Information about major customers

None of the customer have contribution of 10% of more revenue on total revenue of Bank.

#### 5.5 Share options and share based payment

Not applicable

#### 5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

- 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 recognised 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.

Capital commitment are projected capital expenditure a company commits to spend on long-term assets over a period of time.

Quantitative information on contingent liabilities and capital commitments are presented in Note 4.28.

#### 5.7 Related parties disclosure

Related parties of the Bank include key management personnel of the Bank.

##### 5.7.1 Key management personnel

Key management personnel include Board of Director of the Bank and Chief Executive Officer.

##### a) Board of Directors

Board of Directors of the Bank comprise the following:

Name	Position	Remarks
Mr. Kishore Kumar Maharjan	Chairperson	
Mr. Anish Maharjan	Director	
Mr. Laxmi Prasad Maharjan	Director	
Mr. Sambhu Lal Dangol	Director	
Mr. Laxman Yadav	Director	Till 2076.3.29
Mr. Ranadev Krishna Shrestha	Director	Till 2076.3.29
Mr. Samundra Kaji Shrestha	Director	From 2076.03.29
Ms. Sabina Maharjan	Director	From 2076.03.29
Mr. Bishal Humagain serves as the secretary of Board.		

##### Allowance and facilities provided to board members

Chairperson of the Board is provided Rs. 2,200 and other board members are provided Rs. 2,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 384,600.

All board members are provided Rs. 1,500 per month per person in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Bank.

Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Bank with its board members.

#### b) Chief Executive Officer

Mr Bishal Humagain serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided to Mr. Humagain during the year amounts to Rs 3,125,390 (previous year Rs. 1,278,000).

In addition, the CEO is provided vehicle facility by the bank.

Bank has not entered into any commercial transaction with its CEO.

#### 5.8 Merger and acquisition

During the current fiscal year, there has not been any completed merger or acquisition.

#### 5.9 Events after reporting date

##### Proposed dividend

The Board of Directors of the Bank has not proposed any bonus shares and cash dividend.

## Disclosure effect of transition from previous GAAP to NFRS

### For the year ended on 31 Asar 2076

**Note: 5.10**

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN) with effect from 1 Shrawan 2075, with a transition date of 1 Shrawan 2074. These financial statements for the year ended 31 Ashad 2076 are the first the Finance has prepared under NFRS. For all periods up to and including the year ended 32 Ashad 2075, the Finance prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP')

The adoption of NFRS has been carried out in accordance with NFRS 1, First-time Adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Finance has prepared financial statements which comply with NFRS for the year ended 31 Ashad 2076, together with the comparative information as at and for the year ended 32 Ashad 2075 and the opening NFRS Statement of Financial Position as at 1 Shrawan 2074, the date of transition to NFRS.

In preparing these financial statements in line with NFRS, the Finance has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings). This note explains the adjustments made by the Finance in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1 Shrawan 2074 and the financial statements as at and for the year ended 32 Ashad 2075.

#### A. Exemptions from retrospective application

NFRS 1 allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Finance has elected to apply the following optional exemptions from retrospective application:

##### a) Deemed cost for property, plant and equipment, intangible assets and investment property

The Finance has elected to measure all its property, plant and equipment, intangible assets and investment property at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

#### B. Exceptions to retrospective application

The Finance has applied the following exceptions to the retrospective application of NFRS as mandatorily required under NFRS 1:

- Estimates: On assessment of the estimates made under the Previous GAAP financial statements, the Finance has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the Finance for the relevant reporting dates reflecting conditions existing as at that date.

- b) Business Combination: Finance has elected not to apply the NFRS 3 retrospectively to past business combinations that occurred before the date of transition to NFRS. All the assets and liabilities acquired and accounted as per previous GAAP are continued to be measured on same manner on the date of transition to NFRS.

### C. Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1:

- Reconciliation of Equity as at 1 Shrawan, 2074 and 32 Ashad, 2075.
- Reconciliation of Profit or Loss for the year ended on 32 Ashad 2075
- Effect of NFRS adoption for the statement of financial position for date of transition and comparative period
- Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for comparative period
- Effect of NFRS adoption for the statement of cash flows

#### i) Reconciliation of Equity as at 1 Shrawan, 2074 and 32 Ashad, 2075.

Particulars	Note	As at 01.04.2074	As at 32.03.2075
<b>Total equity under previous GAAP</b>		<b>218,651,233</b>	<b>294,123,624</b>
<b>Adjustments under NFRS</b>			
Measurement of investment securities at fair value	1	637,796	636,601
Deferred tax	2	(1,380,995)	1
Interest income	3	1,993,283	847,864
Others:	4	-	(41,585)
<b>Total adjustment to equity</b>		<b>1,250,084</b>	<b>1,442,881</b>
<b>Total Equity under NFRS</b>		<b>219,901,317</b>	<b>295,566,505</b>

#### ii) Reconciliation of Profit or Loss for the year ended on 32 Ashad 2075

Particulars	Note	For the year ended on 32 Ashad 2075
<b>Profit/(loss) as per previous GAAP</b>		<b>6,080,006</b>
<b>Adjustments under NFRS</b>		
Interest income	3	(1,142,986)
Employee benefit amortization under staff loan	3	(2,433)
Non banking assets		-
Fair valuation of investment securities	4	360,361
Right share issue expenses	5	-
Deferred tax	6	1,380,996
<b>Total adjustment to profit or loss</b>		<b>595,938</b>
<b>Profit or loss under NFRS</b>		<b>6,675,944</b>
Other comprehensive income	8	(361,556)
<b>Total Comprehensive income under NFRS</b>		<b>6,314,388</b>

## Notes to Reconciliation

### 1. Shares at Fair Value

In previous GAAP, investment in shares of other entities were measured at lower of cost or market value. In NFRS, all shares are measured at fair value with resultant impact to fair value reserve, which is routed through OCI.

Particulars		As at 01.04.2074	As at 32.03.2075
Fair value of shares		721,223	204,714
Deferred tax on fair value		(216,368)	(61,415)
Reversal of earlier booked loss on shares		132,941	493,302
<b>Net change</b>		<b>637,796</b>	<b>636,601</b>

### 2. Deferred Tax

Changes in the carrying amount of investment securities and considering few reserves for deferred tax has resulted in changes in deferred tax under NFRS.

Particulars		As at 01.04.2074	As at 32.03.2075
Revised deferred tax on other items		(1,380,995)	1
Revised deferred tax on other items		-	-
<b>Net change</b>		<b>(1,380,995)</b>	<b>1</b>

### 3. Interest Income

In previous GAAP, interest income was accounted on cash basis. Under NFRS, interest income has been accounted on accrual basis for those assets not significantly impaired.

Particulars		As at 01.04.2074	As at 32.03.2075
Additional interest income accounted from interest suspense		1,993,283	847,864
Additional interest income on staff loan under NFRS with corresponding impact to personnel expenses as amortization of deferred employee benefit expenses			2,433
<b>Net change</b>		<b>1,993,283</b>	<b>847,864</b>

### 4. Fair valuation of investment securities

Reversal of earlier accounted loss on shares has resulted in increase in profit under NFRS.

Particulars			As at 32.03.2075
Reversal of loss allowance			360,361
<b>Net change</b>			<b>360,361</b>
In addition, fair value on certain shares accounted on previous year (2074-75) amounting to Rs. 41,585 has been reversed in order to calculated revised final calculation of fair value of shares			

### 5. Right Share Issue Expenses

Share issue expenses was charged to SOPL under previous GAAP. In NFRS, such expenses are treated as adjusted to equity capital.

Particulars			2074-75
Reversal of share issue expenses			-
<b>Net change</b>			<b>-</b>

## 6. Deferred Tax

In earlier financial statement, deferred tax expenses was accounted. Under NFRS, due to changes in carrying amount of assets, liabilities and reserves, deferred tax has been revised and deferred tax income has arose.

Particulars			2074-75
Deferred tax expenses/(income) accounted earlier			(152,711)
Revised deferred tax expenses/(income)			(1,533,707)
<b>Net change</b>			<b>1,380,996</b>

## 7. Other Comprehensive Income

Changes in fair value of shares has resulted in changes in the figures of OCI.

Particulars			2074-75
Increase/(decrease) in fair value of shares			(516,509)
Deferred tax impact			154,953
<b>Net change</b>			<b>(361,556)</b>

### iii) Effect of NFRS adoption for the statement of financial position on transition date and comparative period

#### a) As at 1 Shrawan 2074

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
<b>Assets</b>				
Cash and cash equivalent		143,178,208	(1)	143,178,207
Due from Nepal Rastra Bank		14,966,197	-	14,966,197
Placement with Bank and Financial Institutions		-	-	-
Derivative financial instruments		-	-	-
Other trading assets		-	-	-
Loan and advances to B/FIs		-	-	-
Loans and advances to customers	a	587,805,589	3,237,022	591,042,611
Investment securities	b	6,727,064	854,166	7,581,230
Current tax assets		4,987,446	-	4,987,446
Investment in subsidiaries		-	-	-
Investment in associates		-	-	-
Investment property		-	-	-
Property and equipment	c	5,981,237	(393,443)	5,587,794
Goodwill and Intangible assets	d	-	393,443	393,443
Deferred tax assets	e	4,855,452	(1,597,363)	3,258,089
Other assets	f	2,628,986	(1,243,738)	1,385,248
<b>Total Assets</b>		<b>771,130,179</b>	<b>1,250,086</b>	<b>772,380,265</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions		-	-	-
Due to Nepal Rastra Bank		-	-	-
Derivative financial instruments		-	-	-
Deposits from customers		546,721,391	-	546,721,391
Borrowing		-	-	-
Current Tax Liabilities		-	-	-
Provisions		-	-	-

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Deferred tax liabilities		-	-	-
Other liabilities		5,757,557	-	5,757,557
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
<b>Total liabilities</b>		<b>552,478,948</b>	<b>-</b>	<b>552,478,948</b>
<b>Equity</b>				
Share capital	g	210,000,000	-	210,000,000
Share premium		6,796,664	-	6,796,664
Retained earnings	h	(14,470,041)	5,600,681	(8,869,360)
Reserves	i	16,324,610	(4,350,597)	11,974,013
<b>Total equity attributable to equity holders</b>		<b>218,651,233</b>	<b>1,250,084</b>	<b>219,901,317</b>
Non-controlling interest				
<b>Total equity</b>		<b>218,651,233</b>	<b>1,250,084</b>	<b>219,901,317</b>
<b>Total liabilities and equity</b>		<b>771,130,181</b>	<b>1,250,084</b>	<b>772,380,265</b>

## b) As at 32 Ashad 2075

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
<b>Assets</b>				
Cash and cash equivalent		511,896,102	(1)	511,896,101
Due from Nepal Rastra Bank		44,419,406	-	44,419,406
Placement with Bank and Financial Institutions		-	-	-
Derivative financial instruments		-	-	-
Other trading assets		-	-	-
Loan and advances to B/FIs		-	-	-
Loans and advances to customers	a	494,394,841	2,495,367	496,890,208
Investment securities	b	16,919,388	656,432	17,575,820
Current tax assets		-	-	-
Investment in subsidiaries		-	-	-
Investment in associates		-	-	-
Investment property		-	-	-
Property and equipment	c	12,390,048	(218,777)	12,171,271
Goodwill and Intangible assets	d	-	218,777	218,777
Deferred tax assets	e	5,008,163	(61,414)	4,946,749
Other assets	f	3,420,344	(1,647,502)	1,772,842
<b>Total Assets</b>		<b>1,088,448,292</b>	<b>1,442,882</b>	<b>1,089,891,174</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions		-	-	-
Due to Nepal Rastra Bank		-	-	-
Derivative financial instruments		-	-	-
Deposits from customers		784,638,039	1	784,638,040
Borrowing		-	-	-
Current Tax Liabilities		1,147,452	-	1,147,452
Provisions		-	-	-
Deferred tax liabilities		-	-	-

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Other liabilities		8,539,175	-	8,539,175
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
<b>Total liabilities</b>		<b>794,324,666</b>	<b>1</b>	<b>794,324,667</b>
<b>Equity</b>				
Share capital	g	279,350,800	(69,350,800)	210,000,000
Share premium		6,796,664	-	6,796,664
Retained earnings	h	(10,159,879)	6,349,332	(3,810,547)
Reserves	i	18,136,039	64,444,351	82,580,390
<b>Total equity attributable to equity holders</b>		<b>294,123,624</b>	<b>1,442,883</b>	<b>295,566,507</b>
Non-controlling interest				-
<b>Total equity</b>		<b>294,123,624</b>	<b>1,442,883</b>	<b>295,566,507</b>
<b>Total liabilities and equity</b>		<b>1,088,448,290</b>	<b>1,442,884</b>	<b>1,089,891,174</b>

iv) **Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for the year ended on 32 Ashad 2075**

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Interest income	j	86,471,000	(1,142,985)	85,328,015
Interest expense		55,485,385	-	55,485,385
<b>Net interest income</b>		<b>30,985,615</b>	<b>(1,142,985)</b>	<b>29,842,630</b>
Fee and commission income	k	51,080	3,261,099	3,312,179
Fee and commission expense		-	-	-
<b>Net fee and commission income</b>		<b>51,080</b>	<b>3,261,099</b>	<b>3,312,179</b>
<b>Net interest, fee and commission income</b>		<b>31,036,695</b>	<b>2,118,114</b>	<b>33,154,809</b>
Net trading income		-	-	-
Other operating income	k	3,357,784	(3,119,377)	238,407
<b>Total operating income</b>		<b>34,394,479</b>	<b>(1,001,263)</b>	<b>33,393,216</b>
Impairment charge/(reversal) for loans and other losses	l	(1,115,531)	(360,362)	(1,475,893)
<b>Net operating income</b>		<b>35,510,010</b>	<b>(640,901)</b>	<b>34,869,109</b>
<b>Operating expense</b>				-
Personnel expenses	j	10,538,582	2,433	10,541,015
Other operating expenses		10,980,301	1	10,980,302
Depreciation & Amortisation		2,039,189	1	2,039,190
<b>Operating Profit</b>		<b>11,951,938</b>	<b>(643,336)</b>	<b>11,308,602</b>
Non operating income	k	110,256	(110,256)	-
Non operating expense	k	-	31,466	31,466
<b>Profit before income tax</b>		<b>12,062,194</b>	<b>(785,058)</b>	<b>11,277,136</b>
Income tax expense				
Current Tax		6,134,899	(1)	6,134,898
Deferred Tax	m	(152,711)	(1,380,996)	(1,533,707)
<b>Profit for the period</b>		<b>6,080,006</b>	<b>595,939</b>	<b>6,675,945</b>
<b>Other comprehensive income, net of income tax</b>				
<b>a) Items that will not be reclassified to profit or loss</b>				
Gain/(loss) from investments in equity instruments measured at fair value	b	-	(516,509)	(516,509)

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Gain/(loss) on revaluation		-	-	-
Actuarial gains/(losses) on defined benefit plans		-	-	-
Income tax relating to above items	m	-	154,953	154,953
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		-	<b>(361,556)</b>	<b>(361,556)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>		-		-
Gains/(losses) on cash flow hedge		-	-	-
Exchange gain/(losses) arising from translating financial assets of foreign operation		-	-	-
Income tax relating to above items		-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		-	-	-
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>			-	-
<b>Other comprehensive income for the period, net of income tax</b>		-	<b>(361,556)</b>	<b>(361,556)</b>
<b>Total comprehensive income for the period</b>		<b>6,080,006</b>	<b>234,383</b>	<b>6,314,389</b>

**v) Effect of NFRS adoption for the statement of cash flows for the year ended on 32 Ashad 2075**

The regrouping of various assets and liabilities has resulted in changes in the form of presentation of cash flow. NFRS itself does not change the cash flow status.

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Cash flow from operating activities		(36,459,431)	354,018,736	317,559,305
Cash flow from investing activities		(5,528,586)	(12,663,625)	(18,192,211)
Cash flow from financing activities		69,350,800	-	69,350,800
<b>Net cash inflow/(outflow) during the period</b>		<b>27,362,783</b>	<b>341,355,111</b>	<b>368,717,894</b>
Cash and cash equivalent at the beginning of the period		41,873,879	101,304,328	143,178,207
<b>Cash and cash equivalent at the end of the period</b>		<b>69,236,662</b>	<b>442,659,439</b>	<b>511,896,101</b>

## Notes to Reconciliation

For the year ended on 31 Asar 2076

### a. Loans and Advance to Customers

Particulars	01 Shrawan 2074	32 Ashad 2075
Staff loan included from other assets	1,253,470	1,746,172
Amortization impact on staff loan	(9,731)	(98,669)
Accrued interest on loan included with loan	1,993,283	847,864
<b>Total Change</b>	<b>3,237,022</b>	<b>2,495,367</b>
<b>Remeasurement change on NFRS</b>	<b>(9,731)</b>	<b>(98,669)</b>
<b>Regrouping change on NFRS</b>	<b>3,246,753</b>	<b>2,594,036</b>

### b. Investment Securities

Particulars	01 Shrawan 2074	32 Ashad 2075
Investment in shares measured at fair value	721,223	204,714
Reversal of earlier accounted investment revaluation	-	(41,585)
Adjustment to earlier loss allowance on shares	132,941	493,302
Incremental change in fair value of shares	721,223	516,509
<b>Total</b>	<b>854,164</b>	<b>656,431</b>
<b>Remeasurement change on NFRS</b>	<b>132,941</b>	<b>451,717</b>
<b>Regrouping change in NFRS</b>	<b>721,223</b>	<b>204,714</b>

### c. Property and Equipment

Particulars	01 Shrawan 2074	32 Ashad 2075
Software reclassified to intangible assets	(393,443)	(218,777)
<b>Regrouping change on NFRS</b>	<b>(393,443)</b>	<b>(218,777)</b>

### d. Goodwill and Intangible Assets

Particulars	01 Shrawan 2074	32 Ashad 2075
Software reclassified from property and equipment	393,443	218,777
<b>Regrouping change on NFRS</b>	<b>393,443</b>	<b>218,777</b>

### e. Deferred Tax Assets/Liabilities

Particulars	01 Shrawan 2074	32 Ashad 2075
Deferred tax impact on fair valuation of shares	(216,368)	(61,415)
Deferred tax impact on other items	(1,380,995)	1
<b>Revised deferred tax (liability) -remeasurement change</b>	<b>(1,597,363)</b>	<b>(61,414)</b>

### f. Other Assets

Particulars	01 Shrawan 2074	32 Ashad 2075
Staff loan transferred to loans to customer	(1,253,470)	(1,746,172)
Deferral of amortization of staff loan in NFRS	9,731	98,669
<b>Net Change</b>	<b>(1,243,739)</b>	<b>(1,647,503)</b>
<b>Regrouping change in NFRS</b>	<b>(1,253,470)</b>	<b>(1,746,172)</b>
<b>Remeasurement change in NFRS</b>	<b>9,731</b>	<b>98,669</b>

### g. Equity Share Capital

Particulars	01 Shrawan 2074	32 Ashad 2075
Adjustment of proposed bonus shares		
Share issue expenses adjusted to equity capital	-	-
Calls in advance included in retained earning		(69,350,800)
<b>Net Change</b>	-	<b>(69,350,800)</b>
Regrouping change on NFRS	-	(69,350,800)

### h. Retained Earning

The following is the impact on retained earning on adoption of NFRS.

Particulars	01 Shrawan 2074	32 Ashad 2075
<b>Retained Earning previously reported</b>	<b>(14,470,041)</b>	<b>(10,159,879)</b>
Regrouping adjustment:		
Interest suspense transferred to interest income	1,993,283	847,864
Impairment loss on share reversed	132,941	493,302
Share issue expenses adjusted to equity	-	-
Reversal of deferred tax reserve	4,855,452	5,008,163
Remeasurement adjustment:		
Equity method accounting of associate		
Deferred tax adjustment	(1,380,995)	
<b>Net Change</b>	<b>5,600,681</b>	<b>6,349,329</b>
<b>Reported in NFRS</b>	<b>(8,869,360)</b>	<b>(3,810,550)</b>

### i. Reserves

Particulars	01 Shrawan 2074	32 Ashad 2075
<b>Reserves previously reported</b>	<b>428,741,825</b>	<b>397,513,726</b>
Regrouping adjustment:		
Reversal of deferred tax reserve	(4,855,452)	(5,008,163)
Calls in advance included as capital adjustment		69,350,800
Remeasurement adjustment:		
Reversal of earlier accounted investment revaluation		(41,585)
Fair value reserve on measurement of shares at fair value through OCI, net of deferred tax	504,855	143,299
<b>Net Change</b>	<b>(4,350,597)</b>	<b>64,444,351</b>
<b>Reported in NFRS</b>	<b>424,391,228</b>	<b>461,958,077</b>

### j. Interest Income

Particulars		2074-75
Interest on loan to customer on accrual basis reversal		(1,145,419)
Additional interest income on staff loan with corresponding debit to personnel expenses		2,433
<b>Net Change</b>	<b>0</b>	<b>(1,142,986)</b>
<b>Remeasurement change on NFRS</b>	<b>0</b>	<b>(1,142,986)</b>

### k. Fees and Commission Income / Other Operating Income

Changes has arisen due to regrouping of line items previously included in other operating income (Rs.3,119,377), non operating income (Rs. 110,256) and non operating expenses (Rs. 31,466).

Particulars		2074-75
Transferred from other operating income		3,119,377
Transferred from non operating income		110,256
Transferred from non operating expenses		31,466
<b>Net Change - regrouping change</b>	<b>0</b>	<b>3,261,099</b>

#### l. Impairment charge/(reversal) for loans and other losses

Particulars		2074-75
As per previous reporting framework, shares were measured at cost and any share whose market value was below their cost, the excess of cost over market value of such share was included as impairment through profit or loss. This has not been routed through OCI along with fair value measurement of all shares in OCI.		(360,361)
<b>Total Change</b>		<b>(360,361)</b>
<b>Regrouping change on NFRS</b>		<b>(360,361)</b>

#### m. Deferred tax expenses or income

Particulars		2074-75
Restated opening balance of deferred tax assets/(liability)		3,258,089
Restated closing balance of deferred tax assets/(liability)		4,946,749
Deferred tax impact taken in OCI		154,953
<b>Revised deferred tax income</b>		<b>1,533,707</b>
<b>Previous deferred tax income</b>		<b>(152,711)</b>
<b>Remeasurement change (income) in Profit or Loss</b>		<b>(1,380,996)</b>
<b>Remeasurement change (income) in OCI</b>		<b>154,953</b>

## Major Financial Indicators of Last Five Years

For the year ended on 31 Asar 2076

Note: 5.11

S.N.	Particulars	Indicator	2075-76	2074-75*	2073-74	2072-73	2071-72
1	Net profit/total income	%	17.64	7.51	14.18	24.80	(5.46)
2	Earning per share						
	Basic earning per share	Rs.	8.64	4.75	6.21	10.13	(4.43)
	Diluted earning per share	Rs.	8.64	4.75	6.21	10.13	(4.43)
3	Market price per share	Rs.	138.00	135.00	232.00	232.00	145.00
4	Price/earning ratio	Times	15.97	28.42	37.36	22.90	(32.73)
5	Dividend or bonus per share	Rs.	-	-	-	-	-
6	Cash dividend	Rs.	-	-	-	-	-
7	Interest income/loan and advances	%	14.00	16.64	12.25	9.98	18.27
8	Employee expenses/total operating expenses	%	50.29	44.74	14.38	21.29	22.65
9	Employee expenses/total deposit and borrowing	%	1.90	1.34	1.62	1.70	3.05
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	22.71	11.44	17.36	23.84	3.90
12	Net profit/loans and advances	%	2.79	1.34	2.15	4.54	-2.02
13	Net profit/total assets	%	1.43	0.61	1.68	2.78	-1.33
14	Total loans and advances/total deposit	%	93.21	65.35	110.69	83.82	87.06
15	Total operating expenses/total assets	%	2.13	2.16	7.92	5.85	10.21
16	Capital adequacy ratio						
	a) Core Capital	%	65.55	38.59	32.20	34.84	28.87
	b) Supplementary Capital	%	0.96	0.79	1.62	0.88	1.06
	c) Total Capital Fund	%	66.51	39.38	33.82	35.72	29.92
17	Cash reserve ratio (CRR)	%			2.74	3.19	7.16
18	NPAs/total loan and advances	%	1.43	1.90	1.67	1.59	2.90
19	Base rate	%	10.55				
20	Weighted average interest rate spread	%	4.53		3.99	6.50	7.76
21	Book net worth	Rs.	105.55	140.75	104.12	95.45	77.26
22	Total shares	No.	8001000	2,100,000	2,100,000	2,001,600	1,200,000
23	Total employees	No.	38	31	19	19	15
24	Others:						
	Per employee business (Rs. In lakh)	%	26799684	16,460,387	31,850,455	23,532,700	17,591,739
	Employee expenses/total income	%	13.22	11.86	9.62	11	

## Note: 5.12

Regulatory Reserve Consists of the following:

Regulatory Reserve	Upto 74-75	Upto 75-76	Total
Interest income on NFRS	847,864.00	5,738,618.00	6,586,482.00
Loss on investment	493,302.00	800,544.00	1,293,846.00
Deferred tax	-	364,505.00	364,505.00
<b>Total</b>	<b>1,341,166.00</b>	<b>6,903,667.00</b>	<b>8,244,833.00</b>

In relation to the loans categorised under pass, watchlist and substandard category, accrued interest of Rs. 847,864 for the FY 2074/75 and Rs. 5,738,618 for the FY 2075/76 has been recognised as interest income for the respective year. The same amount has been transferred to regulatory reserve for the FY 2074/75 and 2075/76.

Further, an amount of Rs. 493,302 for the FY 2074/75 and Rs. 800,554 for the FY 2075/76 has been transferred to Regulatory Reserve for loss incurred on the investment.

Rs. 450,068 has been categorised as deferred tax asset during the FY 2075/76 which comprise of Deferred Tax Asset of Rs. 85,563 for the loss on investment. The loss on investment amounting to Rs. 85,563 has been transferred separately as loss on investment under regulatory reserve. Hence, regulatory reserve for deferred tax asset of Rs. 364,505 has been created net of loss on investment during the year.

Ageing of Accrued Interest Receivables	As on 2074.75	As on 2075.76
Pass	617,681.27	5,331,593.47
Watch list	86,047.97	906,932.14
Substandard	144,134.88	347,956.61
Doubtful	1,342.80	178,804.02
Loss	1,718,015.97	2,449,931.76
<b>Total</b>	<b>2,567,222.89</b>	<b>9,215,218.00</b>

## Comparison Audited and Unaudited Financial Statements

Fiscal Year: 2075-76

Amount in '000

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
<b>Assets</b>					
Cash and cash equivalent	794,407,800	794,546,538	138,738	0.02	Regrouping with due from NRB
Due from Nepal Rastra Bank	36,972,521	36,833,783	(138,738)	(0.38)	Regrouping with cash and cash equivalent
Placement with Bank and Financial Institutions	-	-	-		
Derivative financial instruments	-	-	-		
Other trading assets	-	-	-		
Loan and advances to B/FIs	-	77,110,815	77,110,815	100%	Loan to microfinance was not separately presented on interim report.
Loans and advances to customers	1,007,209,801	934,107,206	(73,102,595)	(7.26)	Regrouping with loans and advance to BFIs, AIR on loans (net of suspense) included along with loan which was included in other assets in unaudited
Investment securities	89,838,303	89,853,940	15,637	0.02	Recomputation of fair values of share investment
Current tax assets	-	-	-		
Investment in subsidiaries	-	-	-		
Investment in associates	-	-	-		
Investment property	-	-	-		
Property and equipment	19,029,404	20,238,867	1,209,463	6.36	Recalculation of depreciation on property and equipment
Goodwill and Intangible assets	1,639,545	1,743,000	103,455	6.31	Recalculation of amortization
Deferred tax assets	5,211,937	450,068	(4,761,869)	(91.36)	Deferred tax was not calculated on unaudited figures
Other assets	28,448,387	21,890,797	(6,557,590)	(23.05)	AIR (net of interest suspense) included in loans to customer
<b>Total Assets</b>	<b>1,982,757,698</b>	<b>1,976,775,014</b>	<b>(5,982,684)</b>	<b>(0.30)</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	-	40,054,073	40,054,073		Regrouping with deposit from customer
Due to Nepal Rastra Bank	-	-	-		
Derivative financial instruments	-	-	-		
Deposits from customers	1,111,009,290	1,070,955,210	(40,054,080)	(3.61)	Regrouping with deposit from customer
Borrowing	-	-	-		
Current Tax Liabilities	5,932,499	5,735,847	(196,652)	(3.31)	Changes in profit for the year along with netting impact

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Provisions	-	-	-	-	
Deferred tax liabilities	-	-	-	-	
Other liabilities	15,616,825	15,500,203	(116,622)	(0.75)	Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.
Debt securities issued	-	-	-	-	
Subordinated Liabilities	-	-	-	-	
<b>Total liabilities</b>	<b>1,132,558,614</b>	<b>1,132,245,333</b>	<b>(313,281)</b>	<b>(0.03)</b>	
<b>Equity</b>					
Share capital	797,275,330	800,100,000	2,824,670	0.35	Reclassification of share issue expenses
Share premium	7,124,781	7,124,781	-	-	
Retained earnings	21,311,510	10,867,025	(10,444,485)	(49.01)	Resulting change of all adjustments related to Statement of Profit or Loss and regulatory reserve
Reserves	24,487,464	26,437,875	1,950,411	7.96	Change in profit changed the allocation to reserves along with change in fair value of investment
<b>Total equity attributable to equity holders</b>	<b>850,199,085</b>	<b>844,529,681</b>	<b>(5,669,404)</b>	<b>(0.67)</b>	
Non-controlling interest		-			
<b>Total equity</b>	<b>850,199,085</b>	<b>844,529,681</b>	<b>(5,669,404)</b>	<b>(0.67)</b>	
<b>Total liabilities and equity</b>	<b>1,982,757,699</b>	<b>1,976,775,014</b>	<b>(5,982,685)</b>	<b>(0.30)</b>	

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Interest income	144,703,698	144,972,644	268,946	0.19	Change in accrued interest on recalculation
Interest expense	74,159,738	74,159,738	-	-	
<b>Net interest income</b>	<b>70,543,960</b>	<b>70,812,906</b>	<b>268,946</b>	<b>0.38</b>	
Fee and commission income	10,264,763	10,264,763	-	-	
Fee and commission expense	-	-	-	-	
<b>Net fee and commission income</b>	<b>10,264,763</b>	<b>10,264,763</b>	<b>-</b>	<b>-</b>	
Other operating income	201,166	201,166	-	-	
<b>Total operating income</b>	<b>81,009,889</b>	<b>81,278,835</b>	<b>268,946</b>	<b>0.33</b>	

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Impairment charge/(reversal) for loans and other losses	(6,885,580)	(4,213,828)	2,671,752	(38.80)	Impact of revised calculation of fair value of shares and change in impairment of loan
Net operating income	87,895,469	85,492,663	(2,402,806)	(2.73)	
Personnel expenses	21,220,887	21,157,139	(63,748)	(0.30)	Finalized calculation of gratuity and bonus
Other operating expenses	20,933,050	20,914,413	(18,637)	(0.09)	Correction on calculation of depreciation and few other expenses booked as payable
<b>Operating profit</b>	<b>45,741,532</b>	<b>43,421,111</b>	<b>(2,320,421)</b>	<b>(5.07)</b>	
Non operating income/(expense)	4,616,458	4,616,458	-	-	
Profit before tax	50,357,990	48,037,569	(2,320,421)	(4.61)	
Income tax	15,361,759	19,808,765	4,447,006	28.95	Final calculation of income tax expenses for the period
<b>Profit/(loss) for the period</b>	<b>34,996,231</b>	<b>28,228,804</b>	<b>(6,767,427)</b>	<b>(19.34)</b>	
			-		
Other comprehensive income	(353,894)	(342,947)	10,947	(3.09)	Finalization of fair value of investment
<b>Total comprehensive income</b>	<b>34,642,337</b>	<b>27,885,857</b>	<b>(6,756,480)</b>	<b>(19.50)</b>	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	34,996,231	28,228,804	(6,767,427)	(19.34)	
Add/Less: Regulatory adjustment as per NRB Directive		(1,895,504)	(1,895,504)		In interim report, regulatory adjustment was not made.
<b>Free profit/(loss) after regulatory adjustments</b>	<b>34,996,231</b>	<b>26,333,300</b>	<b>(8,662,931)</b>	<b>(24.75)</b>	



**नेपाल राष्ट्र बैंक**  
**वित्त कम्पनी सुपरिवेक्षण विभाग**  
**गैर-स्थलगत सुपरिवेक्षण इकाई**



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन : ४४१९८०४/४४१९२५०  
फ्याक्स : ४४१५१५८  
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पोष्ट बक्स : ७३

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/०२/२०७६-७७ **1986**  
प्रोग्रेसिभ फाइनेन्स लिमिटेड  
तीनकुने, काठमाडौं।

मिति २०७६/०८/१९

**विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा।**

महाशय,

तर्हावाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न प्रचलित कानुनी व्यवस्थाको पालना गर्ने गरी 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 गर्नुहुन।
२. नियमित रुपमा Sytem Audit गर्ने व्यवस्था मिलाउनु हुन।
३. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरुको पूर्ण पालना गर्ने सञ्चालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ।

उपर्युक्त निर्देशनलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु।

भवदीय,

(खिलनाथ दहाल)  
सहायक निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक  
बैंक तथा वित्तीय संस्था नियमन विभाग।
२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, प्रोग्रेसिभ फाइनेन्स लिमिटेड



च.नं. २७१-०७६/०७७

श्री नेपाल राष्ट्र बैंक,  
वित्त कम्पनी सुपरिवेक्षण विभाग  
बालुवाटार, काठमाण्डौ



मिति: २०७६/०९/१३

**विषय: आ.व ०७५/०७६ को बार्षिक साधारण सभा गर्न स्वीकृति दिँदा औल्याइएका कैफियत सम्बन्धमा ।**

महोदय,

उपरोक्त विषयमा तहाँको मिति २०७६/०८/१९ को पत्र संख्या वि.क.सु.वि./अफसाईट /एजिएम/०२/०७६/०७७ को पत्रबाट यस वित्तीय संस्थाको २३ औं बार्षिक साधारण सभा प्रयोजनका लागि आ.व ०७५/०७६ को वित्तीय विवरण प्रकाशन गर्न स्वीकृति दिँदा दिईएका निर्देशनमा थप स्पष्ट गर्ने सम्बन्धमा संस्थाको मिति २०७६/०८/२९ गते बसेको संचालक समितिको ४३७ औं बैठकमा छलफल हुँदा तपसील बमोजिमको जवाफ तथा प्रतिक्रिया पठाउने निर्णय भएको हुँदा उक्त व्यहोराको जानकारीका लागि अनुरोध छ ।

**भएको निर्णय र प्रतिक्रियाको व्यहोरा:**

१. त्यस बैंकबाट प्राप्त निर्देशनहरुको पूर्ण पालना गर्न र लेखापरीक्षण प्रतिवेदनमा औल्याइएका कैफियतहरुलाई पुनः नदोहोरिने गरी सुधारलाई निरन्तरता दिनेछौं ।
२. नियमित रुपमा System Audit गर्ने व्यवस्था मिलाउन आवश्यक कार्य गर्नेछौं ।
३. प्राप्त निर्देशन अनुसार सम्पत्ति शुद्धिकरण (मनी लाउन्डरिङ) निवारण ऐन, २०६४, सम्पत्ति शुद्धिकरण (मनी लाउन्डरिङ) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकिकृत निर्देशन तथा परिपत्रका व्यवस्थाहरुको पूर्ण पालना गर्न संचालक समिति तथा प्रमुख कार्यकारी अधिकृत प्रतिबद्ध रहेको व्यहोरा जानकारी गराउदछौं ।

विशाल हुमागाँई  
प्रमुख कार्यकारी अधिकृत

## This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for handwriting practice. There are no margins, text, or other markings on the page.

## This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# प्रोग्रेसिभ फाइनेन्सका शाखा/कार्यालयहरू



कorporेट कार्यालय



नयुरोड मुख्य शाखा



बनेपा शाखा



पोखरा शाखा



सुलेला शाखा



ललितपुर शाखा



कीर्तिपुर शाखा



पुल्चोक काउन्टर



थिम्फु काउन्टर



थिम्फु काउन्टर



महालक्ष्मी शाखा काउन्टर

# यस संस्थाबाट प्रवाहित सेवाहरू

## व्यापारिक कर्जा



## निक्षेप तर्फ

१. गृहणी निक्षेप
२. जेष्ठ नागरिक निक्षेप
३. कृषक/ मजदुर/ एकल महिला (पुरुष)
४. अन्य बचत योजना
५. संस्थागत कल/करेण्ट खाता

## हायर पर्चेज कर्जा

(निजी तथा व्यापारिक प्रयोजन)  
सवारी साधन, घरायसी तथा  
कार्यालय उपकरण खरिद



## आवास कर्जा

भवन निर्माण  
(निजी तथा व्यापारिक प्रयोजन)  
जग्गा खरिद  
(निजी तथा व्यापारिक प्रयोजन)  
भवन मर्मत तथा सम्भार



## सामाजिक कर्जा

सामाजिक कार्य गर्न  
तथा औषधि उपचार गर्न



## औद्योगिक कर्जा

(स्थिर तथा चालु पूँजी)



## विपन्न वर्ग कर्जा



## अन्य कर्जा

(रोचक तथा स्टक सुरक्षण)



## हाम्रा रेमिटेन्स सेवाहरू:

