



# 26<sup>th</sup> ANNUAL REPORT

## FISCAL YEAR 2078/79



नेपाल राष्ट्र बैङ्कबाट 'ज' वर्गको इजाजतपत्रप्राप्त राष्ट्रिय स्तरको वित्तीय संस्था



**Progressive  
Finance Limited**

प्रोग्रेसिभ फाइनेन्स लिमिटेड

# BOARD OF DIRECTORS



**Kishore Kumar Maharjan**

Chairman



**Sambhu Lal Dangol**

Director



**Bikash Maharjan**

Director



**Samundra Kaji Shrestha**

Director



**Sabina Maharjan**

Director



**Biplove Singh**

Director



**Anil Shrestha**

Chief Executive Officer



**Rubish Shrestha**

Company Secretary

## प्रोग्रेसिभ फाइनेन्स लि. को २६औं वार्षिक साधारण सभा सम्बन्धी सूचना

यस वित्तीय संस्थाको सञ्चालक समितिको मिति २०८०/०९/१६ मा बसेको ५०९ औं बैठकको निर्णयानुसार संस्थाको २६औं वार्षिक साधारण सभा निम्न विषयहरू उपर छलफल गर्न देहाय बमोजिमको मिति, समय र स्थानमा हुने हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको उपस्थिति तथा जानकारी लागि यो सूचना प्रकाशित गरिएको छ ।

### सभा हुने मिति, समय र स्थान:

मिति: २०८० साल माघ २२ गते, सोमबार (तदनुसार फरबरी ५, २०२४)

समय: बिहान ११:०० बजे ।

स्थान: ज्यापु प्रज्ञा भवन, भोलगणेश, ललितपुर म.न.पा. वडा नं. ९, ललितपुर ।

### छलफलका विषयहरू:

#### (क) सामान्य प्रस्तावहरू:-

१. सञ्चालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने सम्बन्धमा ।
२. संस्थाको आ.व. २०७८/०७९ को अन्तिम लेखापरीक्षण प्रतिवेदन, वित्तीय अवस्थाको विवरण (वासलात), नाफा/नोक्सान विवरण (अन्य विस्तृत आम्दानीको विवरण सहित), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, यससँग सम्बन्धित अनुसूची लगायत लेखा सम्बन्धी टिप्पणी आदि विवरण छलफल गरी पारित गर्ने सम्बन्धमा ।
३. कम्पनी ऐन, २०६३ को दफा १११ अनुसार आ.व. २०७९/०८० को लागि वाह्य लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने सम्बन्धमा । (हालका लेखापरीक्षक श्री रन्जीव एण्ड एशोशिएट्स, चार्टर्ड एकाउन्टेन्ट्स पुनः नियुक्ति हुनका लागि योग्य हुनुहुन्छ ।)
४. सञ्चालक समितिमा बाँकी कार्यकालका लागि भएको संचालकहरूको नियुक्ति अनुमोदन गर्ने सम्बन्धमा ।
५. संस्थापक समुह "क" तर्फका ३ (तीन) जना तथा सर्वसाधारण समुह "ख" तर्फका एक महिला सहित ३ (तीन) संचालकहरूको निर्वाचन गर्ने सम्बन्धमा ।
६. विविध ।

सञ्चालक समितिको आज्ञाले  
कम्पनी सचिव



## प्रोग्रेसिभ फाइनेन्स लिमिटेडको २६ औं वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

१. यस वित्तीय संस्थाको २६औं वार्षिक साधारण सभाको प्रयोजनको लागि शेयर दाखिल खारेजको काम मिति २०८०/१०/०७ गते १ (एक) दिन बन्द रहनेछ । साथै, नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०८०/१०/०६ गते सम्म कारोवार भई प्रचलित कानून बमोजिम यस वित्तीय संस्थाको शेयर रजिष्ट्रार सनराइज क्यापिटल लिमिटेड, (तत्कालिन सनराइज क्यापिटल लिमिटेड) काठमाण्डौमा प्राप्त शेयर नामसारी लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले मात्र उक्त सभामा भाग लिन पाउने छन् ।
२. शेयरधनी महानुभावहरूले आफ्नो परिचय दिने आधिकारिक परिचयपत्र तथा साधारणसभा प्रयोजनार्थ जारी प्रवेश पत्र वा नागरिकताको प्रमाणपत्रको प्रतिलिपि वा शेयर प्रमाणपत्रको प्रतिलिपि/हितग्राही खाता नम्बर लिई आउनु हुन अनुरोध गरिन्छ । सभा शुरु 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 शुरु हुनु भन्दा ४८ घण्टा अगावै वित्तीय संस्थाको कर्पोरेट कार्यालय, तिनकुने, काठमाण्डौमा 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 राखि 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 घण्टाअगावै दिई सक्नुपर्नेछ ।
७. नावालक वा विभिन्न शेयरधनीहरूको तर्फबाट वित्तीय संस्थाको शेयर लगत किताबमा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि (प्रोक्सी) टोकन 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 विहान १०:३० बजेदेखि खुल्ला रहनेछ ।
१२. छलफलको विषयमध्ये विविध शीर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनीहरूले सभा शुरु 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. संचालकको निर्वाचन सम्बन्धि कार्यतालिका यस वित्तीय संस्थाको केन्द्रिय कार्यालयको सुचना पाटीमा सभा हुनुभन्दा ७ दिन अगावै टाँस गरिनेछ । बैंक तथा वित्तीय संस्था सम्बन्धि ऐन २०७३, यस संस्थाबाट जारी विभिन्न निति तथा निर्देशिकाहरू, प्रचलित कानून तथा नेपाल राष्ट्र बैंकले जारी गरेका निर्देशनहरूमा उल्लेखित योग्यता पुग्ने शेयरधनी मात्र सञ्चालकको उम्मेदवार हुन सक्नेछ ।
१६. साधारणसभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र वित्तीय संस्थाको कर्पोरेट कार्यालय, तिनकुने, काठमाण्डौमा सम्पर्क राख्न सकिने छ ।
१७. सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरूले साधारण सभासँग सम्बन्धित कागजातहरू बाहेक यथासक्य भोला प्याकेट आदि नलिई आउनु हुन अनुरोध छ ।

## प्रोक्सी फारम

श्री सञ्चालन समिति  
प्रोग्रेसिभ फाइनेन्स लिमिटेड  
का.म.न.पा. ३२, काठमाडौं ।

**विषय: प्रतिनिधि नियुक्त गरेको बारे ।**

महाशय,

जिल्ला ..... न.पा./गा.वि.स. वडा नं. .... बस्ने म/हामी ..... ले  
त्यस कम्पनीको शेयरवालाको हैसियतले २०८० साल माघ २२ गते, सोमबारका दिन हुने २६औं वार्षिक साधारण सभामा स्वयम् उपस्थिति  
भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन र मतदान गर्नको लागि तपशिलमा उल्लेखित व्यक्ति  
लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

**प्रतिनिधिको**

**सही**

नाम:

ठेगाना:

शेयर प्रमाण पत्र नं. ....

डिम्याट नं.: ....

शेयर किता नं.: ....

**निवेदक**

दस्तखत:

नाम:

ठेगाना:

शेयर प्रमाण पत्र नं. ....

डिम्याट नं.: ....

शेयर किता नं.: ....

मिति: २०८०/...../.....

**द्रष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको कर्पोरेट कार्यालयमित्र पेश गरिसक्नु पर्नेछ ।**

## प्रोग्रेसिभ फाइनेन्स लिमिटेड

### प्रवेश-पत्र

शेयरधनीको नाम : .....

शेयर प्रमाण पत्र नं. : ..... शेयर समुह: ..... शेयर किता: .....

यस कम्पनीको २६औं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा हुने भएकाले उक्त सभामा उपस्थित हुन यो प्रवेश-पत्र जारी गरिएको छ ।

#### साधारण सभा हुने

मिति : २०८० साल माघ २२ गते, सोमबार (तदनुसार फरबरी ५, २०२४)

समय : बिहान ११:०० बजे ।

स्थान : ज्यापु प्रज्ञा भवन, भोल गणेश, ललितपुर म.न.पा. वडा नं. ९, ललितपुर ।

.....  
शेयरधनीको दस्तखत

.....  
कम्पनी सचिव

## विषय-सूचि

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## प्रोग्रेसिभ फाइनेन्स लिमिटेड २६औं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत प्रतिवेदन

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको २६औं वार्षिक साधारण सभामा आफ्नो अमूल्य समय दिई उपस्थित हुनुभएका आदरणीय शेयरधनी महानुभाव, प्रतिनिधि, पर्यवेक्षक तथा अतिथिज्यूहरूमा सञ्चालक समितिको तर्फबाट हार्दिक स्वागत तथा अभिवादन व्यक्त गर्दछु ।

यस गरिमामय सभा समक्ष यस वित्तीय संस्थाको आ.व.२०७८/०७९ को वित्तीय अवस्थाको विवरण, नाफा नोक्सान हिसाब विवरण, नगद प्रवाह, इक्विटीमा आएको परिवर्तन तथा अनुसूचिहरू सहितका विवरण र लेखापरीक्षकको प्रतिवेदन सहितको वार्षिक प्रतिवेदन आदरणीय शेयरधनी महानुभावहरू समक्ष प्रस्तुत गरिसकिएको हुँदा सोको अध्ययन भै भविष्यमा यस वित्तीय संस्थाले निर्वाह गर्नुपर्ने भुमिकाका सम्बन्धमा यहाँहरूबाट सदा भैं अमूल्य सल्लाह एवं सुझाव प्रदान गर्नु हुनेछ भन्ने विश्वास लिएका छौं । हाम्रो उद्देश्य सधैं नै देशले अवलम्बन गरेका नियम तथा कानूनलाई अक्षरशः परिपालन गर्दै हाम्रा ग्राहकहरूलाई आधुनिक प्रविधिको प्रयोग र दक्ष मानव संसाधनद्वारा उत्कृष्ट सेवा प्रदान गर्ने, छरिएर रहेका पुँजीहरूलाई एकिकृत गरी समुचित लगानी गर्ने, लगानीकर्ताहरूलाई समुचित प्रतिफल प्रदान गर्न प्रयासरत रहने, संस्थामा राम्रो संस्थागत सुशासन र नैतिक आचरण कायम राख्ने नै रहि आएको छ । अझै हामीले व्यवसाय विस्तारका निम्ति पुरा गर्नुपर्ने लामो यात्रा बाँकी नै रहेकोले आगामी दिनहरूमा समेत यहाँहरूले यस वित्तीय संस्थाको प्रगतिमा उत्तिकै साथ दिनुहुनेछ भन्ने हामीले विश्वास लिएका छौं ।

## क) विगत वर्षको कारोबारको तुलनात्मक विश्लेषण :

विस्तारको क्रममा रहेकोले यस वित्तीय संस्थाले शाखा सञ्जाल वृद्धि गर्दै व्यवसायिक दायरा बढाउँदै लगेको छ । प्रविधिको प्रयोगबाट बैकिङ्ग क्षेत्रमा हालै देखिएका चुनौतिहरूलाई सामना गर्दै सञ्चालन जोखिमलाई उचित व्यवस्थापन गर्नुपर्ने अवस्था रहेकोले शेयरधनी महानुभावहरूको साथ र सहयोग प्राप्त भएमा यस्ता समस्या समाधान गर्न सफल भै आफ्ना ग्राहकवर्गहरूलाई अधिकतम सेवा सुविधा उपलब्ध गराउन सकिन्छ भन्ने विश्वास लिएका छौं ।

वित्तीय संस्थाले नेपाल राष्ट्र बैंकको निर्देशन अनुसार NFRS (Nepal Financial Reporting Standard) प्रणाली अनुरूप वित्तीय विवरणहरू तयार गर्दै आइरहेको छ । यस अनुरूप आ. व. २०७७/७८ र २०७८/७९ का उपलब्धिहरूको तुलनात्मक विश्लेषण तलको तालिकामा उल्लेख गरिएको छ ।

रु. हजारमा

विवरण	आ.व.२०७८/०७९	आ.व.२०७७/०७८	प्रतिशत बृद्धि/(न्यून)
चुक्ता पूँजी	८४८,९०६	८००,९००	६
निक्षेप	४७,५८,९९३	२९,७८,५५९	५९.७४
कर्जा तथा सापट	३८,४०,३४५	२६,९२,६९६	४२.६२
लगानी	८५८,६५९	५४८,६७८	५६.४९
कुल सम्पत्ति	६२,५३,५०४	४०,९०,५४३	५२.८८
सञ्चालन मुनाफा	९४,२७८	४०,२४९	(६४.५२)
खुद मुनाफा	९२,०८०	२६,८९७	(५४.९६)
खुद मुनाफा/कुल सम्पत्ति (%)	०.९९	०.६६	(७९.२९)
खुद मुनाफा/नेट वर्थ (%)	९.३६	२.९८	(५४.३७)
निष्कृत्य कर्जा/कुल कर्जा (%)	२.७८	९.८४	५९
प्रति शेयर आमदानी (रु.)	९.४२	३.३५	(५७.६२)
पूँजी पर्याप्तता अनुपात	२२.४६	२९.६३	(२४.२०)

## हालसम्मका उपलब्धी तथा भावी कार्यक्रमहरू :

### १. पूँजी बृद्धि योजना:

हाल चुक्ता पूँजी रु. ८४ करोड ८९ लाख ६ हजार कायम रहेको हुँदा पूँजी वृद्धि सम्बन्धी कुनै योजना बनाइएको छैन ।

### २. शाखा कार्यालय विस्तार:

वित्तीय संस्थाको शाखा कार्यालयहरू थप गरी २२ वटा पुऱ्याइएको छ । यसबाहेक ४ वटा एक्सटेन्सन काउन्टरहरू पनि संचालनमा रहेका छन् । चालू आर्थिक वर्षमा महालक्ष्मी नगरपालिकाको सानागाउँमा नयाँ शाखा स्थापना गर्न नेपाल राष्ट्र बैंकबाट स्वीकृति प्राप्त गर्ने कार्य अगाडी बढेको छ । त्यस्तै बनेपामा रहेको शाखा स्थानान्तरण तथा महालक्ष्मीस्थानमा रहेको विस्तारित काउन्टर स्थानान्तरण पनि चालू आर्थिक वर्ष भित्रै सम्पन्न गर्ने योजना बनाइएको छ । प्रत्येक प्रदेशमा कम्तीमा ३ वटा शाखाहरू स्थापना गर्ने योजना अनुरूप देशका विभिन्न क्षेत्रहरूमा सम्भाव्यता अध्ययन गरी आवश्यक प्रक्रिया अगाडि बढाइएको छ । यसैबीच देशको वित्तीय क्षेत्रमा देखिएको असहज परिस्थितिका कारणले योजना अनुरूप कार्यक्षेत्र विस्तार गर्न नसकिएको हुँदा चालू आर्थिक वर्षमा भने व्यवसाय विस्तारका निम्ति दत्तचित्त भई लाग्ने कुरा यहाँहरूलाई विश्वास दिलाउन चाहन्छु ।



### ३. मानव संसाधन विकास

आर्थिक वर्ष २०७८/७९ मा संस्थाले कर्मचारीहरूको क्षमता अभिवृद्धि तथा उत्प्रेरणाका निम्ति विभिन्न व्यवसायिक संस्थाहरूद्वारा आयोजित तालिम कार्यक्रमहरूमा कर्मचारीहरूलाई सहभागी गराई उनीहरूको क्षमता विकासलाई प्राथमिकता दिइएको छ । साथै कर्मचारीहरूबीच 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 आवश्यक जनशक्तिहरूको व्यवस्थापन, आवश्यकता अनुसारको तालीम तथा वृत्ति विकासका कार्यक्रमहरू संचालन गरी संस्थाले दक्ष जनशक्ति निर्माणमा आवश्यक पहल गरिरहेको छ । संस्थाको विकास तथा दिर्घकालीन 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 गरिएको छ । हाल यस संस्थामा कार्यरत कर्मचारी संख्या १९५ रहेको छ ।

### ४. सूचना प्रविधि

वित्तीय संस्थाले सूचना प्रविधिको अधिकतम उपयोग गरी ग्राहकहरूलाई सेवा तथा सुविधा उपलब्ध गराउने उद्देश्यले एस.एम.एस बैंकिङ, इ बैंकिङ, डेबिट कार्ड, मोबाइल बैंकिङ, **Connect IPS, C-ASBA, QR Teller, IPS, RTGS, DMAT** जस्ता सुविधाहरू ग्राहकहरूलाई उपलब्ध गराइएको छ । साथै संस्थाको तथ्यांक सुरक्षाका लागि छुट्टै डाटाबेस सर्भर मार्फत **Disaster Recovery System** को व्यवस्थापन गरिएको छ । ग्राहकहरूको बदलिँदो चाहना, चेतनाको स्तर, ग्रामिण क्षेत्रमापनि सूचना संचार प्रविधिको उपलब्धता तथा प्रयोग, प्रतिस्पर्धात्मक वातावरण जस्ता अवस्थाहरूलाई विश्लेषण गरी चालू आर्थिक वर्ष भित्र थप शाखा तथा प्रविधिमा आधारित सेवाहरू सञ्चालन गर्ने योजना अनुरूप कार्यहरू अघि बढाइएको छ ।

### ५. संस्थागत सुशासन र अनुपालन

संस्थाले विद्यमान ऐन कानून तथा नीति नियम र नियमनकारी निकायहरूबाट प्राप्त निर्देशनहरू मुताविक आफ्नो व्यवसाय संचालन गर्दै आएको ब्यहोरा जानकारी गराउन चाहन्छु । साथै संस्थाका शेयरधनीहरू प्रति संस्थाको सञ्चालक समिति पूर्ण रूपमा 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 सुझावहरूको कार्यान्वयन गरेका छौं । संस्थाको सञ्चालक समितिबाट संस्थागत सुशासन कायम राख्न लेखापरीक्षण समिति, जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति तथा कर्मचारी सेवा सुविधा समितिहरू गठन गरिएको तथा समितिहरूको नियमित बैठक बसी प्रभावकारी भूमिकाका लागि आवश्यक व्यवस्था मिलाइएको छ । आन्तरिक तथा अन्तिम लेखापरीक्षणका साथै नेपाल राष्ट्र बैंकबाट समय समयमा गरिने निरीक्षण 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 निर्देशिकाहरू तर्जुमा गरि तदनुसंग लागू गरिएको छ । संस्थामा रहेका नीति, विनियमावली, निर्देशन तथा निर्देशिकाहरूलाई समय सापेक्ष परिमार्जन गर्दै लैजाने योजना रहेकोमा सो अनुरूप परिमार्जन तथा पुनर्लेखनको कार्य समेत सम्पन्न गरिएको छ । यस सम्बन्धमा विस्तृत विवरण वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

### ६. संस्थागत सामाजिक उत्तरदायित्व

संस्थाले सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न कार्यक्रमहरूमा वित्तीय तथा कार्यगत सहयोग प्रदान गरेको छ । यसै सन्दर्भमा वित्तीय सचेतना कार्यक्रम, रक्तदान कार्यक्रम, सरसफाई कार्यक्रम जस्ता जनचेतनामूलक

क्रियाकलापहरू संचालन गरिएको छ । वित्तीय संस्थाले सामाजिक संस्थाहरूको अगुवाईमा गरिएका विभिन्न सामाजिक कार्यहरूमा सहयोग उपलब्ध गराएको छ ।

#### ७. लेखापरीक्षकको नियुक्ति

आ.व. २०७८/७९को लेखापरीक्षण गर्न नियुक्त हुनुभएका रन्जिव एण्ड एसोशिएट्सका चार्टर्ड एकाउन्टेन्ट रन्जिव श्रेष्ठ आ.व.२०७९/८०को लागि पुनः नियुक्त हुन योग्य रहेको हुँदा लेखापरीक्षण समितिको मिति २०८०/०८/०६ गते बसेको बैठकबाट सिफारिस भए बमोजिम आ.व.२०७९/८०को लागि रन्जिव एण्ड एसोशिएट्सका चार्टर्ड एकाउन्टेन्ट रन्जिव श्रेष्ठलाई नियुक्त गर्न सिफारिस गरिएको छ । निजलाई लेखापरीक्षण तथा कर परीक्षण बापत पारिश्रमिक कर बाहेक रु. ४,००,०००/- (रुपैयाँ चार लाख मात्र) पारिश्रमिक निर्धारण गरिएको छ ।

## आभार प्रकट

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

धन्यवाद !

**किशोर कुमार महर्जन**

अध्यक्ष

मिति : २०८०/१०/२२

## कम्पनी ऐन २०६३ को दफा १०५ उपदफा ४ बमोजिमको वितरण

### क. विगत वर्षको कारोबारको सिंहावलोकन :

संस्था स्थापनाको २८औं वर्षमा आइपुग्दा यस वित्तीय संस्थाले आफ्नो व्यवसाय वृद्धिका साथै व्यवसायिक दायरा समेत वृद्धि गरी हाल २२ वटा शाखा कार्यालय एवं चारवटा विस्तारित काउण्टरका माध्यमबाट बैकिङ सेवाहरू प्रवाह गरिरहेको छ । लगानी मैत्री वातावरण बन्न नसक्दा परेका असरहरूका कारण निष्कृत्य कर्जा अघिल्लो आर्थिक वर्षको तुलनामा वृद्धि भएको छ । यसका साथै बैंक तथा वित्तीय संस्थाहरू बीच अत्यधिक प्रतिस्पर्धा हुनु, नियमनकारी निकायले जारी गरेको नीति निर्देशनमा आएका परिवर्तनहरू जस्ता कारण हुँदाहुँदै संचालक समिति तथा व्यवस्थापनको अथक प्रयासबाट संस्थालाई प्रगतिको दिशातर्फ उन्मुख गराउन सफल भएका छौं ।

संस्थाले ग्राहकहरूको सुविधाका लागि इ बैकिङ, मोबाइल बैकिङ तथा कनेक्ट आइपीएस, सी आश्वा, कर्पोरेट पे, RTGS, QR Teller लगायतका सेवाहरू सुचारु गरेको छ । यसबाट निक्षेप वृद्धिमा ठूलो योगदान पुग्ने विश्वास लिएका छौं । आर्थिक वर्ष २०७८/७९को कारोबारको तुलनात्मक विश्लेषण सञ्चालक समितिका तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नुभएको प्रतिवेदनमा उल्लेख गरिएको छ ।

### ख. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थिति र यसका प्रभावहरू :

#### १. राष्ट्रिय परिस्थितिबाट बैकिङ क्षेत्रमा परेको प्रभाव

##### बैकिङ क्षेत्रका परिसूचक

२०७८ असारमा बैंकहरू बीचको अन्तर बैंक कारोबारको औसत भारित ब्याजदर ४.१२ प्रतिशत रहेकोमा २०७९ असारमा आइपुग्दा उक्त ब्याजदर वृद्धि भइ ७ प्रतिशतसम्म पुगेको देखिन्छ । त्यस्तै, २०७८ असारमा ९१ दिने ट्रेजरी बिल्सको औसत भारित ब्याजदर ४.५५ प्रतिशतबाट २०७९ असारसम्म आइपुग्दा १०.६६ प्रतिशत कायम रहनुले पनि बैकिङ क्षेत्रमा तरलता अभाव भन गहिरिदै गएको पाइएको छ । ब्याजदर वृद्धिका कारण कर्जा प्रवाहमा शिथिलता आएको देखिएको छ । यद्यपी हाल तरलताको समस्या न्यून हुँदैगरेको अवस्था छ ।

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूको कर्जा प्रवाहमा १३ प्रतिशतले वृद्धि भएको छ जुन अघिल्लो वर्षको तुलनामा भण्डै १४ प्रतिशतले कमी रहेको पाइयो । त्यस्तै अघिल्लो आर्थिक वर्षमा २१.०४ प्रतिशतले वृद्धि भएको निक्षेप संकलन समीक्षा अवधिमा भने ९ प्रतिशतले मात्र वृद्धि भएको पाइएको छ ।

त्यस्तै समीक्षा अवधिमा २०७८ असारको तुलनामा संस्थागत निक्षेपको अंश पनि घट्दै गएको छ भने मुद्धती निक्षेपको तुलनामा चल्ती/बचत निक्षेपको अंश घट्दै गएको देखिएको छ । यसबाट पनि व्यवसाय वृद्धि गर्ने वा नयाँ व्यवसाय शुरु गर्ने भन्दा पनि ब्याज आर्जनका लागि मुद्धती निक्षेपमा रकम जम्मा गर्ने प्रवृत्ति बढ्दै गएको पाइएको छ ।

##### कुल ग्राहस्थ उत्पादन एवं मुद्रास्फीति

राष्ट्रिय तथ्याङ्क कार्यालयका अनुसार आ.व. २०७८/७९ मा आर्थिक वृद्धि दर समग्रमा ५.६१ प्रतिशत कायम रह्यो । यस्तो वृद्धि दर अघिल्लो आर्थिक वर्षमा ४.८४ प्रतिशत रहेको थियो । आ.व. २०७८/७९ मा कृषि क्षेत्रको २.२४ प्रतिशत, उद्योगको १०.८० प्रतिशत र सेवा क्षेत्रको ५.३२ प्रतिशत वृद्धि दर रहेको पाइयो । कुल ग्राहस्थ उत्पादनमा सेवा क्षेत्रको योगदान सबैभन्दा बढी ६१.२४ प्रतिशत, त्यसपछि कृषि र उद्योग क्षेत्रको क्रमशः २४.६७ प्रतिशत र १४.०९ प्रतिशत रहेको छ । आर्थिक वर्ष २०७८/७९ मा वार्षिक औसत मुद्रास्फीति ६.३२ प्रतिशत रहेको छ । अघिल्लो वर्षको मुद्रास्फीति ३.६० प्रतिशत रहेको थियो ।

### निक्षेप संकलन

आर्थिक वर्ष २०७८/७९ को अन्त्यसम्ममा बैंक तथा वित्तीय संस्थाको निक्षेप परिचालन ९ प्रतिशतले वृद्धि भएको छ । अघिल्लो वर्ष यस्तो निक्षेप २१ प्रतिशतले बढेको थियो । आर्थिक वर्ष २०७८/७९ को अन्त्यसम्ममा बैंक तथा वित्तीय संस्थाहरूले रु.२३ अर्ब ३८ करोडको ऋणपत्र जारी गरी वित्तीय स्रोत परिचालन गरेका छन् । अघिल्लो आर्थिक वर्षको सोही अवधिमा बैंक तथा वित्तीय संस्थाहरूले रु.३७ अर्ब १० करोडको ऋणपत्र जारी गरेका थिए ।

### कर्जा प्रवाह

आर्थिक वर्ष २०७८/७९ को अन्त्य सम्ममा बैंक तथा वित्तीय संस्थाको लगानीमा रहेको कर्जा १३.१ प्रतिशतले वृद्धि भएको छ । यस्तो कर्जा अघिल्लो आर्थिक वर्षमा २७.३ प्रतिशतले बढेको थियो । २०७८ चैत मसान्तमा वाणिज्य बैंकहरूको औसत निष्कृत कर्जा अनुपात १.३२ प्रतिशत, विकास बैंकहरूको १.४९ प्रतिशत र वित्त कम्पनीहरूको ७.० प्रतिशत रहेको छ । २०७८ असार मसान्तमा यी अनुपातहरू क्रमशः १.४१ प्रतिशत, १.३० प्रतिशत र ६.१९ प्रतिशत रहेका थिए ।

### पूँजी तथा पूँजी कोष पर्याप्तता अनुपात

२०७९ असार मसान्तमा बैंक तथा वित्तीय संस्थाको चुक्ता पूँजी २०७८ असारको तुलनामा ११.४७ प्रतिशतले वृद्धि भई रु. ४०७ अर्ब ७८ करोड पुगेको छ । त्यसैगरी, यस अवधिमा पूँजीकोष १०.७९ प्रतिशतले बढेर रु. ६१८ अर्ब ७९ करोड कायम भएको छ । २०७९ असार मसान्तमा वाणिज्य बैंकहरूको पूँजी कोष पर्याप्तता अनुपात १३.५३ प्रतिशत, विकास बैंकहरूको १३.१० प्रतिशत र वित्त कम्पनीहरूको १७.७५ प्रतिशत रहेको छ । २०७८ असार मसान्तमा यी अनुपातहरू क्रमशः १४.१३ प्रतिशत, १३.१४ प्रतिशत र २२.०४ प्रतिशत रहेका थिए ।

### पूँजी बजार

२०७८ असार मसान्तमा २८८३.४१ बिन्दुमा रहेको नेप्से सूचकांक २०७९ असार मसान्तमा आइपुग्दा घटेर २००९.४६ पुगेको छ । २०७८ असार मसान्तमा रु. ४० खर्ब १० अर्ब ९६ करोड रहेको बजार पूँजीकरण पनि २०७९ असारमा उल्लेखनीय रूपमा घटेर रु. २८ खर्ब ६९ अर्ब ३४ करोड पुगेको छ । २०७९ असार सम्ममा १४६ वटा बैंक तथा वित्तीय संस्था र बीमा कम्पनी, ५१ वटा जलविद्युत कम्पनी, १९ उत्पादन तथा प्रशोधन उद्योग, ६ लगानी कम्पनी, ५ होटल, ४ ब्यापारिक संस्था एवं ३ अन्य समूहका गरी जम्मा २३४ कम्पनीहरू सूचीकृत रहेका छन् ।

### विप्रेषण

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

## २. अन्तराष्ट्रिय परिस्थितिबाट बैकिङ क्षेत्रमा परेको प्रभाव

रुस युक्रेन युद्धका कारण विश्व अर्थतन्त्रमा पनि नकारात्मक प्रभाव पर्ने देखिन्छ । सन् २०२१ मा ६.१ प्रतिशतले विस्तार भएको विश्व अर्थतन्त्र सन् २०२२मा ३.१ प्रतिशतमा सङ्कुचन भएको छ । सन् २०२१ मा ५.४ प्रतिशत रहेको विकसित अर्थतन्त्र सन् २०२२ मा २.६ प्रतिशत मात्र रहेको छ । उदीयमान तथा विकासशील अर्थतन्त्र सन् २०२१ मा ६.९ प्रतिशतले विस्तार भएकोमा २०२२ मा भने ३.७ प्रतिशतमा संकुचित भएको छ । सन् २०२२ मा दक्षिण एशियाका अधिकांश मुलुकको अर्थतन्त्रमा संकुचन आएको छ । सन् २०२२ मा भारत र चीनको अर्थतन्त्र क्रमशः ७.२ प्रतिशत र ३ प्रतिशतले वृद्धि भएको अनुमान छ ।

विश्व अर्थतन्त्रमा देखिएका चुनौतीहरू सामना गर्न अधिकांश मुलुकहरूले विस्तारकारी मौद्रिक एवम् वित्त नीति अवलम्बन गरेका छन् । कोभिड-१९ संकटबाट सिर्जित अनिश्चितता र रुस-युक्रेन युद्धका कारण विश्व अर्थतन्त्रमा देखिएको अर्थतन्त्रको वृद्धिदरमा गिरावट तथा मुल्य वृद्धिको वाबजुद धेरै मुलुकहरूले आर्थिक क्रियाकलाप सहज बनाउन संयमित मौद्रिक एवम् वित्त नीति अवलम्बन गरेका छन् । देशको राष्ट्रिय अर्थतन्त्रमा देखिएका उल्लिखित परिदृश्यबाट यस वित्तीय संस्थाको कारोवारमा समेत प्रभाव पर्ने देखिएको छ ।

**ग. आर्थिक वर्ष २०७८/७९को उपलब्धि र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको अवधारणा :**

समीक्षा अवधिको वित्तीय विवरणको विश्लेषण गर्दा वित्तीय संस्थाको कारोबारमा सन्तुलित तवरबाट निरन्तर वृद्धि भईरहेको कुरा प्रष्ट देखिन्छ । यसरी कारोबारमा भएको वृद्धिको कारण संस्थाको वासलातको आकार गत आ.व. को तुलनामा ५२.८८ प्रतिशतले वृद्धि भई प्रस्तुत आ.व.मा रु. ६ अर्ब २५ करोड ३५ लाख पुगेको छ ।

समीक्षा अवधिको वित्तीय विवरण अनुसार रु. २०,८२,८९,०५९/- सञ्चालन आम्दानी रहेको र रु.९,२०,८०,५७०/- खुद मुनाफा रहेको छ, साथै यस अवधिमा संस्थाको कुल कर्जा तथा सापटी रु. ३,८४०,३४५,६२२/- तथा कुल निक्षेप रु. ४,७५,८९,९३,३९९/- रहेको छ ।

समीक्षा अवधिसम्ममा वित्तीय संस्थाको आर्थिक उपलब्धिको तुलनात्मक विवरण निम्नानुसार रहेको छ ।

**रु. हजारमा**

विवरण	आ.व ०७८/०७९	आ.व ०७७/०७८	आ.व ०७६/०७७	तुलनात्मक बृद्धि	
				२०७८/०७९	२०७७/०७८
चुक्ता पूंजी	८४८,९०६	८००,९००	८००,९००	६%	०%
कुल निक्षेप	४७,५८,९९३	२९,७८,५५९	९,९६३,९४५	५९.७४%	५९.७२%
कुल लगानी	८५८,६४९	५४८,६७८	३४७,८४४	५६.४९%	५७.७४%
कुल कर्जा	३८,४०,३४५	२,६९२,६९६	९६,७३,५५२	४२.६२%	६०.९०%
संचालन मुनाफा	९४२७८	४०२४९	९२४	-६४.५२%	३२३.५९%
खराब कर्जा अनुपात	२.७८%	९.८४%	२.९८%	५९.०८%	-९५.६०%
कुल शेयर नेटवर्थ	९०४.७४	९९२.५२	९०७.२९	-७.९५%	४.९५%

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

- क) आर्थिक मन्दीका कारणले व्यवसायमा पर्न गएको असरलाई मध्यनजर गर्दै ग्राहक सदस्यहरूको आवश्यकता अनुसारका सेवाहरू प्रदान गर्ने ।
- ख) क्षेत्रगत रूपमा प्रवाह भएका कर्जाहरूको समष्टिगत जोखिम मूल्याङ्कन गरी सो को न्यूनीकरणका लागि आवश्यक पहल गरिने ।
- ग) विप्रेषण सेवालाई प्रभावकारी बनाउन थप विप्रेषणको कारोबार गर्ने एजेन्सीहरूसँग सहकार्य बढाउदै लैजाने ।
- घ) कर्जा तथा लगानीको गुणस्तर वृद्धि गरी कर्जा लगानी बढाईनेछ । विशेषतः उत्पादनशिल क्षेत्रमा प्रवाह हुने कर्जालाई प्राथमिकता दिइनेछ ।
- ङ) कर्जाको नयाँ योजनाहरू बनाई लागु गरिनेछ ।
- च) नयाँ निक्षेप योजनाहरू लागू गर्दै ग्राहकहरूलाई प्रविधिमा आधारित सेवाहरूमा वृद्धि गरिनेछ ।
- छ) वित्तीय क्षेत्रमा विकास भएका नयाँ प्रविधिहरूलाई आत्मसात गर्दै कारोबार बृद्धि गरिनेछ ।
- ज) संस्थाका कर्मचारीको कार्य क्षमतामा वृद्धि गर्न विभिन्न तालिम सेमिनारहरूमा सहभागिता गराउँदै लगिनेछ ।
- झ) सामाजिक उत्तरदायित्व अन्तरगतका कार्यहरू प्रभावकारी रूपमा गरिनेछ ।
- ञ) आवश्यक नीति तथा निर्देशिकाहरू समयसापेक्ष रूपमा निर्माण तथा परिमार्जन गरिनेछ ।
- ट) व्यवसाय विस्तारका लागि शाखाहरूको विस्तारलाई प्राथमिकता दिइनेछ ।
- ठ) लगानीको दायरा बढाउन विभिन्न वित्तीय औजारहरूको (Financial Tools) समुचित उपयोग गर्दै संस्थालाई मुनाफातर्फ उन्मुख गराइने ।
- ड) KYC, AML/Compliance सम्बन्धी व्यवस्था कार्यान्वयनमा प्रभावकारिता ल्याउन सम्बन्धित कर्मचारीलाई आवश्यक तालिम तथा क्षमता अभिवृद्धिमा जोड दिइनेछ ।
- ढ) संस्थाको स्वामित्वमा रहेका गैर बैकिङ सम्पत्तिहरू यथाशिघ्र बिक्री गर्ने व्यवस्था मिलाइनेछ ।



ण) आवश्यकता अनुसार जोखिम रहित सम्पत्ति (नेपाल राष्ट्र बैंकबाट जारी ट्रेजरी बिल्स, विकास ऋणपत्रहरू आदि) मा लगानीलाई निरन्तरता दिइनेछ ।

**घ) औद्योगिक तथा व्यावसायिक सम्बन्ध :**

वित्तीय संस्थाले आफूसँग सम्बन्धित औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरूसँग संस्थागत एवं व्यवसायिक मूल्य र मान्यताको आधारमा मैत्रीपूर्ण 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 २०७८/७९मा संचालक श्री किशोर कुमार महर्जनको अध्यक्षतामा निम्नानुसारको सञ्चालक समिति रहेको छ:

<b>श्री किशोर कुमार महर्जन</b>	<b>अध्यक्ष</b>
<b>श्री शम्भु लाल डंगोल</b>	<b>सञ्चालक</b>
<b>श्री विकास महर्जन</b>	<b>सञ्चालक</b>
<b>श्री समुन्द्र काजी श्रेष्ठ</b>	<b>सञ्चालक</b>
<b>श्री सविना महर्जन</b>	<b>सञ्चालक</b>
<b>श्री अनिश महर्जन*</b>	<b>सञ्चालक</b>
<b>श्री विप्लव सिंह</b>	<b>स्वतन्त्र सञ्चालक</b>

\*हाल राजीनामा स्वीकृत भईसकेको छ ।

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

- आर्थिक पुनरूत्थानका लागि नेपाल सरकार तथा नेपाल राष्ट्र बैंकबाट गरिने नीतिगत व्यवस्थाबाट बैंकिङ्ग क्षेत्रमा हुनसक्ने असर ।
- विप्रेषण आप्रवाहमा आउन सक्ने परिवर्तनबाट बैंकिङ्ग क्षेत्रको साधन परिचालनमा पर्नजाने चाप ।
- उत्पादनमूलक, रोजगारीमूलक तथा निर्यातमुखी क्षेत्रमा लगानी वृद्धि गर्दै लैजाने राज्यको नीति ।
- निक्षेप वृद्धि तथा कर्जा विस्तार बिच तादात्म्य हुन नसक्दा तरलता तथा ब्याज अम्वानीमा पर्ने असर ।
- बैंकिङ्ग क्षेत्रमा बढ्दो प्रतिस्पर्धाका कारण मुनाफामा पर्न सक्ने असर ।
- कृषि, उर्जा पर्यटन तथा लघु, साना एवम् मझौला उद्यम लगायतका क्षेत्रमा निश्चित प्रतिशतसम्म लगानी गर्नुपर्ने व्यवस्था ।
- संस्थामा कार्यरत कर्मचारीहरू संस्था छोडी अन्यत्र जाने प्रवृत्तिका कारण पर्ने असर ।
- संस्थामा कार्यरत समग्र कर्मचारीको उत्पादकत्वमा वृद्धि गर्दै लैजानुपर्ने अवस्था ।
- शाखा सञ्जालको विस्तारबाट सञ्चालन लागतमा पर्न जाने असर ।
- सूचना प्रविधि तथा डिजिटाइजेशनको उपभोग बढेसँगै देखापर्ने विभिन्न जोखिमहरूको व्यवस्थापन ।
- सम्पत्ति शुद्धीकरण निवारणसँग सम्बन्धित राष्ट्रिय तथा अन्तर्राष्ट्रिय नियम, कानून र अभ्यासहरूको परिपालना ।
- फराकिलो व्यापार घाटाले शोधनान्तरमा पर्न जाने चाप ।
- बढ्दो अस्वस्थ प्रतिस्पर्धाका कारण बढ्न सक्ने जोखिम
- लगानी योग्यपूँजीको बढ्दो लागतका कारण उत्पन्न जोखिम
- ब्याजदर परिवर्तनका कारण उत्पन्न जोखिम
- नयाँ उद्योग, व्यवसायहरू स्थापना हुने क्रम न्यून रहेको हुँदा लगानीका क्षेत्रहरूको सिमितता
- युवा जनशक्तिको विदेश पलायनको कारणले पर्न सक्ने असर

- छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर संचालक समितिको प्रतिक्रिया:  
आ.व.२०७८/०७९को लेखापरीक्षण प्रतिवेदनमा बैकिङ्ग कारोवारको सिलसिलामा हुने सामान्य कैफियतहरू बाहेक वित्तीय संस्थाको कारोवारमा असर पार्ने खालका अन्य कुनै कैफियतहरू उल्लेख भएका छैनन् ।
- ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :  
आ.व.२०७८/०७९ मा लाभांश सिफारिस गरिएको छैन ।
- झ) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनु भन्दा 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 रकमफिर्ता गरेको भए सोको 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 कारोवारहरू र सो अवधिमा कम्पनीको कारोवारमा आएको कुनै महत्वपूर्ण परिवर्तन:  
यस कम्पनीको कुनै सहायक कम्पनी नरहेको हुँदा यसले कम्पनीको कारोवारमा कुनै महत्वपूर्ण परिवर्तन आएको छैन ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीले वित्तीय संस्थालाई उपलब्ध गराएको जानकारी:  
यस कम्पनीका कुनै पनि आधारभूत शेयरधनीहरूले कम्पनीलाई कुनै लिखित वा मौखिक जानकारी उपलब्ध गराउनु भएको छैन ।
- ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोवारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी:  
यस वित्तीय संस्थाका सञ्चालकहरूले २०७९ आषाढ मसान्तसम्म लिएको शेयरको स्वामित्वको विवरण देहाय बमोजिम रहेको छ । साथै सञ्चालक पदाधिकारीहरू वित्तीय संस्थाको शेयर कारोवारमा संलग्न रहनुभएको छैन ।

## तपशिल

नाम	पद	लिएको संस्थापक शेयर संख्या	सर्वसाधारण शेयर
श्री किशोर कुमार महर्जन	अध्यक्ष	२७,८६२	८,८८६
श्री शम्भु लाल डंगोल	सञ्चालक	१,६१,५४४	२८,५०८
श्री विकास महर्जन	सञ्चालक	७०,८२२	०
श्री समुन्द्र काजी श्रेष्ठ	सञ्चालक	०	१,८९,०८२
श्री सविना महर्जन	सञ्चालक	०	१,०६०
श्री अनिश महर्जन	संचालक	०	२०६०
श्री विप्लव सिंह	स्वतन्त्र संचालक	०	५३०

- ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको वारेमा उपलब्ध गराएको जानकारीको व्यहोरा:  
समिक्षा अवधिमा वित्तीय संस्थालाई यस सम्बन्धी कुनै जानकारी उपलब्ध भएको छैन ।

ग) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अकित मुल्य तथा त्यसरी शेयर खरिद गरे वापत 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 तदनुसृतको कार्यान्वयनमा जोड दिई संस्थाको आन्तरिक नियन्त्रण प्रणालीलाई अझ सुदृढ बनाउंदै लैजाने लक्ष्य लिइएको छ ।

आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्न त्रैमासिक रूपमा आन्तरिक लेखापरीक्षण गराई प्रतिवेदनमा दिइएका सुझावहरू 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. २०७८/०७९
कुल कर्मचारी खर्च	६,९०,२४,८९५।-
कुल कार्यालय खर्च	३,८३,५९,४४९।-

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

१. श्री अनिश महर्जन*	संयोजक
२. श्री शम्भु लाल डंगोल	सदस्य
३. श्री विक्रम शाक्य	सदस्य सचिव

\*हाल राजीनामा स्वीकृत भईसकेको छ ।

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 अविधिमा लेखापरीक्षण समितिका पदाधिकारी मध्ये संयोजक र संचालक सदस्यलाई प्रति बैठक रु.४,०००।- रुपैयाँ बैठक भत्ता बाहेक अन्य कुनै पनि भत्ता वा सुविधा उपलब्ध गराइएको छैन । सदस्य सचिवलाई सचिवालय व्यवस्थापन तथा बैठकमा प्रस्तुत गरिने विषयवस्तुहरू तयार गर्ने जिम्मेवारी रहेको हुँदा निजलाई प्रति बैठक रु.२,०००।- सदस्य सचिव भत्ता उपलब्ध गराइएको छ ।

ध) संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, कम्पनीका आधारभुत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले वित्तीय संस्थालाई कुनै रकम बुझाउन बाँकी 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 कुनैपनि रकम बुझाउन बाँकी रहेको छैन ।

- न) **संचालक, प्रबन्ध संचालक, प्रमुख कार्यकारी अधिकृत तथा पदाधिकारीहरूलाई भुक्तानी गरीएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:**  
आ.व. २०७८/०७९ मा संचालक समितिका सदस्यहरूलाई बैठक भत्ता बापत र अन्य सुविधा बापत जम्मा रु. ६,८४,०००/- उपलब्ध गराइएको छ । साथै कम्पनीका प्रमुख कार्यकारी अधिकृतलाई तलब तथा भत्ता बापत आ.व २०७८/०७९ मा वार्षिक रु.३९,६५,९९०/-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 :**  
हाल सम्म नगद 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 कम्पनीबीच 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

**सविना महर्जन**

संचालक

प्रोग्रेसिभ फाइनेन्स लि.

**किशोर कुमार महर्जन**

अध्यक्ष

प्रोग्रेसिभ फाइनेन्स लि.

मिति:२०८०/१०/२२

## धितोपत्रदर्ता 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 २०७८/७९ मा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको छैन ।

ख) संगठित संस्थाको संस्थापकवा संचालकले वा संस्थापकवा 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 कारोवार तथाप्रगतिको 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, अन्तिममूल्य, कारोबार संख्या र कारोवार भएको दिनको विवरण (नेपाल स्टक एक्सचेन्ज लिमिटेडको वेबसाइट अनुसार) निम्न बमोजिम रहेको छ :

आ. व. २०७८/०७९

क्र.सं.	विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
१	अधिकतम मूल्य	२५८	२१३	१६७	२२८
२	न्यूनतम मूल्य	२५१	२०८	१६४	२१९
३	अन्तिम मूल्य	२५५	२१०	१६६	२२३
४	कारोबार संख्या	१०३	१४७	१५३	५९२
५	कारोबार दिन	२०	३१	४१	४६



**६. समस्या तथा चुनौतीहरू :****(१) आन्तरिक समस्या र चुनौती :**

- (क) बढ्दो मुद्रास्फितिका कारण संचालन खर्चमा बृद्धि ।
- (ख) शाखा विस्तार तथा नयाँ सेवा शुरु गर्नको लागि आवश्यक दक्ष जनशक्तिको अभाव ।
- (ग) ब्याजदर अन्तरमा उतारचढाव ।
- (घ) संस्थागत निक्षेपको अनुपात घटाइ सर्वसाधारणको निक्षेपको अंशवृद्धि गर्नु पर्ने व्यवस्था ।
- (ङ) दक्ष कर्मचारीहरू पलायन हुनबाट रोक्नुपर्ने ।
- (च) गैर बैकिङ्ग सम्पत्ति बिक्री गर्दा विभिन्न कानुनी अड्चन ।

**(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 सम्पत्ति र दायित्व तथा निक्षेप तथा कर्जाको व्याजदर व्यवस्थापनमा चुनौतिहरू ।
- (घ) लगानी मैत्री वातावरणको अभाव ।
- (ङ) सरकारको पूँजीगत खर्चमा भएको कमि र न्यून तरलता ।

**७. संस्थागत सुशासन :**

- (क) संस्थागत सुशासनको उल्लंघनलाई शुन्य सहनशिलताको नीतिलाई निरन्तरता दिइदै आएको छ । संस्थाका लगानीकर्ता शेयरधनीहरू, सर्वसाधारण निक्षेपकर्ताहरू, कर्मचारी, ऋणी लगायत सम्बद्ध सबै सरोकारवालाहरूको हितको संरक्षणमा विशेष प्राथमिकता दिदै 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, AML CFT Unit) र आन्तरिक लेखापरीक्षण विभाग (Internal Audit) को गठन गरि सो मार्फत संस्थागत सुशासन परिपालनाको प्रत्याभुति तथा सो को 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 ।

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

**Opinion**

We have audited the financial statements of **Progressive Finance Ltd.** (referred to as the "Finance Company"), which comprise the Statement of Financial Position as at Ashadh 32, 2079 (July 16, 2022), the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Finance Company as at Ashadh 32, 2079 (July 16, 2022), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards [NFRS].

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing [NSA]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Finance Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matters	Auditor Response
a)	<b>Information Technology:</b> Since most of the information of the finance company is digitally stored and transactions are carried out digitally/electronically in today's scenario, we have considered information technology status of the finance company as our Key Audit Matter.	Our audit approach regarding the assessing the integrity of IT systems relevant for the financial reporting includes: <ol style="list-style-type: none"> <li>As per the guidelines based upon the Information Technology Guidelines, 2012 issued by NRB.</li> <li>Verification of interest income and expense booking regarding loan and deposits on the test basis with the CBS of the finance company.</li> <li>Relied upon the IT audit conducted by the bank.</li> <li>Verification provisioning of the loans and advances based on ageing on the test check basis as on 16.07.2022.</li> </ol>



<p>b)</p>	<p><b>Impairment of Loans and Advances:</b> As per NRB Directive 4, the finance company shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> <li>▪ Amount derived as per norms as prescribed by NRB for loan loss provisioning, and</li> <li>▪ Amount determined adapting Incurred Loss model as per the Carve out provided on NFRS 9; Financial Instruments Impairment</li> </ul> <p>Impairment of Loans and Advances under Incurred Loss Model requires assessment of future cash flow as well as historical loss experiences of portfolios. On the other hand, impairment of loans and advances under NRB norms for loan loss provisioning required assessment of the overdue status of loans and advances and proper utilization of loans for the intended purpose.</p> <p>Significant estimates and assumptions were used by the management in such calculations. Hence, the assessment of availability and accuracy of required data for impairment of loans and advances under Incurred Loss Model as well as NRB provisioning requirement is considered as Key Audit Matter.</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> <li>a. We evaluated the efficiency of the key controls established by the institution to identify loss events and determine the necessary provisions against non-performing loans and advances.</li> <li>b. We conducted a review of selected credit files, focusing on assessing the utilization of loans and advances for their intended purpose. This involved scrutinizing financial statements, examining account movements and turnover, and physically verifying business visits of borrowers, among other factors.</li> <li>c. We examined the overdue status of loans and advances by retrieving data from the core banking system and cross-referencing it with NRB 2.2 report.</li> <li>d. We evaluated the classification of a homogeneous group of loans, considering the nature and purpose of the loans. This assessment included analyzing historical loss experiences within the portfolios using past-due data from the system. Additionally, we examined the data related to loan loss provisioning for the defined group in previous periods.</li> <li>e. We examined the credit files of selected borrowers to assess expected future cash flows, taking into account indications of impairment. This assessment was based on the realizable value of collateral securities, as estimated by the management.</li> </ol>
<p>c)</p>	<p><b>Interest Recognition:</b> The interest income of the finance company has been recognized on accrual basis and following the Interest recognition guidelines issued by NRB on 2019. The Guidelines specify the conditions for collateral testing in case the overdue last for 3-12 months and reversal of accrued interest on overdue more than 12 months.</p> <p>Furthermore, the guidelines have specified conditions for collective impairment of the loan as well. In case of improper application of the guidelines and determination of the Fair Value of the collateral, it imposes risk on part of interest income. Thus, we have considered it as the key audit matter.</p>	<p>Our audit approach regarding verification of the process of interest recognition included:</p> <ol style="list-style-type: none"> <li>a. Understanding the accrual of interest income on loans and advances involves gaining clarity within the institution's core banking software.</li> <li>b. To determine the fair value of collateral, we used the most recent valuation report and cross-checked it in accordance with the NRB income recognition guidelines of 2019.</li> <li>c. We verified the accuracy of interest income recording by manually computing samples from borrowers as part of our testing process.</li> <li>d. We examined the premium charged on a sample of borrowers by reviewing the provided report and assessing the management's method to determine the excess interest payable.</li> </ol>





d)	<p><b>Investment Valuation, identification and impairment:</b></p> <p>Investment of the finance company comprises of investment in government bonds, T-bills and investment in quoted and unquoted securities. The valuation of aforesaid securities has been done in compliance with NFRS 9 and Directive No. 8 of NRB Unified Directive 2079. The investment in government bonds &amp; T-Bills has been done on amortized cost and rest have been valued through FVTOCI.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculation and significance of amount involved in such investments, same has been considered as Key Audit Matter.</p>	<p>Our audit approach regarding investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> <li>Review of guidelines set by NRB Directives and complies with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board of Nepal.</li> <li>For the investment valuation that are done at amortized cost, we checked the effective interest rate and amortization schedule on test basis.</li> <li>For investment valued through OCI i.e., for quoted investment, we relied on last transaction price (LTP) in NEPSE as on 16.07.2022 for fair value indication and for the unquoted investment, the fair value has been taken at the rate which determines its nearest fair value significance.</li> <li>Further, the income and bonus shares have been cross verified from bank statements and Demat Statement of the institution, wherever applicable.</li> </ol>
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#### Information Other than Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement whether caused due to fraud or error, and to issue 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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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.
- 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.

#### **Report on Other Legal and Regulatory Requirements**

We have determined to communicate following matters in accordance with the requirements of NRB Directives, Companies Act, 2063 (updated 2074), BAFIA, 2073 and other regulatory requirements: -

- We have obtained all the information and the explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- Based on our audit, proper books of accounts as required by law have been kept by the Finance Company.
- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts maintained by the Finance Company.
- Returns received from the branch offices of the Finance Company were adequate for the purpose of our audit though the statements are independently not audited.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the Finance Company are adequate considering the Directives issued by Nepal Rastra Bank.





- In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the Finance Company, we have not come across any case where the Board of Directors or any office bearer of the Finance Company have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Finance Company and violated Directives issued by Nepal Rastra Bank or acted in a manner, as would jeopardize the interest and security of the Finance Company, its shareholders and its depositors.
- The business of the Finance Company has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.
- As per section 76 (1) of Companies Act, 2063 (updated 2074), the finance company is required to hold its annual general meeting every year within six months after the expiry of its financial year. However, the finance company has not complied with the provision of section 76(1) of Companies Act, 2063 for the reported financial year 2078-79.

  
**CA. Ranjeev Shrestha**  
Proprietor  
**Ranjeev & Associates**  
Chartered Accountants



UDIN: 231214CA00494IQRYs

Place: Kathmandu  
Date: December 13, 2023

**Progressive Finance Limited**  
**Statement of Financial Position**  
**As at 32 Asar 2079 (16 July, 2022)**

Particulars	Note	As at 32.03.2079	As at 31.03.2078
<b>Assets</b>			
Cash and cash equivalent	4.1	1,120,425,542	585,913,183
Due from Nepal Rastra Bank	4.2	120,010,410	129,107,407
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	234,813,274	445,095,288
Loans and advances to customers	4.7	3,605,532,348	2,247,601,365
Investment securities	4.8	858,659,166	548,678,013
Current tax assets	4.9	18,923,435	4,713,077
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	35,932,961	4,100,000
Property and equipment	4.13	213,311,041	74,804,243
Goodwill and Intangible assets	4.14	529,032	891,762
Deferred tax assets	4.15	5,077,978	-
Other assets	4.16	40,289,028	49,639,115
<b>Total Assets</b>		<b>6,253,504,215</b>	<b>4,090,543,453</b>
<b>Liabilities</b>			
Due to Bank and Financial Institutions	4.17	325,739,140	59,901,550
Due to Nepal Rastra Bank	4.18	454,205,652	171,227,269
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	4,432,454,179	2,918,657,648
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	6,094,045
Other liabilities	4.23	151,963,510	33,460,391
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
<b>Total liabilities</b>		<b>5,364,362,482</b>	<b>3,189,340,903</b>
<b>Equity</b>			
Share capital	4.26	848,106,000	800,100,000
Share premium		-	7,124,781
Retained earnings		(30,788,646)	44,725,864
Reserves	4.27	71,824,379	49,251,904
<b>Total equity attributable to equity holders</b>		<b>889,141,733</b>	<b>901,202,550</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>889,141,733</b>	<b>901,202,550</b>
<b>Total liabilities and equity</b>		<b>6,253,504,215</b>	<b>4,090,543,453</b>
Contingent liabilities and commitment	4.28	231,429,427	217,572,021
<b>Net assets value per share</b>		<b>104.74</b>	<b>112.52</b>

This is the same financial statement mentioned in our attached report

<b>Susan Basnet</b> Head of Accounts	<b>Anil Shrestha</b> Chief Executive Officer	<b>Shambhu Lal Dangol</b> Director	<b>Kishore Kumar Maharjan</b> Chairman	<b>CA. Ranjeev Shrestha</b> Proprietor Ranjeev & Associates Chartered Accountants
<b>Sabina Maharjan</b> Director	<b>Shamundra Kaji Shrestha</b> Director	<b>Bikash Maharjan</b> Director	<b>Biplove Singh</b> Independent Director	

Date: 2080/08/27  
Place: Kathmandu

**Progressive Finance Limited**  
**Statement of Profit or Loss**  
**For the year ended at 32 Asar 2079 (16 July, 2022)**

Particulars	Note	As at 32 Asar 2079	As at 31 Asar 2078
Interest income	4.29	452,368,280	237,287,341
Interest expense	4.30	293,216,713	156,476,509
<b>Net interest income</b>		<b>159,151,567</b>	<b>80,810,832</b>
Fee and commission income	4.31	28,781,737	19,947,226
Fee and commission expense	4.32	200,853	383,761
<b>Net fee and commission income</b>		<b>28,580,884</b>	<b>19,563,465</b>
<b>Net interest, fee and commission income</b>		<b>187,732,451</b>	<b>100,374,297</b>
Net trading income	4.33	-	-
Other operating income	4.34	20,548,609	61,697,700
<b>Total operating income</b>		<b>208,281,059</b>	<b>162,071,997</b>
Impairment charge/(reversal) for loans and other losses	4.35	40,487,497	11,839,894
<b>Net operating income</b>		<b>167,793,562</b>	<b>150,232,104</b>
Operating expense			
Personnel expenses	4.36	69,024,895	49,196,163
Other operating expenses	4.37	52,195,497	49,552,509
Depreciation & Amortisation	4.38	32,294,390	11,233,879
<b>Operating Profit</b>		<b>14,278,780</b>	<b>40,249,553</b>
Non operating income	4.39	60,000	-
Non operating expense	4.40	523,368	-
<b>Profit before income tax</b>		<b>13,815,413</b>	<b>40,249,553</b>
Income tax expense	4.41		
Current Tax		3,611,596	13,501,811
Deferred Tax Expenses/(Income)		(1,876,754)	(69,773)
<b>Profit for the period</b>		<b>12,080,570</b>	<b>26,817,516</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		12,080,570	26,817,516
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>12,080,570</b>	<b>26,817,516</b>
<b>Earnings per share</b>			
Basic earnings per share		1.42	3.35
Diluted earnings per share		1.42	3.35

This is the same financial statement mentioned in our attached report

**Susan Basnet**  
Head of Accounts

**Anil Shrestha**  
Chief Executive Officer

**Shambhu Lal Dangol**  
Director

**Kishore Kumar Maharjan**  
Chairman

**CA. Ranjeev Shrestha**  
Proprietor  
Ranjeev & Associates  
Chartered Accountants

**Sabina Maharjan**  
Director

**Shamundra Kaji Shrestha**  
Director

**Bikash Maharjan**  
Director

**Biplove Singh**  
Independent Director

Date: 2080/08/27  
Place: Kathmandu

**Progressive Finance Limited**  
**Statement of Comprehensive Income**  
**For the year ended at 32 Asar 2079 (16 July, 2022)**

Particulars	Note	Current Year	Previous Year
<b>Profit for the year</b>		<b>12,080,570</b>	<b>26,817,516</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		(30,878,224)	23,422,195
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		9,263,467	(7,026,658)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(21,614,757)</b>	<b>16,395,536</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>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(21,614,757)</b>	<b>16,395,536</b>
<b>Total comprehensive income for the period</b>		<b>(9,534,186)</b>	<b>43,213,052</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Bank		(9,534,186)	43,213,052
Non-controlling interest		-	-
<b>Total comprehensive income for the period</b>		<b>(9,534,186)</b>	<b>43,213,052</b>

This is the same financial statement mentioned in our attached report

**Susan Basnet**  
Head of Accounts

**Anil Shrestha**  
Chief Executive Officer

**Shambhu Lal Dangol**  
Director

**Kishore Kumar Maharjan**  
Chairman

**CA. Ranjeev Shrestha**  
Proprietor  
Ranjeev & Associates  
Chartered Accountants

**Sabina Maharjan**  
Director

**Shamundra Kaji Shrestha**  
Director

**Bikash Maharjan**  
Director

**Biplove Singh**  
Independent Director

Date: 2080/08/27

Place: Kathmandu

**Progressive Finance Limited**  
**Statement of Cash Flow**  
**For the year ended at 32 Asar 2079 (16 July, 2022)**

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	447,645,657	263,812,789
Fees and other income received	28,781,737	19,947,226
Dividend received	-	-
Receipts from other operating activities	1,432,810	61,880,075
Interest paid	(293,216,713)	(156,476,509)
Commission and fees paid	(200,853)	(383,761)
Cash payment to employees	(66,245,272)	(44,068,260)
Other expense paid	(52,195,497)	(49,552,509)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>66,001,868</b>	<b>95,159,051</b>
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	9,096,997	29,701,140
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	210,282,014	17,407,085
Loans and advances to customers	(1,393,695,857)	(1,074,916,338)
Other assets	(8,147,146)	(18,539,562)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	265,837,590	(158,883,925)
Due to Nepal Rastra Bank	282,978,383	171,227,269
Deposit from customers	1,513,796,531	1,174,257,791
Borrowings	-	-
Other liabilities	102,392,282	10,238,208
<b>Net cash flow from operating activities before tax paid</b>	<b>1,048,542,663</b>	<b>245,650,719</b>
Income taxes paid	(1,297,083)	(20,607,599)
<b>Net cash flow from operating activities</b>	<b>1,047,245,580</b>	<b>225,043,121</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(440,933,849)	(347,515,836)
Receipts from sale of investment securities	109,337,939	163,077,758
Purchase of property and equipment	(170,922,023)	(46,907,137)
Receipt from the sale of property and equipment	150,003	150,003
Purchase of intangible assets	362,730	409,069
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(31,832,961)	(4,100,000)
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	21,104,942	1,715,460
<b>Net cash used in investing activities</b>	<b>(512,733,220)</b>	<b>(233,170,683)</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	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>534,512,360</b>	<b>(8,127,562)</b>
<b>Cash and cash equivalents as at Sawan 1, 2078</b>	<b>585,913,183</b>	<b>594,040,745</b>
Effect of exchange rate fluctuations on cash and cash equivalents held		
<b>Closing Cash and Cash Equivalent at Ashad 32, 2079</b>	<b>1,120,425,542</b>	<b>585,913,183</b>

This is the same financial statement mentioned in our attached report

<b>Susan Basnet</b> Head of Accounts	<b>Anil Shrestha</b> Chief Executive Officer	<b>Shambhu Lal Dangol</b> Director	<b>Kishore Kumar Maharjan</b> Chairman
			<b>CA. Ranjeev Shrestha</b> Proprietor Ranjeev & Associates Chartered Accountants
<b>Sabina Maharjan</b> Director	<b>Shamundra Kaji Shrestha</b> Director	<b>Bikash Maharjan</b> Director	<b>Biplove Singh</b> Independent Director

Date: 2080/08/27

Place: Kathmandu



## Progressive Finance Limited

### Statement of Changes in Equity

#### For the year ended at 32 Asar 2079 (16 July, 2022)

Particulars	Attributable to Equity holders of the Bank										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Asar end 2077	800,100,000	7,124,781	18,973,013	-	15,323,966	8,837,932	-	7,435,459	194,346	857,989,498	-	857,989,498
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Sawan 2077	800,100,000	7,124,781	18,973,013	-	15,323,966	8,837,932	-	7,435,459	194,346	857,989,498	-	857,989,498
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	26,817,516	-	26,817,516	-	26,817,516
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserve (investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	16,395,536	-	-	-	16,395,536	-	16,395,536
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	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	5,363,503	-	-	-	-	(8,541,463)	710,334	(2,467,625)	-	(2,467,625)
Transfer to reserve during the year	-	-	2,467,625	-	(10,377,663)	(8,636,689)	-	19,014,352	-	2,467,625	-	2,467,625
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions												
Balance at Asar end 2078	800,100,000	7,124,781	26,804,142	-	4,946,303	16,596,780	-	44,725,864	904,680	901,202,550	-	901,202,550
Balance at Asar end 2078	800,100,000	7,124,781	26,804,142	-	4,946,303	16,596,780	-	44,725,864	904,680	901,202,550	-	901,202,550

Particulars	Attributable to Equity holders of the Bank										Non-Controlling Interest	Total Equity	
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total			
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Sawan 2078	800,100,000	7,124,781	26,804,142	-	4,946,303	16,596,780	-	44,725,864	904,680	901,202,550	-	901,202,550	
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	12,080,570	-	12,080,570	-	12,080,570	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-	-	-	
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	(21,614,757)	-	-	-	(21,614,757)	-	(21,614,757)	
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	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to reserve during the year	-	-	2,437,316	-	41,924,788	-	(74,206)	(44,261,437)	(100,667)	0.00	-	0	
Transfer from reserve during the year	-	-	-	-	-	-	-	74,206	-	-	-	-	
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	
Bonus shares issued	48,006,000	(7,124,781)	-	-	-	-	-	(40,881,219)	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	-	(2,526,630)	-	(2,526,630)	-	(2,526,630)	
Other (Share issue expenses)	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total contributions by and distributions</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at Asar end 2079	848,106,000	-	29,241,457	-	46,871,091	(5,092,182)	-	(30,788,646)	804,013	889,141,734	-	889,141,734	

This is the same financial statement mentioned in our attached report

<b>Susan Basnet</b> Head of Accounts	<b>Anil Shrestha</b> Chief Executive Officer	<b>Shambhu Lal Dangol</b> Director	<b>Kishore Kumar Maharjan</b> Chairman	<b>CA. Ranjeev Shrestha</b> Proprietor Ranjeev & Associates Chartered Accountants
<b>Sabina Maharjan</b> Director	<b>Shamundra Kaji Shrestha</b> Director	<b>Bikash Maharjan</b> Director	<b>Biplove Singh</b> Independent Director	

 Date: 2080/08/27  
 Place: Kathmandu

## Notes to Financial Statements

### For the year ended at 32 Asar 2079 (16 July, 2022)

#### 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, 16 other branches and 4 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).

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 2/076. 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 2078-79, starting from 1 Shrawan 2078 and ending on 32 Ashad 2079. Financial information of following period/dates are provided on the financial statements.

1. Comparative NFRS financial statements (financial statements as on and for the period ended on 31 Ashad 2078)
2. NFRS financial statements for current period (financial statements as on and for the period ended on 32 Ashad 2079)

### 2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors in Meeting No. 508 on 27th Mangsir 2080. 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 2077 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 finance 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. Since the finance is registered under Social Security Fund, actuarial valuation for retirement benefits except leave is not required. 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

There are changes in accounting policy adopted by the finance in this fiscal year as follows;

\*NFRS 16 - "Leases" : The Finance has adopted NFRS 16 with an initial application date of Shrawan 1st 2078. The entity has applied the transition provision (Para C2) and thus prior comparatives were not restated. Previously, Lease payment under an operating lease were recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the users benefits. However, since finance has adopted NFRS 16 expense under lease is shown separately in Statement of Profit or Loss as depreciation on Right of Use asset on SLM basis and interest on lease liability at incremental borrowing rate for the finance.

### 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
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.

As on Asadh End 2079 the finance has ceased accrual of interest amounting to NPR. 7,946,361 related to bad and doubtful loan which was NPR. 11,039,329 as on Asadh End 2078.

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

NRB Directives requires the BFI to transfer the equivalent amount of interest on loans and advances accounted as as interest income under the accrual basis of accountings but not recovered up to the end of reporting periods to the Regulatory Reserve from the Retained Earnings. however, the same directives has relaxed this provision with which Finance may not appropriate such amount in case it is recovered within the 15 days after the year end, i.e., 15 Shrawan.

In line with the above provision, interest of Rs. 5,512,774.43 has been recovered till 15 Shrawan 2079 which has not been appropriated to Regulatory Reserve. The details are as follows:

S.No	Particulars	FY 2078-79
1	Total Accrued Interest Receivable (AIR)-Current Year	32,317,550.00
2	Interest Recognition Suspended Non-Performing Loan	7,946,361.00
3	Accrued Income Recognized For Performing Loan	24,371,189.00
4	Interest Received till Shrawan 15	5,512,774.43
5	Accrued Income Recognized For Performing Loan(after 15 days Interest Received)	18,858,414.57
6	Upto Previous Year Income Recognised- Transfer to Regulatory Reserve	2,146,302.73
7	AIR (Net) to be transfer to Regulatory Reserve this year	9,734,498.44
8	Total Amount to Regulatory Reserve	11,880,801.18

AIR related to BFI and Customers has been presented during the Financial Year 2078-79 as follows

Particulars	FY 2078-79 (Rs.)
Total Accrued Interest Receivable (AIR)-Current Year	32,317,550.00
Related to Micro Finance	295,465.61
Related to Customer	32,022,084.39

### 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 it 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

The Finance has elected to present right-of-use assets and lease liabilities separately in the statement of financial position in line with NFRS 16. NFRS 16 specifies the accounting for an individual lease. However, as a practical expedient, an entity had applied this standard to a portfolio of leases with similar characteristics since the entity reasonably expects that the effects on the financial statements of applying this standard to the portfolio would not differ materially from applying this standard to the individual leases within that portfolio.

In line with NFRS 16, Depreciation of the right-of-use assets is presented separately in the income statement. The cash outflows related to the principal portion of the lease liability and the related interest are also presented separately within financing activities in the statement of cash flows.

The Finance has used 9.27% rate as incremental borrowing rate to recognized lease liabilities in the statement of financial position at the date of initial application. The incremental borrowing rate is based on the cost of fund for the finance as on reporting date.

#### Assets and Liabilities recognized as per NFRS 16

Particulars	Amount
Right of Use Assets (ROU)	128,569,392.56
Accumulated Depreciation-ROU	14,596,725.78
Net Right of Use Assets (ROU)	113,972,666.78
Opening Lease Liability	128,569,392.56
Finance cost recognized	11,473,977.81
Cash Flow/Rent paid	20,386,917.00
Closing Lease Liability	119,656,453.37

### 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 16/076, 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.

## Progressive Finance Limited

### Notes to Financial Statements

#### Cash and cash equivalent

4.1

Particulars	As at 32.03.2079	As at 31.03.2078
Cash in hand	66,014,568	64,937,996
Balances with B/FIs	6,119,865	22,502,604
Money at call and short notice	1,048,291,109	498,472,582
Other Cash and Cash Equivalent	-	-
<b>Total</b>	<b>1,120,425,542</b>	<b>585,913,183</b>

#### Due from Nepal Rastra Bank

4.2

Particulars	As at 32.03.2079	As at 31.03.2078
Statutory balances with NRB	120,010,410	129,107,407
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
<b>Total</b>	<b>120,010,410</b>	<b>129,107,407</b>

#### Placements with Bank and Financial Institutions

4.3

Particulars	As at 32.03.2079	As at 31.03.2078
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Derivative financial instruments

4.4

Particulars	As at 32.03.2079	As at 31.03.2078
<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	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Other trading assets

4.5

Particulars	As at 32.03.2079	As at 31.03.2078
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Pledged	-	-
Non-pledged	-	-

**Loan and advances to B/FIs****4.6**

Particulars	As at 32.03.2079	As at 31.03.2078
Loans to microfinance institutions	237,902,161	450,956,649
Other	-	-
Less: Allowances for impairment	(3,088,887)	(5,861,361)
<b>Total</b>	<b>234,813,274</b>	<b>445,095,288</b>

**4.6.1: Allowances for impairment**

Particulars	As at 32.03.2079	As at 31.03.2078
Balance at Shrawan 1	5,861,361	4,669,913.00
Impairment loss for the year:		
Charge for the year	(2,772,474)	1,191,448
Recoveries/reversal	-	-
Amount written off	-	-
<b>Balance at Asar end</b>	<b>3,088,887</b>	<b>5,861,361</b>

**Loans and advances to customers****4.7**

Particulars	As at 32.03.2079	As at 31.03.2078
Loan and advances measured at amortized cost	3,723,036,061	2,321,845,107
Less: Impairment allowances		
Collective impairment	(117,503,713)	(74,243,742)
Individual impairment	-	-
Net amount	3,605,532,348	2,247,601,365
Loan and advances measured at FVTPL	-	-
<b>Total</b>	<b>3,605,532,348</b>	<b>2,247,601,365</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.

The total amount of impairment reported to NRB as on asadh end 2079 was Rs.76,312,366.42 out of which Rs.73,223,479.37 was related to loans and advances to customers and remaining 3,088,887.05 related to loans and advances to BFI's. Additional impairment of Rs.41,051,398.27 was increased upon the recommendation of external auditor.

"We have selected outstanding loan exceeding 50 Lacs 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 32.03.2079	As at 31.03.2078
Individual impairment	-	-
Collective impairment	4,504,936	6,075,603
<b>Total</b>	<b>4,504,936</b>	<b>6,075,603</b>

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

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Performing loan</b>	<b>3,537,245,689</b>	<b>2,247,593,637</b>
Good	3,176,084,127	1,976,093,041
Watchlist	361,161,562	271,500,596
<b>Non-performing loan</b>	<b>114,940,116</b>	<b>51,192,770</b>
Restructured	-	-
Substandard	29,030,009	13,888,779
Doubtful	35,835,224	383,466
Loss	50,074,883	36,920,525
<b>Total</b>	<b>3,652,185,805</b>	<b>2,298,786,407</b>
<b>Add: loan to employees and Net AIR</b>	<b>70,850,256</b>	<b>23,058,700</b>
<b>Total loan</b>	<b>3,723,036,061</b>	<b>2,321,845,107</b>
<i>Impairment allowance</i>		
<b>Performing loan</b>	<b>48,213,945</b>	<b>33,930,344</b>
Good	33,096,866	20,945,990
Watchlist	15,117,078	12,984,355
<b>Non-performing loan</b>	<b>69,289,768</b>	<b>40,313,398</b>
Restructured	-	-
Substandard	4,706,816	3,201,140
Doubtful	14,508,069	191,733
Loss	50,074,883	36,920,525
<b>Additional</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>117,503,713</b>	<b>74,243,742</b>

**4.7.1: Analysis of loan and advances - By Product**

Product	As at 32.03.2079	As at 31.03.2078
Term loans	282,546,340	229,690,903
Overdraft	-	-
Trust receipt/Import loans	-	-
Demand and other working capital loans	652,110,587	388,371,173
Personal residential loans	1,151,523,107	608,127,329
Real estate loans	220,065,946	324,481,247
Margin lending loans	256,749,891	124,506,494
Hire purchase loans	117,308,091	81,841,953
Deprived sector loans	29,535,700	87,650,118
Bills purchased	-	-
Staff loans	42,473,848	23,058,699.97
Other	942,641,609	434,551,383
<b>Sub total</b>	<b>3,694,955,119</b>	<b>2,302,279,300</b>
Interest receivable	28,080,942	19,565,807
<b>Grand total</b>	<b>3,723,036,061</b>	<b>2,321,845,107</b>

**4.7.2: Analysis of loan and advances - By Currency**

Currency	As at 32.03.2079	As at 31.03.2078
Nepalese rupee	3,723,036,061	2,321,845,107
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>3,723,036,061</b>	<b>2,321,845,107</b>

**4.7.3: Analysis of loan and advances - By Collateral**

Collateral	As at 32.03.2079	As at 31.03.2078
<b>Secured</b>		
Movable/immovable assets	3,236,742,136	2,064,122,764
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	-	-
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	70,613,963	18,180,099
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	119,768,386	86,786,278
Other collateral	295,931,576	152,755,966
<b>Subtotal</b>	<b>3,723,056,061</b>	<b>2,321,845,107</b>
<b>Unsecured</b>	<b>-</b>	<b>-</b>
<b>Grant Total</b>	<b>3,723,056,061</b>	<b>2,321,845,107</b>

**4.7.4: Allowances for impairment**

Particulars	As at 32.03.2079	As at 31.03.2078
<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>-</b>	<b>-</b>
<b>Collective allowances for impairment</b>		
Balance at Sawan 1	74,243,742	63,595,296
Impairment loss for the year:		
Charge/(reversal) for the year	43,259,971	10,648,446
Exchange rate variance on foreign currency	-	-
Other movement	-	-
<b>Balance at Asar end</b>	<b>117,503,713</b>	<b>74,243,742</b>
<b>Total allowances for impairment</b>	<b>117,503,713</b>	<b>74,243,742</b>

**Investment securities****4.8**

Particulars	As at 32.03.2079	As at 31.03.2078
Investment securities measured at amortized cost	759,170,000	415,000,000
Investment in equity measured at FVTOCI	99,489,166	133,678,013
<b>Total</b>	<b>858,659,166</b>	<b>548,678,013</b>

**4.8.1: Investment securities measured at amortized cost**

Particulars	As at 32.03.2079	As at 31.03.2078
Debt securities	-	-
Government bonds	759,170,000	415,000,000
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
<b>Total</b>	<b>759,170,000</b>	<b>415,000,000</b>



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

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Equity instruments</b>		
Quoted equity securities	98,059,663	132,352,713
Unquoted equity securities	1,429,500	1,325,300
<b>Total</b>	<b>99,489,163</b>	<b>133,678,013</b>

**4.8.3: Information relating to investment in equities**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>	<b>106,569,209</b>	<b>98,059,663</b>	<b>109,773,827</b>	<b>132,352,713</b>
Mero Microfinance Laghubitta Bittiya Sanstha Limited ( MERO )	-	-	-	157,692
102 shares of Rs. 100 each				
RMDC Laghubitta Bittiya Sanstha Ltd.	-	-	376,740	370,710
270 units of Rs. 100 each				
Nepal Life Insurance Company Limited ( NLIC )	-	747	-	1,919
1 shares of Rs. 100 each				
National Life Insurance Company Limited ( NLICL )	18,251,993	9,654,941	18,251,993	16,184,211
16733 shares of Rs. 100 each				
Forward Microfinance Laghubitta Bittiya Sanstha Limited ( FOWAD )	-	2,385	-	
1 shares of Rs. 100 each				
Forward Microfinance Laghubitta Bittiya Sanstha Limited ( FOWAD )			-	2,770
1 shares of Rs. 100 each				
Global IME Laghubitta Bittiya Sanstha Limited ( GILB )	-	1,299	-	2,815
1 shares of Rs. 100 each				
Mero Microfinance Laghubitta Bittiya Sanstha Limited (MERO )	-	16,940		
20 shares of Rs. 100 each				
Gurans Life Insurance Company Limited (GLICL )	-	485	-	759
1 shares of Rs. 100 each				
Suryodaya womi Laghubitta Bittiya Sanstha Limited (SWMF)	-	13,311	-	20,760
17 shares of Rs. 100 each				
Laxmi Unnati Kosh ( LUK )	30,000,000	28,680,000	30,000,000	37,860,000
3000000 units of Rs. 10 each				
Prabhu Select Fund ( PSF )	14,680,900	14,108,345	14,680,900	14,886,433
1468090 units of Rs. 10 each				
Sunrise Bluechip Fund ( SBCF )	15,000,000	13,110,000	15,000,000	15,240,000
1500000 units of Rs. 10 each				
Sunrise First Mutual Fund	26,970,000	30,808,500	26,970,000	43,152,000
2679000 units of Rs. 10 each				
Butwal Power Company Limited	106,260	74,382	106,260	106,260
231 units of Rs. 100 each				
Chhimek Laghubitta Bikas Bank Limited		-	1,795,728	1,752,700
646 units of Rs. 100 each				
Chilime Hydropower Company Limited	203,245	137,904	203,245	216,405
338 units of Rs. 100 each				
Chhimek Laghubitta Bikas Bank Limited	-	305,800		
278 units of Rs. 100 each				
Citizen Investment Trust	62,838	45,270	62,838	62,838
18 units of Rs. 100 each				

Prime Life Insurance Company Limited	280,556	170,131	280,556	285,246
299 units of Rs. 100 each				
RMDC Laghubitta Bittiya Sanstha Ltd.	-	45,252		
54 units of Rs. 100 each				
RSDC Laghubitta Bittiya Sanstha Ltd.		-	39,882	39,882
46 units of Rs. 100 each				
Sana Kisan Bikas Bank Ltd	-	79,875	-	-
75 units of Rs. 100 each				
Sana Kisan Bikas Bank Ltd	-	-	492,000	492,000
300 units of Rs. 100 each				
Surya Life Insurance Company Limited	146,794	73,530	146,794	155,818
190 units of Rs. 100 each				
Api Power Company Ltd.	866,623	730,566	782,223	782,223
2988 units of Rs. 100 each				
First Micro Finance Development Bank Ltd.		-	188,518	172,007
209 units of Rs. 100 each				
NMB Microfinance Bittiya Sanstha Ltd.		-	396,150	407,265
285 units of Rs. 100 each				
<b>Investment in unquoted equity</b>	<b>194,500</b>	<b>1,429,500</b>	<b>194,500</b>	<b>1,325,300</b>
Karja Suchana Kendra	94,500	1,181,300	94,500	1,181,300
11813 shares of Rs. 100 each				
Nepal Clearing House Limited	100,000	248,200	100,000	144,000
2482 shares of Rs. 100 each				
<b>Total</b>	<b>106,763,709</b>	<b>99,489,163</b>	<b>109,968,327</b>	<b>133,678,013</b>

**Current tax assets/(liabilities)**

4.9

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Current tax assets</b>	<b>22,566,834</b>	<b>21,269,751</b>
Current year income tax assets	22,566,834	21,269,751
Tax assets of prior periods		
<b>Current tax liabilities</b>	<b>3,643,399</b>	<b>16,556,674</b>
Current year income tax liabilities	3,643,399	16,556,674
Tax liabilities of prior periods		
<b>Net assets/(liabilities)</b>	<b>18,923,435</b>	<b>4,713,077</b>

**Investment in subsidiaries**

4.10

Particulars	As at 32.03.2079	As at 31.03.2078
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances		
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

**4.10.1: Investment in quoted subsidiaries**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.10.2: Investment in unquoted subsidiaries**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.10.3: Information relating to subsidiaries of the Bank**

Particulars	Percentage of ownership held by the Bank	
	As at 32.03.2079	As at 31.03.2078
<b>Total</b>	<b>-</b>	<b>-</b>

**4.10.4: Non controlling interest of the subsidiaries**

Particulars	As at 32.03.2079
	... Ltd.
Equity interest held by NCI (%)	-
Profit/(loss) allocated during the year	-
Accumulated balances of NCI as on Asar end	-
Dividend paid to NCI	-
Particulars	As at 31.03.2078
	... 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**

4.11

Particulars	As at 32.03.2079	As at 31.03.2078
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
<b>Total investment</b>	-	-
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	-	-

**4.11.1: Investment in quoted associates**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	-	-	-	-

**4.11.2: Investment in unquoted associates**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Cost	Fair Value	Cost	Fair Value
<b>Total</b>	-	-	-	-

**4.11.3: Information relating to associates of the Bank**

Particulars	Percentage of ownership held by the Bank	
	As at 32.03.2079	As at 31.03.2078
<b>Total</b>	-	-

**4.11.4: Equity value of associates**

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

**Investment properties**

4.12

Particulars	As at 32.03.2079	As at 31.03.2078
<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	4,100,000	-
Addition/disposal during the year	31,832,961	4,100,000
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
<b>Net amount</b>	<b>35,932,961</b>	<b>4,100,000</b>
<b>Total</b>	<b>35,932,961</b>	<b>4,100,000</b>

**Investment Property includes following property booked as non- banking assets:**

1. Land situated at Musikot Municipality Ward no. 01 with Plot no. 1003, 1005, 998 & 384 with value Rs. 11,00,000
2. Land situated at Bara, Rampurtokani Ward no. 9 with Plot no. 104 with value of Rs. 30,00,000.
3. Land Situated at Amardaha 4 Morang with plot No.950 & Sijwa VDC Morang ward no. 08 (Ka) with Plot no.150, with Value Rs.15,500,000
4. Land Situated at Amardaha 4 Morang with plot No.949, 147, 1239 & Damak Municipality Jhapa ward no.17 with Plot no.648, with Value Rs.16,332,961.42

**Property and Equipment**

4.13

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Right to Use Assets (ROU)	Equipment & Others	Total
<b>Cost</b>										
<b>Balance as on Asar end 2077</b>	-	-	<b>20,277,407</b>	<b>12,102,059</b>	<b>8,323,878</b>	<b>3,884,514</b>	-	-	<b>13,733,253</b>	<b>58,321,111</b>
Addition during the Year										
Acquisition	30,000,000	-	5,859,230	3,542,392	1,251,500	1,292,754	-	-	4,552,192	46,498,068
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	(135,360)	-	-	-	-	(17,569)	(152,929)
Adjustment/Revaluation	-	-	-	(1,207,303)	(2,825)	(3,400)	-	-	(343,056)	(1,556,584)
<b>Balance as on Asar end 2078</b>	<b>30,000,000</b>	-	<b>26,136,638</b>	<b>14,301,787</b>	<b>9,572,553</b>	<b>5,173,868</b>	-	-	<b>17,924,819</b>	<b>103,109,665</b>
Addition during the Year										
Acquisition	-	-	15,819,588	7,595,468	3,726,822	5,966,780	-	128,569,393	8,760,405	170,438,456
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
<b>Balance as on Asar end 2079</b>	<b>30,000,000</b>	-	<b>41,956,226</b>	<b>21,897,255</b>	<b>13,299,375</b>	<b>11,140,648</b>	-	<b>128,569,393</b>	<b>26,685,224</b>	<b>273,548,121</b>
<b>Depreciation and Impairment</b>										
<b>As on Asar end 2077</b>	-	-	<b>5,100,387</b>	<b>5,013,259</b>	<b>2,088,698</b>	<b>1,501,894</b>	-	-	<b>5,365,057</b>	<b>19,069,294</b>
Impairment for the year										
Depreciation charge for the Year	-	-	4,449,934	2,448,125	555,464	505,056	-	-	2,866,231	10,824,809
Disposals	-	-	-	(28,407)	-	-	-	-	(3,687)	(32,094)
Adjustment	-	-	-	(1,024,688)	(2,825)	(3,425)	-	-	(525,648)	(1,556,585)
<b>As on Asar end 2078</b>	-	-	<b>9,550,321</b>	<b>6,408,288</b>	<b>2,641,337</b>	<b>2,003,525</b>	-	-	<b>7,701,953</b>	<b>28,305,424</b>
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	-	7,415,217	3,618,545	781,124	1,232,808	-	14,596,726	4,287,237	31,931,656
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>As on Asar end 2079</b>	-	-	<b>16,965,537</b>	<b>10,026,834</b>	<b>3,422,461</b>	<b>3,236,333</b>	-	<b>14,596,726</b>	<b>11,989,190</b>	<b>60,237,081</b>
<b>Capital Work in Progress</b>	-	-	-	-	-	-	-	-	-	-
<b>Net Book Value</b>										
<b>As on Asar end 2077</b>	-	-	<b>15,177,021</b>	<b>7,088,800</b>	<b>6,235,180</b>	<b>2,382,620</b>	-	-	<b>8,368,196</b>	<b>39,251,817</b>
<b>As on Asar end 2078</b>	<b>30,000,000</b>	-	<b>16,586,317</b>	<b>7,893,499</b>	<b>6,931,216</b>	<b>3,170,343</b>	-	-	<b>10,222,866</b>	<b>74,804,241</b>
<b>As on Asar end 2079</b>	<b>30,000,000</b>	-	<b>24,990,688</b>	<b>11,870,422</b>	<b>9,876,914</b>	<b>7,904,315</b>	-	<b>113,972,667</b>	<b>14,696,035</b>	<b>213,311,041</b>



**Goodwill and Intangible Assets**

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
<b>Cost</b>					
<b>As on Sawan 1, 2077</b>	-	2,978,645	-	-	2,978,645
Addition during the Year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	(767,800)	-	-	(767,800)
<b>Balance as on Asar end 2078</b>	-	2,210,845	-	-	2,210,845
Addition during the Year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Asar end 2079</b>	-	2,210,845	-	-	2,210,845
<b>Amortization and Impairment</b>					
<b>As on Sawan 1, 2077</b>	-	1,677,814	-	-	1,677,814
Amortization charge for the Year	-	409,069	-	-	409,069
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	(767,800)	-	-	(767,800)
<b>As on Asar end 2078</b>	-	1,319,083	-	-	1,319,083
Amortization charge for the Year	-	362,730	-	-	362,730
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
<b>As on Asar end 2079</b>	-	1,681,813	-	-	1,681,813
<b>Capital Work in Progress</b>	-	-	-	-	-
<b>Net Book Value</b>					
<b>As on Asar end 2077</b>	-	1,300,831	-	-	1,300,831
<b>As on Asar end 2078</b>	-	891,762	-	-	891,762
<b>As on Asar end 2079</b>	-	529,032	-	-	529,032

**Deferred Tax**

4.15

Particulars	As at 32.03.2079		
	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	2,182,364	-	2,182,364
Property & equipment	-	34,651,999	(34,651,999)
Employees' defined benefit plan	1,650,677	-	1,650,677
Lease liabilities	35,896,936	-	35,896,936
Provisions	-	-	-
Other temporary differences	-	-	-
<b>Deferred tax on temporary differences</b>			5,077,978
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, 2079</b>			5,077,978
Deferred tax asset/(liabilities) as on Sawan 1, 2078			(6,094,045)
<b>Deferred tax expenses/(income) during the year</b>			(11,172,023)
Deferred tax expense/(income) recognised in profit or loss			(1,876,754)
Deferred tax expense/(income) recognised in other comprehensive income			(9,263,467)
Deferred tax expense/(income) recognised in directly in equity			(31,802)

**Deferred Tax****4.15**

Particulars	As at 31.03.2078		
	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	-	7,112,906	(7,112,906)
Property & equipment	-	354,076	(354,076)
Employees' defined benefit plan	1,372,937	-	1,372,937
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	-	-	-
<b>Deferred tax on temporary differences</b>			<b>(6,094,045)</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, 2078</b>			<b>(6,094,045)</b>
Deferred tax (asset)/liabilities as on Sawan 1, 2077			(2,838,598)
<b>Deferred tax expenses/(income) during the year</b>			<b>3,255,447</b>
Deferred tax expense/(income) recognised in profit or loss			(69,773)
Deferred tax expense/(income) recognised in other comprehensive income			7,026,658
Deferred tax expense/(income) recognised in directly in equity			(3,701,438)

**Other Assets****4.16**

Particulars	As at 32.03.2079	As at 31.03.2078
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	16,357,490	34,621,450
Accrued income	12,222,160	8,857,944
Prepayments and deposit	1,283,245	1,408,105
Income tax deposit	-	-
Deferred employee expenditure	8,386,672	3,410,028
Other miscellaneous assets	2,039,460	1,341,587
<b>Total</b>	<b>40,289,028</b>	<b>49,639,115</b>

**Due to Bank and Financial Institutions****4.17**

Particulars	As at 32.03.2079	As at 31.03.2078
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	325,739,140	59,901,550
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
<b>Total</b>	<b>325,739,140</b>	<b>59,901,550</b>

**Due to Nepal Rastra Bank****4.18**

Particulars	As at 32.03.2079	As at 31.03.2078
Refinance from NRB	220,205,652	171,227,269
Standing Liquidity Facility	234,000,000	-
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
<b>Total</b>	<b>454,205,652</b>	<b>171,227,269</b>

**Derivative financial instruments**

4.19

Particulars	As at 32.03.2079	As at 31.03.2078
<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**

4.20

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Institutions customers:</b>		
Term deposits	1,063,566,720	672,714,000
Call deposits	416,073,360	352,352,830
Current deposits	105,681,220	169,930,710
Other	6,504,570	12,972,390
<b>Individual customers:</b>		
Term deposits	1,932,349,950	910,561,760
Saving deposits	880,897,709	766,443,850
Current deposits	20,817,390	33,682,108
Other	6,563,260	-
<b>Total</b>	<b>4,432,454,179</b>	<b>2,918,657,648</b>

**4.20.1: Currency wise analysis of deposit from customers**

Particulars	As at 32.03.2079	As at 31.03.2078
Nepalese rupee	4,432,454,179	2,918,657,648
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>4,432,454,179</b>	<b>2,918,657,648</b>

**Borrowing**

4.21

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Domestic Borrowing</b>		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
<b>Sub total</b>	-	-
<b>Foreign Borrowing</b>		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
<b>Sub total</b>	-	-
<b>Total</b>	-	-

**Provisions****4.22**

Particulars	As at 32.03.2079	As at 31.03.2078
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.22.1: Movement in provision**

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Balance at Sawan 1</b>	<b>-</b>	<b>-</b>
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Asar end</b>	<b>-</b>	<b>-</b>

**Other liabilities****4.23**

Particulars	As at 32.03.2079	As at 31.03.2078
Liability for employees defined benefit obligation*	2,633,946	3,040,267
Liability for long-service leave	3,921,448	2,749,223
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	14,806,384	3,413,961
Interest payable on deposit	2,391,282	636,478
Interest payable on borrowing	3,916,146	1,927,002
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	119,656,453	-
Employee bonus payable	1,607,397	4,037,447
Other liabilities	3,030,455	17,656,013
<b>Total</b>	<b>151,963,510</b>	<b>33,460,391</b>

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

**4.23.1: Defined benefit obligations**

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 32.03.2079	As at 31.03.2078
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		

**4.23.2: Plan assets**

There is no plan assets.

Particulars	As at 32.03.2079	As at 31.03.2078
Equity securities		
Government bonds		
Bank deposit		
Other		
<b>Total</b>		

**4.23.3: Movement in the present value of defined benefit obligations**

Particulars	As at 32.03.2079	As at 31.03.2078
Defined benefit obligations at Sawan 1		
Actuarial losses		
Benefits paid by the plan		
Current service costs and interest		
Defined benefit obligations at Asar end		

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

Particulars	As at 32.03.2079	As at 31.03.2078
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		

**4.23.5: Amount recognised in profit or loss**

Particulars	As at 32.03.2079	As at 31.03.2078
Current service costs		
Interest on obligation		
Expected return on plan assets		
<b>Total</b>		

**4.23.6: Amount recognised in other comprehensive income**

Particulars	As at 32.03.2079	As at 31.03.2078
Actuarial (gain)/loss		
<b>Total</b>		

**4.23.7: Actuarial assumptions**

Particulars	As at 32.03.2079	As at 31.03.2078
Discount rate		
Expected return on plan asset		
Future salary increase		
Withdrawal rate		

**Debt securities issued**

4.24

Particulars	As at 32.03.2079	As at 31.03.2078
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
<b>Total</b>	-	-

**Subordinated Liabilities**

4.25

Particulars	As at 32.03.2079	As at 31.03.2078
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
<b>Total</b>	-	-

**Share capital**

4.26

Particulars	As at 32.03.2079	As at 31.03.2078
Ordinary shares	848,106,000	800,100,000
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
<b>Total</b>	<b>848,106,000</b>	<b>800,100,000</b>
<b>Regulatory share capital</b>	<b>848,106,000</b>	<b>800,100,000</b>

**4.26.1: Ordinary shares**

Particulars	As at 32.03.2079	As at 31.03.2078
Authorized Capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	800,100,000
Issued capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	800,100,000
Subscribed and paid up capital*		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	800,100,000
<b>Total</b>	<b>848,106,000</b>	<b>800,100,000</b>
<b>Capital as per NRB Directives</b>	<b>848,106,000</b>	<b>800,100,000</b>
<b>Reconciliation of no. of equity shares</b>	<b>As at 32.03.2079</b>	<b>As at 31.03.2078</b>
Opening	8,001,000	8,001,000
Add: issued during the year	480,060	-
<b>Closing</b>	<b>8,481,060</b>	<b>8,001,000</b>

**4.26.2: Ordinary share ownership**

Particulars	As at 32.03.2079		As at 31.03.2078	
	Percent	No.s	Percent	No.s
<b>Domestic ownership</b>				
Nepal Government				
"A" class licensed institutions				
Other licensed institution				
Other Institutions	1.64%	139,306	0.30%	23,828
Public	98.36%	8,341,754	99.70%	7,977,172
Other (Corporate)				
<b>Foreign ownership</b>				
<b>Total</b>		<b>8,481,060</b>		<b>8,001,000</b>



**The shareholders holding 0.5% or more of total paid up capital as at 32.03.2079 are as follows:**

Name of shareholder	% of holding	Total Shares	Amount Rs.
Ram Kaji Awale	4.14	351,330	35,132,958
Krishna Awale	3.35	284,183	28,418,282
Shambhu Lal Dangol	2.24	190,053	19,005,270
Sanu Kaji Maharjan	2.24	190,053	19,005,270
Ram Maharjan	2.08	176,762	17,676,242
Babu Raja Maharjan	1.98	167,820	16,782,044
Bhim Lal Maharjan	1.96	165,943	16,594,300
Mukesh Maharjan	1.95	165,502	16,550,204
Bishan Maharjan	1.95	165,434	16,543,420
Rabi Maharjan	1.92	162,904	16,290,400
Surendra Awale	1.90	161,544	16,154,400
Laxmi Prasad Maharjan	1.90	161,544	16,154,400
Manoj Dangol	1.90	161,544	16,154,400
Sangha Ratna Dangol	1.90	161,544	16,154,400
Babu Krishna Maharjan	1.76	149,585	14,958,508
Samundra Kaji Shrestha	1.76	149,083	14,908,264
Babu Kaji Maharjan	1.18	99,895	9,989,546
Ramesh Maharjan	1.18	99,820	9,982,020
Hera Man Maharjan	1.12	95,241	9,524,100
Ishwori Bade	0.99	83,543	8,354,284
Sachin Maharjan	0.94	79,407	7,940,672
Pancha Ram Maharjan	0.92	77,672	7,767,150
Bish Ram Singh	0.91	77,185	7,718,496
Isha Shrestha	0.87	74,200	7,420,000
Bikash Maharjan	0.84	70,822	7,082,178
Anil Maharjan	0.79	66,637	6,663,690
Toya Nath Poudel	0.77	65,440	6,544,016
Rajendra Shakya	0.71	59,935	5,993,452
Ishan Shrestha	0.62	53,000	5,300,000
Tirtha Lal Maharjan	0.61	51,717	5,171,740
Mangal Das Maharjan	0.56	47,371	4,737,140
Mina Maharjan Chitrakar	0.55	46,604	4,660,396
Purna Maharjan	0.50	42,400	4,240,000
<b>Total</b>	<b>49.00</b>	<b>4,155,716</b>	<b>415,571,642</b>

**Reserves****4.27**

Particulars	As at 32.03.2079	As at 31.03.2078
Statutory general reserve	29,241,457	26,804,142
Exchange equalisation reserve	-	-
Corporate social responsibility reserve	120,806	268,175
Capital redemption reserve	-	-
Regulatory reserve	46,871,091	4,946,303
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(5,092,182)	16,596,780
Dividend equalisation reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other reserve	-	-
Capital Adjustment Fund	-	-
Staff Training Reserve	683,207	636,505
<b>Total</b>	<b>71,824,379</b>	<b>49,251,904</b>

Regulatory reserve includes the amount that is allocated from profit or retained earnings for the finance as per directive of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve includes the following adjustments as per NFRS:

Particulars	As at 32.03.2079	As at 31.03.2078
Accrued Interest on Loans and Advances recognised as income	11,880,801	2,146,303
Provision for NBA (Net of Bonus and Tax)	22,637,766	2,800,000
Loss on Investment	7,274,546	-
Deferred Tax Assets	5,077,978	-
<b>Total</b>	<b>46,871,091</b>	<b>4,946,303</b>

FY	Interest Receivable	Short loan loss Provision	Short provision for possible losses in Investment	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss recognised	Fair Value Loss Recognised in OCI	Other	Total
From 74/75 till reporting period	11,880,801	-	-	5,077,978	-	-	-	7,274,546	22,637,766	46,871,091
<b>Total</b>	<b>11,880,801</b>	<b>-</b>	<b>-</b>	<b>5,077,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,274,546</b>	<b>22,637,766</b>	<b>46,871,091</b>

**Movement in Regulatory Reserve**

Particulars	Creation Due to						Total
	AIR	Actuarial Loss	Investment Adjustment	Provision for NBA	Deferred Tax Income	Fair Value	
Creation FY 2075-76	6,586,482.00	-	1,293,846.00	-	364,505.00	-	8,244,833.00
Closing bal FY 2075-76	6,586,482.00	-	1,293,846.00	-	364,505.00	-	8,244,833.00
Creation	8,737,483.62	-	-	-	-	-	8,737,483.62
Closing bal FY 2076-77	15,323,965.62	-	-	-	-	-	15,323,965.62
Reversal	(13,177,662.89)	-	-	2,800,000.00	-	-	(10,377,662.89)
Closing bal FY 2077-78	2,146,302.73	-	-	2,800,000.00	-	-	4,946,302.73
Creation	9,734,498.52	-	7,274,546.10	19,837,765.69	5,077,978.07	-	41,924,788.38
Closing bal FY 2078-79	11,880,801.25	-	7,274,546.10	22,637,765.69	5,077,978.07	-	46,871,091.12

**Movement of specific reserves for the year 2078-79 is as follows:**

Particulars	Corporate social responsibility reserve	Training reserve
Opening	268,175	636,505
Addition for the year	120,806	683,207
Utilization during the year	(268,175)	(636,505)
Closing	120,806	683,207

**Contingent liabilities and commitments**

4.28

Particulars	As at 32.03.2079	As at 31.03.2078
Contingent liabilities	-	-
Undrawn and undisbursed facilities	105,366,589	104,360,190
Capital commitment	-	-
Lease Commitment	126,062,838	113,211,831
Litigation	-	-
<b>Total</b>	<b>231,429,427</b>	<b>217,572,021.45</b>

**4.28.1: Contingent liabilities**

Particulars	As at 32.03.2079	As at 31.03.2078
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.28.2: Undrawn and undisbursed facilities**

Particulars	As at 32.03.2079	As at 31.03.2078
Undisbursed amount of loans	105,366,589	104,360,190
Undrawn limits of overdrafts	-	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
<b>Total</b>	<b>105,366,589</b>	<b>104,360,190</b>

**4.28.3: Capital commitments**

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

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>

**4.28.4: Lease commitments**

Particulars	As at 32.03.2079	As at 31.03.2078
<b>Operating lease commitments</b>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	19,007,713	15,373,284
Later than 1 year but not later than 5 years	65,651,158	55,591,530
Later than 5 years	41,403,967	42,247,018
<b>Sub total</b>	<b>126,062,838</b>	<b>113,211,831</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>-</b>	<b>-</b>
<b>Grand total</b>	<b>126,062,838</b>	<b>113,211,831</b>

**4.28.5: Litigation**

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

**Interest income****4.29**

Particulars	Current Year	Previous Year
Cash and cash equivalent	11,160,906	1,935,514
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	397,374,777	214,445,413
Investment securities	24,821,429	17,730,025
Loan and advances to staff	3,213,874	2,078,898
Other	15,797,294	1,097,491
<b>Total interest income</b>	<b>452,368,280</b>	<b>237,287,341</b>

**Interest expense****4.30**

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	8,071,729	1,927,613
Deposits from customers	285,074,409	154,548,895
Borrowing	70,575	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
<b>Total interest expense</b>	<b>293,216,713</b>	<b>156,476,509</b>

**Fees and Commission Income****4.31**

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	25,413,761	19,127,005
Penalty Income	2,430,238	375,668
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	420,029	97,185
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	-	265,267

Commission on letter of credit	-	-
Commission on guarantee contracts issued	60,000	36,000
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	457,709	46,101
<b>Total fees and Commission Income</b>	<b>28,781,737</b>	<b>19,947,226</b>

**Fees and commission expense**

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	200,853	383,761
<b>Total fees and Commission Expense</b>	<b>200,853</b>	<b>383,761</b>

**Net trading income**

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**

4.34

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	(630,388)	59,912,573
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	21,104,942	1,715,460
Gain/loss on sale of property and equipment	-	29,167
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	74,054	40,500
<b>Total</b>	<b>20,548,609</b>	<b>61,697,700</b>

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

4.35

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	(2,772,474)	1,191,448
Impairment charge/(reversal) on loan and advances to customer	43,259,971	10,648,446
Impairment charge/(reversal) on financial investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
<b>Total</b>	<b>40,487,497</b>	<b>11,839,894</b>

**Personnel Expense****4.36**

Particulars	Current Year	Previous Year
Salary	29,756,122	21,040,110
Allowances	25,431,921	15,549,495
Gratuity expense	-	218,941
Provident fund	5,975,627	2,404,146
Uniform	1,150,000	1,080,000
Training & development expense	1,429,183	499,475
Leave encashment	2,362,510	1,337,112
Medical	-	2,512,211
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	1,384,486	529,718
Other expenses related to staff	-	-
<b>Subtotal</b>	<b>67,489,849</b>	<b>45,171,208</b>
Employees bonus	1,535,046	4,024,955
<b>Grand total</b>	<b>69,024,895</b>	<b>49,196,163</b>

**Other operating expense****4.37**

Particulars	Current Year	Previous Year
Directors' fee	1,085,000	748,000
Directors' expense	120,788	16,858
Auditors' remuneration	339,000	197,750
Other audit related expense	989,195	342,820
Professional and legal expense	1,145,565	684,853
Office administration expense	38,351,449	24,195,020
Operating lease expense	8,779,790	12,819,316
Operating expense of investment properties	-	-
Corporate social responsibility expense	1,384,710	1,147,343
Onerous lease provisions	-	-
Operating expense of investment securities	-	9,400,549
<b>Total</b>	<b>52,195,497</b>	<b>49,552,509</b>

**Office administration expenses include the following:**

	Current Year	Previous Year
Water and electricity	3,605,656	1,853,560
Repair and maintenance		
Building	-	-
Vehicles	322,038	195,176
Computer and accessories	-	-
Office equipment and furniture	1,231,994	380,332
Others	4,068,827	2,867,938
Insurance	2,750,286	1,549,204
Postage, telex, telephone, fax	3,159,653	1,889,777
Printing and stationery	2,322,117	1,930,327
Newspaper, books and journal	57,158	44,061
Advertisement	1,970,102	1,674,003
Donation	-	-
Security	10,957,495	8,346,324
Deposit and loan guarantee premium	-	-
Travel allowance and expense	415,651	295,149
Entertainment	904,285	992,877
Annual/special general meeting	336,929	89,325
Other expenses	6,249,255	2,086,968
<b>Total</b>	<b>38,351,449</b>	<b>24,195,020</b>



**Depreciation & Amortisation****4.38**

Particulars	Current Year	Previous Year
Depreciation on property and equipment	31,931,660	10,824,809
Depreciation on investment property	-	-
Amortisation of intangible assets	362,730	409,069
<b>Total</b>	<b>32,294,390</b>	<b>11,233,879</b>

**Non operating income****4.39**

Particulars	Current Year	Previous Year
Recovery of loan written off	60,000	-
Other income	-	-
<b>Total</b>	<b>60,000</b>	<b>-</b>

**Non operating expense****4.40**

Particulars	Current Year	Previous Year
Loan written off	523,368	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
<b>Total</b>	<b>523,368</b>	<b>-</b>

**Income tax expense****4.41**

Particulars	Current Year	Previous Year
<b>Current tax expense</b>	<b>3,611,596</b>	<b>13,501,811</b>
Current year	3,611,596	12,855,236
Adjustments for prior years		646,575
<b>Deferred tax expense</b>	<b>(1,876,754)</b>	<b>(69,773)</b>
Origination and reversal of temporary differences	(1,876,754)	(69,773)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
<b>Total income tax expense</b>	<b>1,734,843</b>	<b>13,432,037</b>

**4.41.1: Reconciliation of tax expense and accounting profit**

Current Year		
Profit before tax	13,815,413	40,249,553
Tax amount at tax rate of 30%	4,144,624	12,074,866
Add: Tax effect of expenses that are not deductible for tax purpose	1,154,272	875,008
Less: Tax effect on exempt income	(2,285,709)	(94,638)
Add/less: Tax effect on other items	(598,410)	(0)
Total income tax expense	3,611,596	12,855,236
Effective tax rate	26.14%	31.94%

## Statement of Distributable Profit or Loss

4.42

Particulars	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>12,080,570</b>	<b>26,817,516</b>
<b>Appropriations:</b>		
a. General reserve	(2,437,316)	(7,831,129)
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	147,369	(223,953)
e. Employees' training fund	(46,702)	(486,381)
f. Other	74,206	8,636,689
<b>Profit or (loss) before regulatory adjustment</b>	<b>9,818,127</b>	<b>26,912,742</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(9,734,499)	13,177,663
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	(7,274,546)	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(19,837,766)	(2,800,000)
e. Deferred tax assets recognised (-)/ reversal (+)	(5,077,978)	-
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>(32,106,661)</b>	<b>37,290,405</b>
Opening Retained Earnings	44,725,864	7,435,459
Adjustment (+/-)	-	-
<b>Distribution</b>		
Bonus Shares Issued	(40,881,219)	-
Cash Dividend Paid	(2,526,630)	-
<b>Total Distributable Profit as on Year End Date</b>	<b>(30,788,646)</b>	<b>44,725,864</b>

## 5 Disclosure and Additional Information

### 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 32 Ashad 2079**

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent		1,120,425,542	-	-
Due from Nepal Rastra Finance	AC	120,010,410	-	-
Loans and advances to customers	AC	-	-	3,605,532,348
Investment securities				
Quoted shares	FVOCI	98,059,663	-	-
Unquoted shares	FVOCI	-	-	1,429,500
Other Investment	AC	-	-	759,170,000
<b>Total Financial Assets</b>		<b>1,338,495,615</b>	<b>-</b>	<b>4,366,131,848</b>
<b>Financial Liabilities</b>				
Due to Finance and Financial Institutions	AC	325,739,140	-	-
Deposits from customers	AC	4,432,454,179	-	-
Other Liabilities	AC	-	-	-
<b>Total Financial Liabilities</b>		<b>4,758,193,319</b>	<b>-</b>	<b>-</b>

**As at 31 Ashad 2078**

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent		585,913,183	-	-
Due from Nepal Rastra Finance	AC	129,107,407	-	-
Loans and advances to customers	AC	-	-	2,247,601,365
Investment securities				
Quoted shares	FVOCI	132,352,713	-	-
Unquoted shares	FVOCI	-	-	1,325,300
Other Investment	AC	-	-	415,000,000
<b>Total Financial Assets</b>		<b>847,373,302</b>	<b>-</b>	<b>2,663,926,665</b>
<b>Financial Liabilities</b>				
Due to Finance and Financial Institutions	AC	59,901,550	-	-
Deposits from customers	AC	2,918,657,648	-	-
Other Liabilities	AC	-	-	-
<b>Total Financial Liabilities</b>		<b>2,978,559,198</b>	<b>-</b>	<b>-</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 2079	As at 31 Ashad 2078
<b>1.1 Risk Weighted Exposure (RWE)</b>		
RWE for Credit Risk	3,563,159	2,763,676
RWE for Operational Risk	243,300	179,690
RWE for Market Risk	-	-
<b>Total RWE before adjustment under Pillar II</b>	<b>3,806,459</b>	<b>2,943,366</b>
Adjustments under Pillar II		
Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	62,545	48,737
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	114,194	88,301
<b>Total RWE</b>	<b>3,983,197</b>	<b>3,080,404</b>
<b>1.2 Capital</b>		
<b>A. Core Capital (Tier I)</b>	<b>846,559</b>	<b>878,755</b>
Paid up Equity Share Capital	848,106	800,100
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	7,125
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	29,241	26,804
Retained Earnings	(30,789)	44,726
Un-audited current year cumulative profit/(loss)	-	-
Capital Redemption Reserve	-	-
Capital Adjustment Reserve	-	-
Dividend Equalization Reserves	-	-
Other Free Reserve	-	-
Less: Goodwill	-	-
Less: Deferred Tax Assets	-	-
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	-	-
<b>Adjustments under Pillar II</b>		
<b>B. Supplementary Capital (Tier II)</b>	<b>48,214</b>	<b>33,930</b>
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	48,214	33,930
Exchange Equalization Reserve	-	-
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>894,773</b>	<b>912,685</b>
<b>1.3 Capital Adequacy Ratio</b>		
<b>Tier I Capital to Total RWE</b>	<b>21.25%</b>	<b>28.53%</b>
<b>Total Capital Fund to Total RWE</b>	<b>22.46%</b>	<b>29.63%</b>



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

	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		
<b>A. Balance Sheet Exposures</b>								
Cash Balance	66,015	-	-	66,015	0%	-	64,938	-
Balance With Nepal Rastra Bank	120,010	-	-	120,010	0%	-	129,107	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	759,170	-	-	759,170	0%	-	415,000	-
All Claims on Government of Nepal	39,124	-	-	39,124	0%	-	20,731	-
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	1,292,022	-	-	1,292,022	20%	258,404	821,849	164,370
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	36,908	-	-	36,908	100%	36,908	1,191,903	1,172,887
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)	2,732,855	98,767	71,275	2,562,813	75%	1,922,110	640,495	464,123
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	200,517	-	-	200,517	60%	120,310	114,620	68,772
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	100%	-	-	-
Claims secured by Commercial real estate	417,114	-	-	417,114	100%	417,114	352,313	334,626
Past due claims (except for claims secured by residential properties)	3,973	3,973	-	-	150%	-	2,963	-

High Risk claims	41,273	-	-	41,273	150%	61,909	5,119	7,579
Lending against shares	219,841	5,500	-	214,341	100%	214,341	121,806	182,710
Investments in equity and other capital instruments of institutions listed in stock exchange	99,056	-	-	99,056	100%	99,056	125,350	125,350
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	150%	-	-	-
Staff loan secured by residential property	-	-	-	-	60%	-	-	-
Interest Receivable/claim on government securities	9,768	-	-	9,768	0%	-	6,877	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-
Other Assets (as per attachment)	337,624	30,680	-	306,943	100%	306,943	130,048	130,048
<b>TOTAL (A)</b>	<b>6,375,269</b>	<b>138,920</b>	<b>71,275</b>	<b>6,165,074</b>		<b>3,437,096</b>	<b>4,143,121</b>	<b>2,650,465</b>
<b>B. Off Balance Sheet Exposures</b>								
Revocable Commitments	105,367	-	-	105,367	0%	-	104,360	-
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%	-	-	-
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%	-	-	-
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	126,063	-	-	126,063	100%	126,063	113,212	113,212
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
<b>TOTAL (B)</b>	<b>231,429</b>	<b>-</b>	<b>-</b>	<b>231,429</b>		<b>126,063</b>	<b>217,572</b>	<b>113,212</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>6,606,699</b>	<b>138,920</b>	<b>71,275</b>	<b>6,396,503</b>		<b>3,563,159</b>	<b>4,360,693</b>	<b>2,763,676</b>
Adjustments under Pillar II	-	-	-	-	-	-	-	-
<b>Total RWE for Credit Risk</b>				<b>6,396,503</b>		<b>3,563,159</b>	<b>4,360,693</b>	<b>2,763,676</b>

## Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	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)	
Balance Sheet Exposures										
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)										-
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)										-





**Exhibit of claims with Eligible Credit Risk Mitigants**

*Rs. (In full figure)*

S.N.	Counterparty	Category	Facility	Outstanding	Eligible CRM			
					Nature	Gross Amount	Haircut	Net Amount
	<b>Total</b>			-	-	71,275,000	-	-



## b) Operational Risk

Amount in '000

Particulars	Fiscal Year		
	2076/77	2077/78	2078/79
Net Interest Income	66,839	107,336	154,429
Commission and Discount Income	9,195	19,947	28,782
Other Operating Income	12	61,698	20,549
Exchange Fluctuation Income	-	-	-
Addition/Deduction in Interest Suspense during the period	39,588	(26,525)	4,723
<b>Gross income (a)</b>	<b>115,633</b>	<b>162,456</b>	<b>208,482</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>17,346.00</b>	<b>24,369.00</b>	<b>31,273.00</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>	<b>24,330.00</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>243,300.00</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>243,300.00</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	-	-	-	-	-	-
CNY	-	-	-	-	-	-
KWD	-	-	-	-	-	-
BHD	-	-	-	-	-	-
<b>(a) Total Open Position</b>						<b>-</b>
<b>(b) Fixed Percentage</b>						<b>5%</b>
<b>(c) Capital Charge for Market Risk (=a*b)</b>						<b>-</b>
<b>(d) Risk Weight (reciprocal of capital requirement of 10%) in times</b>						<b>10</b>
<b>(e) Equivalent Risk Weight Exposure (=c*d)</b>						<b>-</b>

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

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled	-	-	-
Sub-Standard	29,030,008.93	4,706,816.16	24,323,192.77
Doubtful	35,835,223.84	14,508,068.58	21,327,155.26
Bad	50,074,883.31	50,074,883.31	-
<b>Total</b>			<b>45,650,348.03</b>

**5.3.4 Compliance with Capital Requirement**

Inline with NRB Directive 1/078, the following is the status of compliance with capital requirements at Ashad end 2079.

Particulars	Requirement	Position
Tier I Capital to RWE	6%	21.25%
Tier I and Tier II Capital to RWE	10%	22.46%

**5.4 Operating Segment Information****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.
- Treasury:** Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- 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 2079**

Particulars	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Far West	Total
Revenue from external customers	8,271,146	59,465,002	415,983,841	18,058,637				501,778,626
Intersegment revenues	5,853,336.12	36,551,086.26	(46,240,078)	3,835,656				(0)
<b>Net revenue</b>	<b>14,124,482</b>	<b>96,016,088</b>	<b>369,743,763</b>	<b>21,894,292</b>				<b>501,778,626</b>
Interest income	6,520,236	51,680,327	377,301,325	16,866,392				452,368,280
Interest expenses	2,377,448	26,670,715	252,355,650	11,812,900				293,216,713
<b>Net interest revenue</b>	<b>4,142,788</b>	<b>25,009,612</b>	<b>124,945,675</b>	<b>5,053,492</b>				<b>159,151,567</b>
Depreciation and amortization	557,691	6,379,970	24,835,010	521,720				32,294,390
<b>Segment profit/(loss)</b>	<b>664,069</b>	<b>(1,273,319)</b>	<b>16,863,731</b>	<b>(2,439,069)</b>				<b>13,815,413</b>
<b>Entity's interest in the profit or loss of associate accounted for using equity method</b>								
<b>Other material non-cash items:</b>								
<b>Loans:</b>								
Consumer	68,586,454	578,485,350	1,181,466,392	146,449,228				1,974,987,425
Corporate	10,010,664	345,503,510	1,509,288,162	50,298,206				1,915,100,542
<b>Deposit</b>								
Consumer	34,713,821	400,828,715	2,298,372,779	88,362,958				2,822,278,273
Corporate	18,083,036	396,491,222	1,451,678,093	69,662,695				1,935,915,047
Impairment of Assets	1,784,770	13,072,238	98,680,924.29	7,054,667.08				120,592,600
Segment Assets	53,606,604	60,738,321	5,983,498,387	155,660,904				6,253,504,215
Segment Liabilities	52,905,730	803,597,188	4,349,483,243	158,376,320				5,364,362,482

#### 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

<b>Total revenue for reportable segments</b>	<b>501,778,626</b>
Other revenue	-
Elimination of intersegment revenues	-
<b>Entity's revenue</b>	<b>501,778,626</b>

##### b) Profit or loss

<b>Total profit or loss for reportable segments</b>	<b>13,815,413</b>
Other profit or loss	-
Elimination of intersegment profit	-
Unallocated amounts:	
Staff bonus	1,535,046
Income tax	1,734,843
NFRS adjustments	(5,004,731)
<b>Profit After income tax</b>	<b>12,080,570</b>

##### c) Assets

<b>Total assets for reportable segments</b>	<b>6,253,504,215</b>
Other assets	-
Unallocated assets	-
<b>Entity's assets</b>	<b>6,253,504,215</b>

##### d) Liabilities

<b>Total liabilities for reportable segments</b>	<b>5,364,362,482</b>
Other liabilities	-
Unallocated liabilities	-
<b>Entity's liabilities</b>	<b>5,364,362,482</b>

#### 5.4.5 Information about product and services

Particulars	Amount
Financial Intermediary Activities	452,960,612
Treasury	45,926,371
Others	3,307,976

#### 5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

<b>Domestic:</b>	<b>501,778,626</b>
Province 1	8,271,146
Madhesh	59,465,002
Bagmati	415,983,841
Gandaki	18,058,637
Lumbini	-
Karnali	-
Far West	-
<b>Foreign:</b>	<b>-</b>
<b>Total Revenue</b>	<b>501,778,626</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:

<b>Name</b>	<b>Position</b>
Mr. Kishore Kumar Maharjan	Chairperson
Mr. Sambhu Lal Dangol	Director
Mr. Bikash Maharjan	Director
Mr. Samundra Kaji Shrestha	Director
Ms. Sabina Maharjan	Director
Mr. Biplove Singh	Independent Director
*Mr. Anish Maharjan	Resigned Dated 2080.05.15
Mr. Rubish Shrestha	serves as the secretary of Board.

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

Chairperson of the Board is provided Rs. 5,000 and other board members are provided Rs. 4,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 684,000.

All board members are provided Rs. 3,000 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 31,65,910 (previous year Rs. 27,93,000).

In addition, the CEO was 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**

Adjustment of Interest received till Bhadra 15 2078 on regulatory reserve

Creation of regulatory reserve is not required for Accrued interest receivable as on Ashad end 2079 which was recognized subsequently up to Shrawan 15 2079. Such accrued interest receivable as on Ashad End 2079 which was subsequently recovered within Shrawan 15 2079 amount to NPR 5,512,774.4

**5.10 COVID Related Relief**

Due to the corona virus outbreak and lockdown situation subsequent to spread of the virus, borrowers have faced/ are facing financial hardship that has aggravated their financial situation and their ability to suffice their loan commitments is under immense stress. Finance has duly complied with the directives, circulars and notices related to COVID's impact mitigating measures issued by Nepal Rastra Bank time to time. NRB from various circulars had issued notice in relation to relief for COVID affected credit customers . In the same line finance had provided relief to the customers as per the regulatory direction.

**TABLE 1**

Particulars	As of Asadh end 2079	
	No. of Customers	Amount (NRs.)
Accrued Interest Received after Asadh end 2079 till 15 Shrawan 2079	225	144,801,976
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio		
Extension of moratorium period of loan provided to Industry or Project under construction	-	-
Restructured/Rescheduled Loan with 5% Loan Loss Provision	21	81,889,012
Enhancement of Working Capital Loan by 20% to COVID affected borrowers		
Enhancement of Term Loan by 10% to COVID affected borrowers	4	15,430,000
Enhancement of Term Loan by 20% to COVID affected borrowers	1	6,700,000
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1 year with 5% provisioning	-	-
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2	22	101,877,012

**TABLE 2**

Particulars	No. of Customers	Amount (NRs.)
Refinance Loan	42	220,205,652
Business Continuity Loan	-	-

**TABLE 3**

Particulars	During FY 2078/79	
	No. of Customers	Amount (NRs.)
Subsidized Loan	237	281,454,777

**5.11 Other Assets**

(Rs. in '000)

S.No.	Assets	Gross Amount	Specific Provision	Net Balance
1	Current Tax Assets	18,923.43	-	18,923.43
2	Investment Property	35,932.96	-	35,932.96
3	Property and Equipment	273,548.12	60,237.08	213,311.04
4	Assets held for Sale	-	-	-
5	Other non-banking assets	-	-	-
6	Bills receivable	-	-	-
7	Accounts receivable	16,357.49	-	16,357.49
8	Accrued income	12,222.16	-	12,222.16
9	Prepayment and Deposits	1,283.25	-	1,283.25
10	Income tax deposits	-	-	-
11	Deferred Employee Expenditure	8,386.67	-	8,386.67
12	Others	2,039.46	-	2,039.46
	<b>Total</b>	<b>368,693.55</b>	<b>60,237.08</b>	<b>308,456.46</b>

**5.12 Net Liquid Assets to Total Deposit Ratio**

(Rs. in '000)

	Particulars	Amount
<b>A</b>	<b>Total Deposit &amp; Borrowing</b>	<b>5,212,398.97</b>
	1. Total Deposits (as per NRB Ni. Fa. 9.1)	4,758,193.32
	2. Total Borrowings (as per NRB Ni. Fa. 9.1)	454,205.65
<b>B</b>	<b>Liquid Assets</b>	<b>1,879,595.54</b>
	1. Cash(as per NRB Ni. Fa. 9.1)	66,014.57
	2. Bank Balance (as per NRB Ni. Fa. 9.1)	6,119.87
	3. Money at call and short notice (as per NRB Ni. Fa. 9.1)	1,048,291.11
	4. Investments in government securities (as per NRB Ni. Fa. 9.1)	759,170.00
	5. Placements upto 90 days	
<b>C</b>	<b>Borrowings payable upto 90 days</b>	<b>234,000.00</b>
<b>D</b>	<b>Net Liquid Assets (B-C)</b>	<b>1,645,595.54</b>
<b>E</b>	<b>Net Liquid Assets to Total deposit (D/A1)</b>	<b>34.58%</b>
<b>F</b>	<b>Shortfall in Ratio</b>	<b>No Shortfall</b>
<b>G</b>	<b>Percentage of deposit to be added to RWE</b>	<b>0.00%</b>
<b>H</b>	<b>Amount to be added to risk weighted exposures</b>	<b>-</b>

Note (if any):

## 5.13 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2078-79	2077-78	2076-77	2075-76	2074-75
1	Net profit/total income	%	2.41	8.41	1.81	17.64	7.51
2	Earning per share						
	Basic earning per share	Rs.	1.42	3.35	0.55	8.64	4.75
	Diluted earning per share	Rs.	1.42	3.35	0.55	8.64	4.75
3	Market price per share	Rs.	246.00	396.00	146.00	138.00	135.00
4	Price/earning ratio	Times	172.70	118.15	264.15	15.97	28.42
5	Dividend or bonus per share	Rs.	-	-	-	-	-
6	Cash dividend	Rs.	-	-	-	-	-
7	Interest income/loan and advances	%	11.50	8.62	13.83	14.00	16.64
8	Employee expenses/total operating expenses	%	44.96	44.73	45.42	50.29	44.74
9	Employee expenses/total deposit and borrowing	%	1.45	1.65	1.67	1.90	1.34
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	2.22	8.18	0.04	22.71	11.44
12	Net profit/loans and advances	%	0.31	1.00	0.26	2.79	1.34
13	Net profit/total assets	%	0.19	0.66	0.16	1.43	0.61
14	Total loans and advances/total deposit	%	83.24	93.09	64.93	93.21	65.35
15	Total operating expenses/total assets	%	2.45	2.69	2.54	2.13	2.16
16	Capital adequacy ratio						
	a) Core Capital	%	21.25	28.53	44.00	65.55	173.02
	b) Supplementary Capital	%	1.21	1.10	1.32	0.96	-
	c) Total Capital Fund	%	22.46	29.63	45.32	66.51	173.02
17	Cash reserve ratio (CRR)	%	4.00	7.08	7.97	3.76	3.27
18	NPAs/total loan and advances	%	2.78	1.84	2.18	1.43	1.90
19	Base rate	%	12.93	9.42	11.22	10.55	
20	Weighted average interest rate spread	%	4.53	3.62	4.73	4.53	
21	Book net worth	Rs.	104.74	112.52	107.21	105.55	140.75
22	Total shares	No.	8,481,060	8,001,000	8,001,000	8,001,000	2,100,000
23	Total employees	No.	155.00	115.00	81.00	38	31
24	Others:						
	Per employee business (Rs. In lakh)	%	3,236,765	2,773,324	3,008,623	26,799,684	16,460,387
	Employee expenses/total income	%	13.76	15.43	13.48	13.22	11.86



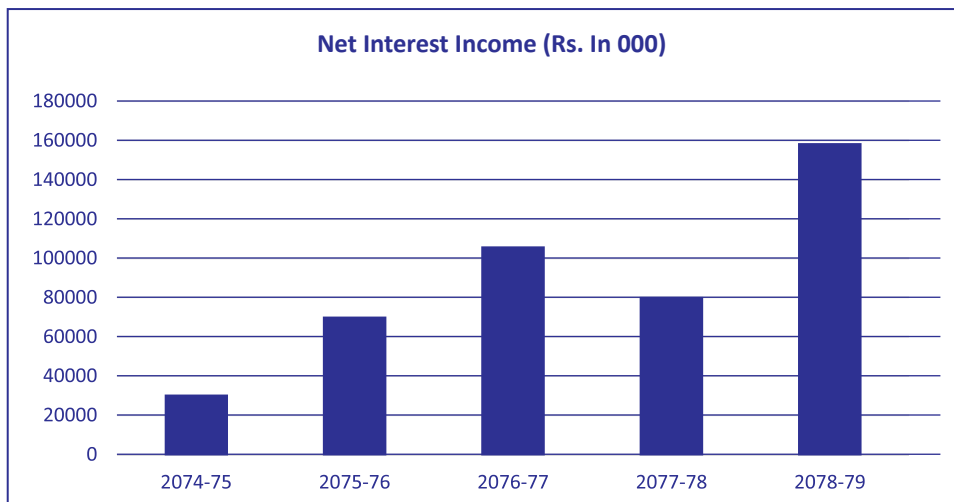
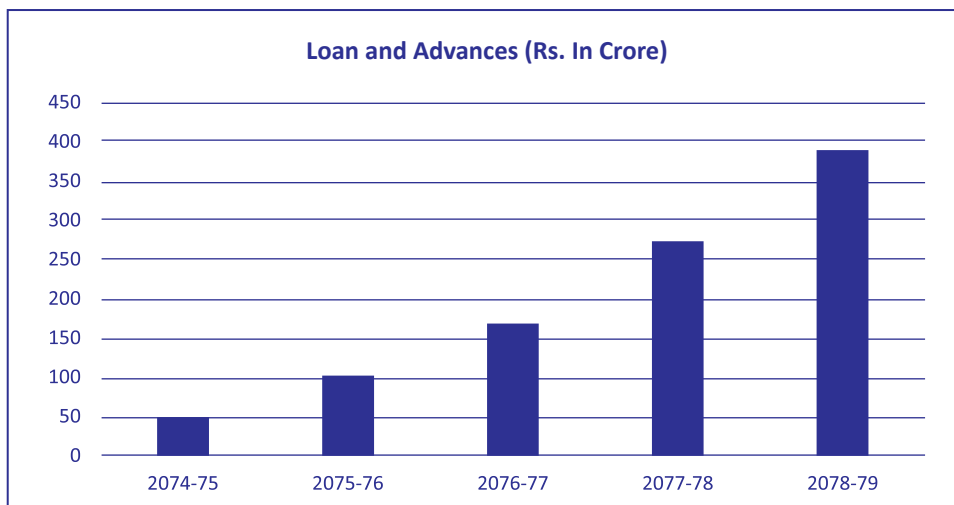
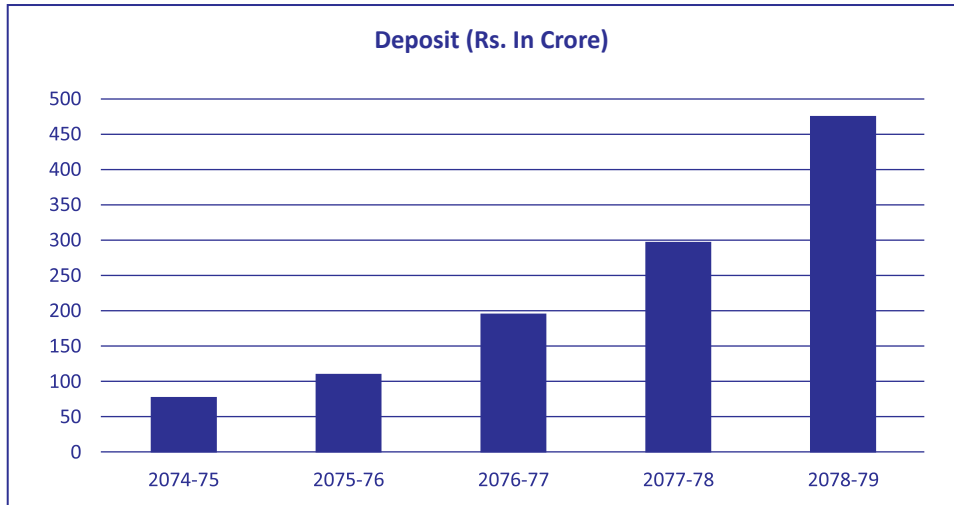
**Progressive Finance Limited**  
**Comparison Audited and Unaudited Financial Statements**  
**Fiscal Year: 2078-79**

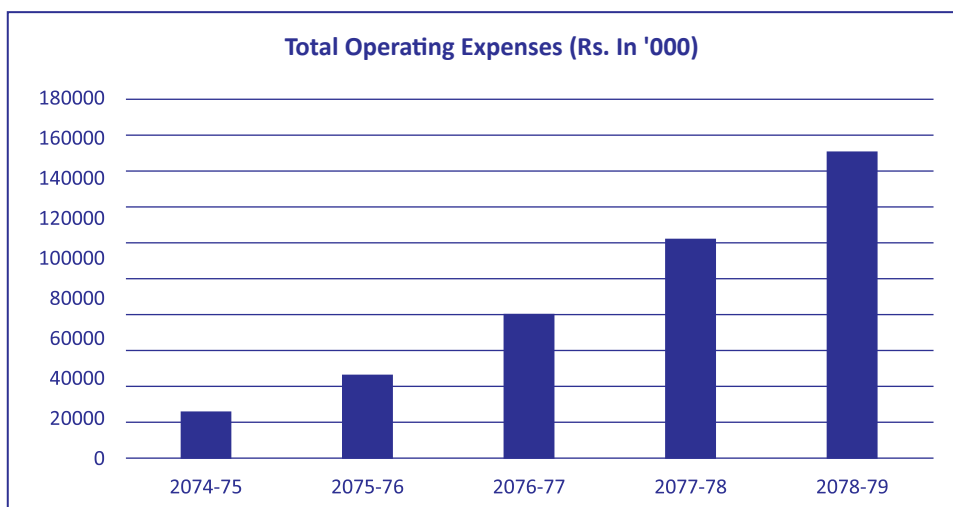
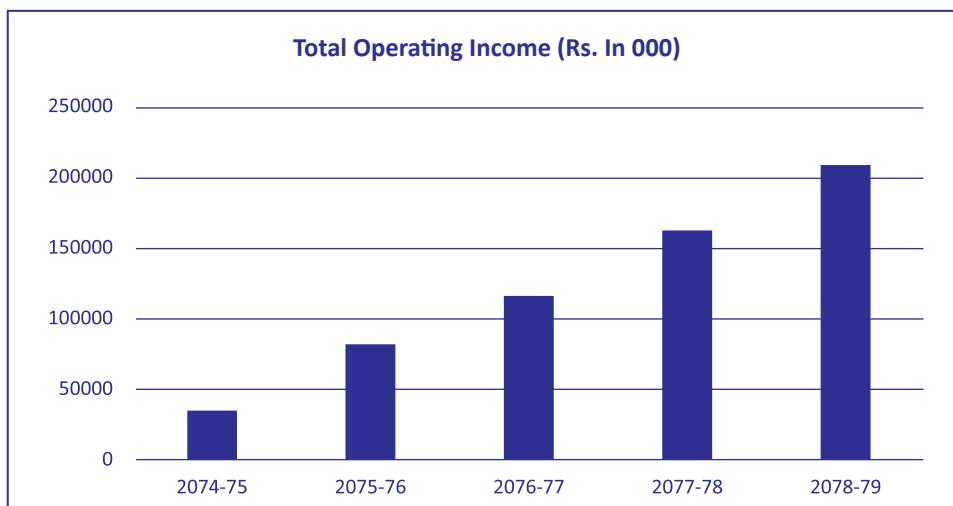
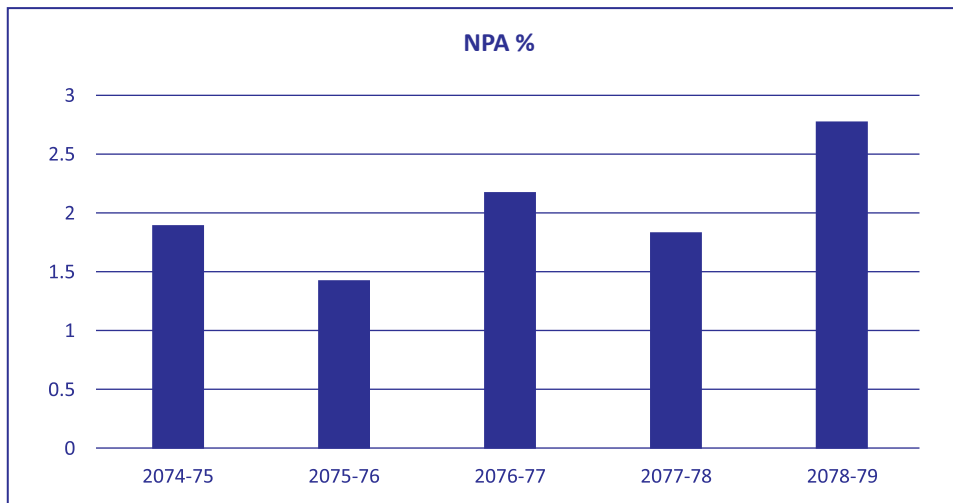
Statement of Financial Position	As per Unaudited Financial Statements		As per Audited Financial Statements		Variance		Reasons for Variance
					In Amount	In %	
<b>Assets</b>							
Cash and cash equivalent	1,120,410,329	1,120,425,542	(15,213)	0%	Regrouping with due from NRB		
Due from Nepal Rastra Bank	120,010,410	120,010,410	-	0%	Regrouping with cash and cash equivalent		
Placement with Bank and Financial Institutions	-	-	-	0%			
Derivative financial instruments	-	-	-	0%			
Other trading assets	-	-	-	0%			
Loan and advances to B/FIs	161,674,250	234,813,274	(73,139,024)	-45%	Regrouping		
Loans and advances to customers	3,725,656,167	3,605,532,348	120,123,818	3%	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	858,659,166	858,659,166	(0)	0%	Correction of wrong investment entry		
Current tax assets	10,087,801	18,923,435	(8,835,634)	-88%	Recomputation of tax liability		
Investment in subsidiaries	-	-	-	0%			
Investment in associates	-	-	-	0%			
Investment property	8,640,000	35,932,962	(27,292,962)	-316%	Reclassification		
Property and equipment	123,801,664	213,311,041	(89,509,377)	-72%	Depreciation charge rectified for some assets and inclusion of ROU assets.		
Goodwill and intangible assets	2,032,427	529,032	1,503,395	74%	Reclassified to Property & Equipment		
Deferred tax assets	3,201,224	5,077,978	(1,876,754)	-59%	Recomputation of tax liability		
Other assets	57,255,008	40,289,028	16,965,980	30%	Staff Loans & Advances regrouped to loans & advances & Correction of Investment Entry		
<b>Total Assets</b>	<b>6,191,428,446</b>	<b>6,253,504,215</b>	<b>(62,075,770)</b>				
<b>Liabilities</b>							
Due to Bank and Financial Institutions	165,266,030	325,739,140	(160,473,110)	-97%	Reclassification		
Due to Nepal Rastra Bank	454,205,652	454,205,652	-	0%	Reclassification		
Derivative financial instruments	-	-	-	0%			
Deposits from customers	4,592,926,289	4,432,454,179	160,472,110	3%	Reclassification		
Borrowing	-	-	-	0%			
Current Tax Liabilities	-	-	-	0%			
Provisions	-	-	-	0%			
Deferred tax liabilities	-	-	-	0%			
Other liabilities	51,820,832	151,963,510	(100,142,678)	-193%	Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.		
Debt securities issued	-	-	-	0%			
Subordinated Liabilities	-	-	-	0%			
<b>Total liabilities</b>	<b>5,264,218,803</b>	<b>5,364,362,482</b>	<b>(100,143,678)</b>				
Equity							
Share capital	848,106,000	848,106,000	-	0%			
Share premium	-	-	-	0%			
Retained earnings	15,543,209	(30,788,646)	46,331,854	298%	Resulting change of all adjustments related to Statement of Profit or Loss and regulatory reserve		
Reserves	63,560,434	71,824,379	(8,263,945)	-13%	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>927,209,642</b>	<b>889,141,733</b>	<b>38,067,909</b>				
Non-controlling interest	-	-	-				
<b>Total equity</b>	<b>927,209,642</b>	<b>889,141,733</b>	<b>38,067,909</b>				
<b>Total liabilities and equity</b>	<b>6,191,428,446</b>	<b>6,253,504,215</b>	<b>(62,075,770)</b>				

Amount in Rs.

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Interest income	454,342,425	452,368,280	1,974,146	0%	Change in accrued interest on recalculation
Interest expense	293,011,316	293,216,713	(205,397)	0%	Recalculation of Interest Expenses on Accrual Basis
<b>Net interest income</b>	<b>161,331,109</b>	<b>159,151,567</b>			
Fee and commission income	517,409	28,781,737	(28,264,328)	-5463%	Reclassification to Other operating income
Fee and commission expense	-	200,853	(200,853)	0%	
<b>Net fee and commission income</b>	<b>517,409</b>	<b>28,580,884</b>			
<b>Net interest, fee and commission income</b>	<b>161,848,519</b>	<b>187,732,451</b>			
Net trading income	-	-	-	0%	
Other operating income	49,501,507	20,548,609	28,952,898	58%	Correction of Investment Entry
<b>Total operating income</b>	<b>211,350,026</b>	<b>208,281,059</b>			
Impairment charge/(reversal) for loans and other losses	(3,792,736)	40,487,497	(44,280,233)	1168%	Change in impairment based on new NRB circular
<b>Net operating income</b>	<b>215,142,762</b>	<b>167,793,562</b>			
Operating expense	152,547,053				
Personnel expenses	71,240,299	69,024,895	2,215,404	3%	Finalized calculation of gratuity and bonus
Other operating expenses	62,282,813	52,195,497	10,087,316	16%	Correction on few other expenses
Depreciation & Amortisation	19,023,941	32,294,390	(13,270,449)	-70%	Correction on calculation of depreciation
Operating Profit	62,595,709	14,278,780			
Non operating income	-	60,000	(60,000)	0%	Reclassification from other operating income
Non operating expense	-	523,368	(523,368)	0%	Reclassification
<b>Profit before income tax</b>	<b>62,595,709</b>	<b>13,815,413</b>			
Income tax expense		-	-	0%	
Current Tax	12,447,230	3,611,596	8,835,634	71%	Recomputation of tax liability
Deferred Tax Expenses/(Income)	-	(1,876,754)	1,876,754	0%	
<b>Profit for the period</b>	<b>50,148,478</b>	<b>12,080,570</b>			
Other comprehensive income	(40,141,691)	(21,614,757)	(18,526,934)	46%	Due to remeasurement of fair value of equity instruments
<b>Total comprehensive income</b>	<b>(40,141,691)</b>	<b>(21,614,757)</b>			
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	50,148,478	12,080,570			
Add/(Less: Regulatory adjustment as per NRB Directive	25,466,311	41,924,788	(16,458,477)	-65%	Excess figures was transferred to regulatory reserve in unaudited financials without considering interest received,tax effect and Bonus effect.
<b>Free profit/(loss) after regulatory adjustments</b>	<b>24,682,167</b>	<b>(29,844,218)</b>	<b>54,526,386</b>	<b>221%</b>	

**फर्केर हेर्दा .....**







**नेपाल राष्ट्र बैंक**  
**वित्तीय संस्था सुपरिवेक्षण विभाग**

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/प्रोग्रेसिभ/०८०/८१  
च.नं.: ५५



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन नं.: ०१-४४१२३०७  
Site: www.nrb.org.np  
Email: nrbisd@nrb.org.np  
पोष्ट बक्स: ७३

मिति : २०८०/०९/०६

श्री प्रोग्रेसिभ फाइनेन्स लिमिटेड,  
तिनकुने, काठमाडौं ।

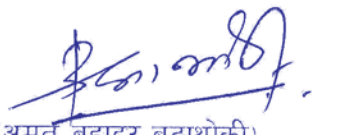
**विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति सम्बन्धमा ।**

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७८/७९ को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७८/७९ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको ब्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (१) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (२) यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०८० बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (३) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

  
(अमृत बहादुर बुढाथोकी)  
उप-निर्देशक

**बोधार्थ:**

- श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।  
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।  
श्री IBS (Individual Bank Supervisor) Officer

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



olc

चलानी नं.: ५४१/०८०/०८१

मिति: २०८०/१०/०८

श्री नेपाल राष्ट्र बैंक,  
वित्तीय संस्था सुपरिवेक्षण विभाग,  
बालुवाटार, काठमाडौं ।

विषय: प्रत्युत्तर सम्बन्धमा ।

महोदय,

तहाँबाट यस संस्थालाई वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति सम्बन्धमा मिति २०८०/०९/०६ को प.सं वि.कं.सु.वि./गैरस्थलगत/प्रोग्रेसिभ/०८०/८१ को पत्रानुसार सहमति प्रदान गरिएको व्यहोरा अवगत भयो । साथै सो पत्रमा उल्लेखित कैफियतहरु तथा निर्देशनहरु पालना गर्न संस्था सदैव प्रतिबद्ध रहेको समेत जानकारी गराउँदछौं ।

निर्देशन तथा कैफियतहरुका सम्बन्धमा प्रत्युत्तर :

१. संस्थाले कर्जा प्रवाह पश्चात कर्जा सदुपयोगिता सुनिश्चितता गर्ने व्यहोरा अनुरोध छ ।
२. तहाँ बैंकबाट जारी एकीकृत निर्देशन नं. १९/८० बमोजिमको सम्पत्ति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाहरुको पूर्ण रुपमा पालना गर्न यस संस्था प्रतिबद्ध रहेको व्यहोरा अनुरोध छ ।
३. कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान, संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा तहाँबाट औल्याएका कैफियतहरु पुनः दोहोरिन नदिने प्रतिबद्धता व्यक्त गर्दछौं ।

तहाँ बैंकबाट प्राप्त निर्देशनहरु यस संस्थाको लागि सदैव मार्गदर्शकका रुपमा रहने व्यहोरा जानकारीको लागि हार्दिक अनुरोध गर्दछौं ।



बोधार्थ:

२०८०-१०-०९



भवदीय,

*Anil Shrestha*

अनिल श्रेष्ठ

प्रमुख कार्यकारी अधिकृत

१. नेपाल राष्ट्र बैंक  
बैंक तथा वित्तीय संस्था नियमन विभाग,
२. वित्तीय संस्था सुपरिवेक्षण विभाग,  
कार्यान्वयन इकाई,









**Management Team**

**Corporate Office Team**



## Our Networks:

• Corporate Office, Tinkune, Kathmandu 01-5199664, 01-5199665, 01-5199667	• Itahari Branch, Dharanroad, Itahari 025-590166, 025-590177	• Yadukuwa Branch, Yadukuwa 041-410061
• NewRoad Branch, Khichapokhari, Kathmandu 01-5346403, 01-5346402, 01-5341244	• Bharatpur Branch, Bharatpur 056-596608	• Malangwa Branch, Malangwa, Sarlahi 046-521833
• Tinkune Branch, Tinkune, Kathmandu 01-5970110	• Barahathawa Branch, Barahathawa 046-540466	• Hetauda Branch, Hetauda, Makwanpur 057-590636, 057-590654
• Patan Sundhara Branch, Lalitpur 01-5554436, 01-5554438	• Janakpur Branch, Janakpur 041-591022	• Godar Branch, Godar, Dhanusa 041-413075
• Pulchowk Branch, Pulchowk, Lalitpur 01-5444410, 01-5904810	• Panchkhal Branch, Panchkhal 011-499406	• Jaleshwar Branch, Jaleshwar, 044-590067
• Ugratara Branch, Janagel, Banepa 011-691199, 011-660132	• Simara Branch, Jeetpursimara-2 Bara 053-590793, 053-590794	• Mahalaxmistan Extension Counter, Lagankhel 01-5546294
• Pokhara Branch, Chipledhunga, Pokhara 061-578911 061-578922	• Gaushala Branch, Gaushala, Mahottari 044-556220	• Thimi Extension Counter, Bhaktapur 01-5639523
• Sabaila Branch, Sabaila, Dhanusa 9851175205	• Birgunj Branch, Birgunj, Parsa 051-591783	• Nala Extension Counter, Kavre 011-411035
• Chhreshwamath Branch, Chhreshwamath Dhanusa 9869998882	• Lalbandi Branch, Lalbandi, Sarlahi +977-46590085	• Padampokhari Extension Counter, Hetauda 057-415081



उच्चतम प्रतिफलका साथ  
जोखिम बहन

## Premium Saving Account

आकर्षक ब्याजदर!!



उच्चतम ब्याजदर

मासिक ब्याज  
मुक्तानी

न्यूनतम मौज्दात  
रु १,००,०००/-

- ▶ निःशुल्क डिम्याट सुविधा
- ▶ निःशुल्क ATM Card
- ▶ Locker सुविधामा ५०% छुट
- ▶ दुर्घटना बीमा रु. १०,००,०००/-
- ▶ स्वास्थ्य बीमा रु. ५०,०००/-
- ▶ निःशुल्क मोबाइल बैंकिङ, चेक विलियरिङ  
IPS, ASBA, लगायतका सुविधा

\*शर्तहरू लागू हुनेछ ।

## OUR REMITTANCE SERVICES :



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

 **Progressive  
Finance Limited**  
प्रोग्रेसिभ फाइनेन्स लिमिटेड

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