



27th & 28th

ANNUAL REPORT

FISCAL YEAR

2079/80 & 2080/81



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



**Progressive
Finance Limited**

प्रोग्रेसिभ फाइनेन्स लिमिटेड

BOARD OF DIRECTORS



Laxmi Prasad Maharjan

Chairman



Shambhu Lal Dangol

Director
(Promoter Group)



Anish Maharjan

Director
(Promoter Group)



Sabina Maharjan

Director
(Public Group)



Prajol Kumar Dahal

Director
(Public Group)



Rajbhai Dongol

Director
(Public Group)



Alka Joshi

Independent Director



Anil Shrestha
Chief Executive Officer



Rubish Shrestha
Company Secretary

प्रोग्रेसिभ फाइनेन्स लि. को १७ औं तथा १८ औं वार्षिक साधारण सभा सम्बन्धी सूचना

यस वित्तीय संस्थाको सञ्चालक समितिको मिति २०८१/०९/०७ मा बसेको ५३३ औं बैठकको निर्णयानुसार संस्थाको २७औं तथा २८औं 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: २०८१ साल पौष २९ गते, सोमबार (तदनुसार जनवरी १३, २०२५)

समय: बिहान १०:३० 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. २०७९/०८० र २०८०/०८१ 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 ११३ अनुसार आ.व. २०८०/०८१ को लागि लेखापरीक्षक नियुक्ति गर्न कम्पनी रजिष्ट्रारको कार्यालयको स्वीकृति बमोजिम लेखापरीक्षक श्री रन्जीव एण्ड एशोसिएट्स, चार्टर्ड एकाउन्टेन्ट्सलाई दिईएको नियुक्ति र पारिश्रमिक अनुमोदन गर्ने सम्बन्धमा ।
४. कम्पनी ऐन, २०६३ को दफा १११ अनुसार आ.व. २०८१/०८२ को लागि वाह्य लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने सम्बन्धमा ।
५. विविध ।

(ख) विशेष प्रस्तावहरू:

१. सञ्चालक समितिबाट प्रस्ताव गरे बमोजिम सञ्चालक समितिको बैठकमा उपस्थित भए बापत अध्यक्ष र अन्य सञ्चालकले पाउने भत्ता तथा दैनिक भ्रमण भत्ता बृद्धि गर्ने र सोहि अनुसार नियमावली संसोधनलाई स्वीकृत गर्ने ।
२. प्रबन्धपत्र तथा नियमावलीको संसोधनमा नियमनकारी नियमायबाट फेरबदल गर्न सुझाव प्राप्त भएमा सो अनुरूप समायोजन गर्न सञ्चालक समितिलाई अख्तियारी प्रत्यायोजन गर्ने ।

(ग) विविध

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

प्रोग्रेसिभ फाइनेन्स लिमिटेडको २७ औं र २८ औं वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

१. यस वित्तीय संस्थाको २७औं र २८ औं वार्षिक साधारण सभाको प्रयोजनको लागि शेयर दाखिल खारेजको काम मिति २०८१/०९/१५ गते १ (एक) दिन बन्द रहनेछ । साथै, नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०८०/०९/१४ गते सम्म कारोवार भई प्रचलित कानून बमोजिम यस वित्तीय संस्थाको शेयर रजिष्ट्रार लक्ष्मी सनराइज क्यापिटल लिमिटेड (LS Capital), 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 शुरू हुनु भन्दा एक घण्टा अगावै सभा कक्षमा उपस्थित भै दिनुहुन समेत शेयरधनी महानुभावहरूलाई अनुरोध गरिन्छ ।
३. सभामा भाग लिन प्रतिनिधि नियुक्त गर्न चाहने शेयरधनी महानुभावले वित्तीय संस्थाको सोही समूहको अर्को शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ र सो सम्बन्धी प्रोक्सी फारम सभा शुरू हुनु भन्दा ४८ घण्टा अगावै वित्तीय संस्थाको कर्पोरेट कार्यालय, 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 अवरस्थामा 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) तोक्न पाउने छ ।
८. एकै शेयरधनीले कुनै एक प्रतिनिधि मुकरर गरेकोमा सो बदर नगरी अर्को प्रतिनिधि मुकरर गरेमा जुन पहिले प्राप्त भई दर्ता हुन्छ सो मात्र मान्य हुनेछ ।
९. संगठित संस्था शेयरधनी भएमा त्यस्ता संगठित संस्थाद्वारा मनोनीत व्यक्तिले ल्याउने प्रोक्सी फारममा संस्थाको छाप, अधिकृत व्यक्तिको दस्तखत हुनुपर्नेछ ।
१०. साधारण सभाको काम कारवाही कम्पनी ऐन, २०६३ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ बमोजिम हुनेछ ।
११. सभामा भाग लिने प्रत्येक शेयरधनी महानुभावले सभा हुने स्थानमा उपस्थित भई त्यहाँ रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्नेछ । हाजिरी पुस्तिका विहान ९:३० बजेदेखि खुल्ला रहनेछ ।
१२. छलफलको विषयमध्ये विविध शीर्षक अन्तरगत छलफल गर्न इच्छुक शेयरधनीहरूले सभा शुरू हुनुभन्दा ७ दिन अगावै छलफलको विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनुपर्नेछ । तर यसलाई छलफल र पारित हुने प्रस्तावको रूपमा समावेश गरिने छैन ।
१३. शेयरधनीहरूबाट उठेका प्रश्न, जिज्ञासाहरूको सम्बन्धमा सञ्चालक समितिको तर्फबाट अध्यक्ष वा अध्यक्षबाट अनुमति प्राप्त व्यक्तिले जवाफ दिन सक्नेछन् ।
१४. शेयरधनी महानुभावहरूको जानकारीको लागि वित्तीय संस्थाको वित्तीय विवरण सहितको वार्षिक प्रतिवेदन वित्तीय संस्थाको वेबसाइट www.pfltd.com.np मार्फत उपलब्ध गराइनेछ ।
१५. साधारणसभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र वित्तीय संस्थाको कर्पोरेट कार्यालय, तिनकुने, काठमाण्डौमा सम्पर्क राख्न सकिने छ ।
१६. 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 मिति २०८१ साल पौष महिना २९ गते सोमबारका दिन हुने २७ औं तथा २८ औं वार्षिक साधारण सभामा स्वयम् उपस्थिति भई छलफल तथा निर्णयमा सहभागि हुन नसकिने भएकोले उक्त सभामा भाग लिन र मतदान गर्नको लागि तपशिलमा उल्लेखित व्यक्तिलाई 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: २०८१/०९/.....

दृष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको कर्पोरेट कार्यालयमिन्न पेश गरिसक्नु पर्नेछ ।

प्रोग्रेसिभ फाइनेन्स लिमिटेड

प्रवेश-पत्र

शेयरधनीको नाम :

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

यस कम्पनीको २७औं तथा २८औं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा हुने भएकाले उक्त सभामा उपस्थित हुन यो प्रवेश-पत्र जारी गरिएको छ ।

साधारण सभा हुने

मिति: २०८१ साल पौष २९ गते, सोमबार (तदनुसार जनवरी १३, २०२५)

समय: बिहान १०:३० बजे ।

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

.....
शेयरधनीको दस्तखत

.....
कम्पनी सचिव

विषय-सूचि

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११.	२०७५/०८० एकीकृत अन्य विस्तृत आम्दानीको विवरण	२८
१२.	२०७५/०८० एकीकृत नगद प्रवाह विवरण	२९
१३.	२०७५/०८० एकीकृत इक्विटीमा भएको परिवर्तनको विवरण	३०
१४.	२०७५/०८० प्रमुख लेखानीति तथा लेखासँग सम्बन्धी टिप्पणीहरू	३२
१५.	२०७५/०८० वार्षिक प्रतिवेदन प्रकाशनको लागि नेपाल राष्ट्र बैंकबाट स्वीकृति प्रदान गरिएको पत्र	८५
१६.	२०७५/०८० नेपाल राष्ट्र बैंकको निर्देशनमा व्यवस्थापनको प्रत्युत्तर	८७
१७.	२०८०/०८१ लेखा परीक्षकको प्रतिवेदन	८९
१८.	२०८०/०८१ एकीकृत वित्तीय अवस्थाको विवरण (वासलात)	९४
१९.	२०८०/०८१ एकीकृत नाफा नोक्सान विवरण	९५
२०.	२०८०/०८१ एकीकृत नाफा नोक्सान वितरण विवरण	९६
२१.	२०८०/०८१ एकीकृत अन्य विस्तृत आम्दानीको विवरण	९७
२२.	२०८०/०८१ एकीकृत नगद प्रवाह विवरण	९८
२३.	२०८०/०८१ एकीकृत इक्विटीमा भएको परिवर्तनको विवरण	९९
२४.	२०८०/०८१ प्रमुख लेखानीति तथा लेखासँग सम्बन्धी टिप्पणीहरू	१००
२५.	वित्तीय सुचकाङ्क	१५०
२५.	रेखाचित्र	१५४
२६.	वार्षिक प्रतिवेदन प्रकाशनको लागि नेपाल राष्ट्र बैंकबाट स्वीकृति प्रदान गरिएको पत्र	१५६
२७.	नेपाल राष्ट्र बैंकको निर्देशनमा व्यवस्थापनको प्रत्युत्तर	१५७
२८.	वित्तीय संस्थाको नियमावलीमा संशोधनको लागी तीन महले सहितको प्रस्ताव	१५८

प्रोग्रेसिभ फाइनेन्स लिमिटेड २७औं तथा २८औं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत प्रतिवेदन

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको २७औं तथा २८औं 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.२०७९/०८० एवं २०८०/०८१ 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 भूमिकाका सम्वन्धमा 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 संशाधनद्वारा 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 । अभैं हामीले व्यवसाय विस्तार र गुणस्तर वृद्धिका 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 :

गत आर्थिक वर्षमा यस वित्तीय संस्थाले व्यवसाय वृद्धि भन्दा पनि व्यवसायको गुणस्तर वृद्धिलाई प्राथमिकतामा राखी कार्य गरेको छ । संस्थाले संस्थागत सुशासन, खराब कर्जा न्यूनिकरण, कर्मचारीहरूको दक्षता अभिवृद्धि जस्ता कार्यहरूलाई विशेष जोड दिएको छ । प्रविधिको उच्चतम 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. २०७९/८० र २०८०/८१ का उपलब्धिहरूको तुलनात्मक विश्लेषण तलको तालिकामा उल्लेख गरिएको छ ।

रु. हजारमा

विवरण	आ.व. २०७९/८०	आ.व. २०८०/८१	२०८१ आश्विन मसान्त	प्रतिशत बृद्धि/(न्यून)
चुक्ता पूँजी	८,४८,१०६	८,४८,१०६	८,४८,१०६	०
निक्षेप	५,०८९,६३३	६,४७८,६९३	७,१०२,३२२	२७.२९
कर्जा तथा सापट	३,२८२,७४५	४,४२२,८९३	४,६४२,७६९	३४.७३
लगानी	८१२,५६०	१,३९७,३४७	१,१८८,९९८	७१.९७
कुल सम्पत्ति	५,६९३,७४४	७,२२६,३९०	७,९५७,३९४	२६.९२
सञ्चालन मुनाफा	(४६३,१९१)	१४१,५८०	६६,१३३	१३०.५
खुद मुनाफा	(४५९,८३१)	११६,८५७	८०,९४०	१२५.४१
खुद मुनाफा र कुल सम्पत्ति (%)	(८.०८)	१.६२	१.०२	१२०.०२
खुद मुनाफा रनेट वर्थ (%)	१.०७	०.२१	०.१४	६०२.४४
निष्कृत्य कर्जा र कुल कर्जा (%)	१४.७२%	८.९२%	७.४७	३९.४२
प्रति शेयर आमदानी (रु.)	(५४.२२)	१४.९८	३८.१७	१२७.६३
पूँजी पर्याप्तता अनुपात	१०.३६	१०.४८	१०.५५	१.१५

हालसम्मका उपलब्धी तथा भावी कार्यक्रमहरू :

१. पूँजी बृद्धि योजना:

हाल चुक्ता पूँजी रु. ८४ करोड ८१ लाख ६ हजार कायम रहेको हुँदा पूँजी वृद्धि सम्बन्धी कुनै योजना बनाइएको छैन । तर, थप पूँजी आवश्यक परेको खण्डमा भने Perpetual Preference Share जस्ता वित्तीय औजारहरू प्रयोग गरी पूँजी वृद्धि योजनाको प्रस्ताव गर्न सकिनेछ ।

२. शाखा कार्यालय विस्तार:

वित्तीय संस्थाको एउटा शाखा कार्यालय थप गरी २३ वटा पुन्याइएको छ । यसबाहेक ४ वटा एक्सटेन्सन काउन्टरहरू पनि सञ्चालनमा रहेका छन् । चालू आर्थिक वर्षमा महालक्ष्मी नगरपालिकाको सानागाउँमा नयाँ शाखा स्थापना गरी कारोबार शुरुवात गरिएको छ । बनेपामा हाल रहेको शाखा कार्यालय बनेपा नगरपालिका वडा नं १०, पुलबजारबाट बनेपा नगरपालिका वडा नं ७ चारदोबाटोमा स्थानान्तरण गरिएको छ । हाल देशको वित्तीय क्षेत्रमा देखिएको असहज परिस्थितिका कारणले योजना अनुरूप कार्यक्षेत्र विस्तार गर्न नसकिएको तथा सञ्चालनमा रहेका शाखाहरूलाई नै व्यवसायिक रूपमा मुनाफामा ल्याउने कार्यलाई प्राथमिकतामा राखी कार्यहरू अगाडी बढाइएको छ ।

३. मानव संसाधन विकास

आर्थिक वर्ष २०७९/८० तथा २०८०/८१ मा संस्थाले कर्मचारीहरूको क्षमता अभिवृद्धि तथा उत्प्रेरणाका निम्ति आन्तरिक तथा 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 ब्यवस्थापन, 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 कर्मचारीहरूको संख्या २०३ 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, कनेक्ट आइ पी एस, सी आश्वा, क्यू आर टेलर, आइ पी एस, आर टी जी एस, डिम्याट 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 क्षेत्रमा पनि सूचना संचार प्रविधिको उपलब्धता तथा प्रयोग, प्रतिस्पर्धात्मक वातावरण जस्ता अवस्थाहरूलाई विश्लेषण गरी चालू आर्थिक वर्ष भित्र प्रविधिमा आधारित थप 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 बमोजिम आफ्नो व्यवसाय संचालन गर्दै आएको ब्यहोरा जानकारी गराउन चाहन्छु । साथै संस्थाका शेयरधनीहरू प्रति संस्थाको सञ्चालक समितिपूर्ण रूपमा जवाफदेही र उत्तरदायी रहनेछ । नेपाल राष्ट्र बैंकको नीति नियमअनुसार संस्था संचालनमा रहि आन्तरिक प्रणालीलाई व्यवस्थित गर्न त्रैमासिक रूपमा आन्तरिक लेखा परीक्षण गराई लेखापरीक्षकले 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 तदनुसृत लागू गरिएको छ । संस्थामा रहेका अधिकांश विनियमावली, नीति, निर्देशन तथा निर्देशिकाहरूलाई समय सापेक्ष परिमार्जन गरिएको छ । केही नीति तथा निर्देशिकाहरू परिमार्जनको चरणमा रहेका छन् । 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 सञ्चालन गरिएको छ । वित्तीय संस्थाले सामाजिक संस्थाहरूको अगुवाईमा गरिएका विभिन्न सामाजिक कार्यहरूमा सहयोग उपलब्ध गराएको छ ।

७. लेखापरीक्षकको नियुक्ति

संस्थाले २७औं वार्षिक साधारण सभा समयमा आयोजना गर्न नसकेको कारण कम्पनी रजिष्ट्रार कार्यालयको स्वीकृति प्राप्त गरी आ.व. २०८०/८१को लेखापरीक्षणका निम्ति रन्जिव एण्ड एसोसिएट्सका चार्टर्ड एकाउन्टेन्ट रन्जिव श्रेष्ठलाई नियुक्त गरिएकोमा सो नियुक्ति तथा निजको पारिश्रमिक रु. ५,००,०००/- (रुपैयाँ पाँच लाख मात्र) अनुमोदन गर्नका निम्ति यसै सभा समक्ष सिफारिस पेश गरिएको छ । त्यसैगरी आ.व.२०८१/८२को लेखापरीक्षण गर्ने कार्यका निम्ति लेखापरीक्षण समितिको मिति २०८१ पौष ५ गते बसेको १४० औं बैठक तथा मिति २०८१ पौष ७ गते बसेको सञ्चालक समितिको ५३३ औं बैठकबाट सिफारिस भए अनुसार डी.जी. एण्ड एसोसिएट्स, चार्टर्ड एकाउन्टेन्ट्सलाई नियुक्तिका लागि सभा समक्ष पेश गरिएको छ । निजलाई लेखापरीक्षण तथा कर परीक्षण बापत मु.अ. कर बाहेक रु. ५,००,०००/- (रुपैयाँ पाँच लाख मात्र) पारिश्रमिक निर्धारण गर्न प्रस्ताव गरिएको छ ।

आभार प्रकट

यस संस्थाको २७औं तथा २८औं 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 धितो पत्र 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 सहाना गर्दछु ।

धन्यवाद !

लक्ष्मी प्रसाद महर्जन
अध्यक्ष

मिति : २०८१/०८/२८

कम्पनी ऐन २०६३ को दफा १०५ उपदफा ४ बमोजिमको विवरण

क. विगत वर्षको कारोबारको सिंहावलोकन :

संस्था स्थापनाको २९औं वर्षमा आइपुग्दा यस वित्तीय संस्थाले आफ्नो व्यवसाय वृद्धिका साथै व्यवसायिक दायरा समेत वृद्धि गरी हाल २३ वटा शाखा कार्यालय एवं चारवटा विस्तारित काउण्टरका माध्यमबाट बैकिङ सेवाहरू प्रवाह गरिरहेको छ । लगानी मैत्री वातावरण बन्न नसक्दा संस्थाले आ.व. २०७९/०८०को तुलनामा आ.व. २०८०/०८१मा उल्लेखनीय रूपमा व्यवसाय वृद्धि हुन नसकेको अवस्था रहेको छ । यसको मुख्य कारण संस्थाले आर्थिक वर्ष २०८०/८१मा संख्यात्मक भन्दा गुणात्मक सुधारलाई प्राथमिकतामा राखेको थियो । जसका कारण आ.व. २०७९/०८०को तुलनामा संस्थाको निष्कृत्य कर्जा आ.व. २०८०/०८१मा घटेको छ । यसका साथै बैंक तथा वित्तीय संस्थाहरू बीच अत्याधिक प्रतिस्पर्धा हुनु, नियमनकारी निकायले जारी गरेको नीति निर्देशनमा आएका परिवर्तनहरू जस्ता कारण हुँदाहुँदै सञ्चालक समिति तथा व्यवस्थापनको अथक प्रयासबाट संस्थालाई प्रगतिको दिशातर्फ उन्मुख गराउन सफल भएका छौं । आर्थिक वर्ष २०७९/८० मा नोक्सानी ब्यहोर्नुपरे पनि २०८०/८१मा भने संस्थाले मुनाफा आर्जन गर्न सफल भएको छ ।

आर्थिक वर्ष २०७९/८० तथा २०८०/८१ को 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

आर्थिक वर्ष २०८०/८१ को एघार महिनाको तथ्याङ्क अनुसार मुद्रास्फीति लक्षित सीमाभित्रै रहेको र बाह्य क्षेत्र सबल रहेको देखिन्छ । बैकिङ प्रणालीमा अधिक तरलता रहेका कारण निक्षेप र कर्जाको ब्याजदर घट्दो क्रममा रहेको छ । अघिल्लो वर्षको तुलनामा कुल गार्हस्थ उत्पादनमा सुधार आएको अनुमान गरिएको छ । तर नेपाल सरकारको खर्च र राजस्व परिचालन भने लक्ष्यभन्दा न्यून रहेको र बैंक तथा वित्तीय संस्थाको कर्जा विस्तारको अनुपात अनुमान गरिएभन्दा कम रहेको छ ।

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा रु. २७६ अर्ब ९४ करोड (५.८ प्रतिशत) ले बढेको छ । अघिल्लो वर्ष यस्तो कर्जा रु. १७५ अर्ब ९४ करोड (३.८ प्रतिशत) ले बढेको थियो । निजी क्षेत्रमा प्रवाहित कर्जामध्ये गैर-वित्तीय संस्थागत क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ६३.३ प्रतिशत र व्यक्तिगत तथा घरपरिवार क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ३६.७ प्रतिशत रहेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो अंश क्रमशः ६२.७ प्रतिशत र ३७.३ प्रतिशत रहेको थियो । २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कर्जा लगानीमा रहेको कर्जामध्ये ६६.५ प्रतिशत कर्जा घरजग्गाको धितोमा र १३.२ प्रतिशत कर्जा चालु सम्पत्ति (कृषि तथा गैर-कृषिजन्य वस्तु) को धितोमा प्रवाह भएको छ । अघिल्लो वर्ष यस्तो कर्जाको अनुपात ६८.० प्रतिशत र ११.६ प्रतिशत रहेको थियो ।

आर्थिक वर्ष २०८०/०८१ मा बैंक तथा वित्तीय संस्थाहरूको कृषि क्षेत्रतर्फको कर्जा ०.९ प्रतिशतले, औद्योगिक उत्पादन क्षेत्रतर्फको कर्जा ८.८ प्रतिशतले, यातायात संचार र सार्वजनिक सेवा क्षेत्रतर्फको कर्जा १६.७ प्रतिशतले, थोक तथा खुद्रा व्यापार क्षेत्रतर्फको कर्जा १.५ प्रतिशतले र सेवा उद्योग क्षेत्रतर्फको कर्जा ६.२ प्रतिशतले बढेको 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 ।

समीक्षा अवधिभरी नै बैंक तथा वित्तीय संस्थाहरूमा तरलताको अभाव रहेन । निक्षेप बढिरहेको अवस्थामा कर्जा प्रवाह सुस्त हुँदा वित्तीय प्रणालीमा पर्याप्त तरलता रही रहने अवस्था बन्यो । कर्जाको मागको कमीले ब्याजदर धेरै तल नभरोस् र स्थायित्व होस् भन्नकै लागि नेपाल राष्ट्र बैंकबाट ब्याजदर करिडोर लागु गरी समय समयमा बजारबाट तरलता प्रशोचन गर्ने उपायहरू अवलम्बन गरियो । आर्थिक शिथिलताको कारण बैंक तथा वित्तीय संस्थाको कर्जा

असुलीमा कमी आई निष्क्रिय कर्जाको अनुपात वृद्धि भएको छ । २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको निष्क्रिय कर्जा अनुपात औसतमा ३.८६ प्रतिशत पुगेको छ, अघिल्लो वर्ष यस्तो अनुपात ३.०२ प्रतिशत रहेको थियो । ग्राहकहरूबाट नियमित असुल हुनुपर्ने कर्जाको साँवा ब्याजमा समेत नकारात्मक असर पर्न गएकोले बैंक तथा वित्तीय संस्थाहरूको मुनाफामा थप दबाव पुग्न गएको छ ।

कुल ग्राह्य उत्पादन एवं मुद्रास्फीति

राष्ट्रिय तथ्याङ्क कार्यालयका अनुसार आर्थिक वर्ष २०८०/८१ मा ३.८७ प्रतिशत आर्थिक वृद्धि रहेको अनुमान छ । यस्तो वृद्धि दर अघिल्लो आर्थिक वर्षमा ४.८४ प्रतिशत रहेको थियो । कुल ग्राह्य उत्पादनमा सेवा क्षेत्रको योगदान सबैभन्दा बढी ६१.२४ प्रतिशत, त्यसपछि कृषि र उद्योग क्षेत्रको क्रमशः २४.६७ प्रतिशत र १४.०९ प्रतिशत रहेको छ । नेपाल राष्ट्र बैंक २०८१ असारमा वार्षिक विन्दुगत उपभोक्ता मुद्रास्फीति ३.५७ प्रतिशत रहेको छ । आर्थिक वर्ष २०८०/८१ मा वार्षिक औसत उपभोक्ता मुद्रास्फीति ५.४४ प्रतिशत रहेको छ ।

निक्षेप संकलन

आर्थिक वर्ष २०८०/८१ को अन्त्यसम्ममा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा रु.१२८ अर्ब ६५ करोड (२.५ प्रतिशत) ले बढेको छ । अघिल्लो वर्ष यस्तो निक्षेप रु.६२७ अर्ब २५ करोड (१२.३ प्रतिशत) प्रतिशतले बढेको थियो । २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा चल्ती, बचत र मुद्दती निक्षेपको अंश क्रमशः ५.८ प्रतिशत, ३०.३ प्रतिशत र ५६.४ प्रतिशत रहेको छ जसमध्ये संस्थागत निक्षेपको अंश ३६.२ प्रतिशत रहेको छ ।

कर्जा प्रवाह

आर्थिक वर्ष २०८०/८१ को अन्त्य सम्ममा बैंक तथा वित्तीय संस्थाको लगानीमा रहेको कर्जा १३.१ प्रतिशतले वृद्धि भएको छ । वार्षिक विन्दुगत आधारमा २०८१ असोज मसान्तमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रतर्फ प्रवाहित कर्जा ६.० प्रतिशतले बढेको छ । सो अवधिमा निजी क्षेत्रतर्फ प्रवाहित कर्जामध्ये वाणिज्य बैंकहरूको कर्जा प्रवाह २.५ प्रतिशतले, विकास बैंकहरूको २.४ प्रतिशतले र वित्त कम्पनीहरूको कर्जा प्रवाह ३.९ प्रतिशतले बढेको छ ।

पूँजी बजार

२०८० असार मसान्तमा २०९७.१० बिन्दुमा रहेको नेप्से सूचकांक २०८१ असार मसान्तमा आइपुग्दा थोरै वृद्धि भई २२४०.४१ पुगेको छ । त्यसैगरी २०८० असार मसान्तमा रु. ३० खर्ब ८२ अर्ब ५२ करोड रहेको बजार पूँजीकरण वृद्धि भई २०८१ असार मसान्तमा रु. ३५ खर्ब ५३ अर्ब ६८ करोड पुगेको छ । २०८१ असार मसान्तमा नेपाल स्टक एक्सचेन्ज लिमिटेडमा सूचीकृत कम्पनीहरूको संख्या २७० पुगेको छ । सूचीकृत कम्पनीहरूमध्ये १३२ बैंक तथा वित्तीय संस्था र बीमा कम्पनी रहेका छन् भने ९१ जलविद्युत् कम्पनी, २२ उत्पादन तथा प्रशोधन उद्योग, ७ होटल, ७ लगानी कम्पनी, ४ व्यापारिक संस्था र ७ अन्य समूहका रहेका छन् ।

विप्रेषण

आर्थिक वर्ष २०८०/८१ मा विप्रेषण आप्रवाह १६.५ प्रतिशतले वृद्धि भई रु.१४४५ अर्ब ३२ करोड पुगेको छ । अघिल्लो वर्ष विप्रेषण आप्रवाह २३.२ प्रतिशतले बढेको थियो । अमेरिकी डलरमा विप्रेषण आप्रवाह १४.५ प्रतिशतले वृद्धि भई रु.१० अर्ब ८६ करोड पुगेको छ । अघिल्लो वर्ष यस्तो आप्रवाह १३.९ प्रतिशतले बढेको थियो ।

श्रोत: नेपाल राष्ट्र बैंक

२. अन्तराष्ट्रिय परिस्थितिबाट बैकिङ क्षेत्रमा परेको प्रभाव

कोभिड महामारीको दीर्घकालीन प्रभाव र रूस-युक्रेन युद्धको असर पूर्णरूपमा सेलाउन नपाउँदै मध्यपूर्वको भू-राजनैतिक तनावका कारण विश्वको आर्थिक वृद्धि आशातित नहुने आँकलन गरिएको छ । विश्व अर्थतन्त्रमा क्रमिक सुधार आएतापनि सुधारको गति सुस्त र असमान रहेको छ । विश्व अर्थतन्त्रले भोग्नु परेको उच्च मुद्रास्फीति नियन्त्रण गर्न अवलम्बन गरिएको कसिलो मौद्रिक नीतिका कारण विकसित राष्ट्रको अर्थतन्त्रहरूको मुद्रास्फीतिमा क्रमश सुधार हुँदै गएको छ भने उदीयमान तथा विकासोन्मुख राष्ट्रको अर्थतन्त्रको मुद्रास्फीति अभै उच्च रहेको छ ।

विश्व अर्थतन्त्रको वृद्धिदर सन् २०२३ मा ३.३ प्रतिशत रहेकोमा सन् २०२४ मा ३.२ प्रतिशत र सन् २०२५ मा ३.३ प्रतिशत रहने अनुमान गरिएको छ । सन् २०२३ मा १.७ प्रतिशतले विस्तार भएको विकसित अर्थतन्त्र सन् २०२४ मा

पनि १.७ प्रतिशतले विस्तार हुने अनुमान रहेको छ भने २०२५ मा १.८ प्रतिशतले विस्तार हुने प्रक्षेपण छ । त्यसैगरी सन् २०२३ मा ४.४ प्रतिशतले विस्तार भएको उदीयमान तथा विकासोन्मुख अर्थतन्त्रको वृद्धिदर सन् २०२४ र २०२५ मा ४.३ प्रतिशतले वृद्धि हुने प्रक्षेपण गरिएको छ ।

छिमेकी राष्ट्रहरू भारतको अर्थतन्त्र सन् २०२३ मा ८.२ प्रतिशतले र चीनको अर्थतन्त्र ५.२ प्रतिशतले विस्तार भएकोमा सन् २०२४ मा क्रमशः ७.० प्रतिशत र ५ प्रतिशतले विस्तार हुने प्रक्षेपण छ । सन् २०२५ मा भारत र चीनको अर्थतन्त्र क्रमशः ६.५ प्रतिशत र ४.५ प्रतिशतले विस्तार हुने अनुमान गरिएको छ ।

सन् २०२३ मा विश्व अर्थतन्त्रको उपभोक्ता मुद्रास्फीति ६.७ प्रतिशत रहेकोमा सन् २०२४ र २०२५ मा क्रमशः ५.९ प्रतिशत र ४.४ प्रतिशत रहने प्रक्षेपण गरिएको छ । छिमेकी राष्ट्रहरू भारत र चीनको औसत मुद्रास्फीति सन् २०२३ मा ५.४ प्रतिशत र ०.२ प्रतिशत रहेकोमा सन् २०२४ मा क्रमशः ४.६ प्रतिशत र १.० प्रतिशत र सन् २०२५ मा ४.२ प्रतिशत र २.० प्रतिशत रहने प्रक्षेपण गरिएको छ । यद्यपि रूस युक्रेनबीचको युद्धको घाउ सेलाउन नपाउँदै इजरायल र हमास विरुद्धको युद्धबाट विश्व अर्थतन्त्रमा पर्नसक्ने नकारात्मक प्रभावको त्रास भने अझै पनि कायमै छ ।

ग. प्रतिवेदन तयार भएका मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको अवधारणा:

चालू आर्थिक वर्षको प्रथम त्रैमास अवधिको वित्तीय विवरणको विश्लेषण गर्दा वित्तीय संस्थाको कारोबारमा सन्तुलित तवरबाट निरन्तर वृद्धि भईरहेको कुरा प्रष्ट देखिन्छ । यद्यपि संस्थाले कर्जा प्रवाहमा आशातीत वृद्धि गर्न नसकेको अवस्था भने विद्यमान छ । यसरी कारोबारमा भएको वृद्धिको कारण संस्थाको वासलातको आकार गत आ.व. को तुलनामा १०.१२ प्रतिशतले वृद्धि भई चालू आ.व.को आश्विन मसान्तसम्ममा रु. ७ अर्ब ९५ करोड ७४ लाख पुगेको छ ।

चालू आ.व.को प्रथम त्रैमासको अपरिष्कृत विवरण अनुसारको वित्तीय भलक निम्नानुसार रहेको छ

रु. हजारमा

विवरण	रकम
ब्याज आम्दानी	१६६,४२६.४५
ब्याज खर्च	११५,७८०.२९
खुद ब्याज आम्दानी	५०,६४६.१६
अन्य सञ्चालन आम्दानी	१५,३०८.३४
सम्भावित (नोकसानी व्यवस्थाहरू)/नोकसानी व्यवस्था फिर्ता	(११८,३२०.८९)
कर्मचारी खर्च	४५,३७१.७१
अन्य सञ्चालन खर्च	१६,४१७.९८
गैर सञ्चालन आम्दानी (खर्च)	११७.०६
खुद मुनाफा/(नोकसान)	८०,९४०.२१

निक्षेप दायित्व	७,१०२,३२२
कर्जा	४,६४२,७६९
नगद तथा बैंक मौज्दात	१,८२१,४५४

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

- आर्थिक शिथिलताका कारणले व्यवसायमा पर्न गएको असरलाई मध्यनजर गर्दै ग्राहकहरूको आवश्यकता अनुसारका सेवाहरू प्रदान गर्ने ।
- आर्थिक मन्दीका कारण समग्र वित्तीय क्षेत्रमा परेको असरलाई मध्यनजर गर्दै क्षेत्रगत रूपमा प्रवाह भएका कर्जाहरूको समष्टिगत जोखिम मूल्याङ्कन गरी सो को न्यूनीकरणका लागि आवश्यक पहल गरिने ।
- विप्रेषण सेवालाई प्रभावकारी बनाउन थप विप्रेषणको कारोबार गर्ने एजेन्सीहरूसँग सहकार्य बढाउदै लैजाने ।
- कर्जा तथा लगानीको गुणस्तर वृद्धि गरी कर्जा लगानी बढाईनेछ । विशेषतः उत्पादनशिल क्षेत्रमा प्रवाह हुने कर्जालाई प्राथमिकता दिइनेछ ।

- ड) कर्जाको नयाँ योजनाहरू लागू 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 कार्यक्षमतामा बृद्धि ल्याउन विभिन्न आन्तरिक तथा बाह्य तालिम सेमिनारहरूमा सहभागिता गराउँदै लगिनेछ ।
- झ) सामाजिक उत्तरदायित्व अन्तर्गतका कार्यहरू प्रभावकारी रूपमा गरिनेछ ।
- ञ) आवश्यक नीति तथा निर्देशिकाहरू समय सापेक्ष 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) संस्थागत सुशासन तथा अनुपालनामा शुन्य सहनशीलताको सिद्धान्त अनुरूप यसको कार्यान्वयनमा प्रभावकारिता ल्याउन सम्बन्धित कर्मचारीलाई आवश्यक तालिम तथा क्षमता अभिवृद्धिमा जोड दिइनेछ ।
- ढ) संस्थाको स्वामित्वमा रहेका गैर बैंकिङ 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 ।
- त) सम्पत्ति शुद्धिकरण तथा आतंकवादी कृत्याकलापमा वित्तीय लगानीलाई निरुत्साहित गर्न ग्राहक पहिचानलाई सुदृढ बनाई यस सम्बन्धी सचेतना अभिवृद्धि गर्ने कार्यलाई प्राथमिकता दिइनेछ ।
- थ) जोखिमसँग सम्बन्धित अन्तराष्ट्रिय असल अभ्यासहरूलाई अनुसरण गर्दै जोखिम व्यवस्थापन कार्यलाई प्रभावकारी बनाइनेछ ।
- द) कर्जाको गुणस्तर सुधारका लागि कर्जा अनुगमन एवं निरीक्षणलाई प्राथमिकता दिई कार्यान्वयन गर्ने र पूर्व चेतावनीका संकेतहरू देखिएका कर्जाहरूको पहिचान गरी व्यवस्थापन गर्ने कार्य प्रभावकारी बनाइनेछ ।
- ध) खराब कर्जा अनुपातलाई न्यून गर्न असुली कार्य प्रभावकारी बनाइनेछ ।
- न) संस्थाको व्यवसाय विस्तारका निम्ति Venture Capital मा लगानी गरिनेछ ।
- प) नेपाल सरकारबाट प्रवर्द्धित कार्यक्रम अन्तर्गत प्रोत्साहन स्वरूप वातावरण मैत्री उद्योग तथा आयात विस्थापन गर्ने उद्योगहरूलाई प्राथमिकता दिई लगानी गरिनेछ ।

घ) औद्योगिक तथा व्यावसायिक सम्बन्ध :

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

ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण:

आर्थिक वर्ष २०७९/८०मा सञ्चालक श्री किशोर कुमार महर्जनको अध्यक्षतामा निम्नानुसारको सञ्चालक समिति रहेको छ ।

श्री किशोर कुमार महर्जन	अध्यक्ष
श्री शम्भु लाल डंगोल	सञ्चालक
श्री विकास महर्जन	सञ्चालक
श्री समुन्द्र काजी श्रेष्ठ	सञ्चालक
श्री सविना महर्जन	सञ्चालक
श्री अनिश महर्जन	सञ्चालक
श्री तिप्लव सिंह	स्वतन्त्र सञ्चालक

आर्थिक वर्ष २०८०/८१ अर्थात २०८० माघ २२ गते २६औं साधारण सभा सम्पन्न भई नयाँ सञ्चालक समिति गठन भएकोले सञ्चालक श्री लक्ष्मी प्रसाद महर्जनको अध्यक्षतामा निम्नानुसारको सञ्चालक समिति रहेको छ ।

श्री लक्ष्मी प्रसाद महर्जन	अध्यक्ष
श्री शम्भुलाल डंगोल	सञ्चालक
श्री राजमाई डंगोल	सञ्चालक
श्री सविना महर्जन	सञ्चालक
श्री प्रज्वल कुमार दाहाल	सञ्चालक
श्री अनिश महर्जन	सञ्चालक
श्री अल्का जोशी	स्वतन्त्र सञ्चालक

च) कारोवारलाई असर पार्ने मुख्य कुराहरु:

- आर्थिक पुनरूत्थानका लागि नेपाल सरकार तथा नेपाल राष्ट्र बैंकबाट गरिने नीतिगत व्यवस्थाबाट बैकिङ्ग क्षेत्रमा हुनसक्ने असर ।
- विप्रेषण आप्रवाहमा आउन सक्ने परिवर्तनबाट बैकिङ्ग 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 आमदानीमा पर्ने असर ।
- बैकिङ्ग 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 योग्य पूँजीको बढ्दो लागतका कारण उत्पन्न जोखिम
- ब्याजदर परिवर्तनका कारण उत्पन्न जोखिम
- नयाँ उद्योग, व्यवसायहरू स्थापना हुने क्रम न्यून रहेको हुँदा लगानीका क्षेत्रहरूको सिमितता

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

आ.व.२०७९/०८० तथा आ.व.२०८०/०८१ को लेखापरीक्षण प्रतिवेदनमा बैकिङ्ग कारोवारको सिलसिलामा हुने सामान्य कैफियतहरू बाहेक वित्तीय संस्थाको कारोवारमा दिर्घकालीन असर पार्ने खालका अन्य कुनै कैफियतहरू उल्लेख भएका छैनन् ।

ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :

आ.व.२०७९/०८० तथा आ.व.२०८०/०८१ 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 ।

- ज) 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 २०८१ आषाढ मसान्तसम्म लिएको शेयरको स्वामित्वको विवरण देहाय बमोजिम रहेको छ । साथै सञ्चालक एवं पदाधिकारीहरू वित्तीय संस्थाको शेयर कारोवारमा संलग्न रहनुभएको छैन ।

तपशिल

२०८० माघ २२ गतेसम्म कायम सञ्चालक समितिको शेयर स्वामित्व सम्बन्धी विवरण

नाम	पद	लिएको संस्थापक शेयर संख्या	सर्वसाधारण शेयर
श्री किशोर कुमार महर्जन	अध्यक्ष	२७,४६२	४,८४६
श्री शम्भु लाल डंगोल	सञ्चालक	१,६१,५४४	२८,५०८
श्री विकास महर्जन	सञ्चालक	७०,८२२	०
श्री समुन्द्र काजी श्रेष्ठ	सञ्चालक	०	१,४९,०८२
श्री सविना महर्जन	सञ्चालक	०	१,०६०
श्री अनिश महर्जन	संचालक	०	२,०६०
श्री विप्लव सिंह	स्वतन्त्र संचालक	०	४३०

२०८० माघ २२ गते पश्चात कायम सञ्चालक समितिको शेयर स्वामित्व सम्बन्धी विवरण

नाम	पद	लिएको संस्थापक शेयर संख्या	सर्वसाधारण शेयर
श्री लक्ष्मी प्रसाद महर्जन	अध्यक्ष	१,६१,५४४	०
श्री शम्भुलाल डंगोल	सञ्चालक	१,६१,५४४	२८,५०८
श्री राजभाई डंगोल	सञ्चालक	५,०००	१०९
श्री सविना महर्जन	सञ्चालक	०	१०६०
श्री प्रज्वल कुमार दाहाल	सञ्चालक	०	१००
श्री अनिश महर्जन	सञ्चालक	१०६	०
श्री अल्का जोशी	स्वतन्त्र सञ्चालक	०	०

- 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 अंकित मूल्य 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 तदनुरूपको 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 सुभावहरू कार्यान्वयन गर्ने तथा स्वतन्त्र रूपमा रहेको लेखापरीक्षण समितिको बैठकले दिएका निर्देशनहरूको कार्यान्वयन गर्ने व्यवस्था मिलाइएको छ ।

थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण:

विवरण	आ.व. २०७९/०८०	आ.व. २०८०/०८१
कुल कर्मचारी खर्च	९४,६७०,७५८	१२३,६६४,५६५
कुल कार्यालय खर्च	६२,६८५,९७१	६६,५१३,१५३

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

लेखापरीक्षण समिति

- श्री शम्भुलाल डंगोल संयोजक
- श्री सविना महर्जन सदस्य
- परिवेश आचार्य सदस्य सचिव

लेखापरीक्षण समितिका पदाधिकारी मध्ये संयोजक र सञ्चालक 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 । सो समितिका सञ्चालक सदस्यहरूलाई आ.व. २०७९/८० मा रु. ७६,०००/- र आ.व. २०८०/८१ मा रु. ४८,०००/- बैठक भत्ता प्रदान गरिएको छ ।

यस समितिले समय समयमा आन्तरिक लेखापरीक्षण विभागबाट सम्पन्न भएको आन्तरिक लेखापरीक्षण प्रतिवेदन तथा वार्षिक लेखापरीक्षण प्रतिवेदन उपर छलफल गरी सञ्चालक समितिमा प्रतिवेदन पेश गरेको छ । आ.व. २०७९/८० मा यस समितिको बैठक ९ पटक बसेको र आ.व. २०८०/८१ मा यस समितिको बैठक ७ पटक बसेको छ । समितिले बैंकको वित्तीय स्थिती, आन्तरिक नियन्त्रण प्रणाली, विभिन्न कानूनी निर्देशिकाहरूको अनुपालन तथा जोखिम न्यूनीकरण सम्बन्धमा व्यवस्थापनलाई निर्देशन र सुभाव दिनुका साथै सञ्चालक समितिलाई जानकारी प्रदान गरेको छ ।

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

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

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

आ.व. २०७९/०८० मा सञ्चालक समितिको १७ वटा बैठकहरू सञ्चालन भयो । अध्यक्ष तथा सञ्चालक सदस्यहरूलाई बैठक

भत्ता बापत र अन्य सुविधा बापत जम्मा रु. ९९५,२८४ /- उपलब्ध गराइएको छ । त्यसैगरी आ.व. २०८०/०८१ मा सञ्चालक समितिको १३ वटा बैठकहरू सञ्चालन भयो । अध्यक्ष तथा सञ्चालक सदस्यहरूलाई बैठक भत्ता बापत र अन्य सुविधा बापत जम्मा रु. ८३१,८०० /- उपलब्ध गराइएको छ ।

साथै कम्पनीका प्रमुख कार्यकारी अधिकृतलाई तलब तथा भत्ता बापत आ.व. २०७९/०८० मा रु २५,०८,५८८/- र आ.व २०८०/०८१ मा रु ५१,२४,६४४/-उपलब्ध गराइएको छ । त्यसका साथै इन्धन तथा मर्मत सहित सवारी साधन तथा अन्य सुविधा सम्भौतामा उल्लेख भएअनुसार उपलब्ध गराइएको छ ।

प) शेयरधनीले बुझिलिन बाँकी रहेको लाभांशको रकम :

हाल सम्म 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 सञ्चालक समितिको प्रतिवेदनमा खुलाउनुपर्ने अन्य कुनै कुरा:

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

म) अन्य आवश्यक कुराहरू: नभएको

प्रज्वल कुमार दाहाल

सञ्चालक
प्रोग्रेसिभ फाइनेन्स लि.

लक्ष्मी प्रसाद महर्जन

अध्यक्ष
प्रोग्रेसिभ फाइनेन्स लि.

मिति:२०८१/०९/२९

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 २०७९/८० र २०८०/८१ मा फाइनेन्सको आफ्नो बैकिङ्ग व्यवसाय सञ्चालनको क्रममा प्रवाह भएका कर्जाको असुली, गैर बैकिङ्ग सम्पत्ति सकार लगायत व्यावसायिक प्रकृतीका मुद्दाहरू बाहेक अन्य गहन किसिमका कुनै प्रकारको मुद्दा मामिलाहरू दायर नभएको ।

ख) संगठित संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको 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 तथा प्रगतिको विश्लेषण :

क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:

नेपाल धितोपत्र बोर्डको रेखदेखमा धितोपत्र बजारमा खुल्ला बजारले निर्धारण गरे अनुरूप कारोबार हुने हुँदा यस विषयमा संस्थाको व्यवस्थापनको भिन्न धारणा नभएको ।

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. २०७९/०८०

क्र.सं.	विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
१	अधिकतम मूल्य	३२६	३७५	३७०	४६१
२	न्यूनतम मूल्य	२३७.१	२५८	२९०	२८०
३	अन्तिम मूल्य	२६३	३४२	३१७.९०	४०८.९
४	कारोबार संख्या	९५३०	५८३४	५०२१	९५८५
५	कारोबार दिन	६५	५२	५६	६२

आ. व. २०८०/०८१

क्र.सं.	विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
१	अधिकतम मूल्य	४५३६०	३३६	३५७८०	४३६७०
२	न्यूनतम मूल्य	२८०	२६९१२०	३०१	३१४७०
३	अन्तिम मूल्य	२९०	३३५११०	३२३५०	४२६
४	कारोबार संख्या	१३०८८	७१८७	११३३८	२४८८३
५	कारोबार दिन	६१	४९	५८	६१

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

- क) संस्थाको जनशक्ति, व्यवसाय तथा सञ्चालन भएको बृद्धिसंगै सञ्चालन जोखिम र व्यवस्थापन खर्चमा मितव्ययीता अपनाउनु ।
- ख) कर्जाको गुणस्तर अभिवृद्धि गरी कर्जा असुलीको माध्यमबाट निष्कृत्य कर्जाको मात्रा न्यूनस्तरमा कायम गर्नु ।
- ग) बजारमा आर्थिक गतिबिधि घट्दै गई कर्जाको मागमा कमी भएको कारण फाइनेन्सको व्यवसाय विस्तारमा परेको असरलाई अझै न्यून गर्नु ।
- घ) सुचना प्रविधिको उच्चतम प्रयोग गर्दै गर्दा यसमा हुने अन्तरनिहित जोखिमहरूको समयमै पहिचान र तिनीहरूको उचित व्यवस्थापन गर्नु ।
- ङ) संस्थाको सञ्चालन तथा व्यवस्थापनसँग सम्बन्धित खर्चहरूमा थप मितव्ययीता अपनाई पूँजीमा अपेक्षित प्रतिफल दिनु ।
- च) संस्थामा कार्यरत दक्ष जनशक्तिमा भएको ज्ञान, सीप र क्षमताको अधिकतम उपयोग गर्नु ।

(२) बाह्य चुनौतीहरू :

- क) देशको अर्थतन्त्रमा आएको शिथिलताले समग्र व्यावसायिक वातावरणमा निम्त्याएको नकारात्मक असर ।
- ख) विद्यमान अवस्थामा दिगो बैकिङ्ग कारोबारको विस्तार तथा लगानीकर्ताको अपेक्षित प्रतिफल ।
- ग) बैकहरूमा देखिएको न्यून कर्जा बृद्धि र निक्षेपको अस्थिर व्याजदर ।
- घ) बैकिङ्ग क्षेत्रमा रहेको निष्कृत्य कर्जा तथा त्यसको असुली ।
- ङ) प्रविधिको विकाससँगै यसले निम्त्याएको अन्तरनिहित जोखिमहरू ।
- च) नियमनकारी निकायबाट जारी हुने नीति तथा निर्देशनहरूबाट हुने सञ्चालन खर्चको वृद्धि तथा आम्दानीमा आउन सक्ने संकुचनका कारण अपेक्षित नाफामा हुने कमी ।
- छ) बैकिङ्ग क्षेत्रको ढुला मर्जरका कारण बैकिङ्ग व्यवसायमा देखा परेका विभिन्न चुनौतीहरू ।

(३) समस्या तथा चुनौति समाधान गर्न व्यवस्थापनले अवलम्बन गरेका रणनीति :

- क) सम्पत्ति तथा दायित्वको व्यवस्थापन र व्यवसायमा जोखिम अनुरूप विविधता कायम गर्ने ।
- ख) अर्थतन्त्रमा आएको शिथिलताले गर्दा असर परेका व्यावसायिक संस्था तथा व्यक्तिगत ग्राहकहरूसँग थप सहकार्य,
- ग) कर्जाको पुनरतालिकीकरण तथा पुनर्संरचना जस्ता उपायहरूको अवलम्बन गर्ने ।
- घ) खर्चहरूको प्रभावकारी अनुगमन तथा उच्च जोखिमयुक्त सम्पत्तिहरूको उचित व्यवस्थापन गर्ने ।

- ड) सञ्चालन, बजार तथा व्यापार जोखिम क्षेत्रहरूको अनुगमन र योजनाबद्ध रूपमा प्रभावकारी जोखिम व्यवस्थापन कार्य गर्ने ।
- च) निष्कृत्य कर्जा असुली तथा व्यवस्थापनमा उच्च प्राथमिकता दिने ।
- छ) पूँजीकोष वृद्धि र अनुपालन तथा जोखिम व्यवस्थापन विभागको थप सवलीकरण गर्ने ।
- ज) समय सापेक्ष हुने गरि प्रविधिमा आधारित नयाँ-नयाँ बैकिङ्ग सेवा तथा सुविधाहरूको विकास र विस्तार गर्ने ।
- झ) कर्मचारी तालिम सम्बन्धमा योजनाबद्ध कार्यतालिकाको प्रभावकारिता अभिवृद्धि गर्ने ।
- ञ) गैर बैकिङ्ग सम्पत्ति व्यवस्थापनलाई प्राथमिकता दिने ।

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 कानून, नेपाल राष्ट्र बैंक लगायतका नियमनकारी निकायबाट जारी भएका निर्देशन परिपत्रहरू एवं बैंकको नीति नियमहरूको अक्षरशः परिपालना गर्दै आएको छ ।
- (ग) संस्थाले अनुपालना विभाग (**Compliance Department**) र आन्तरिक लेखापरीक्षण विभाग (**Internal Audit**) को गठन गरि सो मार्फत संस्थागत सुशासन परिपालनाको प्रत्याभुति तथा सोको प्रभावकारिताको अनुगमन, निरीक्षण तथा परीक्षण गरी आन्तरिक नियन्त्रण प्रणालीलाई सुदृढ गरिएको छ ।
- (घ) संचालक समितिको प्रत्येक बैठकमा विगतमा भएको निर्णयको कार्यान्वयन र संस्थाको कारोबारको अवस्थाको बारेमा व्यवस्थापनबाट जानकारी लिई आवश्यकता अनुसार कार्य संचालन गर्न व्यवस्थापनलाई निर्देशन दिने गरिएको छ ।

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 31, 2080 (July 16, 2023), 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 31, 2080 (July 16, 2023), 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)	<p>Information Technology and Controls Impacting Financial Reporting:</p> <p>The Finance Company's IT environment is complex, comprising numerous independent and interdependent systems. Given the high volume of transactions processed daily, the company's operational and financial processes are heavily reliant on these IT systems. The dependency of key financial accounting and reporting processes on IT systems presents a significant risk. Any lapses in controls, validation failures, incorrect data input, or erroneous data extraction could lead to inaccurate reporting to both management and regulators. As a result, we have identified the testing of these IT systems and the related control environment as a Key Audit Matter.</p>	<p>Our audit approach regarding the assessing the integrity of IT systems is based upon the Information Technology Guidelines 2012 issued by NRB and also includes:</p> <ol style="list-style-type: none"> Verification of interest income and expense booking regarding loan and deposits on the test basis with the CBS of the finance company. Relied upon the IT audit conducted by the bank. Verification of the provisioning of the loans and advances based on ageing on the test check basis as on 16.07.2023.



<p>b)</p>	<p>Impairment of Loans and Advances: 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"> • Amount derived as per norms as prescribed by NRB for loan loss provisioning, and • Amount determined adapting Incurred Loss model as per the Carve out provided on NFRS 9; Financial Instruments Impairment <p>According to the norms prescribed by the NRB, provisions must be created at the prescribed rate for loans and advances. These provisions are based on factors such as the overdue status of loans, the utilization status of the facility, the status of security, and the business capacity of the borrower.</p> <p>In accordance with NFRS 9, impairment of loans and advances should be assessed on an individual basis for loans that are individually significant. For homogenous groups of loans that are not individually significant, collective impairment should be applied.</p> <p>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 Matters.</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> 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. 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. We examined the overdue status of loans and advances by retrieving data from the core banking system and cross-referencing it with the NRB 2.2 report. 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. 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.
<p>c)</p>	<p>Interest Recognition: 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 also outline specific conditions for the collective impairment of loans. Improper application of these guidelines, particularly in determining the fair value of collateral, poses a risk to the accurate recognition of interest income. Consequently, we have identified this as a Key Audit Matter.</p>	<p>Our audit approach regarding verification of the process of interest recognition included:</p> <ol style="list-style-type: none"> Understanding the accrual of interest income on loans and advances involves gaining clarity within the institution's core banking software. 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. We verified the accuracy of interest income recording by manually computing samples from borrowers as part of our testing process.



d)	<p>Investment Valuation, identification and impairment:</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. The investment in government bonds & 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> <p>a. Conduct a review of the bank's investments and their valuation with reference to the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board of Nepal, as well as NRB Directive 4 in conjunction with Directive 8.</p> <p>b. We evaluated the nature of expected cash flows from the investment and reviewed the business model adopted by management, based on the available evidence and circumstances. We ensured that the classification of the investment aligns with the nature of the cash flows and management's intention regarding the holding of the investment.</p> <p>c. For investment valued through OCI i.e., for quoted investment, we relied on last transaction price (LTP) in NEPSE as on 16.07.2023 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.</p> <p>d. For investments valued at amortized cost, we performed test-based checks on the Effective Interest Rate (EIR) and the amortization schedule.</p>
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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 failed to comply with the provision of section 76(1) of Companies Act, 2063 during the period under reporting.

Ranjeew Shrestha

CA. Ranjeev Shrestha
Proprietor
Ranjeew & Associates
Chartered Accountants



UDIN: 240901CA00494ZL4kH

Place: Kathmandu

Date: September 01, 2024

Progressive Finance Limited
Statement of Financial Position
As at 31 Ashadh 2080 (16 July, 2023)

Particulars	Note	Current Year	Previous Year
Assets			
Cash and cash equivalent	4.1	1,047,147,224	1,120,425,542
Due from Nepal Rastra Bank	4.2	192,995,870	120,010,410
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	105,520,820	234,813,274
Loans and advances to customers	4.7	3,177,223,726	3,605,532,348
Investment securities	4.8	812,560,274	858,659,166
Current tax assets	4.9	28,249,031	18,923,435
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	42,342,402	35,932,961
Property and equipment	4.13	233,530,676	213,311,041
Goodwill and Intangible assets	4.14	2,050,929	529,032
Deferred tax assets	4.15	9,535,658	5,077,978
Other assets	4.16	42,587,737	40,289,028
Total Assets		5,693,744,349	6,253,504,215
Liabilities			
Due to Bank and Financial Institutions	4.17	334,074,750	325,739,140
Due to Nepal Rastra Bank	4.18	-	454,205,652
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	4,755,558,746	4,432,454,179
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	176,150,031	151,963,510
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		5,265,783,526	5,364,362,482
Equity			
Share capital	4.26	848,106,000	848,106,000
Share premium		-	-
Retained earnings		(499,269,501)	(30,788,646)
Reserves	4.27	79,124,324	71,824,379
Total equity attributable to equity holders		427,960,823	889,141,733
Non-controlling interest			
Total equity		427,960,823	889,141,733
Total liabilities and equity		5,693,744,349	6,253,504,215
Contingent liabilities and commitment	4.28	170,083,339	231,429,427
Net assets value per share		50.39	104.74

As per our Report on Even Date

Sarit Khatiwada Head of Finance Accounts and Treasury	Anil Shrestha Chief Executive Officer	Laxmi Prasad Maharjan Chairman	Shambhu Lal Dangol Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Anish Maharjan Director	Sabina Maharjan Director	Prajol Kumar Dahal Director	Rajbhai Dongol Director	Alka Joshi Independent Director

Date: 2081/05/16

Place: Kathmandu

Progressive Finance Limited
Statement of Profit or Loss
For the year ended at 31 Ashadh 2080 (16 July, 2023)

Particulars	Note	Current Year	Previous Year
Interest income	4.29	595,269,357	452,368,280
Interest expense	4.30	459,337,037	293,216,713
Net interest income		135,932,321	159,151,567
Fee and commission income	4.31	19,785,176	28,781,737
Fee and commission expense	4.32	25,321	200,853
Net fee and commission income		19,759,856	28,580,884
Net interest, fee and commission income		155,692,176	187,732,451
Net trading income	4.33	-	-
Other operating income	4.34	5,550,782	20,548,609
Total operating income		161,242,958	208,281,059
Impairment charge/(reversal) for loans and other losses	4.35	426,986,703	40,487,497
Net operating income		(265,743,745)	167,793,562
Operating expense			
Personnel expenses	4.36	94,670,758	69,024,895
Other operating expenses	4.37	62,685,971	52,195,497
Depreciation & Amortisation	4.38	40,758,486	32,294,390
Operating Profit		(463,858,961)	14,278,780
Non operating income	4.39	680,369	60,000
Non operating expense	4.40	12,177	523,368
Profit before income tax		(463,190,768)	13,815,413
Income tax expense	4.41		
Current Tax		518,931	3,611,596
Deferred Tax Expenses/(Income)		(3,879,013)	(1,876,754)
Profit for the period		(459,830,685)	12,080,570
Profit attributable to:			
Equity holders of the Bank		(459,830,685)	12,080,570
Non-controlling interest		-	-
Profit for the period		(459,830,685)	12,080,570
Earnings per share			
Basic earnings per share		(54.22)	1.42
Diluted earnings per share		(54.22)	1.42

As per our Report on Even Date

Sarit Khatiwada
 Head of Finance
 Accounts and Treasury

Anil Shrestha
 Chief Executive Officer

Laxmi Prasad Maharjan
 Chairman

Shambhu Lal Dangol
 Director

Ranjeev Shrestha, FCA
 Proprietor
 Ranjeev & Associates
 Chartered Accountants

Anish Maharjan
 Director

Sabina Maharjan
 Director

Prajol Kumar Dahal
 Director

Rajbhai Dongol
 Director

Alka Joshi
 Independent Director

Date: 2081/05/16
 Place: Kathmandu

Progressive Finance Limited
Statement of Distributable Profit or Loss
For Year ended 31st Ashad 2080

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	(459,830,685)	12,080,570
Appropriations:		
a. General reserve	-	(2,437,316)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	120,806	147,369
e. Employees' training fund	122,477	(46,702)
f. Other		
i. Investment adjustment Reserve	-	-
ii. Interest capitalise Reserve	-	-
iii. Fair Value Reserve (Sale of Shares)	-	74,206
iv. Other Reserve		
Profit or (loss) before regulatory adjustment	(459,587,402)	9,818,127
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	1,531,064	(9,734,499)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	(1,928,889)	(7,274,546)
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	(4,037,948)	(19,837,766)
e. Deferred tax assets recognised (-)/ reversal (+)	(4,457,680)	(5,077,978)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other		
Net Profit for the year end 31st Ashad 2080 available for distribution	(468,480,855)	(32,106,661)
Opening Retained Earning as on Shrawan 1,2079	(30,788,646)	44,725,864
Distribution		
Bonus Share Issued	-	(40,881,219)
Cash Dividend Paid	-	(2,526,630)
Total Distributable profit or (loss) as on year end date	(499,269,501)	(30,788,645)
Annualised Distributable Profit/Loss per share	(58.87)	(3.63)

As per our Report on Even Date

Sarit Khatiwada
 Head of Finance
 Accounts and Treasury

Anil Shrestha
 Chief Executive Officer

Laxmi Prasad Maharjan
 Chairman

Shambhu Lal Dangol
 Director

Ranjeev Shrestha, FCA
 Proprietor
 Ranjeev & Associates
 Chartered Accountants

Anish Maharjan
 Director

Sabina Maharjan
 Director

Prajol Kumar Dahal
 Director

Rajbhai Dongol
 Director

Alka Joshi
 Independent Director

Date: 2081/05/16
 Place: Kathmandu

Progressive Finance Limited
Statement of Comprehensive Income
For the year ended at 31 Ashadh 2080 (16 July, 2023)

Particulars	Note	Current Year	Previous Year
Profit for the year		(459,830,685)	12,080,570
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
Gain/(loss) from investments in equity instruments measured at fair value		(1,928,892)	(30,878,224)
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		578,667	9,263,467
Net other comprehensive income that will not be reclassified to profit or loss		(1,350,225)	(21,614,757)
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge		-	-
Exchange gain/(losses) arising from translating financial assets of foreign operation		-	-
Income tax relating to above items		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
c) Share of other comprehensive income of associate accounted as per equity method		-	-
Other comprehensive income for the period, net of income tax		(1,350,225)	(21,614,757)
Total comprehensive income for the period		(461,180,911)	(9,534,186)
Total comprehensive income attributable to:			
Equity holders of the Bank		(461,180,911)	(9,534,186)
Non-controlling interest		-	-
Total comprehensive income for the period		(461,180,911)	(9,534,186)

Sarit Khatiwada
 Head of Finance
 Accounts and Treasury

Anil Shrestha
 Chief Executive Officer

Laxmi Prasad Maharjan
 Chairman

Shambhu Lal Dangol
 Director

Ranjeev Shrestha, FCA
 Proprietor
 Ranjeev & Associates
 Chartered Accountants

Anish Maharjan
 Director

Sabina Maharjan
 Director

Prajol Kumar Dahal
 Director

Rajbhai Dongol
 Director

Alka Joshi
 Independent Director

Date: 2081/05/16
 Place: Kathmandu

Progressive Finance Limited
Statement of Cash Flow
 For the year ended at 31 Ashadh 2080 (16 July, 2023)

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	585,500,924	447,645,657
Fees and other income received	19,785,176	28,781,737
Dividend received	-	-
Receipts from other operating activities	(3,256,556)	1,432,810
Interest paid	(459,337,037)	(293,216,713)
Commission and fees paid	(25,321)	(200,853)
Cash payment to employees	(89,656,814)	(66,245,272)
Other expense paid	(62,685,971)	(52,195,497)
Operating cash flows before changes in operating assets and liabilities	(9,675,598)	66,001,868
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(72,985,460)	9,096,997
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	129,292,454	210,282,014
Loans and advances to customers	11,090,352	(1,393,695,857)
Other assets	(10,440,982)	(8,147,146)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	8,335,610	265,837,590
Due to Nepal Rastra Bank	(454,205,652)	282,978,383
Deposit from customers	323,104,566	1,513,796,531
Borrowings	-	-
Other liabilities	27,635,927	102,392,282
Net cash flow from operating activities before tax paid	(47,848,783)	1,048,542,663
Income taxes paid	(6,159,935)	(1,297,083)
Net cash flow from operating activities	(54,008,717)	1,047,245,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(62,015,042)	(440,933,849)
Receipts from sale of investment securities	106,763,709	109,337,939
Purchase of property and equipment	(61,036,736)	(170,922,023)
Receipt from the sale of property and equipment	-	150,003
Purchase of intangible assets	(1,521,897)	362,730
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(6,409,441)	(31,832,961)
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	4,949,807	21,104,942
Net cash used in investing activities	(19,269,601)	(512,733,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(73,278,318)	534,512,360
Cash and cash equivalents as at Shrawan 1, 2079	1,120,425,542	585,913,183
Effect of exchange rate fluctuations on cash and cash equivalents held		
Closing Cash and Cash Equivalent at Ashad 31, 2080	1,047,147,224	1,120,425,542

As per our Report on Even Date

Sarit Khatiwada Head of Finance Accounts and Treasury	Anil Shrestha Chief Executive Officer	Laxmi Prasad Maharjan Chairman	Shambhu Lal Dangol Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Anish Maharjan Director	Sabina Maharjan Director	Prajol Kumar Dahal Director	Rajbhai Dongol Director	Alka Joshi Independent Director

Date: 2081/05/16
Place: Kathmandu

Progressive Finance Limited

Statement of Changes in Equity

For the year ended at 31 Ashadh 2080 (16 July, 2023)

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 Ashadh 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
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 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	-	-	-	-	-	-	-	12,080,570	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	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):	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	(21,614,757)	-	-	-	(21,614,757)	-	(21,614,757)
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	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	-	2,437,316	-	41,924,788	-	-	(44,261,437)	(100,667)	0	-	0
Transfer from reserve during the year	-	-	-	-	-	(74,206)	-	74,206	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
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)
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashadh 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
Balance at Ashadh 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
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 shrawan 2079	848,106,000	-	29,241,457	-	46,871,091	(5,092,182)	-	(30,788,646)	804,013	889,141,734	-	889,141,734
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-

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			
Profit for the year	-	-	-	-	-	-	-	-	(459,830,685)	-	(459,830,685)	-	(459,830,685)
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserve (investment in equity instrument):	-	-	-	-	-	(1,350,225)	-	-	-	-	(1,350,225)	-	(1,350,225)
Net change in fair value	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	-	-	-	8,893,453	-	-	-	(8,650,170)	(243,283)	0.00	-	0
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Share issue expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashadh end, 2080	848,106,000	-	29,241,457	-	55,764,544	(6,442,408)	-	(499,269,501)	560,730	427,960,823	-	427,960,823	

Sarit Khariwada
Head of Finance
Accounts and Treasury
Anish Maharjan
Director

Anil Shrestha
Chief Executive Officer
Sabina Maharjan
Director

Laxmi Prasad Maharjan
Chairman
Prajal Kumar Dahal
Director

Shambhu Lal Dangol
Director
Rajbhai Dongol
Director

Alka Joshi
Independent Director

Ranjeev Shrestha, FCA
Proprietor
Ranjeev & Associates
Chartered Accountants

Date: 2081/05/16
Place: Kathmandu

Notes to Financial Statements

For the year ended at 31 Ashadh 2080 (16 July, 2023)

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, 21 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 2079-80, starting from 1 Shrawan 2079 and ending on 31 Ashad 2080. 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 32 Ashad 2079)
2. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2080)

2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors in meeting no 525. 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 is no change in accounting policies in fiscal year 2079-80

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. The Finance recognizes a right-of-use asset and a lease liability at the lease commencement date. The right to use of assets is the present value of the total lease payments up to the contract date from the start of contract inclusive of any increments on the payment of the rent. The present value has been derived using the discount rate equal to The Finance's incremental borrowing rate. The Finance has measured the right-of-use asset at cost: a. Less accumulated depreciation and accumulated impairment and b. Adjusted for any remeasurement of lease liabilities if any.

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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, The Finances' incremental borrowing rate. Generally, The Finance uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

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%

Impairment

Management of the Finance Co. has not tested for the impairment of assets as per NAS 36 (Impairment of Assets).

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 in case 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. 50 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 2080 the finance has ceased accrual of interest amounting to NPR. 37,964,247 related to bad and doubtful loan which was NPR. 7,946,361 as on Asadh End 2079.

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. 17,711,467.86 has been recovered till 15 Shrawan 2080 which has not been appropriated to Regulatory Reserve. The details are as follows:

S.No	Particulars	FY 2079-80
1	Total Accrued Interest Receivable (AIR)-Current Year	72,103,868.72
2	Interest Recognition Suspended Non-Performing Loan	37,964,246.61
3	Accrued Income Recognized For Performing Loan	34,139,622.11
4	Interest Received till Shrawan 15	17,711,467.86
5	Accrued Income Recognized For Performing Loan(after 15 days Interest Received)	16,428,154.25
6	Upto Previous Year Income Recognised- Transfer to Regulatory Reserve	9,734,498.44
7	AIR (Net) to be transfer to Regulatory Reserve this year	615,238.73
8	Total Amount to Regulatory Reserve	10,349,737.18

AIR related to BFI and Customers has been presented during the Financial Year 2079-80 as follows

Particulars	FY 2079-80 (Rs.)
Total Accrued Interest Receivable (AIR)-Current Year	72,103,868.72
Related to Micro Finance	122,990.04
Related to Customer	71,980,878.68

3.13.2 Fee and commission income

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

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

3.13.3 Dividend income

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

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

3.13.4 Net trading income

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

3.13.5 Other Operating Income

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

3.14 Interest expense

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

3.15 Employees Benefits

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

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

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

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

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

3.16 Leases

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 of the last year for the finance as on reporting date.

Assets and Liabilities recognized as per NFRS 16

Particulars	Amount
Right of Use Assets (ROU)	158,223,088.70
Accumulated Depreciation-ROU	31,432,968.98
Net Right of Use Assets (ROU)	126,790,119.71
Opening Lease Liability	119,656,453.37
Lease liability added	29,653,696.14
Finance cost recognized	12,922,768.32
Cash Flow/Rent paid	21,769,241.82
Closing Lease Liability	140,463,676.01

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	Current Year	Previous Year
Cash in hand	97,634,615	66,014,568
Balances with B/FIs	15,784,438	6,119,865
Money at call and short notice	933,728,172	1,048,291,109
Other Cash and Cash Equivalent	-	-
Total	1,047,147,224	1,120,425,542

Due from Nepal Rastra Bank**4.2**

Particulars	Current Year	Previous Year
Statutory balances with NRB	192,995,870	120,010,410
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	192,995,870	120,010,410

Placements with Bank and Financial Institutions**4.3**

Particulars	Current Year	Previous Year
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Derivative financial instruments**4.4**

Particulars	Current Year	Previous Year
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

Other trading assets**4.5**

Particulars	Current Year	Previous Year
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non-pledged	-	-

Loan and advances to B/FIs			4.6
Particulars	Current Year	Previous Year	
Loans to microfinance institutions measured at amortized cost	106,909,039	237,902,161	
Other	-	-	
Less: Allowances for impairment	(1,388,219)	(3,088,887)	
Total	105,520,820	234,813,274	

4.6.1: Allowances for impairment

Particulars	Current Year	Previous Year
Balance at Shrawan 1	3,088,887	5,861,361
Impairment loss for the year:		
Charge for the year	(1,700,668)	(2,772,474)
Recoveries/reversal	-	-
Amount written off	-	-
Balance at Asar end	1,388,219	3,088,887

Loans and advances to customers**4.7**

Particulars	Current Year	Previous Year
Loan and advances measured at amortized cost	3,723,414,810	3,723,036,061
Less: Impairment allowances		
Collective impairment	(546,191,084)	(117,503,713)
Individual impairment	-	-
Net amount	3,177,223,726	3,605,532,348
Loan and advances measured at FVTPL	-	-
Total	3,177,223,726	3,605,532,348

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 2080 was Rs. 367,132,887 out of which Rs. 365,744,668 was related to loans and advances to customers and remaining 13,88,219 related to loans and advances to BFI's. The total amount of impairment reported excludes the amount of Rs.86,370,446.33 which was booked as Non Banking Assets and now rectified. Additional impairment of Rs 94,007,938.99 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	Current Year	Previous Year
Individual impairment	-	-
Collective impairment	49,902,071	4,504,936
Total	49,902,071	4,504,936

Loan classification and impairment allowance as per NRB Directive 2 is as follows:		
Particulars	Current Year	Previous Year
Performing loan	3,061,483,326	3,537,245,689
Good	2,315,610,657	3,176,084,127
Watchlist	745,872,670	361,161,562
Non-performing loan	571,477,443	114,940,116
Additional	22,397,286	-
Restructured	-	-
Substandard	64,800,768	29,030,009
Doubtful	54,874,579	35,835,224
Loss	429,404,810	50,074,883
Total	3,632,960,769	3,652,185,805
Add: loan to employees and Net AIR	90,454,041	70,850,256
Total loan	3,723,414,810	3,723,036,061
Impairment allowance		
Performing loan	68,378,171	48,213,945
Good	31,084,537	33,096,866
Watchlist	37,293,633	15,117,078
Non-performing loan	473,042,292	69,289,768
Restructured	-	-
Substandard	16,200,192	4,706,816
Doubtful	27,437,290	14,508,069
Loss	429,404,810	50,074,883
Additional	4,770,621.87	-
Total	546,191,084	117,503,713

4.7.1: Analysis of loan and advances - By Product

Product	Current Year	Previous Year
Term loans	333,339,838	282,546,340
Overdraft	-	-
Trust receipt/Import loans	-	-
Demand and other working capital loans	218,482,590	652,110,587
Personal residential loans	233,197,410	1,151,523,107
Real estate loans	437,196,380	220,065,946
Margin lending loans	164,521,560	256,749,891
Hire purchase loans	128,678,730	117,308,091
Deprived sector loans	115,441,031	29,535,700
Bills purchased	-	-
Staff loans	52,387,706	42,473,848
Other	2,002,226,220	942,641,609
Sub total	3,685,471,465	3,694,955,119
Interest receivable	37,943,345	28,080,942
Grand total	3,723,414,810	3,723,036,061

4.7.2: Analysis of loan and advances - By Currency

Currency	Current Year	Previous Year
Nepalese rupee	3,723,414,810	3,723,036,061
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	3,723,414,810	3,723,036,061

4.7.3: Analysis of loan and advances - By Collateral

Collateral	Current Year	Previous Year
Secured		
Movable/immovable assets	3,267,263,580	3,236,742,136
Gold and silver		-
Guarantee of domestic B/FIs		-
Government guarantee		-
Guarantee of international rated bank		-
Collateral of export document		-
Collateral of fixed deposit receipt	51,420,310	70,613,963
Collateral of Government securities		-
Counter guarantee		-
Personal guarantee	86,018,250	119,768,386
Other collateral	318,712,670	295,931,576
Subtotal	3,723,414,810	3,723,056,061
Unsecured	-	-
Grant Total	3,723,414,810	3,723,056,061

4.7.4: Allowances for impairment

Particulars	Current Year	Previous Year
Specific allowances for impairment		
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	-	-
Balance at Asar end	-	-
Collective allowances for impairment		
Balance at Sawan 1	117,503,713	74,243,742
Impairment loss for the year:		
Charge/(reversal) for the year	428,687,372	43,259,971
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at Asar end	546,191,084	117,503,713
Total allowances for impairment	546,191,084	117,503,713

Investment securities

4.8

Particulars	Current Year	Previous Year
Investment securities measured at amortized cost	665,000,000	759,170,000
Investment in equity measured at FVTOCI	147,560,274	99,489,166
Total	812,560,274	858,659,166

4.8.1: Investment securities measured at amortized cost

Particulars	Current Year	Previous Year
Debt securities	-	-
Government bonds	665,000,000	665,000,000
Government treasury bills	-	94,170,000
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
Total	665,000,000	759,170,000

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

Particulars	Current Year	Previous Year
Equity instruments		
Quoted equity securities	145,856,774	98,059,663
Unquoted equity securities	1,703,500	1,429,500
Total	147,560,274	99,489,163

4.8.3: Information relating to investment in equities

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity	156,569,209	145,856,774	106,569,209	98,059,663
Nepal Life Insurance Company Limited (NLIC)	-	744	-	747
1 shares of Rs. 100 each		-		
National Life Insurance Company Limited (NLICL)	18,251,993	12,411,735	18,251,993	9,654,941
19243 shares of Rs. 100 each		-		
Forward Microfinance Laghubitta Bittiya Sanstha Limited (FOWAD)	-	1,321	-	2,385
1 shares of Rs. 100 each		-		
Global IME Laghubitta Bittiya Sanstha Limited (GILB)	-	1,061	-	1,299
1 shares of Rs. 100 each		-		
Mero Microfinance Laghubitta Bittiya Sanstha Limited (MERO)	-	14,542	-	16,940
22 shares of Rs. 100 each		-		
Gurans Life Insurance Company Limited (GLICL)	-	-	-	485
0 shares of Rs. 100 each		-		
Laxmi Unnati Kosh (LUK)	30,000,000	28,170,000	30,000,000	28,680,000
3000000 units of Rs. 100 each		-		
Prabhu Select Fund (PSF)	14,680,900	12,992,597	14,680,900	14,108,345
1468090 units of Rs. 100 each		-		
Sunrise Bluechip Fund (SBCF)	15,000,000	11,775,000	15,000,000	13,110,000
1500000 units of Rs. 10 each		-		
Sunrise First Mutual Fund	26,970,000	29,683,320	26,970,000	30,808,500
2679000 units of Rs. 10 each		-		
Butwal Power Company Limited	106,260	80,312	106,260	74,382
243 units of Rs. 100 each		-		
Chhimek Laghubitta Bikas Bank Limited		339,000		305,800
339 units of Rs. 100 each		-		
Chilime Hydropower Company Limited	203,245	195,359	203,245	137,904
364 units of Rs. 100 each		-		
Citizen Investment Trust	62,838	48,047	62,838	45,270
23 units of Rs. 100 each		-		
Prime Life Insurance Company Limited	280,556	171,366	280,556	170,131
338 units of Rs. 100 each		-		
RMDC Laghubitta Bittiya Sanstha Ltd.		52,700		45,252
68 units of Rs. 100 each		-		
Sana Kisan Bikas Bank Ltd		84,506	-	79,875
94 units of Rs. 100 each		-		
Surya Life Insurance Company Limited	146,794	115,900	146,794	73,530
190 units of Rs. 100 each		-		
Api Power Company Ltd.	866,623	632,764	866,623	730,566
3212 units of Rs. 100 each		-		
NMB Microfinance Bittiya Sanstha Ltd.		39,040		
61 units of Rs. 100 each		-		
Suryodaya Womi Laghubitta Bittiya Sasnstha Limited (SWMF)		12,461	-	13,311
17 units of Rs. 100 each		-		
Subha Laxmi Kosh	5,000,000	5,000,000		-
500000 units of Rs. 10 each		-		

NMB Sulav Investment Fund II (NSIF2)	5,000,000	4,995,000		-
500000 units of Rs. 10 each		-		
Sunrise Focused Equity Fund (SFEF)	30,000,000	29,040,000		-
3000000 units of Rs. 10 each		-		
Siddhartha Investment Growth Scheme(SIG3)	10,000,000	10,000,000		-
1000000 units of Rs. 10 each		-		

Investment in unquoted equity	194,500	1,703,500	194,500	1,429,500
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	522,200	100,000	248,200
5222 shares of Rs. 100 each				
Total	156,763,709	147,560,274	106,763,709	99,489,163

Current tax assets/(liabilities)

4.9

Particulars	Current Year	Previous Year
Current tax assets	28,726,768	22,566,834
Current year income tax assets	28,726,768	22,566,834
Tax assets of prior periods		
Current tax liabilities	477,737.42	3,643,399
Current year income tax liabilities	518,931	3,643,399
Tax liabilities of prior periods	(41,193)	
Net assets/(liabilities)	28,249,031	18,923,435

Investment in subsidiaries

4.10

Particulars	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total investment	-	-
Less: Impairment allowances		
Net carrying amount	-	-

4.10.1: Investment in quoted subsidiaries

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

4.10.2: Investment in unquoted subsidiaries

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

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
Total	-	-

4.10.4: Non controlling interest of the subsidiaries

Particulars	Current Year
	... 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	Previous Year
... 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	Current Year	Previous Year
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

4.11.1: Investment in quoted associates

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

4.11.2: Investment in unquoted associates

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

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
Total	-	-

4.11.4: Equity value of associates

Particulars
..... Ltd.
..... Ltd.
Total

Investment properties**4.12**

Particulars	Current Year	Previous Year
Investment properties measured at fair value		
Balance as on Sawan 1	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on Sawan 1	35,932,961	4,100,000.0
Addition/disposal during the year	6,409,441	31,832,961
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	42,342,402	35,932,961
Total	42,342,402	35,932,961

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

1. Land situated at Musikot Municipality Ward no. 01 (Present ward no. 03) 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 & Sijuwa 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
5. Land situated at Panchakanya VDC Ward No. 5 (Present Ratnanagar Municipality Ward no. 13) with plot no. 746 with value 6,409,440.36

4.13

Property and Equipment Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Right to Use Assets (ROU)	Equipment & Others	Total Ashad end 2080	Total Ashad end 2079
Cost											
Balance as on Asar end 2078	30,000,000		26,136,638	14,301,787	9,572,553	5,173,868	-	-	17,924,819	103,109,665	58,321,111
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	46,498,068
Capitalization	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	(152,929)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	(1,556,584)
Balance as on Asar end 2079	30,000,000		41,956,226	21,897,255	13,299,375	11,140,648	-	128,569,393	26,685,224	273,548,121	103,109,665
Addition during the Year											
Acquisition	-	-	16,173,389	3,615,953	346,101	3,630,734	-	29,653,696	7,259,836	60,679,709	170,438,456
Capitalization	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(4,164)	(404,589)	-	(632,770)	-	-	(692,981)	(1,734,505)	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2080	30,000,000		58,125,450	25,108,619	13,645,476	14,138,612	-	158,223,089	33,252,079	332,493,325	273,548,121
Depreciation and Impairment											
As on Asar end 2078	-	-	9,550,321	6,408,288	2,641,337	2,003,525	-	-	7,701,953	28,305,424	19,069,294
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	10,824,809
Disposals	-	-	-	-	-	-	-	-	-	-	(32,094)
Adjustment	-	-	-	-	-	-	-	-	-	-	(1,556,585)
As on Asar end 2079	-	-	16,965,537	10,026,834	3,422,461	3,236,333	-	14,596,726	11,989,190	60,237,081	28,305,424
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	-	10,512,275	4,595,070	916,033	1,719,314	-	16,836,243	5,804,346	40,383,282	31,931,656
Disposals	-	-	(1,554)	(404,589)	-	(625,079)	-	-	(626,491)	(1,657,714)	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-
As on Asar end 2080	-	-	27,476,258	14,217,315	4,338,495	4,330,568	-	31,432,969	17,167,045	98,962,649	60,237,081
Capital Work in Progress											
Net Book Value											
As on Asar end 2078	30,000,000		16,586,317	7,893,499	6,931,216	3,170,343	-	-	10,222,866	74,804,241	39,251,817
As on Asar end 2079	30,000,000		24,990,688	11,870,422	9,876,914	7,904,315	-	113,972,667	14,696,035	213,311,041	396,622,082
As on Asar end 2080	30,000,000		30,649,192	10,891,304	9,306,981	9,808,044	-	126,790,120	16,085,034	233,530,676	213,311,041

Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Sawan 1, 2078	-	2,210,845	-	-	2,210,845
Addition during the Year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2079	-	2,210,845	-	-	2,210,845
Addition during the Year	-	-	-	-	-
Acquisition	-	1,897,101	-	-	1,897,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2080	-	4,107,946	-	-	4,107,946
Amortization and Impairment					
As on Sawan 1, 2078	-	1,319,083	-	-	1,319,083
Amortization charge for the Year	-	362,730	-	-	362,730
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asar end 2079	-	1,681,813	-	-	1,681,813
Amortization charge for the Year	-	375,204	-	-	375,204
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asar end 2080	-	2,057,017	-	-	2,057,017
Capital Work in Progress	-	-	-	-	-
Net Book Value					
As on Asar end 2078	-	891,762	-	-	891,762
As on Asar end 2079	-	529,032	-	-	529,032
As on Asar end 2080	-	2,050,929	-	-	2,050,929

Particulars	Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			-
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	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	-	-	-
Deferred tax on temporary differences			5,077,978
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2079			5,077,978
Deferred tax asset/(liabilities) as on Sawan 1, 2078			(6,094,045)
Deferred tax expenses/(income) during the year			(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	Current Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			-
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	2,761,031	-	2,761,031
Property & equipment	-	37,986,793	(37,986,793)
Employees' defined benefit plan	2,622,317	-	2,622,317
Lease liabilities	42,139,103	-	42,139,103
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences			9,535,658
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2080			9,535,658
Deferred tax asset/(liabilities) as on Sawan 1, 2079			5,077,978
Deferred tax expenses/(income) during the year	-	-	(4,457,680)
Deferred tax expense/(income) recognised in profit or loss	-	-	(3,879,013)
Deferred tax expense/(income) recognised in other comprehensive income	-	-	(578,667)
Deferred tax expense/(income) recognised in directly in equity	-	-	-

Particulars	Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			-
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	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	-	-	-
Deferred tax on temporary differences			5,077,978
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2079			5,077,978
Deferred tax asset/(liabilities) as on Sawan 1, 2078			(6,094,045)
Deferred tax expenses/(income) during the year			(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)

Other Assets**4.16**

Particulars	Current Year	Previous Year
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	9,041,715	16,357,490
Accrued income	12,850,898	12,222,160
Prepayments and deposit	6,252,262	1,283,245
Income tax deposit	-	-
Deferred employee expenditure	10,605,108	8,386,672
Other miscellaneous assets	3,837,754	2,039,460
Total	42,587,737	40,289,028

Due to Bank and Financial Institutions**4.17**

Particulars	Current Year	Previous Year
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	334,074,750	325,739,140
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
Total	334,074,750	325,739,140

Due to Nepal Rastra Bank**4.18**

Particulars	Current Year	Previous Year
Refinance from NRB	-	220,205,652
Standing Liquidity Facility	-	234,000,000
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
Total	-	454,205,652

Derivative financial instruments**4.19**

Particulars	Current Year	Previous Year
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

Deposits from customers**4.20**

Particulars	Current Year	Previous Year
Institutions customers:		
Term deposits	1,122,352,770	1,063,566,720
Call deposits	551,287,439	416,073,360
Current deposits	39,560,153	105,681,220
Other	4,797,237	6,504,570
Individual customers:		
Term deposits	2,050,145,852	1,932,349,950
Saving deposits	977,440,634	880,897,709
Current deposits	9,952,679	20,817,390
Other	21,981	6,563,260
Total	4,755,558,746	4,432,454,179

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese rupee	4,755,558,746	4,432,454,179
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	4,755,558,746	4,432,454,179

Borrowing**4.21**

Particulars	Current Year	Previous Year
Domestic Borrowing		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

Provisions**4.22**

Particulars	Current Year	Previous Year
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

4.22.1: Movement in provision

Particulars	Current Year	Previous Year
Balance at Sawan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Asar end	-	-

Other liabilities**4.23**

Particulars	Current Year	Previous Year
Liability for employees defined benefit obligation*	2,606,573	2,633,946
Liability for long-service leave	7,327,995	3,921,448
Short-term employee benefits	-	-
Bills payable	23,584	-
Creditors and accruals	16,179,698	14,806,384
Interest payable on deposit	3,644,409	2,391,282
Interest payable on borrowing	-	3,916,146
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	140,463,676	119,656,453
Employee bonus payable	1,607,397	1,607,397
Other liabilities	4,296,700	3,030,455
Total	176,150,031	151,963,510

*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	Current Year	Previous Year
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	Current Year	Previous Year
Equity securities		
Government bonds		
Bank deposit		
Other		
Total		

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Current Year	Previous Year
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	Current Year	Previous Year
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	Current Year	Previous Year
Current service costs		
Interest on obligation		
Expected return on plan assets		
Total		

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Actuarial (gain)/loss		
Total		

4.23.7: Actuarial assumptions

Particulars	Current Year	Previous Year
Discount rate		
Expected return on plan asset		
Future salary increase		
Withdrawal rate		

Debt securities issued

4.24

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	-	-

Subordinated Liabilities

4.25

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
Total	-	-

Share capital

4.26

Particulars	Current Year	Previous Year
Ordinary shares	848,106,000	848,106,000
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Total	848,106,000	848,106,000
Regulatory share capital	848,106,000	848,106,000

4.26.1: Ordinary shares

Particulars	Current Year	Previous Year
Authorized Capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Issued capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Subscribed and paid up capital*		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Total	848,106,000	848,106,000
Capital as per NRB Directives	848,106,000	848,106,000
Reconciliation of no. of equity shares	Current Year	Previous Year
Opening	8,481,060	8,001,000
Add: issued during the year		480,060
Closing	8,481,060	8,481,060

4.26.2: Ordinary share ownership

Particulars	Current Year		Previous Year	
	Percent	No.s	Percent	No.s
Domestic ownership				
Nepal Government				
"A" class licensed institutions				
Other licensed institution				
Other Institutions				
Public	49.00%	4,155,719	49.00%	4,155,719
Other (Promoter)	51.00%	4,325,341	51.00%	4,325,341
Foreign ownership				
Total		8,481,060		8,481,060

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2080 are as follows:

Name of shareholder	% of holding	Total Shares	Amount Rs.
KRISHNA AWALE	3.35	284,183	28,418,282
RAM KAJI AWALE	3.15	267,544	26,754,400
MUKESH MAHARJAN	1.95	165,502	16,550,204
BISHAN MAHARJAN	1.95	165,434	16,543,420
SURENDRA AWALE	1.90	161,544	16,154,400
LAXMI PRASAD MAHARJAN	1.90	161,544	16,154,400
RABI MAHARJAN	1.90	161,544	16,154,400
SHAMBHU LAL DANGOL	1.90	161,544	16,154,400
BHIM LAL MAHARJAN	1.90	161,544	16,154,400
SANGHA RATNA DANGOL	1.90	161,544	16,154,400
SANU KAJI MAHARJAN	1.90	161,544	16,154,400
SAMUNDRA KAJI SHRESTHA	1.76	149,083	14,908,264
MANOJ DANGOL	1.65	139,826	13,982,600
JAY PRAKASH AGRAWAL	1.55	131,482	13,148,200
BABU KRISHNA MAHARJAN	1.39	118,103	11,810,308
BABU KAJI MAHARJAN	1.18	99,895	9,989,546
SARITA MAHARJAN	1.16	98,362	9,836,200
HERA MAN MAHARJAN	1.12	95,241	9,524,100
RAM KAJI AWALE	0.99	83,786	8,378,558
ISHWORI BADE	0.99	83,543	8,354,284
SACHIN MAHARJAN	0.92	78,347	7,834,672
PANCHA RAM MAHARJAN	0.92	77,672	7,767,150
BISH RAM SINGH	0.91	77,137	7,713,726
LAXMAN MAHARJAN	0.88	74,236	7,423,600
BIKASH MAHARJAN	0.84	70,822	7,082,178
ANIL MAHARJAN	0.79	66,637	6,663,690
ISHA SHRESTHA	0.78	66,080	6,608,000
AMAN CHAUDHARY	0.77	65,500	6,550,000
RAJENDRA SHAKYA	0.70	59,195	5,919,464
JAY PRAKASH AGRAWAL	0.63	53,039	5,303,900
ISHAN SHRESTHA	0.62	53,000	5,300,000
BHARAT RANABHAT	0.58	49,558	4,955,800
MINA MAHARJAN CHITRAKAR	0.55	46,604	4,660,396
Total	45.40	3,850,617	385,061,742

Reserves**4.27**

Particulars	Current Year	Previous Year
Statutory general reserve	29,241,458	29,241,457
Exchange equalisation reserve	-	-
Corporate social responsibility reserve	-	120,806
Capital redemption reserve	-	-
Regulatory reserve	55,764,544	46,871,091
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(6,442,408)	(5,092,182)
Dividend equalisation reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other reserve	-	-
Capital Adjustment Fund	-	-
Staff Training Reserve	560,730	683,207
Total	79,124,324	71,824,379

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	Current Year	Previous Year
Accrued Interest on Loans and Advances recognised as income	10,349,737	11,880,801
Provision for NBA (Net of Bonus and Tax)	26,675,714	22,637,766
Loss on Investment	9,203,435	7,274,546
Deferred Tax Assets	9,535,658	5,077,978
Total	55,764,544	46,871,091

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	10,349,737	-	-	9,535,658	-	-	-	9,203,435	26,675,714	55,764,544
Total	10,349,737	-	-	9,535,658	-	-	-	9,203,435	26,675,714	55,764,544

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	-	1,293,846	-	364,505	-	8,244,833
Closing bal FY 2075-76	6,586,482	-	1,293,846	-	364,505	-	8,244,833
Creation	8,737,484	-	-	-	-	-	8,737,484
Closing bal FY 2076-77	15,323,966	-	-	-	-	-	15,323,966
Reversal	(13,177,663)	0	-	2,800,000	0	0	(10,377,663)
Closing bal FY 2077-78	2,146,303	-	-	2,800,000	-	-	4,946,303
Creation	9,734,499	-	7,274,546	19,837,766	5,077,978	-	41,924,788
Closing bal FY 2078-79	11,880,801	-	7,274,546	22,637,766	5,077,978	0	46,871,091
Creation	(1,531,064)	-	1,928,889	4,037,948	4,457,680	-	8,893,453
Closing bal FY 2079-80	10,349,737	-	9,203,435	26,675,714	9,535,658	-	55,764,544

Movement of specific reserves for the year 2079-80 is as follows:

Particulars	Corporate social responsibility reserve	Training reserve
Opening	120,806	683,207
Addition for the year		
Utilization during the year		
Closing	-	560,730

Contingent liabilities and commitments

4.28

Particulars	Current Year	Previous Year
Contingent liabilities	-	-
Undrawn and undisbursed facilities	29,620,000	105,366,589
Capital commitment	-	-
Lease Commitment	140,463,339	126,062,838
Litigation		
Total	170,083,339	231,429,427

4.28.1: Contingent liabilities

Particulars	Current Year	Previous Year
Acceptance and documentary credit		
Bills for collection		
Forward exchange contracts		
Guarantees		
Underwriting commitment		
Other commitments		
Total		

4.28.2: Undrawn and undisbursed facilities

Particulars	Current Year	Previous Year
Undisbursed amount of loans	29,620,000	105,366,589
Undrawn limits of overdrafts	-	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	29,620,000	105,366,589

4.28.3: Capital commitments

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

Particulars	Current Year	Previous Year
Capital commitments in relation to Property and Equipment		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Capital commitments in relation to Intangible assets		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Total	-	-

4.28.4: Lease commitments

Particulars	Current Year	Previous Year
Operating lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	22,335,841	19,007,713
Later than 1 year but not later than 5 years	76,478,564	65,651,158
Later than 5 years	41,648,934	41,403,967
Sub total	140,463,339	126,062,838
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub total	-	-
Grand total	140,463,339	126,062,838

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	19,331,973	11,160,906
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	512,796,461	397,374,777
Investment securities	49,040,257	24,821,429
Loan and advances to staff	6,230,692	3,213,874
Other	7,869,975	15,797,294
Total interest income	595,269,357	452,368,280

Interest expense**4.30**

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	10,623,963	8,071,729
Deposits from customers	448,584,854	285,074,409
Borrowing	128,219	70,575
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
Total interest expense	459,337,037	293,216,713

Fees and Commission Income**4.31**

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	13,446,186	25,413,761
Penalty Income	5,015,837	2,430,238
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	637,781	420,029
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	429,265	-
Commission on letter of credit	-	-
Commission on guarantee contracts issued	90,000	60,000
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	166,107	457,709
Total fees and Commission Income	19,785,176	28,781,737

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	25,321	200,853
Total fees and Commission Expense	25,321	200,853

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	-	-
Net trading income	-	-

Other operating income**4.34**

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	(630,388)
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	4,949,807	21,104,942
Gain/loss on sale of property and equipment	(58,615)	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	659,590	74,054
Total	5,550,782	20,548,609

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	(1,700,668)	(2,772,474)
Impairment charge/(reversal) on loan and advances to customer	428,687,372	43,259,971
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	426,986,703	40,487,497

Personnel Expense

4.36

Particulars	Current Year	Previous Year
Salary	38,761,486	29,756,122
Allowances	35,363,602	25,431,921
Gratuity expense	-	-
Provident fund	7,779,186	5,975,627
Uniform	2,049,992	1,150,000
Training & development expense	2,193,224	1,429,183
Leave encashment	5,582,039	2,362,510
Medical	-	-
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	2,941,229	1,384,486
Other expenses related to staff	-	-
Subtotal	94,670,758	67,489,849
Employees bonus	-	1,535,046
Grand total	94,670,758	69,024,895

Other operating expense

4.37

Particulars	Current Year	Previous Year
Directors' fee	995,284	1,085,000
Directors' expense	-	120,788
Auditors' remuneration	452,000	339,000
Other audit related expense	981,081	989,195
Professional and legal expense	718,750	1,145,565
Office administration expense	45,297,078	38,351,449
Operating lease expense	12,922,769	8,779,790
Operating expense of investment properties	-	-
Corporate social responsibility expense	1,319,010	1,384,710
Onerous lease provisions	-	-
Operating expense of investment securities	-	-
Total	62,685,971	52,195,497

Office administration expenses include the following:	Current Year	Previous Year
Water and electricity	3,526,862	3,605,656
Repair and maintenance		
Building	-	-
Vehicles	433,821	322,038
Computer and accessories	-	-
Office equipment and furniture	1,036,599	1,231,994
Others	4,127,110	4,068,827
Insurance	4,275,375	2,750,286
Postage, telex, telephone , fax	2,169,424	3,159,653
Printing and stationery	3,099,825	2,322,117
Newspaper, books and journal	39,357	57,158
Advertisement	2,743,778	1,970,102
Donation	-	-
Security	14,756,932	10,957,495
Deposit and loan guarantee premium	-	-
Travel allowance and expense	131,732	415,651
Entertainment	705,602	904,285
Annual/special general meeting	-	336,929
Other expenses	8,250,660	6,249,255
Total	45,297,078	38,351,449

Depreciation & Amortisation

4.38

Particulars	Current Year	Previous Year
Depreciation on property and equipment	40,383,282	31,931,660
Depreciation on investment property	-	-
Amortisation of intangible assets	375,204	362,730
Total	40,758,486	32,294,390

Non operating income

4.39

Particulars	Current Year	Previous Year
Recovery of loan written off	680,336	60,000
Other income	33	-
Total	680,369	60,000

Non operating expense

4.40

Particulars	Current Year	Previous Year
Loan written off	-	523,368
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	12,177	-
Total	12,177	523,368

Income tax expense

4.41

Particulars	Current Year	Previous Year
Current tax expense	518,931	3,611,596
Current year	518,931	3,611,596
Adjustments for prior years	-	-
Deferred tax expense	(3,879,013)	(1,876,754)
Origination and reversal of temporary differences	(3,879,013)	(1,876,754)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
Total income tax expense	(3,360,083)	1,734,843

4.41.1: Reconciliation of tax expense and accounting profit

Current Year		
Profit before tax	(463,190,768)	13,815,413
Tax amount at tax rate of 30%	-	4,144,624
Add: Tax effect of expenses that are not deductible for tax purpose	4,028,425	1,154,272
Less: Tax effect on exempt income	(70,502)	(2,285,709)
Add/less: Tax effect on other items	3,438,992	(598,410)
Total income tax expense	518,931	3,611,596
Effective tax rate	-0.11%	26.14%

Statement of Distributable Profit or Loss

4.42

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	(459,830,685)	12,080,570
Appropriations:		
a. General reserve	-	(2,437,316)
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	-	147,369
e. Employees' training fund	120,806	(46,702)
f. Other	122,477	74,206
Profit or (loss) before regulatory adjustment	(459,587,402)	9,818,127
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	1,531,064	(9,734,499)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	(1,928,889)	(7,274,546)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(4,037,948)	(19,837,766)
e. Deferred tax assets recognised (-)/ reversal (+)	(4,457,680)	(5,077,978)
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)		
Distributable profit or (loss) from current year profit	(468,480,855)	(32,106,661)
Opening Retained Earnings	(30,788,646)	44,725,864
Adjustment (+/-)	-	-
Distribution		
Bonus Shares Issued	-	(40,881,219)
Cash Dividend Paid	-	(2,526,630)
Total Distributable Profit as on Year End Date	(499,269,501)	(30,788,646)

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 31 Ashad 2080

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent		1,047,147,224	-	-
Due from Nepal Rastra Finance	AC	192,995,870	-	-
Loans and advances to customers	AC	-	-	3,177,223,726
Investment securities				
Quoted shares	FVOCI	145,856,774	-	-
Unquoted shares	FVOCI	-	-	1,703,500
Other Investment	AC	-	-	665,000,000
Total Financial Assets		1,385,999,868	-	3,843,927,226
Financial Liabilities				
Due to Finance and Financial Institutions	AC	334,074,750	-	-
Deposits from customers	AC	4,755,558,746	-	-
Other Liabilities	AC	-	-	-
Total Financial Liabilities		5,089,633,496	-	-

As at 31 Ashad 2079

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
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
Total Financial Assets		1,338,495,615	-	4,366,131,848
Financial Liabilities				
Due to Finance and Financial Institutions	AC	325,739,140	-	-
Deposits from customers	AC	4,432,454,179	-	-
Other Liabilities	AC	-	-	-
Total Financial Liabilities		4,758,193,319	-	-

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 2080	As at 31 Ashad 2079
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	3,813,158	3,563,159
RWE for Operational Risk	266,110	243,300
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	4,079,268	3,806,459
Adjustments under Pillar II		
Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	48,380	62,545
Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	163,171	114,194
Total RWE	4,290,819	3,983,197
1.2 Capital		
A. Core Capital (Tier I)	378,078	846,559
Paid up Equity Share Capital	848,106	848,106
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	-
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	29,241	29,241
Retained Earnings	(499,270)	(30,789)
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	-	-
Adjustments under Pillar II		
B. Supplementary Capital (Tier II)	68,378	48,214
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	68,378	48,214
Exchange Equalization Reserve	-	-
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	446,456	894,773
1.3 Capital Adequacy Ratio		
Tier I Capital to Total RWE	8.81%	21.25%
Total Capital Fund to Total RWE	10.40%	22.46%

5.3.3 Risk Exposure
Table of Risk Exposure at the reporting dates (amount in '000) is as follows:
a) 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		
A. Balance Sheet Exposures								
Cash Balance	97,635	-	-	97,635	0%	-	66,015	-
Balance With Nepal Rastra Bank	192,996	-	-	192,996	0%	-	120,010	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	665,000	-	-	665,000	0%	-	759,170	-
All Claims on Government of Nepal	-	-	-	-	0%	-	39,124	-
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 MDPB'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	1,104,366	-	-	1,104,366	20%	220,873	1,292,022	258,404
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	555,249	-	-	555,249	100%	555,249	36,908	36,908
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)	1,462,012	-	51,420	1,410,592	75%	1,057,944	2,562,813	1,922,110
Claims fulfilling all criterion of regularity retail except granularity	54,189	-	-	54,189	100%	54,189	-	-
Claims secured by residential properties	232,130	-	-	232,130	60%	139,278	200,517	120,310
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	4,699	1,175	-	3,525	100%	3,525	-	-
Claims secured by Commercial real estate	162,447	-	-	162,447	100%	162,447	417,114	417,114
Past due claims (except for claims secured by residential properties)	559,168	472,195	-	86,973	150%	130,460	-	-
High Risk claims	544,125	-	-	544,125	150%	816,188	41,273	61,909

Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
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)										-
Claims on Foreign Corporates (ECA 3-6)										-
Claims on Foreign Corporates (ECA 7)										-
Regulatory Retail Portfolio (Not Overdue)	51,420									51,420
Claims fulfilling all criterion of regularity retail except granularity										-
Claims secured by residential properties										-
Claims not fully secured by residential properties										-
Claims secured by residential properties (Overdue)										-
Claims secured by Commercial Real Estate										-
Past due claims (except for claims secured by residential properties)										-
High Risk claims										-
Lending against shares										-
Investments in equity and other capital instruments of institutions listed in stock exchange										-

b) Operational Risk

Amount in '000

Particulars	Fiscal Year		
	2077/78	2078/79	2079/80
Net Interest Income	107,336	154,429	126,164
Commission and Discount Income	19,947	28,782	19,785
Other Operating Income	61,698	20,549	5,551
Exchange Fluctuation Income	-	-	-
Addition/Deduction in Interest Suspense during the period	(26,525)	4,723	9,768
Gross income (a)	162,456	208,482	161,268
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	24,369.00	31,273.00	24,191.00
Capital Requirement for operational risk (d) (average of c)			26,611.00
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			266,110.00
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (g)			-
Equivalent Risk Weight Exposure [h=f+g]			266,110.00

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	-	-	-	-	-	-
(a) Total Open Position						-
(b) Fixed Percentage						5%
(c) Capital Charge for Market Risk (=a*b)						-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times						10
(e) Equivalent Risk Weight Exposure (=c×d)						-

d) Non Performing Assets (Gross and Net)

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled	-	-	-
Sub-Standard	64,800,767.88	16,200,191.97	48,600,575.91
Doubtful	54,874,579.04	27,437,289.52	27,437,289.52
Bad	429,404,810.11	429,404,810.11	-
Total			76,037,865.43

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 2080

Particulars	Requirement	Position
Tier I Capital to RWE	6%	8.81%
Tier I and Tier II Capital to RWE	10%	10.40%

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 2080

Particulars	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Far West	Total
Revenue from external customers	10,739,299	110,365,320	480,429,421	19,751,645				621,285,685
Intersegment revenues	4,930,087.55	48,206,209.21	(60,136,758)	7,000,461				-
Net revenue	15,669,387	158,571,529	420,292,662	26,752,107				621,285,685
Interest income	10,196,979	104,592,268	461,487,479	18,992,632				595,269,357
Interest expenses	6,419,333	66,458,814	372,986,524	13,472,365				459,337,037
Net interest revenue	3,777,646	38,133,454	88,500,954	5,520,266				135,932,321
Depreciation and amortization	639,202	11,502,191	27,865,524	751,570				40,758,486
Segment profit/(loss)	(2,149,510)	(24,653,960)	(433,688,165)	(2,699,133)				(463,190,768)
Entity's interest in the profit or loss of associate accounted for using equity method								
Other material non-cash items:								
Loans:								
Consumer	63,514,782	546,187,405	695,968,350.49	136,675,621				1,442,346,158
Corporate	37,130,668	399,048,905	1,368,257,952	35,058,769				1,839,496,293
Deposit								
Consumer	60,235,195	676,011,778	2,235,799,755	65,421,361				3,037,468,089
Corporate	9,510,872	604,560,512	1,358,525,597	79,568,426				2,052,165,407
Impairment of Assets	1,835,921	26,615,390	502,141,878	8,119,776				538,712,965
Segment Assets	73,855,547	1,304,854,866	4,176,253,280	147,646,995				5,702,610,687
Segment Liabilities	75,968,252	1,329,273,668	3,709,916,240	150,625,367				5,265,783,526

5.4.3 Measurement of operating segment profit or loss, assets and liabilities**i) Basis of accounting for any transactions between reportable segments:**

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

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

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

5.4.4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**a) Revenue**

Total revenue for reportable segments	621,285,685
Other revenue	-
Elimination of intersegment revenues	-
Entity's revenue	621,285,685

b) Profit or loss

Total profit or loss for reportable segments	(463,190,768)
Other profit or loss	-
Elimination of intersegment profit	-
Unallocated amounts:	
Staff bonus	-
Income tax	(3,360,083)
NFRS adjustments	6,720,165
Profit After income tax	(459,830,685)

c) Assets

Total assets for reportable segments	5,702,610,687
Other assets	-
Unallocated assets	-
Entity's assets	5,702,610,687

d) Liabilities

Total liabilities for reportable segments	5,265,783,526
Other liabilities	-
Unallocated liabilities	-
Entity's liabilities	5,265,783,526

5.4.5 Information about product and services

Particulars	Amount
Financial Intermediary Activities	559,675,287
Treasury	53,990,064
Others	6,280,375

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	621,285,685
Province 1	10,739,299
Madhesh	110,365,320
Bagmati	480,429,421
Gandaki	19,751,645
Lumbini	-
Karnali	-
Far West	-
Foreign:	-
Total Revenue	621,285,685

5.4.7 Information about major customers

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

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

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

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

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

5.7 Related parties disclosure

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

5.7.1 Key management personnel

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

a) Board of Directors

Board of Directors of the Bank comprise the following:

Name	Position
Mr. Laxmi Prasad Maharjan	Chairperson
Mr. Shambhu Lal Dangol	Director
Mrs. Sabina Maharjan	Director
Mr. Anish Maharjan	Director
Mr. Prajod Kumar Dahal	Director
Mr. Rajbhai Dongol	Director
Mrs. Alka Joshi	Independent Director

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. 9,31,000.

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 Finance Company.

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 Finance Company with its board members.

b) Chief Executive Officer

Mr. Bishal Humagain served as Chief Executive Officer of the Finance Company upto 5th of Jestha. He was 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 22,83,750 (previous year Rs. 31,65,910). After mid of Ashadh Mr. Anil Shrestha started serving as Chief Executive Officer of the Finance Company. He is provided salary, allowances and benefits as per the contract entered on his appointment. Salary and allowances provided to Mr. Anil Shrestha during the year amounts to Rs. 2,24,838.7

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

Finance 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 Shrawan 15, 2080 on regulatory reserve

Creation of regulatory reserve is not required for Accrued interest receivable as on Ashad end 2080 which was recognized subsequently up to Shrawan 15 2080. Such accrued interest receivable as on Ashad End 2080 which was subsequently recovered within Shrawan 15, 2080 amount to NPR 17,711,467.86

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 2080	
	No. of Customers	Amount (NRs.)
Accrued Interest Received after Asadh end 2080 till 15 Shrawan 2080	467	17,711,468
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	-	-
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	-	-
Enhancement of Term Loan by 10% to COVID affected borrowers	-	-
Enhancement of Term Loan by 20% to COVID affected borrowers	-	-
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	-	-

TABLE 2

Particulars	No. of Customers	Amount (NRs.)
Refinance Loan	-	-
Business Continuity Loan	-	-

TABLE 3

Particulars	During FY 2079/80	
	No. of Customers	Amount (NRs.)
Subsidized Loan	235	239,982,468

5.11 Other Assets

(Rs. in '000)

S.No.	Assets	Gross Amount	Specific Provision	Net Balance
1	Current Tax Assets	28,249.03	-	28,249.03
2	Investment Property	42,342.40	-	42,342.40
3	Property and Equipment	332,493.33	98,962.65	233,530.68
4	Assets held for Sale	-	-	-
5	Other non-banking assets	-	-	-
6	Bills receivable	-	-	-
7	Accounts receivable	9,041.72	-	9,041.72
8	Accrued income	3,478.16	-	3,478.16
9	Prepayment and Deposits	6,252.26	-	6,252.26
10	Income tax deposits	-	-	-
11	Deferred Employee Expenditure	10,605.11	-	10,605.11
12	Others	3,837.75	-	3,837.75
	Total	436,299.75	98,962.65	337,337.10

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

(Rs. in '000)

Particulars	Amount
A Total Deposit & Borrowing	5,089,633.50
1. Total Deposits (as per NRB Ni. Fa. 9.1)	5,089,633.50
2. Total Borrowings (as per NRB Ni. Fa. 9.1)	-
B Liquid Assets	1,712,147.22
1. Cash(as per NRB Ni. Fa. 9.1)	97,634.61
2. Bank Balance (as per NRB Ni. Fa. 9.1)	15,784.44
3. Money at call and short notice (as per NRB Ni. Fa. 9.1)	933,728.17
4. Investments in government securities (as per NRB Ni. Fa. 9.1)	665,000.00
5. Placements upto 90 days	-
C Borrowings payable upto 90 days	-
D Net Liquid Assets (B-C)	1,712,147.22
E Net Liquid Assets to Total deposit (D/A1)	33.64%
F Shortfall in Ratio	No Shortfall
G Percentage of deposit to be added to RWE	0.00%
H Amount to be added to risk weighted exposures	-

Note (if any):

5.13 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2079-80	2078-79	2077-78	2076-77	2075-76
1	Net profit/total income	%	(74.01)	2.41	8.41	1.81	17.64
2	Earning per share						
	Basic earning per share	Rs.	(54.22)	1.42	3.35	0.55	8.64
	Diluted earning per share	Rs.	(54.22)	1.42	3.35	0.55	8.64
3	Market price per share	Rs.	408.90	246.00	396.00	146.00	138.00
4	Price/earning ratio	Times	(7.54)	172.70	118.15	264.15	15.97
5	Dividend or bonus per share	Rs.	-	-	-	-	-
6	Cash dividend	Rs.	-	-	-	-	-
7	Interest income/loan and advances	%	15.70	11.50	8.62	13.83	14.00
8	Employee expenses/total operating expenses	%	47.79	44.96	44.73	45.42	50.29
9	Employee expenses/total deposit and borrowing	%	1.86	1.45	1.65	1.67	1.90
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	-	2.22	8.18	0.04	22.71
12	Net profit/loans and advances	%	(14.01)	0.31	1.00	0.26	2.79
13	Net profit/total assets	%	(8.08)	0.19	0.66	0.16	1.43
14	Total loans and advances/total deposit	%	75.26	83.24	93.09	64.93	93.21
15	Total operating expenses/total assets	%	3.48	2.45	2.69	2.54	2.13
16	Capital adequacy ratio						
	a) Core Capital	%	8.81	21.25	28.53	44.00	65.55
	b) Supplementary Capital	%	1.59	1.21	1.10	1.32	0.96
	c) Total Capital Fund	%	10.40	22.46	29.63	45.32	66.51
17	Cash reserve ratio (CRR)	%	4.20	4.00	7.08	7.97	3.76
18	NPAs/total loan and advances	%	14.72	2.78	1.84	2.18	1.43
19	Base rate	%	14.10	12.93	9.42	11.22	10.55
20	Weighted average interest rate spread	%	4.58	4.53	3.62	4.73	4.53
21	Book net worth	Rs.	50.39	104.74	112.52	107.21	105.55
22	Total shares	No.	8,481,060	8,481,060	8,001,000	8,001,000	8,001,000
23	Total employees	No.	189.00	155.00	115.00	81	38
24	Others:						
	Per employee business	Rs.	3,283,626	3,236,765	2,773,324	3,008,623	26,799,684
	Employee expenses/total income	%	15.24	13.76	15.43	13.48	13.22

Progressive Finance Limited
Audited and Unaudited Financial Statements
Fiscal Year: 2079-80

Amount in Rs.

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Assets					
Cash and cash equivalent	1,043,793,865	1,047,147,224	(3,353,359)	0%	Bank Reconciliation
Due from Nepal Rastra Bank	192,995,870	192,995,870	-	0%	
Placement with Bank and Financial Institutions	-	-	-	0%	
Derivative financial instruments	-	-	-	0%	
Other trading assets	-	-	-	0%	
Loan and advances to B/FIs	99,815,667	105,520,820	(5,705,153)	-6%	Regrouping
Loans and advances to customers	3,324,139,883	3,177,223,726	146,916,157	4%	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, regrouping of NBA
Investment securities	812,428,882	812,560,274	(131,392)	0%	Correction of fair value of investment securities
Current tax assets	33,445,699	28,249,031	5,196,668	16%	Recomputation of tax liability
Investment in subsidiaries	-	-	-	0%	
Investment in associates	-	-	-	0%	
Investment property	101,302,029	42,342,402	58,959,626	58%	Reclassification to loan and advances
Property and equipment	123,652,470	233,530,676	(109,878,206)	-89%	Depreciation charge rectified for some assets and inclusion of ROU assets.
Goodwill and Intangible assets	2,032,427	2,050,929	(18,502)	-1%	Reclassified to Property & Equipment
Deferred tax assets	3,862,449	9,535,658	(5,673,209)	-147%	Recomputation of tax liability
Other assets	56,982,157	42,587,737	14,394,419	25%	Staff Loans & Advances regrouped to loans & advances & Correction of Investment Entry
Total Assets	5,794,451,398	5,693,744,349	100,707,049		
Liabilities					
Due to Bank and Financial Institutions	161,890,620	334,074,750	(172,184,130)	-106%	Reclassification
Due to Nepal Rastra Bank	-	-	-	0%	Reclassification
Derivative financial instruments	-	-	-	0%	
Deposits from customers	4,927,742,876	4,755,558,746	172,184,130	3%	Reclassification
Borrowing	-	-	-	0%	
Current Tax Liabilities	-	-	-	0%	
Provisions	-	-	-	0%	
Deferred tax liabilities	-	-	-	0%	
Other liabilities	69,380,157	176,150,031	(106,769,874)	-154%	Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.
Debt securities issued	-	-	-	0%	
Subordinated Liabilities	-	-	-	0%	
Total liabilities	5,159,013,652	5,265,783,526	(106,769,874)		
Equity					
Share capital	848,106,000	848,106,000	-	0%	
Share premium	-	-	-	0%	
Retained earnings	(366,496,996)	(499,269,501)	132,772,505	-36%	Resulting change of all adjustments related to Statement of Profit or Loss and regulatory reserve

Reserves	153,828,742	79,124,324	74,704,418	49%	Change in profit changed the allocation to reserves along with change in fair value of investment
Total equity attributable to equity holders	635,437,746	427,960,823	207,476,923		
Non-controlling interest					
Total equity	635,437,746	427,960,823	207,476,923		
Total liabilities and equity	5,794,451,398	5,693,744,349	100,707,049		
Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance In Amount	In %	Reasons for Variance
Interest income	627,353,825	595,269,357	32,084,467	5%	Change in accrued interest on recalculation
Interest expense	459,542,434	459,337,037	205,397	0%	Recalculation of Interest Expenses on Accrual Basis
Net interest income	167,811,391	135,932,321	(18,969,005)	-2324%	Reclassification to Other operating income
Fee and commission income	816,171	19,785,176	(25,321)	0%	
Fee and commission expense	-	25,321			
Net fee and commission income	816,171	19,759,856			
Net interest, fee and commission income	168,627,562	155,692,176			
Net trading income	-	-	-	0%	
Other operating income	25,194,855	5,550,782	19,644,073	78%	Correction of Investment Entry
Total operating income	193,822,417	161,242,958			
Impairment charge/(reversal) for loans and other losses	289,509,355	426,986,703	(137,477,348)	-47%	Change in impairment based on new NRB circular
Net operating income	(95,686,938)	(265,743,745)			
Operating expense	194,542,099				
Personnel expenses	88,149,435	94,670,758	(6,521,323)	-7%	Finalized calculation of gratuity and bonus
Other operating expenses	73,463,259	62,685,971	10,777,288	15%	Correction on few other expenses
Depreciation & Amortisation	32,929,405	40,758,486	(7,829,081)	-24%	Correction on calculation of depreciation
Operating Profit	(290,229,038)	(463,858,961)			
Non operating income	-	680,369	(680,369)	0%	Reclassification from other operating income
Non operating expense	-	12,177	(12,177)	0%	Reclassification
Profit before income tax	(290,229,038)	(463,190,768)			
Income tax expense	-	-	-	0%	
Current Tax	-	518,931	(518,931)	0%	Recomputation of tax liability
Deferred Tax Expenses/(Income)	-	(3,879,013)	3,879,013	0%	
Profit for the period	(290,229,038)	(459,830,685)			
Other comprehensive income	(1,542,859)	(1,350,225)	(192,633)	12%	Due to remeasurement of fair value of equity instruments
Total comprehensive income	(1,542,859)	(1,350,225)			
	(291,771,896)	(461,180,911)			
Distributable Profit					
Net profit/(loss) as per profit or loss	(290,229,038)	(459,830,685)			
Add/Less: Regulatory adjustment as per NRB Directive	91,811,167	41,924,788	49,886,378	54%	Excess figures was transferred to regulatory reserve in unaudited financials without considering interest received,tax effect and Bonus effect.
Free profit/(loss) after regulatory adjustments	(382,040,204)	(501,755,474)	119,715,269	-31%	


नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

पत्रसंख्या: वि. सं. सु. वि. / गैर-स्थलगत / प्रोग्रेसिभ / ०८१ / ८२

च.नं.: ८१

श्री प्रोग्रेसिभ फाइनेन्स लिमिटेड,
तीनकुने, काठमाडौं ।

 केन्द्रीय कार्यालय
 बालुवाटार, काठमाडौं
 फोन नं.: ०१-४४१२३०७

 Site: www.nrb.org.np
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फोर्ट बक्स: ७३

मिति : २०८१/०६/२३

विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैर-स्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शोयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७९/८० 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 व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (क) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (ख) यस बैंकबाट जारी एकीकृत निर्देशन नं. १९/०७९ बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (ग) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ५९ को उपदफा (२) मा बैंक वा वित्तीय संस्थाले प्रत्येक आर्थिक वर्ष समाप्त भएको तीन महिनाभित्र आफ्नो वासलात तथा नाफा-नोक्सान हिसाबको विवरण राष्ट्र बैंक समक्ष पेश गर्नु पर्ने र त्यस्तो वासलात र नाफा नोक्सान हिसाबको विवरण सर्वसाधारणको जानकारीको लागि सोही अवधिभित्र राष्ट्र बैंकले तोके अनुसार सार्वजनिक गर्नु पर्ने व्यवस्था रहेको, कम्पनी ऐन, २०६३ को दफा ७६ को उपदफा (१) मा प्रत्येक आर्थिक वर्ष पुरा भएको छ महिनाभित्र वार्षिक साधारणसभा गर्नु पर्ने व्यवस्था रहेको, साथै यस बैंकबाट इजाजतपत्र प्राप्त संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन नं. ४/०८० को बुँदा नं. १ को उपबुँदा (भ) मा संस्थाले वार्षिक वित्तीय विवरण आर्थिक वर्ष समाप्त भएको ३ महिनाभित्र सम्बन्धित सुपरिवेक्षण विभागमा स्वीकृतिका लागि पेश गर्नु पर्ने तथा उक्त विवरणका सम्बन्धमा यस बैंकको गैर-स्थलगत सुपरिवेक्षणबाट कुनै संशोधन गर्नु पर्ने निर्देशन भएमा सो बमोजिम समायोजन गरी आर्थिक वर्ष समाप्त भएको ४ महिना भित्र (म्याद थप भएको अवस्थामा बढीमा थप दुई महिनाभित्र) लेखापरीक्षण कार्य सम्पन्न गर्नु पर्ने व्यवस्था रहेकोमा त्यस संस्थाले उल्लिखित व्यवस्थाहरूमा तोकिएको समयवाधि भन्दा ढिला गरी आफ्नो वित्तीय विवरणको लेखापरीक्षण गराएको तथा आफ्नो वार्षिक साधारणसभा प्रयोजनको लागि वित्तीय विवरण प्रकाशन गर्ने सहमतिको लागि यस बैंकमा ढिलो गरी पेश गरेको कारणहरूले त्यस संस्थाले सम्पन्न गर्नुपर्ने वार्षिक साधारणसभा समेत ढिलो हुने भएकोले त्यस संस्थाद्वारा विद्यमान कानूनी तथा यस बैंकको नियामकीय व्यवस्थाहरू उल्लङ्घन गरेको देखिएको हुँदा तहाँ संस्थाको सञ्चालक समिति तथा प्रमुख कार्यकारी अधिकृतलाई नेपाल राष्ट्र बैंक ऐन, २०५८ को दफा १०० को उपदफा (२) को खण्ड (क) बमोजिम सचेत गराइएको व्यहोरा अवगत गर्नु साथै अब उपरान्त यस प्रकारको विलम्ब नहुने तर्फ सजग रहनु हुन ।
- (घ) यस बैंकबाट पुनरकर्जा, व्यावसायिक निरन्तरता कर्जा र सहूलियतपूर्ण कर्जाको सदुपयोगिताको अध्ययन गर्न नियुक्त परामर्शदाताले पेश गरेको प्रतिवेदनमा सदुपयोग नभएको आशंका गरिएको पुनरकर्जा तथा



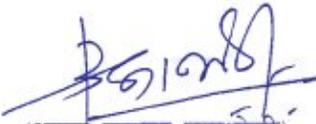
नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

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

सहूलियतपूर्ण कर्जाहरुको हकमा यस बैंकको मिति २०८१/०५/१३ को पत्र मार्फत दिइएको निर्देशन बमोजिम तोकिएको समय अवधि भित्र छानबिन प्रतिवेदन यस बैंकमा पेश गर्नुहुन ।

- (ड) निष्कृत कर्जा अनुपातलाई क्रमिक रूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्नहुन ।
- (च) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरु पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,


(अमृत बहादुर बुढाथोकी)
उप-निर्देशक

बोधार्थ:

बैंक तथा वित्तीय संस्था नियमन विभाग ।

वित्तीय संस्था सुपरिवेक्षण विभाग, स्थलगत निरीक्षण तथा प्रतिवेदन कार्यान्वयन इकाई-३ ।



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



चलानी नं.: २९३/०८९/१९६ फाइनेन्स लिमिटेड

3148

मिति: २०८१/०९/१६

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

विषय: प्रत्युत्तर सम्बन्धमा ।



महोदय,

तहाँबाट यस संस्थालाई आर्थिक वर्ष २०७९/८० को वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति सम्बन्धमा मिति २०८१/०९/२३ को प.सं वि.कं.सु.वि./चैरस्थलगत/प्रोग्रेसिभ/०८१/८२को च.नं. ८१ रहेको पत्रानुसार सहमति प्रदान गरिएको व्यहोरा अवगत भयो । साथै सो पत्रमा उल्लेखित कैफियतहरू तथा निर्देशनहरू पालना गर्न संस्था सदैव प्रतिबद्ध रहेको समेत जानकारी गराउँदछौं ।

निर्देशन तथा कैफियतहरूका सम्बन्धमा प्रत्युत्तर :

- (क) संस्थाले कर्जा प्रवाह पश्चात कर्जा सदुपयोगिता सुनिश्चितता गर्ने व्यहोरा अनुरोध छ ।
- (ख) तहाँ बैंकबाट जारी एकीकृत निर्देशन नं. १९/८० बमोजिमको सम्पत्ति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाहरूको पूर्ण रूपमा पालना गर्न यस संस्था प्रतिबद्ध रहेको व्यहोरा अनुरोध छ ।
- (ग) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ५९को उपदफा (२), कम्पनी ऐन, २०६३ को दफा ७६ को उपदफा(१) तथा त्यस बैंकबाट इजाजतपत्र प्राप्त संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन नं ४/८१ को बुँदा नं. १को उपबुँदा (क) मा उल्लेख भए बमोजिम आगामी दिनमा वित्तीय विवरणहरू स्वीकृतिका निमित्त समय मै पेश गर्ने तथा तोकिएको समयावधि भित्रै साधारण सभा सम्पन्न गरी जानकारी गराउने प्रतिबद्धता व्यक्त गर्दछौं । साथै, आर्थिक वर्ष २०७९/८० तथा २०८०/८१ को वित्तीय विवरणहरू स्वीकृतिका निमित्त २७औं तथा २८औं वार्षिक साधारण सभा यही २०८१ पौष २९ गते सम्पन्न गर्नेगरी सूचना प्रकाशित गरिएको व्यहोरा समेत तहाँको जानकारीका निमित्त अनुरोध गर्दछौं ।
- (घ) त्यस बैंकबाट पुनर्कर्जा, व्यवसायिक निरन्तरता कर्जा र सहूलियतपूर्ण कर्जाको सदुपयोगिताको अध्ययन गर्न नियुक्त परामर्शदाताले पेश गरेको प्रतिवेदनमा सदुपयोग नभएको आशंका गरिएको पुनर्कर्जा तथा सहूलियतपूर्ण कर्जाहरूको हकमा त्यस बैंकको मिति २०८१/०५/१३को पत्रमार्फत प्राप्त निर्देशन बमोजिम यस वित्तीय संस्थाको आन्तरिक लेखापरीक्षकबाट लेखापरीक्षण गराई सदुपयोगिता नदेखिएका कर्जाहरूको सहूलियतपूर्ण ब्याज रकम फिर्ता समेत गरिसकिएको व्यहोरा अनुरोध गर्दछौं ।
- (ङ) निष्कृत कर्जा अनुपात कमिक रूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्ने व्यहोरा अनुरोध गर्दछौं ।




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Our business is to finance yours

(च) 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 ब्यहोरा हार्दिक अनुरोध गर्दछौं ।



भवदीय,

अनिल श्रेष्ठ

प्रमुख कार्यकारी अधिकृत

बोधार्थः

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

**RANJEEV &
ASSOCIATES**
Chartered Accountants

**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 31, 2081 (July 15, 2024), 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 31, 2081 (July 15, 2024), 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)	<p>Information Technology and Controls Impacting Financial Reporting:</p> <p>The finance company operates in a complex IT environment, consisting of numerous independent and interconnected systems used to process and record a high volume of transactions across multiple locations. This results in a significant reliance on and dependency upon these IT systems for the company's financial reporting processes.</p> <p>Given the critical impact of the information technology systems and the related control environment on the financial reporting process, we have identified the testing of these IT systems and their control environment as a key audit matter.</p>	<p>Our audit approach regarding the assessing the integrity of IT systems is as under:</p> <ol style="list-style-type: none"> Obtain understanding of IT Infrastructure and IT system relevant to financial reporting process. Verification of interest income and expense booking regarding loan and deposits on the test basis with the CBS of the finance company. Relied upon the IT audit conducted by the bank. Obtain understanding of segregation of duties, including preventive controls to ensure that the access to change applications, operating system or database were granted to authorized personnel only.



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<p>b)</p>	<p>Impairment of Loans and Advances: As per NFRS 9 (Carve-Out Issued by ICAN) , the finance company shall measure impairment loss on loans and advances at the higher of :</p> <ul style="list-style-type: none"> • Amount derived as per norms as prescribed by NRB for loan loss provisioning, and • Amount determined as per para 5.5 of NFRS adopting the Incurred Loss model <p>As per the norms NRB, provisions must be made at the specified rates for loans and advances. These provisions are determined based on factors such as the overdue status of loans, the utilization status of the facility, the status of the security, and other relevant criteria.</p> <p>In accordance with NFRS 9, the impairment of loans and advances should be assessed individually for loans that are deemed individually significant. For loans that are not individually significant and belong to a homogeneous group, impairment should be assessed collectively.</p> <p>For individual impairment, the amount of loss is measured as the difference between the carrying amount of the loan and the present value of the estimated future cash flows. In the case of collective impairment, the loss is determined by considering the historical loss experience within portfolios of similar credit risk. Additionally, management applies its experienced judgment to assess whether current economic and credit conditions indicate that the actual level of inherent losses as of the reporting date is likely to differ from those suggested by historical trends.</p> <p>Considering that the impairment of loans and advances under the incurred loss model requires an assessment of cash flows and historical loss experience of portfolios, and that loan impairment under NRB norms necessitates evaluating the overdue status of loans, advances, and the proper utilization of loans for their intended purposes, the availability and accuracy of the required data for these assessments are critical. Therefore, the evaluation of data availability and accuracy for loan impairment under both the incurred loss model and NRB provisioning norms is identified as a key audit matter.</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> a. Reviewing the overdue status of loan and advances by obtaining the data from the system and matching the same with NRB 2.2 report. b. Sample credit files were reviewed for the purpose of assuring the utilization of loans and advances for the intended purpose, account movement and account turnover. c. 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. d. 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.
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c)	<p>Interest Recognition:</p> <p>The finance company has recognized interest income on an accrual basis, in compliance with the Interest Recognition Guidelines issued by NRB in 2019. These guidelines outline specific conditions for collateral testing when loans are overdue for 3 to 12 months and mandate the reversal of accrued interest for loans overdue by more than 12 months.</p> <p>Furthermore, the guidelines provide specific conditions for the collective impairment of loans. Improper application of these guidelines, particularly in determining the fair value of collateral, poses a significant risk to the accurate recognition of interest income. As a result, this has been identified as a Key Audit Matter.</p>	<p>Our audit approach regarding verification of the process of interest recognition included:</p> <ol style="list-style-type: none"> Understanding of Core Banking System of the bank regarding accrue of daily interest income on loans and advances. We have relied on the engineer's valuation of collateral for determination of fair value regarding collateral testing. We have test checked the interest income booking with manual computation and no any deviation noted. We have also test checked the haircut regarding collateral fair value as per the NRB Income Recognition guidelines.
d)	<p>Investment Valuation, identification and impairment:</p> <p>The finance company's investments include government bonds, treasury bills, and both quoted and unquoted securities. The valuation of these securities has been performed in compliance with NFRS 9 and Directive No. 8 of the NRB Unified Directive. Investments in government bonds and treasury bills are valued at amortized cost, while other investments are measured through FVTOCI.</p> <p>Given the variety of valuation treatments based on the nature of cash flows, the business model adopted, the complexity of calculations, and the significance of the amounts involved, the valuation of investments has been identified as a Key Audit Matter.</p>	<p>Our audit approach regarding investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> Conduct a review of the bank's investments and their valuation with reference to the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board of Nepal, as well as NRB Directive 4 in conjunction with Directive 8. We evaluated the nature of expected cash flows from the investment and reviewed the business model adopted by management, based on the available evidence and circumstances. We ensured that the classification of the investment aligns with the nature of the cash flows and management's intention regarding the holding of the investment. For investment valued through OCI i.e., for quoted investment, we relied on last transaction price (LTP) in NEPSE as on 15.07.2024 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. For investments valued at amortized cost, we performed test-based checks on the Effective Interest Rate (EIR) and the amortization schedule. Income and bonuses received have been verified against the DEMAT statements maintained by the finance company, where applicable.

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.


CA. Ranjeev Shrestha
Proprietor
Ranjeev & Associates
Chartered Accountants



UDIN: 241213CA00494Fh4q5

Place: Kathmandu
Date: December 12, 2024

Progressive Finance Limited
Statement of Financial Position
As at 31 Ashadh 2081 (15 July, 2024)

Particulars	Note	Current Year	Previous Year
Assets			
Cash and cash equivalent	4.1	669,240,120	1,047,147,224
Due from Nepal Rastra Bank	4.2	255,437,056	192,995,870
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	470,888,708	105,520,820
Loan and advances to customers	4.7	3,952,004,781	3,177,223,726
Investment securities	4.8	1,397,346,639	812,560,274
Current tax assets	4.9	7,613,601	28,249,031
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	198,595,002	42,342,402
Property and equipment	4.13	216,238,647	233,530,676
Goodwill and Intangible assets	4.14	2,765,207	2,050,929
Deferred tax assets	4.15	10,079,691	9,535,658
Other assets	4.16	46,180,159	42,587,737
Total Assets		7,226,389,610	5,693,744,349
Liabilities			
Due to Bank and Financial Institutions	4.17	317,235,657	334,074,750
Due to Nepal Rastra Bank	4.18	68,400,000	-
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	6,093,057,677	4,755,558,746
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	201,256,540	176,150,031
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		6,679,949,875	5,265,783,526
Equity			
Share capital	4.26	848,106,000	848,106,000
Share premium		-	-
Retained earnings		(497,778,966)	(499,269,501)
Reserves	4.27	196,112,701	79,124,324
Total equity attributable to equity holders		546,439,736	427,960,823
Non-controlling interest			
Total equity		546,439,736	427,960,823
Total liabilities and equity		7,226,389,610	5,693,744,349
Contingent liabilities and commitment	4.28	277,336,284	170,083,339
Net assets value per share		64.43	50.46

This is the same financial statement mentioned in our attached report

As per our Report on Even Date

Sarit Khatiwada Head of Finance Accounts and Treasury	Anil Shrestha Chief Executive Officer	Laxmi Prasad Maharjan Chairman	Shambhu Lal Dangol Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Anish Maharjan Director	Sabina Maharjan Director	Prajol Kumar Dahal Director	Rajbhai Dongol Director	Alka Joshi Independent Director

Date: 2081/08/27

Place: Kathmandu

Progressive Finance Limited
Statement of Profit or Loss
For the year ended at 31 Ashadh 2081 (15 July, 2024)

Particulars	Note	Current Year	Previous Year
Interest income	4.29	670,167,399	595,269,357
Interest expense	4.30	470,423,322	459,337,037
Net interest income		199,744,077	135,932,321
Fee and commission income	4.31	39,293,154	19,785,176
Fee and commission expense	4.32	686,908	25,321
Net fee and commission income		38,606,246	19,759,856
Net interest, fee and commission income		238,350,323	155,692,176
Net trading income	4.33	-	-
Other operating income	4.34	27,870,179	5,550,782
Total operating income		266,220,502	161,242,958
Impairment charge/(reversal) for loans and other losses	4.35	(126,215,633)	426,986,703
Net operating income		392,436,135	(265,743,745)
Operating expense			
Personnel expenses	4.36	123,664,565	94,670,758
Other operating expenses	4.37	66,513,153	62,685,971
Depreciation & Amortisation	4.38	40,817,048	40,758,486
Operating Profit		161,441,370	(463,858,961)
Non operating income	4.39	4,262,000	680,369
Non operating expense	4.40	24,123,616	12,177
Profit before income tax		141,579,753	(463,190,768)
Income tax expense	4.41	24,722,664	(3,360,083)
Current Tax		25,961,765	518,931
Deferred Tax Expenses/(Income)		(1,239,101)	(3,879,013)
Profit for the year		116,857,089	(459,830,685)
Profit attributable to:			
Equity holders of the Bank		116,857,089	(459,830,685)
Non-controlling interest		-	-
Profit for the Year		116,857,089	(459,830,685)
Earnings per share			
Basic earnings per share		14.98	(54.22)
Diluted earnings per share		14.98	(54.22)

As per our Report on Even Date

Sarit Khatiwada
 Head of Finance
 Accounts and Treasury

Anil Shrestha
 Chief Executive Officer

Laxmi Prasad Maharjan
 Chairman

Shambhu Lal Dangol
 Director

Ranjeev Shrestha, FCA
 Proprietor
 Ranjeev & Associates
 Chartered Accountants

Anish Maharjan
 Director

Sabina Maharjan
 Director

Prajol Kumar Dahal
 Director

Rajbhai Dongol
 Director

Alka Joshi
 Independent Director

Date: 2081/08/27
 Place: Kathmandu

Progressive Finance Limited
Statement of Distributable Profit or Loss
For the year ended at 31 Ashadh 2081 (15 July, 2024)

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	116,857,089	(459,830,685)
Appropriations:		
a. General reserve	(23,371,418)	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(1,168,571)	120,806
e. Employees' training fund	(179,726)	122,477
f. Other		
i. Investment adjustment Reserve	-	-
ii. Interest capitalise Reserve	-	-
iii. Fair Value Reserve (Sale of Shares)	-	-
iv. Other Reserve		
Profit or (loss) before regulatory adjustment	92,137,374	(459,587,402)
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(28,932,523)	1,531,064
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	4,508,855	(1,928,889)
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	(65,679,138)	(4,037,948)
e. Deferred tax assets recognised (-)/ reversal (+)	(544,033)	(4,457,680)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other		
Net Profit for the year end 31 st Ashad 2081 available for distribution	1,490,535	(468,480,855)
Opening Retained Earning as on Shrawan 1,2080	(499,269,501)	(30,788,646)
Distribution		
Bonus Share Issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on year end date	(497,778,966)	(499,269,501)
Annualised Distributable Profit/Loss per share	(58.69)	(58.87)

As per our Report on Even Date

Sarit Khatiwada Head of Finance Accounts and Treasury	Anil Shrestha Chief Executive Officer	Laxmi Prasad Maharjan Chairman	Shambhu Lal Dangol Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Anish Maharjan Director	Sabina Maharjan Director	Prajol Kumar Dahal Director	Rajbhai Dongol Director	Alka Joshi Independent Director

Date: 2081/08/27

Place: Kathmandu

Progressive Finance Limited
Statement of Comprehensive Income
For the year ended at 31 Ashadh 2081 (15 July, 2024)

Particulars	Note	Current Year	Previous Year
Profit for the year		116,857,089	(459,830,685)
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
Gain/(loss) from investments in equity instruments measured at fair value		2,316,892	(1,928,892)
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		(695,067)	578,667
Net other comprehensive income that will not be reclassified to profit or loss		1,621,824	(1,350,225)
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge		-	-
Exchange gain/(losses) arising from translating financial assets of foreign operation		-	
Income tax relating to above items		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
c) Share of other comprehensive income of associate accounted as per equity method			
Other comprehensive income for the year, net of income tax		1,621,824	(1,350,225)
Total comprehensive income for the year		118,478,913	(461,180,911)
Total comprehensive income attributable to:			
Equity holders of the Bank		118,478,913	(461,180,911)
Non-controlling interest		-	-
Total comprehensive income for the year		118,478,913	(461,180,911)

Sarit Khatiwada
 Head of Finance
 Accounts and Treasury

Anil Shrestha
 Chief Executive Officer

Laxmi Prasad Maharjan
 Chairman

Shambhu Lal Dangol
 Director

Ranjeev Shrestha, FCA
 Proprietor
 Ranjeev & Associates
 Chartered Accountants

Anish Maharjan
 Director

Sabina Maharjan
 Director

Prajol Kumar Dahal
 Director

Rajbhai Dongol
 Director

Alka Joshi
 Independent Director

Date: 2081/08/27

Place: Kathmandu

Progressive Finance Limited
Statement of Cash Flow
For the year ended at 31 Ashadh 2081 (15 July, 2024)

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	618,038,406	585,500,924
Fees and other income received	39,293,154	19,785,176
Dividend received	-	-
Receipts from other operating activities	4,500	(3,256,556)
Interest paid	(470,423,322)	(459,337,037)
Commission and fees paid	(686,908)	(25,321)
Cash payment to employees	(105,019,819)	(89,656,814)
Other expense paid	(66,513,153)	(62,685,971)
Operating cash flows before changes in operating assets and liabilities	14,692,859	(9,675,598)
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(62,441,186)	(72,985,460)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(365,367,888)	129,292,454
Loans and advances to customers	(596,436,429)	11,090,352
Other assets	(4,614,192)	(10,440,982)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	(16,839,093)	8,335,610
Due to Nepal Rastra Bank	68,400,000	(454,205,652)
Deposit from customers	1,337,498,932	323,104,566
Borrowings	-	-
Other liabilities	(12,160,751)	27,635,927
Net cash flow from operating activities before tax paid	362,732,251	(47,848,783)
Income taxes paid	(4,848,598)	(6,159,935)
Net cash flow from operating activities	357,883,653	(54,008,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(739,928,250)	(62,015,042)
Receipts from sale of investment securities	156,763,709	106,763,709
Purchase of property and equipment	(23,692,393)	(61,036,736)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	(714,278)	(1,521,897)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(136,985,933)	(6,409,441)
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	8,766,387	4,949,807
Net cash used in investing activities	(735,790,757)	(19,269,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(377,907,104)	(73,278,318)
Cash and cash equivalents as at Shrawan 1, 2080	1,047,147,224	1,120,425,542
Effect of exchange rate fluctuations on cash and cash equivalents held		
Closing Cash and Cash Equivalent at Ashad 31, 2081	669,240,120	1,047,147,224

As per our Report on Even Date

Sarit Khatiwada Head of Finance Accounts and Treasury	Anil Shrestha Chief Executive Officer	Laxmi Prasad Maharjan Chairman	Shambhu Lal Dangol Director	Ranjeev Shrestha, FCA Proprietor Ranjeev & Associates Chartered Accountants
Anish Maharjan Director	Sabina Maharjan Director	Prajol Kumar Dahal Director	Rajbhai Dongol Director	Alka Joshi Independent Director

Date: 2081/08/27

Place: Kathmandu

Progressive Finance Limited

Statement of Changes in Equity

For the year ended at 31 Ashadh 2081 (15 July, 2024)

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 Ashadh end, 2080	848,106,000	-	29,241,457	-	55,764,544	(6,442,408)	-	(499,269,501)	560,730	427,960,823	-	427,960,823
Ajusted/Restated balance at 1 shrawan 2080	848,106,000	-	29,241,457	-	55,764,544	(6,442,408)	-	(499,269,501)	560,730	427,960,823	-	427,960,823
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	116,857,089	-	116,857,089	-	116,857,089
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	-	-	-	-	-	-	-
Net amount transferred to profit or loss	-	-	-	-	-	1,621,824	-	-	-	1,621,824	-	1,621,824
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	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve during the year	-	-	23,371,418	-	90,646,839	-	-	(115,366,553)	1,348,297	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Other (Share issue expenses)	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-
Balance at Ashadh end, 2081	848,106,000	-	52,612,875	-	146,411,383	(4,820,584)	-	(497,778,966)	1,909,027	546,439,736	-	546,439,736

Sarit Khatriwada
 Head of Finance
 Accounts and Treasury
Anish Maharjan
 Director

Anil Shrestha
 Chief Executive Officer
Sabina Maharjan
 Director

Laxmi Prasad Maharjan
 Chairman
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Ranjeep Shrestha, FCA
 Proprietor
 Ranjeep & Associates
 Chartered Accountants

Date: 2081/08/27
 Place: Kathmandu

Notes to Financial Statements

For the year ended at 31 Ashadh 2081 (15 July, 2024)

1 Reporting entity

Progressive Finance Limited (hereinafter referred to as "Finance Co.") is class "C" licenced financial institution licenced by Nepal Rastra Bank which was established in 2051 as Merchant Finance Company. The name of the finance was then changed to Progressive Finance Limited, after completing all legal and regulatory formalities.. Finance is now operating with corporate office at Tinkune Kathmandu, main branch at New Road Kathmandu, 21 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 2080-81, starting from 1 Shrawan 2080 and ending on 31 Ashad 2081. 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 2080)
2. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2081)

2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the 532nd Board of Directors meeting vide its resolution dated 27th Mangsir 2081 (12th December 2024) and recommended for its approval by the 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 book value of unquoted securities as per latest Audited financial statement 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 is no change in accounting policies in fiscal year 2080-81

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 accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

3.1 Basis of Measurement

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 Average 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.

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%

Impairment

Management of the Finance Co. has not tested for the impairment of assets as per NAS 36 (Impairment of Assets).

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. 50 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 100%, in line with circular issued by NRB. Interest on those loan with impairment on more than 100% have not been recognized. Further the finance company does not recognize the interest income accrued on the loans and advances classified under Substandard and Doubtful category, unless such interest along with principal are covered by the collateral value as defined in Income Recognition guidelines issued by Nepal Rastra Bank.

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 of the last year for the finance as on reporting date.

Assets and Liabilities recognized as per NFRS 16

Particulars	Amount
Right of Use Assets (ROU)	175,141,711.98
Accumulated Depreciation-ROU	48,351,592.26
Net Right of Use Assets (ROU)	126,790,119.71
Opening Lease Liability	140,463,676.00
Net Lease liability added	8,396,119.16
Finance cost recognized	12,895,791.86
Cash Flow/Rent paid	24,018,025.77
Closing Lease Liability	137,737,561.25

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 commitments¹ 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. Recoveries made till 2081 Shrawan 32 have been adjusted accordingly in the financial statement.

Progressive Finance Limited

Notes to Financial Statements

As at 31st Ashad 2081

Cash and cash equivalent

4.1

Cash and cash equivalents include cash in hand, balance with banks and financial institutions and money at call & short notice. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position. The Finance company has classified financial investments with original maturities of three months or less as cash and cash equivalents. These investments are investments in treasury bills and placements with local banks and financial institutions which are considered highly liquid and held for the purpose of managing short term commitments of the Finance Company.

Particulars	Current Year	Previous Year
Cash in hand	97,192,376	97,634,615
Balances with B/FIs	12,419,915	15,784,438
Money at call and short notice	559,627,829	933,728,172
Other Cash and Cash Equivalent	-	-
Total	669,240,120	1,047,147,224

Due from Nepal Rastra Bank

4.2

Due from Nepal Rastra Bank includes the balance maintained with Nepal Rastra Bank in local currency and convertible foreign currency. These balance are also used in maintaining the cash reserve and liquidity ratio required by Nepal Rastra Bank. Minimum cash balance is maintained with the Nepal Rastra Bank as required by the Directives no.13 (Mandatory Cash Reserve and Statutory Liquidity Ratio) issued by Nepal Rastra Bank. As at 31st Ashad 2081, the minimum Cash Reserve Requirement (CRR) was 4 % and the Statutory Liquidity Ratio (SLR) to be maintained was 10% of the local currency deposit liabilities.

Particulars	Current Year	Previous Year
Statutory balances with NRB	255,437,056	192,995,870
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	255,437,056	192,995,870

Placements with Bank and Financial Institutions

4.3

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date.

Particulars	Current Year	Previous Year
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Derivative financial instruments

4.4

Instruments like interest rate swap, currency swap, forward foreign exchange contract, etc. held for trading as well as risk management purposes.

Particulars	Current Year	Previous Year
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

Other trading assets**4.5**

Trading assets are those assets that the finance company acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. The other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

Particulars	Current Year	Previous Year
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non-pledged	-	-

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

Loans and advances to B/FIs includes loans provided to class "D" financial institutions and cooperatives. These loans are in the form of short term lending or term loan. These loans are initially measured at fair value and subsequently measured at amortized cost using effective interest rate. Loan loss provisions on loans and advances to banks and financial institutions are provided on the basis of directives issued by NRB.

Using the principles of NFRS, Loan loss provision are calculated separately. The finance company has applied both collective and individual assessment for calculating the impairment for loans and advances to B/FIs. Loans and advances to banks and financial institutions are individually tested for impairment. No any specific impairment has occurred for the year & the previous years. Collective impairment has been provided based on the loan classes falling in the loan products with similar risk characteristics to the loan products classified for loans and advances to customers as no historical loss existed for the loans and advances provided to financial institutions. Loans to microfinance institutions and others include interest income accrued on such loans. Such Interest Income accrued amounts to NPR 8,262,406.40. Loan Loss provision is provided at higher of loan loss provision as per NRB directives and loan loss provision calculated using the principles of NFRS.

Particulars	Current Year	Previous Year
Loans to microfinance institutions	476,507,651	106,909,039
Other	-	-
Less: Allowances for impairment	(5,618,943)	(1,388,219)
Total	470,888,708	105,520,820

4.6.1: Allowances for impairment

Particulars	Current Year	Previous Year
Balance at Shrawan 1	1,388,219	3,088,887
Impairment loss for the year:		
Charge for the year	(4,230,724)	(1,700,668)
Recoveries/reversal	-	-
Amount written off	-	-
Balance at Asar end	5,618,943	1,388,219

Loans and advances to customers**4.7**

Loans and advances to customers comprises of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market which includes short term lending, term based lending, hire purchase lending, mortgage lending, personal lending, loans to employees and others. Loans and advances are initially measured at fair value and subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The Finance company has not taken in account upfront service fees collected on the individual loans to customers for calculating EIR, as the upfront service fees collected in terms of term based loans are less than 1% of the loan amount. Total income from service fees earned from term based loan is not material to the net interest earned by the finance company. As per carve out on NFRS 9 (EIR) these service fees are taken to the income and not taken for recalculating the EIR of loans on the basis of materiality.

Loan loss provisions on loans and advances to customers are provided on the basis of directive number 2 issued by Nepal Rastra Bank. These loans are categorised under pass, watchlist, sub-standard, doubtful and loss category and provisions are made accordingly. Loan loss provisions are provided on the basis of percentage of total loan outstanding based on their overdue days and other criteria set out in the directives issued by Nepal Rastra Bank. Staff loans which are fair valued at initial recognition and subsequently measured at amortized cost are included in loans and advances to customers measured at amortized cost. Loans and advances to customers include accrued interest on these loans. Such Accrued Interest amounts to NPR 97,301,915.46

Particulars	Current Year	Previous Year
Loan and advances measured at amortized cost	4,367,749,507	3,723,414,810
Less: Impairment allowances		
Collective impairment	(415,744,727)	(546,191,084)
Individual impairment	-	-
Net amount	3,952,004,781	3,177,223,726
Loan and advances measured at FVTPL	-	-
Total	3,952,004,781	3,177,223,726

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 2081 was Rs. 412,403,483.77 out of which Rs. 406,784,540.83 was related to loans and advances to customers and remaining 56,18,942.94 related to loans and advances to BFI's. Additional impairment of Rs. 2,463,860.79 was increased upon the recommendation of external auditor and further impairment of Rs. 6,496,325.24 was increased upon the recommendation of NRB Offsite Supervision.

We have selected outstanding loan exceeding 10 crores or more for individual impairment test. The market value of collateral on valuation date was subjected to 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	Current Year	Previous Year
Individual impairment	-	-
Collective impairment	211,609,025	49,902,071
Total	211,609,025	49,902,071

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

Particulars	Current Year	Previous Year
Performing loan	1,025,985,401	3,061,483,326
Good	32,109,528	2,315,610,657
Watchlist	993,875,873	745,872,670
Non-performing loan	449,958,638	571,477,443
Additional	32,586,036	22,397,286
Restructured	-	-
Substandard	59,759,273	64,800,768
Doubtful	71,965,962	54,874,579
Loss	285,647,367	429,404,810
Total	1,475,944,039	3,632,960,769
Add: loan to employees and Net AIR	2,891,805,468	90,454,041
Total loan	4,367,749,507	3,723,414,810
Impairment allowance		
Performing loan	81,998,727	68,378,171
Good	32,737,276	31,084,537
Watchlist	49,261,451	37,293,633
Non-performing loan	327,442,830	477,812,913
Restructured	-	-
Substandard	14,339,766	16,200,192

Doubtful	34,153,627	27,437,290
Loss	278,949,436	429,404,810
Additional	6,303,170.26	4,770,621.87
Total	415,744,727	550,961,706

4.7.1: Analysis of loan and advances - By Product

Product	Current Year	Previous Year
Long Term Loans	2,450,231,966	333,339,838
Personal	1,027,272,381	-
Business	1,382,594,797	-
Working Capital	40,364,789	-
Overdraft (Personal)	339,184,359	-
Cash Credit Loan	595,757,682	-
Trust Receipt/Import Loans	-	-
Short Term WC/Demand Loan	72,685,042	218,482,590
Personal residential loans	242,275,642	233,197,410
Real estate loans	88,101,194	437,196,380
Margin lending loans	158,058,137	164,521,560
Hire purchase loans	29,894,971	128,678,730
Deprived sector loans	82,252,629	115,441,031
Bills purchased	-	-
Staff loans	57,894,366	52,387,706
Other	622,356,849	2,002,226,220
Sub total	4,738,692,837	3,685,471,465
Interest receivable	105,564,322	37,943,345
Grand total	4,844,257,159	3,723,414,810

4.7.2: Analysis of loan and advances - By Currency

Currency	Current Year	Previous Year
Nepalese rupee	4,738,692,837	3,723,414,810
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	4,738,692,837	3,723,414,810

4.7.3: Analysis of loan and advances - By Collateral

Collateral	Current Year	Previous Year
Secured		
Movable/immovable assets	3,986,363,139	3,267,263,580
Gold and silver		
Guarantee of domestic B/FIs		
Government guarantee		
Guarantee of international rated bank		
Collateral of export document		
Collateral of fixed deposit receipt	40,321,880	51,420,310
Collateral of Government securities		
Counter guarantee		
Personal guarantee	75,084,191	86,018,250
Other collateral	636,923,627	318,712,670
Subtotal	4,738,692,837	3,723,414,810
Unsecured	-	-
Grant Total	4,738,692,837	3,723,414,810

4.7.4: Allowances for impairment

Particulars	Current Year	Previous Year
Specific allowances for impairment		
Balance at Shrawan 1	-	-
Impairment loss for the year:		
Charge for the year	-	-
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at Asar end	-	-
Collective allowances for impairment		
Balance at Shrawan 1	546,191,084	117,503,713
Impairment loss for the year:		
Charge/(reversal) for the year	(130,446,357)	428,687,372
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at Asar end	415,744,727	546,191,084
Total allowances for impairment	415,744,727	546,191,084

Investment securities

4.8

Investment in securities comprises of Investments in government securities like development bonds, treasury bills, Nepal Rastra Bank bonds, deposit instruments with Nepal Rastra Bank, equity instruments and units of mutual funds and others. Investment securities are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) less impairment.

All the listed ordinary equity shares and mutual fund units are measured at fair value using Level 1 input as described in NFRS 13 "Fair Value Measurement". Level 1 inputs are quoted prices (unadjusted) in active market that the entity can access at the measurement date. Unquoted shares present a greater challenge in valuation compared to publicly traded shares, as they lack a readily available market price. Consequently, their valuation often necessitates the application of various methodologies and assumptions, particularly in the context of determining their fair value for accounting purposes under NFRS 13. One prevalent approach involves deriving their fair value from the net worth per share, as computed by financial institutions based on the most recent available information pertaining to such securities. This method entails assessing the fair value of the company's net assets on a per-share basis. The Net Asset Value (NAV) is determined by deducting the company's liabilities from its assets, then dividing the resultant figure by the total number of shares outstanding. This method of valuation is categorized as level 3, denoting a fair value measurement that relies on significant unobservable inputs. Management carried out an impairment assessment of the unquoted share investments held by the finance company and concluded that no impairment is required as there is no evidence for a permanent decline in value of the investment because of the higher fair value than the purchase cost.

Particulars	Current Year	Previous Year
Investment securities measured at amortized cost	1,210,000,000	665,000,000
Investment in equity measured at FVTOCI	187,346,639	147,560,274
Total	1,397,346,639	812,560,274

4.8.1: Investment securities measured at amortized cost

Particulars	Current Year	Previous Year
Debt securities	-	-
Government bonds	660,000,000	665,000,000
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	550,000,000	-
Other	-	-
Less: specific allowances for impairment	-	-
Total	1,210,000,000	665,000,000

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

Particulars	Current Year	Previous Year
Equity instruments		
Quoted equity securities	177,690,735	145,856,774
Unquoted equity securities	9,655,904	1,703,500
Total	187,346,639	147,560,274

4.8.3: Information relating to investment in equities

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity	193,858,683	177,690,735	156,569,209	145,856,774
Nepal Life Insurance Company Limited (NLIC)	29,158	30,950	-	744
50 shares of Rs. 100 each		-		-
National Life Insurance Company Limited (NLICL)	32,995,120	28,548,695	18,251,993	12,411,735
47981 shares of Rs. 100 each		-		
Forward Microfinance Laghubitta Bittiya Sanstha Limited (FOWAD)	21,753	28,260	-	1,321
20 shares of Rs. 100 each		-		-
Global IME Laghubitta Bittiya Sanstha Limited (GILB)	27,751	40,950	-	1,061
30 shares of Rs. 100 each		-		-
Mero Microfinance Laghubitta Bittiya Sanstha Limited (MERO)	-	15,400	-	14,542
22 shares of Rs. 100 each		-		-
Laxmi Unnati Kosh (LUK)	30,000,000	27,000,000	30,000,000	28,170,000
3000000 units of Rs. 100 each		-		-
Prabhu Select Fund (PSF)	14,680,900	14,372,601	14,680,900	12,992,597
1468090 units of Rs. 100 each		-		-
Sunrise Bluechip Fund (SBCF)	15,000,000	12,405,000	15,000,000	11,775,000
1500000 units of Rs. 10 each		-		-
Sunrise First Mutual Fund (SFMF)	26,790,000	27,727,650	26,970,000	29,683,320
2679000 units of Rs. 10 each		-		-
Butwal Power Company Limited (BPCL)	106,260	75,330	106,260	80,312
243 units of Rs. 100 each		-		-
Chhimek Laghubitta Bikas Bank Limited (CBBL)		320,400		339,000
356 units of Rs. 100 each		-		-
Chilime Hydropower Company Limited (CHCL)	203,245	186,000	203,245	195,359
400 units of Rs. 100 each		-		-
Citizen Investment Trust (CIT)	62,838	56,405	62,838	48,047
29 units of Rs. 100 each		-		0
Prime Life Insurance Company Limited (HLI)	299,740	151,317	280,556	171,366
387 units of Rs. 100 each		-		0
RMDC Laghubitta Bittiya Sanstha Ltd. (RMDC)		-		52,700
0 units of Rs. 100 each		-		0
Sana Kisan Bikas Bank Ltd (SKBBL)		150,251		84,506
176 units of Rs. 100 each		-		-
Surya Jyoti Life Insurance Company Limited (SJLIC)	146,794	90,279	146,794	115,900
210 units of Rs. 100 each		-		-
Api Power Company Ltd. (API)	995,123	858,927	866,623	632,764
4497 units of Rs. 100 each		-		-
NMB Microfinance Bittiya Sanstha Ltd. (NMBMF)		50,920		39,040
67 units of Rs. 100 each		-		-
Suryodaya Womi Laghubitta Bittiya Sasnstha Limited (SWMF)		18,900		12,461
20 units of Rs. 100 each		-		-
Subha Laxmi Kosh (SLK)	5,000,000	5,385,000	5,000,000	5,000,000
500000 units of Rs. 10 each		-		-
NMB Sulav Investment Fund II (NSIF2)	5,000,000	5,030,000	5,000,000	4,995,000
500000 units of Rs. 10 each		-		-
Sunrise Focused Equity Fund (SFEF)	30,000,000	24,720,000	30,000,000	29,040,000
3000000 units of Rs. 10 each		-		-
Siddhartha Investment Growth Scheme (SIGS3)	10,000,000	9,450,000	10,000,000	10,000,000
1000000 units of Rs. 10 each		-		-
Himalayan 80-20 (H8020)	2,500,000	2,497,500		
250000 units of Rs. 10 each		-		-
Laxmi Value Fund II (LVF2)	20,000,000	18,480,000		
2000000 units of Rs. 10 each		-		-
Investment in unquoted equity	194,500	9,655,904	194,500	1,703,500
Karja Suchana Kendra	94,500	8,100,056	94,500	1,181,300
11813 shares of Rs. 100 each				
Nepal Clearing House Limited	100,000	1,555,848	100,000	522,200
6710 shares of Rs. 100 each				
Total	194,053,183	187,346,639	156,763,709	147,560,274

Current tax assets/(liabilities)

4.9

Current tax assets consist of amounts paid to the Inland Revenue Department in respect of the current year and the carried forward balance of advance taxes paid in previous year's net off of income tax payable on those years using the tax rates enacted on the reporting date and any adjustment to tax payable in respect of prior years. Current tax liabilities consist of the amount of assessed tax liabilities by the finance company for the current year.

Particulars	Current Year	Previous Year
Current tax assets	33,575,366	28,726,768
Current year income tax assets	33,575,366	28,726,768
Tax assets of prior periods		
Current tax liabilities	25,961,764.89	477,737
Current year income tax liabilities	25,961,765	518,931
Tax liabilities of prior periods	-	(41,193)
Net assets/(liabilities)	7,613,601	28,249,031

Investment in subsidiaries

4.10

Subsidiaries are entities in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities.

Particulars	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total investment	-	-
Less: Impairment allowances		
Net carrying amount	-	-

4.10.1: Investment in quoted subsidiaries

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

4.10.2: Investment in unquoted subsidiaries

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

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
Total	-	-

4.10.4: Non controlling interest of the subsidiaries

Particulars	Current Year
	... 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	Previous Year
	... 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**

An associate is an entity over which the investor has significant influence where significant influence is defined as power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee or if entity has its representative as a director in the investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. Investment in associates have been recognised at cost in standalone statement of financial position.

Particulars	Current Year	Previous Year
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

4.11.1: Investment in quoted associates

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

4.11.2: Investment in unquoted associates

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

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
Total	-	-

4.11.4: Equity value of associates

Particulars
..... Ltd.
..... Ltd.
Total

Investment properties**4.12**

The Finance Company classifies the non-banking assets as possessed collateral which are non-financial assets acquired by the finance company in settlement of overdue loans. The assets are initially recognized at lower of fair value of the property or total dues to bank when acquired and included in investment property or other assets depending on their nature and the finance company's intention of holding the asset or reselling it.

Balance as on Shrawan 1	Current Year	Previous Year
Investment properties measured at fair value		
Balance as on Shrawan 1	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on Shrawan 1	42,342,402	35,932,961.4
Addition/disposal during the year	156,252,599	6,409,441
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	198,595,002	42,342,402
Total	198,595,002	42,342,402

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

1. Land situated at Musikot Municipality Ward no. 01 (Present ward no. 03) with Plot no. 1003, 1005, 998 & 384 with value Rs. 11,00,000 booked on 2077/12/31.
2. Land situated at Bara, Rampurtokani Ward no. 9 with Plot no. 104 with value of Rs. 30,00,000 booked on 2078/03/31.
3. Land Situated at Amardaha 4 Morang with plot No.950 & Sijuwa VDC Morang ward no. 08 (Ka) with Plot no.150, with Value Rs.15,500,000 booked on 2078/06/18.
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 booked on 2078/06/18
5. Land situated at Panchakanya VDC Ward No. 5 (Present Ratnanagar Municipality Ward no. 13) with plot no. 746 with value 6,409,440.36 booked on 2079/04/15
6. Land situated at Sunsari, Madhesha VDC Ward No. 5 with plot no. 513, 528 and 628 with value 86,32,123.88 booked on 2080/06/30
7. Land situated at Banepa Municipality Ward No. 10 with plot no. 2879 with value 1,36,61,489.20 booked on 2080/12/15.
8. Land situated at Madhumalla Ward No. 5 with plot no. 4052 with value 4,789,876.01 booked on 2080/12/19.
9. Land situated at Kavre Ward No. 1 with plot no. 1834 with value 2,02,78,561.24 booked on 2081/02/13.
10. Land situated at Sainbu Ward No. 3 with plot no. 2039, 2041, 1213 with value 2,70,00,000 booked on 2080/10/19.
11. Land situated at Thecho Ward No. 2 with plot no. 381, 382 with value 2,50,00,000 booked on 2080/10/19.
12. Land situated at Baluwa Ward No. 4 with plot no. 13, 52 with value 1,53,66,667.36 booked on 2080/04/11.
13. Land situated at Hetauda Ward No. 11 with plot no. 1528 with value 3,35,97,986.43 booked on 2080/02/24.
14. Land situated at Pipra Simara Ward No. 2 with plot no. 4493 and 4495 with value 79,25,895.87 booked on 2081/03/24.

Property and Equipment		4.13										
Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Right to Use Assets (ROU)	Equipment & Others	Total Ashad end 2081	Total Ashad end 2080	
Cost												
Balance as on Asar end 2079	30,000,000	-	41,956,226	21,897,255	13,299,375	11,140,648	-	128,569,393	26,685,224	273,548,121	103,109,665	
Addition during the Year												
Acquisition	-	-	16,173,389	3,615,953	346,101	3,630,734	-	29,653,696	7,259,836	60,679,709	170,438,456	
Capitalization	-	-	-	-	-	-	-	-	-	-	-	
Disposal during the year	-	-	(4,164)	(404,589)	-	(632,770)	-	-	(692,981)	(1,734,505)	-	
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Balance as on Asar end 2080	30,000,000	-	58,125,450	25,108,619	13,645,476	14,138,612	-	158,223,089	33,252,080	332,493,326	273,548,121	
Addition during the Year												
Acquisition	-	-	1,421,982	807,617	10,291,500	469,504	-	9,252,200	3,242,857	25,485,660	60,679,709	
Capitalization	-	-	-	-	-	-	-	-	-	-	-	
Disposal during the year	-	-	-	-	-	-	-	(1,696,354)	(1,125,010)	(2,821,364)	(1,734,505)	
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Balance as on Asar end 2081	30,000,000	-	59,547,433	25,916,236	23,936,976	14,608,116	-	165,778,934	35,369,927	355,157,622	273,548,121	
Depreciation and Impairment												
As on Asar end 2079	-	-	16,965,537	10,026,834	3,422,461	3,236,333	-	14,596,726	11,989,190	60,237,081	28,305,424	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge for the Year	-	-	10,512,275	4,595,070	916,033	1,719,314	-	16,836,243	5,804,346	40,383,282	31,931,656	
Disposals	-	-	(1,554)	(404,589)	-	(625,079)	-	-	(626,491)	(1,657,714)	-	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	
As on Asar end 2080	-	-	27,476,258	14,217,315	4,338,495	4,330,568	-	31,432,969	17,167,045	98,962,649	60,237,081	
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge for the Year	-	-	10,497,861	4,103,733	1,044,526	1,872,716	-	17,632,878	6,127,859	41,279,572	40,383,282	
Disposals	-	-	-	-	-	-	-	(714,254)	(608,991)	(1,323,245)	(1,657,714)	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	
As on Asar end 2081	-	-	37,974,119	18,321,047	5,383,020	6,203,283	-	48,351,592	22,685,913	138,918,975	60,237,081	
Net Book Value												
As on Asar end 2079	30,000,000	-	24,990,688	11,870,422	9,876,914	7,904,315	-	113,972,667	14,696,035	213,311,041	74,804,241	
As on Asar end 2080	30,000,000	-	30,649,192	10,891,304	9,306,981	9,808,044	-	126,790,120	16,085,034	233,530,676	213,311,041	
As on Asar end 2081	30,000,000	-	21,573,314	7,595,189	18,553,956	8,404,832	-	117,427,342	12,684,014	216,238,647	233,530,676	

Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
Balance as on Asar end 2079	-	2,210,845	-	-	2,210,845
Addition during the Year	-	-	-	-	-
Acquisition	-	1,897,101	-	-	1,897,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2080	-	4,107,946	-	-	4,107,946
Balance as on Asar end 2080	-	4,107,946	-	-	4,107,946
Addition during the Year	-	-	-	-	-
Acquisition	-	1,575,000	-	-	1,575,000
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2081	-	5,682,946	-	-	5,682,946
Amortization and Impairment					
As on Asar end 2079	-	1,681,813	-	-	1,681,813
Amortization charge for the Year	-	375,204	-	-	375,204
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asar end 2080	-	2,057,017	-	-	2,057,017
Amortization charge for the Year	-	860,722	-	-	860,722
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asar end 2081	-	2,917,739	-	-	2,917,739
Capital Work in Progress	-	-	-	-	-
Net Book Value					
As on Asar end 2079	-	529,032	-	-	529,032
As on Asar end 2080	-	2,050,929	-	-	2,050,929
As on Asar end 2081	-	2,765,207	-	-	2,765,207

Deferred Tax**4.15**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax losses (if any), to the extent it is probable that taxable profit will be available against which the deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted at the reporting date.

Particulars	As at 31.03.2081		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			-
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	2,011,963	-	2,011,963
Property & equipment	-	34,102,932	(34,102,932)
Employees' defined benefit plan	849,392	-	849,392
Lease liabilities	41,321,268	-	41,321,268
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences			10,079,691
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2081			10,079,691
Deferred tax asset/(liabilities) as on Sawan 1, 2080			9,535,658
Deferred tax expenses/(income) during the year	-	-	(544,033)
Deferred tax expense/(income) recognised in profit or loss	-	-	(1,239,101)
Deferred tax expense/(income) recognised in other comprehensive income	-	-	695,067
Deferred tax expense/(income) recognised in directly in equity	-	-	-

Particulars	As at 32.03.2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			-
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	2,761,031	-	2,761,031
Property & equipment	-	37,986,793	(37,986,793)
Employees' defined benefit plan	2,622,317	-	2,622,317
Lease liabilities	42,139,103	-	42,139,103
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences			9,535,658
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2080			9,535,658
Deferred tax asset/(liabilities) as on Sawan 1, 2079			5,077,978
Deferred tax expenses/(income) during the year			(4,457,680)
Deferred tax expense/(income) recognised in profit or loss			(3,879,013)
Deferred tax expense/(income) recognised in other comprehensive income			(578,667)
Deferred tax expense/(income) recognised in directly in equity			

Other Assets**4.16**

Other assets includes those assets which are not classified separately in the financial statements. Accrued income, prepayments, security deposits, account receivables and prepaid employee benefit balance are classified as other assets. Prepaid employee benefits are the benefits which arises as a result of lower interest rate on the staff loans. These benefits are amortized over the term of the staff loan availed by the employees.

Particulars	Current Year	Previous Year
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	6,093,009	9,041,715
Accrued income	12,788,493	12,850,898
Prepayments and deposit	5,359,362	6,252,262
Income tax deposit	-	-
Deferred employee expenditure	16,351,707	10,605,108
Other miscellaneous assets	5,587,587	3,837,754
Total	46,180,159	42,587,737

Due to Bank and Financial Institutions**4.17**

Interbank borrowings and deposits from banks and financial institution are classified as due to bank and financial institutions. These are subsequently measured at amortized cost using effective interest rate. All the transaction cost are considered in calculating effective interest rate.

Particulars	Current Year	Previous Year
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	317,235,657	334,074,750
Settlement and clearing accounts	-	-
Total	317,235,657	334,074,750

Due to Nepal Rastra Bank**4.18**

The Finance Company has classified any amount due to Nepal Rastra Bank as amount Due to Nepal Rastra Bank.

Particulars	Current Year	Previous Year
Refinance from NRB	-	-
Standing Liquidity Facility	-	-
Lender of last resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	68,400,000	-
Total	68,400,000	-

Derivative financial instruments**4.19**

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, foreign exchange rates. Derivatives are categorised as trading unless they are designated as hedging instruments.

Particulars	Current Year	Previous Year
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

Deposits from customers**4.20**

Deposit from customers are the deposits accepted by the finance company from the individuals, corporate entities and other organized institutions. These deposits are in the form of saving, term, call, margin and demand. Deposit from customers are recognized when the funds reaches to the finance company. The Finance Company regularly launches the deposit collection programme, dormant account activation, new deposit products awareness on regular basis to the existing and new customers. For this, the finance company involves its employees and provides incentives for the motivation to carry out the programme effectively. These incentives and bonuses have not been included as transaction cost in calculating the effective interest rate as these cost are in immaterial nature and allocation of the cost to individual deposit is not feasible.

Particulars	Current Year	Previous Year
Institutions customers:		
Term deposits	1,541,972,740	1,122,352,770
Call deposits	692,677,606	551,287,439
Current deposits	52,857,578	39,560,153
Other	3,406,397	4,797,237
Individual customers:		
Term deposits	2,332,439,197	2,050,145,852
Saving deposits	1,440,668,613	977,440,634
Current deposits	29,012,048	9,952,679
Other	23,500	21,981
Total	6,093,057,677	4,755,558,746

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese rupee	6,093,057,677	4,755,558,746
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	6,093,057,677	4,755,558,746

Borrowing**4.21**

Borrowings are financial liabilities accepted by bank with fixed or determinable payments. Subsequent to initial recognition, these financial instruments are measured at amortised cost using effective interest rate. The borrowing has been shown in equivalent Nepalese Rupees with revaluation at each year end at the closing rate.

Particulars	Current Year	Previous Year
Domestic Borrowing		-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing		-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

Provisions

A provision is recognised when a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. There hasn't been any instances or rise of any obligation for which the finance company is required to make the provisions for them. Any provisions that arises are reviewed at each reporting date and adjusted to reflect the current best estimate.

Particulars	Current Year	Previous Year
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

4.22.1: Movement in provision

Particulars	Current Year	Previous Year
Balance at Shrawan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Asar end	-	-

Other liabilities

4.23

Creditors and accruals

Creditors and accruals are financial liabilities which are initially measured at fair value, and subsequently measured at amortised cost. These includes any payables to the vendors for service gained from them in the business operation.

Liability against employees

The Finance Company makes the provisions for long term benefits in the form of gratuity and accrued leave which are payable at the time of retirement or termination. The finance company has made provision for staff bonus at 10% of profit before tax and bonus as a short term benefits for the service rendered.

Defined benefit obligation (gratuity and leave obligation), as the liability is dependent on the future increase of salaries and service period of the employee. All the disclosures in Note 4.23.1 to 4.23.6 are the disclosure pertaining to the finance company's financial statements.

Statutory liabilities

The Finance company is under obligation to deposit the tax deducted at source collected from the payment of interest on deposits, borrowings, and other vendors by the 25th of next month. These liabilities to inland revenue are presented separately from other liabilities.

Other liabilities

All other liabilities in the form of bills payable, interest payable on deposits and borrowings, excess interest payable, unpaid dividend are measured at amortized cost.

Lease liabilities as per NFRS 16, are included under Liability under Finance Lease.

Particulars	Current Year	Previous Year
Liability for employees defined benefit obligation*	1,418,244	2,606,573
Liability for long-service leave	10,169,305	7,327,995
Short-term employee benefits	-	-
Bills payable	135,763	23,584
Creditors and accruals	23,589,974	16,179,698
Interest payable on deposit	5,256,684	3,644,409
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	137,737,561	140,463,676
Employee bonus payable	15,803,436	1,607,397
Other liabilities	7,145,574	4,296,700
Total	201,256,540	176,150,031

*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	Current Year	Previous Year
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	Current Year	Previous Year
Equity securities		
Government bonds		
Bank deposit		
Other		
Total		

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Current Year	Previous Year
Defined benefit obligations at Shrawan 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	Current Year	Previous Year
Fair value of plan assets at Shrawan 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	Current Year	Previous Year
Current service costs		
Interest on obligation		
Expected return on plan assets		
Total		

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Actuarial (gain)/loss		
Total		

4.23.7: Actuarial assumptions

Particulars	Current Year	Previous Year
Discount rate		
Expected return on plan asset		
Future salary increase		
Withdrawal rate		

Debt securities issued

4.24

Debentures are measured at amortized cost using the effective interest rate. All the transaction cost incurred upto the time of allotment formed part of effective interest rate. Details of debentures issued by the finance company are disclosed under Note 5.2 of Capital Management.

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	-	-

Subordinated Liabilities

4.25

These are the liabilities which are in lower ranks to the borrowers and other debts in terms of obligations. These are the unsecured liabilities which are repaid only after the depositors in case of liquidation. The finance company has not issued any subordinated liabilities till the date of reporting from its inception.

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
Total	-	-

Share capital

4.26

Ordinary share capital represents the par value of ordinary shares issued. Share issuance cost which were incurred for raising the capital has not been shown as deduction from share capital but are charged to profit or loss.

Particulars	Current Year	Previous Year
Ordinary shares	848,106,000	848,106,000
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Total	848,106,000	848,106,000
Regulatory share capital	848,106,000	848,106,000

4.26.1: Ordinary shares

Particulars	Current Year	Previous Year
Authorized Capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Issued capital		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Subscribed and paid up capital*		
8,481,060 Ordinary share of Rs. 100 each	848,106,000	848,106,000
Total	848,106,000	848,106,000
Capital as per NRB Directives	848,106,000	848,106,000

Reconciliation of no. of equity shares	Current Year	Previous Year
Opening	8,481,060	8,481,060
Add: issued during the year		
Closing	8,481,060	8,481,060

4.26.2: Ordinary share ownership

Particulars	Current Year		Previous Year	
	Percent	Nos	Percent	Nos
Domestic ownership				
Nepal Government				
"A" class licensed institutions				
Other licensed institution				
Other Institutions				
Public	49.00%	4,155,719	49.00%	4,155,719
Other (Promotor)	51.00%	4,325,341	51.00%	4,325,341
Foreign ownership				
Total		8,481,060		8,481,060

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2081 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
MUKESH MAHARJAN	1.95	165,502	16,550,204
BISHAN MAHARJAN	1.95	165,434	16,543,420
RABI MAHARJAN	1.93	163,844	16,384,400
SANU KAJI MAHARJAN	1.90	161,545	16,154,470
SURENDRA AWALE	1.90	161,544	16,154,400
LAXMI PRASAD MAHARJAN	1.90	161,544	16,154,400
SANGHA RATNA DANGOL	1.90	161,544	16,154,400
SAMUNDRA KAJI SHRESTHA	1.76	149,083	14,908,264
BABU KRISHNA MAHARJAN	1.39	118,103	11,810,308
BABU KAJI MAHARJAN	1.18	99,895	9,989,546
SARITA MAHARJAN	1.16	98,362	9,836,200
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
BHIM LAL MAHARJAN	0.92	77,783	7,778,300
PANCHA RAM MAHARJAN	0.92	77,672	7,767,150
BISH RAM SINGH	0.91	77,185	7,718,496
LAXMAN MAHARJAN	0.88	74,236	7,423,600
BIKASH MAHARJAN	0.84	70,822	7,082,178
ISHA SHRESTHA	0.83	70,420	7,042,000
ANIL MAHARJAN	0.79	66,637	6,663,690
RAJENDRA SHAKYA	0.70	59,196	5,919,552
ISHAN SHRESTHA	0.62	53,000	5,300,000
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
Total	40.72	3,453,481	345,348,080

Reserves

4.27

Statutory Reserves

Statutory reserves represents the mandatory reserves maintained by the bank as per Nepal Rastra Bank directives. This includes general reserve, exchange equalization reserve, capital redemption reserve, investment adjustment reserve, interest capitalized reserves, corporate social responsibility reserve, training and development reserve and other reserve notified by Nepal Rastra Bank. These reserves are not available for distribution of dividends.

Particulars	Current Year	Previous Year
Statutory general reserve	52,612,875	29,241,458
Exchange equalisation reserve	-	-
Corporate social responsibility reserve	1,168,571	-
Capital redemption reserve	-	-
Regulatory reserve	146,411,383	55,764,544
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(4,820,584)	(6,442,408)
Dividend equalisation reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other reserve	-	-
Capital Adjustment Fund	-	-
Staff Training Reserve	740,456	560,730
Total	196,112,701	79,124,324

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	Current Year	Previous Year
Accured Interest on Loans and Advances recognised as income	39,282,260	10,349,737
Provision for NBA (Net of Bonus and Tax)	92,354,851	26,675,714
Loss on Investment	4,694,581	9,203,435
Deferred Tax Assets	10,079,691	9,535,658
Total	146,411,383	55,764,544

FY	Interest Receivable	Short loan loss Provision on NBA	Short provision for possible losses in Investment	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss recognised	Other	Total
From 74/75 till reporting period	39,282,260	92,354,851.12	4,694,580.52	10,079,691	-	-	-	-	146,411,383
Total	39,282,260	92,354,851	4,694,581	10,079,691	-	-	-	-	146,411,383

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
Creation	(1,531,064.08)	-	1,928,889.10	4,037,947.87	4,457,679.96	-	8,893,452.85
Closing bal FY 2079-80	10,349,737.18	-	9,203,435.20	26,675,713.56	9,535,658.03	-	55,764,543.97
Creation	28,932,523.13	-	(4,508,854.68)	65,679,137.55	544,033.02	-	90,646,839.03
Closing bal FY 2080-81	39,282,260.31	-	4,694,580.52	92,354,851.12	10,079,691.05	-	146,411,383.00

Movement of specific reserves for the year 2080-81 is as follows:

Particulars	Corporate social responsibility reserve	Training reserve
Opening	-	560,730
Addition for the year	1,168,571	179,726
Utilization during the year		
Closing	1,168,571	740,456

Contingent liabilities and commitments

4.28

Contingent liabilities and commitments are those obligations which may not be recognized on the statement of financial position, but they do contain certain credit risk and are therefore part of the overall risk of the finance company.

Particulars	Current Year	Previous Year
Contingent liabilities	-	-
Undrawn and undisbursed facilities	138,698,350	29,620,000
Capital commitment	-	-
Lease Commitment	138,637,934	140,463,339
Litigation		
Total	277,336,284	170,083,339

4.28.1: Contingent liabilities

Particulars	Current Year	Previous Year
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	-	-

4.28.2: Undrawn and undisbursed facilities

Particulars	Current Year	Previous Year
Undisbursed amount of loans	39,700,000	29,620,000
Undrawn limits of overdrafts	98,998,350	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	138,698,350	29,620,000

4.28.3: Capital commitments

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

Particulars	Current Year	Previous Year
Capital commitments in relation to Property and Equipment		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Capital commitments in relation to Intangible assets		
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Total	-	-

4.28.4: Lease commitments

Particulars	Current Year	Previous Year
Operating lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	23,902,707	22,335,841
Later than 1 year but not later than 5 years	83,294,520	76,478,564
Later than 5 years	31,440,708	41,648,934
Sub total	138,637,934	140,463,339
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Sub total	-	-
Grand total	138,637,934	140,463,339

4.28.5: Litigation

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

Interest income**4.29**

Interest income includes interest accrued on financial assets including loans and advances to financial institutions and customers, bank balances at nostro accounts and other interest bearing securities. Interest income is recognised using the effective interest rate (EIR). As per the Carve Out issued by Institute of Chartered Accountants of Nepal, the origination fees on loans to customers or financial institution has not been considered in calculating the EIR. The Finance Company doesn't recognize the interest income accrued on the loans and advances classified under loss category due to the uncertainty of the recovery. Further the finance company does not recognize the interest income accrued on the loans and advances classified under Substandard and Doubtful category, unless such interest along with principal are covered by the collateral value as defined in Income Recognition guidelines issued by Nepal Rastra Bank.

Particulars	Current Year	Previous Year
Cash and cash equivalent	16,565,667	19,331,973
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	602,240,592	512,796,461
Investment securities	43,466,914	49,040,257
Loan and advances to staff	7,894,226	6,230,692
Other	-	7,869,975
Total interest income	670,167,399	595,269,357

Interest expense**4.30**

Interest expense includes interest accrued on deposits from customers including BFs, and other interest bearing financial liabilities. Interest expense is recognised using the effective interest rate (EIR). Promotional expenses and incentives incurred to solicit the deposits are not considered in the calculation of effective interest rate because of the immaterial amount and allocation of these costs to individual deposit is not feasible.

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	15,068	10,623,963
Deposits from customers	470,408,253	448,584,854
Borrowing	-	128,219
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
Total interest expense	470,423,322	459,337,037

Fees and Commission Income**4.31**

Fees and commission income earned from services including fees collected from issuance of Loans and advances, letter of credit, guarantees and sale of digital products are recognized on accrual basis. Loan administration fees, service fees and swap fees on new loans or on renewal of underlying credit facilities are the transaction costs collected by the finance company. The Finance company has availed Carve-out on NFRS for accounting of transaction costs to include as part of EIR. Other fees include commission income from remittance, custody and advisory fees as well as fees from insurance brokerage, foreign exchange transactions etc.

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	25,271,947	13,446,186
Penalty Income	11,369,430	5,015,837
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	723,357	637,781
Prepayment and swap fees	511,348	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	365,609	429,265
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	90,000
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	1,051,463	166,107
Total fees and Commission Income	39,293,154	19,785,176

Fees and commission expense**4.32**

Fee and commission expense includes transactions and service fees expensed for the services received. Fee and commission expense are recognized on accrual basis.

Particulars	Current Year	Previous Year
ATM management fees	-	-
VISA/Master card fees	442,468	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	244,440	25,321
Total fees and Commission Expense	686,908	25,321

Net trading income**4.33**

Net trading income includes all gains and (losses) from changes in fair value, related capital gains/ losses, foreign exchange trading gains/ (losses), interest income from trading assets and dividend from financial assets measured at fair value through profit or loss.

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	-	-
Net trading income	-	-

Other operating income**4.34**

Gain/ (loss) from sale of investment securities, dividend on investment securities, gain/ (loss) on sale of investment securities and properties, gain/ (loss) from trading of gold and silver and subsidies received from the government or other financial institutions are recognized in other operating income. Subsidy received for the purchase of equipment are deducted from the cost of related equipment. Profit / (loss) on sale of property and equipment are recorded when the control over those are transferred to the buyer and fair consideration has been received.

Profit / (loss) on sale of repossessed collateral classified as investment property are recorded when control over those collateral are transferred and a fair consideration has been received from the buyer. Dividend income from assets is recognized when the finance company's right to receive the payment is established.

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	8,766,387	4,949,807
Gain/loss on sale of property and equipment	(167,374)	(58,615)
Gain/loss on sale of investment property	19,266,667	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Other	4,500	659,590
Total	27,870,179	5,550,782

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	4,230,724	(1,700,668)
Impairment charge/(reversal) on loan and advances to customer	(130,446,357)	428,687,372
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	(126,215,633)	426,986,703

Personnel Expense**4.36**

The cost of all short-term employee benefits is recognized as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to salaries, bonus and annual leave represent the amount which the finance company has a present obligation to pay as a result of employees' services received up to the reporting date.

Particulars	Current Year	Previous Year
Salary	44,767,731	38,761,486
Allowances	40,922,216	35,363,602
Gratuity expense	-	-
Provident fund	8,953,546	7,779,186
Uniform	1,913,769	2,049,992
Training & development expense	2,067,060	2,193,224
Leave encashment	4,650,935	5,582,039
Medical	-	-
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	4,658,223	2,941,229
Other expenses related to staff	-	-
Subtotal	107,933,481	94,670,758
Employees bonus	15,731,084	-
Grand total	123,664,565	94,670,758

Other operating expense**4.37**

The Finance Company operates in a competitive environment for rendering the better banking services to the public in a convenient way. For this, finance company incurs various expenses in the form of lease rent, travelling, security, fuels and electricity, communication, advertisements and other directly related expenses. These expenses are incurred and accounted on accrual basis and are charged to income statement unless those expenses form the capital nature.

Particulars	Current Year	Previous Year
Directors' fee	831,800	995,284
Directors' expense	118,942	-
Auditors' remuneration	565,000	452,000
Other audit related expense	306,677	981,081
Professional and legal expense	2,044,062	718,750
Office administration expense	49,706,342	45,297,078
Operating lease expense	12,895,792	12,922,769
Operating expense of investment properties	-	-
Corporate social responsibility expense	44,538	1,319,010
Onerous lease provisions	-	-
Operating expense of investment securities	-	-
Total	66,513,153	62,685,971

Office administration expenses include the following:	Current Year	Previous Year
Water and electricity	4,163,412	3,526,862
Repair and maintenance		
Building	-	-
Vehicles	582,728	433,821
Computer and accessories	-	-
Office equipment and furniture	1,091,628	1,036,599
Others	4,525,279	4,127,110
Insurance	4,112,397	4,275,375
Postage, telex, telephone, fax	2,015,684	2,169,424
Printing and stationery	2,923,130	3,099,825
Newspaper, books and journal	50,219	39,357
Advertisement	1,683,005	2,743,778
Donation	-	-

Security	17,872,186	14,756,932
Deposit and loan guarantee premium	-	-
Travel allowance and expense	830,294	131,732
Entertainment	870,872	705,602
Annual/special general meeting	678,415	-
Other expenses	8,307,093	8,250,660
Total	49,706,342	45,297,078

Depreciation & Amortisation

4.38

Depreciation of Property, and Equipment

The Finance Company provides depreciation from date of assets being put to use over the periods of estimated useful lives of assets. These useful lives of assets represent the period over which future economic benefits from those assets are expected to be consumed by the finance company. Freehold land are not depreciated as they are non depreciable assets. Depreciation of an asset ceases at the time asset is classified as held for sale or the date asset is derecognised, whichever is earlier.

Amortization of Intangible Assets

Intangible assets, except goodwill, are amortized on a straight line basis in the Statement of Profit or Loss from the date of put to use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the finance company.

Particulars	Current Year	Previous Year
Depreciation on property and equipment	39,956,326	40,383,282
Depreciation on investment property	-	-
Amortisation of intangible assets	860,722	375,204
Total	40,817,048	40,758,486

Non operating income

4.39

Non-operating incomes are those incomes earned from the non-core operating activities of the finance company. These includes recovery from earlier written off loans, share of profit from investment in associate entities and others. Share of profit from investment in associate entities is recognised using equity method and shown separately while preparing consolidated financial statements.

Particulars	Current Year	Previous Year
Recovery of loan written off	62,000	680,336
Other income	4,200,000	33
Total	4,262,000	680,369

Non operating expense

4.40

Non-operating expenses are those expenses incurred for non-core operating activities of the finance company. These include write off for uncollectible loans, write off of other assets and employee voluntary retirement related costs.

Particulars	Current Year	Previous Year
Loan written off	24,123,616	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	12,177
Total	24,123,616	12,177

Income tax expense

4.41

Current Taxation

Current tax is the estimated tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted as at the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purpose in accordance with the provisions of the Income Tax Act.

Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Particulars	Current Year	Previous Year
Current tax expense	25,961,765	518,931
Current year	25,961,765	518,931
Adjustments for prior years		-
Deferred tax expense	(1,239,101)	(3,879,013)
Origination and reversal of temporary differences	(1,239,101)	(3,879,013)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
Total income tax expense	24,722,664	(3,360,083)

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Current Year	Previous Year
Profit before tax	141,579,753	(463,190,768)
Tax amount at tax rate of 30%	42,473,926	-
Add: Tax effect of expenses that are not deductible for tax purpose	10,668,005	4,028,425
Less: Tax effect on exempt income	(70,590)	(70,502)
Less: Tax effect on Carried Forward Loss	(27,109,576)	
Add/less: Tax effect on other items	(16,512,161)	3,438,992
Total income tax expense	25,961,765	518,931
Effective tax rate	18.34%	-0.11%

Statement of Distributable Profit or Loss

4.42

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	116,857,089	(459,830,685)
Appropriations:		
a. General reserve	(23,371,418)	-
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	(1,168,571)	120,806
e. Employees' training fund	(179,726)	122,477
f. Other	-	-
Profit or (loss) before regulatory adjustment	92,137,374	(459,587,402)
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(28,932,523)	1,531,064
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	4,508,855	(1,928,889)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(65,679,138)	(4,037,948)
e. Deferred tax assets recognised (-)/ reversal (+)	(544,033)	(4,457,680)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)		
Distributable profit or (loss) from current year profit	1,490,535	(468,480,855)
Opening Retained Earnings	(499,269,501)	(30,788,646)
Adjustment (+/-)	-	-
Distribution		
Bonus Shares Issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit as on Year End Date	(497,778,966)	(499,269,501)

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 31 Ashad 2081

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent		669,240,120	-	-
Due from Nepal Rastra Finance	AC	255,437,056	-	-
Loans and advances to customers	AC	-	-	3,952,004,781
Investment securities				
Quoted shares	FVOCI	177,690,735	-	-
Unquoted shares	FVOCI	-	-	9,655,904
Other Investment	AC	-	-	665,000,000
Total Financial Assets		1,102,367,911	-	4,626,660,684
Financial Liabilities				
Due to Finance and Financial Institutions	AC	317,235,657	-	-
Deposits from customers	AC	6,093,057,677	-	-
Other Liabilities	AC	-	-	-
Total Financial Liabilities		6,410,293,334	-	-

As at 31 Ashad 2080

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent		1,047,147,224	-	-
Due from Nepal Rastra Finance	AC	192,995,870	-	-
Loans and advances to customers	AC	-	-	3,177,223,726
Investment securities				
Quoted shares	FVOCI	145,856,774	-	-
Unquoted shares	FVOCI	-	-	1,703,500
Other Investment	AC	-	-	665,000,000
Total Financial Assets		1,338,495,615	-	4,366,131,848
Financial Liabilities				
Due to Finance and Financial Institutions	AC	334,074,750	-	-
Deposits from customers	AC	4,755,558,746	-	-
Other Liabilities	AC	-	-	-
Total Financial Liabilities		5,089,633,496	-	-

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 2081	As at 31 Ashad 2080
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	4,021,953	3,829,994
RWE for Operational Risk	266,103	266,110
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	4,288,056	4,096,104
Adjustments under Pillar II		
Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	48,380	48,380
Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	171,522	163,844
Total RWE	4,507,959	4,308,328
1.2 Capital		
A. Core Capital (Tier I)	398,119	378,078
Paid up Equity Share Capital	848,106	848,106
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	-
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	52,613	29,241
Retained Earnings	(497,779)	(499,270)
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	(4,821)	-
Adjustments under Pillar II		
B. Supplementary Capital (Tier II)	74,381	68,378
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	74,381	68,378
Exchange Equalization Reserve	-	-
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	472,501	446,456
1.3 Capital Adequacy Ratio		
Tier I Capital to Total RWE	8.83%	8.78%
Total Capital Fund to Total RWE	10.48%	10.36%

5.3.3 Risk Exposure

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

a) Credit Risk

A. Balance Sheet Exposures	Current Year						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Cash Balance	97,192	-	-	97,192	0%	-	66,015	-
Balance With Nepal Rastra Bank	255,437	-	-	255,437	0%	-	120,010	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	660,000	-	-	660,000	0%	-	759,170	-
All Claims on Government of Nepal	-	-	-	-	0%	-	39,124	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	550,000	-	-	550,000	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	1,100,422	-	-	1,100,422	20%	220,084	1,292,022	258,404
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	325,602	-	325,602	325,602	325,602	100%	325,602	36,908	36,908
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)	2,377,459	-	40,322	2,337,138	1,752,853	75%	2,562,813	1,922,110	-
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	-	100%	-	-	-
Claims secured by residential properties	285,065	-	285,065	171,039	200,517	60%	-	120,310	-
Claims not fully secured by residential properties	-	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	19,202	12,244	6,958	6,958	6,958	100%	-	-	-
Claims secured by Commercial real estate	105,831	-	105,831	105,831	417,114	100%	-	417,114	-
Past due claims (except for claims secured by residential properties)	395,170	311,586	83,585	125,377	-	150%	-	-	-
High Risk claims	332,791	-	332,791	499,186	41,273	150%	-	61,909	-
Lending against shares (above Rs. 5 Million)	106,582	-	106,582	133,228	214,341	125%	-	267,927	-
Lending Against Securities (Bonds)	-	-	-	-	-	100%	-	-	-
Lending Against Shares (upto Rs. 5 Million)	51,476	-	51,476	51,476	-	100%	-	-	-
Real Estate loans for land acquisition and development other than mentioned in CAF 2007 - point 3.3 (i)(1)(i)	120,340	-	120,340	150,425	-	125%	-	-	-
Personal Hirepurchase/Personal Auto Loans	29,895	-	29,895	29,895	-	100%	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	177,691	-	177,691	177,691	99,056	100%	-	99,056	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	9,656	-	9,656	14,484	-	150%	-	-	-
Staff loan secured by residential property	-	-	-	-	-	60%	-	-	-
Interest Receivable/claim on government securities	9,234	-	9,234	-	9,768	0%	-	-	-
Cash in transit and other cash items in the process of collection	-	-	-	-	-	20%	-	-	-
Other Assets (as per attachment)	236,025	-	236,025	236,025	306,943	100%	-	306,943	-
TOTAL (A)	7,245,071	323,830	40,322	6,880,919	4,000,154		6,165,074	3,490,682	
Revocable Commitments	-	-	-	-	-	0%	-	105,367	-
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	5,000	5,000	-	-	5,000	40%	2,000	-	-	-
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)	98,998	98,998	-	-	98,998	20%	19,800	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	50%	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	20%	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	100%	-	126,063	-	126,063
Unpaid Guarantee Claims	-	-	-	-	-	200%	-	-	-	-
TOTAL (B)	103,998	-	-	103,998	21,800		231,429			126,063
Total RWE for credit Risk Before Adjustment (A) +(B)	7,349,069	40,322	323,830	6,984,917	4,021,953		6,396,503			3,616,744
Adjustments under Pillar II	-	-	-	-	-		-			-
Total RWE for Credit Risk				6,984,917	4,021,953		6,396,503			3,616,744

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)										
Claims on Foreign Corporates (ECA 3-6)										
Claims on Foreign Corporates (ECA 7)										

b) Operational Risk

Amount in '000

Particulars	Fiscal Year		
	2077/78	2078/79	2079/80
Net Interest Income	107,336	154,429	126,164
Commission and Discount Income	19,947	28,782	19,785
Other Operating Income	61,698	20,549	5,551
Exchange Fluctuation Income	-	-	-
Addition/Deduction in Interest Suspense during the period	(26,525)	4,723	9,768
Gross income (a)	162,456	208,482	161,268
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	24,368.40	31,272.29	24,190.24
Capital Requirement for operational risk (d) (average of c)	26,610.31		
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			266,103.10
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			9.09
Equivalent Risk Weight Exposure (g)			-
Equivalent Risk Weight Exposure [h=f+g]			266,103.10

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	-	-	-	-
(a) Total Open Position				-
(b) Fixed Percentage				5%
(c) Capital Charge for Market Risk (=a*b)				-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10
(e) Equivalent Risk Weight Exposure (=c×d)				-

d) Non Performing Assets (Gross and Net)

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled	-	-	-
Sub-Standard	59,759,273.24	14,339,766.48	45,419,506.76
Doubtful	71,965,961.65	34,153,627.44	37,812,334.21
Bad	285,647,367.40	278,949,436.00	6,697,931.40
Total			89,929,772.37

5.3.4 Compliance with Capital Requirement

Inline with NRB Directive 1/080, the following is the status of compliance with capital requirements at Ashad end 2081

Particulars	Requirement	Position
Tier I Capital to RWE	6%	8.83%
Tier I and Tier II Capital to RWE	10%	10.48%

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.

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 2081

Particulars	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Far West	Total
Revenue from external customers	9,357,590	169,324,729	542,476,806	20,433,607				741,592,732
Intersegment revenues	(3,380,003.97)	(14,506,134.57)	20,179,610	(2,293,471)				0.00
Net revenue	5,977,586	154,818,595	562,656,416	18,140,136				741,592,732
Interest income	8,660,664	156,809,995	484,930,375	19,766,364				670,167,399
Interest expenses	5,983,957	107,049,218	343,789,128	13,601,018				470,423,322
Net interest revenue	2,676,707	49,760,777	141,141,247	6,165,346				199,744,077
Depreciation and amortization	410,741	10,686,300	29,246,635	473,372				40,817,048
Segment profit/(loss)	16,824,560	20,658,160	109,696,642	(161,225)				147,018,136

Entity's interest in the profit or loss of associate accounted for using equity method

Other material non-cash items:								
Loans:								
Consumer	73,475,689	826,773,059	1,334,795,371	93,037,898				2,328,082,017
Corporate	11,292,839	767,596,608	1,544,147,324	29,679,683				2,352,716,454
Deposit								
Consumer	62,779,350	1,185,060,052	2,479,126,669	75,177,287				3,802,143,357
Corporate	11,881,252	679,331,586	1,831,902,201	153,434,939				2,676,549,977
Impairment of Assets	11,787,204	41,628,284	352,014,571	9,437,286				414,867,345
Segment Assets	64,028,167	1,893,015,304	5,040,119,767	234,066,560				7,231,229,798
Segment Liabilities	80,822,251	1,912,728,283	4,452,915,058	234,147,323				6,680,612,914

5.4.3 Measurement of operating segment profit or loss, assets and liabilities**i) Basis of accounting for any transactions between reportable segments:**

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

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

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

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

a) Revenue	
Total revenue for reportable segments	741,592,732
Other revenue	-
Elimination of intersegment revenues	-
Entity's revenue	741,592,732

b) Profit or loss	
Total profit or loss for reportable segments	147,018,136
Other profit or loss	-
Elimination of intersegment profit	-
Unallocated amounts:	
Staff bonus	15,731,084
Income tax	(3,360,083)
NFRS adjustments	(619,219,823)
Profit After income tax	(459,830,685)

c) Assets	
Total assets for reportable segments	7,231,229,798
Other assets	-
Unallocated assets	-
Entity's assets	7,231,229,798

d) Liabilities	
Total liabilities for reportable segments	6,680,612,914
Other liabilities	-
Unallocated liabilities	-
Entity's liabilities	6,680,612,914

5.4.5 Information about product and services

Particulars	Amount
Financial Intermediary Activities	651,972,432
Treasury	52,233,301
Others	13,342,485

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:	
Domestic:	741,592,732
Province 1	9,357,590
Madhesh	169,324,729
Bagmati	542,476,806
Gandaki	20,433,607
Lumbini	-
Karnali	-
Far West	-
Foreign:	-
Total Revenue	741,592,732

5.4.7 Information about major customers

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

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 Finance Company include key management personnel of the finance company.

5.7.1 Key management personnel

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

a) Board of Directors

Board of Directors of the finance company comprise the following:

Name	Position
Mr. Laxmi Prasad Maharjan	Chairperson
Mr. Shambhu Lal Dangol	Director
Mrs. Sabina Maharjan	Director
Mr. Anish Maharjan	Director
Mr. Prajol Kumar Dahal	Director
Mr. Rajbhai Dongol	Director
Mrs. Alka Joshi	Independent Director

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. 8,31,800.

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 the finance company.

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 finance company with its board members.

b) Chief Executive Officer

Mr. Anil Shrestha serves as Chief Executive Officer of the Finance Company. He is provided salary, allowance and benefits as per the contract entered on his appointment. Salary and allowances provided to Mr. Anil Shrestha during the year amounts to Rs. 51,24,644.81.

In addition, the CEO is provided vehicle facility by the finance company.

The Finance Company 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

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

Non Adjusting Event - Disclosure There are no material non-adjusting events that have occurred subsequent to 31st Ashad 2081 till the signing of this financial statements.

Adjusting Event - Disclosure

Creation of regulatory reserve is not required for recoveries made till 2081 Shrawan 32 and the same have been adjusted accordingly in the financial statement.

5.10 Other Assets

(Rs. in '000)

S.No.	Assets	Gross Amount	Specific Provision	Net Balance
1	Current Tax Assets	7,613.60	-	7,613.60
2	Investment Property	198,595.00	92,354.85	106,240.15
3	Property and Equipment	219,003.85	117,427.34	101,576.51
4	Assets held for Sale	-	-	-
5	Other non-banking assets	-	-	-
6	Bills receivable	-	-	-
7	Accounts receivable	6,093.01	-	6,093.01
8	Accrued income	3,554.34	-	3,554.34
9	Prepayment and Deposits	5,359.36	-	5,359.36
10	Income tax deposits	-	-	-
11	Deferred Employee Expenditure	-	-	-
12	Others	5,587.59	-	5,587.59
	Total	445,806.75	209,782.19	236,024.56

5.11 Net Liquid Assets to Total Deposit Ratio

(Rs. in '000)

Particulars	Amount
A Total Deposit & Borrowing	6,478,693.33
1. Total Deposits (as per NRB Ni. Fa. 9.1)	6,478,693.33
2. Total Borrowings (as per NRB Ni. Fa. 9.1)	-
B Liquid Assets	1,879,240.12
1. Cash(as per NRB Ni. Fa. 9.1)	97,192.38
2. Bank Balance (as per NRB Ni. Fa. 9.1)	12,419.91
3. Money at call and short notice (as per NRB Ni. Fa. 9.1)	559,627.83
4. Investments in government securities (as per NRB Ni. Fa. 9.1)	1,210,000.00
5. Placements upto 90 days	-
C Borrowings payable upto 90 days	-
D Net Liquid Assets (B-C)	1,879,240.12
E Net Liquid Assets to Total deposit (D/A1)	29.01%
F Shortfall in Ratio	No Shortfall
G Percentage of deposit to be added to RWE	0.00%
H Amount to be added to risk weighted exposures	-

Note (if any):

5.12 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2080-81	2079-80	2078-79	2077-78	2076-77
1	Net profit/total income	%	15.76	(74.01)	2.41	8.41	1.81
2	Earning per share						
	Basic earning per share	Rs.	14.98	(54.22)	1.42	3.35	0.55
	Diluted earning per share	Rs.	14.98	(54.22)	1.42	3.35	0.55
3	Market price per share	Rs.	426.00	408.90	246.00	396.00	146.00
4	Price/earning ratio	Times	28.43	(7.54)	172.70	118.15	264.15
5	Dividend or bonus per share	Rs.	-	-	-	-	-
6	Cash dividend	Rs.	-	-	-	-	-
7	Interest income/loan and advances	%	13.83	15.70	11.50	8.62	13.83
8	Employee expenses/total operating expenses	%	53.54	47.79	44.96	44.73	45.42
9	Employee expenses/total deposit and borrowing	%	1.91	1.86	1.45	1.65	1.67
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	12.72	-	2.22	8.18	0.04
12	Net profit/loans and advances	%	2.64	(14.01)	0.31	1.00	0.26
13	Net profit/total assets	%	0.02	(8.08)	0.19	0.66	0.16
14	Total loans and advances/total deposit	%	74.77	75.26	83.24	93.09	64.93
15	Total operating expenses/total assets	%	3.20	3.48	2.45	2.69	2.54
16	Capital adequacy ratio						
	a) Core Capital	%	8.83	8.81	21.25	28.53	44.00
	b) Supplementary Capital	%	1.65	1.59	1.21	1.10	1.32
	c) Total Capital Fund	%	10.48	10.40	22.46	29.63	45.32
17	Cash reserve ratio (CRR)	%	3.78	4.20	4.00	7.08	7.97
18	NPAs/total loan and advances	%	8.92	14.72	2.78	1.84	2.18
19	Base rate	%	10.69	14.10	12.93	9.42	11.22
20	Weighted average interest rate spread	%	4.58	4.58	4.53	3.62	4.73
21	Book net worth	Rs.	64.43	50.39	104.74	112.52	107.21
22	Total shares	No.	8,481,060	8,481,060	8,481,060	8,001,000	8,001,000
23	Total employees	No.	203.00	189.00	155.00	115.00	81
24	Others:						
	Per employee business	Rs.	3,652,861	3,283,626	3,236,765	2,773,324	3,008,623
	Employee expenses/total income	%	16.68	15.24	13.76	15.43	13.48

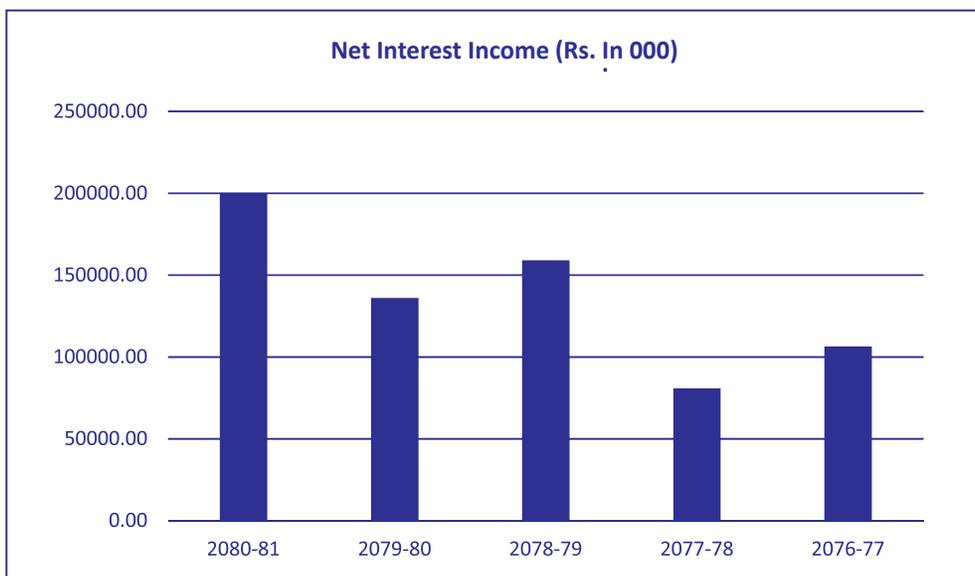
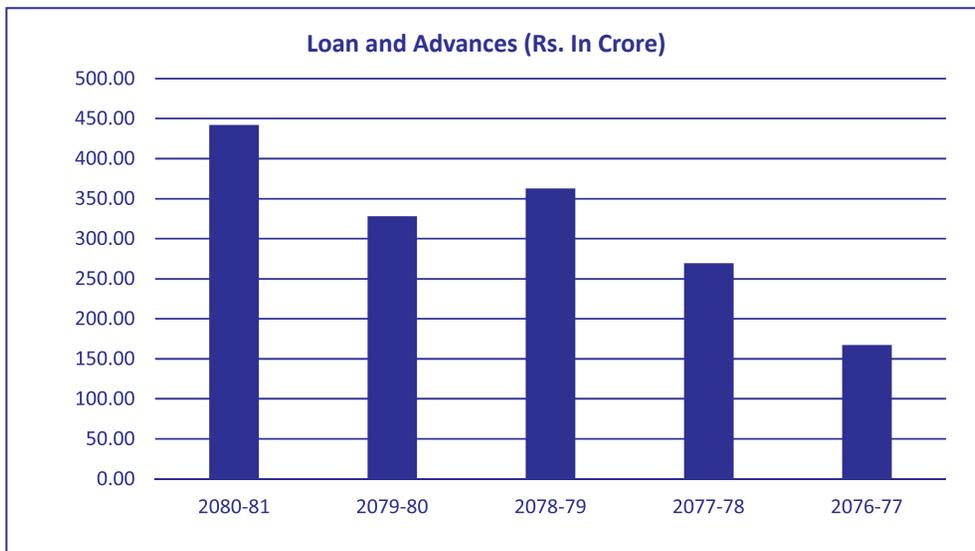
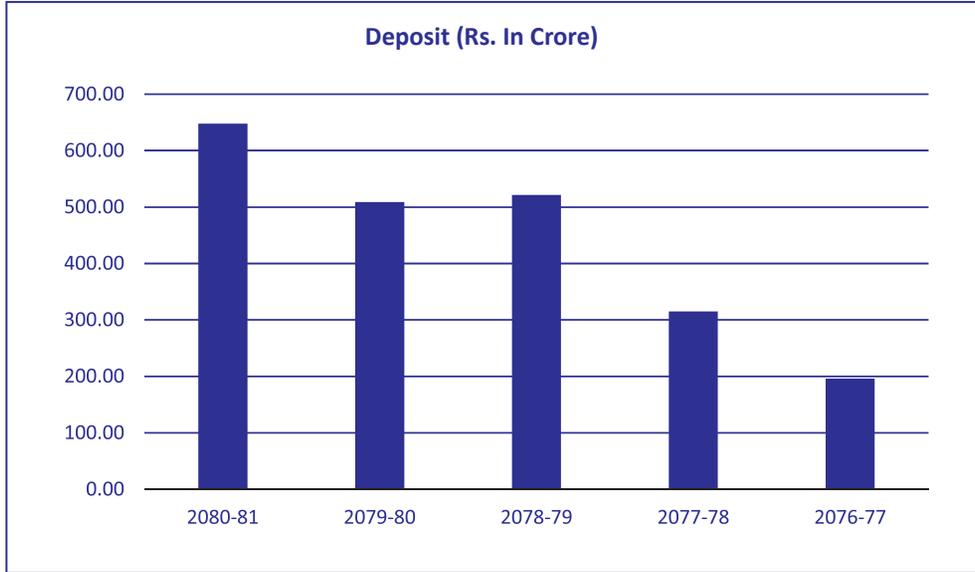
Progressive Finance Limited
Comparison Audited and Unaudited Financial Statements
Fiscal Year: 2080-81

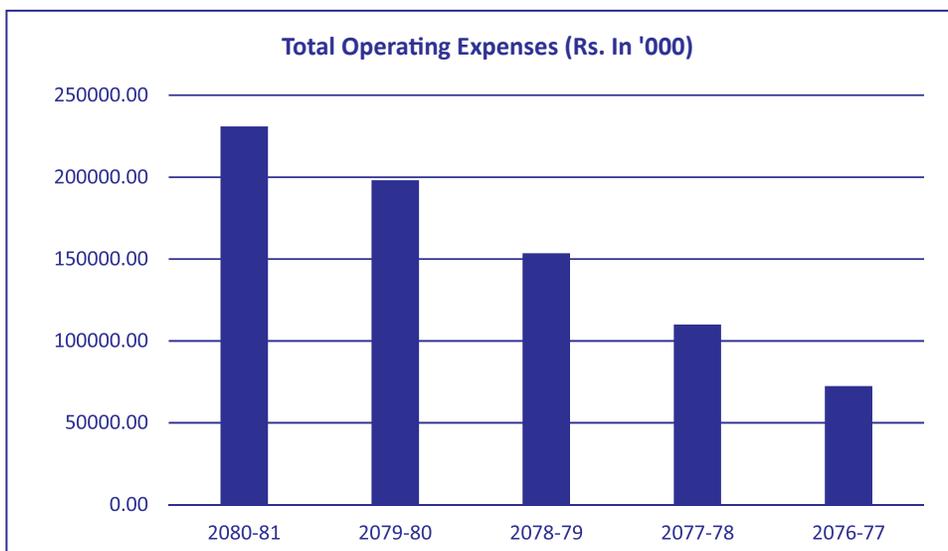
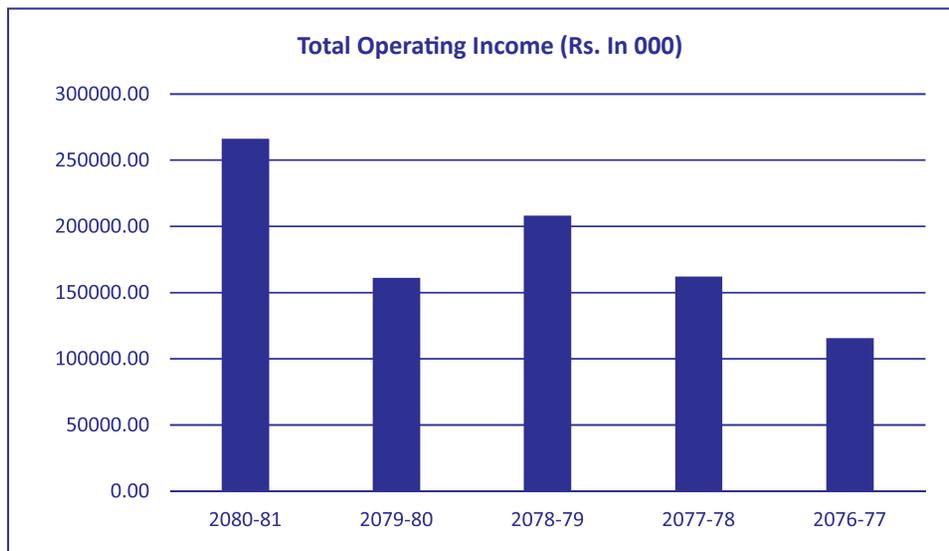
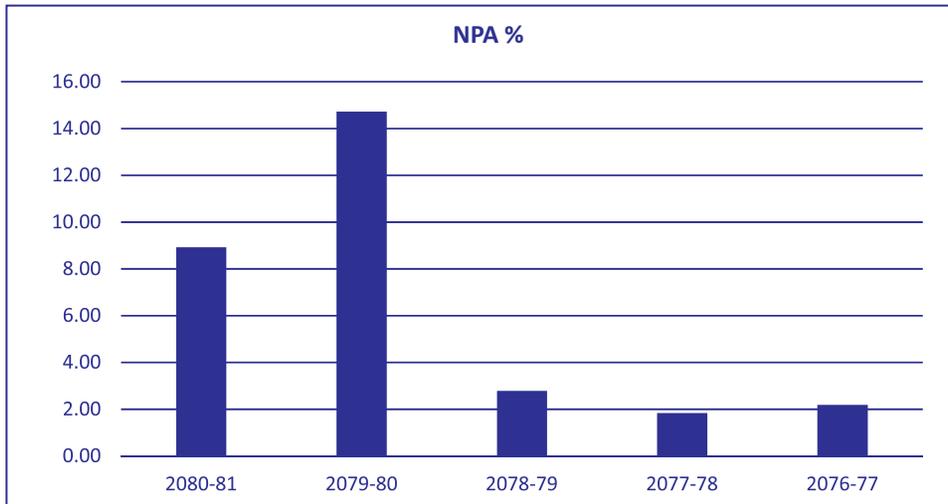
Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
			Amount in Rs.		
Assets					
Cash and cash equivalent	669,582,283	669,240,120	342,163	0%	
Due from Nepal Rastra Bank	255,437,060	255,437,056	4	0%	
Placement with Bank and Financial Institutions	-	-	-	0%	
Derivative financial instruments	-	-	-	0%	
Other trading assets	-	-	-	0%	
Loan and advances to B/FIs	485,169,823	470,888,708	14,281,115	3%	
Loans and advances to customers	3,758,811,709	3,952,004,781	(193,193,072)	-5%	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, regrouping of NBA
Investment securities	1,389,540,576	1,397,346,639	(7,806,063)	-1%	
Current tax assets	33,575,366	7,613,601	25,961,765	77%	Provision for Income Tax Adjusted
Investment in subsidiaries	-	-	-	0%	
Investment in associates	-	-	-	0%	
Investment property	125,275,827	198,595,002	(73,319,175)	-59%	Sale of NBA re-recognised as NBA after External Audit
Property and equipment	229,026,112	216,238,647	12,787,466	6%	Depreciation charge rectified for some assets and inclusion of ROU assets.
Goodwill and Intangible assets	-	2,765,207	(2,765,207)	0%	Reclassified from Property & Equipment
Deferred tax assets	11,182,409	10,079,691	1,102,718	10%	Recomputation of tax liability
Other assets	86,790,693	46,180,159	40,610,534	47%	Staff Loans & Advances regrouped to loans & advances & sale of NBA de-recognised.
Total Assets	7,044,391,860	7,226,389,610	(181,997,751)		
Liabilities					
Due to Bank and Financial Institutions	171,952,085	317,235,657	(145,283,572)	-84%	Reclassification
Due to Nepal Rastra Bank	-	68,400,000	(68,400,000)	0%	Reclassification
Derivative financial instruments	-	-	-	0%	
Deposits from customers	6,306,651,249	6,093,057,677	213,593,572	3%	Reclassification
Borrowing	-	-	-	0%	
Current Tax Liabilities	-	-	-	0%	
Provisions	-	-	-	0%	

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		In %	Reasons for Variance
			In Amount	In %		
Deferred tax liabilities	-	-	-	-	0%	
Other liabilities	181,304,304	201,256,540	(19,952,236)	(11%)		Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.
Debt securities issued	-	-	-	0%		
Subordinated Liabilities	-	-	-	0%		
Total liabilities	6,659,907,638	6,679,949,875	(20,042,237)			
Equity						
Share capital	848,106,000	848,106,000	-	0%		
Share premium	-	-	-	0%		
Retained earnings	(616,936,574)	(497,778,966)	(119,157,608)	19%		Resulting change of all adjustments related to Statement of Profit or Loss and regulatory reserve
Reserves	153,314,796	196,112,701	(42,797,905)	-28%		Change in profit changed the allocation to reserves along with change in fair value of investment
Total equity attributable to equity holders	384,484,222	546,439,736	(161,955,514)			
Non-controlling interest	-	-	-			
Total equity	384,484,222	546,439,736	(161,955,514)			
Total liabilities and equity	7,044,391,860	7,226,389,610	(181,997,750)			
Statement of Profit or Loss						
Interest income	622,430,008	670,167,399	(47,737,391)	-8%		Change in accrued interest on recalculation
Interest expense	470,423,322	470,423,322	0	0%		Recalculation of Interest Expenses on Accrual Basis
Net interest income	152,006,686	199,744,077				
Fee and commission income	860,185	39,293,154	(38,432,969)	-4468%		Reclassification to Other operating income
Fee and commission expense	-	686,908	(686,908)	0%		
Net fee and commission income	860,185	38,606,246				
Net interest, fee and commission income	152,866,871	238,350,323				
Net trading income	-	-	-	0%		
Other operating income	52,343,707	27,870,179	24,473,528	47%		Reclassification from Fees and Commission income
Total operating income	205,210,578	266,220,502				
Impairment charge/(reversal) for loans and other losses	19,448,402	(126,215,633)	145,664,035	749%		Impairment of NBA wrongly classified as Impairment of Loans in un-audited Financial Statements
Net operating income	185,762,176	392,436,135				
Operating expense	223,448,262					
Personnel expenses	98,652,103	123,664,565	(25,012,462)	-25%		Finalized calculation of leave and bonus
Other operating expenses	101,302,075	66,513,153	34,788,922	34%		Reclassified Loan written off as Non Operating Expenses as per NRB Directives.

Depreciation & Amortisation	23,494,084	40,817,048	(17,322,964)	-7.4%	Correction on calculation of depreciation and inclusion of ROU Depreciation.
Operating Profit	(37,686,086)	161,441,370			
Non operating income	-	4,262,000	(4,262,000)	0%	Reclassification from other operating income
Non operating expense	390,019	24,123,616	(23,733,597)	-608.5%	Reclassified Loan written off as Non Operating Expenses as per NRB Directives.
Profit before income tax	(38,076,105)	(463,190,768)			
Income tax expense		24,722,664	(24,722,664)	0%	
Current Tax	-	25,961,765	(25,961,765)	0%	Recomputation of tax liability
Deferred Tax Expenses/(Income)	-	(1,239,101)	1,239,101	0%	Recomputation of tax liability
Profit for the period	(38,076,105)	116,857,089			
Other comprehensive income	(3,842,420)	1,621,824	(5,464,244)	142%	Due to remeasurement of fair value of unquoted equity instruments
Total comprehensive income	(3,842,420)	116,857,089	(120,699,509)	314.1%	
	(41,918,525)	118,478,913	(160,397,438)	383%	
Distributable Profit					
Net profit/(loss) as per profit or loss	(38,076,105)	116,857,089	(154,933,194)	407%	
Add/Less: Regulatory adjustment as per NRB Directive	79,590,970	115,366,553	(35,775,583)	-45%	Impairment of NBA wrongly classified as Impairment of Loans in un-audited Financial Statements
Free profit/(loss) after regulatory adjustments	(117,667,075)	1,490,535	(119,157,611)	101%	

फर्कर हेर्दा







**नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग**

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलमत्त/ प्रोग्रेसिभ/०८१/८२
च.नं.: १८२

श्री प्रोग्रेसिभ फाइनेन्स लिमिटेड,
तीनकुने, काठमाडौं ।



मिति : २०८१/०९/०४

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

विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०८०/८१ 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 २०८०/८१ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसंग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (क) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नु हुन ।
- (ख) निष्क्रिय कर्जा अनुपातलाई क्रमिक रूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्नु हुन ।
- (ग) संस्थाको आन्तरिक नीति नियमको पालनामा सजग रहनु हुन ।
- (घ) यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०८० बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नु हुन ।
- (ङ) 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 गर्नु हुन ।

भवदीय,

(अमृत बहादुर बुढाथोकी)
उप-निर्देशक

बोधार्थ:

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

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



3147

चलानी नं.: २९४/०८९/०८२

मिति: २०८१/०९/१६

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



विषय: प्रत्युत्तर सम्बन्धमा।

महोदय,

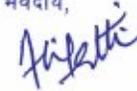
तहाँबाट यस संस्थालाई आर्थिक वर्ष २०८०/८१को वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति सम्बन्धमा मिति २०८१/०९/०४ को प.सं.वि.कं.सु.वि./गैरस्थलगत/प्रोग्रेसिभ/०८१/८२को पत्रानुसार सहमति प्रदान गरिएको व्यहोरा अवगत भयो। साथै सो पत्रमा उल्लेखित कैफियतहरू तथा निर्देशनहरू पालना गर्न संस्था सदैव प्रतिबद्ध रहेको समेत जानकारी गराउँदछौं।

निर्देशन तथा कैफियतहरूका सम्बन्धमा प्रत्युत्तर :

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

तहाँ बैंकबाट प्राप्त निर्देशनहरू यस संस्थाको लागि सदैव मार्गदर्शकका रूपमा रहने व्यहोरा हार्दिक अनुरोध गर्दछौं।

भवदीय,



अनिल श्रेष्ठ

प्रमुख कार्यकारी अधिकृत



बोधार्थ:

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



प्रोग्रेसिभ फाइनेन्स लि.

वित्तीय संस्थाको नियमावलीमा संशोधनको लागि तीन महले सहितको प्रस्ताव

दफा	साविक व्यवस्था	हाल गर्नुपर्ने संशोधन	संशोधन गर्नुपर्ने कारण/ औचित्य
२९ (१)	<p>ख) सञ्चालक समितिको बैठकमा उपस्थित भएबापत अध्यक्ष र अन्य सञ्चालकले पाउने प्रति बैठक भत्ता क्रमशः रू. ५,०००/- र ४,०००/- हुनेछ। तथा टेलिफोन, पत्रपत्रिका र सवारी भाडा बापत प्रतिमहिना रू. ३,०००/- भुक्तानी दिइनेछ।</p> <p>ग) वित्तीय संस्थाको कामको सिलसिलामा सञ्चालकलाई प्रदान गरिने दैनिक तथा भ्रमण भत्ता देहाय बमोजिम हुनेछ :- (अ) स्वदेशमा दैनिक भत्ता रू. ३,०००/- (आ) भारतमा दैनिक भत्ता भा.रू. ३,०००/-</p>	<p>ख) सञ्चालक समितिको बैठकमा उपस्थित भएबापत अध्यक्ष र अन्य सञ्चालकले पाउने प्रति बैठक भत्ता क्रमशः रू. १२,०००/- र रू. १०,०००/- हुनेछ तथा टेलिफोन, पत्रपत्रिका र सवारी भाडा बापत प्रति महिना रू. ५,०००/- भुक्तानी दिइनेछ।</p> <p>ग) वित्तीय संस्थाको कामको सिलसिलामा सञ्चालकलाई प्रदान गरिने दैनिक तथा भ्रमण भत्ता देहाय बमोजिम हुनेछ :- (अ) स्वदेशमा दैनिक भत्ता रू. ६,०००/- (आ) भारतमा दैनिक भत्ता भा.रू. ६,०००/-</p>	<p>वि.सं. २०७६ मा निर्धारण गरिएको बैठक भत्ता तथा दैनिक भ्रमण भत्ता समय सापेक्ष वृद्धि गर्न आवश्यक देखिएकोले।</p>



Management Team



Corporate Office Team

Our Networks:

• Newroad, Kathmandu
01-5346403/01-5346402

• Banepa, Kavre
011-660132

• Pokhara, Kaski
061-578911/061-578922

• Sabaila, Dhanusha
9851175205/01-5970110

• Chhireswarnath, Dhanusha
9844536661/01-5970110

• Malangwa, Sarlahi
046-521833

• Patan-Sundhara, Lalitpur
01-5554436/01-5554438

• Hetauda, Makwanpur
057-590636/057-590654

• Itahari, Sunsari
025-590166/025-590177

• Bharatpur, Chitwan
056-596608

• Barahathawa, Sarlahi
046-540466

• Janakpur, Dhanusha
041-591022

• Panchkhal, Kavre
011-499406

• Gaushala, Mahottari
044-556220

• Simara, Bara
053-590793/053-590794

• Tinkune, Kathmandu
01-5970110/01-5199664/01-5199665

• Birgunj, Parsa
051-591782/051-591783

• Lalbandi, Sarlahi
046-590085

• Godar, Dhanusha
041-413075

• Jaleshwar, Mahottari
044-590067

• Yadukuwa, Dhanusha
041-410061

• Sanagaun, Lalitpur
01-5923010

Extension Counter

• Mahalaxmishthan, Lalitpur
01-5546294

• Nala, Kavre
011-411035

• Padampokhari, Makwanpur
057-415081

• Thimi, Bhaktapur
01-5639523



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 **Progressive
Finance Limited**
प्रोग्रेसिभ फाइनान्स लिमिटेड

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