



सन्राइज बैंक लिमिटेड
SUNRISE BANK LIMITED

RISING TO SERVE

www.sunrisebank.com.np

ANNUAL REPORT

2013/14 A.D.(2070/71 B.S.)

BOARD OF DIRECTORS



MR. MOTILAL DUGAR
Chairman



DR. BHOGENDRA GURAGAIN
Director



ER. BACHH RAJ TATER
Director



MR. SHRAWAN KUMAR GOYAL
Director



MR. MALCHAND DUGAR
Director



**DR. DEEPAK PRASAD
BHATTARAI**
Public Director



MR. DEEPAK NEPAL
Public Director



MR. JYOTI KUMAR BEGANI
Public Director



MR. SHANKHAR PD. DAHAL
Professional Director



MR. ISHWOR KUMAR PATHAK
(Company Secretary)

FINANCIAL GLANCE OF THE YEAR 2013/14

DEPOSITS

26,617M
↑ 14%

GROSS LOANS

20,978M
↑ 14%

NET PROFIT

247M
↓ 21%

NET INTEREST INCOME

1,095M
↑ 11%

OTHER OPERATING INCOME

309M
↑ 15%

STAFF & OPERATING COST

624M
↑ 14%

LOAN LOSS PROVISION

467M
↑ 27%

PROVISION WRITE BACK

94M
↓ 55%

TAX TO GOVERNMENT

124M
↓ 16%

NET INTEREST SPREAD

4.55%
↓ 0.21%

NPA PERCENTAGE

4.94%
↑ 1.20%

LIQUIDITY

33.31%
↓ 0.20%

CAPITAL ADEQUACY

11.49%
↓ 0.31%

EARNING PER SHARE

11.03
↓ 4.43

CLOSING SHARE PRICE

510
↑ 278

NO OF EMPLOYEES

445
↓ 5

NO OF BRANCHES/ATM

51/61*
↑ 2/4

NO OF ACCOUNTS

2,50,000
↑ 16%

(* Currently Bank has 53 branches & 64 ATMs) (M = million)

CHAIRMAN MESSAGE



Dear Shareholders,

I am privileged to welcome all our distinguished shareholders, guest and stakeholders to the Seventh Annual General Meeting of Sunrise Bank Limited and would like to present the Bank's Annual Report for the Financial Year 2013/14.

I am delighted to state that the bank has been able to increase its Balance Sheet size by 14% which is a satisfactory growth despite some adverse market conditions like excess market liquidity, decreasing interest spread and unstable political condition. The bank has been able to achieve a growth of 14% both in terms of Deposits and Loans & Advances. However due to provision of loan loss on certain bad loans bank's profitability has been reduced by 21%.

The Capital Adequacy Ratio of the Bank remained at 11.49% which is above our prescribed regulatory requirement.

I am very pleased to announce that the Seventh Annual General Meeting has passed the issue of 15% Right shares.

Two new branches have been established at Dumre and Butwal during the review period. The bank established other two branches at Lahan and Gaighat during the year. The bank has also opened its first extension counter at B.P. Koirala Institute of Health Sciences. Currently the bank has been extending services to our valued customers through 53 branches, 1 extension counter and 64 ATM outlets.

We have successfully operated for the seventh consecutive years with the support of our stakeholders. We further endeavor to move towards excellence thereby benefiting our stakeholders and the organization.

With the increased market competition as well as bargaining power of customers and compliance with internal, national and international standards etc it is evident that the bank will have to face several challenges in the various aspects in the coming financial years. However the Bank is confident with its dedicated board and employee along with its valued customers to overcome those challenge and enhance the return to its stakeholders.

Based on the first three quarter performance of the bank, I am very much confident that Bank will deliver better financial result in current financial year without compromising on its prudent approach on credit and corporate governance.

Finally, I would like to thank my Board members for their valuable contribution and continuous support in bringing this organization so far. Further, I would also like to express my sincere gratitude to our valued customers without whom the journey so far would not be possible. I would also like to thank the statutory authorities: Nepal Rastra Bank, Securities Exchange Board of Nepal, Nepal Stock Exchange, Company Registrar Office, Finance Ministry, Nepal Government and Other Statutory bodies. I would also like to express my appreciation to all our employees for their sincere effort and continuous support throughout this glorious journey.

Thank You,
M. Dugar
Chairman

FROM THE DESK OF CHIEF EXECUTIVE OFFICER



It is my immense pleasure to share with you all that Sunrise Bank Limited has completed its seventh glorious years of operation. In this moment, I would like to extend my gratitude to all our customers, shareholders, employees, business partners and stakeholders for their continuous support throughout this journey. The Fiscal Year 2013/14 has been yet another challenging year for us. Despite the challenges, we have been able to earn an Operating profit before loan loss provision of NPR 779.28 Millions. We have grown our deposit base to NPR 26.61 billion and our lending base to NPR 20.98 billion. We have our primary focus on business expansion coupled with unparalleled service delivery. Our branch expansions have helped us in increasing and diversifying our clientele base and we further endeavor to expand our financial reach to many other untapped markets in the country.

Although the net profit of the bank has reduced during the year, the Bank's profitability will show a greater upward move in the current financial year. The materialization of NPA recovery, control in operating cost will result in the increase in profit of the Bank.

Currently bank is serving its valued 250,000 customers through 61 ATMs and 53 branches across the countries. We will continue to focus in Retail & Small Business Loan and Agriculture Loan focusing direct benefit to the marginalized farmers. We believe in achieving another milestone through this product. Reaching to the masses catering their small loan requirements through our wider branch network has remained our priority. Our prime focus will always be the greater

customer satisfaction and the better return to the stakeholders.

Amidst the unstable political situation, stringent regulatory requirements and cut to throat competition in the financial market; we have been able to earn a considerable amount of profit. This has only been possible through the joint support of all our stakeholders and dedicated team of employees.

As always, our human capital has been our greatest intangible assets. We have invested a good chunk on improving our human capital for organizational efficiency and productivity. Further, with the view of continuously improving our service delivery, we have focused on upgrading IT support.

Thank You,
Ratna Raj Bajracharya
Chief Executive Officer

DIRECTOR'S REPORT

Respected Shareholders,

I am glad to present on behalf of Board of Directors the Balance Sheet, Profit & Loss Account and Cash Flow Statements of Financial Year 2013-14 along with summary of Bank's progress & developments, Operational Challenges and complete banking sector analysis. This report is prepared in accordance to Company Act, 2063, Banks & Financial Institution Act, 2063 and NRB Circulars & Directives issued from time to time.

GLOBAL ECONOMIC CONDITION

Although the global economy is slowly reviving from the adverse effect of recession, the aggregate internal demand of developed countries is still weak which is assumed to exert less pressure on the overall inflation of the world. According to the IMF, the World's economic growth is forecasted to be 3.6% and 3.9% in 2014 & 2015 respectively. The US economy is expected to grow by 2.8% and Euro Zone is expected to grow by 1.2% while the emerging and developing countries are expected to grow by 4.9%. The adverse effects of the financial crisis prevailing in America, Euro Zone, Japan and developed countries are expected to end in 2014/15 and hence the improvement in these economies is assumed. Similarly, our neighboring countries India and China which had achieved the economic growth rate of 4.4% and 7.7% respectively in 2013 are expected to grow by 5.4% and 7.5% respectively.

With the improvement seen in the economy of the developed countries, the economic activities in the emerging and developing countries have expanded and global trade volume have widened. Specially, since the increase in price level of the Euro Zone is below the targeted level, it will have contractionary effect on the world's aggregate inflation rate.

NATION'S ECONOMIC CONDITION

During the FY 2013/2014 the actual GDP growth rate at base price stood at 5.2% while the average consumer inflation stood at 9.1%. Similarly, the country's net export reached NPR 90.29 Billion with an increase of 17.4% while the import also increased to NPR 708.76 Billion which led to a vulnerable trade deficit. However, due to the remarkable improvement in the remittance inflow, tourism and subsidy the current account of balance of payment showed a surplus of NPR 89.85 Billion.

In the FY 2013/14, due to the remarkable increase in remittance inflow, there had been wide expansion in deposit collection in comparison to loan outflow in the BFIs which had led to high liquidity in the BFIs. According to the preliminary estimation of Central Bureau of Statistics, the actual GDP growth rate stood at 5.2% at base price and 5.5% at production price. In the first 11 month of FY 2013/14, the balance of payment showed a surplus of NPR 109.56 Billion. The net export and net import increased by 16.9% and 27% respectively in the review period.

FINANCIAL SECTOR'S CONDITION IN NEPAL

Although the increase in number of merger and acquisitions of the BFIS has decreased the number of BFIs, the business expansion of such institutions had increased the financial reach. Due to the high liquidity

prevailing in the banking sector since the beginning of FY 2013/14, the temporary interest rates have remained minimal. To make the interest rate on loan transparent and competitive and the spread rate minimal, the BFIs has adopted the base rate regime since FY 2013/14. The base rate has been gradually decreasing.

Similarly, total number of branches of “A” category commercial banks remained 1547 (previously 1486), “B” category development banks remained 818 (previously 764), “C” category financial institutions remained 239 (previously 242) and “D” category cooperatives remained 826 (previously 634) totaling to 3430 (previously 3126).

NATIONAL STOCK MARKET

The stock market capitalization increased by 88.40 percent on a year to year basis to NPR 922.83 Billion in Mid-June 2014. The stock market capitalization as on Mid-June 2014 accounts to 47.9% of the GDP.

Out of the total market capitalization as on mid-June 2015, the share of banks and financial institutions (including insurance companies) stood at 75.8% while that of the manufacturing and processing companies, hotels, business entities, hydropower and other sectors stood at 2.2%, 2.7%, 0.1%, 8.6% and 10.6% respectively. On a year to year basis, the total paid up capital of the listed companies increased by 15.4% to NPR 145.35 Billion in the Mid-June 2015.

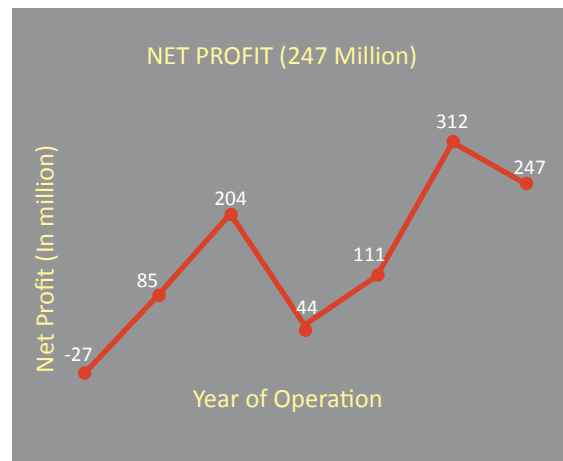
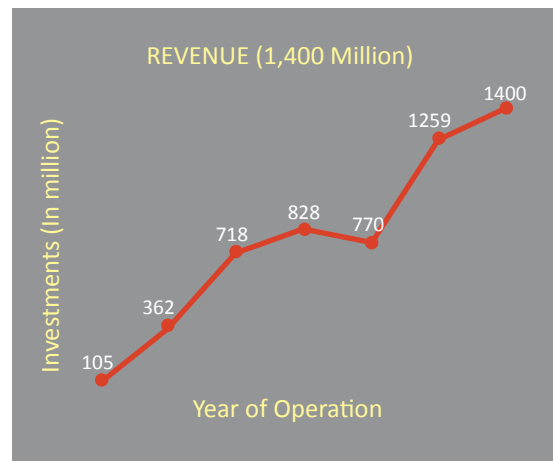
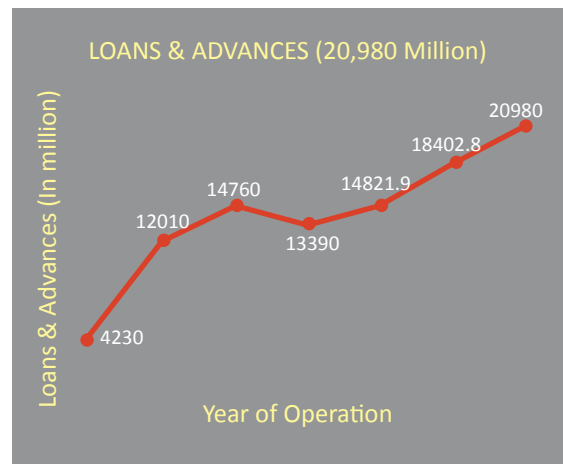
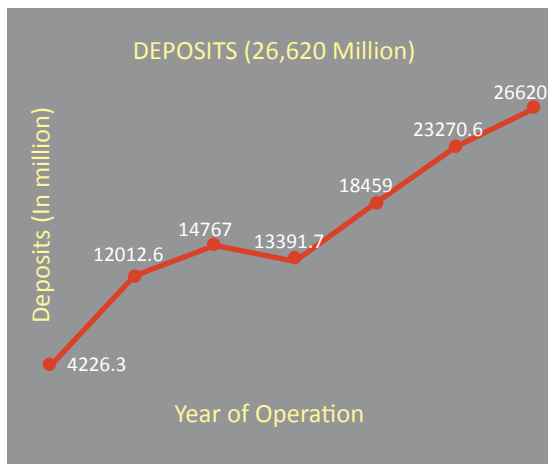
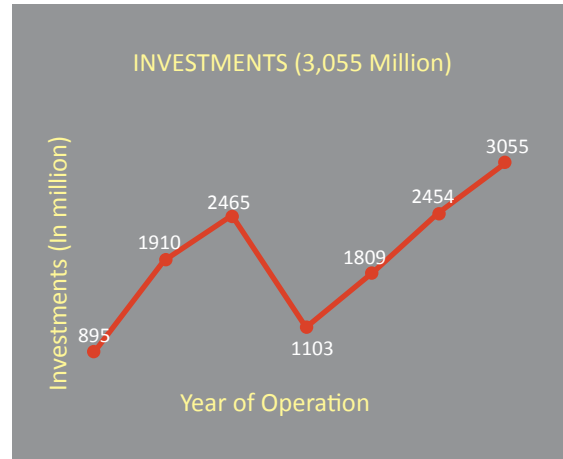
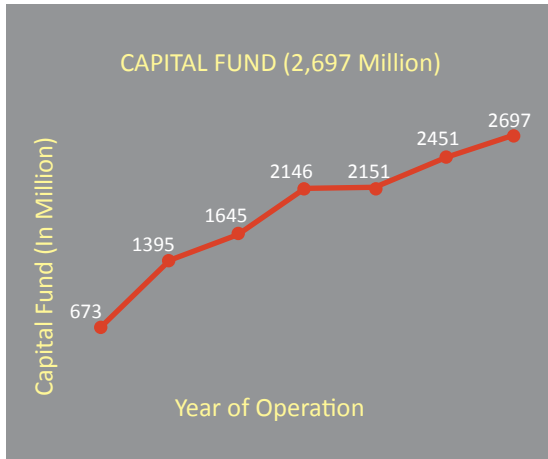
ECONOMIC DEVELOPMENT & BANKING CHALLENGES

We are all aware about the slowdown in economic growth of the nation due to frequent governmental changes, decline in industrial sector, and lack of budget in Capital expenditure. Though we observed the increase in governmental revenue but the main cause of the same is only increase in imports. The internal revenue collection doesn't have any significant share in the total revenue. The effect of same has been seen on Employment sector, due to which the number of youths migrating for foreign employment is increasing, which has created dissatisfaction between the ones working in the country. Due to unfriendly investment economic condition and the unstable government policies, the investment opportunities couldn't be created. The effect of same has seen the increasing migration to urban sector and change in consumer behavior towards imports and retail business due to increase in remittance income.

Along with these challenges NRB has implemented the 5% ceiling on the net interest spread (difference between loan's yield rate and deposit cost rate) of the bank. This ceiling will adversely affect the profitability of the overall financial institution.

ANALYSIS OF BANK'S PROGRESS

Summary of the banks progress in different field from the year of operation has been presented below:



REVIEW OF THE YEAR 2013-14

The overall position and growth of the bank has been summarized below.

Amount in Thousands

PARTICULARS	Mid July 2014	Mid July 2013	CHANGE
Paid Up Capital *	2,236,650	2,236,650	0%
Deposits	26,616,667	23,270,603	14%
Gross Loans & Advances	20,978,239	18,402,769	14%
Total Assets	29,661,322	26,128,839	14%
Net Worth	2,697,918	2,451,145	10%
Net Profit	246,773	311,609	-21%

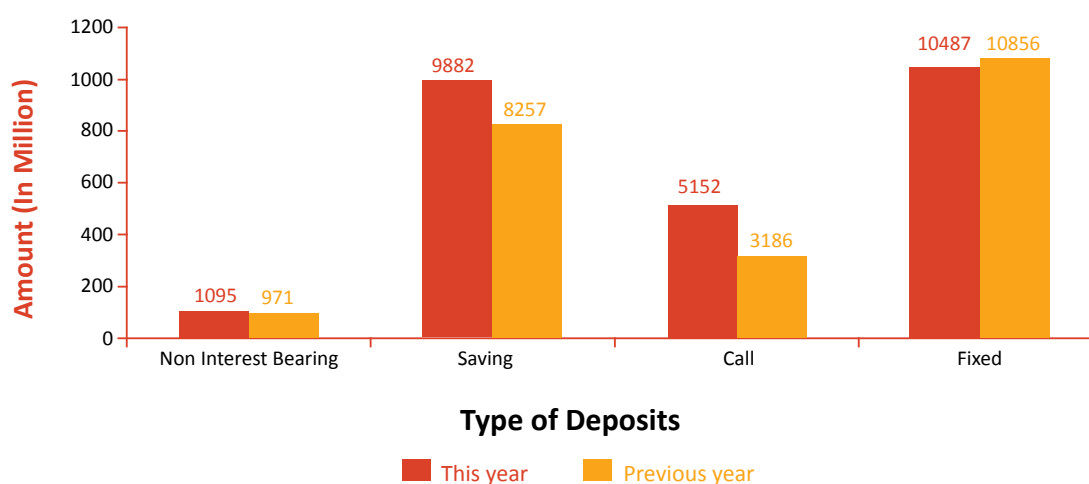
The Balance Sheet grew by the 14%. The total balance sheet size of the bank has now crossed Rs 29 Billion. Loans & Deposit has grown by 14% as compared to previous year. Although the banking transaction increased considerably, due to the increase in bad loans, the bank's profit decreased by 21%.

DEPOSITS

Deposit is the resource for the banking business. In the current year, the bank's deposit increased by 14% and reached Rs 26.62 Billion at the mid July 2014. The bank has given priority to low interest bearing deposits rather than the high interest bearing deposits. Hence, the Total Fixed Deposits decreased by 3% to NPR 10.48 Billion while the Total Saving Deposits of the bank increased by 20% to NPR 9.88 Billion.

The interest bearing accounts have increased by 13% while the Total Deposits have increased by 14%.

At the end of the year 2013/14 mix up of the bank deposit stands as follows:



LOANS & ADVANCES

The loans and advances of the bank showed an increase of 14% totaling NPR 20.98 billion as on year end. Due to the emphasis of bank in the productive & SME sector, the bank has been able to achieve the growth. In accordance to the bank's strategy to invest in small and medium enterprise, the bank has been focused on SME sector and has been able to achieve the growth. The Retail & SME constitute 35% of the total Loan & Advances of the bank. Bank is continuously focusing on reducing the low yield but high risk corporate loans.

Bank has made remarkable investment in the agricultural and deprived sector lending due to which the bank has been able to generate considerable amount of service fee and also increase investment in agricultural and production sector. Although there has been increase in loan amount due to increased liquidity, the decrease in real estate loan has affected the income of the bank. The Real Estate Loan's share has declined to 10.89% from 14.47% as compared to previous year.

Despite of adverse market conditions, the bank has been successful on recovering the bad loans amounting Rs 93.50 Million. Bank has increased the resources in recovery of the bad loans and we expect greater recovery in the coming year. During the year bank has written off loans amounting NPR 14.60 Million.

Bank has always given high priority to Risk Management. As per the NRB directives the Risk Bearing Fund comprises NPR 1,039.90 Million as on year end. The bad loan to Total Loans and Advances is 4.94% at the end of the year which has risen by 1.20% as compared to previous year.

CREDIT DEPOSIT RATIO & LIQUIDITY ISSUE

Bank hasn't faced liquidity crises in any of the time during the previous year. Bank has always maintained the CCD ratio below 80% in accordance to NRB Directives. At the yearend bank maintained the CCD ratio as 74.14%.

TREASURY OPERATION

High liquidity in the domestic market has affected the treasury operation of the bank. Due to the impact in the capital market, it is found that the investment opportunities have been continuously declining. The sluggish move of capital market has reduced the inter bank transactions and the earning scope of the bank has been significantly reduced.

The Total Investment of the bank has increased by 24.49% amounting to NPR 3050 millions at the end of the year. Among the total investments 82% is occupied by the Governmental Securities whereas 15% is occupied by the Investments in Foreign Financial Institutions. Treasury bill rate fell below 0.001% by the year end making the capital market more adverse.

UNPAID DIVIDEND

The amount of unpaid dividend at the end of the year is NPR 28.9 Million which also comprises the dividend for preceding three years.

NET INTEREST INCOME

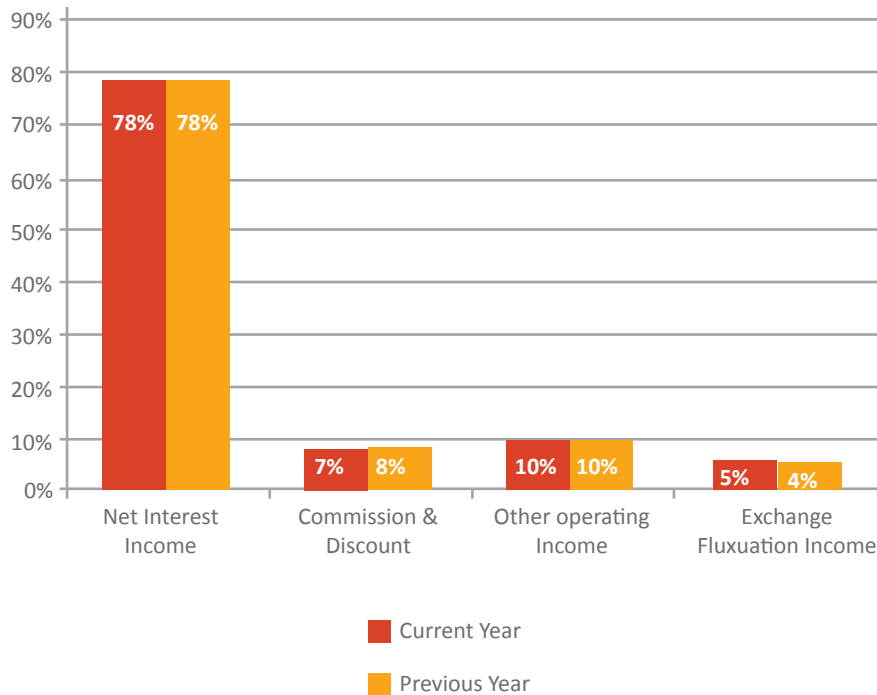
During the year bank has earned net interest income of NPR 1,095 Million which is an increase of 11% from the previous year. The bank is further dedicated to recover interest of past due loan in the upcoming days..

OTHER INCOME

Commission & Discount, Other Operating Income and Foreign Exchange Gain are the other income of the Bank. During the year bank has earned NPR 310 Million as other income. Trade Finance and Loan Management fees are the major source of these incomes. During the year bank earned NPR 104.10 Million as Commission & Discount which is 10% increase as compared to previous year. The Other Operating income comprises NPR 141.30 Million and foreign exchange gain comprises NPR 63.20 Million.

The share of different types of income for the year is detailed below:

Income Mix of the Pass Two Years



OPERATING COST

During the year the operating cost of the bank has increased by 14% and totaled to NPR 624.40 Million. The share of Staff Cost in Operating cost is 42% which was 40% during previous year. The staff cost increased only by 21% due to the increase in salary and promotion of the eligible staffs.

Depreciation & amortization increased of 5% while the other operating cost increased by 11% in the review period.

The Actual Operating Cost Mix is highlighted with the diagram below:

Expenses Mix of the Pass Two Years



PROFIT & LOSS APPROPRIATION

The Net profit of NPR 246.80 Million earned by the bank during the year has been appropriated as follows:

Amount in NPR Thousand

PARTICULARS	CURRENT YEAR	LAST YEAR
Profit for the year	246,773	311,609
Profit up to Previous year	17,664	7,444
Investment Adjustment Reserve	-	-
TOTAL	264,437	319,053
APPROPRIATION		
General Reserve	49,355	62,322
Exchange Fluxuation Reserve	6,919	1,890
Investment Adjustment Reserve	250	147
Deferred Tax Reserve	12,298	3,714
PROFIT ATTRIBUTABLE FOR DISTRIBUTION	195,615	250,980
Proposed Bonus Shares	-	221,650
Proposed Dividend	-	11,666
RETAINED EARNINGS	195,615	17,664

CURRENT YEARS PROGRESS

The progress of Second Quarter of the Bank as compared to Second Quarter of the previous year is analyzed as:

Amount in NRs Thousands

PARTICULARS	Mid January 2015	Mid January 2014	Change
Operating Profit (Before LLP)	264,517	188,424	40%
Net Profit	260,451	205,830	27%
Total Deposits	29,210,859	25,329,556	15%
Gross Loans & Advances	24,340,274	20,819,108	17%

The progress of the bank in the first two quarters of the fiscal year remained encouraging. The bank was able to increase the Total Loan by 15% and Total Loans and Advances by 17%. The Operating Profit also showed the 40% increase where as the Net Profit increased by 27% in comparison to the First quarter of the last fiscal year. Despite of the country's economic condition, unstable political condition, increasing competition that adds challenge to the bank in the coming days, the board is still certain that bank will encounter such problem tactfully.

BRANCH EXPANSION

Regular Analysis of need of branch is being done for the current year. In the review period, the bank has been able to add two branches at Dumre and Butwal and has also planned to further expand two other branches. The bank has also opened its first extension counter at B.P. Koirala Teaching Hospital, Dharan and expanded 52nd branch at Lahan branch.

SERVICE EXPANSION

Bank is always in the process of developing its services. Bank never compromises on its Quality and Services. As a result bank has developed different types of Deposits account. Bank is planning to launch Visa Credit Card system very soon. Bank is providing its services via 51 Branches & 61 ATMs.

MERGER & ACQUISITION

To strengthen the capital base and expanding the business bank had already made a study to merge other financial institutions.

TECHNICAL DEVELOPMENT & INFORMATION SYSTEM MANAGEMENT

Bank is always in the favor of implementing advanced technologies. All the Branches are

well equipped with Optical Fiber and VSAT, which has facilitated the Real Time Book Keeping Systems reducing the problem of Data Redundancy, Data Error etc. With the implementation of new banking software T24 during the year 2011/12 and approved policy of the Information Technology bank has safeguarded the interest of the stakeholders. The MIS system of the bank has improved a lot. We have also implemented Business Insight (BI) for the ease of the data availability. The Data Centre Operation, Hardware, Network Security and Computer System are regularly monitored by the Compliance and Internal Audit Department.

REMITTANCE BUSINESS

Remittance business is being increased by the bank via agreement with remittance agencies like Western Union, Habib Express, Three Star Remit. Apart from this bank is also promoting its own remittance business named Suryodaya Remit.

We have also arranged services via different Exchange Co. of United States, United Kingdom, Australia, Qatar, Israel, Oman, UAE, Malaysia and Italy. We have also arranged the remittance services for the Branch less area via more than 200 centers of KRS Solution Pvt Ltd. We are also working for the need of the services and area for the improvement.

HUMAN RESOURCE

Bank has always considered its human resource as the important resource. With the increasing business volume and branch the number of employee has increased during the year. With the changing scenario, progressive economic environment, the bank provides various internal and external trainings to its staffs for enhancing their skills. We believe that the skilled manpower can not only improve the daily works but can generate new ideas and technologies at workplace.

BOARD OF DIRECTORS

As per the Companies Act, 2063 and Banks & Financial Institution Act, 2063 we have 5 Promoter Directors, 3 Public Directors and 1 Independent Professional Director totaling to 9 Directors. The vacant post of one public director has been filled in seventh AGM. Mr. Jyoti Kumar Begani has been appointed as a public director in seventh AGM. We would like to welcome Mr. Begani in the bank's BOD wishing him success in his future assignments.

All the directors have signed the code of ethics issued by Nepal Rastra Bank. The major responsibility of the Board is to formulate the plans and policies for the bank's operation, supervise the implemented Bank's Policies, review of the bank's progress, to comply with the regulatory requirements and to ensure overall safety for the Depositors and Shareholders.

BOARD MEETINGS

Board Meetings are regularly held as per the prevailing laws. During the year 31 board meeting were held with the board meeting allowance totaling to NPR 0.987 Million.

AUDIT COMMITTEE

As per the Nepal Rastra Bank Directions, bank has an independent Audit Committee chaired by the Non-Executive Director. The main responsibility of the committee is to review the internal control system, review of internal audit system, Economic Analysis and assurance of the correctness of financial data of the Banks. The committee is actively participating in the internal control analysis and always providing suggestions on development of the Bank's Services. The committee analyzes the report of the both internal and statutory auditors. The analysis and review of the implementation of the suggestions made

by both type of auditors is done by the committee. The top management of the banks is also invited in the committee as per the need.

The Committee is regularly analyzing the reports of internal auditor and suggesting the branches/departments/managements for the improvements. The committee has also been analyzing the statutory auditor's report and provides suggestion to the board for the improvements. During the year total 10 Audit Committee meetings were held and the total meeting allowance amounted to Rs 0.235 Million.

The Audit Committee of the Bank includes non executive director Mr Dipak Pd. Bhattarai, Coordinator and director Mr Malchand Dugar and Mr Shankar Pd. Dahal and Banks outsourced internal auditor LDSA Associates, Chartered Accountant and Banks Company Secretary.

The Bank has improvised its internal control process. The banks has also implied policies, directions, processes, Laws, Directives of Nepal Rastra bank in order to minimize, mitigate and manage the long term challenges and risks related to credit and operation of the Bank.

RISK MANAGEMENT COMMITTEE AND HUMAN RESOURCE MANAGEMENT & SERVICE FACILITY COMMITTEE

The bank has been operating with the establishment of both the captioned committees in accordance to the directives of Nepal Rastra Bank. The major work of risk management committee is to analyze different credit risk, operation risk and other risks and provide relevant suggestions to the Directors and Management Team of the bank. Currently the Chairperson of the committee is Director Mr. Shanker Prasad Dahal with the other two members

Director Mr. Dipak Bhattarai and Chief Manager Mr. Arun Parajuli.

Similarly, Human Resource Management & Service Facility Committee has been established to provide suggestion for staff service facility. The Chairperson of the committee is Director Er. Bachharaj Tater with the other two members Mr. Aswin Babu Shrestha and Ms. Prabhavati Bista.

STATUTORY AUDITOR

MS. Parakram Sharma & Associates, Chartered Accountant is the Statutory Auditor of the bank as appointed by the Sixth AGM of the bank. The auditor has been reappointed in seventh AGM for FY 2014/15.

CORPORATE GOVERNANCE

Bank has always considered Corporate Governance as the major factor for its transparency rather than as regulatory requirements. Board is always ahead for the fair work & responsibility and increase the efficiency of the bank.

Bank has always followed the three parts of Corporate Governance i.e. Integrity, Transparency & Fairness and is always ahead for increasing quality of services for the Shareholders, Service Receivers & Stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Bank has always taken active participation for overall benefit of the society. With high dedication towards its Corporate Social Responsibility, the bank has been involved in varied activities like Blood Donations, Cleaning Program, Awareness Program and other Relief programs. Bank also provides clothes and consumable goods along with the financial support to the orphan children each year as a part of its Corporate Social Responsibility.

FUTURE CHALLENGES, OPPORTUNITIES & BANK'S STRATEGY

The existing aggregate economic condition and political instability will remain as challenge for the current year as well. Further to this, increasing competition and lack of skilled manpower will stand as the major challenge as always. There also remains a challenge to add new services and advanced technology in service delivery to ace in the market.

Considering the Challenges and Opportunities, bank has planned to expand its services dimension and quality, come up with innovative products, and expand its services to the new market areas.

THANKING YOU

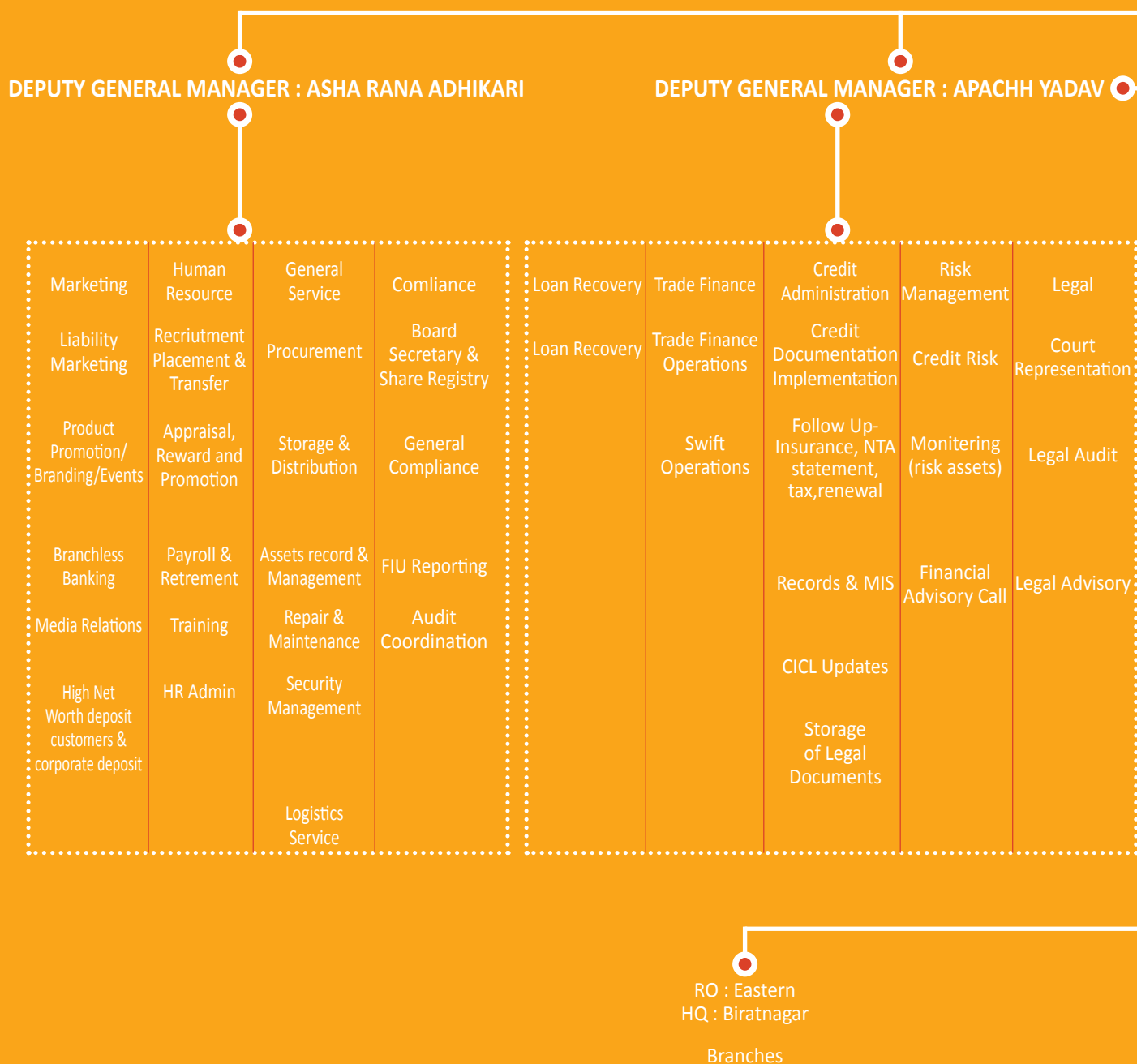
Our shareholders are our partners in each endeavor we take. We need your suggestions for the overall progress of the bank. We appreciate the continuous affection and belief showed by our shareholders towards the Bank and Board of Directors. Our partners, customers and well wishers have always been with us in each of our achievement.

We are also thankful to the statutory authorities: Nepal Rastra Bank, Securities Exchange Board of Nepal, Nepal Stock Exchange, Company Registrar Office, Finance Ministry, Nepal Government and Other Statutory bodies for their continuous help.

At last we would like to thank our hardworking employees who gave their best in all situation of the bank and expect the same in the days to come.

Thanking You
Motilal Dugar
On Behalf of Board of Directors

ORGANIZATION STRUCTURE



BOARD OF DIRECTOR



ASSISTANT GENERAL MANAGER : ROBIN NEPAL

CHIEF MANAGER : ARUN PARAJULI

Treasury & Correspondant Banking	Finance & Planning	Central Accounts	Branch Operations	Credit and Control	IT/MIS	Cards & E-Banking	Remittance
Treasury Front	Strategic Planning	General Accounting	Operation Control	Corporate/Mid Market Banking	CBS Support	Production & Distribution	Agency Relations & Promotions
Correspondent Banking Relations	Research & Development	Bills Payment	Operation Support	Guarantee Business & Transanction	Hardware Support	Operation and Settlement	A/c Statement & Reconciliation
	Budgetary Control	Treasury Back Office	Branch Set UP/ Feasibility/ Identification/ Relocation	SME Banking	Software Support	ATM Management	
	Performance Reporting	NRB Reporting		Report & Small Business Banking	MIS Reporting	Mobile & E- Banking	
	MIS Reporting	Reconciliation		Deprived Sector Banking	Vendor Relations	Alternative Delivery Channel	
		Taxation					

RO : Far Western
HQ : Dhangadhi

Branches

RO : Western
HQ : Narayangarh

Branches

RO : Central
HQ : Kathmandu

Branches

PARAKRAM SHARMA & ASSOCIATES
Chartered Accountants

GPO Box 2334, Kathmandu
Phone: 4261936, 9851111178
Email: parakramsharma@hotmail.com

**REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF SUNRISE BANK LIMITED**

1. We have audited the accompanying financial statements of Sunrise Bank Limited, which comprise the Balance Sheet as at Ashad 32, 2071 (July 16, 2014), and the profit and loss account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bank's internal control. An audit shall not be construed as the certification of management's act. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Sunrise Bank Limited as at Ashad 32, 2071 (July 16, 2014) and of the results of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards, so far as applicable in compliance with the prevailing Laws and comply with Company Act 2063, Banks and Financial Institutions Act 2063 and Directives of Nepal Rastra Bank.

Report on Other Legal and Regulatory Requirements

5. On the basis of our examination, we would like to further report that:
 - i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
 - ii. The Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules dealt with by this report are prepared as per Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank.
 - iii. In our opinion, proper books of accounts as required by the law have been kept by the Bank. The Bank has accounted for Interest Income from Loans & Advances on cash basis as per Nepal Rastra Bank's Directives. Further accrued interest on Loans & Advances till Asadh 32, 2071 recovered within Shrawan 15, 2071 is also recognized as income. Commission earned on services rendered such as documentary credit, bank guarantee etc. is also recognized on cash basis which is not in accordance with the accrual basis as prescribed by NAS 07 on 'Revenue Recognition'.
 - iv. During our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank.
 - v. The operations of the Bank were within its jurisdiction.
 - vi. In our opinion, so far as it appeared from our examination of the book, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.
 - vii. The Bank has been functioning as per the directives of Nepal Rastra Bank.
 - viii. The Bank has not acted in a manner to jeopardize the interest and security of the depositors and shareholders.
 - ix. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books.

Place: Kathmandu
Date: 20/09/2071



Parakram
CA. Parakram Sharma
Principal
Parakram Sharma & Associates
Chartered Accountants

BALANCE SHEET

As on 32nd Ashad 2071 (16th July 2014)

CAPITAL & LIABILITY	SCHEDULE	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Share Capital	4.1	2,236,650,000	2,236,650,000
2. Reserves and Funds	4.2	461,268,215	214,495,560
3. Debentures & Bonds	4.3	-	-
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	26,616,667,279	23,270,603,296
6. Bills Payable	4.6	11,823,193	15,675,536
7. Proposed Dividend		-	11,665,789
8. Income Tax Liabilities (Net)		-	-
9. Other Liabilities	4.7	334,913,773	379,749,352
TOTAL CAPITAL & LIABILITIES		29,661,322,460	26,128,839,533

ASSETS	SCHEDULE	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Cash Balance	4.8	862,774,345	606,619,086
2. Balance with Nepal Rastra Bank	4.9	4,365,630,632	3,757,633,295
3. Balance with Banks/Financial Institutions	4.10	698,477,256	324,825,239
4. Money at Call and Short Notice	4.11	113,393,657	679,557,052
5. Investments	4.12	3,054,741,181	2,453,580,695
6. Loans, Advances & Bills Purchased (Net)	4.13	19,938,325,932	17,730,591,898
7. Fixed Assets (Net)	4.14	291,870,294	312,766,766
8. Non-Banking Assets (Net)	4.15	-	-
9. Other Assets	4.16	336,109,163	263,265,502
TOTAL ASSETS		29,661,322,460	26,128,839,533

Schedules 4.1 to 4.16 form integral part of Balance Sheet

Contingent Liabilities	Schedule 4.17
Directors' Declaration	Schedule 4.29
Statement of Capital Adequacy Table	Schedule 4.30 (A)
Statement of Risk Weighted Exposure for Credit Risk	Schedule 4.30 (B)
Statement of Eligible Credit Risk Mitigants	Schedule 4.30 (C)
Statement of Risk Weighted Exposure for Operational Risk	Schedule 4.30 (D)
Statement of Risk Weighted Exposure for Market Risk	Schedule 4.30 (E)
Principal Indicators	Schedule 4.31
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Notes to Accounts	Schedule 4.33
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Comparison of Unaudited and Audited Financial Statements	Schedule 4.35
Statement of Unaudited Financial Results (Quarterly)	Schedule 4.36

PROFIT & LOSS ACCOUNT

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

PARTICULARS	SCHEDULE	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Interest Income	4.18	2,423,845,864	2,240,203,270
2. Interest Expenses	4.19	1,328,711,949	1,251,304,431
Net Interest Income		1,095,133,915	988,898,839
3. Commission & Discount	4.20	104,093,050	94,942,779
4. Other Operating Incomes	4.21	141,288,250	124,524,562
5. Exchange Fluctuation Income	4.22	63,213,390	50,510,761
Total Operating Income		1,403,728,605	1,258,876,941
6. Staff Expenses	4.23	263,898,326	217,768,994
7. Other Operating Expenses	4.24	360,548,904	330,592,874
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		779,281,375	710,515,073
9. Provision for Possible Losses	4.25	466,424,910	368,269,287
Operating Profit		312,856,465	342,245,786
10. Non - Operating Income/Expenses	4.26	2,489,169	3,566,521
11. Loan Loss Provision Written Back	4.27	93,542,486	209,338,344
Profit from Regular Activities		408,888,120	555,150,651
12. Income/Expense from Extra-Ordinary Activities	4.28	(14,645,826)	(51,511,009)
Profit from All Activities		394,242,294	503,639,642
13. Provision for Staff Bonus		35,840,209	45,785,422
14. Provision for Tax Expense		111,629,430	146,245,183
Current Years		123,927,514	148,646,812
Previous Years		-	1,312,355
Deferred Tax		(12,298,084)	(3,713,984)
NET PROFIT/(LOSS)		246,772,655	311,609,037

Moti Lal Dugar
Chairman

Dr. Bhogendra Guragain
Director

Er. Bachh Raj Tater
Director

Shrawan K. Goyal
Director

Malchand Dugar
Director

Dr. Deepak Psd Bhattarai
Director

Deepak N. Nepal
Director

Rupesh Luitel
Head-Finance & Planning

Arun Parajuli
Chief Manager

Bala Ram Bista
Officiating Chief Executive Officer

Place : Kathmandu

Date : 2015/01/04

As per our attached report of even date

.....
CA Parakram Sharma
for Parakram Sharma & Associates
Chartered Accountants

PROFIT & LOSS APPROPRIATION ACCOUNT

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
Income		
1. Accumulated Profit upto Previous Year	17,663,933	7,443,532
2. Current Year's Profit	246,772,655	311,609,038
3. Deferred Tax Reserve	-	-
Total	264,436,588	319,052,570
Expenses		
1. Accumulated Loss upto Previous Year	-	-
2. Current Year's Loss	-	-
3. General Reserve Fund	49,354,531	62,321,808
4. Contingent Reserve	-	-
5. Institution Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employees' Related Fund	-	-
8. Proposed Dividend	-	11,665,789
9. Proposed Bonus Share	-	221,650,000
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	6,919,026	1,889,888
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	250,000	147,168
15. Deferred Tax Reserve	12,298,084	3,713,984
TOTAL	68,821,641	301,388,637
16. Accumulated Profit/(Loss)	195,614,947	17,663,933

Moti Lal Dugar
Chairman

Dr. Bhogendra Guragain
Director

Er. Bachh Raj Tater
Director

Shrawan K. Goyal
Director

Malchand Dugar
Director

Dr. Deepak Psd Bhattarai
Director

Deepak N. Nepal
Director

Rupesh Luitel
Head-Finance & Planning

Arun Parajuli
Chief Manager

Bala Ram Bista
Officiating Chief Executive Officer

Place : Kathmandu
Date : 2015/01/04

As per our attached report of even date

.....
CA Parakram Sharma
for Parakram Sharma & Associates
Chartered Accountants

STATEMENT OF CHANGE IN EQUITY

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT & LOSS ACCOUNT	GENERAL RESERVE	CAPITAL RESERVE FUND	SHARE PREMIUM	EXCHANGE FLUCUATION FUND	DEFERRED TAX RESERVES	OTHER RESERVE & FUND	TOTAL AMOUNT
Opening Balance as at 1st Shrawan 2070	2,236,650,000	17,663,933	151,234,327	-	32,407,723	7,072,570	5,669,839	447,168	2,451,145,560
Adjustments	-	-	-	-	-	-	-	-	-
Restated Balance as at 1st Shrawan 2070	2,236,650,000	17,663,933	151,234,327	-	32,407,723	7,072,570	5,669,839	447,168	2,451,145,560
Adjustments For the year	-	177,951,014	49,354,531	-	-	6,919,026	12,298,084	250,000	246,772,655
Net Profit/(Loss) for the year	-	246,772,655	-	-	-	-	-	-	246,772,655
Transfer to General Reserve	-	(49,354,531)	49,354,531	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(6,919,026)	-	-	-	6,919,026	-	-	-
Investment Adjustment Reserve	-	(250,000)	-	-	-	-	-	250,000	-
Deferred Tax Reserve	-	(12,298,084)	-	-	-	-	12,298,084	-	-
Issue of Right Shares	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-	-	-
Closing Balance as at 32nd Ashad 2071	2,236,650,000	195,614,947	200,588,858	-	32,407,723	13,991,596	17,967,923	697,168	2,697,918,215

CASH FLOW STATEMENT

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
(A) Cash Flow from Operating Activities	1,309,132,515	426,734,527
1. Cash Receipts	2,724,979,328	2,523,001,134
1.1 Interest Income	2,441,685,570	2,247,031,361
1.2 Commission and Discount Income	104,093,050	94,942,779
1.3 Exchange Gain	35,537,289	42,951,211
1.4 Recovery of Loan Written off	-	9,984,699
1.5 Other Income	143,663,419	128,091,084
2. Cash Payments	(2,123,754,161)	(1,718,575,462)
2.1 Interest Expenses	(1,364,516,503)	(1,168,010,320)
2.2 Staff Expenses	(304,163,373)	(229,744,554)
2.3 Office Operating Expenses	(261,708,172)	(236,620,332)
2.4 Payment of Income Tax	(193,366,113)	(84,200,256)
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	601,225,167	804,425,672
Decrease/(Increase) in Current Asset from Operating Activities	(2,638,107,568)	(4,890,148,926)
1. Decrease/(Increase) in Money at Call and Short Notice	566,163,395	(578,931,026)
2. Decrease/(Increase) in Other Short Term Investments	(588,660,486)	(637,093,465)
3. Decrease/(Increase) in Loans, Advances and Bills Purchased	(2,590,115,406)	(3,642,320,812)
4. Decrease/(Increase) in Other Assets	(25,495,071)	(31,803,623)
Increase/(Decrease) in Current Liabilities from Operating Activities	3,346,014,916	4,512,457,781
1. Increase/(Decrease) in Deposit/Liabilities	3,346,063,983	4,511,603,418
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	(49,067)	854,363
(B) Cash Flow from Investing Activities	(78,928,751)	(60,956,889)
1. Decrease/(Increase) in Long Term Investments	(12,500,000)	(7,358,400)
2. Decrease/(Increase) in Fixed Assets including Software/ NBA	(66,542,751)	(53,598,489)
3. Interest Income from Long Term Investments	-	-
4. Dividend Income	114,000	-
5. Others	-	-
(C) Cash Flow from Financial Activities	(20,075,252)	(90,699,397)
1. Increase/(Decrease) in Long Term Borrowings (Bond, Debentures)	-	-
2. Increase/(Decrease) in Paid up Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	(20,075,252)	(90,699,397)
4. Increase/(Decrease) in Refinance facilities from Nepal Rastra Bank	-	-
(D) Income/Loss from exchange rate fluctuations of Cash and Bank Balances	27,676,101	7,559,550
(E) Net Cash Flow from all activities of the Current Year	1,237,804,613	282,637,791
(F) Opening Cash and Bank Balances	4,689,077,620	4,406,439,829
(G) Closing Cash and Bank Balances	5,926,882,233	4,689,077,620

Moti Lal Dugar
Chairman

Dr. Bhogendra Guragain
Director

Er. Bachh Raj Tater
Director

Shrawan K. Goyal
Director

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Director

Deepak N. Nepal
Director

Rupesh Luitel
Head-Finance & Planning

Arun Parajuli
Chief Manager

Bala Ram Bista
Officiating Chief Executive Officer

Place : Kathmandu

Date : 2015/01/04

As per our attached report of even date

.....
CA Parakram Sharma
for Parakram Sharma & Associates
Chartered Accountants

SHARE CAPITAL

As on 32nd Ashad 2071 (16th July 2014)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Share Capital		
1.1 Authorised Capital	5,000,000,000	5,000,000,000
a) 50,000,000 Ordinary Shares of Rs 100 each (Previous year 50,000,000 Ordinary shares of Rs 100 each)	5,000,000,000	5,000,000,000
1.2 Issued Capital	2,460,315,000	2,015,000,000
a) 24,603,150 Ordinary Shares of Rs 100 each (Previous year 20,150,000 Ordinary shares of Rs 100 each)	2,460,315,000	2,015,000,000
1.3 Paid Up Capital	2,236,650,000	2,015,000,000
a) 22,366,500 Ordinary Shares of Rs 100 each (Previous year 20,150,000 Ordinary shares of Rs 100 each)	2,236,650,000	2,015,000,000
1.4 Proposed Bonus Share	-	221,650,000
1.5 Call in Advance	-	-
TOTAL	2,236,650,000	2,236,650,000

SHARE OWNERSHIP

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR
	AMOUNT (NPR)	%	AMOUNT (NPR)
A. Local Ownership	2,236,650,000	100%	2,015,000,000
1.1 Government of Nepal			
1.2 "A" Class Licensed Institutions			
1.3 Other Licensed Institutions			
1.4 Other Institutions			
1.5 General Public	670,995,000	30%	604,500,000
1.6 Others	1,565,655,000	70%	1,410,500,000
B. Foreign Ownership			
TOTAL	2,236,650,000		2,015,000,000

* However the shareholding pattern was changed to 51% Promoters and 49% Public in Bhadra 2071.

DETAILS OF SHAREHOLDERS HOLDING 0.5 % OR MORE OF SHARE CAPITAL

As on 32nd Ashad 2071 (16th July 2014)

SN	PARTICULARS	TYPE	CURRENT YEAR		PREVIOUS YEAR	
			% OF HOLDING	AMOUNT (NPR)	% OF HOLDING	AMOUNT (NPR)
2	Malchand Dugar	Promoter	5.46	110,050,000	5.46	110,050,000
3	Surendra Dugar	Promoter	3.15	63,456,000	3.15	63,456,000
4	Moti Lal Dugar	Promoter	7.23	145,684,500	7.23	145,684,500
5	Vivek Dugar	Promoter	3.71	74,766,600	3.71	74,766,600
6	Saroj Dugar	Promoter	2.00	40,300,000	2.00	40,300,000
7	Shiv Ratan Sharada	Promoter	1.43	28,750,000	1.43	28,750,000
8	Sri Niwas Sharada	Promoter	2.00	40,300,000	2.00	40,300,000
9	Radheshyam Sharada	Promoter	1.43	28,750,000	1.43	28,750,000
10	Pawan Kumar Sharada	Promoter	1.43	28,750,000	1.43	28,750,000
11	Jyoti Kumar Begani	Promoter	0.90	18,135,000	0.90	18,135,000
12	Chanda Kumar Begani	Promoter	1.10	22,165,000	1.10	22,165,000
13	Bachha Raj Tater	Promoter	3.00	60,450,000	3.00	60,450,000
14	Saurav Tater	Promoter	2.00	40,300,000	2.00	40,300,000
15	Vishal Tater	Promoter	2.00	40,300,000	2.00	40,300,000
16	Vivek Tater	Promoter	2.00	40,300,000	2.00	40,300,000
19	Tsering Chukie Sherpa	Promoter	-	-	0.75	15,015,000
20	Norbu Tsering Lama	Promoter	0.78	15,762,500	0.78	15,762,500
21	Lopsang Tenzing Nepali	Promoter	0.78	15,762,500	0.78	15,762,500
22	Parmeswor Lal Agrawal	Promoter	0.50	10,075,000	0.50	10,075,000
23	Srawan Kumar Goyal	Promoter	5.01	100,911,200	5.01	100,911,200
24	Kailash Chandra Goyal	Promoter	5.75	115,926,200	5.01	100,911,200
28	Hari Prasad Agrawal	Promoter	0.78	15,762,500	0.78	15,762,500
29	Sushila Sharma	Promoter	1.00	20,150,000	1.00	20,150,000
30	Jamuna Poudyal	Promoter	0.86	17,387,500	0.86	17,387,500
34	Saurabh Guragain	Promoter	0.51	10,218,000	0.51	10,218,000
35	Bhogendra Kumar Guragain	Promoter	1.37	27,512,500	1.37	27,512,500
36	Niranjan Lal Khetan	Promoter	1.00	20,150,000	1.00	20,150,000
37	Pramod Kumar Khetan	Promoter	1.00	20,150,000	1.00	20,150,000
42	Sailendra Guragain	Promoter	0.99	19,948,500	0.99	19,948,500
44	Bhushan Guragain	Promoter	0.51	10,255,000	0.51	10,255,000
45	Gyanendra Kumar Sharma	Promoter	0.60	12,090,000	0.60	12,090,000
49	Uma Sharma	Promoter	1.12	22,500,000	1.12	22,500,000
92509	Puja Dugar	Promoter	2.00	40,300,000	2.00	40,300,000
92510	Shradha Dugar	Promoter	2.00	40,300,000	2.00	40,300,000
92511	Nidhi Dugar	Promoter	2.00	40,300,000	2.00	40,300,000
89471	Nirmala Devi Goyal	Public	0.56	11,251,900	-	-
TOTAL			67.95	1,369,170,400	67.39	1,357,918,500

RESERVES & SURPLUS

As on 32nd Ashad 2071 (16th July 2014)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. General Reserve Fund	200,588,858	151,234,327
2. Capital Reserve Fund	32,407,723	32,407,723
a. Share Premium	32,407,723	32,407,723
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves & Funds	18,665,091	6,117,007
5.1. Contingent Reserve	-	-
5.2. Institution Development Fund	-	-
5.3. Dividend Equalisation Fund	-	-
5.4. Special Reserve Fund	-	-
5.5. Assets Revaluation Reserve	-	-
5.6. Deferred Tax Reserve	17,967,923	5,669,839
5.7. Other Free Reserves	-	-
5.8. Investment Adjustment Reserve	697,168	447,168
6. Accumulated Profit/Loss	195,614,947	17,663,933
7. Exchange Fluctuation Fund	13,991,596	7,072,570
TOTAL RESERVES & SURPLUS	461,268,215	214,495,560

DEBENTURES & BONDS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.3

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. % Debentures of Rs.... each (Issued on.....with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
2. % Bonds of Rs.... each (Issued on..... with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
3.	-	-
TOTAL DEBENTURES & BOND	-	-

BORROWINGS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.4

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Domestic		
1. Government of Nepal		
2. Nepal Rastra Bank	-	-
3. Repo Obligations		
4. Inter-bank and Financial Institutions	-	
5. Other Financial Institutions		
6. Others	-	-
Total	-	-
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total	-	-
TOTAL BORROWINGS	-	-

DEPOSIT LIABILITY

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.5

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. NON - INTEREST BEARING ACCOUNTS		
A. CURRENT DEPOSITS	797,866,101	648,515,515
1. Local Currency	750,931,003	622,484,903
1.1 Government of Nepal		
1.2 "A" Class Licensed Institutions	719,989	1,087,760
1.3 Other Licensed Financial Institutions	36,273,689	6,842,598
1.4 Other Organized Institutions	663,391,687	579,146,065
1.5 Individuals	50,545,638	35,408,480
1.6 Others		-
2. Foreign Currency	46,935,098	26,030,612
2.1 Government of Nepal		
2.2 "A" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	46,935,098	25,969,634
2.5 Individuals		60,978
2.6 Others		
B. MARGIN DEPOSITS	296,831,691	322,328,102
1. Employees' Guarantee		
2. Guarantee Margin	164,131,921	196,084,576
3. Margin on Letter of Credit	85,552,794	78,399,022
4. Others Margins	47,146,976	47,844,504
C. OTHER DEPOSITS	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
TOTAL NON-INTEREST BEARING ACCOUNT	1,094,697,792	970,843,617
2. INTEREST BEARING ACCOUNTS		
A. SAVINGS DEPOSITS	9,882,833,775	8,257,434,765
1. Local Currency	9,837,770,843	8,233,181,865
1.1 Organized Institutions	23,466,986	27,199,885
1.2 Individuals	9,814,303,857	8,205,981,980
1.3 Others		-
2. Foreign Currency	45,062,932	24,252,900
2.1 Institutions	2,083	3,777
2.2 Individuals	45,060,849	24,249,123
2.3 Others		-
B. FIXED DEPOSITS	10,487,128,324	10,855,684,641
1. Local Currency	9,667,189,824	9,848,251,016
1.1 Organized Institutions	7,144,461,186	7,323,712,889
1.2 Individuals	2,522,728,638	2,524,538,127
1.3 Others		-
2. Foreign Currency	819,938,500	1,007,433,625
2.1 Institutions	818,975,000	1,005,375,000
2.2 Individuals	963,500	2,058,625
2.3 Others		-

Continue.....

DEPOSIT LIABILITY

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.5

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
C. CALL DEPOSITS	5,152,007,388	3,186,640,274
1. Local Currency	5,081,130,515	3,168,391,674
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	2,557,404,269	851,692,861
1.3 Other Organized Institutions	2,347,930,045	2,015,229,174
1.4 Individuals	175,796,201	301,469,639
1.5 Others	-	-
2. Foreign Currency	70,876,873	18,248,599
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	14,164,449	3,779,697
1.3 Other Organized Institutions	55,516,057	10,559,381
1.4 Individuals	1,196,367	3,909,521
1.5 Others	-	-
D. CERTIFICATE OF DEPOSITS	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
TOTAL INTEREST BEARING ACCOUNTS	25,521,969,487	22,299,759,679
TOTAL DEPOSITS	26,616,667,279	23,270,603,296

BILLS PAYABLE

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.6

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency	10,234,476	12,953,239
2. Foreign Currency	1,588,717	2,722,297
TOTAL BILLS PAYABLE	11,823,193	15,675,536

OTHER LIABILITIES

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.7

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Pension/Gratuity Fund	16,701,631	11,149,501
2. Employees' Provident Fund	-	-
3. Employees' Welfare Fund	-	-
4. Provision for Staff Bonus	35,840,209	45,817,177
5. Interest Payable on Deposits	75,910,967	111,715,521
6. Interest Payable on Borrowing	-	-
7. Unearned Discount and Commission	43,661,953	33,872,338
8. Sundry Creditors	10,940,856	10,935,284
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Unpaid Dividend	28,915,175	37,324,638
12. Others	122,942,982	128,934,893
a. Audit Fees Payable	389,568	389,568
b. TDS Payable	22,992,262	22,191,420
c. Retention Money	3,946,005	2,806,641
d. Others	95,615,147	103,547,264
TOTAL OTHER LIABILITY	334,913,773	379,749,352

CASH BALANCE

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.8

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency (Including Coins)	856,216,533	597,831,237
2. Foreign Currency	6,557,812	8,787,849
TOTAL CASH BALANCE	862,774,345	606,619,086

BALANCE WITH NEPAL RASTRA BANK

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.9

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY IN NPR			CURRENT YEAR NPR	PREVIOUS YEAR NPR
		INR	OTHER	TOTAL NPR		
1. Nepal Rastra Bank	4,201,903,330	-	163,727,302	163,727,302	4,365,630,632	3,757,633,295
a. Current Account	4,201,903,330	-	163,727,302	163,727,302	4,365,630,632	3,757,633,295
b. Other Account	-	-	-	-	-	-

* Balance as per the confirmation statements received from respective bank is NPR 4,374,698,335. Difference have been identified, reviewed and reconciled.

BALANCE WITH OTHER BANKS & FINANCIAL INSTITUTIONS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.10

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY IN NPR			CURRENT YEAR NPR	PREVIOUS YEAR NPR
		INR	OTHER	TOTAL NPR		
1. Local Banks	97,039,764	-	17,671,377	17,671,377	114,714,141	121,308,130
a. Current Account	97,039,764	-	17,671,377	17,671,377	114,714,141	121,308,130
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	22,738,994	561,024,121	583,763,115	583,763,115	203,517,109
a. Current Account	-	22,738,994	561,024,121	583,763,115	583,763,115	203,517,109
b. Other Account	-	-	-	-	-	-
Total	97,039,764	22,738,994	578,698,498	601,437,492	698,477,256	324,825,239

* Balance as per the confirmation statements received from respective banks is NPR 733,591,764. Difference have been identified, reviewed and reconciled.

MONEY AT CALL & SHORT NOTICE

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.11

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency	-	300,000,000
2. Foreign Currency	113,393,657	379,557,052
TOTAL CASH BALANCE	113,393,657	679,557,052

INVESTMENTS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.12

PARTICULARS	PURPOSE		CURRENT YEAR NPR	PREVIOUS YEAR NPR
	TRADING NPR	OTHERS NPR		
1. Nepal Government's Treasury bills	-	2,155,195,894	2,155,196,894	1,726,501,030
2. Nepal Government's Savings Bonds	-	-	-	-
3. Nepal Government's Development Bonds	-	155,600,000	155,600,000	140,600,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licenced Institutions	-	36,998,400	36,998,400	181,925,000
7. Foreign Banks	-	478,913,487	478,913,487	378,496,265
8. Corporate Shares	-	38,558,400	38,558,400	26,058,400
9. Corporate Bonds & Debentures	-	-	-	-
10. Other Investments	-	189,475,000	189,475,000	-
Total Investment	-	3,054,741,181	3,054,741,181	2,453,580,695
Less : Provision	-	-	-	-
Net Investment			3,054,741,181	2,453,580,695

INVESTMENT IN SHARES, DEBENTURES & BONDS

As on 32nd Ashad 2071 (16th July 2014) Schedule 4.12 (A)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	BOOK VALUE	
				CURRENT	PREVIOUS
1. Investment in Shares	38,558,400	135,384,600	-	38,558,400	26,058,400
1.1. Gurans Life Insurance	19,858,400	135,384,600	-	19,858,400	19,858,400
208,334 Ordinary Shares of Rs 100 Each (Includes Right & Bonus Shares)					
1.2. Nepal Clearing House Limited	2,500,000	Not Listed	-	2,500,000	2,500,000
25,000 Ordinary Shares of Rs 100 Each					
1.3. National Banking Institute (Previously NBTI)	1,200,000	Not Listed	-	1,200,000	1,200,000
12,000 Ordinary Shares of Rs 100 Each					
1.4. Nepal Electronic Payment System	15,000,000	Not Listed	-	15,000,000	2,500,000
150,000 Ordinary Shares of Rs 100 Each					
2. Investment in Debentures & Bonds					
2.1.					
2.2.					
2.3.					
Total Investments	38,558,400	135,384,600	-	38,558,400	26,058,400
3. Provision for Loss					
3.1. Upto Previous Year					
3.2. Adjustment This Year					
Total Provision	-	-	-	-	-
Net Balance	38,558,400	135,384,600	-	38,558,400	26,058,400

Note: Gurans Life Insurance has declared 6.50% Bonus Shares & 30.41% Right Shares for FY 2068/69 and NBI has provided 10% Cash Dividend in FY 2069/70

INVESTMENTS (HELD FOR TRADING)

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.12.1

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills	-	-	-	-	-
2. Government of Nepal - Savings Bonds	-	-	-	-	-
3. Government of Nepal - Development Bonds	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-
6. Shares of Local Licensed Institutions	-	-	-	-	-
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-
8. Shares, Bonds & Debenture of Organized Institutions	-	-	-	-	-
9. Placement	-	-	-	-	-
10. Inter bank Lending	-	-	-	-	-
11. Other Investments	-	-	-	-	-
Total Investment Held For Trading	-	-	-	-	-

INVESTMENTS (HELD TILL MATURITY)

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.12.2

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills	2,155,195,894	-	-	-	-
2. Government of Nepal - Savings Bonds	-	-	-	-	-
3. Government of Nepal - Development Bonds	155,600,000	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-
6. Shares of Local Licensed Institutions	-	-	-	-	-
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-
8. Shares, Bonds & Debenture of Organized Institutions	-	-	-	-	-
9. Placement	515,911,887	-	-	-	-
10. Other Investment	189,475,000	-	-	-	-
Total Investment Held Till Maturity	3,016,182,781	-	-	-	-

INVESTMENTS (AVAILABLE FOR SALE)

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.12.3

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills	-	-	-	-	-
2. Government of Nepal - Savings Bonds	-	-	-	-	-
3. Government of Nepal - Development Bonds	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-
6. Shares of Local Licensed Institutions	-	-	-	-	-
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-
8. Shares, Bonds & Debenture of Organized Institutions	38,558,400	135,384,600	22,800,000	697,168	447,168
- Listed	19,858,400	135,384,600	22,800,000	397,168	397,168
- Unlisted	18,700,000	Not Listed	Not Listed	300,000	50,000
9. Placement	-	-	-	-	-
10. Inter bank Lending	-	-	-	-	-
11. Other Investment	-	-	-	-	-
Total Investment Available for Sale	38,558,400	135,384,600	22,800,000	697,168	447,168

* Investment Adjustment Reserve are made at the end of year 2070-71

Schedule 4.13

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASE AND PROVISING

As on 32nd Ashad 2014 (16th July 2014)

PARTICULARS	LOANS & ADVANCES						TOTAL LOANS	BILLS PURCHASED		TOTAL	CURRENT (NRs)	PREVIOUS (NRs)	
	DOMESTIC			FOREIGN				LOCAL & ADVANCES	FOREIGN				
	DEPRIVED		OTHERS	Insured	Uninsured	Insured							Uninsured
	Insured	Uninsured											
1. Performing Loan	-	938,825,037	-	18,869,690,794	-	19,808,515,831	132,943,944	-	132,943,944	19,941,459,775	17,714,329,547		
A. Pass loans	-	938,825,037	-	18,869,690,794	-	19,808,515,831	132,943,944	-	132,943,944	19,941,459,775	17,714,329,547		
2. Non Performing Loan	-	1,289,186	-	1,035,490,167	-	1,036,779,353	-	-	-	1,036,779,353	688,440,001		
2.1 Restructured/ Re-scheduled	-	-	-	-	-	-	-	-	-	-	-		
2.1 Sub Standard	-	-	-	39,568,589	-	39,568,589	-	-	-	39,568,589	16,138,114		
2.2 Doubtful	-	-	-	333,208,631	-	333,208,631	-	-	-	333,208,631	362,412,450		
2.3 Loss	-	1,289,186	-	662,712,947	-	664,002,133	-	-	-	664,002,133	309,889,437		
Total Loans (A)	-	940,114,223	-	19,905,180,961	-	20,845,295,184	132,943,944	-	132,943,944	20,978,239,128	18,402,769,548		
3. Loan Loss Provision	-	9,388,251	-	188,696,908	-	198,085,159	1,329,440	-	1,329,440	199,414,599	177,047,459		
3.1 Pass Loans	-	-	-	-	-	-	-	-	-	-	-		
3.2. Restructured/ Re-scheduled Loan	-	-	-	-	-	-	-	-	-	-	-		
3.3 Sub Standard	-	-	-	9,892,148	-	9,892,148	-	-	-	9,892,148	4,034,529		
3.4 Doubtful	-	-	-	166,604,316	-	166,604,316	-	-	-	166,604,316	181,206,225		
3.5 Loss	-	1,289,186	-	662,712,947	-	664,002,133	-	-	-	664,002,133	309,889,437		
Total Provisions (B)	-	10,677,437	-	1,027,906,319	-	1,038,583,756	1,329,440	-	1,329,440	1,039,913,196	672,177,650		
4. Provision upto Previous year	-	-	-	-	-	-	-	-	-	-	-		
4.1 Pass Loans	-	7,130,750	31,945	169,205,912	-	176,368,607	678,852	-	678,852	177,047,459	142,995,684		
4.2 Restructured/ Re-scheduled Loans	-	-	-	4,034,529	-	4,034,529	-	-	-	4,034,529	31,482,365		
4.3 Sub Standard	-	-	-	181,206,225	-	181,206,225	-	-	-	181,206,225	55,631,552		
4.4 Doubtful	-	9,983,733	-	299,905,704	-	309,889,437	-	-	-	309,889,437	285,183,435		
4.5 Loss	-	-	-	-	-	-	-	-	-	-	-		
Extra Provision	-	-	-	-	-	-	-	-	-	-	-		
Total Provision upto Previous Year (C)	-	17,114,483	31,945	654,352,370	-	671,498,798	678,852	-	678,852	672,177,649	515,293,036		
Write back during the year	-	-	31,945	93,510,541	-	93,542,486	-	-	-	93,542,486	181,384,673		
Additional Provision during the year	-	(6,437,046)	-	467,064,490	-	460,627,444	650,588	-	650,588	461,278,032	338,269,286		
Net Change for this year	-	(6,437,046)	(31,945)	373,553,949	-	367,084,958	650,588	-	650,588	367,735,546	156,884,613		
Net Loan (A-B)	-	929,436,786	-	18,877,274,642	-	19,806,711,428	131,614,504	-	131,614,504	19,938,325,932	17,730,591,898		

SECURITIES FOR LOANS, ADVANCE & BILLS PURCHASE

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.13(A)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
(A) Secured	20,978,239,128	18,402,769,548
1. Collateral of Movable/Immovable Assets	19,671,308,013	17,424,029,346
2. Guarantee of Local Licensed Institutions	-	-
3. Guarantee of Government of Nepal	-	-
4. Guarantee of Internationally Rated Banks	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	132,680,021	64,785,983
(a) Own FDR	132,680,021	64,785,983
(b) FDR of other Banks	-	-
7. Government Bonds	-	-
8. Counter Guarantees	-	-
9. Personal Guarantee	-	-
10. Other Securities	1,174,251,094	913,954,219
(B) Unsecured	-	-
TOTAL LOANS, ADVANCE & BILLS PURCHASE	20,978,239,128	18,402,769,548

FIXED ASSETS

As on 32nd Ashad 2071 (16th July 2014) Schedule 4.14

PARTICULARS	ASSETS (NPR)				CURRENT YEAR	PREVIOUS YEAR	
	BUILDING	VEHICLE	MACHINERY	OFFICE EQUIPMENT	OTHERS	NPR	NPR
1. Cost Price							
a. Previous year's balance	-	104,257,156	-	275,125,678	39,563,170	418,946,004	396,289,298
b. Additions this year	-	20,463,913	-	28,254,626	3,183,062	51,901,601	40,559,116
c. Revaluation/Written back this year	-	-	-	-	-	-	-
d. This Year Sold	-	(17,756,516)	-	(490,282)	(4,781,926)	(23,028,724)	(4,428,543)
e. This year written off	-	-	-	(24,897,616)	-	(24,897,616)	(13,473,867)
Total Cost (a+b+c+d+e)	-	106,964,553	-	277,992,406	37,964,306	422,921,265	418,946,004
2. Depreciation							
a. Upto previous year	-	44,997,275	-	145,109,710	19,523,687	209,630,672	163,884,811
b. For this year	-	15,840,061	-	43,696,118	5,813,967	65,350,146	62,322,632
c. Depreciation on revaluation/written back	-	-	-	-	-	-	-
d. Depreciation Adjustment/Written off	-	(11,170,395)	-	(25,024,122)	(3,797,935)	(39,992,452)	(16,576,771)
Total Depreciation	-	49,666,941	-	163,781,706	21,539,719	234,988,366	209,630,672
3. Written Down Value (1-2)	-	57,297,612	-	114,210,700	16,424,587	187,932,899	209,315,332
4. Land							
5. Capital Construction(Capital WIP)							
6. Leasehold Assets (net of amortisation)	103,937,395					103,937,395	103,451,434
Total (3+4+5+6)						291,870,294	312,766,766

NON-BANKING ASSETS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.15

NAME & ADDRESS OF BORROWER	DATE OF ASSUMING NBA	GROSS NBA (NPR)	LESS: PROVISION		NET NBA NPR	PREVIOUS YEAR NPR
			%	NPR		
SANGAM INSTITUTE PVT. LTD.,	29-Apr-13	30,000,000	100%	30,000,000	-	-
VENTECH MEDICAL NEPAL INTERNATIONAL PVT. LTD. (Charles William Mendies Group) (Lalitpur-5 & Mangaltar -2 & 3	7-Aug-13	220,000	100%	220,000	-	-
KHADKA KIRANA PASAL (Bajgara-2Ka, Dharan)	10-Sep-13	3,188,354	100%	3,188,354	-	-
RIRAJ KATH DAURA UDYOG (Dhulabari-3, Jhapa)	14-Jul-14	1,738,524	100%	1,738,524	-	-
TOTAL NBA		35,146,878	-	35,146,878	-	-

OTHER ASSETS

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.16

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Stock of Stationery	13,730,122	23,774,657
2. Income Receivable on Investments	3,895,660	10,587,127
3. Accrued Interest on Loans (Net off Suspense)	8,148,417	19,296,656
Accrued Interest on Loans	401,206,683	268,963,841
Less: Interest Suspense	(393,058,266)	(249,667,185)
4. Commision Receivable	-	-
5. Sundry Debtors	3,138,862	2,012,509
6. Staff Loans and Advances	142,604,137	87,652,727
Staff Loans	133,548,565	74,664,661
Staff Advances	9,055,572	12,988,066
7. Prepayments	16,234,871	14,420,143
8. Cash-in-Transit	-	-
Cash in Transit NRS	-	-
Fund in Transit IRS	-	-
9. Other Transit Items (including cheques)	11,137	-
Clg items O/W NRs	11,137	-
Clg items O/W FCY	-	-
10. Drafts Paid Without Notice	-	-
11. Expenses to be Written off	28,187,409	44,735,796
12. Branch Adjustment Accounts	122,834	218,413
13. Deferred Tax Asset	15,371,798	3,073,714
14. Others	104,663,916	57,493,760
a. Advance Income Tax (Net Off)	78,193,815	8,755,216
b. Others	26,470,101	48,738,544
TOTAL OTHER ASSETS	336,109,163	263,265,502

OTHER ASSETS (Additional Statement)

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.16A

PARTICULARS	THIS YEAR NPR				PREVIOUS YEAR NPR
	Upto 1 Year	1 to 3 Years	Above 3 Years	TOTAL	
1. Accrued Interest on Loans	277,771,315	118,347,367	5,088,002	401,206,683	268,963,841
2. Draft Paid without Notice	-	122,834	-	122,834	218,413
3. Branch Adjustment Account	-	122,834	-	122,834	218,413
4. Local/Foreign Agency Account	-	-	-	-	-
TOTAL	277,771,315	118,470,201	5,088,002	401,329,517	269,182,254

CONTINGENT LIABILITIES

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.17

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Claims on Bank but not Accepted by the Bank	-	-
2. Letters of Credit (Full Amount)	1,072,246,807	982,351,236
a. Letter of Credit With Maturity Less than 6 Months	1,072,246,807	982,351,236
b. Letter of Credit With Maturity More than 6 Months	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	2,682,679,335	2,285,989,173
a. Bid Bonds	497,368,020	474,290,346
b. Performance Bonds	2,185,311,315	1,811,698,827
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	440,078,625	95,750,000
7. Bills under Collection	303,290,018	296,185,594
8. Acceptances and Endorsements	364,569,422	286,748,980
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	752,362,229	935,646,173
11. Guarantees issued against Counter Guarantee of In'lly Rated Foreign Banks	-	-
12. Advance Payment Guarantees	914,685,368	1,009,903,129
13. Financial Guarantees	-	-
14. Contingent Liabilities on Income Tax	29,506,571	19,014,762
15.	-	-
TOTAL CONTINGENT LIABILITIES	6,559,418,375	5,911,589,047

INTEREST INCOME

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071(16th July 2013 to 16th July 2014)

Schedule 4.18

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. On Loans, Advances and Overdrafts	2,381,299,318	2,176,688,223
1. Loans & Advances	1,684,491,758	1,559,585,861
2. Overdrafts	696,807,560	617,102,362
B. On Investment	34,463,254	39,166,720
1. Nepal Government Securities	32,653,972	35,940,037
a. Treasury Bills	19,842,222	24,092,037
b. Development Bonds	12,175,915	11,848,000
c. National Savings Certificates	-	-
d. Reverse Repo	635,835	-
2. Foreign Securities	-	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds	-	-
5. Interest on Interbank Placements	1,809,282	3,226,683
a. Bank/ Financial Institutions	1,809,282	3,226,683
b. Other Institutions	-	-
C. On Agency Balances	127,537	214,294
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	127,537	214,294
D. On Money at Call and Short Notice	1,915,011	18,891,031
1. Local Banks/Financial Institutions	1,915,011	18,890,611
2. Foreign Banks	-	420
E. On Others	6,040,744	5,243,002
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
3. Others	6,040,744	5,243,002
TOTAL INTEREST INCOME	2,423,845,864	2,240,203,270

INTEREST EXPENSES

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.19

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. ON DEPOSIT LIABILITY	1,328,709,677	1,250,374,603
1. Fixed Deposits	791,770,977	690,686,837
1.1 Local Currency	761,412,814	662,859,344
1.2 Foreign Currency	30,358,163	27,827,493
2. Savings Deposits	362,004,953	399,791,041
2.1 Local Currency	361,375,895	400,073,941
2.2 Foreign Currency	629,058	620,896
3. Call Deposits	174,933,747	159,896,725
3.1 Local Currency	173,886,083	158,707,335
3.2 Foreign Currency	1,047,664	1,189,390
4. Certificate of Deposits		
B. ON BORROWINGS	2,272	26,032
1. Debentures & Bonds	-	
2. Loan From Nepal Rastra Bank	-	
3. Inter Bank Borrowings	2,272	26,032
4. Other Organized Institutions	-	
5. Other Loans	-	
C. ON OTHERS	-	-
TOTAL INTEREST EXPENSES	1,328,711,949	1,251,304,431

COMMISSION & DISCOUNT

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.20

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Bills Purchased and Discounted	439,255	1,152,064
1. Local	220,163	1,145,564
2. Foreign	219,092	6,500
B. Commission	86,649,273	78,022,938
1. Letters of Credit	21,508,678	19,538,720
2. Guarantees	9,339,973	10,336,331
3. Collection Fees	4,952,690	6,425,321
4. Remittance Fees	6,263,965	6,049,109
5. Credit Cards	-	-
6. Share Underwriting /Issues	-	-
7. Government Transactions	-	-
8. Agency Commission	9,329,497	7,144,567
9. Exchange Fee	-	-
10. Bid Bonds/ Performance Bonds	35,254,470	28,528,890
C. Others	17,004,522	15,767,777
TOTAL COMMISSION & DISCOUNT	104,093,050	94,942,779

OTHER OPERATING INCOMEFor the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014) *Schedule 4.21*

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Rental on Safe Deposit Lockers	3,464,600	2,807,000
2. Issue and Renewal of Credit Cards	-	-
3. Issue and Renewal of ATM Cards	44,444,403	47,214,410
4. Telex/ T. T.	4,295,787	3,356,398
5. Service Charges	86,529,659	68,575,402
6. Renewal Fees	-	-
7. Others	2,553,801	2,571,352
TOTAL OTHER OPERATING INCOME	141,288,250	124,524,562

EXCHANGE FLUCUATION INCOMEFor the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071(16th July 2013 to 16th July 2014) *Schedule 4.22*

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Revaluation Gain	27,676,101	7,559,550
B. Trading Gain (Except exchange fees)	35,537,289	42,951,211
TOTAL FOREX INCOME	63,213,390	50,510,761

STAFF EXPENSESFor the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014) *Schedule 4.23*

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Salary	129,090,296	104,190,587
2. Allowances	103,587,321	86,681,910
3. Contribution to Provident Fund	10,322,999	8,464,053
4. Training Expenses	2,726,023	2,383,820
5. Uniform	2,901,135	3,495,200
6. Medical	-	-
7. Insurance	6,475,327	5,862,387
8. Pension and Gratuity Expenses	5,934,000	3,873,801
9. Others	2,861,225	2,817,236
TOTAL SALARY	263,898,326	217,768,994

OFFICE OVERHEAD EXPENSES

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.24

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. House Rent	52,011,655	45,004,444
2. Electricity and Water	10,384,644	9,188,522
3. Repairs and Maintenance	13,261,994	8,924,687
a. Building	1,697,300	1,406,508
b. Vehicles	1,536,510	1,178,440
c. Others	10,028,184	6,339,739
4. Insurance	15,939,121	18,308,910
5. Postage, Telex, Telephone, Fax	8,894,717	7,363,379
6. Office Equipment, Furniture & Repairs	6,239,500	7,580,597
7. Travelling Allowance and Expenses	4,442,069	3,921,899
8. Printing and Stationery	11,213,355	11,230,052
9. Books and Periodicals	181,488	263,232
10. Advertisements	5,233,274	5,496,851
11. Legal Fees	6,585	17,162
12. Donations	-	-
13. Expenses Relating to Board of Directors	1,654,929	1,690,478
a. Meeting Fees	1,222,000	1,383,000
b. Other Expenses	432,929	307,478
14. Annual General Meeting Expenses	957,289	774,001
15. Expenses Relating to Audit	645,500	757,588
a. Audit Fees	395,500	395,500
b. Other Expenses	250,000	362,088
16. Fund Transfer Expense	-	-
17. Depreciation on Fixed Assets	65,350,146	62,322,632
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Professional Fees	5,651,204	4,118,280
21. Entertainment	1,164,571	729,260
22. Written off Expenses	33,490,586	31,649,910
23. Security Expenses	38,661,253	31,874,137
24. Credit Guarantee Premium	-	144,936
25. Commission and Discount	7,702,118	6,251,353
26. Others Expenses	77,462,906	72,980,564
a. Registration Fees	1,932,304	1,678,027
b. Expense for Capital Items	619,342	487,032
c. ATM and Card Related Expenses	26,185,503	24,304,676
d. Lease Rental Expenses	8,592,828	8,168,097
e. Subscription Fees	4,594,799	3,355,996
f. Others	35,538,130	34,986,736
TOTAL OFFICE OVERHEAD EXPENSES	360,548,904	330,592,874

PROVISION FOR POSSIBLE LOSS

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.25

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Increase in Loan Loss Provision	461,278,032	338,269,286
2. Increase in Provision for Loss on Investment	-	-
3. Provision for Non Banking Assets	5,146,878	30,000,000
4. Provision for Other Assets	-	-
TOTAL PROVISION FOR POSSIBLE LOSS	466,424,910	368,269,286

NON OPERATING INCOME

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.26

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Profit (Loss) on Sale of Investments	-	-
2. Profit (Loss) on Sale of Assets	2,375,169	(147,152)
3. Dividend	114,000	-
4. Subsidies Received from Nepal Rastra Bank	-	-
5. Others	-	3,713,673
TOTAL NON OPERATING INCOME	2,489,169	3,566,521

PROVISION WRITE BACK

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.27

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Loan Loss Provision Written Back	93,542,486	181,384,673
2. Provision against Non Banking Assets Written Back	-	27,786,327
3. Provision against Investment Written Back	-	167,344
4. Provision against Other Assets Written Back	-	-
TOTAL PROVISION WRITE BACK	93,542,486	209,338,344

EXTRA ORDINARY INCOME/(LOSS)

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.28

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Recovery of Loan Written off	-	9,984,699
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write Offs { Refer Schedule 4.28 (Ka)}	(14,645,826)	(61,495,708)
4. Other Expense/Income	-	-
5.	-	-
TOTAL EXTRA ORDINARY INCOME	(14,645,826)	(51,511,009)

DETAILS OF LOAN WRITE OFF

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.28 (Ka)

SN	CUSTOMER	LOAN TYPE	AMOUNT	TYPE OF SECURITY	BASIS OF VALUATION	LOAN APPROVED BY	INITIATION MADE FOR RECOVERY	REMARKS
1	NEW CAMERA WORLD	Overdrawn	132,446	Fixed Assets, Vehicle & Hypothecation	" As per valuation report (FAC), As per invoice (Vehicle) "	BOD	Written follow ups, 35 days notice, 15 days auction notice, 7 days auction notice, Blacklisting, Case filed in DRT	Borrower has absconded and is currently out of contact
2	BALU TRADE LINK	Demand Loan	14,513,380 14,645,826			FCC		

CAPITAL ADEQUACY TABLE

Schedule-4.30 (A)

(After Adjustment of 3% in Operational Risk & 3% on Total RWE) As on 32nd Ashad 2071 (16th July 2014)

1.1 RISK WEIGHTED EXPOSURE		CURRENT YEAR NPR	PREVIOUS YEAR NPR
a	Risk Weighted Exposure for Credit Risk	22,322,842	19,885,360
b	Risk Weighted Exposure for Operational Risk	1,536,970	1,232,510
c	Risk Weighted Exposure for Market Risk	21,860	108,660
Adjustments under Pillar II			
	Add : 1% of the Total RWE due to non-compliance to Disclosure Requirement.(6.4 a 10)	9,889	
	Add :% of the total deposits due to insufficient Liquid Assets(6.4 a 6)	-	-
	3% additional risk weight for Operational Risk (Previous year 2%)	407,634	167,844
	1% additional risk weight for Market Risk	-	-
	3% adjustment on Total RWE	716,450	636,796
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		25,015,645	22,031,170
1.2 CAPITAL		CURRENT YEAR NPR	PREVIOUS YEAR NPR
Core Capital (Tier 1)		2,660,139	2,415,685
a	Paid up Equity Share Capital	2,236,650	2,015,000
b	Irredeemable Non-cumulative preference shares	-	-
c	Share Premium	32,408	32,408
d	Proposed Bonus Equity Shares	-	221,650
e	Statutory General Reserves	200,589	151,234
f	Retained Earnings	195,615	17,664
g	Un-audited current year cumulative profit	-	-
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	-	-
j	Dividend Equalization Reserves	-	-
k	Other Free Reserve	17,968	5,670
l	Less: Goodwill	-	-
m	Less: Fictitious Assets	(3,233)	(8,083)
n	Less: Investment in equity in licensed Financial Institutions	-	-
o	Less: Investment in equity of institutions with financial interests	(19,858)	(19,858)
p	Less: Investment in equity of institutions in excess of limits	-	-
q	Less: Investments arising out of underwriting commitments	-	-
r	Less: Reciprocal crossholdings	-	-
s	Less: Other Deductions	-	-
Adjustments under Pillar II			
	Less: Shortfall in Provision (6.4 a 1)	-	-
	Less: Loans & Facilities extended to Related Parties & Restricted lending (6.4 a 2)	-	-
Supplementary Capital (Tier 2)		214,104	184,567
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	-	-
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	199,415	177,047
e	Exchange Equalization Reserve	13,992	7,073
f	Investment Adjustment Reserve	697	447
g	Assets Revaluation Reserve	-	-
h	Other Reserves	-	-
TOTAL CAPITAL FUND		2,874,243	2,600,252
1.3 CAPITAL ADEQUACY RATIOS		CURRENT YEAR NPR	PREVIOUS YEAR NPR
Tier 1 Capital to Total Risk Weighted Exposures) (After Bank's adjustments of Pillar II)		10.63%	10.96%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures) (After Bank's adjustments of Pillar II)		11.49%	11.80%

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 32nd Ashad 2071 (16th July 2014)

Amount in Thousand
Schedule-4.30 (B)

	CURRENT YEAR										PREVIOUS YEAR	
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK EXPOSURE (D * E)	RISK WEIGHTED EXPOSURE	NET VALUE	RISK WEIGHTED EXPOSURE			
A. BALANCE SHEET EXPOSURE												
Cash Balance	862,774	-	-	862,774	0%	-	606,644	-	-	-	-	-
Balance With Nepal Rastra Bank	4,365,631	-	-	4,365,631	0%	-	3,757,633	-	-	-	-	-
Gold	1,888	-	-	1,888	0%	-	1,849	-	-	-	-	-
Investment in Nepalese Government Securities	155,600	-	-	155,600	0%	-	140,600	-	-	-	-	-
All Claims on Government of Nepal	90,614	-	-	90,614	0%	-	90,614	-	-	-	-	-
Investment in Nepal Rastra Bank securities	2,344,671	-	-	2,344,671	0%	-	1,726,501	-	-	-	-	-
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 on Multilateral Development Banks (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	76,033	-	-	76,033	20%	15,207	788,651	15,207	15,207	157,730	157,730	157,730
Claims on domestic banks that do not meet capital adequacy requirements	75,680	-	-	75,680	100%	75,680	100,440	75,680	75,680	100,440	100,440	100,440
Claims on foreign bank (ECA Rating 0-1)	922,317	-	-	922,317	20%	184,463	452,842	184,463	184,463	90,568	90,568	90,568
Claims on foreign bank (ECA Rating 2)	230,480	-	-	230,480	50%	115,240	157,404	115,240	115,240	78,702	78,702	78,702
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	23,273	-	-	23,273	20%	4,655	15,466	4,655	4,655	3,093	3,093	3,093
Claims on Domestic Corporates	11,899,681	25,000	-	11,874,681	100%	11,874,681	10,901,930	11,874,681	11,874,681	10,901,930	10,901,930	10,901,930
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)	3,739,805	453,646	-	3,286,159	75%	2,464,619	2,057,554	2,464,619	2,464,619	1,543,165	1,543,165	1,543,165
Claims fulfilling all criterion of regulatory retail except granularity	19,663	-	-	19,663	100%	19,663	21,486	19,663	19,663	21,486	21,486	21,486

A. BALANCE SHEET EXPOSURE	CURRENT YEAR						PREVIOUS YEAR	
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)	NET VALUE	RISK WEIGHTED EXPOSURE
Claims secured by residential properties	1,550,493	-	-	1,550,493	60%	930,296	850,942	510,566
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	8,834	-	-	8,834	100%	8,834	5,823	5,823
Claims secured by Commercial real estate	2,053,037	-	-	2,053,037	100%	2,053,037	2,394,610	2,394,610
Past due claims (except for claim secured by residential properties)	1,046,016	840,499	-	205,517	150%	308,276	240,215	360,323
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	437,152	-	42,303	394,849	150%	592,274	280,068	420,102
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	100%	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	18,700	-	-	18,700	150%	28,050	6,200	9,300
Staff Loan secured by residential property	88,981	-	-	88,981	60%	53,389	62,318	37,391
Interest receivable/claim on government securities	3,431	-	-	3,431	0%	-	10,258	-
Cash in transit and other cash items in the process of collection	11	-	-	11	20%	2	18	4
Other Assets	1,358,885	695,506	-	663,379	100%	663,379	542,067	542,067
TOTAL	31,373,650	1,536,005	520,949	29,316,696		19,391,745	25,212,133	17,177,301
B. OFF BALANCE SHEET EXPOSURE	CURRENT YEAR						PREVIOUS YEAR	
GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)	NET VALUE	RISK WEIGHTED EXPOSURE	
Revocable Commitments	-	-	-	0%	-	-	-	-
Bills Under Collection	303,290	-	303,290	0%	-	296,186	-	-
Forward Exchange Contract Liabilities	440,079	-	440,079	10%	44,008	95,750	9,575	9,575
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	1,072,247	-	1,007,896	20%	201,579	923,372	184,674	184,674
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%	-	-	-	-

B. OFF BALANCE SHEET EXPOSURE	CURRENT YEAR				PREVIOUS YEAR			
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (D)	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)	NET VALUE	RISK WEIGHTED EXPOSURE
foreign counterparty (ECA Rating 3-6)					100%	-	-	-
foreign counterparty (ECA Rating-7)					150%	-	-	-
" Bid Bond, Performance Bond and Counter guarantee (domestic counter party) "	2,682,679	154,942	2,527,737		50%	1,263,869	2,112,314	1,056,157
foreign counterparty (ECA Rating 0-1)					20%	-	-	-
foreign counterparty (ECA Rating-2)					50%	-	10,437	10,437
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 (including repo/ reverse repo)					100%	-	-	-
Advance Payment Guarantee	914,685	16,390	898,295		100%	898,295	968,512	968,512
Financial Guarantee	364,569	21,202	343,367		100%	343,367	267,329	267,329
Acceptances and Endorsements					100%	-	-	-
Unpaid portion of Partly paid shares and Securities					20%	150,472	918,206	183,641
Irrevocable Credit commitments (Short term)	752,362	-	752,362		50%	-	17,440	8,720
Irrevocable Credit commitments (long term)	29,507	-	29,507		100%	29,507	19,015	19,015
Other Contingent Liabilities								
Unpaid Guarantee Claims								
TOTAL	6,559,418	- 256,885	6,302,533			2,931,097	5,628,560	2,708,060
Total RWE for credit Risk (A) +(B)	37,933,068	1,536,005	35,619,229			22,322,842	30,840,694	19,885,361
Adjustments under Pillar II								
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a 3)								
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)								
Total RWE for credit Risk (After Bank's adjustments of Pillar II)	37,933,068	1,536,005	35,619,229			22,322,842	30,840,694	19,885,361

CREDIT EXPOSURES	DEPOSITS WITH BANKS/FI (A)	DEPOSITS WITH OTHER (B)	GOLD (C)	GOVT. & NRB SECURITIES OF NEPAL (D)	G'TEE OF SOVEREIGNS (E)	SEC/G'TEE OF OTHER BANKS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN (I)	TOTAL
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	42,084		219							42,303
Investments in equity and other capital instruments of institutions not listed in the stock exchange										-
Investments in equity and other capital instruments of institutions listed in the stock exchange										-
Other Assets (as per attachment)										-
Total (A)	146,680	-	374,269	-	-	-	-	-	-	520,949
Off Balance Sheet Exposures										
Revocable Commitments										
Bills Under Collection										
Forward Exchange Contract Liabilities										
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	64,351									64,351
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating-2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating- 7)										-
LC Commitments With Original Maturity Over 6 months (domestic counterparty)										-
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating 2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating- 7)										-
" Bid Bond, Performance Bond and Counter guarantee (domestic counter party) "	154,942									154,942
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating -2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating- 7)										-
Underwriting commitments										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)										-
Advance Payment Guarantee	16,390									16,390
Financial Guarantee										-
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and Securities	21,202									21,202
Irrevocable Credit commitments (Short term)										-
Irrevocable Credit commitments (long term)										-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										-
Other Contingent Liabilities										-
Total (B)	256,885	-	-	-	0%	-	-	-	-	256,885
Grand Total (C=A+B)	403,565	-	374,269	-	0%	-	-	-	-	777,834

RISK WEIGHTED EXPOSURE FOR OPERATION RISK

Amount in Thousand

As on 32nd Ashad 2071 (16th July 2014)

Schedule-4.30 (D)

PARTICULARS	FY 2067/68	FY 2068/69	FY 2069/70
Net Interest Income	697,046	590,664	988,899
Commission and Discount Income	50,759	70,445	94,943
Other Operating Income	45,995	69,535	124,525
Exchange Fluctuation Income	34,035	38,864	50,511
Additional/Deduction in Interest Suspense during the period	48,104	69,709	99,902
Gross income (a)	875,940	839,217	1,358,779
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	131,391	125,883	203,817
Capital Requirement for operational risk (d) (average of c)			153,697
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			1,536,970
PILLAR-II ADJUSTMENTS			
If Gross Income for all the last three years is negative(6.4 a 8)			-
Total Credit and Investment (net of Specific Provision)			-
Capital Requirement for operational risk (5%)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			-
Equivalent Risk Weight Exposure [g]			-
Equivalent Risk Weight Exposure [h=f+g]			1,536,970

RISK WEIGHTED EXPOSURE FOR MARKET RISK

Schedule-4.30 (E)

As on 32nd Ashad 2071 (16th July 2014)

Amount in Thousand

CURRENCY	ASHADH END 2070				Previous Year
	Open Position (FCY)	Rate	Open Position (LCY)	Relevant Open Position	Relevant Open Position
Indian Rupees	9,048.40	1.6008	14,484	14,484	37,078
US Dollar	244.11	96.3500	23,520	23,520	93,089
Pound Sterling	3.14	164.6058	517	517	70,031
EURO	12.49	130.3097	1,628	1,628	14,347
Thai Bhat	3.22	2.9404	9	9	21
Swish Frank	7.78	107.2241	835	835	1,053
Australian Dollar	12.05	89.7315	1,082	1,082	290
Canadian Dollar	3.40	89.3382	304	304	301
Singapore Dollar	0.43	77.3344	33	33	538
Japanese Yen	579.00	0.9425	546	546	134
Hongkong Dollar	-	12.2344	-	-	22
Denish Croner	13.65	17.1002	233	233	60
Swedish Croner	0.12	13.8849	2	2	-
Saudi Arab Rial	9.10	25.3594	231	231	197
Quatar Rial	1.32	25.9448	34	34	25
Arab Emirates Dhiram	2.88	25.2447	73	73	70
Malaysian Ringgit	3.84	29.7594	114	114	11
Korean Won	-	0.0908	-	-	-
Chinese Yuan	3.70	15.3427	57	57	48
Total Open position (a)				43,702	217,315
Fixed Percentage (b)				5%	5%
Capital Charge for Market Risk [c=(a×b)]				2,186	10,866
Risk weight (reciprocal of capital requirement of 10%) in times (d)				10	10
Equivalent Risk Weight Exposure[e=(c×d)]				21,860	108,660

PRINCIPAL FINANCIAL INDICATORS

For the Period Ended 1st Shrawan 2070 to 32nd Ashad 2071 (16th July 2013 to 16th July 2014)

Schedule 4.31

SN	INDICATORS	UNIT	FY 2065/66	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71
			(2008/09)	(2009/10)	(2010/11)	(2011/12)	(2012/13)	(2013/14)
1	Net Profit/ Gross Income	Percent	13.55	12.16	2.16	5.10	12.41	9.03
2	Earnings Per Share	NPR	6.78	16.35	2.20	5.52	15.46	11.03
3	Market Value Per Share	NPR		265.00	163.00	145.00	232.00	510.00
4	Average Price	NPR			175.40	145.00	212.48	402.00
5	Price Earning Ratio	Ratio		16.21	74.24	26.28	15.00	46.22
6	Dividend (including bonus) on Share Capital (%)	Percent		10.00	4.00	5.26	11.58	0.00
7	Cash Dividend on Share Capital (%)	Percent		10.00	4.00	5.26	0.58	0.00
8	Interest Income/ Loans and Advances (%)	Percent	2.95	4.85	15.43	13.03	12.17	11.55
9	Staff Expenses/ Total Operating Expenses (%)	Percent	61.95	38.31	36.93	40.97	39.71	42.26
10	Interest Expenses/ Total Deposits & Borrowings (%)	Percent	4.12	6.45	9.12	7.51	5.38	4.99
11	Exchange Gain/ Total Income (%)	Percent	4.08	2.55	1.66	1.78	2.01	2.52
12	Staff Bonus/ Total Staff Expenses (%)	Percent	15.95	22.87	5.57	8.11	21.02	13.58
13	Net Profit/Total Loans & Advances (%)	Percent	0.95	1.70	0.36	0.75	1.69	1.18
14	Net Profit/ Total Assets (%)	Percent	0.51	1.21	0.28	0.52	1.19	0.83
15	Total Loans & Advances/ Total Deposits (%)	Percent	74.53	81.57	92.86	79.01	79.08	81.84
16	Total Operating Expenses/ Total Assets (%)	Percent	1.18	1.91	2.40	2.23	2.10	2.11
17	Capital Adequacy (On Risk Weighted Assets)							
	a. Core Capital	Percent	11.88	10.47	12.55	11.01	10.96	10.63
	b. Supplementary Capital	Percent	0.78	0.90	0.73	0.77	0.84	0.86
	c. Total Capital Fund	Percent	12.66	11.37	13.28	11.78	11.80	11.49
18	Liquidity (%)	Percent	37.07	24.25	24.32	32.40	33.51	34.03
19	Non-Performing Loan/ Total Loans & Advances (%)	Percent	0.15	1.04	3.51	3.52	3.74	4.94
20	Weighted Average Interest Rate Spread	Percent	3.65	4.92	3.83	3.54	4.66	4.45
21	Book Net Worth (Per Share)	NPR	104.61	110.80	106.50	106.76	121.24	120.48
22	Number of Shares	Nos.	12,500,000	12,500,000	20,150,000	20,150,000	20,150,000	22,366,500
23	Number of Staff	Nos.	311	376	471	459	454	449
24	Number of Branches	Nos.	21	40	47	49	49	51

SIGNIFICANT ACCOUNTING POLICIES

Schedule - 4.32

1. GENERAL INFORMATION

Sunrise Bank Limited ("The Bank") is a limited liability company domiciled in Nepal. The address of its registered office is at Gairidhara Crossing, Kathmandu, Nepal. The bank is licensed by Nepal Rastra Bank-'NRB' the Central Bank of Nepal, to carry out the commercial banking business in Nepal as "A" class licensed financial institution. The bank is listed in Nepal Stock Exchange Limited. The financial statements contained in this report have been approved for publication by the Board of Directors and NRB.

2. APPROVAL OF FINANCIAL STATEMENT

The accompanied financial statement has been approved by the Board of Directors vide Board Meeting Number 204 dated 2015/01/01 and recommended for the approval from the Shareholders through Annual General Meeting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation and presentation of these financial statements are stated herein below. The said policies have been consistently applied throughout the period of presentation, unless otherwise stated.

4. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Nepal Accounting Standards ("NAS") issued by the Nepal Accounting Standard Board except otherwise stated, Generally Accepted Accounting Principles ("GAAP"), Bank and Financial Institutions Act 2063 ("BAFIA") and other requirement of NRB Directives and in compliance with the Companies Act, 2063.

5. BASIS OF PREPARATION

The financial statements are presented in Nepalese Rupees (NPR), rounded off to the nearest rupee. Financial Statements are prepared on the historical cost convention. The preparation of financial statements in compliance with NAS and GAAP which requires the use of certain critical accounting estimates.

It also requires management to exercise judgment and discretion in the process of applying the bank's accounting policies. The Bank follows accrual system of accounting for the preparation of financial statements unless otherwise stated. All the formats of the financial statements are in accordance with the NRB Directives.

6. INTEREST INCOME RECOGNITION

Interest income on loans and advances is recognized on cash basis as per the Nepal Rastra Bank Directives which is not in accordance with NAS 7 (Revenue Recognition) it prescribes that the revenue should be recognized on accrual basis.

However, interest income on loans and advances accrued and realized in cash within 15 days of the end of fiscal year has been recognized as income as permitted by NRB. Income from staff loans are also recognized on cash basis.

Interest income on Investments and placements are accounted for on accrual basis.

7. COMMISSION INCOME

All the commission incomes are accounted for on cash basis. However, commission receivable on Letter of credit and guarantees exceeding NPR 50,000 with a maturity exceeding one year from the date of transactions is accounted for on accrual basis and prorated over the tenure of transactions.

8. DIVIDEND INCOME

Dividend income on equity shares is recognized when the right to receive dividend is established.

9. FOREIGN EXCHANGE INCOME

Foreign currency assets and liabilities are translated into NPR at the mid rate between buying and selling rates of the Bank on the Balance Sheet date.

Income realized from the differences between buying and selling rates of foreign exchange and income from trading of gold is accounted for on a daily basis and shown as "Trading Gain".

Gains/Losses arising due to fluctuation in exchange rates of different foreign currencies is accounted for on a daily basis and shown as "Revaluation Gain/ (Loss)". As required by the directives of Nepal Rastra Bank, 25% of such revaluation gain during the accounting year is transferred to "Exchange Fluctuation Reserve" through Profit and Loss Appropriation Account.

10. INTEREST COST

Interest expenses on deposit liabilities and borrowings from other banks/financial institutions are accounted for on accrual basis.

11. LOANS & ADVANCE INCLUDING BILLS PURCHASE

Loans & advances and bills purchased includes overdrafts, term loans, working capital loans, consumer loans, loans disbursed as deprived sector lending and other loans extended to the customers as per the Bank's policy. All credit exposures are subject to regular review and are graded according to the level of credit risk and are classified as per NRB Directives. Loans and advances, overdrafts and bills purchased are shown net of provisions.

12. STAFF LOANS & ADVANCES

Loans and Advances granted to the staffs as per the approved policy and Staff service rules have been shown under Other Assets.

13. LOAN LOSS PROVISION

The provision for possible losses on loans and advances and bills purchased are provided at the rates from 1 percent to 100 percent according to the classification of such risk assets as per NRB Directives.

14. LOAN WRITE OFF & RECOVERY

Collateral securities acquired by the Bank during the process of recovery of loans are transferred to Non Banking Assets. Non Banking Assets are valued based on the directive issued by Nepal Rastra Bank (i.e. Market Value of the assets or the aggregate recoverable amount due up to the day before the date of assumption whichever is lower). Non Banking assets are fully provided in accordance with the directives issued by Nepal Rastra Bank.

Non Banking assets are derecognized at the time of its disposal through sale or transfer for its own use by the Bank.

15. INVESTMENTS

Investments are classified as held for trading, held to maturity and available for sale.

15.1. Held for Trading:

Investments that are made for the purpose of generating profit from short term fluctuations in price are classified under this category. These investments are marked to market and differences reflected in the profit and loss account.

15.2. Held to Maturity:

The investments made with positive intent and ability of the bank to hold till maturity is classified as held to maturity investments. The held to maturity investments are valued

at amortized cost i.e. the cost price less any impairments (if applicable). The impairments are included in the profit and loss accounts for the period.

15.3. Available for Sale

All other investments that are neither "held for trading" nor "held to maturity" are classified under this category. These investments are marked to market on a regular basis and the difference adjusted through provision for investments. Investment Adjustment Reserve of 2% is also created in addition which qualifies for Supplementary Capital. All Investments are subject to regular review as required by Nepal Rastra Bank Directives.

16. PROPERTY, PLANT & EQUIPMENT (FIXED ASSETS)

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Assets with a value less than NPR 5,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase. Depreciation on fixed assets is computed over the estimated useful life of fixed assets and is charged to Profit & Loss Account on Straight Line method. The rates of depreciation and estimated useful lives of the assets are presented below:

ASSETS	RATE OF DEPRECIATION	USEFUL LIFE
Furniture & Fixture-Metal	10%	10 Years
Furniture & Fixture-Wood	15%	7 Years
Computer & Accessories	20%	5 Years
Office Equipments	15%	7 Years
Vehicles	15%	7 Years

Lease hold improvements are capitalized at cost and amortized over the lease period on a straight line basis. The amount of amortization is charged to Profit and Loss Account.

Depreciation on the assets acquired during the first 15 days of the month is provided from the same month and depreciation on fixed assets acquired after 15th of any month is provided from the subsequent month. Depreciation on the assets disposed off during the year is charged up to the day prior to disposal. However, depreciation for Income Tax purpose is calculated at the rates and in the manner prescribed by the Income Tax Act, 2058.

17. NON BANKING ASSETS

Non-Banking assets are the assets obtained as a security for loans and advances that are subsequently taken over by the Bank in the course of loan recovery. Non-Banking Assets are valued at lower of total receivable from loan

amount (principal and interest) or fair market value of the assets acquired. Provisions for NBA are made in accordance with the NRB Directives.

18. SOFTWARE EXPENSES

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and to bring into use the specific software in the condition prescribed by the management. The costs are amortized over their estimated useful lives (i.e. estimated useful life of software is considered 5 years) on a straight line basis.

19. STAFF FACILITIES

19.1. Provident Fund

Periodic contribution of the bank to Employees Provident Fund is recognized as expenses and deposited into the approved retirement fund.

19.2. Accumulated Leave

Provisions for accumulated leave payable to staff is recognized on accrual basis and accounted accordingly in the books of accounts in accordance with Staff Service Rules. .

19.3. Gratuity

Gratuity liability of staff accrues after completion of a fixed period of a full time employment of the Bank in accordance with Staff Service Rules.

19.4. Home Loan

The bank has not maintained Housing Fund as per Labor Act, 2048. However home loan is provided to the permanent staffs in accordance with Staff Service Rules.

19.5. Staff Bonus

Staff Bonus is provided for in accordance with the provisions of the Bonus Act, 2030 i.e. 10% of net profit before tax but including provision for staff bonus.

20. STATIONARY STOCK

Stationery purchased are stated at cost and charged to revenue at the time of consumption. Certain stationeries are specific to the bank.

21. INCOME TAXES

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments thereon.

22. DEFERRED TAXES

Deferred taxes are accounted using the asset and liability method as per Accounting Standard-9 (NAS-9), "Accounting for Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

23. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

The bank creates a provision when there is a present obligation arising as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

24. PREVIOUS YEAR FIGURES

Previous period's figures are re-grouped or re-arranged wherever necessary to facilitate comparison with current year's figures.

NOTES TO ACCOUNT

Schedule - 4.33

1. EQUITY

1.1. Equity Capital Position

As per Nepal Rastra Bank directives, every "A class" licensed institution is required to maintain minimum paid up capital of NPR 2 Billion. The Bank has duly complied with the regulatory instructions and maintained paid up capital of NPR 2.237Billion which has helped the Bank to have a strong and steady capital base.

1.2. History of Paid Up Capital

Since the inception of the Bank, paid up capital increased to NPR 2.237 Billion (22,165,000 Shares of Rs 100 each) from NPR 0.70 Billion (7,000,000 promoters shares of NPR 100 each). The history of the issuance of capital is as below:

FINANCIAL YEAR	PAID UP CAPITAL (NPR)	CHANGE	REASON
2064/65 (2007-08)	700,000,000		Initial Promoter Shares
2065/66 (2008-09)	1,337,500,000	637,500,000	Increased Promoter Holding by NPR 175 Million & Initial Public Offering of NPR 375 Million. NPR 87.5 Million remained as Calls in Advance for Right Issue.
2066/67 (2009-10)	1,510,350,000	172,850,000	Right Issue of 30%. NPR 260.35 Million remained in call in advance.
2067/68 (2010-11)	2,015,000,000	504,650,000	Additional Right Issue of 24%. All the Calls in Advance settled.
2068/69 (2011-12)	2,015,000,000	-	No Change
2069/70 (2012-13)	2,236,650,000	221,650,000	11% Bonus Share Issue.
2070/71 (2013-14)	2,236,650,000	-	No Change

1.3. General Reserve

As per Section 44 of Banking & Financial Institution Act, 2063 (BAFIA Act, 2063), licensed institutions under Nepal Rastra Bank are required to transfer at least 20% of the Net Profit earned during any fiscal year to General Reserve until the General Reserves doubles the paid up capital. During the year bank has earned net profit of NPR 246,772,655 and transferred Rs 49,354,531 (20% of Net Profit) to general reserve fund to meet the criteria prescribed by the act. After the transfer the general reserve stood as:

PARTICULARS	AMOUNT(NPR)
General Reserve as on beginning of year	151,234,327
Addition During the Year (20% of Net Profit)	49,354,531
General Reserve as on end of the year	200,588,858

1.4. Capital Reserve

During the right issue by the Bank during the financial year 2067/68 (2010-11) the unsubscribed portion of right shares was issued at premium. The premium amounting NPR 32,407,723 has been transferred to Share Premium (Capital Reserve) during the year 2067/68 (2010/11). There hasn't been any addition to the reserve till date.

1.5. Deferred Tax Reserve

Bank has gained deferred tax income of NPR 12,298,084 during the year and transferred the amount to the Deferred Tax Reserve. With this the reserve increased as follows:

PARTICULARS	AMOUNT(NPR)
Deferred Tax Reserve as on beginning of year	5,669,839
Addition During the Year	12,298,084
Deferred Tax Reserve as on end of the year	17,967,923

1.6. Investment Adjustment Reserve

During the year bank has invested Rs 12,500,000 (125,000 shares of NPR 100 each) in promoter shares of Nepal Electronic Payment Services as final investment. As per the Nepal Rastra Bank guidelines, Bank has separated 2% of the said investment as the investment adjustment reserves. The reserve stood as:

PARTICULARS	AMOUNT(NPR)
Investment Adjustment Reserve as on beginning of year	447,168
Addition during the year	250,000
Investment Adjustment Reserve as on end of the year	697,168

1.7. Exchange Fluctuation Fund

As per Section 45 of Banking & Financial Institution Act, 2063, every licensed institution is required to transfer a minimum of 25% of the exchange fluctuation gain earned during the year other than from Indian currency to Exchange Fluctuation fund. Bank has earned NPR 27,676,101 as the exchange fluctuation gain and transferred NPR 6,919,026 to the said fund. After the transfer the fund stood as:

PARTICULARS	AMOUNT(NPR)
Exchange Fluctuation Fund at beginning of year	7,072,570
Addition during the year	6,919,026
Exchange Fluctuation Fund at end of the year	13,991,596

1.8. Accumulated Profit & Loss Account

Net Profit retained after transfer made to all other reserves as per the regulatory requirements and amount set aside for dividend proposed/ bonus shares by the Board of directors is stated as accumulated Profit & Loss Account. Such profit is free for distribution. The reserve stood as below in the balance sheet date:

PARTICULARS	AMOUNT (NPR)
Accumulated Profit & Loss Account at beginning of year	17,663,933
Profit Earned During The Year	246,772,655
Total Profit Available for Appropriation	264,436,588
Less: Appropriations	
Transferred to General Reserve	49,354,531
Transferred to Deferred Tax Reserve	12,298,084
Transferred to Exchange Fluctuation Fund	6,919,026
Transferred to Investment Adjustment Reserve	250,000
Proposed Bonus Shares	-
Proposed Cash Dividend	-
Total Appropriation	68,821,641
ACCUMULATED PROFIT & LOSS ACCOUNT	195,614,947

2. LIABILITIES

2.1. Deposits

Deposit is the core source of fund of the bank. Because of the excessive competition in the market, the Bank has been able to achieve only 14% growth in the total deposits. Bank has focused to decrease the share of its high cost deposits, as a result bank has been able to reduce share of Fixed Deposits to 36.32% from 42.32% in previous year. The details of deposits have been illustrated below:

DEPOSITS	CURRENT YEAR		PREVIOUS YEAR		GROWTH
	SHARE	AMOUNT (NPR)	SHARE	AMOUNT (NPR)	
LCY Non Interest Bearing	3.94%	1,047,762,694	4.06%	944,813,004	10.90%
LCY Savings	36.96%	9,837,770,843	35.38%	8,233,181,865	19.49%
LCY Call	19.09%	5,081,130,515	13.62%	3,168,391,674	60.37%
LCY Fixed	36.32%	9,667,189,824	42.32%	9,848,251,016	-1.84%
LCY DEPOSITS	96.31%	25,633,853,876	95.38%	22,194,637,559	15.50%
FCY Non Interest Bearing	0.18%	46,935,098	0.11%	26,030,612	80.31%
FCY Interest Bearing	3.52%	935,878,305	4.51%	1,049,935,125	-10.86%
FCY DEPOSITS	3.69%	982,813,403	4.62%	1,075,965,737	-8.66%
TOTAL DEPOSITS	100.00%	26,616,667,279	100.00%	23,270,603,296	14.38%

2.2. Bills Payable

Bills Payable includes manager's cheques, demand drafts, etc. It comprises of short term liabilities of the bank which stands at NPR 11,823,193 as on Ashad end 2071, which is 25% decrease with respect to previous year.

2.3. Income Tax Liabilities

As per Income Tax Act, 2058, Bank & Financial Institutions are required to pay 30% of the Profit earned during the year as income tax. The Bank has made the provision of the required amount of income tax liability which has been set off against the advance tax paid during the year.

2.4. Other Liabilities

2.4.1. Pension Gratuity Fund

Bank has been provisioning the gratuity liability at the end of every fiscal year for the eligible staffs as per the Staff Service Rules. During the year following movement was observed in the Gratuity Fund.

PARTICULARS	AMOUNT (NPR)
Gratuity Fund as on beginning of year	11,149,501
Addition during the year	5,934,000
Less: Paid to the staffs/Reversed	381,870
Gratuity Fund as on end of year	16,701,631

2.4.2. Provision for Staff Bonus

As per the requirement of Bonus Act, 2030 the Bank has duly separated 10% of its profit after bonus as the provision for staff bonus. The movement in provision for staff bonus during the FY 2070/71 is stated below.

PARTICULARS	AMOUNT (NPR)
Profit before bonus for the year	394,242,294
Provision for Staff Bonus	35,840,209
Add: Previous year bonus unclaimed	-
Total Liability of Provision for Bonus	35,840,209

2.4.3. Interest Payable on Deposits

Interest payable on deposit accounts to NPR 75,910,967 as on year end date, the amount refers to the interest payable on the fixed deposits.

2.4.4. Unearned Discount & Commission

Commission received on Letter of credit and guarantee business exceeding NPR 50,000 with a maturity exceeding one year from the date of transactions is accounted for on accrual basis and prorated over the tenure of transactions.

2.4.5. Sundry Creditors

Sundry Creditors refers to the amount payable to different parties relating to the expenses incurred for the operation of the business.

2.4.6. Deferred Tax Liabilities

Bank doesn't have Deferred Tax Liabilities.

2.4.7. Unclaimed Dividend

As on the balance sheet date NPR 28,915,175 remained as the unclaimed dividend for the FY 2066/67, 2067/68 and 2068/69. The detail of dividend yet to be claimed by the shareholders is as follows:

PARTICULARS	AMOUNT (NPR)
Unclaimed Dividend as on 1st Shrawan 2070	37,324,678
Addition: Dividend of the year 2069/70	11,665,789
Less: Paid to the Shareholders	20,075,252
Unclaimed Dividend as on Ashad End 2071	28,915,175

2.4.8. Other Liabilities

That liability which cannot be shown separately under the individual headings of Schedule 7 has been classified under this head. NPR 122,942,982 stands under this head as on 32nd Ashad 2071. The TDS Payable was subsequently paid in the month of Shrawan 2071.

3. CONTINGENT LIABILITIES

3.1. Contingent Income Tax

Large Tax Payer Office has demanded after the assessment of following two years.

FINANCIAL YEAR	DEMAND AMOUNT	RE-ASSESSMENT PENDING IN
FY 2064/65	-	COMPLETED
FY 2065/66	19,014,762	REVENUE TRIBUNAL
FY 2066/67	10,491,809	INLAND REVENUE DEPARTMENT
TOTAL	29,506,571	

However of the other financial year's, the assessment hasn't been done till date by the Large Tax Payer's Office.

3.2. Forward Foreign Exchange Contract Liabilities

Bank is regularly being exposed on foreign forward. The details of same are:

CURRENCY	FORWARD AMOUNT	VALUE DATE	TYPE
USD	1,000,000	26-Aug-14	Sale
USD	1,000,000	12-Sep-14	Sale
USD	500,000	18-Sep-14	Sale
USD	500,000	18-Sep-14	Sale
USD	1,500,000	7-Aug-14	Sale
USD	67,500	30-Jul-14	Sale
TOTAL	4,567,500		
Exchange Rate as on Balance Sheet Date	96.35		
NPR Value	440,078,625		

3.3. Other Contingent Liabilities

The other contingent liabilities includes the regular outstanding of non funded business like Letter of Credit, Guarantees etc of the bank. The details of the other contingent liabilities include:

OTHER CONTINGENT LIABILITIES	AMOUNT (NPR)
Letter of Credit	1,072,246,807
Advance Payment Guarantee	914,685,368
Guarantee & Bonds	2,682,679,335
Bills under Collection	303,290,018
Acceptance & Endorsement	364,569,422
Irrecoverable Loan Commitments	752,362,229
TOTAL OTHER CONTINGENT LIABILITIES	6,089,833,179

4 ASSETS

4.1. Cash Balance

The Bank has maintained NPR 862,774,345 as the cash balance lying as cash in premises, cash at vault and cash at ATM stations which has been segregated as below:

MONEY AT CALL	AMOUNT(NPR)
Local Currency	856,216,533
Foreign Currency	6,557,812
Total Cash Balance	862,774,345

4.2. Bank Balance

The Bank has altogether 46 Nostro accounts including 12 in Nepal Rastra Bank. The details of the same have been detailed below:

BANK BALANCES	Nos	LEDGER BALANCE (NPR)	STATEMENT BALANCE (NPR)	DIFFERENCE (NPR)
Nepal Rastra Bank	12	4,365,630,632	4,374,698,335	(9,067,702)
Local Banks	18	114,714,141	117,066,104	(2,351,963)
Foreign Banks	16	583,763,115	616,525,660	(32,762,545)
Total Bank Balances	46	5,064,107,888	5,108,290,099	(44,182,211)

The difference has been identified and reconciled.

4.3. Money at Call

Placements with maturity less than or equal to 7 days are classified as money at call. The same has been illustrated as below:

MONEY AT CALL	AMOUNT(NPR)
Local Currency	-
Foreign Currency	113,393,657
Total	113,393,657

4.4. Investment

4.4.1. Held for Trading

Investments that are made for the purpose of generating profit from short term fluctuations in price are classified under this category. These investments are marked to market and differences reflected in the profit and loss account. Bank doesn't have any investments under this head.

4.4.2. Held Till Maturity

The investments made with positive intent and ability of the bank to hold till maturity is classified as held to maturity investments. The held to maturity investments are valued at amortized cost i.e. the cost price less any impairments (if applicable). The impairments are included in the profit and loss accounts for the period. The detail of the same is illustrated below:

INVESTMENT	COST PRICE (NPR)	IMPAIRE MENT	NET INVESTMENT		GROWTH
			CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)	
Treasury Bills	2,155,195,894	-	2,155,195,894	1,726,501,030	19.89%
-28 Days	-	-	-	-	
-91 Days	1,456,111,844	-	1,456,111,844	944,322,600	
-182 Days	699,084,050	-	699,084,050	424,063,850	
-364 Days	-	-	-	358,114,580	
Development Bond	155,600,000	-	155,600,000	140,600,000	9.64%
Placements	515,911,887	-	515,911,887	560,421,265	-8.63%
-Local Banks	36,998,400	-	36,998,400	181,925,000	
-Foreign Banks	478,913,487	-	478,913,487	378,496,265	
TOTAL	2,826,707,781	-	2,826,707,781	2,427,522,295	14.12%

4.4.3. Available for Sale

All other investments that are neither "held for trading" nor "held to maturity" are classified under this category. These investments are marked to market on a regular basis and the difference adjusted through provision for investments. Investment Adjustment Reserve of 2% is also created in addition which qualifies for Supplementary Capital.

All Investments are subject to regular review as required by Nepal Rastra Bank Directives.

INVESTMENT	No of Shares	Cost Price (NPR)	Market Price		Adjustment Fund	
			This Year (NRP)	Previous Year (NPR)	Upto This Year (NPR)	Upto Previous Year (NPR)
Listed Securities						
- Gurans Life Insurance Ltd	208,334	19,858,400	135,384,600	31,659,168	397,167	397,167
Unlisted Securities						
- Nepal Clearing House Ltd	25,000	2,500,000	Not Listed	Not Listed		
- National Banking Institute	12,000	1,200,000	Not Listed	Not Listed		
- Nepal Electronic Payment System	150,000	15,000,000	Not Listed	Not Listed	300,000	25,000
TOTAL		38,558,400			697,167	422,167

4.5. Loans & Advances

Loans and Advances have been grossed to NPR 20.98 Billion as on balance sheet date which is 14% growth (on gross basis) w.r.t. previous year. Out of total loans and advances, 4.94% of the loans have been classified as non-performing loans. The required provisioning has been done as per the classification of NRB directives. The segregation of the same is highlighted below:

LOAN TYPES	GROSS VALUE (NPR)	NET VALUE (NPR)	NPA %	PREVIOUS YEAR NET VALUE (NPR)	Growth
Real Estate Loan	2,276,714,655	2,011,201,641	7.52%	2,491,510,185	-19.28%
Personal Home Loan of NPR 10 mil. or Less	1,597,346,571	1,581,373,105	0.00%	887,516,490	78.18%
Margin Type Loan	102,729,864	68,789,782	32.36%	46,816,925	46.93%
Term Loan	2,320,077,935	2,137,601,487	6.97%	1,903,404,591	12.30%
Overdraft Loan/TR Loan/WC Loan	11,454,409,898	10,973,690,693	2.81%	9,563,284,242	14.75%
Others	3,094,016,261	3,034,054,719	0.91%	2,770,853,159	9.50%
Bills Purchase	132,943,944	131,614,505	0.00%	67,206,307	95.84%
TOTAL	20,978,239,128	19,938,325,932	4.94%	17,730,591,898	12.45%

4.6. Fixed Assets

4.6.1. General Fixed Assets

The general fixed assets include all the fixed assets other than leasehold assets. Such assets have increased by 5.72% during the year. The details of same are:

PARTICULARS	ASSETS (IN NPR)				PREVIOUS YEAR (NPR)	Growth
	VEHICLE	OFFICE EQUIP	OTHERS	TOTAL		
COST PRICE	106,964,553	278,427,456	37,529,256	422,921,265	418,946,004	0.95%
- Opeing Balance	104,257,156	275,125,678	39,563,170	418,946,004	396,289,298	
- Addition during the Year	20,463,913	28,689,676	2,748,012	51,901,601	40,559,116	
- Dispose/Sold/Written Off	(17,756,516)	(25,387,898)	(4,781,926)	(47,926,340)	(17,902,410)	
DEPRECIATION	49,666,941	163,787,144	21,534,281	234,988,366	209,630,672	12.10%
- Upto Previous Year	44,997,275	145,109,710	19,523,687	209,630,672	163,884,811	
- For this Year	15,840,061	43,701,556	5,808,529	65,350,146	62,322,632	
- For Dispose/Write Off	(11,170,395)	(25,024,122)	(3,797,935)	(39,992,452)	(16,576,771)	
NET VALUE	57,297,612	114,640,312	15,994,975	187,932,899	209,315,332	-10.22%

4.6.2 Lease Hold Assets

The net leasehold assets declined by 10.97% during the year. The detail of same is:

PARTICULARS	AMOUNT (NPR)
Opening Balance	140,104,197
Additions During the year	17,428,160
Amortized during the year	28,640,766
NET LEASE HOLD ASSETS AS ON 31st ASHAD 2071	128,891,591

*Lease hold assets also includes the Unamortized software (included in Schedule 4.16)

4.7 Non Banking Assets

The Non Banking Assets (NBA) lying on the books as on 32nd Ashad 2071 represents the assets taken over from the defaulted borrowers. Amount booked as NBA has been fully provisioned as per the requirement of NRB directives. The detail flow of NBA during the year has been states as below:

PARTICULARS	AMOUNT (NPR)
Opening Balance	30,000,000
Additions during the Year	5,146,878
CLOSING NON BANKING ASSETS	35,146,878

4.8 Other Assets

4.8.1. Stationary Stock

The stationary stock includes stationary stocks along with TC stock. NPR 23,774,657 is being reflected in the books as stationary stocks. The detail of same is:

PARTICULARS	CURR. YEAR (NPR)	PREV. YEAR (NPR)
Printing & Stationary Stock	5,873,768	6,506,874
ATM Card Stock	321,435	264,022
Balbachat Gift Stocks	9,984	9,984
TC Stocks	7,524,935	16,993,777
STATIONARY STOCK	13,730,122	23,774,657

4.8.2. Accrued Interest Receivable on Loans

As on the Balance sheet date, NPR 401,206,683 remained as interest accrued on loans and advances. Out of which, NPR 367,913,803 refers to the accrued interest due but not received and NPR 33,292,880 refers to the interest accrued but not due.

4.8.3. Income Receivable on Investments

Income receivable on investment includes accrued interest receivable from T-bills, Development bonds, placements, Reverse Repo etc. It also includes the income receivable from Nepal Rastra bank for the interest paid by the Bank to the bond holders acting in the capacity of market maker. A decline of 63.20% is recorded in these assets. The detail of the same is:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)	GROWTH
Accrued Interest- T-Bill	468,906	7,074,399	-93.37%
Accrued Interest- Development Bond	2,947,280	2,881,115	2.30%
Accrued Interest- Reverse Repo	36	-	New
Accrued Interest- NSB Bond	15,200	302,500	-94.98%
Accrued Interest- Placements	464,238	329,113	41.06%
TOTAL RECEIVABLES	3,895,660	10,587,127	-63.20%

4.8.4. Sundry Debtors

Advance paid to contractor for the construction of the Fixed Assets/ leasehold assets are classified as sundry debtors. It accounts to NPR 3,138,862 as on 32nd Ashad 2071 against NPR 2,012,509 as on 31st Ashad 2070.

4.8.5. Staff Loans & Advances

Staffs are eligible for the different loans and advance facilities as per the Staff Service Rule. The facilities include home loan, vehicle loan, contingency loan, regular advances and petty cash advances. Petty cash advances are given to carry out the daily operational activities of the Bank. Such

advances are settled within the time limit framed by the financial rules of the Bank. The detail of same is:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Staff Home Loan Facilities	88,981,110	62,317,502
Staff Vehicle Loan	10,131,767	12,347,159
Staff Contingency Loan	34,435,688	-
Staff Regular Advance	9,042,247	12,983,322
Staff Petty Cash Advance	13,325	4,744
TOTAL STAFF LOAN & ADVANCES	142,604,137	87,652,727

4.8.6. Prepayments

Prepayments are made basically as per the terms and conditions of the service contracts. Following were the prepayments as on balance sheet date:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Prepaid Insurance	3,263,445	3,094,808
Prepaid Rent	4,370,950	4,123,711
Prepaid Fees	563,150	819,148
Prepaid Expenses Others	8,037,326	6,382,476
TOTAL PREPAYMENTS	16,234,871	14,420,143

4.8.7. Expenses to be Written Off

It includes the amortization of software and premium paid on investment made in development bond. The amortization is made in straight line basis and prorated over the tenure of assets. The detail of the same is:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Software-T24	12,409,558	18,366,145
Software-Others	12,544,638	18,286,617
Premium on Development Bond	3,233,213	8,083,033
TOTAL EXPENSES TO BE WRITTEN OFF	28,187,409	44,735,796

4.8.8 Branch Reconciliation

NPR 122,834 remained as the un reconciled balance as on 16th July 2014.

4.8.9 Deferred Tax Assets

With reference to Nepal Accounting Standard-9 "Accounting for Income Taxes", amount of NPR 15,371,798 generated as Deferred Tax Assets as on Balance Sheet date. The detail of same is:

PARTICULARS	TAX BASE (NPR)	CARRYING AMOUNT (NPR)	DIFFERENCE (NPR)	DTA/DTL
Provision for Gratuity	-	16,701,631	16,701,631	DTA
Provision for Leave Encashment	-	16,207,768	16,207,768	DTA
Premium on Development Bond	-	3,233,213	(3,233,213)	DTL
Disallowed NBA & Loan Provision	-	(10,061,652)	10,061,652	DTA
Fixed Assets(except Leasehold)	160,631,262	149,129,774	11,501,488	DTA
TOTAL VARIANCE			51,239,326	
CLOSING DEFERRED TAX ASSETS			15,371,798	

* DTL refers to Deferred Tax Liabilities

** DTA refers to Deferred Tax Assets

4.8.10. Advance Income Tax

As per the requirement of Section 94 Income Tax Act, 2058, bank has paid its tax liability in installments as advance. The advance tax has been net off with the actual liability of current year. The details are:

PARTICULARS	AMOUNT (NPR)
Balance of Advance Tax Carried forward from previous year	8,755,216
Add: TDS Deducted in the commission income of the Bank	366,113
Add: Installment paid during the year	193,000,000
- First Installment on Poush 2070	100,000,000
- Second Installment on Chaitra 2070	60,000,000
- Third Installment on Ashad 2071	33,000,000
TOTAL AVAILABLE ADVANCE TAX	202,121,329
Less: Adjustments during the year	
- Tax Liability of Current Year	123,927,514
TOTAL ADJUSTMENTS	123,927,514
NET VALUE OF ADVANCE TAX ASSETS	78,193,815

4.8.11. Other Assets

Those assets which can't be classified in any of the individual headings of schedule are classified as other assets. These assets include the stock for generator fuel, VISA/SCT receivables, advance TDS etc. These asset account NPR 26,470,101 as on 32nd Ashad 2071 against NPR 46,889,478 as on 31st Ashad 2070.

PROFIT & LOSS ACCOUNT

5.1. Interest Income

5.1.1 On Loan & Advances

The interest accrued on loans and advances as at Balance Sheet date which has been collected within 15 days of Balance Sheet date (i.e. 31st July, 2014) amounting NPR 8,148,417 has been considered as income in the same fiscal year. Interest receivable as on Balance Sheet date which remained uncollected even within 15 days of grace period allowed by NRB has been transferred to interest suspense account as per NRB Directives.

5.1.2. On Investments The interest on other investments has been accounted on accrual basis as per Nepal Accounting Standard-7. NPR 36,505,802 has been booked as income from investment which includes income from Treasury Bills, Placements, Agency Balance and Development Bonds.

5.1.3. On Others The interest on others has been accounted on cash basis. NPR 6,040,744 has been booked as income from others. Income from staff loans and advances and income from agency balance has been included under this head.

5.2. Interest Cost

The interest accrued on all the deposits as well as borrowings are considered as the interest cost of the bank. NPR 1,328,711,949 has been booked as interest cost by the bank which is 6.19% more than the previous year.

5.3. Net Interest Income

The difference between the Interest Income and Interest cost is considered as net interest income. This year, the Bank has recorded net interest income (NII) of NPR 1,095,134,592 which is 10.74% increase with respect to previous year. During the year, the Bank has been able to reduce the deposit cost significantly. The decrease led the Bank to maintain NII @ 4.45%, although interest yield on loans and advances decreased significantly. The details weighted average interest rate spread is stated below:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Average Yield on Loans & Advances & Investments	10.06%	11.15%
Average Cost of Deposits	5.61%	6.49%
NET INTEREST SPREAD	4.45%	4.66%

5.4. Non-Interest Income

5.4.1. Commission & Discount

Commission earned from business of Bills purchase, non funded business, remittance, etc has been included under this head. Such income accounted for NPR 104,093,050 during the year 2070/71 which is 9.64% increase as compared to previous year.

5.4.2. Other Operating Income

All incomes other than commission & discount income have been included in this head. This head includes incomes from businesses such as locker rent, card business, mobile-banking incomes, service charges for implementation of loans, etc. The income accounted NPR 141,288,250 for the year 2070/71 which is 13.46% increase with respect to previous year.

5.5. Foreign Exchange Income

The income related to transaction from foreign exchange and gold trading has been included in this head. During the year, the Bank has started gold trading business as per the NRB guidelines. The income from foreign exchange arises from the fluctuation of the exchange rate and the trading of the foreign exchange currency. The details of the same are:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)	GROWTH
Revaluation Income	27,676,101	7,559,550	266.11%
Trading Income	35,537,289	42,951,211	-17.26%
TOTAL FOREX INCOME	63,213,390	50,510,761	25.15%

25% of the revaluation income has been transferred to the Exchange Equalization reserve.

5.6. Staff Expenses

The cost incurred by the Bank towards the human resource as per the staff service rules are booked as staff expenses.

5.7. Other Operating Expenses

All the operating expenses other than staff related expenses are classified as Other Operating Expenses. NPR 360,548,904 has been expensed under this head which is 9.06% increase with respect to previous year.

5.8. Provision for Possible Losses & Write back of Provision

As per the NRB directive no.2, the Bank needs to manage the Risk bearing fund by charging the required amount to the Profit & loss account. During the year bank has increased its Risk bearing fund by NPR 367,735,546. After such increase, the risk bearing fund the Bank stands to NPR 1,039,913,196 which is 4.96% of its Risk Assets. The bank has provisioned all its NBA as per the NRB directives. The net change in provisions in respect of Loans & Non Banking Assets during the year has been highlighted below:

PARTICULARS	LOANS (NPR)	NBA (NPR)	TOTAL (NPR)
Provision of Loss	461,278,032	5,146,878	466,424,910
Writeback of the Provision	93,542,486	-	93,542,486
NET CHARGE TO P&L	367,735,546	5,146,878	372,882,424

5.9. Non Operating Income & Expenses

During the year, the Bank had sold its some of the old assets and earned NPR 2,375,169. The income from the same and the income/loss from sale and disposal of fixed assets have been considered as the Non Operating Income. The dividend income received from one of the investment has also been classified as the Non Operating Income. The same is detailed below:

PARTICULARS	AMOUNT (NPR)
Gain on Sale of Fixed Assets	2,375,169
Dividend Income	114,000
NON OPERATING INCOME	2,489,169

5.10 Extra-ordinary Income & Expenses

During the year, loan of NPR 14,645,826 has been written off. The details are:

BORROWER	TYPE	AMOUNT (NPR)
New Camera World	Overdrawn	132,446
Balu Trade Link	Demand Loan	14,513,380
TOTAL WRITTEN OFF		14,645,826

There hasn't been any recovery from previously written off loans on the current year.

5.11. Provision for Staff Bonus

As per the requirement of Bonus Act, 2030 the Bank has duly separated 10% of its profit after adjustments of loan loss provision and bonus as the provision for staff bonus. The Bank has separated NPR 35,840,209 as the staff bonus, which duly complies with the act.

5.12. Provision for Tax

5.12.1. Tax of Current Year

Provision of Tax for the current year is made @ 30% of the taxable profit of the bank. The taxable profit has been calculated with the reference of Income Tax Act, 2058.

5.12.2. Deferred Tax

Deferred Tax has been calculated with reference to Nepal Accounting standard-9 (Accounting for Income Taxes). NPR 12,298,084 has been generated as deferred tax income which has been routed through Profit & Loss Account and duly been transferred to Deferred Tax Reserve through Profit and Loss Appropriation Account. The profits arise due to following conditions:

PARTICULARS	As Per Tax	As Per Books	Total	Difference	
				Permanent	Temporary
Depreciation & Amortization	68,485,292	93,990,912	25,505,620	8,998,297	16,507,323
Gratuity Expenses (net)	-	5,552,130	5,552,130	-	5,552,130
Leave Encashment (net)	-	5,750,958	5,750,958	-	5,750,958
Repairs	19,473,937	19,501,494	27,557	-	27,557
Capital Expenses	-	619,342	619,342	-	619,342
NBA & Loan Loss Provision	-	10,061,652	10,061,652	-	10,061,652
OYVS Expenses	-	4,811,716	4,811,716	4,811,716	-
Bond Premium	-	4,849,820	4,849,820	-	4,849,820
Dividend Income	-	(114,000)	(114,000)	(114,000)	-
Sale of Assets	-	(2,375,169)	(2,375,169)	-	(2,375,169)
TOTAL	87,959,229	142,648,855	54,689,626	13,696,013	40,993,613
			DEFERRED TAX PROFIT		12,298,084

6. OTHERS

6.1. Facilities to Key Managerial Personnel

The compensation paid to key managerial persons has been stated as follows:

PERSONNEL	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Short Term Employee Benefits	31,049,929	25,359,877
Other Short Term Benefits	8,500,000	7,750,000
Post Employment Benefits	2,600,000	2,600,000
Other Long Term Benefit	14,000,000	14,000,000
Termination Benefit	5,852,614	3,771,343
Share Based Payments	NIL	NIL
TOTAL COMPENSATION	62,002,543	53,481,220

- ✓ Short Term Employee Benefit means Regular Salary, Bonus, Paid Leave, Allowances.
- ✓ Other Short Term Benefits means the insured amount of non life insurance i.e. Medical & Accidental Insurance.
- ✓ Post Employment Benefits means the Life Insurance and the value represents the insured amount not the premium amount.
- ✓ Other Long Term Benefits means the purchase price of vehicle under Own Your Vehicle Scheme (OYVS) used by the Key Managerial Personal.
- ✓ Termination Benefit means the total value of Staff Gratuity and Leave encashment provisioned till date as per the policy of the bank.
- ✓ Share Based Payments means the stock benefit provided to employees.

The name of Key Managerial Personnel includes:

Mr. Balaram Bista	-	Deputy Chief Executive Officer
Mrs. Asha Rana Adhikary	-	Deputy General Manager
Mr. Robin Nepal	-	Assistant General Manager
Mr. Arun Parajuli	-	Chief Manager

6.2. Remuneration paid to Directors

The Board meeting fees of Rs 1,222,000/- (Previous Year NPR 1,383,000) has been expensed off and provided to Directors, the bank has not provided any other non cash benefit to directors except board meeting fees.

6.3. Transaction with Related Parties

The Bank has entered into the financial transactions with the parties where director have the financial interest.

NAME OF PARTIES	NATURE OF TRANSACTION	AMOUNT (NPR)
Gurans Life Insurance Co Ltd (Director have financial Interest)	Investment in Ordinary Shares (208334 Ordinary Shares of NPR 100 each)	19,853,400
	Loans & Advances	-
	Deposits	-

6.4. Classification of Assets & Liability based on Maturity

The classification of the assets and liability stands as:

Amount in Thousand

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
Assets							
1	Cash Balance	862,774	-	-	-	-	862,774
2	Balance with Banks & FIs	5,064,108	-	-	-	-	5,064,108
3	Investment in Foreign Banks	286,213	96,350	96,350	-	-	478,913
4	Call Money	113,394	-	-	-	-	113,394
5	Government Securities	1,955,635	199,561	-	-	-	2,155,196
6	Nepal Rastra Bank Bonds	-	-	120,000	-	35,600	155,600
7	Inter Bank & FI Lending	36,998	-	-	-	-	36,998
8	Loans & Advances	8,722,727	2,898,631	1,896,944	1,351,978	6,107,959	20,978,238
9	Interest Receivable	405,043	60	-	-	-	405,103
10	Reverse Repo	189,475	-	-	-	-	189,475
11	Receivables from other Institutions under Commitment	-	-	-	-	-	-
12	Payment to be made for facilities under s.no 20,21 & 22	575,540	1,012,807	327,090	188,107	3,433,314	5,536,858
13	Others	7	-	55	-	689,579	689,641
	Total Assets (A)	18,211,914	4,207,409	2,440,439	1,540,085	10,266,452	36,666,299
Liabilities							
14	Current Deposits	573,950	-	-	-	520,748	1,094,698
15	Saving Deposits	4,566,716	-	-	-	10,468,125	15,034,841
16	Fixed Deposits	3,233,482	1,917,836	2,578,106	2,174,731	582,973	10,487,128
17	Debentures	-	-	-	-	-	-
18	Borrowings:	-	-	-	-	-	-
	(a) Call/Short Notice	-	-	-	-	-	-
	(b) Inter-bank/Financial Institutions	-	-	-	-	-	-
	(c) Refinance	-	-	-	-	-	-
	(d) Others	-	-	-	-	-	-
19	Other Liabilities and Provisions	939,211	9,892	166,604	664,002	35,147	1,814,856
	(a) Sundry Creditors	10,941	-	-	-	-	10,941
	(b) Bills Payable	11,823	-	-	-	-	11,823
	(c) Interest Payable	75,911	-	-	-	-	75,911
	(d) Provisions	199,415	9,892	166,604	664,002	35,147	1,075,060
	(e) Others	641,121	-	-	-	-	641,121
20	Payable to other institutions under Commitment	212,050	140,123	212,000	188,107	81	752,361
21	Unutilized Approved Facilities	1,354,734	1,606,117	689,290	386,585	747,771	4,784,497
22	Letter of Credit/Guarantee (Net of Margin)	-	-	-	-	-	-
23	Repo	-	-	-	-	-	-
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	-
25	Others	-	-	-	-	2,697,918	2,697,918
	Total Liabilities (B)	10,880,143	3,673,968	3,646,000	3,413,425	15,050,763	36,666,299
	Net Financial Assets (A-B)	7,331,771	533,441	(1,205,561)	(1,873,340)	(4,786,311)	-
	Cumulative Net Financial Assets	7,331,771	7,865,212	6,659,651	4,786,311	-	-

7. BASEL DISCLOSURES

7.1. Capital Structure & Capital Adequacy of the Bank

7.1.1. Core Capital

The core capital of the bank with its detailed breakdown is detailed below:

SN PARTICULARS	AMOUNT (In NPR Thousands)
a Paid up capital	2,236,650
b Share Premium	32,408
c Statutory General Reserve	200,589
d Retained Earnings	195,615
e Un-audited Current Year Cumulative Profit	-
f Deferred Tax Reserve	17,968
g Less: Fictitious Assets	(3,233)
h Less: Investment in Equity of Institutions with Financial Interests	(19,858)
CORE (TIER-1) CAPITAL	2,660,139

7.1.2. Supplementary Capital

The supplementary capital of the bank with its detailed breakdown is detailed below:

SN PARTICULARS	AMOUNT (In NPR Thousands)
a General Loan Loss Provision	199,415
b Exchange Equalization Reserve	13,992
c Investment Adjustment Reserve	697
SUPPLEMENTARY (TIER-2) CAPITAL	214,104

7.1.3. Details of Subordinated Term Debts

Bank doesn't have any subordinated term debts.

7.1.4. Deductions from Capital

- Miscellaneous expenditure not written off of 3.23 million: The Bank has made an investment in development bonds issued by NRB amounting NPR 120 million for which premium of NPR 14.55 million was paid which shall be written off within the tenure of investment.
- Investment made in Gurans Life Insurance Company Limited of NPR 19.86 million.

7.1.5. Total Qualifying Capital

The total capital of the bank stands as:

SN PARTICULARS	AMOUNT (In NPR Thousands)
a Core Capital	2,660,139
b Supplementary Capital	214,104
TOTAL CAPITAL	2,874,243

7.1.6. Capital Adequacy of the Bank

The capital adequacy of the bank has been detailed below:

SN PARTICULARS	PERCENTAGE
a Core Capital Adequacy Ratio	10.63%
b Supplementary Capital Adequacy Ratio	0.86%
CAPITAL ADEQUACY RATIO	11.49%

7.1.7. Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:

Bank's current paid up capital amounts to NPR 2.237 Billion, including 30% shares of general public (which was converted to 49% in Bhadra 2071). The Bank complies with the licensing condition of NRB which has also helped the Bank to have a steady and strong capital position. The overall strategy of the bank has been formulated with the special consideration to the capital adequacy requirement according to BASEL- II.

7.1.8. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

Bank does not have any other capital instruments except fully paid equity shares as qualifying capital.

7.2. Risk Exposures

7.2.1 Risk Weighted Exposures

All material risks faced by the bank have been addressed in the capital assessment process. However, bank has developed a process to estimate risks with reasonable certainties. All the three risks that have direct impact on the capital adequacy level have been managed in a structured manner with clear roles and responsibilities. In order to makes a comprehensive assessment of risks, the process has, at minimum, addressed the forms of risks covered below:

SN PARTICULARS	RISK (In NPR Thousands)
a Risk Weighted Exposure for Credit Risk	22,322,842
b Risk Weighted Exposure for Operational Risk	1,536,970
c Risk Weighted Exposure for Market Risk	21,860
RWA BEFORE PILLAR II ADJUSTMENTS	23,881,672

All risks, including credit, operational and market risks are identified, escalated, monitored and mitigated to the satisfaction of the risk type owner. The risk type owner is responsible for ensuring that all the risks are adequately identified, escalated, monitored and mitigated. The Bank has an adequate system in place for monitoring and reporting risk exposures and assessing how the changing risk

profile affects the need for capital. The senior management and board of directors on a regular basis receive the report regarding the risk profile of the bank and its capital needs. All the material risks are identified, measured, monitored and reported by the respective risk type owner.

7.2.2 Credit Risk under 11 Categories

The Credit Risks under the 11 categories as per the Capital Adequacy Framework, 2007 (updated July 2008) and Basel – II has been detailed below:

SN	RISK CLASSIFICATION	NET BOOK VALUE (In NPR Thousands)	RISK (In NPR Thousands)
a	Claims on Govt. and Central Bank	7,821,178	-
b	Claims on other Financial Entities	-	-
c	Claims on Banks	1,327,783	395,245
d	Claims on Corporate and Securities Firm	11,874,681	11,874,681
e	Claims on Regulatory Retail Portfolio	3,305,822	2,484,282
f	Claims secured by Residential Properties	1,559,327	939,130
g	Claims secured by Commercial Real State	2,053,037	2,053,037
h	Past due Claims	205,517	308,276
i	High Risk Claims	394,849	592,274
j	Other Assets	774,502	744,820
k	Off balance sheet items	6,302,533	2,931,097
TOTAL		35,619,229	22,322,842

7.2.3. Total Risk Weighted Exposure Calculation Table

The detailed calculation of RWA is listed below:

SN	PARTICULARS	RISK (In NPR Thousands)
a	Risk Weighted Exposure for Credit Risk	22,322,842
b	Risk Weighted Exposure for Operational Risk	1,536,970
c	Risk Weighted Exposure for Market Risk	21,860
d	Adjustments under Pillar II	
e	Add : 1% of the Total RWE due to non-compliance to Disclosure Requirement.(6.4 a 10)	9,889
f	Add :% of the total deposits due to insufficient Liquid Assets (6.4 a 6)	-
g	2% additional risk weight for Operational Risk	407,634
h	1% additional risk weight for Market Risk	-
i	3% adjustment on Total RWE	716,450
TOTAL RISK WEIGHTED EXPOSURES		25,015,645

7.3. Detail of Non Performing Loans

During the year the non performing loans increased by 1.20%. The detail of the loans has been classified below:

PARTICULARS	GROSS VALUE (In NPR Thousands)	NET VALUE (In NPR Thousands)
Restructured Loans	-	-
Sub-Standard Loans	39,569	29,676
Doubtful Loans	333,209	166,604
Loss Loans	664,002	-
TOTAL NPA	1,036,779	196,281

7.4. Ratio of Non Performing Loans

SN	PARTICULARS	PERCENTAGE
1	Gross NPA %	4.94%
2	Net NPA %	0.94%

7.5. Movement of Non-Performing Assets (Gross)

During the year Non-Performing Loans (NPA) has increased by 50.60%.

PARTICULARS	NPA (NPR Thousand)
Current Year	1,036,779
Previous Year	688,440
Change	348,339
Change%	50.60%

7.6. Write off of Loans & Interest Expenses

During the year bank had written off the following two loans:

BORROWER	TYPE	AMOUNT (NPR)
New Camera World	Overdrawn	132,446
Balu Trade Link	Demand Loan	14,513,380
TOTAL WRITTEN OFF		14,645,826

7.7. Movement of Loan Loss Provision and Interest Suspense:

As per NRB Directives, all interest accruals on loans and advances, irrespective of loan category, are transferred to interest suspense account until the interest accrued and due is realized in cash. Details of Interest Suspense Movement are as follows:

PARTICULARS	AMOUNT (NPR Thousand)
Movement of Loan Loss Provision	367,735
Movement of Interest Suspense	132,243

7.8. Details of Additional Loan Loss Provisions:

Bank has not made any additional Loan Loss Provision during the year.

7.9. Segregation of investment portfolio into Held for trading, Held to maturity and Available for sale category:

INVESTMENTS	AMOUNT (NPR Thousand)
Held For Trading	-
Held For Maturity	3,016,183
Available For Sale	38,558
TOTAL INVESTMENTS	3,054,741

7.10. Risk Management Function

7.10.1. Summary of the bank's internal approach to assess the adequacy of its capital to support all the risks in business and achieve better risk management techniques in monitoring and managing risks

7.10.1.1. Board and senior management oversight

Bank management is responsible for understanding the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels. It is also responsible for ensuring that the form and sophistication of the risk management processes is commensurate with the complexity of its operations. A sound risk management process, thus, is the foundation for an effective assessment of the adequacy of a bank's capital position. The decisions made by the management are regularly reviewed by the BOD.

10.1.2. Sound capital assessment

Another crucial component of an effective ICAAP is the assessment of capital. In order to be able to make a sound capital assessment, the bank has, at minimum, have the following:

- Policies and procedures designed to ensure that the bank identifies, measures, and reports all material risks;
- A process that relates capital to the level of risk;
- A process that states capital adequacy goals with respect to risk, taking account of the bank's strategic focus and business plan; and
- A process of internal control reviews and audits to ensure the integrity of the overall management process.

10.1.3. Comprehensive assessment of risks

All material risks faced by the bank has been addressed in the capital assessment process.

Nepal Rastra Bank recognizes that not all risks can be measured precisely. However, bank has developed a process to estimate risks with reasonable certainties.

All the three risks that have direct impact on the capital adequacy level have been managed in a structured manner with clear roles and responsibilities. In order to make a comprehensive assessment of risks, the process should, at minimum, address the forms of risks covered below.

Credit Risk

The Bank's Credit Policy Guidelines has adopted a Credit Risk Management philosophy that involves a continual measurement.

Market Risk

The Bank has in place Assets Liability Management (ALM) Policy, and Assets Liability Management Committee (ALCO), which monitors risks arising from changes in exchange rates in foreign currencies; liquidity profile of assets and liabilities, investment activities of the bank etc.

Operational Risk

The Bank has developed and implemented various manuals, operating procedures and guidelines for monitoring and controlling Operational Risks in the Bank; a number of procedure guidelines and manuals are in process of development.

Most significant steps adopted by the Bank for handling Operational Risks are as follows:

Independent reconciliation department accustomed to conducting daily reconciliation of all agency accounts and Inter-Branch accounts. Transaction Stack System is in place on amount limit basis. Exception and MIS reports are generated by the system on a 'Live' basis, where account activity can be monitored as and when they occur. General Authority schedule is in place to delegate authority to staff across all levels. Independent Internal Audit has been appointed to carry out review of internal controls and compliance. Transactions in all levels are handled under dual supervision and control. Output in all transactions is checked by a higher authority level. Disaster Recovery Server is in place to ensure full restoration of Bank's data.

Other Risk

In addition to credit, credit concentration, operational and market risk the Bank identifies, assess and monitors other risks such as strategic risk and reputational risks at regular interval.

Monitoring

Monitoring and reporting of all risks, including credit, operational and market risks are identified, escalated, monitored and mitigated to the satisfaction of the risk type owner. The risk type owner is responsible for ensuring that all the risks are adequately identified, escalated, monitored and mitigated. The Bank has an adequate system in place for monitoring and reporting risk exposures and assessing how the changing risk profile affects the need for capital. The senior management and board of directors on a regular basis receive the report regarding the risk profile of the bank and its capital needs. All the material risks are identified, measured, monitored and reported by the respective risk type owner.

Internal Control Review

The internal control structure of the Bank is essential for sound capital assessment process. Effective control of the capital assessment process includes an independent review and involvement of both internal as well as external audits wherever appropriate. The Bank is committed to conduct the regular review of its risk management process to ensure its integrity, accuracy, and reasonableness. The effectiveness of the Bank's internal control system is reviewed regularly by the Board, its committees, Management and Internal Audit.

The Internal Audit monitors compliance with policies and standards and the effectiveness of internal control structures across the Bank through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports regularly to the Audit Committee. The findings of all adverse audits are reported to the Chief Executive Officer and Business Heads for immediate corrective actions.

Types of eligible credit risk mitigants used and the benefits availed under CRM

Following are the eligible credit risk mitigants used by the bank:

SN	INVESTMENTS	AMOUNT (NPR-Thousand)
1	Deposit with Bank	403,565
2	Deposits with other banks/FI	-
3	Gold	374,269
4	Govt. & NRB Securities	-
TOTAL CREDIT RISK MITIGANTS		777,834

STATEMENT OF LOANS AND ADVANCES EXTENDED TO PROMOTOR/GROUP OF PROMOTORS AGAINST PROMOTERS SHARES

As on 32nd Ashad 2071 (16th July 2014)

Schedule 4.34

SN	PROMOTER/GROUP OF PROMOTERS	SHARE OWNERSHIP		Name of Bank / Financial Institution	LOAN DETAILS		REMARKS
		Nos	Percentage of Total Paid Up Capital		Loan Amount	No of Shares	
1	Norbu Chering Lama	157,625	0.78%	Nepal Investment Bank Ltd	4,700,000	157,625	20
2	Kailash Chandra Goyal	1,159,262	5.75%	Himalayan Bank Ltd	25,000,000	500,800	24
3	Ramesh Adhikari	20,150	0.10%	Civil Bank Ltd	800,000	20,150	32
4	Niranjana Lal Khetan	201,500	1.00%	Century Bank Ltd	32,000,000	201,500	36
5	Pramod Kumar Khetan	201,500	1.00%	Commerze & Trust Bank (now Global IME Bank)	30,000,000	201,500	37
6	Subash Kumar Khetan	31,250	0.16%	Pragati Savings and Cooperatives Ltd	3,500,000	31,250	40
7	Rabin Subedi	43,400	0.22%	NIC Asia Bank Ltd	2,500,000	20,900	51
8	Shree Krishna Giri	25,000	0.12%	NIC Asia Bank Ltd	15,000,000	25,000	54

COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENTS

As of FY 2070/71 (2013-14)

Schedule 4.35
Amount in NPR Thousand

SN	PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENTS	AS PER AUDITED FINANCIAL STATEMENTS	VARIANCE		REASON OF VARIANCE
				AMOUNT	PERCENTAGE	
1	Total Capital & Liabilities (1.1 to 1.7)	29,860,475	29,661,322	(199,153)	-0.67%	
1.1	Paid-up Capital	2,236,650	2,236,650	-	0.00%	
1.2	Reserves and Surplus	522,510	461,268	(61,242)	-11.72%	Due to Change in Net Profit
1.3	Debtenture and Bond	-	-	-		
1.4	Borrowings	-	-	-		
1.5	Deposits (a+b)	26,616,403	26,616,667	264	0.00%	
	a.Domestic Currency	25,633,590	25,633,854	264	0.00%	Change of Some deposits to liabilities & vice versa
	b.Foreign Currency	982,813	982,813	-	0.00%	
1.6	Income Tax Liabilities	132,006	-	(132,006)	-100.00%	Adjustment of Advance Tax with Tax Provision
1.7	Other Liabilities	352,906	346,737	(6,169)	-1.75%	Reversal of excess booked Provisions & Adjustments
2	Total Assets (2.1 to 2.7)	29,860,475	29,661,322	(199,153)	-0.67%	
2.1	Cash & Bank Balance	5,928,770	5,926,882	(1,888)	-0.03%	Transferring Gold Coins to Other Assets
2.2	Money at call and short Notice	113,394	113,394	-	0.00%	
2.3	Investments	3,054,741	3,054,741	-	0.00%	
2.4	Loans & Advances (a+b+c+d+e+f) (Net)	20,030,432	19,938,326	(92,106)	-0.46%	
	a.Real Estate Loan	2,055,304	2,011,203	(44,101)	-2.15%	
	1. Residential Real Estate Loan	222,476	222,476	-	0.00%	
	(Except Personal Home Loan upto Rs 10 mil)					
	2. Business Complex & Residential Apartment Construction Loan	1,140,020	1,140,020	-	0.00%	
	3. Income generating Commercial Complex Loan	-	-	-		
	4. Other Real Estate Loan	692,808	648,707	(44,101)	-6.37%	Increase in Loan Loss Provisioning
	(Including Land Purchase & Plotting)					
	b. Personal Home Loan of NPR 10 mil or less	1,581,373	1,581,373	-	0.00%	
	c. Margin Type Loan	68,790	68,790	-	0.00%	
	d. Term Loan	2,137,602	2,137,602	-	0.00%	
	e. Overdraft Loan / TR Loan / WC Loan	11,021,694	10,973,689	(48,005)	-0.44%	Increase in Loan Loss Provisioning
	f. Others	3,165,669	3,165,669	-	0.00%	
2.5	Fixed Assets	291,870	291,870	-	0.00%	
2.6	Non Banking Assets (Net)	-	-	-		
2.7	Other Assets	441,268	336,109	(105,159)	-23.83%	Adjustment of Advance Tax with Tax Provision and other adjustments made

schedule 4.35
Amount in NPR Thousand

COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENTS

As of FY 2070/71 (2013-14)

3	PROFIT & LOSS ACCOUNT	AS PER UNAUDITED FINANCIAL STATEMENTS	AS PER AUDITED FINANCIAL STATEMENTS	VARIANCE		REASON OF VARIANCE
				AMOUNT	PERCENTAGE	
	3.1 Interest Income	2,423,847	2,423,846	(1)	0.00%	Adjustment of Loans Interest
	3.2 Interest Expense	1,328,712	1,328,712	-	0.00%	
A	Net Interest Income (3.1-3.2)	1,095,135	1,095,134	(1)	0.00%	
	3.3 Fees Commission and Discount	104,094	104,093	(1)	0.00%	Reversal of Excess booking
	3.4 Other Operating Income	141,288	141,288	-	0.00%	
	3.5 Foreign Exchange Gain/Loss (Net)	63,213	63,213	-	0.00%	
B	Total Operating Income (A+3.3+3.4+3.5)	1,403,730	1,403,728	(2)	0.00%	
	3.6 Staff Expenses	263,898	263,898	-	0.00%	
	3.7 Other Operating Expenses	362,866	360,549	(2,317)	-0.64%	Reversal of Excess booking of Provision
C	Operating profit Before Provision (B-3.6-3.7)	776,966	779,281	2,315	0.30%	
	3.8 Provision for Possible Loss	374,298	466,425	92,127	24.61%	Additional Loan Loss Provision after the Audit
D	Operating profit (C-3.8)	402,668	312,856	(89,812)	-22.30%	
	3.9 Non Operating Income/Expenses (Net)	2,489	2,489	-	0.00%	
	3.10 Write Back of Provision for Possible Loss	93,511	93,542	31	0.03%	Client wise adjustment done
E	Profit From Regular Activities (D+3.9+3.10)	498,668	408,887	(89,781)	-18.00%	
	3.11 Extraordinary Income/Expenses (Net)	(14,646)	(14,646)	-	0.00%	
F	Profit Before Bonus and Taxes (E+3.11)	484,022	394,241	(89,781)	-18.55%	
	3.12 Provision For Staff Bonus	44,002	35,840	(8,162)	-18.55%	Effect of Previous Changes
	3.13 Provision For Tax	132,006	111,629	(20,377)	-15.44%	Adjustment with Income Tax Act
G	Net Profit/Loss (F-3.12 -3.13)	308,014	246,772	(61,242)	-19.88%	Effect of Previous Adjustments
4	RATIOS	AS PER UNAUDITED FINANCIAL STATEMENTS	AS PER AUDITED FINANCIAL STATEMENTS	VARIANCE		REASON OF VARIANCE
	4.1 Capital Fund to RWA	11.71%	11.49%		-0.22%	Effect of decrease in Net Profit
	4.2 Non Performing Loan (NPL) to Total Loan	4.51%	4.94%		0.43%	Increase in Non Performing Assets
	4.3 Total Loan Loss Provision to total NPL	100.11%	100.30%		0.19%	Effect of Increase in NPA Value & Provisioning.
	4.4 Cost of Funds	5.61%	5.61%		0.00%	
	4.5 CD Ratio (Calculated as per NRB Directives)	73.97%	74.14%		0.17%	Effect of decrease in Net Profit
	4.6 Base Rate	8.62%	8.62%		0.00%	
	4.7 Interest Spread (as per NRB Circular)	5.00%	5.00%		0.00%	
	Additional information (Optional)					
	Average Yield (Local Currency)	10.06%	10.06%		0.00%	
	Net Interest Spread (Local Currency)	4.45%	4.45%		0.00%	
	Return on Equity	11.21%	9.04%		-2.17%	Effect of decrease in Net Profit.
	Return on Assets	1.04%	0.83%		-0.21%	Effect of decrease in Net Profit.

UNAUDITED FINANCIAL STATEMENTS

As at Fourth Quarter Ended on 32nd Ashad 2071 (FY 2070/71)

Schedule 4.36

SN	PARTICULARS	THIS QUARTER ENDED	PREVIOUS QUARTER ENDED	CORRESPONDING PREVIOUS YEAR QUARTER ENDED
1	Total Capital & Liabilities (1.1 to 1.7)	29,860,475	29,516,192	26,128,840
1.1	Paid-up Capital	2,236,650	2,236,650	2,236,650
1.2	Reserves and Surplus	522,510	487,232	214,496
1.3	Debenture and Bond	-	-	-
1.4	Borrowings	-	-	-
1.5	Deposits (a+b)	26,616,403	26,093,309	23,270,604
	a. Domestic Currency	25,633,590	25,035,642	22,194,638
	b. Foreign Currency	982,813	1,057,667	1,075,966
1.6	Income Tax Liabilities	132,006	116,887	-
1.7	Other Liabilities	352,906	582,114	407,090
2	Total Assets (2.1 to 2.7)	29,860,475	29,516,192	26,128,840
2.1	Cash & Bank Balance	5,928,770	4,549,028	4,690,927
2.2	Money at call and short Notice	113,394	-	679,557
2.3	Investments	3,054,741	3,940,058	2,453,581
2.4	Loans & Advances (a+b+c+d+e+f) (Net)	20,030,432	20,132,179	17,730,591
	a. Real Estate Loan	2,055,304	2,183,688	2,491,510
	1. Residential Real Estate Loan(Except Personal Home Loan upto Rs 10 mil)	222,476	202,919	197,495
	2. Business Complex & Residential Apartment Construction Loan	1,140,020	1,263,655	1,404,443
	3. Income generating Commercial Complex Loan	-	-	-
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	692,808	717,114	889,572
	b. Personal Home Loan of NPR 10 mil or less	1,581,373	1,292,628	887,516
	c. Margin Type Loan	68,790	77,974	46,817
	d. Term Loan	2,137,602	2,123,167	1,903,405
	e. Overdraft Loan / TR Loan / WC Loan	11,021,694	11,399,326	9,563,284
	f. Others	3,165,669	3,055,396	2,838,059
2.5	Fixed Assets	291,870	296,747	312,767
2.6	Non Banking Assets (Net)	-	-	-
2.7	Other Assets	441,268	598,180	261,417
3	PROFIT & LOSS ACCOUNT	UPTO THIS QUARTER	UPTO PREVIOUS QUARTER	UPTO CORRESPONDING YEAR PREV. QTR.
3.1	Interest Income	2,423,847	1,803,951	2,240,203
3.2	Interest Expense	1,328,712	1,015,004	1,251,304
A	Net Interest Income (3.1-3.2)	1,095,135	788,947	988,899
3.3	Fees Commission and Discount	104,094	84,873	94,943
3.4	Other Operating Income	141,288	97,233	124,524
3.5	Foreign Exchange Gain/Loss (Net)	63,213	50,997	50,511
B	Total Operating Income (A+3.3+3.4+3.5)	1,403,730	1,022,050	1,258,877
3.6	Staff Expenses	263,898	187,728	217,769
3.7	Other Operating Expenses	362,866	255,584	330,593
C	Operating profit Before Provision (B-3.6-3.7)	776,966	578,738	710,515
3.8	Provision for Possible Loss	374,298	304,860	368,269
D	Operating profit (C-3.8)	402,668	273,878	342,246
3.9	Non Operating Income/Expenses (Net)	2,489	1,709	3,567
3.10	Write Back of Provision for Possible Loss	93,511	167,644	209,338
E	Profit From Regular Activities (D+3.9+3.10)	498,668	443,231	555,151
3.11	Extraordinary Income/Expenses (Net)	(14,646)	(14,646)	(51,511)
F	Profit Before Bonus and Taxes (E+3.11)	484,022	428,585	503,640
3.12	Provision For Staff Bonus	44,002	38,962	45,785
3.13	Provision For Tax	132,006	116,887	146,246
G	Net Profit/Loss (F-3.12 -3.13)	308,014	272,736	311,609
4	RATIOS	FOR THIS QUARTER	FOR PREVIOUS QUARTER	FOR CORRESPONDING PREV. YEAR QTR
4.1	Capital Fund to RWA	11.71%	11.32%	11.80%
4.2	Non Performing Loan (NPL) to Total Loan	4.51%	3.62%	3.74%
4.3	Total Loan Loss Provision to total NPL	100.11%	106.34%	97.64%
4.4	Cost of Funds	5.61%	5.74%	6.49%
4.5	CD Ratio (Calculated as per NRB Directives)	73.97%	75.51%	74.78%
4.6	Base Rate	8.62%	8.72%	10.29%
4.7	Interest Spread (as per NRB Circular)	5.00%	6.81%	NA
	Additional Information (Optional)			
	Average Yield (Local Currency)	10.06%	9.99%	11.15%
	Net Interest Spread (Local Currency)	4.45%	4.25%	4.66%
	Return on Equity	11.21%	13.37%	12.96%
	Return on Assets	1.04%	1.23%	1.21%



नेपाल राष्ट्र बैंक
बैंक सुपरिवेक्षण विभाग
गैर-स्थलगत सुपरिवेक्षण महाशाखा

पत्रसंख्या:- बै.सु.वि./अफसाइट/एजिएम/२६/२०७१-७२

केन्द्रीय कार्यालय
 बालुवाटार, काठमाडौं
 पोष्ट बक्स नं. : ७३
 फोन नं. : ४४१७४९७
 आन्तरिक: २०४,२०५ र २०६
 फ्याक्स नं. : ४४१२३०६
 E-mail : bsdoffsite@nrb.org.np
 Web Site: www.nrb.org.np

मिति २०७१/१०/०८

सनराइज बैंक लिमिटेड
 गैरीधारा, काठमाडौं।

विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा।

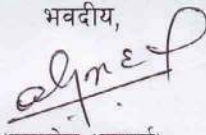
महाशय,

तहाँवाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा आ.व. २०७०/७१ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न मात्र सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु।

भवदीय,


 (वासुदेव भट्टराई)
 उप निर्देशक

बोधार्थ :

- नेपाल राष्ट्र बैंक
 बैंक तथा वित्तीय संस्था नियमन विभाग।
- बैंक सुपरिवेक्षण विभाग,
 प्रतिवेदन कार्यान्वयन इकाई (सनराइज बैंक लिमिटेड)।

HEAD OF DEPARTMENTS

Name	Section
1. Mr. Manoj Neupane	Corporate / Mid Marketing Banking Department
2. Mr. Hari Prasad Acharya	SME Banking Department and Guarantee Business & Transaction Banking Department
3. Mr. Ishwar Kumar Pathak	Compliance Department / Board Secretary & Share Registry
4. Mr. Vivek Niraula	Remittance Department
5. Mr. Ganesh Regmi	Retail and Small Business Banking Department
6. Mr. Anup Koirala	General Services Department
7. Mr. Dipak Pandit	Loan Recovery Department
8. Mr. Dev Chandra Bhatta	Branch Operation Department
9. Ms. Rabina Acharya	Marketing Department
10. Ms. Prabhavati Bista	Human Resources Department
11. Mr. Rajendra Prasad Joshi	Treasury and Correspondant Banking Department
12. Mr. Keshab Prasad Subedi	Legal Department
13. Ms. Nikky Basnet	Risk Management Department (Officiating Head)
14. Mr. Bikash Thapa	IT / MIS Department (Officiating Head)
15. Mr. Gautam Dangol	Credit Administration Department
16. Mr. Mandeep Bhattraï	Cards and E-Banking Department
17. Mr. Laxmi Prasad Sharma	Deprived Sector Banking Department
18. Mr. Rupesh Luitel	Finance & Planning Department
19. Mr. Aswin Babu Shrestha	Central Accounts Department
20. Mr. Binay Giri	Trade Finance Department

BRANCH MANAGERS

INSIDE KATHMANDU VALLEY

CORPORATE HEAD OFFICE Sunrise Plaza, Gairidhara, Kathmandu Metropolitan City-2, Kathmandu Tel: 977-1-4004560, 4004562, 4004563, 4004564 Fax: 977-1-4422475 SWIFT: SRBLNPKA Email: info@sunrisebank.com.np	MAIN BRANCH Mr. Ram Kumar Giri Sunrise Plaza, Gairidhara, Kathmandu Metropolitan City-2, Kathmandu Tel: 977-1-4004560, 4004562, 4004563, 4004564 Fax: 977-1-4422475 SWIFT: SRBLNPKA Email: main@sunrisebank.com.np	BHAKTAPUR BRANCH Mr. Neeraj C. Amatya Sukuldhoka, Bhaktapur Municipality-8, Bhaktapur Tel: 977-1-6619240, 6619241 Tel: 977-1-6619242 Fax: 977-1-6619242 SWIFT: SRBLNPKA Email: bhaktapur@sunrisebank.com.np	BANIYATAR BRANCH Ms. Panna Wagle Jalap Chowk, Baniyatar, Tokha Municipality-12, Kathmandu Tel: 977-1-4382066 Fax: - SWIFT: SRBLNPKA Email: baniyatar@sunrisebank.com.np
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MAHARAJGUNJ BRANCH Ms. Tara Bhandari Opposite to Bhatbhateni Super Market, Maharajgunj, Kathmandu Metropolitan City-3, Kathmandu Tel: 977-1-4721352, 4720346 Tel: 977-1-4721352 Fax: 977-1-4721351 SWIFT: SRBLNPKA Email: maharajgunj@sunrisebank.com.np	NEW ROAD BRANCH Mr. Ritesh Aryal Khichhapokhari, Kathmandu Metropolitan City-22, Kathmandu Tel: 977-1-4239470, 4239471, 4239472 Tel: 977-1-4239470 Fax: 977-1-4239451 SWIFT: SRBLNPKA Email: newroad@sunrisebank.com.np	PHARPING BRANCH Mr. Sudarshan Khatiwada Pharping Bus Park, Dakshinkali Municipality-6, Kathmandu Tel: 977-1-4710865 Tel: 977-1-4710865 Fax: 977-1-4710943 SWIFT: SRBLNPKA Email: pharping@sunrisebank.com.np	SANKHAMUL BRANCH Ms. Rachana Shrestha Shankamul Chowk, Kathmandu Metropolitan City-34, Kathmandu Tel: 977-1-4783996 Tel: 977-1-4783996 Fax: SWIFT: SRBLNPKA Email: sankhamul@sunrisebank.com.np
TAUKHEL BRANCH Mr. Upendra Bir Bajracharya Taukhel, Godawari Municipality-6, Lalitpur Tel: 977-1-6224821 Tel: 977-1-6224821 Fax: SWIFT: SRBLNPKA Email: taukhel@sunrisebank.com.np	POTALISADAKL BRANCH Mr. Bishnu Pd. Uprety Radhakuti Arcade, Putalisadak, Kathmandu Metropolitan City-32, Kathmandu Tel: 4434395, 4421662 Tel: 4434395 Fax: 977-1-4421662 SWIFT: SRBLNPKA Email: putalisadak@sunrisebank.com.np	TINKUNE BRANCH Mr. Dhiraj Nepal Neupane Tower, Tinkune, Kathmandu Metropolitan City-35, Kathmandu Tel: 977-1-4111554, 4111854 Tel: 977-1-4111554 Fax: 977-1-4111581 SWIFT: SRBLNPKA Email: tinkune@sunrisebank.com.np	

OUTSIDE KATHMANDU VALLEY

EASTERN REGIONAL OFFICER Mr. Sudhir Agrawal Rangeli Road, Biratnagar Sub-Metropolitan City-9, Morang Tel: 977-021-440695 Fax: 977-021-440696 SWIFT: SRBLNPKA Email:biratnagar@sunrisebank.com.np	WESTERN REGIONAL OFFICER Mr. Deepak Raj Joshi Ratopool, Dhangadi Municipality-2, Kailali Tel: 977-091-524850 Fax: 977-091-522898 SWIFT: SRBLNPKA Email:dhangadi@sunrisebank.com.np	BUTWAL BRANCH Mr. Rajendra Ghimire Milan Chowk, Butwal Sub-Metropolitan City-11, Rupandehi Tel:071-551572,071-551573 Fax:071-551574 SWIFT:SRBLNPKA Email:butwal@sunrisebank.com.np	DUMRE BRANCH Mr. Yadav Raj Upadhyay Dumre, Bandipur Municipality-1, Tanahun Tel:065-580355 Fax: 977-065- 580356 SWIFT: SRBLNPKA Email: dumre@sunrisebank.com.np	
BARDIBAS BRANCH Mr. Rohit Kumar Mahseth Sonamai Commercial Complex, Bardibas Municipality-1, Mahottari Tel: 977-044-550563, 044-550564 Fax: 977-044-550564 SWIFT: SRBLNPKA Email: bardibas@sunrisebank.com.np	BIRGUNJ BRANCH Mr. Sujan Paudel Adarshanagar, Birgunj Sub- Metropolitan City-7, Parsa Tel: 977-051-524784, 051-524785 Fax: 977-051-524752 SWIFT: SRBLNPKA Email: birgunj@sunrisebank.com.np	GAUR BRANCH Mr. Bipat Chaudhary Purnewa, Gaur Municipality-4, Rauthat Tel: 977-055-521413 Fax: 977-055-521414 SWIFT: SRBLNPKA Email: gaur@sunrisebank.com.np	NARAYANGHAT BRANCH Mr. Achyuit Shrestha Near Saheed Chowk, Narayanghat, Bharatpur Sub-Metropolitan City-4, Chitwan Tel: 056-571452, 056-571054, 056-571953 Fax: N/A SWIFT: SRBLNPKA Email:narayanghat@sunrisebank.com.np	
BHADRAPUR BRANCH Mr. Sanjog Rajbhandari Hulak Road, Bhadrapur Municipality-2, Jhapa Tel:023-520132 Fax:023-520133 SWIFT: SRBLNPKA Email:bhadrapur@sunrisebank.com.np	BIRATCHOWK BRANCH Mr. Yadav Khatiwada Biratchowk, Koshi Haraicha Municipality-1, Morang Tel:021-546102 Fax: SWIFT: SRBLNPKA Email:biratchowk@sunrisebank.com.np	BIRATNAGAR BRANCH Mr. Badri Kumar Katwal Rangeli Road, Biratnagar Sub-Metropolitan City-9, Morang Tel: 977-021-440695 Fax: 977-021-440696 SWIFT: SRBLNPKA Email:biratnagar@sunrisebank.com.np	BIRTAMOD BRANCH Mr. Gyanendra Dutta Mukti Chowk, Birtamode Municipality-7, Jhapa Tel: 977-023-541069 Fax: 977-023-543830 SWIFT: SRBLNPKA Email: birtamod@sunrisebank.com.np	
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KAKARVITTA BRANCH Mr. Pramod Hari Pokharel Shanti Path, Mechinagar -10, Kakarvitta Tel: 977-023-562083 Fax: 977-023-562502 SWIFT: SRBLNPKA Email:kakarvitta@sunrisebank.com.np	RAJBIRAJ BRANCH Mr. Gyanendra Dutta Gajendra Chowk, Rajbiraj Municipality-4, Saptari Tel: 977-031-520727,520721 Fax: 977-031-522627 SWIFT: SRBLNPKA Email: rajbiraj@sunrisebank.com.np	SURUNGA BRANCH Mr. Pramod Das BT Complex, Jhapa Road, Surunga, Kankai Municipality-3, Jhapa Tel: 977-023-550880 Fax: 977-023-550881 SWIFT: SRBLNPKA Email: surunga@sunrisebank.com.np	UDAYAPUR BRANCH Mr. Umesh Pd. Kushwaha Udayapur Cement Factory Premises, Jaljhale, Triyuga Municipality-11, Udayapur Tel: 977-9753003729 (CDMA) Fax: SWIFT: SRBLNPKA Email: udayapur@sunrisebank.com.np	
BESISAHAR BRANCH Mr. Umesh Gajurel Shera Bazar, Besisahar Municipality-9, Lamjung Tel: 066-520129 Fax: 066-520329 SWIFT: SRBLNPKA Email:besisahar@sunrisebank.com.np	DAMAULI BRANCH Mr. Bhim Narayan Shrestha Neem Chowk, Vyas Municipality-10, Tanahun Tel: 977-065-561800 Fax: 977-065-561801 SWIFT: SRBLNPKA Email: damauli@sunrisebank.com.np	DADELDHURA BRANCH Mr. Yogendra Bhandari Bagbazar, Amargadhi Municipality-5, Dadeldhura Tel: 977-096-420723 Fax: 977-096-420724 SWIFT: SRBLNPKA Email:dadeldhura@sunrisebank.com.np	DHANGADI BRANCH Mr. Surendra Shahi Ratopool, Dhangadi Municipality-2, Kailali Tel: 977-091-524850 Fax: 977-091-522898 SWIFT: SRBLNPKA Email:dhangadi@sunrisebank.com.np	
MAHENDRANAGAR BRANCH Mr. Yogesh K Bhatta Special Line (Main Market), Bhimdatta Municipality-4, Kanchanpur Tel: 977-099-520850 Fax: 977-099-520898 SWIFT: SRBLNPKA Email:mahendranagar@sunrisebank.com.np	POKHARA BRANCH Mr. Nitesh Regmi New Road, Pokhara Sub-Metropolitan City-9, Kaski Tel: 977-061-537845 Fax: 977-061-537846 SWIFT: SRBLNPKA Email: pokhara@sunrisebank.com.np	SUKHAD BRANCH Mr. Dipesh kumar Sharma Mahendra Highway, Ghodaghodi Municipality-1, Kailali Tel: 091-403012,403013 Fax:NA SWIFT: SRBLNPKA Email:sukhad@sunrisebank.com.np	SUNDAR BAZAR BRANCH Mr. Rudra Jang Gurung Tallo Bazar, Sundarbazar Municipality-7, Lamjung Tel: 977-9756001100 (CDMA),-066-402062 Fax: SWIFT: SRBLNPKA Email:sundarbazar@sunrisebank.com.np	
SUNWAL BRANCH Mr. Bikesh Kumar Shrestha Sunwal Chauraha, Sunwal Municipality-4, Nawalparasi Tel: 977-078- 570473 Fax: 977-078-570480 SWIFT: SRBLNPKA Email: sunwal@sunrisebank.com.np	BHAIRAHAWA BRANCH Mr. Sunil Rana Bank Road, Siddharthanagar Municipality-5, Rupandehi Tel: 977-071- 520373/703/706 Fax: 977-071-520435 SWIFT: SRBLNPKA Email:bhairahawa@sunrisebank.com.np	NEPALGUNJ BRANCH Mr. Dipak Bista Surkhet Road, Near Puspa Lal Chowk, Nepalgunj Sub-Metropolitan City-26, Banke Tel: 977-081- 523319 / 636 Tel: 977-081-522484 Fax: 977-081-527771 SWIFT: SRBLNPKA Email:nepalgunj@sunrisebank.com.np	LAHAN BRANCH Mr. Rajesh Ray Lahan-8 , Siraha Tel: 977-033-562403 / 404 Fax: 977-033-562423 SWIFT: SRBLNPKA Email:lahan@sunrisebank.com.np	GAIGHAT BRANCH Mr. Bisheshwar Nayak Udayapur Triyuga Municipality Ward No:4 "kha" Tel: 035-420778/79/80 Fax: 035-420780 SWIFT: SRBLNPKA Email:gaighat@sunrisebank.com.np

MANAGEMENT TEAM



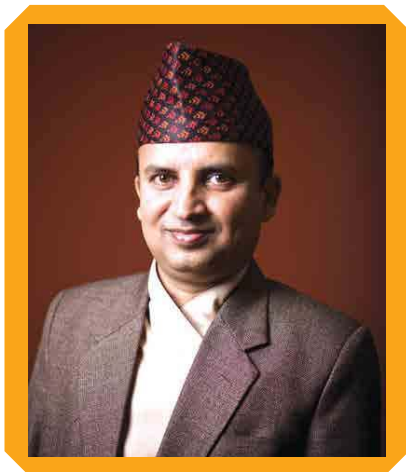
MR. RATNA RAJ BAJRACHARYA
Chief Executive Officer



MS. ASHA RANA ADHIKARY
Deputy General Manager



MR. APACHH KUMAR YADAV
Deputy General Manager



MR. ROBIN NEPAL
Assistant General Manager



MR. ARUN PARAJULI
Chief Manager