

ANNUAL REPORT

2018-19

**TOGETHER
WE RISE**

YOU & US
Together We Can Build



सन्राइज बैंक लिमिटेड
SUNRISE BANK LIMITED
RISING TO SERVE
www.sunrisebank.com.np

REPORT OBJECTIVES

The consolidated as well as standalone financial statements, prepared in accordance with NFRS, remain the primary source of communication with stakeholders. The purpose is to show how we are working to improve every aspect of our business for the benefit over stakeholders

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STRATEGIC REPORT

Sunrise Bank's secret of continued growth and success is its highly diversified and well-balanced business model. Being among the preferred banks in Nepal, we have always taken a proactive stance towards improving strategic alignment to drive stronger growth and deliver the highest returns on stakeholder value

Strategic Report

Sunrise Bank's secret of continued growth and success is its highly diversified and well-balanced business model. Being among the preferred banks in Nepal, we have always taken a proactive stance towards improving strategic alignment to drive stronger growth and deliver the highest returns on stakeholder value..

In the year under review, we embraced a broader performance-driven strategy to transform all key business verticals and support services, and to sharpen their alignment with our vision to 'Establish Sunrise Bank as a lead bank in all places of our branch locations and nation-wide'. At the heart of our strategy is the perfect blend of our corporate goals with the aspirations of stakeholders, which prompted us to leverage on four key levers; strengthen top line, enhance digital capability, boost core capital and expand the bottom line. To grow the top line in 2018/19, we continued to orient ourselves more consistently towards Agri, Retail and MSME customers in all core markets. At the same time, to strengthen our roots as a commercial bank, we adopted a two-pronged approach; firstly to increase our penetration and capture market share in selected retail segments and secondly to be the first-mover to promote unique, as well as structured solutions to capture the Retail and Corporate segment.

Hand-in-hand with this volume driven strategy we enhanced digital capabilities, for which our IT transformation programme became the key enabler. Our IT transformation programme also spearheads our efforts to differentiate ourselves from peers. Further, investments in digital technology were aimed at enhancing customer service, augmenting the risk management framework and improving employee productivity

Equally important to our long-term success is our cost structure. Ongoing cost controls efforts are aimed at reducing our cost-to-income ratio, which, combined with top line growth, are instrumental in meeting bottom

line targets. We have always understood that supporting our ambitious plans will most certainly depend how well we manage our capital requirements now and in the future. Based on this premise, Bank has outstanding debenture worth NPR 1 Billion to augment the supplementary capital as well as to strengthen the CCD Ratio. Furthermore, the bank has issued 3 Billion Debenture and allotted as on 13th December 2019 after full subscription.

We constantly question the status quo to find new and better ways to do things. With fresh eyes, we seek out new ways to meet customer needs and help shape their own path, through innovative products, insightful advice and invigorating attitude. In doing so, we have leveraged on innovation to build a fully integrated multi-channel banking system that combines traditional and digital channels, giving rise to an unprecedented level of customer convenience. Innovation has helped us to simplify our procedures, reduce organizational layers and delegate more decision making powers to branches, enabling us to respond to customers' needs faster than ever before. Meanwhile, amidst the growing risk of cyber security threats, we have begun to emphasize on innovation to preserve both customer privacy and data security.



An Overview

SUNRISE BANK LIMITED, a leading financial institution, was established as the 23rd commercial bank in Nepal on 12 October 2007. Its corporate office is located at the Gairidhara Crossing, in Kathmandu. Sunrise Bank is driven by its motto "Rising to Serve" and offers innovative products and services to all categories of clients. It also offers products that can contribute towards the economic development needs of the country.

The Bank is continuously supervised by the Board of Directors that has members with extensive knowledge and entrepreneurial experience. The Chairman of the Bank, Mr. Motilal Dugar is a business leader with extensive interests in both industry and the services sector. The management team comprises of eight members including Mr. Janak Sharma Poudyal as CEO. This team of seasoned banking and management professionals is dedicated towards establishing an institution determined to cater to the needs of all categories of clients.

Sunrise Bank's continued growth and success is founded on a highly diversified and well-balanced business model. The Bank has had balanced growth throughout its first decade and is now poised to expand into new markets. The Bank's ever growing geographical coverage has enabled it to serve a spectrum of customer segments, including retail, middle market, small and medium enterprises, and large corporations. The Bank has been continuously upgrading its services using state-of-art Core Banking technology, while remaining vigilant on risks and risk management.

The Bank serves a spectrum of customer segments, including retail, large corporate, middle market, Small and Medium Enterprises (SMEs), Rural Agricultural clients, and Deprived Sectors (Micro Finance). Sunrise Bank's continued growth and success is founded on a highly diversified and well-balanced business model and a robust multi-channel environment.

Sunrise Bank keeps pushing its limits and continuously endeavors to be a market leader, thanks to a strategy based on innovation and service differentiation.

1. VISION

You & Us. Together We Can Build.

2. MISSION

Establish Sunrise Bank as a lead bank in all places of our branch locations and nationwide.

3. STRATEGY

Our strategies are long-term and our commitment towards corporate sustainability is absolute.

4. OBJECTIVE

The overall objective of the bank is to contribute to nation building and meeting the expectation of its shareholders, depositors, customers and other stakeholders. The Bank will make concerted efforts to realize its goal by leading the banking sector in every front with:

- Expanding presence of the Bank within and outside the country,
- Targeting under-served or potential services like SMEs and retail businesses,
- Reshaping and restructuring bank's infrastructure and systems,
- Service provision through efficient and knowledgeable staffs supported by automated procedures, and
- High degree of compliance and risk management.

5. CORE VALUES

- **SOUND CAPITAL STRUCTURE,**
by maintain minimum Capital Adequacy requirement under BASEL – III and meeting the NRB requirement of minimum paid-up capital.
- **EFFICIENT OPERATIONAL BASE,**
by establishing state of art servicing facilities to serve its client through improved systems, procedures and infrastructures.
- **GOOD ASSETS QUALITY,**
by maintaining good quality of assets with lowest Non-performing Assets (NPA) level in the industry through effective appraisal and monitoring mechanism and penetration to un-served and potential areas of business.
- **STANDARD CUSTOMER SERVICES,**
by providing state of art services to its clients, including technical support to assess their business operations and

market responsive cost.

- **STAFFING STANDARD AND CAREER,**
by providing competitive compensation packages and career development opportunity to its staff.
- **GOOD CORPORATE GOVERNANCE,**
by fully complying with regulatory requirement, improved risks management systems, continuous monitoring of compliances and reliable reporting mechanism.

6. OPERATIONAL HIGHLIGHTS

The Bank remained a strong player in the market throughout 2018/2019. The market indicators for fiscal year was bolstered by,

- Good revenue generation despite the cut throat competition in the market and liquidity crisis
- Prudent risk management system to minimize financial and operational risks and eliminate losses.
- Remarkable growth in balance sheet with a good composition of capital and liquid assets.
- Diverse credit portfolio to minimize credit risk and maximize returns.
- Surge in investment and sizable incomes from investments.
- Integrated team efforts from the ground level to top management, and
- Reinvention of products and services to cater diverse needs of customers.

7. CODE OF CONDUCT

Commitment to the highest standards of transparency, reliability and ethical business conduct are well-established guiding principles within the Bank. These are articulated in a comprehensive policy and a Code of Conduct communicated to and understood by all employees.

Bank's Performance

ALIGNMENT WITH STRATEGIES

Over the journey of twelve years, Sunrise Bank has built a solid foundation to confront the future. The Bank has a successful history, a distinctive culture and a shared pride in performance, which is the foundation for its growth.

Across the Bank, its employees place great value on working together and share a genuine desire to best serve customers. The Bank is confident that its strategy is sound and that proper execution of the strategies can bring meaningful progress that is needed to create long-term value for all stakeholders, including customers. This is the secret of Sunrise Bank that has assisted it to truly live up to its brand proposition.

The major force driving growth at Sunrise Bank is its core values and enhanced digital capabilities, which remains key component to continued progress. While integrating technology the Bank continuously strives to create a culture that exemplifies service excellence, simplification of the interfaces between customers and the Bank, while creating secure and safe transactional platforms.

Sunrise Bank has emerged as one of the trusted banks in Nepal and will keep investing in its highly customer-centric strategies. It values the trust customers have placed on it, which is the rationale for investments in the right technology and teams to protect its' customers information whilst also delivering faster and more reliable services. The Bank recognizes that customer-led innovation is crucial in the rapidly changing digital space. This explains its efforts to continuously engage in developing customer focused concepts and platforms that will be introduced in the coming years.

Engaging stakeholders is another core component of the Bank's strategy implementation process. By developing and maintaining meaningful relationships through stakeholder engagement, the Bank has been able to continuously improve its relations with stakeholders and in building trust needed for expanding the business. Sunrise Bank trusts that its vision, together with products and services that better cater to its customers, will set a steady path for progress.

Table of Sectoral Lending (NPR Millions)

SECTOR	2018/19	2017/18	GROWTH %
Industry	16,209	12,587	28.78%
Trade	14,671	12,628	16.18%
Agriculture	7,490	5,550	34.96%
Others	32,006	30,562	4.72%
Total	70,376	61,326	14.76%

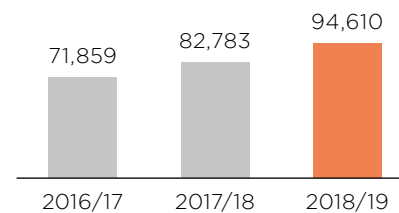


Financial Reviews

TOTAL ASSETS

This year 2018/19 showed a remarkable growth of NPR 11,827 million in total assets

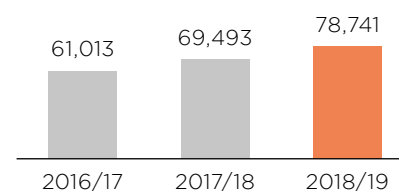
CAGR (Last 3 Years): 9.60%



TOTAL DEPOSITES

Our innovative products and deposit mobilisation strategies also yielded good results with increase in deposits base by NPR 9,248 million during the review year

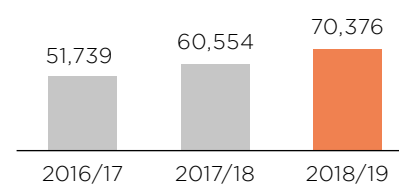
CAGR (Last 3 Years): 8.87%



GROSS LOANS AND ADVANCES

Bank financed 9,822 million more in various sectors and contributed towards holistic growth during the review year

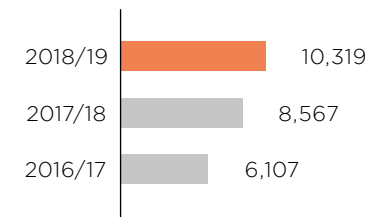
CAGR (Last 3 Years): 10.80%



TOTAL REVENUE

Our stakeholder's contribution to our revenue increased by NPR 1,756 million during the review year

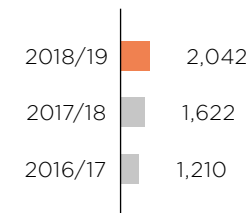
CAGR (Last 3 Years): 19.10%



TOTAL OPERATING COST

With internal cost control mechanism and addition of 21 new branches, the increment in total operating cost has been limited to NPR 420 million including growth in number of staffs by 194.

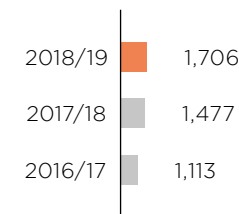
CAGR (Last 3 Years): 19.06%



NET PROFIT

This year 2018/19 net profit showed a significant increment by 16%. This is the result of increase in revenue, cost control and decrease in non performing loan.

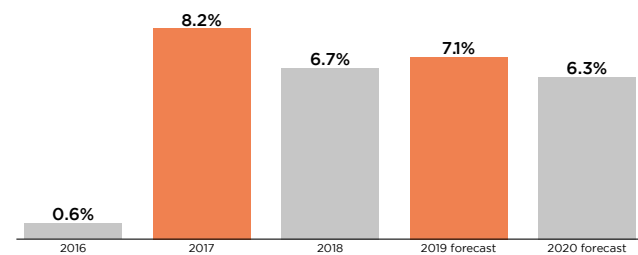
CAGR (Last 3 Years): 15.31%



Macroeconomic Outlook

The economy grew by an estimated 7.1% in FY2019, up from 6.7% a year earlier, underpinned by accelerated post-earthquake reconstruction, favorable monsoon leading to bumper harvest, better management of electricity supply and a stepped-up tourists' arrivals. Agriculture, which accounts for nearly a third of GDP, grew by 5.0% on a record increase of rice production by 8.3%. Industry, providing 15.2% of GDP, grew by 8.1% on an increased availability of electricity and a conducive socio-political environment. A number of small and medium-sized hydroelectric projects came into operation, raising the installed capacity by 10.1% in FY2019. Average capacity utilization of major industries in the first half of the fiscal year improved to 60.0% from 58.0% in the corresponding period a year earlier. Services, contributing slightly over half of GDP, expanded by 7.3% on higher inflow of remittances supporting retail trade and a buoyant tourists' arrival favoring hotel and restaurant and travel and communication businesses.

GDP Growth Rate: Nepal
(% per year)



On demand side, high consumption induced by remittance growth dominated spending in FY2019, to account for an estimated 80.0% of GDP. Current account deficit moderated to 7.7% of GDP, down from 8.2% in FY2018, on implementation delays of large national pride projects and markedly curbed import growth. Merchandise export growth exceeded expectations; but with low export base, earnings remained small, widening the merchandise trade deficit by 4.6%. Despite a fall in out-migration by 32.6%, workers' remittances grew healthily at 7.7% on depreciation of Nepali rupee vis-à-vis US dollar.

The current account deficit is expected to narrow at 7.6% of GDP in FY2020 as import growth restrains with measures taken to curtail the import of non-priority items

and an increased generation of hydroelectricity, partially offsetting fossil fuel consumption. Remittance is expected to grow much robustly with the resumption of labor migration to Malaysia and stepped-up outmigration to high-income destinations like Japan.

Broad money (M2) supply increased by 15.8% in FY2019 after rising by 19.4% a year earlier on the back of dwindling net foreign assets and a slow rise in net domestic assets. Credit growth to private sector slowed at 19.1% after rising by 22.3% in FY2018 owing to higher lending rates and an intermittent liquidity crunch. The significant share of banks and financial institutions' lending went to wholesale and retail trade, production and construction.

ECONOMIC PROSPECTS IN FY2020

Monsoon in FY2020 has been near normal as projected. However, floods in early July damaged the initially sown paddy saplings, which probably means lower growth in agriculture than in FY2019. The government is committed to accelerating the implementation of large infrastructure projects. The budget for FY2020, an estimated 40.0% of GDP, has projected capital expenditures to increase by almost half to account for a tenth of GDP. To spur economic activities, the Monetary Policy for FY2020 has cut both bank and floor rates by 50 basis points each. New legislations passed in 2019 such as Foreign Investment and Technology Transfer Act 2019, Public-Private Partnership and Investment Act 2019 will likely support investor sentiment. Implementation of 'One Window Service' at the Department of Industry and the Investment Board of Nepal is expected to facilitate investment and business environment. The government hopes to complete Upper Tamakoshi hydroelectric Project by the third quarter of FY2020. If this project materializes, then Nepal will be able to export more hydroelectricity to India via 'Energy Banking' modality

To address an intermittent liquidity crunch, the NRB has allowed banks and financial institutions (BFIs) to access foreign loans (in US dollar and other convertible currencies) from banks and other sources like pension and hedge funds. The interest rate on such loans should not exceed six-month London Inter-bank Offered Rate (LIBOR) plus 4.0% from LIBOR plus 3.0% set a year earlier. The BFIs can also mobilize fixed deposits in foreign currencies for at least two years from foreign institutional depositors and non-resident Nepalis. By the end of FY2020, commercial banks must compulsorily float debt instruments amounting to at least 25.0% of their paid-up capital.

The current account deficit is expected to narrow at 7.6% of GDP in FY2020 as import growth restrains with measures taken to curtail the import of non-priority items and an increased generation of hydroelectricity, partially

offsetting fossil fuel consumption. Remittance is expected to grow much robustly with the resumption of labor migration to Malaysia and stepped-up outmigration to high-income destinations like Japan

To facilitate the attainment of high economic growth, the Monetary Policy for FY2020 has targeted gross internal credit growth of 24.0%. If higher credit infusion is absorbed by tradeable sector, this will have a high fiscal multiplier effect. But if more credit is infused in real estate, working capital and overdraft, this will trigger financial risk and instability. The BFIs lending to real estate, working capital and overdraft constituted 41.8% of their total lending, equivalent to 35.2% of GDP in FY2019. This accommodative Monetary Policy combined with the expansionary Fiscal Policy may build pressure on prices and external stability.

Given the low export base and limited contribution of tourism to GDP, Nepal's economy heavily relies on remittance for external stability. But a slowdown in demand for Nepali migrant workers in Malaysia, Qatar and Saudi Arabia may potentially lower the remittance inflows, hurting the growth of private sector and domestic consumption.

SOURCE: ASIAN DEVELOPMENT BANK MACROECONOMIC UPDATE

The global economy is in a synchronized slowdown, with growth for 2019 down-graded again—to 3 percent—its slowest pace since the global financial crisis. This is a serious climb-down from 3.8 percent in 2017, when the world was in a synchronized upswing. This subdued growth is a consequence of rising trade barriers; elevated uncertainty surrounding trade and geopolitics; idiosyncratic factors causing macroeconomic strain in several emerging market economies; and structural factors, such as low productivity growth and aging demographics in advanced economies.

Global growth in 2020 is projected to improve modestly to 3.4 percent, a downward revision of 0.2 percent from our April projections. However, unlike the synchronized slowdown, this recovery is not broad based and is precarious. Growth for advanced economies is projected to slow to 1.7 percent in 2019 and 2020, while emerging market and developing economies are projected to experience a growth pickup from 3.9 percent in 2019 to 4.6 percent in 2020.

About half of this is driven by recoveries or shallower recessions in stressed emerging markets, such as Turkey, Argentina, and Iran, and the rest by recoveries in countries where growth slowed significantly in 2019 relative to 2018, such as Brazil, Mexico, India, Russia, and Saudi Arabia.

A notable feature of the sluggish growth in 2019 is the sharp and geographically broad-based slowdown in manufacturing and global trade. A few factors are driving this. Higher tariffs and prolonged uncertainty surrounding trade policy have dented investment and demand for capital goods, which are heavily traded. The automobile industry is contracting owing also to idiosyncratic shocks, such as disruptions from new emission standards in the euro area and China that have had durable effects. Consequently, trade volume growth in the first half of 2019 is at 1 percent, the weakest level since 2012.

Advanced economies continue to slow toward their long-term potential. For the United States, trade-related uncertainty has had negative effects on investment, but employment and consumption continue to be robust, buoyed also by policy stimulus. In the euro area, growth has been downgraded due to weak exports, while Brexit-related uncertainty continues to weaken growth in the United Kingdom. Some of the biggest downward revisions for growth are for advanced economies in Asia, including Hong Kong Special Administrative Region, Korea, and Singapore, a common factor being their exposure to slowing growth in China and spillovers from US-China trade tensions.

Growth in 2019 has been revised down across all large emerging market and developing economies, linked in part to trade and domestic policy uncertainties. In China, the growth downgrade reflects not only escalating tariffs but also slowing domestic demand following needed measures to rein in debt. In a few major economies, including India, Brazil, Mexico, Russia, and South Africa, growth in 2019 is sharply lower than in 2018, also for idiosyncratic reasons, but is expected to recover in 2020.

The global economy enjoyed a mini-boom between the end of 2016 and early 2018, when growth picked up in most major economies. This phase is now over, and in 2019 it is widely expected the G7 economies to return to growth rates close to their long-run averages. In the US, the boost from fiscal stimulus is likely to fade, higher interest rates may dampen consumer spending and a strong dollar could continue to drag on net exports.

In the Eurozone uncertainty relating to global trade tensions and Brexit has taken a toll, while the European Central Bank is likely to offer less support to growth as its quantitative easing policy ends. Growth in China is also expected to slow relative to 2018. Although the government will try to ensure that the slowdown is minimal, the impact of US tariffs and the need to control debt levels are likely to result in at least a modest deceleration in growth in 2019. Emerging market currencies could come under periodic pressure from a strong US dollar.

Source: International Monetary Fund (IMF) World Economic Outlook Reports

GLOBAL PERSPECTIVE

The end of the fiscal year 2017-18 will mark a decade since the world economy was sucked into a downward spiral that was initially sparked by risky mortgages in the United States. That originating crisis, however, was not the only challenge that emerged in the intervening years. The world experienced Europe's debt crisis, emerging markets' vulnerability to volatile capital flows, oil price fluctuations, and geopolitical events such as the Arab Spring and Brexit adding to the uncertainty. The tide, however, seems to be turning of late, especially since last year when the world economy packed quite a punch. According to estimates by the International Monetary Fund (IMF), global real GDP grew 3.6 percent in 2017, the fastest pace in five years.

With economic activity gathering pace on both sides of the Atlantic and the Asian growth engine ploughing ahead along the Pacific Rim, the global economy seems poised for a strong head start this year. It would, however, be foolhardy to imagine a world without risks. Increasing private sector debt levels, geopolitical risks, and rising protectionist rhetoric may still play spoilsport.

If there is a protagonist in the global growth story of 2017, trade beats the others hands down. According to the IMF, the total volume of global exports is estimated to have grown by 4.1 percent in 2017, up from 2.3 percent in 2016. This was the fastest growth in exports since 2011 and the first time in three years that exports growth outpaced global GDP growth. Asia has been a key contributor to trade growth since late 2016, with European economies also joining the trade bandwagon last year. Germany, for example, recorded double-digit exports growth in Q3 2017 for the first time in eight years.

Strong growth in international trade also reveals a high degree of resilience despite uncertainty about trade and investment relations, and rising protectionist rhetoric. Asian economies, for example, are increasingly trading with one another, taking advantage of growing demand within the region. Similarly, withdrawal of the United States from the Trans-Pacific Partnership (TPP) has not shaken the resolve of the remaining 11 nations to continue with a trade pact, albeit on a smaller scale. And in a shot in the arm for these nations, the United Kingdom has evinced interest to join the TPP as it tries to offset trade losses arising from Brexit. This may encourage other non-Pacific nations to follow suit.

Developed economies continue to benefit from accommodative monetary policy. The balance sheets of the central banks of four major economies the United States, Euro Area, the United Kingdom, and Japan—alone have quadrupled from pre-crisis levels to reach almost \$16

trillion, approaching 20 percent of world GDP. Despite four policy rate hikes in the United States, the Fed's interest rate path has been gradual and will likely remain so in 2019. In the Eurozone, the European Central Bank (ECB) has been at the forefront of the fight against yields, thereby easing the fiscal pain for debt-ridden economies. Key emerging economies have also eased policy in recent quarters; Turkey and Mexico are notable exceptions.

Higher global liquidity and easy monetary policy have aided credit growth with emerging economies outpacing developed ones. A likely reason for the surge in emerging economies is large portfolio inflows from developed economies in search of higher earnings, thereby aiding in the sharp rise in corporate and household credit in the latter.

Adding to the list of concerns is rising protectionist rhetoric and a move away from a multilateral trading order. While the question mark hanging over the North American Free Trade Agreement is already resolved, negotiations for a smooth Brexit have suffered in recent days. Businesses are therefore in uneasy terrain. Should manufacturers move factories? Will financial services in Europe relocate away from London? Who should retailers bank on: the tried-and-tested US consumer or the happy spender in Asia? For businesses, adding to the discomfort will be technology-related disruptions and rising geopolitical risk in the Korean peninsula and the Middle East.

Customer Centric Business Model

Sunrise Bank fully recognizes that today's customers have less and less time to visit its branches, even though their needs are greater than ever. Modern consumers are moving away from conventional banking and are demanding more conveniences, better service quality and technology-enabled ways to access services 24/7.

Sunrise Bank has already begun to transform its business model to match this change. This required a rethink of customer fundamentals and establishing stronger customer ties. The Bank also communicates more frequently with current and potential customers and this has helped it to better understand their needs for delivering products and services that match the changing expectations and needs. The Bank believes that every customer has the right to expect sound and superior banking solutions, backed by the latest technology and excellent customer service.

Over the years, we have consciously diversified our business model to portray a greater degree of customer-centricity in our offerings. We have successfully combined both conventional brick and mortar banking concepts together with the latest developments in global banking

to deliver a superior banking experience. We also continue to emphasize the importance of strengthening our IT backbone as the basis of achieving service excellence. This approach has served us well and resulted in a definitive competitive edge. Adding to this, we have over the years, strategically expanded our footprint in order to fulfill the needs of new and emerging market segments.

The Bank's goal is to create an immediate rapport with the new clients and encourage them to choose Sunrise Bank as their primary bank. Meanwhile, the Bank's listening practices have continued to help it to better understand its customers'needs and respond promptly to their concerns.

To facilitate multi-device access, steps were taken to enhance the customer-centricity and user-friendliness of the entire Digital banking process. We will also continue with our physical outreach and diversification of distribution to take the Bank closer to customers. It is already become a 'Bank with a Voice' (Toll free call center), moderating its branch network and expanding ATM coverage. The grievance handling system will also be continuously improved to increase both efficiency and effective responses to complaints. The Bank will also spend considerable time and resources to reinforce the skills of frontline staff and reinforce call center operations to ensure effective service delivery.

Additional steps that the Bank will undertake to remain on top of competition are creating a learning culture that promises both individual and organizational development, and promoting innovation and maximum value creation for customers.





CORPORATE GOVERNANCE

Sunrise Bank believes in sound corporate governance as a key operational strategy to beat competition. It has several units led by the board to oversee governance and ensure that its practices result in a bank that is agile, secure and trusted by customers.



Governance at A Glance

Good Governance Unit is in the Bank which constituents H-Compliance Department, H-HR Department, H-Legal Department, H-Branch Operations Department and Chief Technical Officer (CTO) as its members, and they have meeting on scheduled basis to discuss on several governance related issues happening within the bank with further action plans.

AML committee is the Board Level Committee in the Bank comprising of two of the Board Members along with H-Compliance, H-Branch Operations and AML/ In-charge. The meetings of AML Committee is held as and when required and on quarterly basis where the policy level discussions and matters are discussed as well as several other AML & CFT related developments, to do tasks and other Compliance related issues are discussed and needful instructions are given to the Management.

There is Grievance Cell in the bank which is responsible to listen to the grievances of staffs and take them to the next levels for their resolutions.

Trainings on AML and Good Governance have been provided to Directors/ Top Management and all staffs of bank, this is ongoing process as it is done regularly and as and when there are new changes in the regulatory levels policies/directives.

Compliance Department and other staffs are also made to attend AML and good governance workshops at times.

There is disclosure /declaration practice for Directors and Staffs in terms of written declaration on social and personal compliance terms, declaration of assets. For staffs there is Know Your Employee form to be filled by all staffs.

There is zero tolerance culture for non-compliance in bank.

Vigorous trainings on governance issues along with the AML & CFT compliance matters.

A comprehensive AML and CFT Policy is implemented which describes on good governance issues in details.

To handle the hidden compromise on good governance related issues, the Bank also promotes whistle blowing mechanism among staffs.

Customer's grievances and suggestions are also taken care

of through Grievance handling desk at every Branch and also through the customer complaints and suggestion box placed at every Branch which is accessed every month with proper approval from the Management level for the further course of actions from respective Departments and Branches towards solving the matter at the earliest.

During the period of FY 2075-76, 3 staffs were taken actions for non-compliance and compromising good governance of the Bank.

And, there were grievances received from the staffs of 3 branches in the grievance cell during last fiscal year 2075-76 for which actions were taken.

And, 2 whistle blows have been received which was acted upon with detail investigations and actions against the guilty.

There are total 160 customer complaints received in FY 2075-76, out of which most have been rectified and some are underway.

TOR OF AML COMMITTEE

Under the direction of NRB No. 6.7.5 Provision related to Anti Money Laundering, the Bank has formed Money Laundering Prevention Committee, which shall be rearranged as per the provisions of Unified Directive, Directive # 6 and Point no. 7 (ta). The directive also includes the TOR of the committee which has to be implemented in bank and needful has to be carried out accordingly. Some major points of TOR are as follows:

1. Summarization of compliance status of tasks as provisioned in the Asset (Money) Laundering Prevention Act 2064, ALP Rules 2073, & Unified Directives, and needful instructions to the management.
2. Summarization of tasks of FATF 40 recommendations as applicable to bank, and needful instructions for compliance.
3. To analyse technical and procedural competencies and adequacy for full compliant environment.
4. To design and implement effectively, Customer Acceptance Policy and Customer identification according to risk classification, including high-ranking individuals and ultimate beneficiaries.
5. To submit quarterly report to the Board of Directors about compliance and implementation of Money Laundering and financing of terrorism related Acts, Rules, directives and internal policy and rules of the Bank.

6. To take the report or statement as per the following from the management, discuss and make suggestions to the Board of Directors as per the need.
 - i. Report related to risk management of AML/CFT.
 - ii. Updated status of customer identification, details of CDD, PEPs, ECDD and a description of the policy, procedures and institutional reforms that should be implemented in the future to make these faster and more effective through the use of information technology.
 - iii. Analysis and discussions on the comments of the Internal Audit, External Audit and Inspection report related to Money Laundering and Financing of terrorism activities and preparation of a detailed description of the aspects that need to be addressed in policy and procedural reforms.
7. To ensure adequate training is provided to the Board of Directors, CEO, Shareholders with 2% or more shares, senior management and the employees who are directly and regularly involved in the working of AML/CFT about compliance and implementation of Money

Laundering and Financing of terrorism.

8. To regularly review internal policy and guidance on Money Laundering and Financing of Terrorism and submitting suggestions to the Board of Directors regarding its adequacy.
9. To determine whether the AML/CFT system is working effectively or not, whether or not the risk is properly managed, whether or not adequate monitoring of unnatural activity is done, and whether or not the required reports were submitted to the concerned body, and to make arrangements to discuss the matter with the Board of Directors.
10. To analyse international/national news & happenings related to AML/CFT and providing suggestions to BOD regarding the probable threats to bank and their mitigation measures.
11. To analyse the risks related to AML/CFT and mitigations related to launching of any new products/ services, purchase of new IT system, e-banking/mobile banking and so on.

REMARKS AND CONCLUSION:

NRB Directives/ACTs/Laws/Policies/Procedures are followed (on good governance). We have taken target to make our bank the most compliant Bank of the industry within next four years now. There are 4 different management committees in bank.



Board of Directors

From Left to Right: **Mr Deepak Nepal**, Director, **Mr. Mal Chand Dugar**, Director, **Er. Bachh Raj Tater**, Director, **Mrs. Sharada Sharma Pudasaini**, Director, **Mr. Moti Lal Dugar**, Chairman, **Mr. Om Krishna Joshi**, Director, **Er. Sailendra Guragain**, Director



Profile of Directors



Mr. Moti Lal Dugar
CHAIRMAN

Mr. Motilal Dugar is a renowned industrialist, hydropower developer and businessman of the country having over 55 years of experience in trading, manufacturing, service and hydropower sectors. Mr. Dugar has served the Bank as a founder director since its inception and as the Chairman for over 8 years.

Mr. Dugar is also the Chairman of MV Dugar Group, PAN Himalaya Energy Pvt. Ltd., Global Hydropower Associates Pvt. Ltd., Numbur Himalaya Hydropower Pvt. Ltd., NASA Hydropower Pvt. Ltd., Kohinoor Cold Storage Pvt. Ltd., Dugar Auto Clinic Pvt. Ltd., Dugar Auto Mobiles Pvt. Ltd., Dugar Brothers and Sons Pvt. Ltd. etc., and former Chairman of Gurans Life Insurance Co. Ltd. MV Dugar Group is constructing hydropower projects of 321 MW in the country, which is the largest in itself till now being constructed by the private sector of Nepal.

He is also the Vice President of Nepal-USA Chamber of Commerce and Veerayatan Nepal, a religious and social organization.



Er. Bachh Raj Tater
DIRECTOR

A renowned businessman and a pioneer private hydropower developer of the country, Mr. Tater is the Chairman of Tater Group. A former banker in one of the oldest banks of the country, Mr. Tater has also been serving as the Chairman of South Asia Infrastructure Development Pvt. Ltd., RidiKhola Hydropower Development Company Ltd., Vishal Plastocab Industries Pvt. Ltd and Veerayatan Nepal. He is also a Director of Arun Valley hydropower Development Company Ltd. Likewise, in capacity of Civil engineer, he had also been involved for a year at Department of Irrigation, Government of Nepal and involved for 24 years as Chief, Construction Section, Agricultural Development Bank, Nepal.



Mr. Mal Chand Dugar
DIRECTOR

Mr. Mal Chand Dugar hails from one of the foremost and largest conglomerates of Nepal. He is a veteran businessman who along with his father – Late Mr. Tolaram Dugar (founder Chairman of Sunrise Bank Limited, Gurans Life Insurance Company Limited and TM Dugar Group) has established various successful industries in the country.

Presently in the capacity of Chairman of TM Dugar Group, he heads several companies/ firms including but not limited to Dugar Foods and Beverages Pvt Ltd., Advikk Exim International Pvt Ltd., Shrish Warehousing Solutions Pvt Ltd., Pooja Warehousing Solutions Pvt Ltd., Amrit Pulses Industries, Shrish Cold Storage, Navkar International, Nepal Sal Seed Oil Pvt Ltd., Bikas Intercontinental etc. He has also served as a Director of Gurans Life Insurance Co. Ltd. He has almost 50 years of experience in the industry/ manufacturing and service sector. He has been on the Board of Sunrise Bank Limited for several years.



Er. Shailendra Guragain
DIRECTOR

Er. Shailendra Guragain is a renowned businessman with great experience in Hydropower of Nepal. He served as a director of Janata Bank Nepal Limited for 7 years and was executive-chairman at School of Enviromental Science for the period of 15 years. Er. Guragain was also the chairman of Independent Power Producers Association (IPPAN). He is an active member of Power Association, FNCCI and Power Association, Chamber of Commerce, Nepal Engineer's Association and Nepal Council. He is also a permanent member of Mitra Kunj. He holds a Masters Degree in Engineering with E-MBA.

Along with the banking and finance sector, Er. Shailendra Guragain has immense contribution in the development of Hydropower Project's of Nepal. He served as a chairman in Barun Hydropower Company Ltd., Arun Valley Hydropower Development Company Ltd. and as a director in Siuri Nyadi Power Pvt. Ltd., River Fall Power Ltd. and Shuvam Power Ltd.



Mrs. Sharada Sharma Pudasaini
DIRECTOR

Ms. Sharada Sharma Pudasaini has an active social worker with long experience in business. She served as a director in Info Hub Publication Pvt. Ltd. and Travel Hub Pvt. Ltd. She was also the chairman of Shree Krishna Pranami Women Association and Shree Krishna Pranami Baal Aashram. Ms. Pudasaini had a long banking career at Narayani National Finance Co. Ltd. in the past.



Mr. Deepak Nepal
DIRECTOR

Mr. Deepak Nepal is a representative of public shareholders in the Bank's board. He holds a diploma in Commerce from Tribhuvan University, Nepal. Mr. Nepal has involved in corporate sector for last 36 years. He was also a Board Director in Gurans life insurance company Ltd. for more than 6 years. He was also an active Executive Member in Nepal Foreign Trade Association for four years. He has also worked with Nepal Govt. as a chairman in Revenue Committee of Nepal Foreign Trade Association.



Mr. Om Krishna Joshi
DIRECTOR

Mr. Om K. Joshi is an independent director. Mr. Joshi had been a director in erstwhile Narayani National Finance Ltd. for more than 3 years before being appointed as a director to the Bank. Further, he had served for over 9 years as a Managing Director to erstwhile Narayani Finance Ltd. He has also served a term of 5 years as a Finance Director in Nepal Agriculture Research Council and worked for more than 27 years in Agriculture Development Bank Ltd. Mr. Joshi who holds a Master of Commerce degree from Tribhuvan University, Nepal and a Bachelor of Law degree from the same university, had also served as a director of Sagarmatha Insurance Company Ltd. in the past.

Chairman's Statement

Ethical Business

Dear Fellow Shareholders,

I feel privileged and honoured to accept the responsibility of the chairperson of the board of your bank. On behalf of the Board of Directors of your bank, I express my sincere gratitude to you all for your continuous support and cooperation throughout the past twelve years. I am also happy to report here that we have delivered an admirable financial performance in FY 2018/19 (FY 2075/76) with loans and advances of NPR 70.38 Billion, Deposit of NPR 78.74 Billion and Profit of Rs. NPR 1.70 Billion. The Total Assets of the Bank has increased to NPR 94.61 Billion.

We have expanded our network to 130 branches and 152 ATMs by now and almost 25 new branches and equal no. of ATMs are in the offing. We have also extended our reach to 18 far-flung areas in the country as village branches – from East to the West and North to the South of the country- as per our commitment of nationwide presence.

The bank has already increased its paid-up capital requirement of NPR 8.15 billion for crossing the Rs. 8 billion paid-up benchmark set by the regulator. We have, therefore, proposed a cash dividend of 5.80% and 10% Bonus Share this year out of the profit and reserve. I am confident that our shareholders will take it as an attractive return from their bank. The paid-up capital will rise to Rs. 8.97 billion after the bonus shares.

The Bank has attained significant growth which is evident from this Annual Report and financials, which have been prepared according to the Nepal Financial Reporting Standard (NFRS).

Apart from business, the bank stands as a good corporate citizen and has continuously remained committed to the welfare of the society. It has contributed towards many tangible and intangible benefits to people focusing in education, health and sanitation, conservation of culture, child education, etc.

The bank, lead by an example, helped the children of Bal Mandir, Naxal – a school of orphaned children with food and clothing and has conducted tree plantation at the ESCON temple, Budhanilkantha and Tribhuvan Army Officer's Golf Club near Tribhuvan International Airport. Also the bank has placed smart dustbins at various locations and reconstruction of various culturally significant temples at Khokana.

Finally, I would like to congratulate you for completing 12 years of successful operations. Our trusted shareholders, valued customers, faithful employees, directors and executives, both past and present, deserve a big round of applause! I would also like to thank the employees at Sunrise Bank for the hard work they have put in to achieve the results. There will be challenging circumstances in business and the operating environment but I firmly believe that we will hold ground and will continue to move forward, always striving to achieve quality and delivering satisfying results Business and compliance must go hand in hand which we call ethical business.

Thank You!

Motilal Dugar
Chairman

The CEO'S Point of View

The improved performance

The year in perspective has also seen Sunrise Bank moving into a righteous path with satisfactory expansion in resource mobilization and business lending as well as profitability. Deposit resources have increased by 13.31% while lending growth has remained at 16.88%, thus maintaining the pace along with the increment in resources. Profitability has recorded positive growth with 15.51% over last year. The Earning per Share (EPS) has improved to NPR 20.94 (previous year NPR 18.13) per share. The Earning per share still does not sound attractive. However, a consideration has to be made to the fact that the bank has increased its share capital fourfold during last three years, from NPR 2,000 million to NPR 8,000 million at the behest of regulatory directives. A justified level of business growth and profit has yet to be achieved to commensurate with the increased capital. Our best efforts towards enhancement in business volume in the coming years that would ensure proper return on shareholders' capital will continue.

Hardened Economic Reality

Nepal has turned into a federal governance structure. The most positive aspect has been the completion of all three levels of elections and formation of stable governments with comfortable majorities at the central and provincial houses of parliaments. Due to this political stability a great amount of confidence level in the minds of general public has arisen giving high hopes in business/economic prospects. Yet the delay in formalizing the mechanism in the operations of federal structure has cast doubts about its successful transformation soon.

The political success has yet to be transformed in economic front. In banking, the situation of "shortage in loanable funds" in the system has surfaced again. Demand for credit has largely outpaced the growth in resources. It is largely attributed to the failure on the part of the government to spend, increased consumption of the general public putting more pressure on outgo of funds by way of imports, and huge surge in the demand for credit generated in the system, which again is attributed towards the large number of branch network spread out by the financial sector resulting in enhanced "reach to finance" even at rural areas.

The situation is perceived to last for a longer period simply due to lack of any foreseeable policy measures proposed by the government to ensure appropriate amount of funds flow into the system. The banks, including us, would require remaining more vigilant pursuing a more prudent practice in resource mobilization and lending.

Human Resource Management

Due to opening of large number of branches by each bank, as well as aggressive operational movements of some banks during the period, the industry's supply of manpower situation has worsened. The industry's staff turnouts remain heavy. We are not spared either. To cater to such a situation a vivid manpower recruitment and training policy and practices have been put in place, which is working satisfactorily.

Investment in Technology

Bank is in the process of being paperless both being healthy to environment and user friendly to our beloved customers. Techno based products are launched eventually. Technology is the most important tools in the modern era but the use of it has given rise to security risk. Weak systems are vulnerable to conventional attacks using phishing software and malware and physical methods like ATM Jackpotting. Few Chinese Nationals were arrested few times back for using cloned debit cards to breach the banks' processing system and withdraw cash. Sunrise bank is well aware about the misuse of technology and increasing investment to safeguard the techno system with the firm believe that technology are future and necessary to remain and strengthen business.

Corporate Governance - A Core of Organization

The Bank believes that the Corporate Governance of Banks is the mix way forward. Various steps are being taken for the promotion of corporate governance within the bank. The policies and procedures adopted by the Board of Directors are implemented. Various committees like Risk Management Committee, AML Committee, HR Recruitment and Promotions Committee, Assets & Liabilities Committee are being formed to enhance transparency and promote governance. The Bank has fully complied with the extent possible all the regulatory requirements of regulatory bodies like Nepal Rastra Bank, Securities Board of Nepal, Nepal Stock Exchange, Company Registrar Office and Tax authorities.

Remittance - Renewed Focus

Remittance contributes to economic growth of the country by enhancing savings and investments. Workers' remittances flow in as a component of foreign savings and as such complements national savings by increasing the total pool of resources available for investment. International migrant remittance has become vital source of external finance in developing countries like Nepal. Bank has entered agreement with Lulu Exchange, Oman and Hongkong. Bank has entered agreement with Legal Remit, Australia. Bank has entered agreement with Indian Bank IDBI to enhance remittance business. Furthermore, the bank has entered agreement with Dollar Smart Pvt. Ltd. Of Singapore which has make it quite easier to remit money from Singapore, Hongkong & Australia. The Bank has entered agreement with Hanpass, South Korea to promote remittance business. The Bank is fully committed to further strengthen partnership with international agencies and to simply and make it easy to remit money inside country through formal channels.

Dividend

This year, the bank has proposed Cash dividend at 5.8% and 11.5% stock dividend amounting to NPR 1,288 million. Since growth in banking business has to be supported by proportionate increase in its capital, a distinctive dividend policy will need consideration for future. The introduction of countercyclical buffer by central bank urged for "stock" dividend.

Appreciation

The bank is moving forward with great amount of confidence. The vision "YOU & US ... TOGETHER WE CAN BUILD" has been shared and practiced among us all. I am placing on record my sincere appreciation to all stakeholders for their contributions in building this bank more vibrant and stronger.

Janak Sharma Poudyal
CEO

Management Team



FROM LEFT TO RIGHT:
Mr. Apachh K. Yadav, DEPUTY GENERAL MANAGER
Ms. Aarti Rajya Laxmi Rana, DEPUTY GENERAL MANAGER
Ms. Asha Rana Adhikary, DEPUTY CHIEF EXECUTIVE OFFICER
Mr. Janak Sharma Poudyal, CHIEF EXECUTIVE OFFICER
Mr. Robin K. Nepal, DEPUTY GENERAL MANAGER
Mr. Sarbendra Mishra, DEPUTY GENERAL MANAGER
Mr. Hari Prasad Acharya, ASSISTANT GENERAL MANAGER
Mr. Ishwar K. Pathak, CHIEF MANAGER

Management Team



Mr. Janak Sharma Poudyal

CHIEF EXECUTIVE OFFICER

Mr. Janak Sharma Poudyal joined Sunrise Bank Ltd. as Chief Executive Officer on July 25, 2019. A well qualified and result oriented banking professional, Mr. Poudyal has more than 32 years of experience in the banking sector. His career started from Nabil Bank Limited (previously Nepal Arab Bank Ltd.) where he served for 11 years. Mr. Poudyal then joined NIC Bank Limited (presently NIC Asia Bank Limited), where he served for around 5 years before moving for inception of Laxmi Bank Limited, where he worked for 2 years. He then moved to the United Kingdom for his further studies. He worked for around 4 and a half years with Barclay's Bank. After returning back to Nepal, he joined newly established Global Bank Limited (now Global IME Bank) where he served for 11 years including as the Chief Executive Officer of the bank. He also established Global IME Capital Limited and served as its Chairman.



Mrs. Asha Rana Adhikary

DEPUTY CHIEF EXECUTIVE OFFICER

Ms. Asha Rana Adhikary possesses more than 30 years of banking experience. Her first career started as an Accounting Assistant at Stanford University, USA (1985) in the year 1985 and subsequently as a Joint Account Officer at Rastriya Baniya Bank Ltd., Nepal (1988 to 1993). During this period, she had also worked with ERNST and YOUNG in 1990 under the aegis of Commercial Bank Problem Analysis and Strategy Study (CBPASS) and with BOOZIALLEN & HAMILTON in 1992. Later, she worked from the position of Senior Officer to Senior Manager at Himalayan Bank Ltd. (1993 to 2007) before starting her career at Sunrise Bank Limited as Assistant General Manager. Ms. Adhikary is a Gold Medalist, First Class First in MBA and was a recipient of the Mahendra Bidya Bhushan Gold Medal and Nepal Bank Limited Sardar Gunja Man Singh Gold Medal. She also secured First position among the Girl candidates in Nepal in the Certificate Level - Intermediate and is a recipient of Aishwarya Bidya Padak. She was awarded with King Birendra-Aishwarya Scholarship for pursuing Bachelor in Commerce Studies.



Mr. Apachh K. Yadav

DEPUTY GENERAL MANAGER

Mr. Apachh Kumar Yadav served Sunrise Bank Ltd. since July 2015. He also served as an Assistant General Manager at Machhapuchhre Bank Ltd., Deputy Manager at Nepal SBI Bank Ltd. and Deputy Chief Credit Officer at Nepal Bank Ltd. Mr. Yadav was also the Member of ICC Management Team for the restructuring of Nepal Bank Ltd. under the Financial Sector Technical Assistance Project. He also served as an Accounting Consultant for "The Private Sector Support Program"- A World Bank Project. He served as a Group Coordinator for the Special Audit & Accounts Reconstruction Work in "Rastriya Baniya Bank Account Reconstruction Project". He was also Business Process & Portfolio Management Specialist in Agricultural Development Bank Ltd.

A well-known Chartered Accountant, Mr. Yadav secured third position in Bachelors in Commerce, Tribhuvan University and forth position in Intermediate in Commerce, Tribhuvan University. He has wide experience in audit of commercial banks, finance companies, insurance companies, hotels and manufacturing companies.



Mr. Robin K. Nepal

DEPUTY GENERAL MANAGER

Mr. Robin Nepal started his career with Sunrise Bank Ltd. in November 2009 as a Chief Manager. He also served as a Deputy Manager; Head-Risk Management Department at Himalayan Bank Ltd. Mr. Nepal has banking experience of about 2 decades and served various senior management roles in corporate lending and risk management. He started his banking career at Nepal Grindlays Bank Ltd. now is Standard Chartered Bank Nepal Ltd. He holds a Masters degree in Business Administration.

Mr. Nepal has attended various professional trainings inside and outside the country. He obtained training on Integrated Risk Management from B.D.P. Consultants, Pune and Centralization of Trade Finance from Habib Bank, Karachi. He attended seminar in International banking, Commerz bank Frankfurt; program on Project Finance, Reserve Bank of India among other professional trainings.



Ms. Aarti Rajya Laxmi Rana

DEPUTY GENERAL MANAGER

Serving the Nepalese Banking Industry for the last 18 years Ms. Aarti Rajya Laxmi Rana joined Sunrise Bank on 24th October, 2019. She has undertaken various responsibilities in diversified areas of banking ranging from marketing, retail banking, branch management, corporate lending and infrastructure project financing including credit risk. Before joining the bank, she was serving as an Assistant General Manager in Global IME Bank Ltd since March, 2018 overlooking various departments like corporate, infrastructure & project financing, liability marketing & business promotion, branchless banking, digital banking, card and remittance. She started her banking career since 2003 as a management trainee in Everest Bank Ltd.



Mr. Sarbendra Mishra

DEPUTY GENERAL MANAGER

Mr. Sarbendra Mishra is a seasoned professional with more than 23 years of banking/finance experience. He started his banking career at Nabil Bank in the 1990s and worked there for about 15 years in core operation, trade finance, credit cards, corporate credit and treasury. He joined Sunrise Bank in 2007, and in 2010 moved to Civil Bank as Chief Operating Officer. He has also undertaken various leadership roles. He has rejoined Sunrise Bank as AGM/CFO. He is a former member of the Society of Technical Analysts, London; and the Canadian Securities Institute. He is an active member of the Association for Finance Professional (AFP), Bethesda, Maryland, USA. He holds first class Master's Degree in Business with majors in Multinational Corporate Finance.



Mr. Hari Prasad Acharya

ASSISTANT GENERAL MANAGER

Mr. Hari Prasad Acharya is a person with an optimistic outlook of the future who aims to strengthen entrepreneurship through his contribution to the nation through his efforts in Banking sector. He has 22 years of banking experience in A class Commercial Bank from Officer to AGM level. He has spent around 10 years in Nepal Bangladesh Bank, 4 years in Global IME Bank then joined in June, 2012 in Sunrise Bank. Currently, he is working as Head of the Business Banking of Sunrise Bank, Head Office. He has been looking after the overall banking business unit including Retail Banking, SME Banking, Corporate Banking and Correspondence Banking. He has been to formulate strategic business plan and course of action to achieve the budgeted goal.

Mr. Acharya holds MBA Degree from Central Dept. of Management, TU, Kirtipur, Kahtmandu. He holds a Professional Degree of Chartered Associate National Banking Institute (CANBI)



Mr. Ishwar K. Pathak

CHIEF MANAGER

Mr. Ishwar K. Pathak possesses an experience of more than 17 years in Nepalese banking sector in different capacities. He has been servicing at Sunrise Bank Ltd. since December, 2009. Starting his career from Himalayan Bank Ltd, he also worked briefly at Global IME Bank Ltd. Mr. Pathak has a diverse experience of various areas such as Branch Management, Corporate and SME/Retails Business, Project Management, Compliance, AML/CFT, Banking Operations, Integrated Risk, Bank Audit, Shares, Strategic Planning, Product Development etc. He is currently working in the capacity of Company Secretary and Head of Internal Audit. Mr. Pathak holds a Master Degree each in Science (Statistics) and Economics; and a Bachelor's degree in English from Tribhuvan University, Kathmandu.

Department Heads



FROM LEFT TO RIGHT:

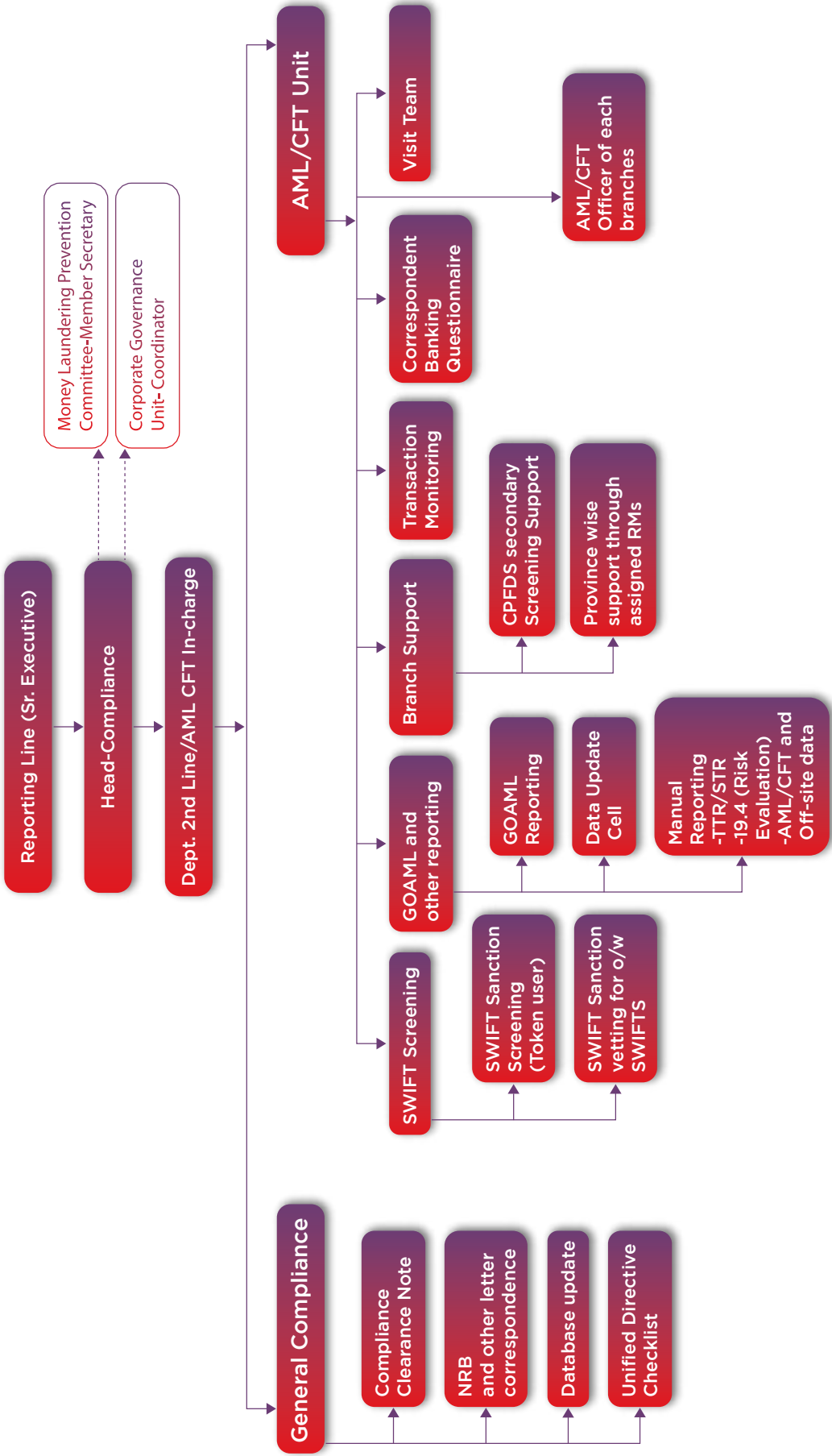
Mr. Suman Thapa (Brand Management & CSR/ Media Management)
 Mr. Tilak Raj Khatiwada (IT/MIS)
 Mr. Suman Bhattarai (Credit Administration)
 Mr. Praveen Acharya (Remittance Business Department)
 Mr. Guru Raj Regmi (Central Operations Department)

Mr. Dileep Mainali (Information Security Officer (ISO)
 Mr. Keshab Prasad Subedi (Legal / Recovery & NPA Management)
 Mr. Ganesh Regmi (SME Banking/ Retail Banking)
 Mr. Navin Upadhayay (Finance, Budget Planning & Control)
 Ms. Kanchan Joshi (Human Resources)
 Ms. Neema Pradhan (Corporate Marketing)

Ms. Nikky Basnet (Integrated Risk Management)
 Ms. Pragya Adhikari (Treasury & Correspondent Banking)
 Ms. Prabhavati Bista (Branch Operations)
 Mr. Prakash Paudel (Cards/E-Banking)
 Mr. Bishnu Pd. Uprety (Trade Payments and Guarantee)
 Mr. Saroj Shrestha (Corporate Banking Department/ Project Finance Department)
 Mr. Dhiraj Nepal (Bank Guarantee)

Mr. Anup Kumar Koirala (Compliance)
 Mr. Nirish Raj Upadhyay (Loan Recovery Department)
 Mr. Bibek Risal (Retail Marketing/ Call Centre/ Branchless Banking)
 Mr. Min Pd. Gautam (Trade Finance)
 Mr. Pritam Lal Shrestha (General Services)
 Mr. Vijay Krishna Shrestha (Central Accounts, TBO, Clearing & NRB Reporting)

COMPLIANCE DEPARTMENT STRUCTURE





RISK REVIEW

Risk review and mitigation is a top priority at Sunrise Bank. A committee of Directors is responsible for continuously assessing different risks faced in banking to ensure that they are restrained at manageable levels.



Board Level Committees

The board consists of a Chairman, three directors representing the promoters group, three directors representing public shareholders and one independent director as per the provision of Banks and Financial Institutions Act 2073 (BAFIA).

The board is a governing body which holds the fiduciary duty towards shareholders and all the stakeholders of the bank -internal as well as external. The board of directors sets the strategies and the CEO, along with the senior management, is responsible for implementing those strategies and communicating them across the organization. Board facilitates the day to day functions of the management by formulating policies and procedures and establishing policy based governance systems and ensures that Bank is in full compliance with all the regulatory requirements and robust corporate governance is ensured. The CEO ensures that the daily banking activities are carried in compliance with applicable laws, directions of regulatory bodies and principles of corporate governance. As per the provision of Nepal Rastra Bank, there are four board level standing committees in the Bank, viz. The Audit Committee, The Risk Management Committee, The Employee Compensation and Benefit Committee and the Money Laundering Prevention Committee. Each of these committees is headed by one of the non-executive directors which may also include other directors and senior officials of the Bank as members. Apparently, the Bank may also have other ad-hoc board level committees, formed as a special purpose vehicle, with deadline specific tasks.

AUDIT COMMITTEE

The Audit Committee is a key element in the governance structure of the Bank which operates under the delegated authority of the board chaired by a non-executive director. The committee periodically reviews on overall financial performance of the Bank based on prevailing laws, internal controls, audit program, and issues necessary guidelines to the management after detailed discussion of the findings of the internal auditor to reinforce the full compliance. Similarly, the committee reviews on the findings/observations raised by the statutory auditors/ NRB Inspectors and directs the management for taking necessary corrective actions against them. The committee is responsible for maintaining independency of Internal Audit Department and allows internal auditors/statutory auditors/NRB inspectors a direct access to in the committee. As per best practices of auditing standard and corporate governance, the committee does not include The Chief Executive as member of the Audit Committee.

The composition of the committee is as follows:

NAME	DESIGNATION
Mr. Om Krishna Joshi, Director	Coordinator
Ms. Sharada Sharma Pudasaini, Director	Member
Mr. Ishwar K Pathak, Head- Int. Audit	Member Secretary

RISK MANAGEMENT COMMITTEE

The Risk Management Committee ensures the Board of Directors the adequacy and effectiveness of existing risk identifying and management system of the Bank and suggest for development of effective risk management system. The Committee is responsible to make sure that the Bank possesses efficient and effective risk management system to enable sound risk management system, promote better risk culture at all levels of the Bank and enhance good corporate governance. The Committee is also responsible for introducing, assessing, deducing, monitoring and reporting risk levels based on business activities taken by the Bank and reassess internal capital adequacy assessment procedures (ICCAP), adequacy of procedural provisions based on business strategy, adequacy of capital based on risk weighted assets and

overall risk tolerance capacity of the bank for the attention of the Board of Directors after detail discussion in the committee.

The composition of the committee is as follows;

NAME	DESIGNATION
Er. Shailendra Guragain, Director	Coordinator
Mr. Om Krishna Joshi, Director	Member (Ex-officio)
Mr. Apachh K Yadav, CRO	Member Secretary
Mr. Sarbendra Mishra, CFO	Member
Mr. Hari Prasad Acharya, Corporate Banking	Member

EMPLOYEE COMPENSATION AND BENEFIT COMMITTEE (ECBC)

The ECBC was established in order to assist the Board to evaluate and formulate the compensation and amenities of, and policies related to, the employees of the bank. The committee is involved in forming the overall human resources strategies with the business strategy of the Bank.

The composition of the ECBC is as follows;

NAME	DESIGNATION
Er. Bachh Raj Tater, Director	Coordinator
Ms. Sharada Sharma Pudasaini, Director	Member
Mr. Janak Sharma Poudyal, CEO	Member
Mr. Sarbendra Mishra, CFO	Member
Ms. Kanchan Joshi, Head-HRD	Member Secretary

MONEY LAUNDERING PREVENTION COMMITTEE

The committee is responsible for formulation and effective implementation of risk based customer identification and acceptance procedures of the bank, assessment of the adequacy and effectiveness of AML/CFT policies and procedures to combat against the financial investment through Money Laundering and Terrorist Activities. It reviews the management reports on adequacy and effectiveness of implementation of existing AML/CFT policies, IT Systems used to identify and monitor the suspicious/unusual transactions of High risk customers and final beneficial owners in periodic manner and recommends the board for necessary policy improvements regarding Anti-Money Laundering and combating terrorist financing. Additionally, it assists in compliance of recommendations laid down under Financial Action Task

Force (FATF), Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rules and Directives issued by NRB and FIU and instructs to the management to take corrective actions over the comments raised by Internal/External/NRB Supervisors.

The composition of the MLPC is as follows;

NAME	DESIGNATION
Mr. Dipak Nepal, Director	Coordinator
Mr. Om Krishna Joshi, Director	Member
Mr. Apachh Kumar Yadav, CRO	Member
Mr. Anup Koirala, Head-Compliance Department	Member
Ms. Binita Jain, Head - AML/CFT Unit	Member Secretary

Risk Management Committee

The Risk Management Committee (RMC) has been formed with an aim to assist the Board of Directors in its responsibility to oversee that the overall risk management process at appropriate level. The Committee is established to make sure that the Bank possesses efficient and effective risk management plan that covers all types of risks. In addition, the Committee is also responsible for setting, assessing, reducing, monitoring and reporting risk levels for the attention of the Board of Directors.

RMC monitors and provides recommendations to the Board on the Bank's business risk strategy, monitors the alignment of the Bank's risk profile with risk appetite as defined in the Board Statement of Risk Appetite, ensures that the Bank maintains an appropriate level and quality of capital and liquidity in line with the risks inherent in its activities and oversees the identification, management, monitoring and reporting of risks inherent in the Bank operations. Such oversight includes, but is not restricted to, the points below:

- To update and advise Board on adequacy and effectiveness of existing risk identification, assessment, control, mitigation and management system and further improvement of risk management framework.
- To advise Board following regular review and monitoring of risk level in business activities, risk tolerance limit; risk mitigation, management and development of strategies, policy and procedure guidelines for maintaining prudent level of risk management.
- To discuss and advise Board on regular basis after obtaining Risk Management Reports from Management and reviewing risk assessment, measurement, mitigation and monitoring process.
- To notify and advise Board on capital adequacy of the bank based on risk weighted assets, ICAAP; adequacy of policies & procedures, risk tolerance limit for supporting business risk strategies under risk management framework.
- To advise Board on risk management issues following NRB Directives and Guidelines and setting of internal limits and maintaining of necessary risk management framework.

- To regularly review and discuss stress testing results, and advise the Board the effect and requirement on future changes and developments of policies and framework.
- To timely review limits/authorities delegated by Board and reasonableness thereof for proper utilization and further assessment for future changes and amendments as required.
- To report to Board quarterly following assessment and review of ALCO decisions and determination of asset composition, asset placement, income generation capacity and position of asset quality upgrade or decline.
- To regularly update on overall economic situation and developments. Monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors considered relevant to SRBL risk profile and risk appetite and report to Board on mitigation of effects of such anticipated changes on financial position of SRBL.
- To review and update the Charter at least annually and recommend changes to the Board for approval.
- To ensure that the bank has a strong management information system relating to reporting.
- To recommend Board on any other matters related to risk management to the extent RMC considers necessary.

RMC membership and Coordinator of RMC is as determined from time to time by the Board. RMC will consist minimum four and maximum five members. A Non Executive Director shall remain Coordinator of RMC. Audit Committee Coordinator shall remain as Ex Officio member of RMC. Business Division Head and Operation Division Head shall remain RMC member. Chief Risk Officer shall remain as member secretary.

The composition of the SrBL risk management committee at present is as follows:

NAME	DESIGNATION
Er. Shailendra Guragain	Coordinator
Mr. Om Krishna Joshi	Member
Mr. Apachh K. Yadav	Member Secretary
Mr. Sarbendra Mishra	Member
Mr. Hari Prasad Acharya	Member

During 2018/19, 6 meetings were held and NRs. 93,500/- (after deduction of TDS) was paid as fee to the director members of the committee. Remarks

REMARKS

As per RMC charter approved by the Board of Directors, following provisions are set for meetings and reporting criteria:

MEETINGS

- RMC will meet at least four times annually (at least once in three months period) or more frequently if necessary.
- RMC may invite any officer or employee of SRBL, external legal counsel, the internal auditor, the external auditor or any person with relevant experience or expertise to attend of RMC or to meet with any members of RMC.
- A quorum for any meeting will require the presence of 51% of total members of MRC.
- The agenda and supporting documentation will be circulated to RMC members within a reasonable period in advance of each meeting. The Secretary will circulate minutes of meetings to members of RMC and the Board.
- Where approvals are granted outside the meeting of the committee, a report is to be provided to the next meeting

of the Committee.

- RMC may adopt any rules and regulations considered appropriate for the conduct of its affairs under SRBL Article of Association and NRB Directives and prevailing relevant acts, provided that they are consistent with this Charter (as amended from time to time), or any resolution of the Board.

REPORTING

- RMC will regularly update the Board about RMC activities and make appropriate recommendations. The minutes of each RMC meeting will be tabled at the next Board meeting.
- RMC will refer to the Audit Committee any matters that have come to the attention of RMC that are relevant for the Audit Committee including any matters relating to internal control, audit or compliance concerns.
-



Risk Management And Control Environment

The Bank aims for informed decision-making and strong risk awareness throughout the Bank. Over the last few years, the Bank has invested heavily in developing a comprehensive and robust risk management infrastructure. This includes credit, market and operational risk identification processes; risk measurement models and rating systems; and a strong business process to monitor and control these risks.

Being an independent risk-assessing unit under the regular supervision and guidance of Chief Risk Officer (CRO), Integrated Risk Management Department (IRMD) is focused in activities related to assessing, monitoring and minimization of different types of risks identified. IRMD is dedicated to handle risk management function as envisaged in Risk Management Policy Guidelines as well as in Directives of NRB. IRMD ensures that the bank takes well-calculated business risks while safeguarding the bank's capital, its financial resources and profitability. The major objective of IRMD is to minimize the negative impact of the occurrence of any risk event.

IRMD strives to continuously improve its activities by virtue of its expertise and thereby increasing the value of the services and products provided by the Bank.

Major objectives of the Bank's risk management function comprises of:

- Monitoring of Risk Management Policy framework and managing the overall risk including Credit risk, Operation risk, Market risk and other risks.
- Drive the bank maintaining good standards of corporate governance in line with the statutes and regulations set by the regulatory bodies.
- Regular up-gradation of Internal Risk Grading system to make it more effective & efficient.

The major strategy of the Bank's Risk Management function is as per below mentioned details:

- Application of transparent, responsible, accountable, independent risk analysis system, both in operations and business functions
- Strengthen risk management systems
- Efficient compliance addressing mechanism

For the smooth functioning of Risk Management of the Bank, Management Level Risk Monitoring Committees have been constituted. These committees are formed to assist Board Level Risk Management Committee for maintaining/improving Risk Management Framework as well as implementation of Risk Management Policies and Guidelines of the Bank.



The bank uses several measures for minimizing and managing risk, which are discussed below:

1. STRATEGIC RISK:

Effective management of strategic risk requires the Bank to establish prudent policies, procedures and limits approved by the Board to ensure its objective evaluation and responsiveness to the Bank's business environment. The Bank has formulated and approved five year strategic plan to define its strategy, or direction, and making decisions on allocating its resources to pursue the defined strategy. Further, the strategic plan is continuously monitored and evaluated against actual results.

2. CREDIT RISK:

Credit risk is the major risk that banks are exposed to during the normal course of lending and credit underwriting. It is the probability that a Bank's borrower or counter party will fail to meet its payment obligations in accordance with the terms of approval of the credit.

The bank adopts methodologies for the assessment of credit risk involved in the exposure to individual borrowers or counterparties as well as at the portfolio level. At a minimum, credit review assessment covers internal risk ratings, risk concentration, portfolio analysis and large exposures. For reviewing the credit risk, following factors are taken into consideration:

- a) Internal Rating of Borrowers based on Internal Risk Grading System developed by the Bank
- b) Collateral Coverage
- c) Repayment Capacity
- d) Net-Worth Assessment
- e) Past Performance of the Borrower with Bank and Other Banks
- f) Single Obligor Limit
- g) Effect on Capital Adequacy
- h) Available Credit Risk Mitigants (CRM)
- i) Multiple Banking Declaration
- j) Adverse remarks from auditor of borrower on borrower's Financial Statements
- k) Business risk of the borrower, Probability of default on the basis of past performance and related industry's performance as a whole
- l) Others as per the need

The Internal Risk Grading System was implemented since September 2014. The bank has adopted credit proposal routing system introduced in September 2014. The system has been revised from time to time as per the requirements of the credit risk management function.

3. LIQUIDITY RISK:

Liquidity risk is the potential for loss to the bank arising from either its inability to meet obligations as it falls due or to fund increases in assets without incurring unacceptable cost or losses.

The Bank has effective liquidity risk management for analyzing the Bank's on and off-balance sheet positions to forecast future cash flows and ascertaining how the funding requirements would be met. The Bank's liquidity risk management involves systems to identify, measure, monitor and control its liquidity exposures.

4. INTEREST RATE RISK:

Interest rate risk is the exposure of the bank's financial condition to adverse movements in interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value.

The Bank has in place Assets Liability Management (ALM) Policy, and Assets Liabilities Management Committee (ALCO), which monitors risks arising from changes in interest rates. ALCO ascertains appropriate interest rates on deposit products and premium on loan products.

5. FOREIGN EXCHANGE RATE RISK:

Foreign exchange rate risk is the potential impact of adverse currency rate movements on earnings and economic value. This involves settlement risk, which arises when the bank incurs financial loss due to foreign exchange positions taken in both the trading and banking books.

In line with capital framework prescribed by NRB, the bank focuses on foreign exchange rate risk management for managing / computing the capital charge on market risk. The Treasury Middle Office (TMO) performs the risk review function in relation to foreign exchange risk. The TMO regularly reconciles positions of traders to ensure that these are within assigned limits.

Foreign Exchange Risks are discussed at ALCO meetings and even discussed at respective division level on open position on daily basis. The limits for open position are controlled, level wise which ensures in-depth knowledge of

the market and movement before taking decision.

6. MARKET (PRICE) RISK:

Market (Price) risk is the risk that a bank may experience loss due to unfavorable movements in market prices. It arises from the volatility of positions taken in the four fundamental economic markets:

- i. Interest-sensitive debt securities,
- ii. Equities,
- iii. Currencies and
- iv. Commodities.

The volatility of each of these markets exposes to fluctuations in the price or value of on and off-balance sheet marketable financial instruments. Changes in the prices of equity instruments, commodities and other instruments create a price risk and the potential for loss arising from the process of revaluing equity or investment positions.

The Bank has mechanisms for investment and disinvestment of equities in accordance with the changing circumstances and business requirements in SrBL Investment Policy, 2018.

7. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems from external events. Globalization, together with increased financial innovation, is making the activities of the Bank and thus their risk profile more complex. Due to these developments, operational risk is becoming more pronounced.

The Bank has an independent operational risk management function under Risk Management Department which is responsible for identification, assessment and mitigation of material operational risks of the Bank. This function is primarily responsible for implementation of operational risk management framework across the Bank.

7.1. AML/CFT Compliance Risk

There is growing sensitivities on domestic and interactional front on money laundering and terrorism financing. As a result there is a need to focus on these areas where related risks are relatively high in order to allocate resources in the most effective way.

Accordingly, the Bank has separate units for compliance of AML/CFT regulations. The division is headed by senior

level official with adequate access to the daily report, operational processes and right to recommend the changes in the system and procedures.

8. COMPLIANCE RISK:

Compliance risk is the risk of legal or regulatory sanctions; material financial loss or damage to reputation that a bank may suffer as a result of failure to comply with laws, regulations, rules regulator's directives, self regulatory organization's standards and codes of conduct applicable to its activities.

Compliance risk management not only deals with compliance with regulatory requirements but also with the Bank's self regulatory standards and code of conducts. The Bank has a separate compliance department which identifies the compliance requirements and submits optimized responses. Compliance department aims to provide assurance of compliances with internal and external requirement to the management and ensures adequate measures to manage/mitigate compliance risk as well as provides governance advisory service to the management thereby establishing zero tolerance culture in the Bank.

9. REPUTATION RISK:

Reputation risk is the potential that negative publicity regarding the bank's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. Reputation risk management is continuing on an on-going basis. The Bank has developed a reputation data base and identifies key controls and tracking reports through suggestion box maintained at branches and information officer.





CORPORATE SOCIAL RESPONSIBILITY

Sunrise Bank is a good corporate citizen and believes in contributing towards overall development of the society it serves. It has given back to society at every opportunity and will continue this partnership for change.



Social and Environment Related Initiatives

The Bank's social responsibility initiatives are win-win engagements. The initiatives not only appeal to socially conscious consumers and employees who then seek the Bank's services, but they also make an impact on the lives of ordinary people.

Blood donation initiatives are led by branches where there is a shortage of supply. Other measures include providing financial support to develop the agricultural entrepreneurship in the rural areas, Blood Donation, Walkathon, Tree plantation and many more.

The Bank has provided financial support to reconstruct a Patti at Rudrayani Mandir, Khokana.

It has been providing scholarship to 9 deprived students for 10 years who are studying in different schools in rural areas and who have lost their parents due to various diseases.

The Bank also carried out Walkathon in coordination with Nepal Cancer survivors Society (NCSS) to make people aware of cancer. It has provided financial support to Navajeevan Paropakar Samaj for the construction of Navajeevan Aadarsha Ashram. Navajeevan Paropakar Samaj is a non-profit making organization believing in the fact that social service is the best service of all. It is a registered organization working to help in direct and indirect ways to rescue and protect sick and disabled people, animals, birds and other living creatures that are left unattended in the streets. It encourages each human to bring back the lost humanity in the world. The motto of the organization is to protect and care the humans and animals facing tortures and pitiful conditions believing it to be responsibility of each and every human being.

The staffs from the Birgunj Branch initiated CSR activity to the people in the Hardiya and Parshurampur villages by providing the effected ones various relief materials. The villages were hit by a powerful rain storm, which killed at least 27 people and left 600 wounded. Around 200 families were distributed the relief materials as help from

the branch on behalf of the bank.

Another ongoing activity at the Bank that engages people are public meetings (mass-mela) organized to explain the benefits of banking, and to also pass on information about its unique products and services.

The Bank has another unique scheme under "Sunrise Surakshit Ghar Karja", under which it supports insurance of borrowers for homes, where the insurance company pays off the assured loan amount in case of death of the borrower. This scheme not only provides protection to the borrower throughout the loan tenure but also assures a capital return upon maturity of the loan.

The Bank's branches in different parts of Nepal organize orientation sessions on financial literacy, basic accounting and tax policy for existing and prospective SME clients. Such orientations assist them in compliance with government policies and run their business without hassles. During the year, the Bank carried out 40 financial literacy programs through its branch offices across the country.

CORPORATE BUSINESS ETHICS

Trust and integrity are two foundations on which most banks are built. A high level of trust can develop when customers perceive that a company is exhibiting unwavering commitment to ethical business practices. This trust is essential for people to entrust a Bank with their savings. Sunrise Bank is fully committed to run the company responsibly and to serve the long-term interests of our customers, employees and communities it serves.

The Bank has a transparent set of rules, practices and processes that keep the best interests of the customers as guiding principle. The Bank is responsive and accountable for its actions. It has made equitable and inclusive growth and value to aspire for, abides by law and is committed to upholding rule of law. Simply said, these are values that drive corporate governance at Sunrise Bank.

These principles of corporate governance provide the Bank the framework within which it seeks to attain its objectives. The values guide every sphere of management, from action plans and internal control measures to performance measurement and corporate disclosures. These governance guideposts guide the Bank in setting and pursuing objectives in the context of the social, regulatory and market environment where it operates. High standards and adherence to the rules has assisted the Bank to weather crisis and reduce the possibility of fraud and scandals. It is this trust in the market that has made the Sunrise brand strong player in Nepal's highly

competitive banking and financial sector.

CSR POLICIES

Sunrise Bank is a good social citizen and is very clear on its obligations to society. The Bank promises to do what is right, to take a long-term view and support its clients, customers, and the communities where it operates. The Bank has always worked with and upheld fundamental values such as honesty and sincerity for creating a sustainable and valuable business that not only enables it to benefit while providing services to the people but also creates opportunities for it to contribute towards the social and economic development of the country.

The Bank's corporate social responsibility (CSR) activities are primarily aimed at working in collaboration with customers, shareholders, investors and employees to engage in activities that can benefit communities. The range of activities it has supported under CSR include environmental protection, conservation of Nepali culture, arts and history, supporting educational and health related activities among people from underprivileged groups,

providing financial and material support to differently-abled people, and other activities that allow it to engage with communities.

The CSR activities are founded on the notion that helping strong communities can also help the Bank to become stronger. This drive is motivated by the belief that 'we are what our community is' and that it is our collective future that would determine the future of society.

The bank works considering the provisions and conditions defined under NRB Circular for CSR related activities.



Sunrise CSR Activities

1. Bank conducted blood donation on the occasion of 12th Anniversary
2. Handover of food materials through Pokhara Branch
3. Scholarship provided through Naikap Branch
4. Walkathon conducted to aware bank's services on the occasion of 12th Anniversary
5. Free bus ride provided to people during Dashain
6. CSR to khokana to reconstruct Bajha Patti





HUMAN RESOURCE MANAGEMENT

Sunrise Bank believes in the abilities of the women and men of Nepal to help attain its goals. This is the philosophy behind the continuous learning opportunities it offers to staff in the organization.



Human Resource Overview

Any organization is as good as the people that work there. A professionally managed experienced workforce is critical to the success of any enterprise. Sunrise Bank's most valuable assets are its human resources, the operational leadership teams at the corporate, divisional and branch levels, and its core management. The Bank has excellent mix of banking professionals who have become the part of the Sunrise family.

Sunrise Bank began operations with 130 employees and now has a staff body of 1159 in the last 11 years it has been in business. It has also grown from 6 to 103 branches across 7 provinces of the country.

Staff turnover is a major issue in Nepal's banking sector but Sunrise Bank has managed to ensure that its core team remains intact through sound human resources interventions such as employee capacity development opportunities and rewards and sanctions based on performance appraisals.

The development of staff capacity to ensure continued growth in business is the focus of the Bank's human resources strategy. It aims to attain this goal by maintaining the right number of staff with the right skills in different business functions.

The main focus of human resource managers is to retain a team of high performing, skilled and motivated staff committed to attain organizational growth in accordance with the overall mission and objective of the Bank.

To ensure this Sunrise Bank defines the roles and responsibilities of staffs and management and provides employees an environment where they can be innovative, and perform at the level needed to beat the competition,

Despite efforts, it is clear that human resource management will remain a challenge at the Bank given the intense competition in the sector. To offset the impact of staff shortages, the Bank has begun investing in Information Technology to stream line workflows, and to attain a level of automation and digitalization of processes and functions to match that expected from a 21st century bank.

TOTAL STAFF

(as of Ashad End 2076)

STATUS	TOTAL NUMBER
Permanent	1072
Probation	150
Contract	12
Outsourced Associates	115
Paid Intern	4
Total	1353

CONTRIBUTION TOWARD HR

The HR Department shall take up initiatives under its 5 years strategy plans:

- Standardize procedure for selecting high potential performers' with in the industry and to provide opportunity for development within the organization.
- Maintain good employee relationship and instill belongingness to the institution.
- Ensure equitable and market based compensation packages.
- Provide career development scope.
- Provide in-house capacity development through training, transfer opportunities from operations to business and vice-versa.



HR Policies

Human Resources shall define and shape the future of the Bank and this is possible with carefully defined objectives and vision. It shall execute different functionality under its domain.

Training and Development

One of the most important aspects for managing competent human resources is by training and development process. HR Management at Sunrise Bank comes with learning process be it in-house, external or overseas training programs, which involves in sharpening skills, concepts, changing attitude and gaining knowledge to enhance the performance of the employees.

Performance Appraisal: Performance management of each individual staff members remain as indicators of the pace of our banks performance. Hence, this sensitive function will be taken care of with utmost vigilance so as to appraise the performance individually or as a team.

Transfers/Assignment: Human resource development is possible through acquiring knowledge by undergoing job rotations, transfer and assignment in various functions of the bank. Regular transfers of staff will enhance and bring competence.

Succession Planning: Banks provides ample opportunity for Succession planning to potential employees and ultimately develops future leaders. This not only provides growth opportunity for employees but also foundation to sustainability of the Bank.

Quality Work Life: We work in multidisciplinary field; we work for the safety, health and welfare of our employees. The main goal is to foster a safe and healthy work environment.

We comply with the local law to take reasonable care about the health and safety of our employees. Safety, health, medical, accidental and welfare are primary measure and have been well covered under insurance modality. Working hours are with appropriate numbers of leave days bring hours of time for the family and relatives.

Grievance Handling: A recent initiative, Grievance handling has been given a shape of formal process to address the grievance of each individual employee with personal visit by established Grievance Cell at our Bank. Timely grievance brings better relationship among employees and create better working environment.

Know Your Employee initiatives:

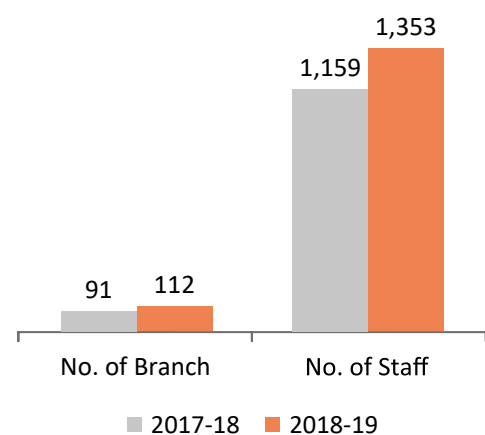
Considering the human risk in banking, Know Your Employee has been initiated with formal recording of information of employees. This will help in bringing down the human risk associated in banking sector.



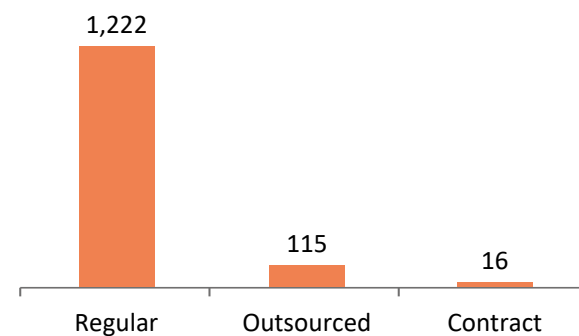
Human Resources Accounting

Management of human capital strength of any organization is gaining paramount importance for effective implementation of business strategies to achieve the corporate goals. Human Resources aim to benefit from multicultural, well-informed, and target-oriented employees who integrate their personal goals with that of the Bank. The bank believes that professional development of employees, improvisation of expertise and adequate trainings determine the basis of success of bank.

Hiring of new employee during the year to fulfill the requirement of skilled employee in the various department and branches with the objective to increase the size of business and due to the yearly performance appraisal and promotion of deserving employees. Total number of employees of the bank has reached to 1,353 in the year as compared to 1,159 last years, with the increment of 194 employees and number of branch reached to 112 in this year as compared to 91 last year, with increment of 21 New Branches.



Employee Type



EMPLOYEE CATEGORIES

STAFF CATEGORY	MALE	FEMALE
Managerial	62	11
Officer	164	62
Assistant	510	326
OS Clerical	29	28
Support	91	8
OS Support	57	1
Paid Interns	2	2
Total	915	438

AGE WISE ANALYSIS OF THE EMPLOYEES

AGE WISE NO OF EMPLOYEE	REGULAR	CONTACT	OUTSOURCED	PAID INTERN
51 to 60	16	1	0	
41 to 50	101	4	2	
31 to 40	430	5	26	
21 to 30	673	2	85	4
Below 20	2	0	2	
Total	1222	12	115	4

PROVINCE	NO OF STAFF	MALE	FEMALE
1	212	155	57
2	102	82	20
3	772	465	307
4	72	55	17
5	88	68	20
6	23	19	4
7	84	71	13
Total	1,353	915	438

Employee expenses were NPR 1,150.27 Million for the FY 2018-19 as compared to NPR 908.41 Million last year as a result of opening of 21 branches and increasing in volume of Business.

PARTICULAR	2018-19	2017-18	INCREMENT AMOUNT	INCREMENT %
Staff Expenses (NPR in Million)	1,150.27	908.49	241.78	27%
NO of Staff	1,353	1,159	21	23%
Staff Expenses Per Staff (NPR)	850,164	783,858	66,306	8%
Net Profit Per Staff (NPR)	1,260,977	1,274,350	(13,373)	-1%

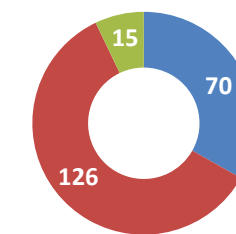
BUILDING THE CAPABILITIES OF STAFF

Investment in skills and accelerating employees 'professional and personal development are essential components of the Bank's HR agenda. Our Bank is committed to strengthening the capability of staff and

holding them accountable to enable employees to thrive and meet their full potential, which includes a recalibrated offering that helps to develop and nurture future leaders who are accountable, who champion the Bank's values and who inspire the best in their colleagues. These are the summary of staff capabilities program conducted during the year:

The Bank seeks to retain, develop and continue to attract people with the requisite skills to help shape a better Bank and foster employees' engagement and motivation throughout the implementation process. During the review period, the Bank spent 17.38 million on Staff Training Expenses, which is 2.59 % of total staff expenses of Previous Year. As per requirement of Nepal Rastra Bank, Staff Training Expenses should be at least 3% of total staff expenses of previous year.

PARTICULAR	NO OF TRAINING	PARTICIPANTS IN TRAINING
Internal	70	1,752
External	126	504
International	15	21
Total	211	2,277



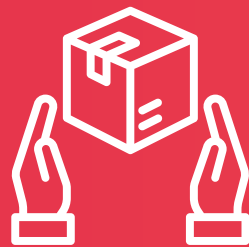
■ Internal ■ External ■ International

The Bank seeks to retain, develop and continue to attract people with the requisite skills to help shape a better Bank and foster employees' engagement and motivation throughout the implementation process. During the review period, the Bank spent 17.38 million on Staff Training Expenses, which is 2.59 % of total staff expenses of Previous Year. As per requirement of Nepal Rastra Bank, Staff Training Expenses should be at least 3% of total staff expenses of previous year.

PARTICULAR	2018-19	2017-18
Staff Training Expenses (NPR In Million)	17.38	16.22
NO of Staff	1353	1159
Staff Training Expenses Per Staff (NPR)	12,847	13,993

ANALYSIS OF HUMAN RESOURCE ON THE BASIS OF BENEFITS AND FACILITIES PROVIDED:

PARTICULARS	2018-19 (IN NPR)	2017-18 (IN NPR)
Salary	364,042,219	307,869,427
Allowances	309,650,765	255,670,480
Gratuity Expense	49,136,275	46,186,750
Provident Fund	30,087,878	24,946,072
Uniform	9,822,048	1,987,009
Training & development expense	17,381,644	16,218,107
Leave encashment	14,916,501	26,572,207
Insurance	9,132,658	7,554,691
Employees incentive	2,239,368	-
Finance expense under NFRS	53,209,141	26,359,865
Other expenses related to staff	12,220,873	-
Employees Bonus	278,432,506	195,126,988
Grand total	1,150,271,875	908,491,597



PRODUCTS & SERVICES

Sunrise Bank's secret of continued growth and success is it's highly diversified and well-balanced business model. Being among, the preferred banks in Nepal, we have always taken a proactive stance towards improving strategic alignment to drive stronger growth and deliver the highest returns on stakeholder value



Sunrise Swasthya Yojana

Sunrise Bank Limited has developed a "Health Insurance Facility" and "Accidental/Death Insurance Facility" which can be availed by every saving account holder.

A. SUNRISE HEALTH INSURANCE FACILITY:

Health insurance facility is designed to facilitate the saving account holders to avail the medical treatment with ease, and assists them to recover their health expenses

i. Eligible Customer:

- All saving Deposit Account holder are eligible for this facility.
- The facility is limited to the saving deposit holder as an individual, The insurance coverage does not cover any dependents
- Treatment can be sought from both government and private hospitals that are tied to the scheme.
- The account holders are eligible for the facility from the day 1 of account opening.

B. ACCIDENTAL/DEATH INSURANCE FACILITY:

The accidental insurance facility is an attempt to incorporate the possible risk of accidental death and/or permanent disability of the account holder, The future is uncertain so the prime objective of this facility is to cover the possible expenses/risks born by family members of account holder during accidental death and/or permanent disability.

i. Eligibility:

All natural person with a saving deposit at the bank

ii. Benefit to customer:

Insurance coverage is limited to four times the balance on saving account maintained on preceding day end of the accident or NPR 500,000 whichever is less.

DISCOUNT IN TIE-UP HOSPITAL

The account holders can avail discounts that have been agreed with partner hospitals using an identification as a Sunrise Bank account holder.



FAQ

1. WHAT IS SUNRISE HEALTH INSURANCE FACILITY?

It is a unique facility that is linked with all our saving accounts wherein customers can benefit in two ways as below:

- Saving Account holders can claim Health Insurance for up to 25% of weighted average deposit during last 365 days of saving deposit or the bill amount whichever is lower, with a maximum limit of Rs. 100,000 only hospitalized case or ISO exclusion daycare treatments once In year.
- All customers can avail discount facilities ranging from 5% to 20% in over tied up hospitals country wide

2. WHAT ARE THE 4 SPECIAL BENEFITS THAT SUNRISE BANK SAVING ACCOUNT HOLDER GETS?

- Accidental Insurance up to 5 Lakhs or 4 times of Balance whichever is lower.
- Health Insurance up to 1 Lakhs or Hospital Bill or 25% of weighted average balance whichever is lower.
- 5% to 20% discount in more than 100 tied up hospitals
- Maximum benefit up to 31% (Interest rate 6% and Health Insurance 25%)

3. WHICH CUSTOMERS ARE ELIGIBLE FOR SUNRISE HEALTH INSURANCE?

All our saving account holders are eligible to apply for Health Insurance Claim. However, all our accountholders can get discount from 5%-20% in over 100 hospitals tied up with Sunrise Bank.

4. ARE CURRENT ACCOUNT HOLDERS ELIGIBLE FOR HEALTH INSURANCE CLAIM?

No, only saving account holders. However, current account holders are also eligible for the discount in the hospitals which are tied up with us.

5. WHAT IS THE MAXIMUM AMOUNT THAT CAN BE CLAIMED UNDER SRBL HEALTH INSURANCE FACILITY?

NPR 100,00

6. AFTER HOW MANY DAYS OF ACCOUNT OPENING WILL THE CUSTOMER BE ELIGIBLE FOR THE FACILITY?

From the account opening date itself.

7. IN CASE OF JOINT ACCOUNT, CAN BOTH THE ACCOUNT HOLDERS CLAIM FOR SRBL HEALTH INSURANCE FACILITY AT A TIME?

Yes, both can claim for Health Insurance per year up to 1 lakh only

8. HOW MANY TIMES CAN AN ACCOUNT HOLDER CLAIM FOR HEALTH INSURANCE FACILITY IN A YEAR?

Thrice in a year

9. WHICH COMPANY IS OUR INSURANCE PARTNER?

Shikhar Insurance Company Ltd.

10. CAN A SAVING ACCOUNT HOLDER CLAIM SRBL HEALTH INSURANCE IF TREATMENT IS DONE IN HOSPITALS OTHER THAN THOSE TIED up WITH US OR SIKHAR INSURANCE CO. LTD?

No, the treatment must be done in the hospitals tied up with us or Shikhar Insurance Company Limited. However, claims of all Government Hospital Bills of Nepal are eligible.

11. HOW MANY DAYS DOES THE CUSTOMER NEED TO BE HOSPITALIZED TO CLAIM SRBL HEALTH INSURANCE FACILITY?

Minimum of one night hospitalization is required. However, in case of 150 day care surgeries, the claim can be done even if the account holder is not hospitalized.

12. WHAT IS THE NUMBER OF HOSPITAL THAT ARE TIED up WITH SUNRISE BANK LIMITED FOR HEALTH INSURANCE FACILITY TILL DATE?

100+ Hospitals

13. HOW LONG DOES THE BANK TAKE TO REIMBURSE THE CLAIMED AMOUNT?

Not more than 7 working days.

14. WHICH DAILY BALANCE IS TAKEN TO CALCULATE AVERAGE BALANCE FOR A YEAR?

Daily Closing Balance

15. WITHIN HOW MANY DAYS AFTER DISCHARGE SHOULD A CUSTOMER CLAIM SRBL HEALTH INSURANCE?

15 days

16. CAN FAMILY MEMBERS OF THE ACCOUNT HOLDER ENJOY SRBL HEALTH INSURANCE FACILITY?

No, only the account holder can enjoy the facility. Separate account needs to be opened in the name of family members in order to be eligible for the facility.

Our Saving Deposit Customer Receiving Insurance Amount Under Sunrise Swasthya Yojana



Technology Driven

Technology is the driving factor for innovation and banking today cannot be thought excluding it. Sharing of digital channel in banking business is growing exponentially and new avenue of technology usages are developing at the fast pace. Considering its profound advantages, Sunrise Bank always places the technology at the “Heart of banking”. The Bank has clear vision of transforming society in line with cutting edge technology. Bank has the consideration of technology both internally and externally on exploiting the benefits of technological advancement from all facets.

At present, Sunrise Bank Limited is “Rising to Serve” by defining new levels of customized banking products and services there to cater the wide variety of needs and creating the new markets in the arena of banking in Nepal.

In Modern day, the bank seeks for the digital transformation in order to maintain its competitiveness, efficiency and cost saving. The main goals for Bank is to provide customers more convenient and faster banking services through alternate delivery channels like ATM, POS, Online banking, Mobile banking, Social Media etc. Digital Banking is the future of banking and Sunrise Bank is in the process of rendering such Omni Channel experience to the customers and staff through the IT investment over business cases and having a definite roadmap for improving the integration of IT infrastructure into business process and service operations. Bank is focusing on multi-channel approach to marketing, selling, and serving customers in a way that creates an integrated and seamless customer experience no matter how or where a customer reaches out. All the multi-channel experience like desktop experience, mobile experience, tablet experience and IOT devices experience are planned to get integrated together as one Omni experience platform for better seamless customer experience and customer satisfaction. Digital Channel improves customer engagement by making channel more interactive and easy to use for activities like opening or closing an account, applying for loans, track applications and deals, transfer fund, paying bills, deep down enquiry, transacting conveniently, customer self service etc.

As Bank has a vision of delighting customers by fulfilling diverse banking requirements, Bank is in the process of revamping the overall technology platform to enhance efficiency, augment security and facilitate client

capabilities. In Retail baking, Bank has launched online account opening and offered clients with innovative new payment options.

In the recent period, bank has taken a number of initiatives to give a boost to its IT infrastructure and ability to make convenient service available to wide range of customers. Some of these achievements are described in the following sections.

CORE BANKING SYSTEM

We have upgraded the Core Banking Solutions (CBS) into Finacle 10, which is the first time in Nepal. CBS is the backbone system of the bank which not only maintains the accounting and holds information of the customer data, but also facilitates all sort of transactions requirement. Finacle 10 is world class software with continuous top ranking in international ratings and with highly flexible infrastructure. It supports 24 hours banking and extends possibility of almost all sorts of channel banking through its powerful Financial Integrator service. With implementation of this CBS application, Bank hopes to delight its customers with astonishing digital banking experience with development of host of features on top of its backbone.

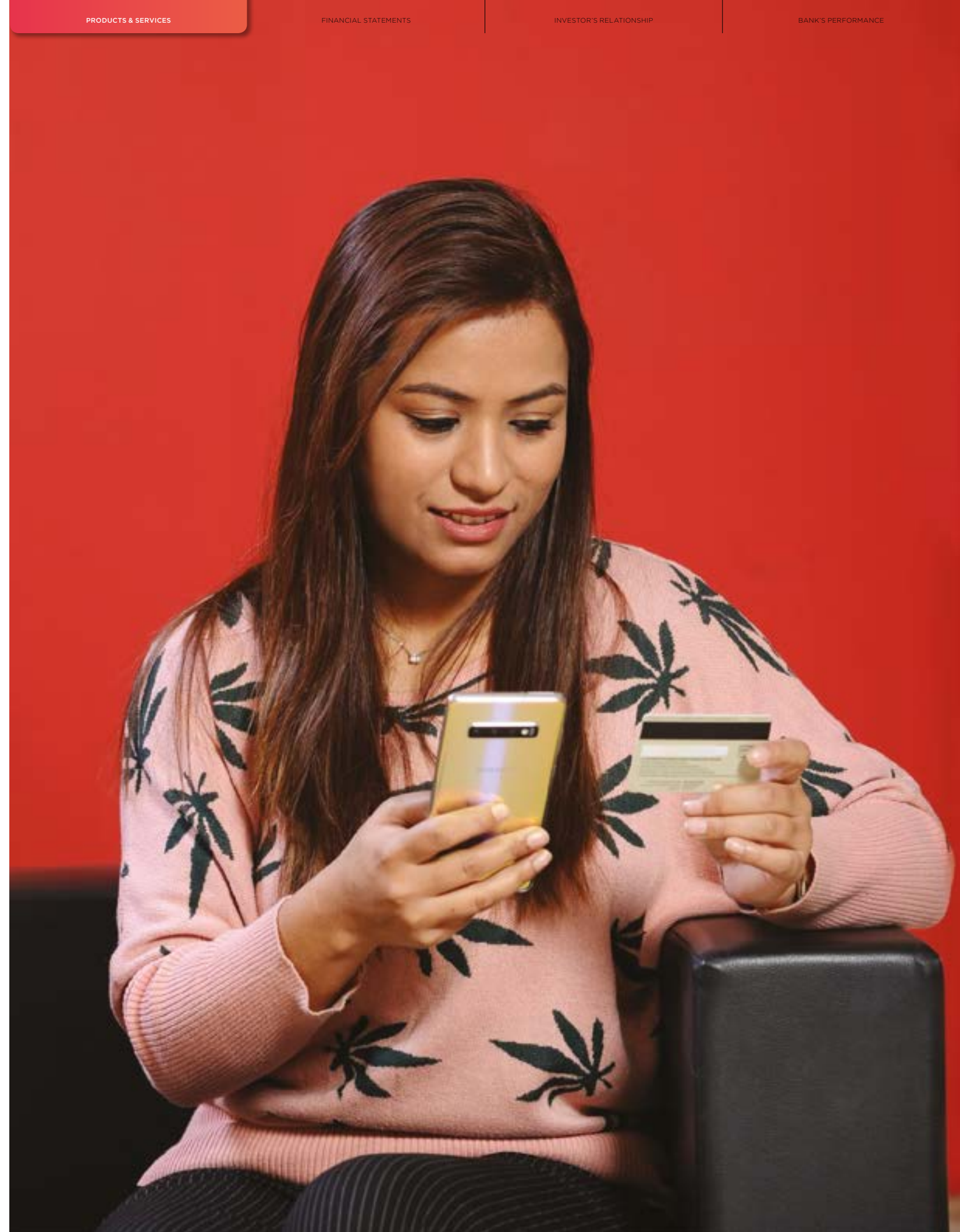
DATA CENTER

Bank has hosted its core system in managed cloud environment. This has helped the bank to avoid any compromise on the standard of the data center. This data center has been maintained in world class standard with certifications and all compliance requirements. The strong infrastructure has been arranged for high availability, real time replications and resilience to system failures.

Bank has adopted the strategy of outsourcing most of the technological products with the motive of achieving quick technology adoption, availability and security of information in global standards.

DATA WAREHOUSING

In last three years, Bank had undergone through quite a number of strategic merger and acquisitions. In addition, Bank also moved to the better and robust Core Banking Solutions (CBS) and migrated divergent data from different organizations into the mainstream CBS. With implementation of new systems, the challenge equally falls on the bank for maintenance of the legacy system and protection of information assets. For achieving the availability of the data profile in legacy system, Bank has



implemented world class warehousing infrastructure in Htrunk and Hadoop's big data environment. Bank is working with top class infrastructure provider and international partner to maintain effective and highly efficient data warehousing system.

DISASTER RECOVERY

Bank has implemented a robust disaster recovery site. This ensures the continuous protection of Bank's data and customer information. It is maintained with all modern-day standard and located at a different seismic zone. A complete business continuity plan exists to help confirm that the DR resources work perfectly in coordination when the need arises.

CALL CENTER

First time in Nepal, Bank has started its own call center service. Now the Sunrise Bank has become the **“The Bank With Voice”**. It is very crucial for handling mainly transactional interactions, informational calls, addressing more complex issues, including sales and purchase related activities. This system is mainly intended to provide a primary point for remote customer interactions. It also provides opportunities for cross-selling and up-selling bank's products and enhance service experience. It is designed to help deliver an omni channel experience to customers. Bank expects that the call center service will be crucial in increasing customer satisfaction and improving overall customer experience. Bank is receiving a very positive feedback and appreciation from customers and stakeholders which is encouraging to the bank.

BUSINESS PROCESS AUTOMATION

Exploiting the technological advancement, Bank has a definite roadmap to move to a fully digitized environment. Apart from the application for delivery of services to customers, Bank intends to run its operati ons in fully digitized environment. Business Process Automation is one of the top strategic moves of the Bank in which Bank evaluates the possibility of converting all its internal processes to digital environment. Bank has acquired many applications including software for Human Resource Management, Assets Management, KYC and AML, Document Management, Inventory Management, Conference Video Call etc. While outsourcing is the principal strategy, Bank has internally developed a general workflow and tracking system with intranet capability which has proved to be quite beneficial. Bank is also considering implementing full-fledged Loan Originating/

Management along with workflow management, loan processing system, performance management, and many more other systems in the coming days to realize the complete digitization of its business processes.

Complete office automation and paperless office are enshrined targets of the bank. As achieving paperless processing requires availability and sufficiency of the technology in the present day periphery, bank has taken the gradual adaptation policy aiming to the maximum extent possible.

DIGITAL CHANNEL-ENABLING OPERATIONS

Customers expect uniform experience across all digital channels of interaction. Bank is in the process of streamlining the front end and back end of channel platforms so that customers get the same experience across all delivery channels. Banks also create a new customer experience layer (mobile first approach) on top of the existing core systems and can optimize the customer journey. Digital Channel strategy of the bank improves the customer engagement by making channel more interactive and easy to use for activities like opening or closing and account, applying for loan, tracking deals, fund transfer, paying bills, inquiry and transaction, managing standing instructions etc.

INTERNET BANKING

Bank has also implemented sophisticated international internet banking system which can offer customers bank-less banking environment. It is equipped with enhanced security features and strong authentication mechanism which confirm the protection of customer's credentials, passwords and information.

MOBILE BANKING (SUNRISE SMART)

Mobile is the present and future platform of technologies. Being close to the individual, it is indispensable and highly capable. Bank has added number of features in its mobile banking applications. The payment channels have been increased including that of electricity bill. A lot many features are in the process of discussion and implementation. We expect customers to enjoy seamless banking experience through mobile banking in days to come. Recently, Bank has implemented the latest version of the mobile banking (Bank Smart V5) which is capable of extending much more features to the customers, more detailed information, including QR code based payments, self-registration, self-management etc. Bank is in the plan

of improving this platform to the higher version by making it much informative and feature intensive.

MISS-CALL BANKING

Bank introduced a very simple but innovative product called Missed Call Banking first time in the banking industry in Nepal. This product was taken overwhelming by the customers. The center of this product is banking service even without internet. This was a tremendous success in the scenario that bank has a lot of customers in rural area without having proper reach of internet service and many people do not possess smart phone or are not used to mobile banking because of age factors and others. Miscall banking extended the simplified service to wide range of customers with balance enquiry, mini statement, top-up facility and bank's instant help service. Bank has a plan to extend the features on this platform for other services as well.

ATM TRANSACTIONS

Bank has installed ATM terminals widely. The bank has fully enhanced its ATM infrastructure for chip security and fraud deterrent with EMV compliant, which is one of the mandates of central bank in securing customers in card transactions. Bank has automated the ATM reconciliation process which definitely reduces the manual interventions in the reconciliation procedures and removes the chances of abnormalities remaining for longer time.

CARD SYSTEM

Bank is offering variety of debit cards and credit cards to customers with enhanced security features. Bank highly values the security of the customers as well as their convenience. All cards of Sunrise Bank are EMV compliant which reduces the possibility of fraud and compromise of customer information to the minimum.

Credit Card: Bank is also providing credit card service to customers in addition to the existing line of debit card services. With this line of product, customers can do the transactions even if there is no deposit balance in their accounts and settle the payments on their favorable credit terms.

3D Secure Online Transaction: Bank has introduced the online payment features on VISA network. The customer can now enjoy the online shopping experience and ecommerce transactions with 3D secure capability.

Website enhancement and re-Designing: Keeping ongoing

improvement on the technology infrastructure, Bank is currently undertaking the enhancement of existing website which will be more robust and interactive including advance features for enhancing the customer experience, customer on-boarding, online services being customer service oriented to facilitate customer experience outreach.

DIVERGENT PAYMENT CHANNELS

Augmenting the cash-free transaction environment, bank has implemented divergent payment channels covering wide areas and merchant sets. Whereas, Bank is the member of NCHL and has implemented all its services for online inter-banking payment system, it is keen on collaborating with other payment partners in the industry. Along with this, the bank is providing the services for the payments through different third party applications like: IME Pay, Khalti, Esewa, nPay and in future, we are exploring new payment channels which leads to enhanced the existing payment system.

ONLINE ACCOUNT OPENING

Out of the number of initiatives to transform the way a customer does banking, Bank has started the online account opening facility through its website. Now the customers can fill in all the required information through Bank's website and open desired saving account without visiting to the branch of the bank. Besides, the bank is in process for the online LC and Bank guarantee opening, DMAT Account opening etc. the bank is also planning to provide online account services through other platform as well.

In addition, Bank has started the DMAT Account opening through Dp-secure for facilitating the supporting the digitization drive of security transaction.

ONLINE VALIDATION

Bank has started the service of validating the Sunrise Bank issued Bank Guarantees through website. This enables the government offices and other principals to confirm that the bank's undertaking is not forged and stands valid, adding on the reliability and trust. Bank is expecting to extend this kind of service on other instruments like Balance Certificate generation, Good For Payment application too, which will help deter the fraud and will enhance the authenticity.

BRANCH-LESS BANKING

As most of the habitation of the country is rural, financial inclusion of the people in remote areas has been one of the top priority of the Bank. Bank has deployed a number of branchless banking services who are actively serving the community and helping bringing the rural economy into the light.

MANAGEMENT INFORMATION SYSTEM

With introduction of the robust Core Banking System, Bank has integrated the tools for strong Management Information System which helps Bank to identify the requirement of the customers and manage its business processes. This system consumes the CBS data and generates operational, managerial and strategic information to the different department and units in the Bank.

CYBER SECURITY

Bank periodically conducts the audit of information security for the assessment of risks related to information system and infrastructure. This type of assessment includes both bank managed and outsourced services, covering of datacenter infrastructures of both DC and DR, digital channels, technologies in used and mechanism deployed; and also prioritizes information assets based on business risk. Bank had conducted a security assessment which covered public domain reconnaissance, social engineering / phishing, layers of network security assessment etc. Developing the adequate information security policies and enforcing them, cyber maturity assessments and improving incident response across all the business function are the major targets of security assessment exercise.

ABILITY OF THIRD PARTY INTEGRATION

Bank has improved its ability for quick and secure integration with the third party channels. With implementation of Finacle Core Banking Solutions and built on its extensive Finacle Integrator API, bank has prepared the integration environment for almost ready to go for approved and strategic channels. The integration capability has been built over the open architecture and flexible technological platform has proved to be efficient for integrate with third parties.

ONLINE AND ALERT SERVICES

Information is a habit for active people these days. Customer needs feeding of suitable information regularly in relation to their business affairs. This makes customer comfortable, keeps them in constant touch involving their feedback and adds security to the bank. Bank has started number of alerts and feed mechanism through SMS, email and mobile GSM/internet push. It is always taken care that information is made available on omni-channel. This type of service is expected to keep the customer well informed and remain alert on their financial and nonfinancial dealings with the Bank.

IT POLICY

Sunrise Bank had recently published the robust IT Policy with the purpose of providing comprehensive reference to mitigate IT security risks, organize IT within the bank, educate, and adopt global standards that will allow the bank to be at the forefront in adopting and utilizing emerging technologies. It also helps the individual employees to obtain guidance on the standard norms of bank’s policy.

TRAINING

Bank has made significant investment in upgrading technology and training people. We believe that only the ardent arsenal of technology can help grow the business of the bank. Hence bank has adopted online training via video conference and online materials and examinations. Bank also has hired resources to facilitate and expedite the process of digitations.

We have maintained the pool of qualified technical expertise in all required technological platform. Staff in technology have been trained heavily and skilled human set acquired from different sources.

Though outsourcing is the model adopted in most of the applications, the strong internal IT team is backbone of digital paradigm. Training and empowerment of the employee is always taken at center of this program to evolve to a fully digital enterprise. Staff in technology departments are provided good standard of exposure to keep them informed and enhance their expertise in delivering the desired objectives.

FUTURE INITIATIVES

Technology has become common means of banking business. Technology is the root of innovation in financial systems and technology can transform the way banking is done.

Enhancement of technology is fundamentally important for improving the client experience and enhancing the security of the client’s credentials and providing clients the comfort of transacting online.

Considering these in mind, bank will fulfill the planned investment in self-service technologies for enabling customers to handle many of their own basic issues and transaction activities.

Bank is keen in exploiting the new technology in customer onboarding and authentication process. Bank will explore the biometric technology and voice recognition technology which can help client securely conduct transactions without need of physical presence. Bank is ardent in developing innovative products and services to leverage business requirement and service needs.

With penetration of internet and mobile devices, even rural sectors are expecting an astonishing growth in smart banking experience and it is expected to empower the people of every corner of the country. These evolving technologies facilitate the village economy into the mainstream of the economy by connecting and leveraging all sorts of requirements.

In new endeavors, bank will consider both ease of use and new layer of security.

In order to enhance the customer experience, bank will explore the seamless customer authentication and consumption of service. The areas of exploration will include easy sign-on in banking services, channel banking, QR Code based payment, tab banking, chat bots, social media banking and online consumption of banking services. This will also extend to the integration with wide range of third party vendors, wallets and payment channels to enable customers for doing merchant payment.

360-DEGREE VIEW OF CUSTOMER ANALYTICAL AND RELATION MANAGEMENT SOLUTION (CRM SOLUTIONS)

The Bank is planning for the innovative process-driven CRM solutions to streamline customer-facing processes which helps the bank in delivering an outstanding customer experience, while improving operational

efficiency, personalize communication and manage customer requests by following pre-defined processes to manage the complete customer journey. CRM will provide a 360-degree view of customer data, including accounts, service inquiries and marketing segmentation. A well-designed system will provide an at-a-glance view of a customer. Not only the customer 360 degree view, the CRM solution also leverages the bank in cross selling/ upselling opportunities, sales forecasting and visibility, sales track and activities, increase customer touch and retentions etc.

BUSINESS INTELLIGENCE AND ANALYTICS IMPLEMENTATION OF ARTIFICIAL INTELLIGENCE(AI)

Today, businesses are entering into a new era ruled by data. AI, specifically, is gradually evolving into a key driver that shapes day-to-day Business Process and Business Intelligence decision-making. The proliferation of new big data sources, including smartphones, tablets and Internet of Things (IoT) devices, means business no longer wish to be weighed down by huge chunks of static reports generated by BI software systems. They need more actionable insights. This inspires the bank to move away from reactive analytics to proactive analytics that offer alerts and real-time insights which allows the bank to make better use of their operational data while it’s fresh and actionable.

Sunrise Smart Banking

MANAGEMENT INFORMATION SYSTEM

The introduction of the CBS has helped the Bank integrate the tools for a strong Management Information System that helps it to identify the requirement of customers and manage its business processes. This system uses CBS data and generates operational, managerial and strategic information used by different units in the Bank.

THIRD PARTY INTEGRATION

The Bank has improved its ability for quick and secure integration with the third party channels. With implementation of Finacle Core Banking Solutions and its extensive Finacle Integrator API, the Bank has prepared the integration environment for approved and strategic channels. The integration capability has been built over the open architecture and the flexible technological platform has proved to be efficient for collaboration with third parties.

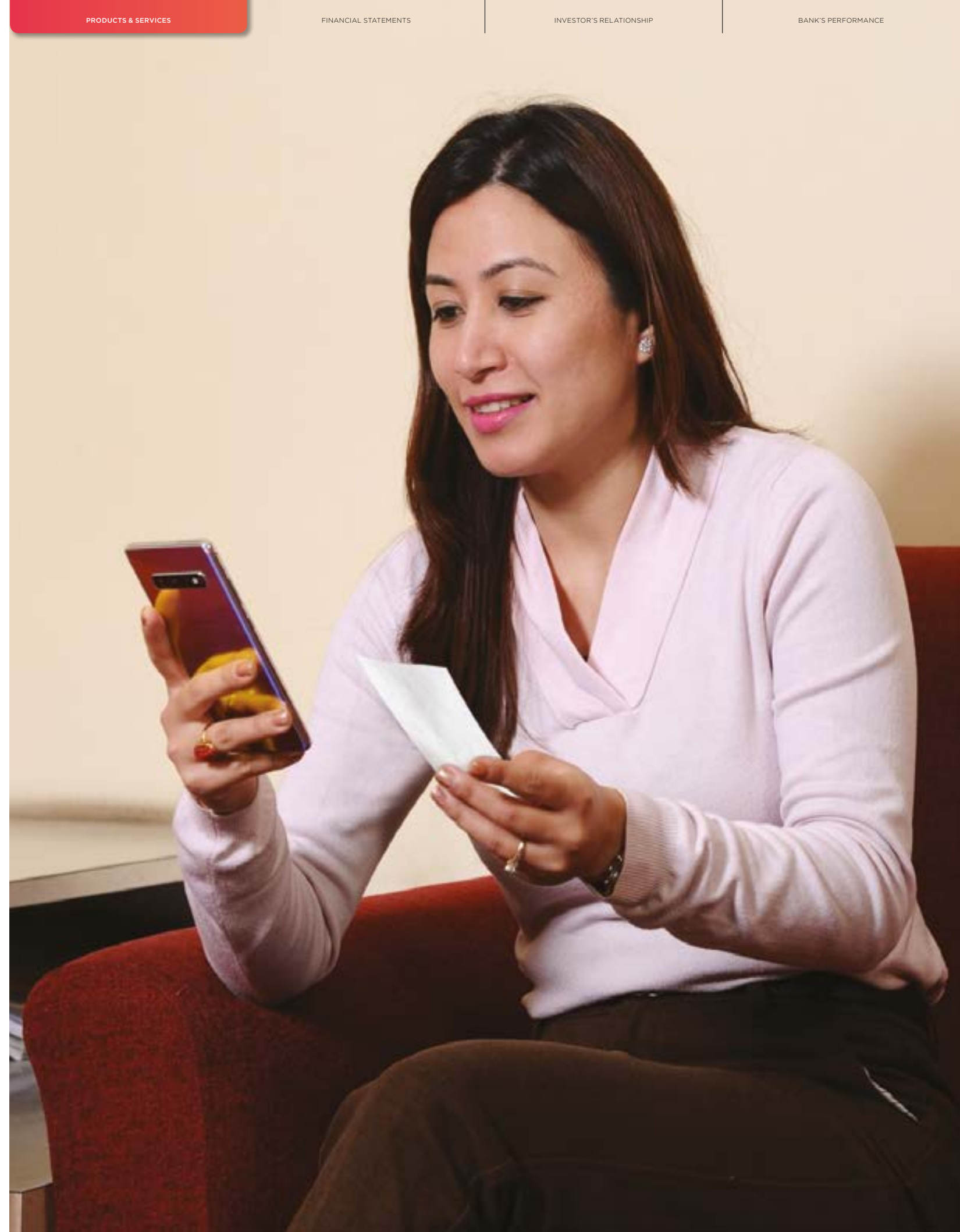
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The Bank has a pool of qualified technical experts in all required technological platforms. The staff have also been trained on technology use



Online Account Opening

The Bank has started an online account opening facility through its website. Now customers can fill in the required information through Bank's website and open desired saving account without even visiting the branch. Besides, the Bank is in the process for adding online LC and Bank guarantee opening, etc. In addition, Bank has started the DMA T Account opening through DP-secure for supporting the digitization drive for secure transactions.

ONLINE VALIDATION

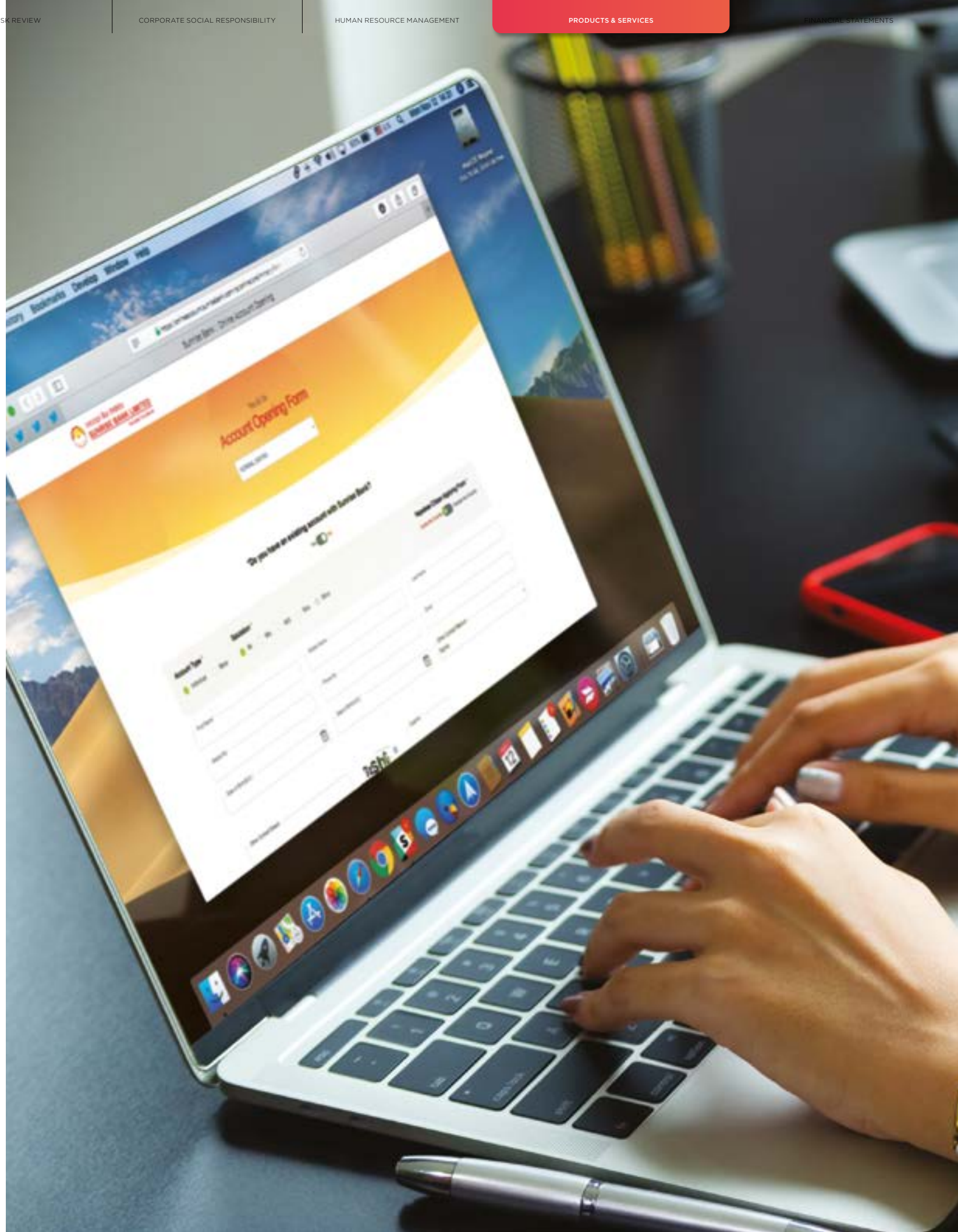
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ONLINE AND ALERT SERVICES

Acquiring information has become a habit for people. Customers need suitable information regularly in relation to their business affairs. The Bank has started alerts and feeds through SMS, email and mobile GSM/internet push. This service is expected to keep the customer informed and alert of their financial and nonfinancial dealings with the Bank

CYBER SECURITY

The Bank periodically conducts the audit of information security for assessing risks related to the information system and infrastructure. This type of assessment includes both the Bank managed and outsourced services, covering of datacenter infrastructure including disaster recovery site, digital channels, technologies in use and mechanism deployed; and also prioritizes information assets based on business risk. The Bank had conducted a security assessment that covered public domain reconnaissance, social engineering / phishing, layers of network security assessment, etc. Developing the adequate information security policies and enforcing them, cyber maturity assessments, and Improving incident response across all the business functions are major targets of security assessment exercise.



Deposits

We know the value of your money and your expectations for the services & returns. Hence we serve to you the deposit of your requirements. Sunrise Bank has developed different saving products as per the customized needs of customers. Considering globalization, our schemes also suit the requirement of international customers by online account opening and remittance services. Schemes also show our initiatives for CSR i.e. schemes for the helpful through the Sunrise Special Care Saving Account. Deposits have been further classified into saving, fixed, call and current deposit which range from non-interest bearing account to normal savings and high yielding fixed deposit.

DEPOSIT

Deposit mobilization is one of the primary functions of the bank. Deposits mobilized by banks play a key role not only as an important source of funds for banks but also as instrument for promoting saving and banking habit among the people. The bank is making efforts in both rural and urban areas for mobilizing savings in the form of deposits which are beneficial to them and the country as well.

TYPES OF DEPOSIT

Deposit, on the basis of its nature and feature, shall be categories as follows:

A. LCY SAVING DEPOSIT PRODUCTS

We have designed different saving accounts in order to encourage the saving habit of the customers. Your small savings leads to our huge deposits. You can save your amount with no limit and earn a good return from us. We have brought numerous saving products in order to persuade all the groups like Pink Saving Account to empower the women; Sunrise Special Care Account to motivate the differently abled special people; Senior Citizen Saving Account to emphasize the senior citizens and so on. Thus, the Bank has been delivering its best effort to save your money and provide the finest return at the end.

Please have a review of our saving deposit products and select the best one for yourself.

1. Normal Saving

Sunrise Normal Saving deposits are meant for those individuals and households who have the habit of saving hard-earned money from their regular earnings so that

- they can use it when they require. With no limitation in deposit and withdrawals, the product provides emphasis on personalized services to the customers.
2.

Maha Bachat Khata
Sunrise Maha Bachat Khata offers competitive interest rate to our valued customers who are interest sensitive and also gives priority to attractive features that come along with the product.
3.

Sunrise Pink Bachat Khata
This product targets women customers taking into account their unique saving habit that may help them to increase their access to productive resources.
4.

Sunrise Payroll Account
The product aims to provide the financial services to the salaried staffs and shall facilitate to overcome the traditional way of distributing the salary of employees framed in the most safest and convenient way .
5.

Sunrise Fat Saving
The product targets to high net worth clients who are interest sensitive and who also give priority to attractive features that come along with the product.
6.

Sunrise Bal Bachat Kosh
The product is expected to attract the kids to save and multiply their seed money which in the course of time could grow to a significant size.
7.

Sunrise Senior Citizen Saving Account
After you turn 50 years old, we know you want the safety of your capital, assured returns and regular payouts. So, we being your partner help you through our Senior Citizen Saving Account with emphasis on personalized services.
8.

Sunrise Remit Bachat Khata
Sunrise Remit Bachat Khata has been designed to solicit deposit accounts of the Nepalese working abroad and is targeted towards remitters and beneficiary of remittance.
9.

Sunrise Share Dhani Khata
Sunrise Share Dhani Khata is developed for shareholders of Sunrise Bank Limited targeting the share applicants of the bank who have been allotted shares in the Initial Public Offering of the Bank. This product also covers those shareholders who purchase shares from secondary market and become shareholder of the bank.
10.

Sunrise Special Care Account
A part of initiative for CSR is our sunrise disability saving account. We are the newest in the banking industry to provide this service. Apart from the

- interest rate, we give concern of this account holders for efficient in other banking facilities and personalized service too.
11.

Sunrise Branchless Banking (BLB) Saving Account
BLB Saving Account is designed to encourage the unbanked communities to save their deposits. This service is catered to the public with the help of Branchless Banking Services.
12.

Relief Saving Account
Relief Saving Account shall facilitate earthquake victims to collect the earthquake relief fund through banking channel in the most safest and convenient ways.
13.

Sunrise Samriddhi Bachat Khata
In order to support the Governments initiative of every Nepali having a Banks Account, Sunrise Samriddhi Bachat Khata was introduced. This account is targeted towards those Nepali citizens who do not have a bank account with any Commercial Bank. NPR 100 is deposited in the customers’ account upon opening of this type of account.

B. FCY SAVING DEPOSIT PRODUCTS
Sunrise Bank Limited has introduced the foreign currency deposit feature to cater to the niche market of foreign workers currently working in Nepal, Nepalese involved with foreign trade, Nepalese working for foreign organizations.

The types of FCY Saving Deposit Products offered by Sunrise Bank Limited are enlisted below:

1. USD Saving Account
2. EUR Saving Account
3. GBP Saving Account
4. Sunrise Remit Bachat Khata (USD)

C. FIXED DEPOSITS
We encourage you to deposit your idle fund with us for a period of time and help you to grab a best return for the same. We assure you to get a competitive interest from us, agreed at the time of account opening. The interest rate for the fixed deposit depends upon the volume of your deposits and the maturity date. We have been developing different fixed deposit schemes often for the customers whereby the depositors get high interest rate for their deposits. Following is the list of Fixed Deposits:

1. Individual Fixed Deposit
2. Institution Fixed Deposit
3. Sunrise Maha Muddati

D. CALL ACCOUNTS
Call accounts are developed to provide certain interest rate on your deposits. It also provides you the facility of savings accounts through accrual of interest. The interest rate on your call account depends on the nominal interest rate of Saving account provided by the bank. We possess call accounts for both individual and corporate clients.

1.

Normal Call Account
Call Account is an interest bearing account designed especially for Institutions with stable deposits. Since Current Account is non interest bearing, Individuals and Institutions are offered Call Account so they can earn interest while we can solicit low interest deposit. However the primary account will be current account.
2.

Social Security Fund Account
Social Security Fund Account is designed for the people who have been provided social security benefit allowance of various categories of citizens such as old age, disable, single woman and other special ethnic group from Nepal government.

3.

Retirement Fund Account
It is designed for the people who are provided with retirement fund benefit and have been contributing for their retirement.

4.

Sunrise Portfolio Management Service (PMS) Deposit Account
The sunrise PMS Deposit account refers to managing money of customer under the expert guidance of portfolio managers. This product is developed to offer best opportunity to the customers willing to take the Portfolio Management Service for investment policy in terms of minimum risk and maximum return.

Sunrise Bank Limited has developed a prominent feature **“Health Insurance Facility”** and **“Accidental/Death Insurance Facility”** which can be availed by every saving account holders.



Retail Banking

With the motto “Rising to Serve” Sunrise Bank has completed eleventh year and currently is in 12th year continuously striving towards providing better service to its customers. In context of Nepalese banking sector, retail lending is no doubt one of the profitable sector and in order to diversify the bank’s retail loan portfolio, minimize risk and broaden the service coverage, the Bank is lending to individual customers, for consumption as well as business/productive purposes. Retail loans comprise of around 38 percent of the total loan portfolio. The bank has formulated comprehensive product paper of each retail products as well as devising new products and revising various existing ones on regular basis as per the changing market dynamism, and customer needs.

Following are the major facilities that are being offered by the bank as retail products.

HOME LOAN

This product has been devised in accordance with the vision of SrBL **“Together We Can Build”**. Home is not only “the” dream of many Nepalese but also the major area of investment so the Bank is providing Home Loan to individuals to fulfill their financial requirement for acquiring/ construction/maintenance of residential property. The loan is also provided for existing building/ apartment to leverage on the value of property.

SUNRISE SURAKSHIT GHAR KARJA

Among the pool of retail products, Sunrise Surakshit Ghar Karja is a unique and one of the flourishing product that the bank offers to its customers. After the devastating earthquake of April 25, 2015 there is a growing demand for an additional scheme in home loan that covers borrowers family in case of any unforeseen incident. So, in this facility, loan shall be tied up with endowment life insurance policy of the borrower. This scheme provides life insurance protection to the borrower throughout the loan tenure as well as covers the borrower’s family from the outstanding loan and ensure retention of the property in case of any unforeseen incident. In addition to that it also provides capital return in the form of bonus to the borrower upon the maturity of the loan from insurance company.

HIRE PURCHASE LOAN

The attitude towards “Loan” in Nepal has changed drastically over time and households have learnt to upgrade their current living standard by leveraging their future income. In view of changing consumer pattern, the Bank is extending Hire Purchase Loans for the purchase of new vehicles both for consumer and commercial purposes, equipments and privately-used vehicles to individuals as well as business units.

SAJILO KARJA/PERSONAL LOAN

In the globe, our country has been mapped in between two economic giant. Though the country occupied smaller portion in the globe, the value pertaining to social and cultural norms have very high regards. So in this regards, we have been financing Sajilo Karja/Personal Loan to needy individual's easy access to finance to cover their various legitimate financial needs on fully collateralized basis.

EDUCATION LOAN

Increasing awareness among people has elevated the need for quality education in the country. In the recent days, even unqualified parents wants to provide qualitative education to their children both inside the country and in abroad, but every student cannot afford the cost of education. So in this regards, Education Loan Product has been devised to provide easy loans to students who aspire to pursue higher/technical/professional education in Nepal and abroad.

MARGIN LENDING

This product allows individuals, firms or companies to borrow money from the bank without any hassle against pledge of shares of the companies that are listed in Nepal Stock Exchange (NEPSE).

SIGNATURE LOAN

This is a type of personal loan that the bank is extending basically to professionals on a non-revolving basis. Loan may be provided up to NPR 1.5 million without fixed assets collateral.

CREDIT CARD

The bank is offering credit card under VISA brand to its customer for secure withdrawals, purchase and online

payment solutions round the clock.

LOAN AGAINST FIXED DEPOSIT RECEIPT

This loan is being disbursed against Fixed Deposit Receipt of own bank up to 90 percent of the fixed deposit amount.

REMARKS

The department is focused on moving ahead with the 5C’s principle of lending. It includes capital, collateral, capacity, condition and character of the borrower. This product is focused on both urban and rural areas of our all branches targeting Upper middle class people.

At the end, this department holds the major loan portfolio. It helps to increase our reach to the nooks and corner of our country as well as contributing towards economic development.

Remittance

Remittance has taken almost the centre stage in the economic development of our country. Migration of Nepalese youth force to the Gulf region and other countries in search of Foreign Employment can be taken as the major source of remittance entering inside the country.

The financial flows generated by these migrants by way of remittances are very substantial. As per the official data, it is estimated that around 1.7 million Nepalese are working in 40 different countries, excluding India whereas it is estimated that there are equal number of Nepalese residing in this territory entering through various unofficial channels.

Financial Institutions and Money Transfer Cos. have not only helped the country to bring remittances through formal channel thereby discouraging the informal channels but has also helped in increasing the Foreign Exchange Reserves with the Central Bank of Nepal, thereby making a positive impact in the Balance of Payments. However, it is estimated that only around 40 percent of Nepalese migrant workers use formal channel to send their earning back home

Sunrise Bank Ltd., with the intention of channelizing inward remittance business through various countries established its Remittance Department since 2009 and launched its own web-based online remittance product named “SUNRISE REMIT”.

Since then, it has been continuously increasing its international as well as domestic networks. We currently have remittance business arrangement with 24 foreign remittance companies / banks covering 15 countries and have a domestic network of 7,500 agents spread all over Nepal. Remittance business arrangement with 15 Domestic remittance companies / banks have further been initiated so as to provide one stop solution of any remittance entering inside the country from various formal sources.

Sunrise Bank currently has its presence in Italy, Australia, UK, USA, Hong Kong, Singapore, South Korea, Israel, Qatar, Bahrain, Oman, Kuwait, UAE, Japan and India for aligning remittance business from international market. Apart from this, we have also been serving people wanting to send domestic remittance from our branch networks. Remittances originated and disbursed from Sunrise Remit is easy and hassle free.

Sunrise Bank Ltd. was amongst the leading bank of Nepal in providing mobile banking facilities to the migrant workers abroad, thereby enabling them to access their

personal account into their own mobile phones. This not only helped them view each and every activity of their account but also enabled them to top-up mobile phones of their family members, make utility payments, fund transfers to other financial institutions etc. Apart from providing remittance services from various countries, we have pioneered in providing retail-based loans to the family members of migrant workers back in home considering their source of income while working abroad. Also all legal documentations are done abroad by our representative officers residing there.

Bank further has plans to incorporate Fixed Deposit application form, DMAT account opening form etc which would also enable migrant workers to participate in IPOs and FPOs in the days to come. Sunrise Bank Ltd. is not only engaged in channelizing remittance from international market but also has been instrumental in providing the following facilities to its customers worldwide:

- Deputation of bank staffs abroad in various countries to assist Nepali workers and to facilitate in availing various product services of the bank
- Account Opening Facility from abroad including Mobile Banking, Internet banking and Visa Card facility from abroad
- Fixed / Recurring Deposit processing from abroad
- Opening of DMAT Account and C-ASBA services to Nepalese from abroad

Corporate Banking & Trade Payments

At Sunrise Bank Ltd. we offer various kinds of financing and banking services for corporate business, projects and infrastructures. Corporate Banking & Trade Payments Department comprises of 4 functions - Corporate Banking, Project & Infrastructure Financing and Trade Payments Services. Corporate Banking segment handles all the corporate clients with exposure above Rs. 100 Million, Project and Infrastructure financing cell handles all credit exposures including big mega projects falling under its domain either through independently or under consortium/syndicate arrangement with other BFIs. Mid Market segment cater customers with exposure of Rs. 40 Million upto Rs. 100 Million. Under Trade Payments functions, the bank provides all types of trade related services including advisory services for Import and Export business through separate dedicated Trade Payment Desk in Head Office level and in other selected branches. The services may include processing of LC applications, credit sanctioning, documents screening, documents purchase and collection services, follow-ups for LC document payment, settlement etc. The department not only facilitates your funding requirements but also provides advisory services for improvement of your financial performance and compliance of regulatory requirements. Corporate Banking & Trade Payments covers extensive area of banking, invest in a project, meet up your working capital requirement, facilitate or finance on your export or import, or for other requirement in the business. We are always ready to work and grow together with you as a strong financial partner in terms of business, industrialization, project and infrastructure development of the country. In this age of globalization, our corporate lending schemes not only meet the requirement of domestic corporate sector but also to the global corporates.

We offer Fixed Term Loan for financing on the existing or new projects to create fixed assets. The facility is equally available to finance on plants, machineries and equipments, land and buildings as required for the project. The repayment tenure of the loan shall be fixed as per the cash flow generate from the project itself considering the duration of the project so the financial obligations could be easily met.

We also provide financing the working capital requirements and manage the cash by availing Overdraft Facility from us. We finance your Working Capital (Stock & Receivables) requirements by providing you other kind of Working Capital Credit Facilities on flexible repayment terms. We are also availing Short Term Pledge Loans by pledging your stocks, your stock would be under lock of Bank, settle your short term pledge loan on pro rata basis as you sell your stock.

Demand loan to help you to build up your stock and receivables to a desired level, against which the loan will be disbursed. Period of repayment will be at the duration agreed by the borrower at the time of application justifiable by their business activities.

Through Export Finance, we offer to finance various export requirements such as pre-shipment loan and post-shipment loan, documents negotiation/documentary bill purchase etc. We have been also providing export refinancing facility under Nepal Rastra Bank provision to encourage export business.

We also provide Import Loan facility to finance domestic and international trade transactions through letter of credit, telegraphic transfer, demand drafts, DAP and DAA. We will finance to import goods in the form of Trust Receipt up to a percentage of the import document value as decided by the Management. Repayment of such facility is generally linked with cash conversion cycle of the goods imported or as decided by the management from time to time.

We coordinate with other banks and financial institutions; participate as Lead Bank or a Joint/Co-Lead Bank to provide you Consortium Loan for high value funding requirements both Fixed Term Loan and Working Capital Loans (Both Funded as well as Non Funded Loans). You can avail this loan for the establishment, capacity addition, up-gradation of existing facilitates as well as acquisition/ takeover of existing facilities. The loan can be extended to manufacturing as well as service sector.

We also extend Loan on Foreign Currency. Such facilities shall be provided to Tourism Sector, Hospital, Export and other Industries/projects as guided by Nepal Rastra Bank. The foreign currency credit facilities shall be in short term or long term based on repayment capacity of the customers.

Import Letter of Credit (Foreign and Local) facilities offered by us as per your procurement contracts/proforma invoices facilitates import of goods and services from abroad and local purchase. We also provide Export Letter of Credit facilities to improve your sales in both domestic and international market.

Moreover, Bank Guarantees issued by us not only facilitates the bidding requirements of various contracts but also helps to ensure the performance of the related party in terms of execution of contractual performance (supplies and/or assigned job/services). On the other hand it also provides surety of return of advances mobilized for performance of any given contract for smooth workflow of such contracts.

Corporate Banking & Trade Payment Department generally looks after portfolio of Corporate along with Project and Infrastructure Financing. The department basically entertains the credit proposals of bulk volume to business enterprises. Bank extends various credit facilities under the Corporate Banking to cater or create the market as per the requirement of the customers. Corporate Banking Department basically is a segregation of credit market that hovers above credit exposure of above NPR 100.00 Million (Funded and Non-Funded) either in a party or a group of enterprises falling under the same obligor group. The department also looks into the avenues of project financing, infrastructural financing and consortium lending.

Remarks

The department is focused on moving ahead with the three principles of 3 Cs, i.e. Catering, Creating and Consolidating.

Catering business in local level shall support the bank to increase its local branding on one hand ascertaining the growth in the local territory and the other would be the benefits of the cross selling of the products and increasing the portfolio and clientele bases from the associated businesses of the customer so solicited from the strategic solicitations.

On the other hand, project based financing and creation of fixed assets level shall be mainly with the creating methodology. The strategy shall mainly be focused with the branches at urban areas and the peri-urban areas. This shall also incorporate the infrastructural based financing.

At the end, the department is also working on the consolidations of the portfolio, thereto segregating the overall exposure to grow, retain and exit. Any of the monitoring activities are also being conducted under this domain.

Microfinance

DEPRIVED SECTOR BANKING AND AGRICULTURE

Sunrise bank has prioritized on providing deprived sector and agriculture loans not just to meet the criteria set out by Nepal Rastra Bank (NRB) but also to act responsibly towards the country for positive economic impact. Our long term strategy is to shift more weight from large-scale corporate credit towards consumer and small business credit so as to diversify loan portfolio. We have been continuously devising new/innovative business products and reengineering existing ones to remain competitive in the banking fraternity. Lately, an incredibly intense competition for small business lending is observed in the banking sector. In order to tap into such emerging business opportunities, SrBL has designed and launched several business loan products which can cater rural population.

One of the strengths of Sunrise Bank is its branches, particularly those branches located outside Kathmandu can play vital role in serving the rural population. As most of microfinance players and cooperatives are located outside Kathmandu valley, it may be an opportunity for Deprived Sector Banking Department (DSB) and branches of Sunrise Bank to grow together in rural lending and agriculture lending.

For deprived sector banking, Sunrise Bank Limited has devised deprived sector loans in two forms. They are deprived sector wholesale lending and individual deprived sector lending. Under wholesale lending we provide loan to Microfinance (D Class Bank), and Co-operatives while under individual deprived sector lending underprivileged and rural people are provided loan for small business, agriculture sector and other productive sectors. SrBL has also designed and rolled out product like “Srbl Laghu Byabsaya Karja “which also falls under deprived sector loan and the main purpose of this loan product is to provide the financial solutions to borrowers/business/ to create fixed assets as well as to meet the requirements for small business enterprises.

DSB department is also catering to the agriculture customers . Sunrise banks has been investing on all agriculture business especially poultry, livestock farming, fishery and vegetable farming etc. DSB has also plans to target other sector and is keen on increasing agriculture portfolio and at the same time diversified in the coming fiscal year. Such sector would be

- Dairy Sector/ Live stock Farming
- Agriculture/Herbal Products
- Others

Also to facilitate the above mentioned sector, particular INGO,

company will be selected for the partnership. Partnership with INGO/NGO will help to build our own internal capacity. Also for the promotion of the small retail loan of DSB department, word of mouth promotion would be the primary promotion plan of the unit. The bank will also take this as an image building opportunity.

This sector is being classified as development finance by the government, NRB and the bank can gain distinct mileage by getting involved at this period. The promotional efforts would therefore have to emphasize on the bank’s vision and commitment towards economic development of the country. It will also have to iterate that this activity would contribute towards fulfilling the commitment. The efforts will also be directed towards cross-selling bank’s other products. Other promotional efforts e.g. personal relationships, sponsorships of events, joint training programs, commercial advertisement in paper of TV etc can be some of the effective tools.

For the distribution plan the bank plans to use its branches for the purpose of distribution strategy. With the reach of branches and trained man power, we will be able to increase the loan portfolio of DSB in coming days.

In addition, Sunrise Bank has adopted the practice to book all the DSB clients created by branches under the respective branches and hence any income, like: interest income, non-interest income generated from those clients would be booked in the PL of respective branches. Hence we feel this strategy would act as a motivational factor for the branches and branches hence would put maximum effort to find and create DSB clients. Under this practice we will initially process the credit application being collected from the branches at the DSB, Head Office and gradually branches would be trained to process such application so that they themselves can process the credit application in due course of time. We suppose this practice will contribute to some extent to our objective of developing more business oriented and trained manpower in the bank.

DSB department have increased the DSL and agriculture loan with 56 DSL staffs and 14 agriculture marketing staffs. The main work of the 56 DSL RM is to provide small retail loans to the clients and 14 agriculture marketing staffs to guide the agriculture clients in building relationship with the bank.

With addition more branches and more staffs to provide micro credit and agriculture loans, we tend to reach target of providing loans up to NPR 2.5 billion in the upcoming fiscal year under direct lending and 9 billion in agriculture lending. In order to reach that target, we will continuously conduct programs of training and workshop to impart knowledge of DSB and agriculture to general credit processing to the staffs of branches so that more credit staffs can be developed and branches can be made independent in processing of DSB files. Priority for processing this loan files will be done under fast track basis.

SME Banking

We, Sunrise Bank have been continuously striving towards providing better service to our customers. In this competitive environment, it is essential for any bank to introduce new product or expand the customer base of existing product in order to sustain in the banking business. SME is one of the important sectors in lending. Traditionally less priority was given to this sector but now it is one of the most attractive areas.

Under funded facilities we provide Term loan and Working capital loan. Term Loan shall be provided to cover Fixed assets financing (land and building), financing for capital items (CapEx), construction equipment, and civil construction works etc. for maximum period of 10 years, repayable on EMI or EQI basis. The repayment schedule of the loan shall be customized as per the requirement.

Working Capital Facilities includes Overdraft Facility, Demand Loan, Installment Credit Facility, Contract Loan, Export Credit Facilities, and Bills Purchased/Discount etc. which are being provided to fulfill the working capital requirement of the borrowers

We also provide non-funded facilities to our customers. In non-funded facilities Letter of Credit and bank guarantee is provided to facilitate your business growth.

Bank Guarantees issued by us not only facilitates the bidding requirements of various contracts but also helps to ensure the performance of the related party in terms of execution of contractual performance. On the other hand it also provides surety of return of advances mobilized for performance of any given contract for smooth workflow of such contracts.

Apart from providing financial services, we are also conducting orientation programme on general accounting and taxation on a frequent basis to various small and middle businesspersons across the county to enhance their basic understanding of taxation and contribute to improved book-keeping skills. This Quarter itself we have conducted 12 such literacy program across the country.

The SME Banking Department controls the SME businesses. The Bank provides different credit facilities to cater as per the requirement of the customers. The Department deals with credit exposure above NPR 1.00 Million to NPR 100.00 Million (both Funded and Non-

Funded) either in a party or in obligor group.

Remarks

The department is focused on moving ahead with the 5C’s principle of lending. It includes capital, collateral, capacity, condition and character of the borrower. This product is focused on businesses of both urban and rural areas of our all branches targeting business group.

At the end, this department holds the major loan portfolio. It helps to increase our reach to the nooks and corner of our country as well as contributing towards economic development.

Branchless Banking (BLB)

Branchless Banking (BLB) is a system which enables bank and financial institutions to cater their banking services through the hand held device known as POS/Tab with the help of Business Correspondent. It maneuvers the bank and financial institution to spread their footprints without setting up a physical bank branch. In this modality of banking, commercial outlets such as small grocery shops, medical shops etc. can act in some capacity to provide basic banking services on behalf of banks and financial institutions to their customers. Branchless Banking represents significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial factors to offer financial services outside the traditional bank premises by using delivery channels like retails agents, mobile phone etc. and can be used to substantially increase the financial services to unbanked communities.

Sunrise Bank has successfully launched 38 Branchless Banking (BLB) focusing on Eastern region along with Far-western region. In BLB, customers can avail banking facilities like opening saving accounts, depositing in their account, withdrawing money along with transferring fund to any saving account of Sunrise Bank as and when required. Apart from these services, BLB customers can enjoy additional facilities like top-up and recharge of NTC/ NCELL, Smart Cell, dish home, NTC-landline payment, Broad Link payment, NEA payment etc.

Following things should be considered for the operation of BLB:

- Business Correspondent shall provide banking services on the behalf of bank.
- Customers' finger prints are enrolled in the POS device while opening BLB Saving account.
- Every transaction is followed by finger print of Business Correspondent.
- Ensure the online connection is on the device.

Opening ceremony of 38th BLB at Haldibari, Jhapa under the supervision of Birtamode Branch.

Remarks

Branchless Banking is a safe and convenient medium of providing banking service which helps the customers to receive banking facilities from their own threshold without visiting bank's branch. Consequently, it helps to save time and additional cost of customers.



C-ASBA

“Centralized Application for ASBA Based Issuance Applications Supported by Blocked Amount” (C-ASBA) is a system developed CDS & Clearing Ltd to apply the share application online. To apply share through C-ASBA system, the customer has to visit the branch to register in the C-ASBA system with their verified bank account number and DMAT account number. Then customer has to be registered with this system and obtain the C-ASBA Registration Number (CRN). For each share application to be applied through C-ASBA system, CRN is mandatory so as to verify the share application. Moreover, it is an application containing an authorization to block the application money in the bank account, for subscribing to an issue of shares. If an investor is applying through C-ASBA, his/her application money shall be blocked. After allotment, only the part of money as per the allotment will be debited from the applicant's account and unblocked the remaining amount. Securities Board of Nepal (SEBON) being the regulatory body, has issued guidelines regarding Issue of Securities, where it addresses the ASBA application charges from amendment section 8(1), the maximum application charge that can be levied to investor is NRs. 100.00 only. As we are levying the charge of NRs. 25 per unit of application in case of customers apply the share visiting the branch whereas customers applying through MERO SHARE are charge waived. The application charge to be paid to Issue Manager is NRs. 10.00 per unit of application whereas no charges to be paid to SEBON.

Sunrise Bank commenced the CASBA service by January 22, 2017. It has been providing CASBA service from all its branches.

MOBILE BANKING

Mobile Banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet. It uses application software called an app, provided by the financial institution for the purpose of Banking. Mobile banking is one of the electronic channel which is available on a 24-hour basis.

Now Mobile banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions.

Sunrise Bank has Mobile Banking with the name as Sunrise Smart, which is a unified digital banking solution that empowers customers with the services of mobile banking and digital payments while providing a multimedia rich and cost effective environment for banks to carry out instant marketing/promotional campaigns and information flow.

Customers can enjoy the vast array of available features through a sleek and interactive mobile app carefully designed for easy navigation, brand enhancement and promotional materials visibility.

Sunrise Bank Smart is currently available for Android and iOS application only and supports both the SMS and GPRS channels giving customers the option to use either one depending upon the availability of network and internet access.

GPRS/WiFi

- Real time interactive
- Login required
- PIN required for performing financial transactions
- Less cost of operation to customer

SMS

- Interactive with time lag
- Login not required
- PIN required for performing financial as well as non-financial transactions

Sunrise Smart Banking has below features:

- Balance Inquiry
- Mini Statement

- Mobile Topup
- Recharge Cards
- Fund Transfer
- Payment etc
- QR Code Payment

Sunrise Bank Smart is tie up with E-Sewa /Khalti Wallets where we can load money from the Sunrise Smart. There is also Fonepay service where Interbank Fund transfer and Merchant payment services are available. We have also started the QR Code payment system where Sunrise Smart Customer can do the payment via QR scanner from the Sunrise Smart Application for the payment transaction across the multiple merchants.

In addition, customers can avail limited banking services through Missed call banking as well, provided the customers are registered mobile banking users of the bank. Through missed call banking service, currently we are offering the below mentioned services:

- Balance Inquiry
- Mini Statement (Last 4 Transactions)
- Top Up facility amounting to NPR 100
- Call Center Support

QR (Quick Response)

INTRODUCTION:

QR code (abbreviated from Quick Response Code) is a type of matrix barcode (or two-dimensional barcode) which is a machine-readable optical label that contains information about the any item to which it is associated. QR code payment is a contactless payment method where a payment is performed by scanning a QR code from a mobile app.

Sunrise QR Code payment is an easy solution to make payment to various outlet or merchant. As payment is done via sunrise mobile application, there is no need of any cash or debit/credit card. It's a step taken towards hassle free and cashless payment system, available at your fingertips.

FEATURES:

- Must be subscriber of Sunrise Smart Banking
- Payment can be done to any outlet of Fonepay network
- Cashless payment service
- Value added service to both merchant and customer with Bank
- Quicker, Secure, Convenient, Reliable & Richer Consumer Experience

EMI (Equated Monthly Installment)

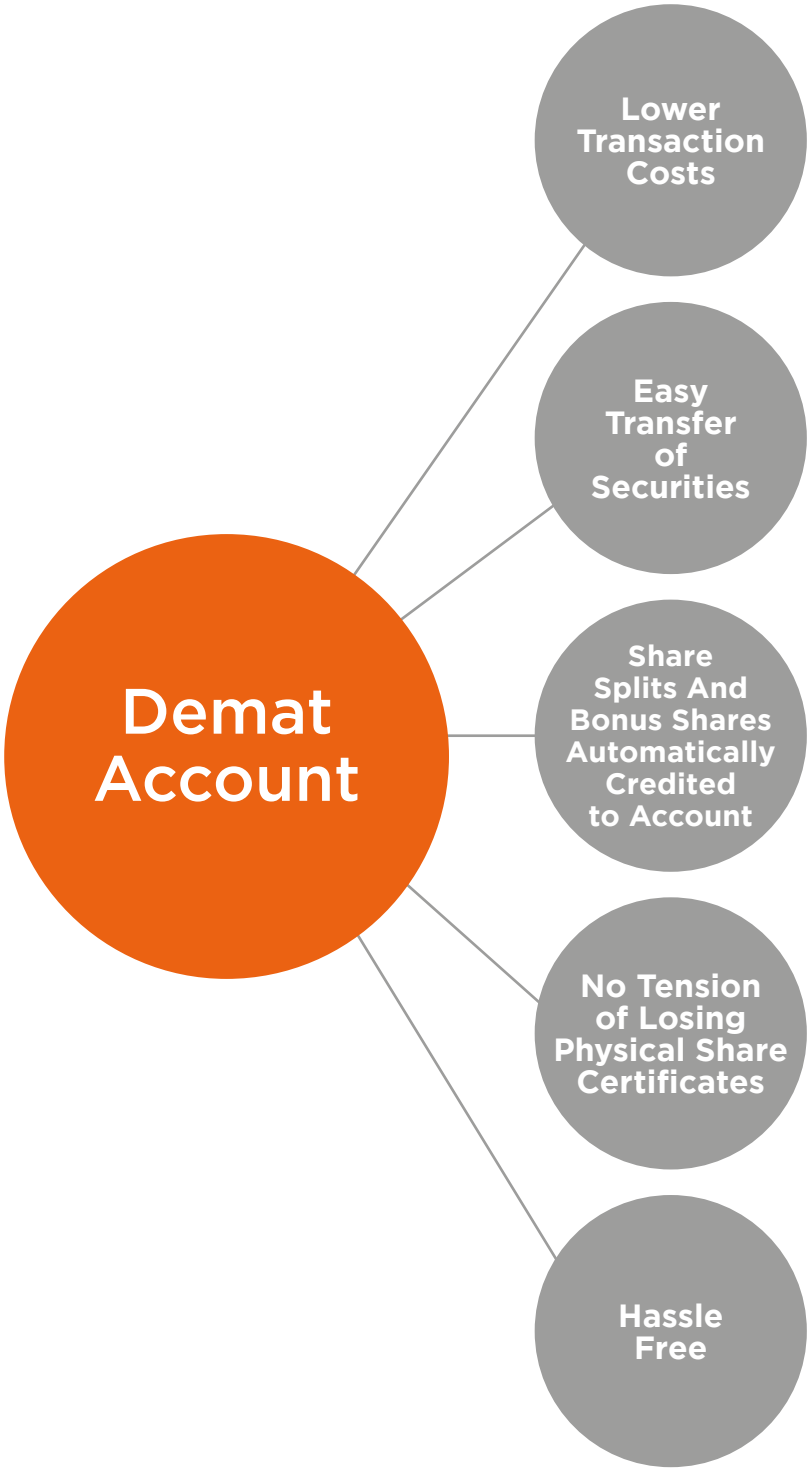
In order to increase the sales and to add more features to the customers we have introduced EMI scheme in Credit Card. Customers can purchase goods or avail services now and pay later as per their cash flow. Generally merchant dealing in Electronic Gadgets, Consumer Durables, Holiday Packages, Ornaments, Furniture, cosmetic medical service etc. are prospective Merchants for enrollment.

DMAT

The term DMAT is known as Dematerialization. Dematerialization means the process in which Share Certificates and other securities in the physical form are converted into Electronic form and making the corresponding credit of the same in the depository. DMAT (Dematerialization) helps in eliminating the problem of physical handling of securities. A depository is similar to a bank. It holds shares, which belong to investors, in electronic form. The investor has to open an account with the depository, through a Depository Participant (DP). These Depository Participants (DP) are authorized agents to operate DMAT Account. These DP acts as an agent between the investors and the company. Shares and securities are held electronically in a dematerialized (or DMAT) account, instead of the investor taking physical possession of certificates.

To facilitate its customers in opening DMAT account, Sunrise Bank in coordination with Sunrise Capital has been serving its Customer to open DMAT accounts. As we have already implemented DP Secure System in all the branches, hence, the DMAT account opening service is available from all the branches.

Currently, Rs. 150 is being charged from customer to open DMAT account.





FINANCIAL STATEMENTS

Despite operating in a highly competitive market, Sunrise Bank has grown consistently every year. Its wide network across the country now provides the foundation to do better and grow faster.

The Directors bring together a variety of perspectives to the Board, including professional and entrepreneurial insights which enhance the quality and depth of discussions.

The primary responsibility of the Board includes setting the Bank's Strategic direction with the objective of delivering sustainable stakeholder value, governance structure and formulating comprehensive policy frameworks.

The Board of Directors has a deeper understanding of the material issues affecting the bank and continuity of strategy and direction is ensured.

Director's Report

The Board of Directors of Sunrise Bank Ltd. has pleasure in presenting their Annual Report on the State of Affairs of the Company to the shareholders of Sunrise Bank Ltd. for the financial year ended 16th July 2019, together with the audited Financial Statements of the Bank, Consolidated Financial Statements of the Group for that year and the Auditors' Report on those Financial Statements, conforming to the requirements of the Nepal Rastra Bank Directives, Companies Act 2063 and the Banking and Financial Institutions Act 2073. The Financial Statements

were reviewed and approved by the Board of Directors on 17th September 2019.

On behalf of the Board of Directors, I would like to welcome all of you to the 12th Annual General Meeting of Sunrise Bank Ltd. Since its inception, the Bank has been able to attain continuous, balanced growth through innovation, adoption of high-tech solutions and development of innovative financial products. We take your permission to present the Bank's achievement in the

FY 2018/19 (FY 2075/76).

REVIEW OF BANK'S OPERATION FOR FINANCIAL YEAR 2018-19

A. KEY FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION

NPR Millions

PARTICULARS	16/JUL/19	16/JUL/18	GROWTH %
Share Capital	8,153	8,153	-
Reserve & Surplus	4,118	3,402	21
Deposits	78,742	69,493	13
Loans and Advances	70,376	60,554	16
Investment Securities	16,694	13,747	21
Placement with Bank and Financial Institutions	4,969	3,870	28
Total Assets	94,610	82,783	14
Net Assets Value per share	150.51	142	6

The Bank achieved growth of 14% during the year in total assets, totaling NPR 94.61 Billion. Bank has also achieved sustainable growth of 13% in Total Deposits, totaling NPR 78.74 Billion and 17% in Total Loans and Advances, totaling NPR 70.37 Billion. The Bank has mobilized its resources well. Each Year, The Bank continues to implement financial strategies that enhance its' Financial Capital to enable it to carry out the day-to-day business activities. Growth in key parameters also shows that the Bank is in progressing along with its customers.

STATEMENT OF PROFIT OR LOSS

NPR Millions

PARTICULARS	16/JUL/19	16/JUL/18	GROWTH %
Net Interest Income	3,585	2,871	25
Fee/Commission & Other Operating Income	1,111	848	31
Total Operating Income	4,696	3,719	26
Personnel Expenses	1,150	908	27
Operating Expenses	772	555	39
Operating Profit	2,551	2,047	25
Profit for the Period	1,706	1,477	16
Earnings per Share			
Basic Earnings per Share	20.94	18.13	16
Diluted Earnings per Share	20.94	18.13	16

Driven by strong revenue growth, the Bank's bottom line grew by 16%, compared to the previous year.

B. BANK NETWORK

The Bank now has 124 full-fledged branches, 7 province offices, 8 extension counters, and 38 branch-less banking outposts that serve customers at almost every business centre. The national network covers all major business centers in Nepal. In the international front we have an extensive network of correspondent banking counter parties in all major global financial centers. The Bank has a strategy of opening branches not only at the urban centers but also in the rural municipalities spread across the country.

C. ATM NETWORK

The Bank offers a variety of debit and credit cards to customers with enhanced security features. All cards of Sunrise Bank are EMV compliant that reduces the possibility of fraud, and compromise of customer information, to almost nil. The Bank has a wide network of ATM terminals and all of these are being made ready for chip security and fraud deterrence. The Bank has 143 ATMs across the country and customers can also benefit from the common ATM network of NEPS member banks.

In addition, the Bank has revamped the overall technology

platform to enhance efficiency, augment security, and facilitate client capabilities. In retail baking, the Bank has launched online account opening services and also offers clients innovative payment options. Significant investment has gone towards upgrading technology and training human resources. This is because we believe that only state-of-art technology can help a bank to grow in this day and age.

D. REMITTANCES

Sunrise Bank Ltd. has been providing remittance services since its inception through its web-based remittance product named “Suryodaya Remit”. It now has over 4,500 payout agents, in addition to its 122 branches across the country to facilitate the disbursement of remittances received from around the globe. Sunrise Bank maintains its presence in USA, UK, Italy, Australia, Israel, Malaysia, Qatar, Bahrain, Oman, Kuwait, UAE, Japan, Korea and India for tapping into the remittance business. Besides, the Bank has also been serving people wanting to send remittances within the country through the branch network. Customers using the service to send and receive money can use more than 4,500 locations nationwide, without hassles.

E. MOBILE FINANCIAL SERVICES

The mobile phone has been evolving into an intimate platform that brings together many technological possibilities. It is personal and therefore suited for banking operations. The Bank has added a number of features in its mobile banking application. The payment channels have been increased and customers can now use it to directly pay their electricity bills and more features are in the process of being added. This can make banking with Sunrise Bank a seamless experience for its customers.

Sunrise Bank's mobile banking platform ‘Sunrise Smart Banking’ is an unified digital banking solution that empowers customers with banking services on their fingertips. It allows banking and digital payments in multimedia rich interface for customers, while also providing a cost-effective means for the Bank for carrying out stakeholder relations and marketing/promotional campaigns.

Sunrise Smart Banking is currently available for Android and IOS applications and supports both the short messaging services (SMS) and GPRS giving customers the option to use either one depending on network availability and internet access.

F. ACTIVITIES OF THE BANKS SUBSIDIARY

Sunrise Capital Limited is the subsidiary company of the Sunrise Bank Limited. Previously, NIDC capital market had setup a subsidiary company named NCM Merchant Banking limited to provide the merchant banking activities under the direction of NRB and guidelines of SEBON. After NIDC Capital Markets Limited was acquired by Sunrise Bank on 10th Feb, 2017 and renamed under Sunrise Capital Limited, it has been providing merchant banking services as a subsidiary of Sunrise Bank Limited. It is Nepal's premier “Investment Services” company, with over some decades of experience in helping people protect and grow their wealth. No other firm can match the depth of its experience and its dedication to personal service. It has been providing customized and extraordinary financial services ranging from merchant banking, advisory, and assets management services to depository participant functions. The strength of our parent company, together with our network and experience acts as the premier provider of customer-centric and innovation-driven investment banking services in Nepal. It has recently issued and subscribed Sunrise 1st Mutual Fund amounting NPR 850 million.

G. MAJOR ACTIVITIES DURING THE YEAR

1. **Information Technology and Digital Banking:**
Sunrise bank has been the first bank to implement Finacle Core Banking Software while other banks are still in the planning phase. With this implementation, Bank has achieved a new height in the Banking Industry. The Bank now has a definite roadmap to move to a fully digitized environment. Sunrise Bank intends to use digitization not only for delivering services to customers but to transition to a fully digitized banking environment. Business Process Automation is one of the key strategic moves of the Bank where it is continuously evaluating the possibility of taking all of its internal processes to the fully digital platform. The Bank has acquired many applications, including software, for human resource management, assets management, Know Your Customer (KYC) and anti-money laundering (AML), document management, inventory management, conference video calls, etc. It is also considering the implementation of workflow management, performance management, automatic tracking system and other systems in the coming days to attain complete digitization of business processes. It also has hired human resources to facilitate and expedite the process of digitations.

Sunrise Bank has implemented a sophisticated Internet banking system at par with international standards to offer customers a bank-less banking environment. It has enhanced security features with strong authentication mechanisms that guarantee the protection of customer's credentials, passwords and information.

The Bank has started online account opening facility through its website, which is one of many initiatives undertaken to transform the way a customer does banking. Customers can now fill in all the required information through the Bank's website and open the desired account without the need to visit a branch.

The Bank has also started the service of validating Sunrise Bank issued bank guarantees through its website. This enables government offices and other principals to confirm that the Bank's undertakings are not forged are valid. This has reinforced its reliability and trust.

Recently, Bank has implemented a new version of the mobile banking (Bank Smart V5) which is capable of extending much more features to the customers, more detailed information, including QR code based payments, self-registration, self-management etc. Bank is in the plan of improving this platform to the higher version by making it much informative and feature intensive.

Bank introduced a very simple but innovative product called Missed Call Banking first time in the banking industry in Nepal. This product was taken overwhelming by the customers. The center of this product is banking service even without internet. This was a tremendous success in the scenario that bank has a lot of customers in rural area without having proper reach of internet service and many people do not possess smart phone or are not used to mobile banking because of age factors and others.

Bank has also introduced Viber-Banking services whereby the customers can avail various facilities for free through the Public Group in Viber.

2. **Call Centre:** For the first time in Nepal, Sunrise Bank had started its own call center and has now become the “Bank With a Voice”. The call center has been very crucial for handling transactional interactions, informational calls, and for addressing complex issues, including sales and purchase-related activities. The call center is the first point of contact for remote customer interactions. It also provides opportunities for cross-selling and up-selling financial products and services. It is designed to deliver multiple ways for customers to connect with the Bank and the Bank believes it can play

a crucial role in increasing customer satisfaction and improving the overall customer experience.

3. **Remittance:** Sunrise Bank Ltd., with the intention of channelizing inward remittance business through various countries established its Remittance Department since 2009. Since then, it has been continuously increasing its international as well as domestic networks. We currently have remittance business arrangement with 20 foreign remittance companies / banks covering 14 countries and have a domestic network of 4,500 agents spread all over Nepal. Remittance business arrangement with 20 domestic remittance companies / banks have further been initiated so as to provide one stop solution of any remittance entering inside the country from various formal sources.
4. **Establishment of Branches and ATMs:** With the establishment of 21 branches during the year and 10 new branches during the current fiscal year, total Branch network has increased to 122 (including 20 Rural Branches). Similarly, total ATM is 143 in numbers till date.
5. **Corporate Social Responsibility:** Sunrise Bank is a good corporate citizen and believes in contributing towards overall development of the Society it serves. It has given back to society at every opportunity and will continue this partnership for change. Separate section has been inserted in the Annual Report regarding our contribution.

H. MACROECONOMIC SCENARIOS

A majority of the macroeconomic indicators have remained encouraging in the current fiscal year. Estimates of Central Bureau of Statistics (CBS) show the growth in the real GDP (at producers' price) at 7.1% in 2018/19 compared to 6.30% in the preceding year. Good monsoon rains, improved power supply and normal supply situation helped accelerate growth from the low base of the preceding year.

Agricultural, Non-agriculture and Service sector contribute 27.00%, 15.20% and 57.80% of total GDP respectively. The estimated growth rate in agricultural output, non-agricultural sector and service sector was estimated to be 5.0%, 8.2% and 7.3% respectively. Increased tourists inflow, expansion of trade and communication sector accounted for the rise in service sector. Construction of international airports, large irrigation projects and national highways, and post-earthquake reconstruction work, has been accelerated.

The annual average consumer price inflation moderated to 4.6% in 2018/19 from 4.2% in the previous year. Merchandise trade deficit widened 13.5% to Rs 1,321.43 billion in 2018/19. The export-import ratio declined to 6.8% in the review year from 6.5% in the previous year. The y-o-y unit value export price index based on customs data increased 0.8% while import price index decreased by 2.3% in 2018/19. Consequently, the terms of trade (TOT) index increased to 3.2% compared to 2% decreased in the previous year.

The workers’ remittances increased 16.5% to NPR 879.27 billion in the review year compared to a growth of 8.6% in the previous year. Remittances in USD Dollars increased by 7.8 and in previous year by 10.2%. During F/Y net transfer receipt is increased by 15% to NPR.994.79 Billion compared to previous year of 1.5%.

The government revenue increased 19.1% to NPR 865.55 billion in 2018/19. Government expenditure, on cash basis, increased 0.14% to NPR 1,067.67 billion in 2018/19 compared to NPR 1,066.18 billion in 2017/18.

The GON resorted to gross domestic borrowing of NPR 96.38 billion in 2018/19. This is 1.8% of GDP. Gross domestic borrowing of NPR 107.19 billion was mobilized in the previous year. The GoN repaid NPR 34.31 billion domestic debt in 2018/19.

Domestic credit expanded 21.4% in the review year compared to a growth of 26.5% in the previous year. Deposits at Banks and Financial Institutions (BFIs) increased by 18% in the review year compared to an increase of 19.2% in the previous year.

The weighted average 91-day Treasury Bill rate increased to 4.97 % in the 12 month of 2018/19 from 3.74% in Previous year. The weighted average inter-bank transaction rate among commercial banks, which was 2.96% in previous year, increased to 4.52% in the review year. However, the weighted average base rate of commercial banks decreased to 9.57% from 10.47% in the current year. The total number of BFIs licensed by NRB came to 171 in mid-July 2019 from 151 a year ago. In mid July 2019, the number of commercial banks stood at 28, development banks at 29, finance companies at 23, microfinance institutions at 90 and infrastructural development bank at 1. The branch network expanded to 8,686 in mid-July 2019 from 6,651 in previous year. In all 171 BFIs (including ‘D’ class) were involved in mergers and acquisitions after the initiation taken by central bank for merger of BFIs. Number of companies listed at the NEPSE increased to 215 in mid-July 2019 from 196 in mid-July 2018. Of listed companies, 154 are BFIs (including insurance companies).

The comfortable level of central bank liquidity has eased

financial conditions. The upward trend in market interest rates has been arrested. The increased level of capital, the introduction of fixed interest rate corridor and macro-prudential tools in place are the measures aimed at making financial sector more resilient and stable going forward.

The current account slipped into a huge deficit of NPR 265.37 billion in 2018/19 as compared to deficit of NPR 247.57 billion in the previous year. The BOP recorded a deficit of NPR 67.4 billion in the review year compared to a surplus of NPR 0.96 billion in the previous year.

Estimated Recurrent expenditure is around NPR 782.89 billion compared to NPR 696.92 billion of preceding year. Similarly, Capital expenditure is estimated to be around NPR 272.77 billion compared to NPR 270.71 in the previous year.

The NEPSE index, on y-o-y basis, increased by 3.8% to 1,259.0 points in mid-July 2019 from 1212.4 points in mid-July 2018. The stock market capitalization, on y-o-y basis, increased by 9.2% to NPR 1,567.50 billion in mid-July 2019. The ratio of market capitalization-to-GDP stood at 45.2% in mid-July 2019.

NEPSE has provided approval to issue debenture amounting NPR.25.58 billion during financial year 2018/19.

For the past 16 years there has been steady growth in the balance sheets of bank and financial institutions. The growth has been fuelled by broad money supply derived from remittance inflows. Meantime the trade deficit has continued to widen resulting in a balance of payments deficit. Government expenditure, particularly the capital budget has largely remained under spent. But revenue collection remained at a record high and remained unspent in the treasury accounts. The slow spending, and a widening trade gap led to a decrease in money supply and a slowdown in bank deposits.

Besides macroeconomic factors such as the trade and current account deficits, slower capital expenditure by government also contributed to deceleration of deposit expansion. The resources at banks (deposit growth) had slowed down but the continued to aggressively expand loans and advances at levels well above the available deposits in the market.

I. PERFORMANCE OF THE BANK IN FIRST QUARTER OF FY 2019/20

The Bank attained decent growth in business volume during the first quarter of 2019/20. Total deposits have

increased to NPR 80.30 billion and loans to NPR 74.16 billion. Sunrise Bank has already attained the statutory target of having a minimum NPR 8 billion as paid up capital. Despite the negative macroeconomic indicators, the Bank has continued to attain the planned growth targets for 2019/20. The anticipated profitability targets were unmet in the first quarter due to festival season towards the end of the quarter that slowed down the collection of interests. Payments were recovered during the subsequent quarter and the Bank is confident to be able to deliver both robust business growth and a decent profit volume at the end of the fiscal year

J. ISSUANCE OF DEBENTURE

The Bank has outstanding Debenture worth NPR 1 Billion to augment the supplementary capital as well as to strengthen CCD Ratio. Furthermore, the Bank has issued 3 billion debenture and allotted on 13th December 2019 after full subscription.

K. MUTUAL FUND SPONSOR

The Bank has invested seed capital of NPR 150 million in the 1st mutual fund issued by its subsidiary Sunrise Capital Limited.

L. CUSTOMER RELATIONS AND RISK MANAGEMENT

The Bank has had a steady growth of customers. The customer base increased from about 556,259 in mid July 2019 to cross 624,990 in three months. Both the number of accounts and deposits has been growing satisfactorily since mid July.

The Bank has always been guided by the principles of customer satisfaction, and customer-in-priority. It was the pioneer in launching customized products and high quality services in both loans and deposits. Further, the Bank has now adopted the principle of moving beyond customer satisfaction towards “customer delight”. The Bank has fully adhered to the KYC norms and AML principles, and international best practices. It has a full-fledged Compliance Department at the corporate level and a Compliance Officer at each branch. Further, the Compliance Department has a separate AML section to keep close watch on money laundering and terrorist financing risks. In order to look after the risks associated with banking, the Bank has appointed a Chief Risk Officer who has been working towards building

a risk management culture in the Bank alongside the identification, measuring and mitigation of risks related to credit, operations, market, foreign exchange, liquidity and reputation risks, etc. The Bank has been very aggressive in capacity building of employees by supporting trainings and workshops to enhance their skills on using the tools required for risk assessment and aversion.

M. HUMAN RESOURCES

The Bank has a workforce of about 1,353 employees, which is a growth from 1,159 in 2018/19. The Bank believes that its success rests on the performance of its employees and has been prioritizing the maintenance of a well-trained and qualified workforce through capacity development interventions at all levels. The capacity development interventions focus on developing a workforce of dedicated and professional staff with qualities such as honesty, integrity, professional capability, creativity, and cooperation. Because staff capacity building is directly related to employee productivity and customer delight, the Bank has been sending employees to attend national and international training programs. Nepal Rastra Bank has directed all banks to spend at least 3% of the total employee expenses in training and capacity building, which the Bank has adhered to fully.

N. CORPORATE GOVERNANCE

The Board of Directors and management of SrBL are committed to high level of corporate governance across the organization. All members of the Board have fully complied with the directives issued by the Nepal Rastra Bank pertaining to corporate governance and the associated code of conduct. The Bank has an Audit Committee as well as a Risk Management Committee to look after the audit and risk related issues. Further, the Bank also has a Money Laundering Prevention Committee to continuously monitor money laundering and terrorism financing related issues. SrBL believes that regular disclosures promote transparency, which in turn fosters corporate good governance.

O. CONTRIBUTION TO REVENUE

The Bank has paid NPR 1.34 billion as various taxes to Government of Nepal, which includes NPR 790 million as corporate tax, NPR 409.6 million as interest tax on deposits, NPR 83.3 million as employee income tax, and NPR 13.3 million as house rent tax. The Bank also pays

reverse VAT on procurements of goods and services from outside the nation.

P. COMMITTEES

The Bank has formed various board-level committees for implementing, controlling and monitoring the policy decisions. These include the Audit Committee, Risk Management Committee, Employee Compensation and Benefit Committee and Money Laundering Prevention Committee. Each committee has a specific Terms of Reference. The members of the committees comprise of non-executive directors and senior executives. Besides there also are several other management-level committees: The CEO heads the Management Committee, with senior executives as members. Other committees include the Assets Liability Committee, Human Resources Management Committee, and Procurement Committee.

Q. FINANCIAL STATEMENT

The Bank has presented the financial statements including balance sheet as on 16th July 2019, profit and loss statement of fiscal year 2018/19, cash flow statement, and related annexure and consolidated financial statements including that of its subsidiary Sunrise Capital Ltd. to the general meeting for approval.

The Bank is fully committed to abide by the instructions of Nepal Rastra Bank provided at the time of AGM clearance as well as during the audit.

Finally, we would like to express our sincere gratitude towards all who have directly or indirectly worked towards the betterment of the Bank and who have provided their valuable comments and suggestions for improvement of its product and services as well as services delivery. We would also like to thank our valued customers, shareholders, Government of Nepal, Ministry of Finance, Nepal Rastra Bank, Securities Board of Nepal, Office of the Company Registrar, Nepal Stock Exchange Ltd., and Bank's tireless employees. We will continuously strive to improve the service standards of SrBL and provide better services to customers and higher returns to shareholders.

Thank you!

2019 October 2

Om Krishna Joshi
Director

On behalf of Board of Directors
Moti Lal Dugar
Chairman

R. DIVIDEND

The board of the Bank has proposed 10% Bonus Share and 5.80% cash dividend including tax to its shareholders. In the last fiscal year, the Bank had provided 11.5% cash dividend to shareholders. The Bank is looking forward providing attractive dividends to its shareholders also in the coming years.

S. CHANGE IN BOARD COMPOSITION AND ELECTION

11th Annual General Meeting of the Bank has appointed directors namely Er. Shailendra Guragain and Mrs. Sharada Sharma Pudasaini for the tenure of 4 years whereas then directors Dr. Bhogendra Guaragain, Mr. Jyoti Kumar Begani and Mr. Deepak Prasad Bhattarai has left office.

T. APPOINTMENT OF THE AUDITOR

M/s P. L. Shrestha and Company, Chartered Accountants was appointed as the auditor of the Bank for fiscal year 2018/19 by last year's Annual General Meeting under the recommendations of the Audit Committee. However, the same auditor is not eligible for external auditor as per Company Act-2063 since they have completed their audit for 3 consecutive years and hence, Audit Committee would be proposing the name of the external auditors for appointment in the general meeting.

COMPLIANCE STATEMENT

Financial statements of the Bank have been prepared and the presentation formats have been drawn as prescribed in the unified directives issued by Nepal Rastra Bank, and the statements are presented in compliance with those provisions.

PERFORMANCE REVIEW

Interest income increased by of 20.39% during 2018-19. Interest expenses have also grown by 17.69% during 2018-19 and net-interest income have shown significant growth by 24.87%. Fees, Commission & other operating income have increased by 31.13%% while the staff & Operating Expenses have increased by 26.61%.

PARTICULARS	NPR in Million		
	16/JUL/19	16/JUL/18	GROWTH %
Net Interest Income	3,585	2,871	25
Fee/Commission & Other Operating Income	1,111	848	31
Total Operating Income	4,696	3,719	26
Personnel Expenses	1,150	908	27
Operating Expenses	772	555	39
Operating Profit	2,551	2,047	25
Profit for the Period	1,706	1,477	16
Earnings per Share			
Basic Earnings per Share	20.94	18.13	16
Diluted Earnings per Share	20.94	18.13	16



P. L. Shrestha & Co.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUNRISE BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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



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 AND ACCOUNTING NETWORK

P. L. Shrestha & Co.

Chartered Accountants

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion in the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on Other Legal and Regulatory Requirements

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

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

Date: 17th September 2019
 Place: Kathmandu

For P. L. Shrestha & Co.
 Chartered Accountants

Rajesh Poudel
 Rajesh Poudel, FCA
 Partner



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STATEMENT OF FINANCIAL POSITION *As on 31 Ashad 2076*

PARTICULARS	NOTE	GROUP		BANK	
		16 JULY 2019	16 JULY 2018	16 JULY 2019	16 JULY 2018
		31 ASHADH 2076	32 ASHADH 2075	31 ASHADH 2076	32 ASHADH 2075
Assets					
Cash and Cash Equivalents	4.1	6,515,205,127	3,760,441,678	6,356,733,447	3,615,917,099
Due from Nepal Rastra Bank	4.2	3,241,044,722	5,033,055,545	3,241,044,722	5,033,055,545
Placement with Bank and Financial Institutions	4.3	1,265,352,372	2,765,720,379	1,165,352,372	2,695,720,379
Derivative Financial Instruments	4.4	93,860,043	-	93,860,043	-
Other Trading Assets	4.5	86,859,603	24,959,135	-	-
Loans and Advances to BFIs	4.6	1,149,779,342	989,636,361	1,149,779,342	989,636,361
Loans and Advances to Customers	4.7	68,865,810,199	59,223,502,609	68,865,810,199	59,223,502,609
Investment Securities	4.8	11,724,181,534	9,720,458,385	11,724,181,534	9,720,458,385
Current Tax Assets	4.9	87,209,746	47,686,848	84,942,883	43,085,259
Investment in Subsidiaries	4.10	-	-	157,142,000	157,142,000
Investment in Associates	4.11	-	-	-	-
Investment Property	4.12	398,180,042	119,254,047	398,180,042	119,254,047
Property and Equipment	4.13	921,965,410	733,539,802	918,839,007	730,247,831
Goodwill and Intangible Assets	4.14	68,761,626	76,776,984	68,490,426	76,415,384
Deferred Tax Assets	4.15	358,692	51,872,662	2,842,902	53,146,995
Other Assets	4.16	283,989,217	328,875,326	383,544,757	325,328,297
Total Assets		94,702,557,675	82,875,779,761	94,610,743,676	82,782,910,191

Moti Lal Dugar
CHAIRMAN

Er. BachchhrajTater
DIRECTOR

Malchand Dugar
DIRECTOR

Er. Shailendra Guragain
DIRECTOR

Sharada Sharma Pudasaini
DIRECTOR

Deepak Nepal
DIRECTOR

Om Krishna Joshi
DIRECTOR

As per our report of even date

Sarbendra Mishra
CHIEF FINANCIAL OFFICER

Apachh K. Yadav
DEPUTY GENERAL MANAGER

Janak Sharma Poudyal
CHIEF EXECUTIVE OFFICER

.....
CA. Rajesh Poudel, Partner
P. L. Shrestha & Co.
Chartered Accountants

Date: 17 September 2019

Contd.....Statement of Financial Position

PARTICULARS	NOTE	GROUP		BANK	
		16 JULY 2019	16 JULY 2018	16 JULY 2019	16 JULY 2018
		31 ASHADH 2076	32 ASHADH 2075	31 ASHADH 2076	32 ASHADH 2075
Liabilities					
Due to Bank and Financial Institutions	4.17	3,809,335,211	2,126,890,375	3,809,335,211	2,126,890,375
Due to Nepal Rastra Bank	4.18	839,808,639	526,567,379	839,808,639	526,567,379
Derivative Financial Instruments	4.19	-	23,324,347	-	23,324,347
Deposits from Customers	4.20	75,212,384,159	67,193,215,276	75,432,150,870	67,366,127,515
Borrowings	4.21	-	-	-	-
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred Tax Liabilities	4.15	-	-	-	-
Other Liabilities	4.23	1,463,200,829	1,353,450,681	1,263,190,748	1,185,662,469
Debt Securities Issued	4.24	996,107,775	-	996,107,775	-
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		82,320,836,613	71,223,448,058	82,340,593,243	71,228,572,085
Equity					
Share Capital	4.26	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851
Share Premium		127,161,065	127,161,065	127,161,065	127,161,065
Retained Earnings		1,221,587,978	977,509,316	1,175,249,028	941,855,311
Reserves	4.27	2,822,833,739	2,340,415,128	2,815,184,489	2,332,765,879
Total Equity Attributable to Equity Holders		12,324,138,633	11,597,641,360	12,270,150,433	11,554,338,106
Non Controlling Interest		57,582,429	54,690,343	-	-
Total Equity		12,381,721,062	11,652,331,703	12,270,150,433	11,554,338,106
Total Liabilities and Equity		94,702,557,675	82,875,779,761	94,610,743,676	82,782,910,191
Contingent Liabilities and Commitments	4.28	38,057,432,623	37,637,909,885	38,057,432,623	37,637,909,885
Net Assets Value per share		151.17	142.26	150.51	141.73

Moti Lal Dugar
CHAIRMAN

Er. BachchhrajTater
DIRECTOR

Malchand Dugar
DIRECTOR

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As per our report of even date

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DEPUTY GENERAL MANAGER

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CHIEF EXECUTIVE OFFICER

.....
CA. Rajesh Poudel, Partner
P. L. Shrestha & Co.
Chartered Accountants

Date: 17 September 2019

STATEMENT OF PROFIT OR LOSS

For the year ended 31 Ashad 2076

PARTICULARS	NOTE	GROUP		BANK	
		FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18
		FY 2075/76	FY 2074/75	FY 2075/76	FY 2074/75
Interest Income	4.29	9,241,658,483	7,665,882,082	9,206,431,010	7,647,361,187
Interest Expense	4.3	5,599,298,156	4,758,167,715	5,621,435,707	4,776,433,114
Net Interest Income		3,642,360,327	2,907,714,367	3,584,995,303	2,870,928,073
Fee and Commission Income	4.31	810,065,635	630,890,254	782,283,148	619,913,935
Fee and Commission Expense	4.32	121,519,326	156,832,524	120,234,725	159,339,397
Net Fee and Commission Income		688,546,309	474,057,730	662,048,423	460,574,538
Net Interest, Fee and Commisson Income		4,330,906,636	3,381,772,097	4,247,043,726	3,331,502,611
Net Trading Income	4.33	292,607,930	193,115,410	264,594,779	197,328,697
Other Operating Income	4.34	63,044,729	30,892,037	64,608,075	30,359,242
Total Operating Income		4,686,559,295	3,605,779,544	4,576,246,580	3,559,190,550
Impairment Charge/ (Reversal) for Loans and Other Lossess	4.35	103,523,760	48,592,743	103,523,760	48,592,743
Net Operating Income		4,583,035,535	3,557,186,801	4,472,722,820	3,510,597,807
Operating Expense					
Personnel Expenses	4.36	1,174,468,757	922,548,218	1,150,271,875	908,491,597
Other Operating Expenses	4.37	635,431,418	449,742,800	630,396,867	442,241,660
Depreciation & Amortisation	4.38	142,858,338	113,892,669	141,426,931	112,414,993
Operating Profit		2,630,277,022	2,071,003,114	2,550,627,147	2,047,449,557
Non Operating Income	4.39	1,175,951	68,202,348	1,175,951	68,202,348
Non Operating Expense	4.40	45,910,548	164,382,028	45,910,548	164,382,028
Profit Before Income Tax		2,585,542,425	1,974,823,434	2,505,892,550	1,951,269,877
Income Tax Expense	4.41	822,818,017	479,269,537	799,790,462	474,298,024
Current Tax		783,857,363	621,264,344	762,039,685	615,003,079
Deferred Tax		38,960,654	(141,994,807)	37,750,777	(140,705,055)
Profit for the Period		1,762,724,408	1,495,553,897	1,706,102,088	1,476,971,853
Profit Attributable to:					
Equity-holders of the Bank		1,750,590,811	1,491,554,615	1,706,102,088	1,476,971,853
Non-Controlling Interest		12,133,597	3,999,282	-	-
Profit for the Period		1,762,724,408	1,495,553,897	1,706,102,088	1,476,971,853
Earnings per Share					
Basic Earnings per Share		21.64	18.36	20.94	18.13
Diluted Earnings per Share		21.64	18.36	20.94	18.13

Moti Lal Dugar
CHAIRMAN

Er. BachchhrajTater
DIRECTOR

Malchand Dugar
DIRECTOR

Er. Shailendra Guragain
DIRECTOR

Sharada Sharma Pudasaini
DIRECTOR

Deepak Nepal
DIRECTOR

Om Krishna Joshi
DIRECTOR

As per our report of even date

Sarbendra Mishra
CHIEF FINANCIAL OFFICER

Apachh K. Yadav
DEPUTY GENERAL MANAGER

Janak Sharma Poudyal
CHIEF EXECUTIVE OFFICER

.....
CA. Rajesh Poudel, Partner
P. L. Shrestha & Co.
Chartered Accountants

Date: 17 September 2019

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 Ashad 2076

PARTICULARS	NOTE	GROUP		BANK	
		FY 2075/76	FY 2074/75	FY 2075/76	FY 2074/75
Net Profit for the year		1,762,724,408	1,495,553,897	1,706,102,088	1,476,971,853
Other Comprehensive Income, Net of Income Tax					
a) Items that will not be reclassified to profit or loss					
■ Gains/(losses) from investments in equity instruments measured at fair value		24,677,560	218,118,395	24,677,560	218,118,395
■ Gains/(losses) on revaluation		-	-	-	-
■ Actuarial gains/(loss) on defined benefit plans		17,166,828	(12,045,984)	17,166,828	(12,045,984)
■ Income tax relating to above items		(12,553,316)	(61,821,723)	(12,553,316)	(61,821,723)
Net other comprehensive income that will not be reclassified to profit or loss		29,291,072	144,250,687	29,291,072	144,250,688
b) Items that are or may be reclassified to profit or loss		-	-	-	-
■ Gains/(losses) on cash flow hedge		-	-	-	-
■ Exchange gains/(losses) (arising from translating financial assets of foreign operation)		-	-	-	-
■ Income tax relating to above items		-	-	-	-
■ Reclassify to profit or loss		-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method					
Other Comprehensive Income for the Period, Net of Income Tax		29,291,072	144,250,687	29,291,072	144,250,688
Total Comprehensive Income for the Period		1,792,015,480	1,639,804,584	1,735,393,160	1,621,222,541
Total Comprehensive Income attributable to:					
Equity-Holders of the Bank		1,779,881,883	1,635,805,302	1,735,393,160	1,621,222,541
Non-Controlling Interest		12,133,597	3,999,282	-	-
Total Comprehensive Income for the Period		1,792,015,480	1,639,804,584	1,735,393,160	1,621,222,541

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.....
CA. Rajesh Poudel, Partner
P. L. Shrestha & Co.
Chartered Accountants

Date: 17 September 2019

STATEMENT OF CHANGES IN EQUITY *For the year ended 31 Ashad 2076*

PARTICULARS	GROUP												
	ATTRIBUTABLE TO EQUITY-HOLDERS OF THE BANK											NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNING	OTHER RESERVE	TOTAL			
Balance at Shrawan 01, 2074	7,018,104,701	-	1,157,525,877	22,968,448	-	127,024,622	-	1,370,545,311	67,945,710	9,764,114,669	29,262,061	9,793,376,730	
Adjustment/Restatement								(513,956)		(513,956)		(513,956)	
Adjustment/Restated Balance as at Shrawan 01, 2073	7,018,104,701	-	1,157,525,877	22,968,448	-	127,024,622	-	1,370,031,355	67,945,710	9,763,600,713	29,262,061	9,792,862,774	
Comprehensive Income for the year										-		-	
Profit for the year								1,495,553,897		1,495,553,897		1,495,553,897	
Other Comprehensive Income, Net of Tax	-	-	-	-	-	152,682,876	-	-	(8,432,189)	144,250,687		144,250,687	
Gains/(losses) from investments in equity instruments measured at fair value						152,682,876				152,682,876		152,682,876	
Gains/(losses) on revaluation									(8,432,189)	(8,432,189)		(8,432,189)	
Atuarial gains/(losse) on defined benefit plans										-		-	
Gains/(losses) on cash flow hedge										-		-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-	
Total Comprehensive Income for the year	-	-	-	-	-	152,682,876	-	1,495,553,897	(8,432,189)	1,639,804,584		1,639,804,584	
Transfer to Reserves during the year			295,394,371	4,173,321		526,481,883	-	(838,499,900)	8,451,024	(3,999,301)	25,428,282	21,428,981	
Transfer from Reserves during the year						-	-	13,800,816	(13,800,816)	-		-	
Transactions with Owners, directly recognized in Equity										-		-	
Right Share Issued	71,074,300	127,161,065								198,235,365		198,235,365	
Share Based Payments										-		-	
Dividend to Equity-Holders										-		-	
Bonus Shares Issued	1,063,376,850							(1,063,376,850)		-		-	
Cash Dividend Paid										-		-	
Addition from acquisition during the year	-		-	-	-	-	-	-		-		-	
Total	1,134,451,150	127,161,065	295,394,371	4,173,321		526,481,883	152,682,876	(392,522,038)	(13,781,980)	1,834,040,647	25,428,282	1,859,468,930	
Balance at Asar 31, 2075	8,152,555,851	127,161,065	1,452,920,248	27,141,769		526,481,883	279,707,498	-	977,509,317	54,163,730	54,690,343	11,652,331,704	
Balance at Shrawan 01, 2075	8,152,555,851	127,161,065	1,452,920,248	27,141,769		526,481,883	279,707,498	-	977,509,317	54,163,730	54,690,343	11,652,331,704	
Adjustment/Restatement						(103,802,527)			21,765,616	(82,036,910)		(82,036,910)	
Adjustment/Restated Balance as at Shrawan 01, 2074	8,152,555,851	127,161,065	1,452,920,248	27,141,769		422,679,357	279,707,498	-	999,274,933	54,163,730	54,690,343	11,570,294,793	
Comprehensive Income for the year										-		-	
Profit for the year								1,762,724,408		1,762,724,408		1,762,724,408	
Other Comprehensive Income, Net of Tax	-	-	-	-	-	17,274,292	-	-	12,016,780	29,291,071	-	29,291,071	
Gains/(losses) from investments in equity instruments measured at fair value						17,274,292				17,274,292		17,274,292	
Gains/(losses) on revaluation										-		-	
Atuarial gains/(losse) on defined benefit plans									12,016,780	12,016,780		12,016,780	
Gains/(losses) on cash flow hedge										-		-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-	
Total Comprehensive Income for the year	-	-	-	-	-	17,274,292	-	1,762,724,408	12,016,780	1,792,015,480	-	1,792,015,480	
Transfer to Reserves during the year		-	341,220,418	691,986		226,484,565	-	(556,930,065)	(11,466,903)	-	2,892,086	2,892,086	
Transfer from Reserves during the year		-	-	-		-	-	-	-	-		-	
Transactions with Owners, directly recognized in Equity										-		-	
Right Share Issued	-	-							-	-		-	
Share Based Payments									-	-		-	
Dividend to Equity-Holders										-		-	
Bonus Shares Issued	-							-	-	-		-	
Cash Dividend Paid								(983,481,299)	-	(983,481,299)		(983,481,299)	
Total			341, 220,418	691,986		226,484,565	17,274,292	222,313,044	549,877	808,534,181	2,892,086	811,426,267	
Balance at Asar 31, 2076	8,152,555,851	127,161,065	1,794,140,665	27,833,755		649,163,922	296,981,790	-	1,221,587,977	54,713,607	57,582,429	12,381,721,061	

Contd... Statement of Changes in Equity

PARTICULARS	BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY-HOLDERS OF THE BANK											
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNING	OTHER RESERVE	TOTAL		
Balance at Shrawan 01, 2074	7,018,104,701	-	1,157,525,877	22,968,448	-	127,024,622	-	1,349,474,048	60,296,461	9,735,394,157		9,735,394,157
Adjustment/Restatement						(513,956)		-	(513,956)			(513,956)
Adjustment/Restated Balance as at Shrawan 01, 2074	7,018,104,701	-	1,157,525,877	22,968,448	-	127,024,622	-	1,348,960,092	60,296,461	9,734,880,201		9,734,880,201
Comprehensive Income for the year										-		-
Profit for the year								1,476,971,853		1,476,971,853		1,476,971,853
Other Comprehensive Income, Net of Tax	-	-	-	-	-	152,682,876	-	-	(8,432,189)	144,250,688		144,250,688
Gains/(losses) from investments in equity instruments measured at fair value						152,682,876				152,682,876		152,682,876
Gains/(losses) on revaluation										-		-
Atuarial gains/(losses) on defined benefit plans									(8,432,189)	(8,432,189)		(8,432,189)
Gains/(losses) on cash flow hedge										-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-
Total Comprehensive Income for the year	-	-	-	-	-	152,682,876	-	1,476,971,853	(8,432,189)	1,621,222,541		1,621,222,541
Transfer to Reserves during the year		-	295,394,371	4,173,321	526,481,883	-		(834,500,599)	8,451,024	-		-
Transfer from Reserves during the year					-	-		13,800,816	(13,800,816)	-		-
Transactions with Owners, directly recognized in Equity										-		-
Share Issued	71,074,300	127,161,065								198,235,365		198,235,365
Share Based Payments										-		-
Dividend to Equity-Holders										-		-
Bonus Shares Issued	1,063,376,850							(1,063,376,850)		-		-
Cash Dividend Paid									-	-		-
Addition from acquisition during the year										-		-
Total	1,134,451,150	127,161,065	295,394,371	4,173,321	526,481,883	152,682,876		407,104,780	(13,781,981)	1,819,457,906		1,819,457,906
Balance at Asar 31, 2075	8,152,555,851	127,161,065	1,452,920,248	27,141,769	526,481,883	279,707,498	-	941,855,312	46,514,480	11,554,338,107		11,554,338,107
Balance at Shrawan 01, 2075	8,152,555,851	127,161,065	1,452,920,248	27,141,769	526,481,883	279,707,498	-	941,855,312	46,514,480	11,554,338,106		11,554,338,106
Adjustment/Restatement					(103,802,527)			21,765,616	-	(82,036,910)		(82,036,910)
Adjustment/Restated Balance as at Shrawan 01, 2075	8,152,555,851	127,161,065	1,452,920,248	27,141,769	422,679,357	279,707,498	-	963,620,928	46,514,480	11,472,301,196	-	11,472,301,196
Comprehensive Income for the year										-		-
Profit for the year								1,706,102,088		1,706,102,088		1,706,102,088
Other Comprehensive Income, Net of Tax	-	-	-	-	-	17,274,292	-	-	12,016,780	29,291,071		29,291,071
Gains/(losses) from investments in equity instruments measured at fair value						17,274,292				17,274,292		17,274,292
Gains/(losses) on revaluation										-		-
Atuarial gains/(losse) on defined benefit plans									12,016,780	12,016,780		12,016,780
Gains/(losses) on cash flow hedge										-		-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)										-		-
Total Comprehensive Income for the year	-	-	-	-	-	17,274,292	-	1,706,102,088	12,016,780	1,735,393,160		1,735,393,160
Transfer to Reserves during the year		-	341,220,418	691,986	226,484,565	-		(556,930,065)	(11,466,903)	-		-
Transfer from Reserves during the year					-	-		-		-		-
Transactions with Owners, directly recognized in Equity										-		-
Share Issued										-		-
Share Based Payments										-		-
Dividend to Equity-Holders										-		-
Bonus Shares Issued										-		-
Cash Dividend Paid								(937,543,923)		(937,543,923)		(937,543,923)
Total	-	-	341,220,418	691,986	226,484,565	17,274,292		211,628,100	549,877	797,849,237		797,849,237
Balance at Asar 31, 2076	8,152,555,851	127,161,065	1,794,140,665	27,833,755	649,163,922	296,981,790	-	1,175,249,028	47,064,357	12,270,150,433	-	12,270,150,433

Moti Lal Dugar
CHAIRMAN

Sharada Sharma Pudasaini
DIRECTOR

Date: 17 September 2019

Er. BachchhrajTater
DIRECTOR

Deepak Nepal
DIRECTOR

Malchand Dugar
DIRECTOR

Om Krishna Joshi
DIRECTOR

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DIRECTOR

Sarbendra Mishra
CHIEF FINANCIAL OFFICER

Apachh K. Yadav
DEPUTY GENERAL MANAGER

Janak Sharma Poudyal
CHIEF EXECUTIVE OFFICER

As per our report of even date

.....

CA. Rajesh Poudel, Partner
P. L. Shrestha & Co.
Chartered Accountants

STATEMENT OF CASH FLOWS

For the year ended 31 Ashad 2076

PARTICULARS	GROUP		BANK	
	FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18
	FY 2075/76	FY 2074/75	FY 2075/76	FY 2074/75
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	8,715,833,828	7,264,058,495	8,715,833,828	7,264,058,495
Fee and Other Income Received	1,048,053,878	621,104,241	1,048,053,878	621,104,241
Dividend Received	-	-	-	-
Receipts from Other Operating Activities	102,683,801	291,880,117	26,100,861	276,534,441
Interest Paid	(5,602,838,322)	(4,762,032,994)	(5,602,838,322)	(4,762,032,994)
Commissions and Fees Paid	(120,234,725)	(159,339,397)	(120,234,725)	(159,339,397)
Cash Payment to Employees	(951,827,964)	(827,022,828)	(934,533,064)	(813,501,982)
Other Expenses Paid	(641,742,226)	(712,435,953)	(632,056,694)	(703,809,176)
Operating Cash Flows before Changes in Operating Assets and Liabilities	2,549,928,270	1,716,211,681	2,500,325,762	1,723,013,628
(Increase) Decrease in Operating Assets	(6,716,196,466)	(5,298,844,547)	(6,691,558,067)	(5,301,612,449)
Due from Nepal Rastra Bank	1,792,010,823	2,463,163,203	1,792,010,823	2,463,163,203
Placement with Banks and Financial Institutions	1,530,368,008	662,326,968	1,530,368,008	662,326,968
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	(160,142,980)	113,769,916	(160,142,980)	113,769,916
Loans and Advances to Customers	(9,857,672,929)	(9,004,783,523)	(9,857,672,929)	(9,004,783,523)
Other Assets	(20,759,388)	466,678,889	3,879,011	463,910,987
Increase (Decrease) in Operating Liabilities	9,979,831,670	8,937,008,492	9,951,322,579	8,994,515,609
Due to Banks and Financials Institutions	1,682,444,836	(1,753,923,827)	1,682,444,836	(1,753,923,827)
Due to Nepal Rastra Bank	313,241,260	526,567,379	313,241,260	526,567,379
Deposit from Customers	8,066,023,354	10,026,218,926	8,066,023,354	10,079,968,068
Borrowings	-	-	-	-
Other Liabilities	(81,877,780)	138,146,014	(110,386,871)	141,903,989
Net Cash Flow from Operating Activities before Tax Paid	5,813,563,474	5,354,375,626	5,760,090,274	5,415,916,788
Income Tax Paid	(927,075,515)	(498,960,828)	(907,699,836)	(491,882,126)
Net Cash Flow from Operating Activities	4,886,487,959	4,855,414,798	4,852,390,438	4,924,034,662
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	(1,864,386,611)	(3,720,415,527)	(1,875,499,294)	(3,632,493,920)
Receipts from Sale of Investment Securities	-	-	-	-
Purchase of Property and Equipment	(320,291,484)	(306,811,081)	(319,116,045)	(305,611,381)
Receipts from Sale of Property and Equipment	12,208,324	-	12,208,324	-
Purchase of Intangible Assets	(13,859,916)	(17,881,413)	(13,859,916)	(17,881,413)
Purchase of Investment Properties	(278,925,996)	-	(278,925,996)	-
Receipts from Sale of Investment Properties	-	-	-	-
Interest Received	277,751,695	186,049,783	267,839,360	186,049,783
Dividend Received	34,553,982	-	34,553,982	-
Net Cash Used in Investing Activities	(2,152,950,006)	(3,859,058,238)	(2,172,799,585)	(3,769,936,931)

Contd... Statement of Cash Flows

PARTICULARS	GROUP		BANK	
	FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18
	FY 2075/76	FY 2074/75	FY 2075/76	FY 2074/75
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from Issue of Debt Securities	1,000,000,000	-	1,000,000,000	-
Repayments of Debt Securities	-	-	-	-
Receipts from Issue of Subordinated Liabilities	-	-	-	-
Repayments of Subordinated Liabilities	-	-	-	-
Receipt from Issue of Shares	-	1,361,612,215	-	1,261,612,215
Dividends Paid	(977,543,923)	(15,000,000)	(937,543,923)	-
Interest Paid	-	-	-	-
Other Receipts/Payments	(3,998,523)	(877,445,667)	(3,998,524)	(877,445,668)
Net Cash from Financing Activities	18,457,5534	469,166,545	58,457,553	384,166,545
Net Increase (Decrease) in Cash and Cash Equivalents	2,751,995,507	1,465,523,105	2,738,048,406	1,538,264,276
Cash and Cash Equivalents at Shrawan 01, 2075	3,760,441,678	2,278,225,290	3,615,917,099	2,060,959,540
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	2,767,942	16,693,283	2,767,942	16,693,283
Closing Cash and Cash Equivalents	6,515,205,127	3,760,441,678	6,356,733,447	3,615,917,099

Moti Lal Dugar CHAIRMAN	Er. BachchhrajTater DIRECTOR	Malchand Dugar DIRECTOR	Er. Shailendra Guragain DIRECTOR
Sharada Sharma Pudasaini DIRECTOR	Deepak Nepal DIRECTOR	Om Krishna Joshi DIRECTOR	As per our report of even date
Sarbendra Mishra CHIEF FINANCIAL OFFICER	Apachh K. Yadav DEPUTY GENERAL MANAGER	Janak Sharma Poudyal CHIEF EXECUTIVE OFFICER CA. Rajesh Poudel, Partner P. L. Shrestha & Co. Chartered Accountants

Date: 17 September 2019

1. SUNRISE BANK LIMITED

1.1 GENERAL

Sunrise Bank Limited (hereinafter referred to as “the Bank”) is a public limited liability company domiciled in Nepal with its registered office at Gairidhara, Kathmandu. The Bank’s shares are listed and traded in Nepal Stock Exchange Limited. The Bank carries out commercial banking activities and other financial services in Nepal under the license from Nepal Rastra Bank (NRB), the Central Bank of Nepal, as Class “A” licensed financial institution under the Bank and Financial Institution Act, 2017.

1.2 FINANCIAL STATEMENTS

The Financial Statements of the Bank for the year ended 16 July 2019 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Significant Accounting Policies of the Company.

The Consolidated Financial Statements comprises Parent “Sunrise Bank” and its subsidiary “Sunrise Capital Limited” which together is referred to as the Group.

1.3 PRINCIPAL ACTIVITIES AND OPERATIONS

Bank

The principal activities of the Bank are to provide commercial banking services including agency services, trade finance services, investment and treasury operations, card services, e-banking products, remittances, foreign currency operations and other financial services to its customers through its branches, extension counters, strategic business units, ATMs and network of agents.

Ownership of Subsidiary as at 16th July 2019 is given below:

NAME	PRINCIPAL ACTIVITIES	FY 2018/19	FY 2017/18
Sunrise Capital Limited	Management of public offerings, portfolio management, underwriting of securities, management of mutual fund schemes.	78.571% shareholding	

Subsidiary

The principal activities of the Subsidiary are to provide merchant/investment banking services that include management of public offerings, portfolio management, underwriting of securities, and fund management of mutual fund schemes, depository participant’s service under Central Depository Service (CDS) and administration and record keeping of securities of its clients.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The Financial Statements of the Bank have been prepared in accordance with Nepal Financial Reporting Standards and carve-outs issued by the Institute of Chartered Accountants of Nepal on September 20, 2018 on NFRS requirement, which allowed alternative treatments and the bank adopted following carve outs:

- a) NAS 39: Financial Instruments: Recognition and measurement,
- Impairment accounting,

- Calculation of interest income as per effective interest rate

- Calculation of interest income on amortized cost

Disclosure of carve-outs is provided in Para 2.4.3, 3.1, 3.4.2, 3.4.6 and 3.13 for Financial Instruments: Recognition and measurement (NAS39).

Financial information recorded in compliance with directives of Nepal Rastra Bank and relevant business practices followed by the bank unless as adjusted for compliance with NFRS.

2.2 REPORTING PERIOD AND APPROVAL OF FINANCIAL STATEMENTS

2.2.1 Reporting Period

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

The Bank follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

RELEVANT FINANCIAL STATEMENT	Nepalese Calendar Date / Period	English Calendar Date / Period
Comparative SFP* Date	32 Ashad 2075	16 July 2018
Comparative reporting period	1 Shrawan 2074 - 32 Ashad 2075	16 July 2017 - 16 July 2018
SFP* Date	31 Ashad 2076	16 July 2019
Reporting period	1 Shrawan 2075 - 31 Ashad 2076	16 July 2018 - 16 July 2019

**SFP = Statement of financial position*

2.2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements of Sunrise Bank Limited as per Nepal Financial Reporting Standards (NFRS).

2.2.3 Approval of Financial Statements by Directors

The accompanied Financial Statements have been authorized by the Board of Directors vide its resolution dated 2076/05/31 (2019/09/17) and recommended for its approval by the Annual General Meeting of the shareholders.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements of the Bank are presented in Nepalese Rupees (Rs), a functional and presentation currency, which is the currency of the primary economic environment in which the Bank operates. Financial information is presented in Nepalese Rupees. There was no change in Bank’s presentation and functional currency during the year under review:

2.4 USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Financial Statements are as follows:

2.4.1 Going Concern

The Board of Directors has made an assessment of the Bank’s ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon Bank’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.4.2 Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position can be derived from active markets, they are derived from observable market data. However, if this is not available, judgment is required to establish fair values. The valuation of financial instruments is described in more details in Note 5.1 under “Fair Value of financial assets and liabilities”.

2.4.3 Impairment of Financial Assets – Loans and Receivables

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment of the management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances that have been assessed individually and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio such as levels of arrears, credit quality, portfolio size etc. and judgments based on current economic conditions.

The Bank has categorized total loan into 5 products namely Term Loan, Personal Loan, Home Loan, Hire Purchase, Short Term Loan. The loan has been classified into various periods on the basis of due days as follows:

AGEING
CURRENT
01-30 DAYS
31-60 DAYS
61-90 DAYS
91-120 DAYS
121-150 DAYS
151-180 DAYS
180 DAYS AND ABOVE

The Loss rate on each period has been calculated by multiplying Probability of Default (PD) with Loss Given Default (LGD). Probability of Default has been calculated on the basis of probability matrix by taking 72 months loan data as the basis. For the purpose of calculation of Loss

Given Default (LGD), the loan which has been categorized as loss as per NRB directive, has been taken and the recovery history of the same has been analyzed upon to reach the LGD. The individually impaired loan has been subtracted from the total loan and the same has been multiplied by loss rate to calculate collective impairment. Total impairment is the sum of the collective and individual impairment. Loans and advances considered for incurred loss model impairment which approximately comes at 38% of total portfolio.

The bank has opted to apply carve-out on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no. 2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

2.4.4 Impairment of Financial Instruments designated at fair value through other comprehensive income

The Bank reviews its debt securities designated at fair value through other comprehensive income, at each reporting date to assess whether they are impaired. Objective evidence that a debt security designated at fair value through other comprehensive income is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc. The Bank also records impairment charges on equity investments designated at fair value through other comprehensive income where there is significant or prolonged decline in fair value below their cost. The determination of what is ‘significant’ or ‘prolonged’ requires judgment. The Bank generally treats ‘significant’ as 20% and ‘prolonged’ as greater than six months. In addition, Bank evaluates, among other factors, historical share price movements, duration and extent up to which the fair value of an investment is less than its cost.

2.4.5 Taxation

The Bank is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

2.4.6 Defined Benefit Plans

The cost of the defined benefit obligations and the present value of their obligations are determined using actuarial valuations.

The actuarial valuation involves making assumptions about discount rates, future salary increments, mortality rates and possible future pension increments if any. Due to the long-term nature of these plans, such estimates are subject to uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Nepal government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increment and pension increment are based on expected future salary increment rates of the Bank.

2.4.7 Fair Value of Property, Plant and Equipment

The freehold land and buildings of the bank are not reflected at fair value and no revaluation has been carried at the reporting date. Under NFRS 1, a first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to NFRSs as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:

- a. Fair value; or
- b. Cost or depreciated cost in accordance with NFRSs, adjusted to reflect, for example, changes in a general or specific price index

2.4.8 Useful Life-time of the Property, Plant and Equipment

The Bank is following the cost model for recognition of Property, Plant and Equipment. The Bank reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date.

Land is not depreciated. Depreciation of other assets is calculated using the written down value method to amortize their cost over their estimated useful lives, as follows:

S. N.	ASSETS TYPES	LIFE OF AN ASSET (IN YEARS)
1.	Building	50
2.	Furniture & Fixtures	10
3.	Office Equipments	10
4.	Plant & Machinery	10
5.	Vehicles	7
6.	Computers and Accessories	7

S. N.	ASSETS TYPES	LIFE OF AN ASSET (IN YEARS)
7.	Intangible Assets	5
8.	Leasehold Assets	10
9.	Deferred Furnishing	3

Costs of refurbishment and renovation of leasehold premises are depreciated over the remaining period of that lease or 10 years, whichever is less.

For additions during the year, depreciation is charged from the month the assets is put to use and for disposed assets, depreciation is charged up to the month immediately preceding the month of disposal.

License fees for the software paid by the Bank are amortized over the period of the license. Profit or loss on disposal of fixed assets is recognized in the profit and loss of the year.

2.4.9 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

2.4.10 Classification of Investment Properties

Management requires using its judgment to determine whether a property qualifies as an investment property. The Bank has developed criteria so it can exercise its judgment consistently. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Bank is accounted for as investment properties. On the other hand, a property that is used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as a standalone assets are accounted for as property, plant and equipment. The Bank assesses on an annual basis the accounting classification of its properties taking into consideration the current use of such properties. Currently the Bank does not have any investment property.

2.5 CHANGES IN ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the bank in preparing and presenting financial statements. The bank is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity’s

financial position, financial performance, or cash flows. There are no changes in the accounting policies in the current fiscal year.

2.6 NEW STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

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

2.7 NEW STANDARDS AND INTERPRETATION NOT ADOPTED

There have been, and are expected to be, a number of significant changes to the Bank’s financial reporting as a result of amended or new accounting standards, specifically IFRSs, that have been or will be issued by the IASB. These standards will be applicable when adopted in Nepal. The most significant of these are as follows:

IFRS 9 ‘Financial Instruments’- Impairment IFRS 9 ‘Financial Instruments’ was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. ASB endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the impairment. Currently, Incurred Loss Model as specified in NAS 39 is used. The requirement of IFRS 9 is Expected Credit Loss Model.

Expected Credit Loss Model (ECL) of Impairment: The Expected Credit Loss (ECL) model is a forward looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, IFRS 9 recognizes three stage approaches to measure expected credit losses and recognized interest income.

Stage 1: 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining

maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Stage 2: Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (life time ECL). Interest income will continue to be recognized on a gross basis.

Stage 3: Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

IFRS 15 – Revenue from Contracts with Customers: In 2014, the IASB issued IFRS15 Revenue from Contracts with Customers, which will replace IAS18 Revenue and IAS11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. This standard will establish a more systematic approach for revenue measurement and recognition.

IFRS 16 – Leases: In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. Under the new requirements, lessees would be required to recognize assets and liabilities arising from both operating and finance leases on the balance sheet. The expected effective date as announced by IASB is 1 January 2019.

2.8 DISCOUNTING

When the realization of assets and settlement of obligation is for more than one year, the Bank considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company.

2.9 MATERIALITY

The Bank for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 BASIS OF MEASUREMENT

The Financial Statements of the Bank have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- a) Investment designated at fair value through other comprehensive income (quoted) is measured at fair value.
- b) Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- c) Financial assets and financial liabilities held at amortized cost at measured using a rate that is a close approximation of effective interest rate. However, the bank has opted to apply carve-out and measure the financial assets and liabilities at carrying amount i.e. amount disbursed to borrower and amount received from the lender by the bank.

3.2 BASIS OF CONSOLIDATION

3.2.1 Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method as per the requirements of Nepal Financial Reporting Standard - NFRS 03 (Business Combinations). The Bank measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is immediately recognized in the profit or loss.

The Bank elects on a transaction-by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.

3.2.2 Non-Controlling Interest (NCI)

The group presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the SUNRISE Bank and non-controlling interests are determined on the basis of present ownership interests.

The group also attributes total comprehensive income to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.2.3 Subsidiaries

Subsidiaries are entities that are controlled by the Bank. The Bank is presumed to control an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date the Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of subsidiary are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The Financial Statements of the Bank’s subsidiary are prepared for the same reporting year as per the Bank, using consistent accounting policies.

The acquired identifiable assets, liabilities are measured at their cost at the date of acquisition. After the initial measurement, the Bank continues to recognize the investments in subsidiaries at cost.

The subsidiary of the Bank is incorporated in Nepal.

3.2.4 Loss of Control

When the Bank loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Bank recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with relevant NFRS or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Bank recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.2.5 Special Purpose Entity (SPE)

An entity may be created to accomplish a narrow and well-defined objective (e.g. to affect a lease, research and development activities or a securitization of financial assets). Such a special purpose entity (‘SPE’) may take the form of a corporation, trust, partnership or unincorporated entity.

The Bank does not have any special purpose entity.

3.2.6 Transaction elimination on consolidation

In consolidating a subsidiary, the group eliminates full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the subsidiary and the bank (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

3.3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of short term commitments.

Details of the Cash and Cash Equivalents are given in Note 4.1 to the Financial Statements.

3.4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

3.4.1 Initial Recognition

A) Date of Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes ‘regular way trades’. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

B) Recognition and Initial Measurement of Financial Instruments

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management’s intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

3.4.2 Classification and Subsequent Measurement of Financial Instruments

Classification and Subsequent Measurement of Financial Assets

At the inception, a financial asset is classified into one of the following

- a) Financial assets at fair value through profit or loss
 - i) Financial assets held for trading
 - ii) Financial assets designated at fair value through profit or loss
- b) Held to Maturity Financial Assets
- c) Loans and Receivables
- d) Financial assets designated at fair value through Other Comprehensive Income

The subsequent measurement of financial assets depends on their classification.

(a) Financial Assets at Fair Value through Profit or Loss A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

i) Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standards (NAS) 39 “Financial Instruments: Recognition and Measurement”.

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in ‘Net trading income’. Dividend income is recorded in ‘Net trading income’ when the right to receive the payment has been established

Bank evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Bank is unable to trade these financial assets due to inactive markets and management’s intention to sell them in the foreseeable future significantly changes, the Bank may elect to reclassify these financial assets. Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.

ii) Financial Assets Designated at Fair Value through Profit or Loss

Bank designates financial assets at fair value through profit or loss in the following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.
- The assets are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The assets contain one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

Financial assets designated at fair value through profit or loss is recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in ‘Net gain or loss on financial instruments designated at fair value through profit or losses’ in the Statement of Profit or Loss. Interest earned is accrued under ‘Interest income’, using the effective interest rate method, while dividend income is recorded under ‘Other operating income’ when the right to receive the payment has been established.

The Bank has not designated any financial assets upon initial recognition as designated at fair value through profit or loss.

(b) Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in ‘Interest income’ in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

(c) Loans and Receivables from Customers

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as fair value through profit or loss.
- Those that the Bank, upon initial recognition, designated at fair value through other comprehensive income

- Those for which the Bank may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. The amortization is included in ‘Interest Income’ in the Statement of Profit or Loss. The losses arising from impairment are recognized in ‘Impairment charge / reversal for loans and other losses’ in the Statement of Profit or Loss.

However, the bank has opted to apply carve-out provided by the Institute of Chartered Accountants of Nepal and recognize interest income at the coupon rate and continually measured the carrying amount of loans and receivable at cost/fair value less repayment and allowance for impairment.

(d) Financial Assets designated at fair value through Other Comprehensive Income

Financial Assets designated at fair value through Other Comprehensive Income include equity and debt securities. Equity Investments classified here are those which are neither classified as ‘Held for Trading’ nor ‘Designated at fair value through profit or loss’. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, financial investments designated at fair value through other comprehensive income are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through ‘Other comprehensive income / expense’ in the ‘Fair Value reserve’. When the investment is disposed of the cumulative gain or loss previously recognized in equity is recognized in the Statement of Profit or Loss under ‘Other operating income’. Interest earned whilst holding ‘financial investments designated at fair value through other comprehensive income’ is reported as ‘Interest income’ using the effective interest rate. Dividend earned whilst holding ‘financial investments designated at fair value through other comprehensive income’ are recognized in the Statement of Profit or Loss as ‘other operating income’ when the right to receive the payment has been established. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss under ‘Impairment charge for loans and other losses’ and removed from the ‘fair value reserve’.

Financial assets designated at fair value through other comprehensive income that are monetary securities denominated in a foreign currency – translation differences

related to changes in the amortized cost of the security are recognized in income statement and other changes in the carrying amount are recognized in other comprehensive income.

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield, option volatilities and currency rates. When such evidence exists, the Bank recognizes a trading gain or loss on inception of the financial instrument, being the difference between the transaction price and fair value.

When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value from the transaction price as indicated by the valuation model is not recognized immediately in the income statement. Instead, it is recognized over the life of the transaction on an appropriate basis, when the inputs become observable, the transaction matures or is closed out, or when the Bank enters into an offsetting transaction.

Classification and Subsequent Measurement of Financial Liabilities

At the inception, Bank determines the classification of its financial liabilities. Accordingly financial liabilities are classified as:

- a) Financial liabilities at fair value through profit or loss
 - i) Financial liabilities held for trading
 - ii) Financial liabilities designated at fair value through profit or loss
- b) Financial liabilities at amortized cost

a) Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

i) Financial Liabilities Held for Trading

Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category includes derivative financial

instrument entered into by Bank that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement).

ii) Financial Liabilities Designated at Fair Value through Profit or Loss

Bank designates financial liabilities at fair value through profit or loss at following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the liabilities.
- The liabilities are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The liability contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

(b) Financial Liabilities at Amortized Cost

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Bank having an obligation either to deliver cash or another financial asset to another Bank, or to exchange financial assets or financial liabilities with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank’s own equity instruments.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in ‘Interest Expenses’ in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

However, the bank has opted to apply carve-out provided by the Institute of Chartered Accountants of Nepal and recognize interest expense at the coupon rate and continually measured the carrying amount of loans and receivable at cost/fair value less repayment.

3.4.3 Reclassification of Financial Instruments

a) Reclassification of Financial Instruments ‘At fair value through profit or loss’,

Bank does not reclassify derivative financial instruments out of the fair value through profit or loss category when it is held or issued.

Non-derivative financial instruments designated at fair value through profit or loss upon initial recognition is not reclassified subsequently out of fair value through profit or loss category.

Bank may, in rare circumstances reclassify financial instruments out of fair value through profit or loss category if such instruments are no longer held for the purpose of selling or repurchasing in the near term notwithstanding that such financial instruments may have been acquired principally for the purpose of selling or repurchasing in the near term. Financial assets classified as fair value through profit or loss at the initial recognition which would have also met the definition of ‘Loans and Receivables’ as at that date is reclassified out of the fair value through profit or loss category only if Bank has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost of the financial instrument after reclassification. Any gain or loss already recognized in respect of the reclassified financial instrument until the date of reclassification is not reversed to the Statement of Profit or Loss.

If a financial asset is reclassified, and if Bank subsequently increases its estimates of the future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

b) Reclassification of Financial Instruments designated at fair value through other comprehensive income

Bank may reclassify financial assets out of financial assets designated at fair value through other comprehensive income category as a result of change in intention or ability or in rare circumstances that a reliable measure of fair value is no longer available.

A financial asset designated at fair value through other comprehensive income that would have met the definition of loans and receivables at the initial recognition may be reclassified out of financial assets designated at fair value through other comprehensive income to the loans and receivables category if Bank has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost

of the financial instrument after reclassification. Difference between the new amortized cost and the maturity value is amortized over the remaining life of the asset using the effective interest rate. Any gain or loss already recognized in Other Comprehensive Income in respect of the reclassified financial instrument is accounted as follows:

i) Financial assets with fixed maturity :

Gain or loss recognized up to the date of reclassification is amortized to profit or loss over the remaining life of the investment using the effective interest rate. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

ii) Financial assets without fixed maturity :

Gain or loss recognized up to the date of reclassification is recognized in profit or loss only when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

If a financial asset is reclassified, and if Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

c) Reclassification of ‘Held to Maturity’ Financial Instruments

As a result of a change in intention or ability, if it is no longer appropriate to classify an investment as held to maturity, Bank may reclassify such financial assets designated at fair value through other comprehensive income and re- measured at fair value. Any difference between the carrying value of the financial asset before reclassification and fair value is recognized in equity through other comprehensive income.

However, if Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity [other than in certain specific circumstances permitted in Nepal Accounting Standard - NAS 39(Financial Instruments: Recognition and Measurement)], the entire category would be tainted and would have to be reclassified as ‘Financial Instruments designated at fair value through other comprehensive income’. Furthermore, Bank would be prohibited from classifying any financial assets as ‘Held to Maturity’ during the following two years. These reclassifications are at the election of management and determined on an instrument by instrument basis.

3.4.4 De-recognition of Financial Assets and

Liabilities

a) De-recognition of Financial Assets

Bank derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired; or
- Bank has transferred its rights to receive cash flows from the asset or
- Bank has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either Bank has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

When Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank’s continuing involvement in the asset. In that case, Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Bank has retained.

When Bank’s continuing involvement that takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received by Bank that Bank could be required to repay.

When securities classified as financial instruments designated at fair value through other comprehensive income are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to income statement as gains and losses from investment securities.

b) De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

c) Repurchase and Reverse Repurchase Agreements

Securities sold under agreement to repurchase at a specified future date are not de-recognized from the Statement of Financial Position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the Statement of Financial Position as a liability with a corresponding obligation to return it, including accrued interest under 'Securities sold under repurchase agreements', reflecting the transaction's economic substance to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate. When the bank has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its Statement of Financial Position as 'Financial assets held for trading pledged as collateral or 'Financial assets designated at fair value through other comprehensive income pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at future date are not recognized in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, under "Reverse repurchase agreements' reflecting the transaction's economic substance to the Bank. The difference between the purchase and resale prices is recorded as 'Interest income' and is accrued over the life of the agreement using the effective interest rate. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

3.4.5 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access

at that date. The fair value of liability reflects its non-performance risk. When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument **(Level 01 valuation)**. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis on an arm's length basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes a third-party market participant would take them into account in pricing a transaction.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.4.6 Impairment of Financial Assets

Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a) Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

i) Individually Assessed Financial Assets

The criteria used to determine whether there is objective evidence of impairment include and not limited to:

- Known Cash Flow difficulties experienced by the borrowers;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the impairment charges for loans and other losses.

When impairment losses are determined for those financial assets where objective evidence of impairment exists, the following common factors are considered:

- Bank's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;

- The amount and timing of expected receipts and recoveries;
- The extent of other creditors 'commitments ranking ahead of, or pari-pasu with the Bank and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

ii) Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans those are not considered individually significant.

The bank has opted to apply carve-out on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no.2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

Impairment losses under both options are presented hereunder;

AS PER NFRS	2075/76
Individual	146,759,241
Collective	169,271,036
Total	316,030,277
Charge to P/L	(12,704,516)

AS PER NRB	2075/76
Loan Loss Provision	1,216,373,440
Charged to P& L	103,523,760

Incurred but not yet identified impairment

Individually assessed financial assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the bank has incurred as a result of events occurring before the reporting date, which the Bank is not able to identify on an individual loan basis and that can be reliably

estimated.

These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual financial assets within the group, those financial assets are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical Loss Experience in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.

Homogeneous groups of Financials Assets

Statistical methods are used to determine impairment losses on a collective basis for homogenous groups of financial assets. Losses in these groups of financial assets are recorded on an individual basis when individual financial assets are written off, at which point they are removed from the group.

Bank uses the following method to calculate historical loss experience on collective basis:

After grouping of loans on the basis of homogeneous risks, the Bank uses net flow rate method. Under this methodology the movements in the outstanding balance of customers into default categories over the periods are used to estimate the amount of financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Bank is not able to identify on an individual loan basis.

Under this methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required covering inherent loss. These additional macro and portfolio risk factors may include:

- Recent loan portfolio growth and product mix
- Unemployment rates
- Gross Domestic Production (GDP)Growth

- Inflation
- Interest rates
- Changes in government laws and regulations
- Property prices
- Payment status

iii) Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financial asset Impairment allowance account accordingly. The write-back is recognized in the Statement of Profit or Loss.

iv) Write-off of Financial Assets Carried At Amortized Cost

Financial assets (and the related impairment allowance accounts) are normally written off either partially or in full, when there is no realistic prospect of recovery. Where there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

v) Impairment of Rescheduled Loans and Advances

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to a criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate (EIR).

vi) Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Nepal Rastra Bank. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

vii) Collateral Legally Repossessed or Where Properties have Devolved to the Bank

Legally Repossessed Collateral represents Non-Financial Assets acquired by the Bank in settlement of the overdue loans. The assets are initially recognized at fair value when acquired. The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The proceeds are used to reduce or repay the outstanding claim. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Bank as part settlement of debt, has not been occupied for business use.

These assets are shown as Legally Repossessed Collateral under "Other Assets."

b) Impairment of Financial Assets designated at fair value through other comprehensive income

For financial investments designated at fair value through other comprehensive income, Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments, Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized, the impairment loss is reversed through the Income Statement.

In the case of equity investments designated at fair value through other comprehensive income, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss is removed from equity and recognized in the Statement of profit or loss. However, any subsequent increase in the fair value of an impaired equity security designated at fair value through other comprehensive income is recognized in other comprehensive income.

Bank writes-off certain financial investments designated at fair value through other comprehensive income when they

are determined to be uncollectible.

3.4.7 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under NFRSs or for gains and losses arising from a group of similar transaction such as in trading activity.

3.4.8 Amortized Cost Measurement

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

3.5 TRADING ASSETS

One of the categories of financial assets at fair value through profit or loss is “held for trading” financial assets. All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short term profit taking are trading assets.

3.6 DERIVATIVES ASSETS AND DERIVATIVE LIABILITIES

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and that is settled at a future date.

Forward contracts are the contracts to purchase or sell a specific quantity of a financial instrument, a commodity, or a foreign currency at a specified price determined at the outset, with delivery or settlement at a specified future date. Settlement is at maturity by actual delivery of the item specified in the contract, or by a net cash settlement.

All freestanding contacts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives held for trading are included in net gains/ (losses) from financial instruments in fair value through profit or loss on financial assets/ liabilities at fair value through profit or loss.

3.7 PROPERTY, PLANT AND EQUIPMENT

3.7.1 Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Bank applies the requirements of the Nepal Accounting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably measured.

3.7.2 Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant& equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.7.3 Cost Model

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

3.7.4 Revaluation Model

The Bank has not applied the revaluation model to the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

On revaluation of an asset, any increase in the carrying amount is recognized in ‘Other comprehensive income’ and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other

Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.7.5 Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Bank and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

3.7.6 Depreciation

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight line method on cost or valuation of the property. The rates of depreciations are given below:

Rate of Depreciation per annum (%)		
PARTICULARS	FOR THE FY ENDED ON MID JULY 2018 & 2019	REMARKS
Building	5	
Office Equipments/ Furniture	15	
Vehicle	15	
Computer Hardware	20	
Computer Software	20	Depreciated in 5 years using Straight Line Method
Leasehold	-	Lease period
Deferred Furnishing	33.33	Depreciated in 3 years using Straight Line Method

3.7.7 Changes in Estimates

The asset’s methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3.7.8 Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital

work-in-progress is stated at cost less any accumulated impairment losses.

3.7.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Bank incurs in connection with the borrowing of funds.

3.7.10 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or losses arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.8 GOODWILL AND INTANGIBLE ASSETS

3.8.1 Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Bank in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

3.8.2 Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it’s probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category ‘Intangible assets’ and carried at cost less accumulated amortization and any accumulated impairment losses.

3.8.3 Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the

asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses. Bank doesn't have any goodwill in its books of accounts.

3.8.4 Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Bank assumes that there is no residual value for its intangible assets.

ASSET CATEGORY	FOR THE YEAR ENDED 16 JULY 2019	FOR THE YEAR ENDED 16 JULY 2018
Computer Software	5 years	5 years
Licenses	5 years or the period of license, whichever is less	5 years or the period of license, whichever is less

3.8.5 De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

3.9 INVESTMENT PROPERTY

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

The Bank has recognized as investment property all land or land and building acquired by the Bank as non banking assets in course of recovery of loans and advances to borrowers that have turned into chronic defaulters.

Non banking assets (only land and building) are initially recognized at cost. Subsequent to initial recognition the Group has chosen to apply the cost model allowed by NAS 40 – “Investment Property” and since it is not intended for owner-occupied use, a depreciation charge is not raised.

3.10 INCOME TAX

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

3.10.1 Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

As per Para 61A of NAS 12, current tax and deferred tax shall be recognized outside profit or loss if the tax relates to items that are recognized, *in the same or a different period*, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognized, in the same or a different period:

- a) In other comprehensive income, shall be recognized in other comprehensive income;
- b) Directly in equity, shall be recognized directly in equity;

Further, As per Para 62A of NAS 12, NFRS require or permit particular items to be credited or charged directly to equity. Examples of such items are:

- a) an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error (As per NAS 08 Accounting Policies, Changes in Accounting Estimates and Errors); and
- b) Amounts arising on initial recognition of the equity component of a compound financial instrument.

During first time adoption of NFRS, interest income recognition criteria was changed to accrual basis from cash basis (change in accounting policy), hence the interest suspense up to FY 2073/74 was directly credited to equity (outside profit or loss) giving rise to an adjustment to the opening balance of retained earnings in line with Para 62A. The tax paid on the same amount shall also be charged to

equity in line with Para 61A of NAS 12.

The description of the interest during first time adoption of NFRS is as follows:

PARTICULARS	AMOUNT
Total Interest Suspense up to FY 2074/75 (a)	346,008,422
Interest Recognized in FY 2074/75 (b)	74,540,901
Directly Charged to Equity due to Change in Accounting Policy (c)= (a-b)	271,467,521
Tax Paid @30% during FY 2074/75 (d)=c*30%	81,440,256

Thus, having reference to the provision of Para 61A of NAS 12 read with Para 62A, tax provision (Rs. 81,440,256) on accrued income till previous period that should have been made in FY 2074/75 (arising out of first time adoption of NFRS) is directly charged to equity (through adjustment in retained earnings) as the said amount is as adjustment arising out of correction of previous year's error.

3.10.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except:
- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are

recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

3.11 DEPOSITS, DEBT SECURITIES ISSUED AND SUBORDINATED LIABILITIES

Deposits, debt securities issued and subordinated liabilities are the Bank's sources of funding. Deposits include non-interest bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. They are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. Debt securities are subsequently stated at amortized cost using the effective interest method. Subordinated liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors.

3.12 PROVISIONS

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Provision is not recognized for future operating losses.

Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.13 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

3.13.1 Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets designated at fair value through other comprehensive income and financial assets designated at fair value through profit or loss, EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The bank has opted to apply carve-out and recognize interest income on accrual basis applying the coupon rate, which is variable rate of interest.

Nepal Rastra Bank have issued Interest Recognition Guidelines through circular ref Number 001/76/77 dated 10th Shrawan 2076. In relation to interest income, which is accrued but not collected, probability of collection of interest is to be determined as per NAS 18. There are three methods prescribed by the guidelines as follows:

- a) If the principal and interest is not overdue and overdue for less than 3 months, then the interest income is to be recognized on accrual basis.
- b) It the principal and interest is due for 3 months and up to 12 months and collateral is sufficient to cover the due amount, then the interest income is to be recognized on accrual basis. Contrary, if the collateral is not sufficient then the interest income should be suspended to recognize in the statement of profit or loss.
- c) It the principal and interest is due for more than 12

months and collateral is sufficient to cover the due amount, and then the interest income should be suspended to recognize. Contrary, if the collateral is not sufficient then the interest income should be ceased to accrue.

SrBL has the practice of ceasing the interest income if the principal and interest are due for more than 12 months. And in case of loan due from 3 months to 12 months, collateral sufficiency was tested to obtain the amount of interest which is to be derecognized in the statement of profit or loss.

The interest income which is to be derecognized in the statement of profit or loss of FY 2018-19 amounts to Rs. 12,573,572.

3.13.2 Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees, commission income. Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognized based on the applicable contracts, usually on a time apportionment basis.

3.13.3 Dividend Income

ividend income is on equity instruments are recognized in the statement of profit and loss within other income when the Bank’s right to receive payment is established.

3.13.4 Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

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

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instruments are designated at fair value through profit or loss.

The bank has no income under the heading net income from other financial instrument at fair value through profit or loss.

3.14 INTEREST EXPENSE

For financial liabilities measured at amortized cost using the rate that closely approximates effective interest rate, interest expense is recorded using such rate. EIR is the rate that exactly discounts estimated future cash payments

or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

3.15 EMPLOYEE BENEFITS

Employee benefits include:

- a) Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

i) Wages, salaries and social security contributions;

ii) Paid annual leave and paid sick leave;

iii) Profit sharing and bonuses, and

iv) Non-monetary benefits (such as medical care) for current employees;

Short term employee benefits are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Bank has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- b) Post-employment benefits, such as the following:

i) Retirement benefits (e.g.: gratuity, lump sum payments on retirement); and

ii) Other post-employment benefits such as post-employment life insurance
- c) Other long term employee benefits and
- d) Termination benefits

Post employments benefits are as follows:

3.15.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an Bank pays fixed contribution into a separate Bank Account (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Bank by the employees and is recorded as an expense under ‘Personnel expense’ as and when they become due. Unpaid contributions are recorded as a liability under ‘Other Liabilities’.

Bank contributed 10% on the salary of each employee to the Employees’ Provident Fund. The above expenses are identified as contributions to ‘Defined Contribution Plans’ as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

3.15.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

a) Gratuity

In compliance with Labor Act, 2017, provision is made in the account year of service, for gratuity payable to employees who joined bank on a permanent basis. An actuarial valuation is carried out every year to ascertain the full liability under gratuity.

Bank’s obligation in respect of defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the Statement of Financial Position. The value of a defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reduction on the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that apply to any plan in Bank. An economic benefit is available to Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Bank determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the defined benefit liability at the beginning of the annual period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank’s obligations.

The increase in gratuity liabilities attributable to the services provided by employees during the year ended 16th July, 2019s (current service cost) has been recognized in the Statement of Profit or Loss under ‘Personnel Expenses’ together with the net interest expense. Bank recognizes the total actuarial gain and loss that arises in calculating Bank’s obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

The demographic assumptions underlying the valuation

are retirement age (60 years), early withdrawal from service and retirement on medical grounds.

b) Unutilized Accumulated Leave

Bank’s liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. Bank’s net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the yield at the reporting date on government binds that have maturity dates approximating to the terms of Bank’s obligation. The calculation is performed using the Projected Unit Credit method. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under ‘Personnel Expenses’ in the period in which they arise.

3.16 LEASES

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.16.1 Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. When Bank is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in ‘Loans to & receivables from other customers’, as appropriate. Interest income receivable is recognized in ‘Net interest income’ over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When Bank is a lessee under finance leases, the leased assets are capitalized and included in ‘Property, plant and equipment’ and the corresponding liability to the lessor is included in ‘Other liabilities’. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in ‘Interest expenses’ over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

The bank does not have finance lease transactions at the reporting dates.

3.16.2 Operating Lease

All other leases are classified as operating leases. When acting as lessor, Bank includes the assets subject to operating leases in ‘Property, plant and equipment’ and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When Bank is the lessee, leased assets are not recognized on the Statement of Financial Position.

During FY 2074/75 bank had opted to apply carve out and recognize rentals payable under operating leases accounted for on accrual basis based on lease agreement.

In current FY, the bank has applied straight line basis of accounting to account for rentals payable under operating leases and additionally Rs. 14,521,750 has been charged as operating lease expenses.

3.17 FOREIGN CURRENCY TRANSLATION, TRANSACTIONS AND BALANCES

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to ‘Other Operating Income’ in the Statement of Profit or Loss. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss.

Forward exchange contracts are valued at the forward market rates ruling on the reporting date. Both unrealized losses and gains are reflected in the Statement of Profit or Loss.

3.18 FINANCIAL GUARANTEE AND LOAN COMMITMENT

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, etc. Where the bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, etc. whether cancellable or not and the bank had not made payments at the reporting date, those instruments are included in these financial statements as commitments.

3.19 SHARE CAPITAL AND RESERVES

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus contributions from holders of equity claims, minus distributions to holders of equity claims.

Regulatory Reserve against the uncollected interest income from loan customers has been created after netting off income tax provision for the purpose. The recovered amount (Rs. 57,523,697) of interest suspense (net of tax) outstanding at Ashad End 2076 and recovered till 15th of Shrawan 2076 has been shown under retained earnings.

The Bank has allocated 1% of net profit to corporate social responsibility fund. The Bank has expensed Rs. 14,694,878 in FY 2075/76 from the CSR Fund created from last fiscal year.

3.20 EARNINGS PER SHARE

Bank presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Earnings per share is calculated and presented in consolidated statement of profit or loss.

3.21 SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments. For the purposes of this NFRS, an entity’s post-employment benefit plans are not operating segments.

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. All operations between the segments are conducted on pre-determined transfer price. Treasury department acts as the fund manager of the Bank.

3.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or the fair value of the Cash Generating Units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, appropriate valuation model is used.

3.23 DIVIDEND ON ORDINARY SHARES

Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the

Bank’s shareholders. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date. Interim Dividend is deducted from equity when they are declared and is no longer at the discretion of the Bank.

3.24 CASH FLOW STATEMENT

The cash flow statement has been prepared using ‘The Direct Method’, whereby gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

3.25 COMPARATIVE FIGURES

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year’s presentation.

3.26 OTHER DISCLOSURES

a) Staff Loans measured at fair value

Under NFRS, the Bank has to measure the staff loans granted below the market interest rate at their fair value, calculate based on the market interest rate of similar products.

The fair value of such loans as at 31, Ashad 2076 the fair value of staff loan was Rs. 444.44 million and their carrying amount was Rs. 578.20 million. The difference between the fair value and carrying amount was Rs. 133.76 million has been netted off against staff loans & recognized as pre-paid staff cost in other assets.

b) Adjustment on loan impairment

In compliance with the NRB Directives and subsequent amendment there to, specific loan loss provision were made based on the arrears time period and General provision were made at a specified rate given by NRB from time to time.

As at Ashad 31 2076 the impairment provision of Rs. 1,216.37 million was recognized against total of Rs. 1,121.85 million loan loss provision previously recognized in FY 2074/75. The movement between the impairment balances of two years was recognized in the Income Statement as an impairment charge.

c) Financial Investments designated at fair value through other comprehensive income

Under NFRS, the Bank has designated equity investments, mutual funds investments as financial instruments designated at fair value through other comprehensive income and measured at fair value.

As at Ashad 31 2076 the fair value of the investment was Rs. 785.98 million and NAS carrying amount was Rs. 810.66 million The difference between the instruments fair

value and NAS carrying amount was Rs. 24.68 million has been recognized in the fair value reserve and movement was charged to Other Comprehensive Income.

The deferred tax liability has been created @30% on such income and routed through statement of profit or loss account to retained earnings consequently decreasing the fair value reserve by such amount.

d) Interest Income

Income amounting to Rs. 9,206.43 million was recognized for financial year 2018/19 for accrual of interest on loans, Interest benefit for staff loans as an impact of interest unwinding and interest on investments and placements.

e) Personnel Cost

An expense of Rs. 5.70 million as gratuity was additionally charged and Rs. 2.18 million was reversed as Personnel expenses as result of actuarial valuation and, 53.21 million as amortization of prepaid staff loan for Financial Year 2018/19.

i) Bonus to staffs –10% bonus has been calculated on Profit before tax.

4. NOTES TO SOFP AND SOPL – PRESENTED ALONG WITH FINANCIALS

CASH AND CASH EQUIVALENT

4.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Cash in Hand	1,891,732,387	1,535,255,221	1,891,732,387	1,535,255,221
Balances with BFIs	819,805,751	1,051,276,974	661,334,070	906,752,394
Money at Call and Short Notice	-	-	-	-
Other	-	-	-	-
Placement less than 90 days	3,803,666,989	1,173,909,483	3,803,666,990	1,173,909,484
Total	6,515,205,127	3,760,441,678	6,356,733,447	3,615,917,099

Cash and cash equivalents include cash at vault and agency Bank account balances, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Cash at vault is adequately insured for physical and financial risks. The amount of cash at vault is maintained on the basis fo the regulatory, liquidity and business requirements. To that extent there are regulatory and liquidity restrictions placed on the cash at vault. Cash held in FCY is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, are promptly managed.

Risks associated with these assets are regularly assessed.

DUE FROM NEPAL RASTRA BANK

4.2

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Statutory Balances with NRB	3,241,044,722	5,032,987,845	3,241,044,722	5,032,987,845
Securities purchased under Resale Agreement	-	-	-	-
Other Deposit and Receivable from NRB	-	67,700	-	67,700
Total	3,241,044,722	5,033,055,545	3,241,044,722	5,033,055,545

Statutory balances with NRB includes the CRR balance maintained with NRB.

The fair value of balance with the Nepal Rastra Bank is the carrying amount. Balance with central bank is categorized as loans and receivables to be subsequently measured at amortised cost.

Balance with the central bank is principally maintained as a part of the regulatory cash reserve ratio required by the central bank. There are regulatory and liquidity restrictions placed on the level of balance with central bank

PLACEMENTS WITH BANKS AND FINANCIAL INSTUTIONS

4.3

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Placement with Domestic BFIs	320,996,226	70,000,000	220,996,226	-
Placement with Foreign BFIs	944,356,146	2,695,720,379	944,356,146	2,695,720,379
Less: Allowances for Impairment	-	-	-	-
Total	1,265,352,372	2,765,720,379	1,165,352,372	2,695,720,379

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

DERIVATIVE FINANCIAL INSTRUMENTS

4.4

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Held for Trading				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts.	-	-	-	-
Others	-	-	-	-
Held for Risk Management				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts	93,860,043	-	93,860,043	-
Others	-	-	-	-
Total	93,860,043	-	93,860,043	-

Derivatives Financial Instruments is the net of forward debit and forward credit transacted for the purpose of risk management. It is revalued everyday on the basis of average forex rate.

OTHER TRADING ASSETS

4.5

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Treasury Bills		-	-	-
Government Bonds		-	-	-
NRB Bonds		-	-	-
Domestic Corporate Bonds		-	-	-
Equities	86,859,603	24,959,135	-	-
Other			-	-
Total	86,859,603	24,959,135	-	-

LOANS AND ADVANCES TO BFIS

4.6

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Loans to Micro-Finance Institutions	1,161,390,388	999,587,580	1,161,390,388	999,587,580
Other	-	-	-	-
Less: Allowances for Impairment	(11,611,046)	(9,951,219)	(11,611,046)	(9,951,219)
Total	1,149,779,342	989,636,361	1,149,779,342	989,636,361

ALLOWANCES FOR IMPAIRMENT

4.6.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Balance at Shrawan 01	9,951,219	11,129,425	9,951,219	11,129,425
Impairment Losss for the year:	-	-	-	-
Charge for the year	1,659,827	-	1,659,827	-
Recoveries/Reversal	-	(1,178,206)	-	(1,178,206)
Amount Written Off	-	-	-	-
Balance at Asar End	11,611,046	9,951,219	11,611,046	9,951,219

LOANS AND ADVANCES TO CUSTOMERS

4.7

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Loans and Advances measured at Amortized Cost	70,070,572,593	60,326,401,073	70,070,572,593	60,326,401,073
Less: Impairment Allowances				
Collective Impairment	(758,983,284)	(606,193,656)	(758,983,284)	(606,193,656)
Individual Impairment	(445,779,110)	(496,704,808)	(445,779,110)	(496,704,808)
Net Amount	68,865,810,199	59,223,502,609	68,865,810,199	59,223,502,609
Loans and Advances measured at FVTPL	-	-	-	-
Total	68,865,810,199	59,223,502,609	68,865,810,199	59,223,502,609

Following process has been adopted by the Bank to calculate loss as per incurred loss model.

The Bank has categorized total loan into 5 products namely Term Loan, Personal Loan, Home Loan, Hire Purchase, Short Term Loan. The loan has been classified into various period on the basis of due days as follows:

AGEING
CURRENT
01-30 DAYS
31-60 DAYS
61-90 DAYS
91-120 DAYS
121-150 DAYS
151-180 DAYS
180 DAYS AND ABOVE

The Loss rate on each period has been calculated by multiplying Probability of Default (PD) with Loss Given Default (LGD).

Probability of Default has been calculated on the basis of probability matrix by taking 72 months loan data as the basis.

For the purpose of calcuation of Loss Given Default (LGD), the loan which has been categorized as loss as per NRB directive has been taken and the recovery history of the

same has been analyzed upon to reach the LGD.

The individually impaired loan has been substracted from the total loan and the same has been multiplied by loss rate to calculate collective impairment.

Total impairment is the sum of the collective and individual impairment.

Loans and advances above 27 Billion are considered for incurred loss model impairment which approximately come at 38% of total portfolio.

Accrued Interest Receivable on loans have been considered under Loans and Advances measured at Amortized Cost.

ANALYSIS OF LOANS AND ADVANCES - BY PRODUCT

4.7.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Product				
Term Loans	10,854,562,882	8,511,179,712	10,854,562,882	8,511,179,712
Overdraft	12,354,322,246	12,680,678,356	12,354,322,246	12,680,678,356
Trust Receipt/Import Loans	2,047,227,442	1,340,111,534	2,047,227,442	1,340,111,534
Demand and other Working Capital Loans	10,380,058,373	7,691,405,393	10,380,058,373	7,691,405,393
Personal Residential Loans	9,210,282,876	8,126,224,951	9,210,282,876	8,126,224,951
Real Estate Loans	3,618,569,873	3,564,842,036	3,618,569,873	3,564,842,036
Margin Lending Loans	1,512,358,633	1,916,942,664	1,512,358,633	1,916,942,664
Hire Purchase Loans	4,538,867,182	5,158,223,654	4,538,867,182	5,158,223,654
Deprived Sector Loans	3,518,226,316	3,233,706,408	3,518,226,316	3,233,706,408
Bills Purchased	646,250,923	10,985	646,250,923	10,985
Staffs Loans	443,940,853	365,533,346	443,940,853	365,533,346
Other	10,534,179,998	7,327,391,819	10,534,179,998	7,327,391,819
Sub-total	69,658,847,597	59,916,250,858	69,658,847,597	59,916,250,858
Interest Receivable	411,724,996	410,150,215	411,724,996	410,150,215
Grand Total	70,070,572,593	60,326,401,073	70,070,572,593	60,326,401,073

Gross Loans and Advances excluding Impairment has been considered above for analysis

ANALYSIS OF LOANS AND ADVANCES - BY CURRENCY

4.7.2

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Nepalese Rupee	69,221,324,699	59,654,004,798	69,221,324,699	59,654,004,798
Indian Rupee	-	-	-	-
United States Dollar	831,215,221	645,910,265	831,215,221	645,910,265
Great Britain Pound	-	-	-	-
Euro	18,032,673	26,486,010	18,032,673	26,486,010
Japanese Yen	-	-	-	-
Chinese Yuan	-	-	-	-
Other	-	-	-	-
Grand Total	70,070,572,593	60,326,401,073	70,070,572,593	60,326,401,073

ANALYSIS OF LOANS AND ADVANCES - BY COLLATERAL

4.7.3

Loans and advances to customers are backed by collateral securities to mitigate default risk. The type of the collaterals corresponding to the loans and advances to customers are given in the table below:

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Secured				
Moveable/Immoveable Assets	66,374,362,878	57,361,822,766	66,374,362,878	57,361,822,766
Gold and Silver	-	14,941,371	-	14,941,371
Guarantee of Domestic BFIs	-	-	-	-
Government Guarantee	-	-	-	-
Guarantee of International Rated Bank	-	-	-	-
Collateral of Export Document	-	-	-	-
Collateral of Fixed Deposit Receipt	549,927,174	497,790,629	549,927,174	497,790,629
Collatereal of Government Securities	-	-	-	-
Counter Guarantee	-	-	-	-
Personal Guarantee	24,424,570	41,479,129	24,424,570	41,479,129
Other Collateral	3,088,614,184	2,388,402,269	3,088,614,184	2,388,402,269
Sub-total	70,037,328,806	60,304,436,164	70,037,328,806	60,304,436,164
Unsecured	33,243,787	21,964,909	33,243,787	21,964,909
Grand Total	70,070,572,593	60,326,401,073	70,070,572,593	60,326,401,073

ALLOWANCE FOR IMPAIRMENT

4.7.4

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Specific Allowance for Impairment				
Balance at Shrawan 01	496,704,810	498,301,291	496,704,810	498,301,291
Impairment Loss for the year	(38,390,445)	(1,596,481)	(38,390,445)	(1,596,481)
Charge for the year	294,754,684	340,989,535	294,754,684	340,989,535
Recoveries/Reversals during the year	(333,145,129)	(342,586,016)	(333,145,129)	(342,586,016)
Write-Offs	-	-	-	-
Exchange Rate Variance on Foreign Currency	-	-	-	-
Other Movement	-	-	-	-
Balance at Asar End	458,314,365	496,704,810	458,314,365	496,704,810
Collective Allowances for Impairment				
Balance at Sharawan 01	616,144,872	563,840,428	616,144,872	563,840,428
Impairment Loss for the year	-	52,304,441	-	52,304,441
Charge/(Reversal) for the year	130,303,157	52,304,441	130,303,157	52,304,441
Exchange Rate Variance on Foreign Currency	-	-	-	-
Other Movement	-	-	-	-
Balance at Asar End	746,448,029	616,144,872	746,448,029	616,144,872
Total Allowances for Impairment	1,204,762,394	1,112,849,682	1,204,762,394	1,112,849,682

INVESTMENT SECURITIES

4.8

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Investment Securities measured at Amortized Cost	11,070,668,196	9,139,682,906	11,070,668,196	9,139,682,906
Investment in Equity measured at FVTOCI	653,513,338	580,775,479	653,513,338	580,775,479
Total	11,724,181,534	9,720,458,385	11,724,181,534	9,720,458,385

INVESTMENT SECURITIES MEASURED AT AMORTIZED COST

4.8.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Debt Securities	-	-		
Government Bonds	9,154,375,000	5,941,300,000	9,154,375,000	5,941,300,000
Government Treasury Bills	1,770,486,899	1,353,010,455	1,770,486,899	1,353,010,455
Nepal Rastra Bank Bonds	-	-		-
Nepal Rastra Bank Deposit Instruments	42,260,000	1,639,480,000	42,260,000	1,639,480,000
Other	-	205,892,451		205,892,451
Foreign Currency Bond	-	111,150,776		111,150,776
Interest Receivables	103,546,297	94,741,675	103,546,297	94,741,675
Less: Specific Allowances for Impairment	-	-	-	-
Total	11,070,668,196	9,139,682,906	11,070,668,196	9,139,682,906

Treasury bills have been classified as financial assets designated at fair value through statement of profit or loss (SoPL). Valuation of these instruments is assessed on the basis of similar bills on issue. These bills have the maturity period of less than one year and no variation has been observed from subsequent bills on issue, that have been considered as observable inputs.

These instruments have been considered as risk free instruments. Considering the short maturity period of these instruments, risks as a result of changes in macro economic conditions is assessed to be nominal. These are highly liquid instruments and can be converted into cash immediatley on requirement.

Government bonds have been classified as held to maturity instrument as the Bank has intention and capacity to hold these instruments until their maturity. These instruments are carried at amortised costs.

Interest receivable includes interest accrued on above classified investment securities.

INVESTMENT IN EQUITY MEASURED AT FVTOCI

4.8.2

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Equity Instruments				
Quoted Equity Securities	629,122,338	559,809,479	629,122,338	559,809,479
Unquoted Equity Securities	24,391,000	20,966,000	24,391,000	20,966,000
Total	653,513,338	580,775,479	653,513,338	580,775,479

These include equity instruments in different companies. None of these investments result in control or significant influence over the invested entities. These instruments have been classified as available for sale assets. The movement in fair value of these instruments have been adjusted through other comprehensive income.

INFORMATION RELATING TO INVESTMENT IN EQUITIES

4.8.3

PARTICULARS	GROUP				BANK			
	2075-76		2074-75		2075-76		2074-75	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
INVESTMENT IN QUOTED EQUITY								
Gurans Life Insurance								
247,500 Ordinary Shares of Rs. 100 Each	-	-	19,858,400	128,700,000	-	-	19,858,400	128,700,000
391,050 Ordinary Shares of Rs. 100 Each	32,233,400	203,346,000	-	-	32,233,400	203,346,000	-	-
Hydro Investment development Company Limited								
116,336 Ordinary Shares of Rs. 100 Each	-	-	11,633,600	18,032,080	-	-	11,633,600	18,032,080
127,969 Ordinary Shares of Rs. 100 Each	11,633,600	20,603,009	-	-	11,633,600	20,603,009	-	-
NLG Insurance Limited								
370 Shares of Rs. 100 Each	58,932	281,940	58,932	344,100	58,932	281,940	58,932	344,100
Nepal Insurance Limited								
1,413 Shares of Rs. 100 Each	-	-	88,518	929,754	-	-	88,518	929,754
2,385 Shares of Rs. 100 Each	182,518	844,290	-	-	182,518	844,290	-	-
Prabhu Insurance Co. Limited								
8,066 Shares of Rs. 100 Each	-	-	461,575	4,315,310	-	-	461,575	4,315,310
11,777 Shares of Rs. 100 Each	832,675	4,286,828	-	-	832,675	4,286,828	-	-
Sagarmatha Insurance Limited								
269,093 Promoters Shares of Rs. 100 Each	4,386,000	171,143,148	4,386,000	171,143,148	4,386,000	171,143,148	4,386,000	171,143,148
47,487 Shares of Rs. 100 Each	-	28,729,635	-	63,632,580	-	28,729,635	-	63,632,580
Lumbini Insurance Limited								
89,760 Promoters Shares of Rs. 100 Each	-	-	-	8,976,000	-	-	-	8,976,000
107,712 Promoters Shares of Rs. 100 Each	1,795,200	10,771,200	-	-	1,795,200	10,771,200	-	-
5,896 Shares of Rs. 100 Each	2,408,767	2,535,280	2,408,767	3,242,800	2,408,767	2,535,280	2,408,767	3,242,800
NMB Sulav Investment								
140,110 Units of Rs. 10 Each	1,400,005	1,515,990	1,400,005	1,618,271	1,400,005	1,515,990	1,400,005	1,618,271

Contd... Information relating to Investment in Equities

PARTICULARS	GROUP			BANK		
	COST	2075-76 FAIR VALUE	COST	2074-75 FAIR VALUE	2075-76 FAIR VALUE	2074-75 FAIR VALUE
Siddhartha Equity Oriented Scheme						
2,359,097 Units of Rs. 10 Each	23,590,970	25,525,430	23,590,970	24,888,473	25,525,430	24,888,473
Siddhartha Equity Fund						
967,748 Units of Rs. 10 Each	-	9,764,577	-	9,251,671	9,764,577	9,251,671
NIBL Samridhi Fund						
173,890 Units of Rs. 10 Each	1,738,900	1,610,221	1,738,900	1,764,984	1,610,221	1,764,984
Global IME Samutti Fund 1						
42,719,28 Units of Rs. 10 Each	42,719,280	35,798,757	42,719,280	37,464,809	35,798,757	37,464,809
Bottler's Nepal Terai Ltd.						
409 Shares of Rs. 100 Each	64,590	2,818,010	64,590	2,401,648	2,818,010	2,401,648
NMB Hybrid Fund						
1,261,921 Units of Rs. 10 Each	12,619,210	12,657,068	12,619,210	12,228,014	12,657,068	12,228,014
NABIL Equity Fund						
563,251 Units of Rs. 10 Each	5,632,510	5,255,132	5,632,510	5,553,655	5,255,132	5,553,655
Neco Insurance Co. Ltd.						
3,820 Shares of Rs. 100 Each	165,663	1,890,900	165,663	2,132,118	1,890,900	2,132,118
Nepal Life Insurance Com. (NLIC)						
3,089 Shares of Rs. 100 Each	2,480,925	2,783,189	2,480,925	3,243,450	2,783,189	3,243,450
NIBL Pragati Fund						
1,027,407 Units of Rs. 10 Each	10,274,070	7,643,908	10,274,070	9,246,663	7,643,908	9,246,663
NLG Insurance Company Ltd. (Promoter)						
5,990 Shares of Rs. 100 Each	182,600	1,054,240	182,600	599,000	1,054,240	599,000
Rural Microfinance Development Centre Ltd						
13 Shares of Rs. 100 Each	-	-	1,642	8,489	-	8,489

Contd... Information relating to Investment in Equities

PARTICULARS	GROUP			BANK		
	COST	2075-76 FAIR VALUE	COST	2074-75 FAIR VALUE	2075-76 FAIR VALUE	2074-75 FAIR VALUE
14 Shares of Rs. 100 Each	1,642	9,254	-	-	9,254	-
Taragoan Hotel Ltd.						
570 Shares of Rs. 100 Each	58,768	180,120	58,768	156,180	180,120	156,180
United Insurane Co. Ltd.						
1,680 Shares of Rs. 100 Each	158,600	2,634,240	158,600	1,604,400	2,634,240	1,604,400
Soaltee Hotel Limited						
1,546 Shares of Rs. 10 Each	-	384,544	-	375,678	384,544	375,678
NABIL Equity Fund						
3,000,000 Units of Rs. 10 Each	30,000,000	30,000,000	-	-	30,000,000	-
Premier Insurance Company						
272 Shares of Rs. 100 Each	-	133,280	-	306,000	-	306,000
Laxmi Equity Fund						
5,849,587 Units of Rs. 10 Each	58,495,870	44,632,349	58,495,870	47,381,655	44,632,349	47,381,655
Himalayan General Insurance						
459 Shares of Rs. 10 Each	-	-	-	206,550	-	206,550
518 Shares of Rs. 10 Each	-	181,300	-	-	181,300	-
Shree Ram Sugar Mill						
500 Shares of Rs. 100 Each	50,000	108,500	50,000	62,000	108,500	62,000
INVESTMENT IN UNQUOTED EQUITY						
Nepal Clearing House Limited						
29,515 Ordinary Shares of Rs. 100 Each	2,951,500	2,951,500	2,951,500	2,951,500	2,951,500	2,951,500
National Banking Institute						
12,000 Ordinary Shares of Rs. 100 Each	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
12,000 Ordinary Shares of Rs. 100 Each						

Contd...Information relating to Investment in Equities

PARTICULARS	GROUP				BANK			
	2075-76		2074-75		2075-76		2074-75	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
Nepal Electronic Payment System								
150,000 Ordinary Shares of Rs. 100 Each	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Gorakhali Tyres Pvt. Limited.								
880 Ordinary Shares of Rs. 100 Each	106,234	-	106,234	-	106,234	-	106,234	-
Nepal Stock Exchange Limited.								
100 Ordinary Shares of Rs. 100 Each	-	-	10,000	10,000	-	-	10,000	10,000
1,432 Ordinary Shares of Rs. 100 Each	10,000	10,000	-	-	10,000	10,000	-	-
CICL								
5,716 Shares of Rs. 100 Each	-	-	229,500	229,500	-	-	229,500	229,500
22,440 Shares of Rs. 100 Each	229,500	229,500	-	-	229,500	229,500	-	-
Birat Shoe Ltd.								
11,350 Shares of Rs. 100 Each	1,142,820	-	1,142,820	-	1,142,820	-	1,142,820	-
Butwal Spinning Mill								
20 Shares of Rs. 100 Each	3,200	-	3,200	-	3,200	-	3,200	-
Jyoti Spinning Mill								
386 Shares of Rs. 100 Each	57,409	-	57,409	-	57,409	-	57,409	-
Necon Air Limited.								
828 Shares of Rs. 100 Each	179,842	-	179,842	-	179,842	-	179,842	-
Subarna Pharmaceuticals Limited.								
5,000 Shares of Rs. 100 Each	500,000	-	500,000	-	500,000	-	500,000	-
Citizens Mutual Fund - 2								
500,000 Shares of Rs. 10 Each	5,000,000	5,000,000	-	-	5,000,000	5,000,000	-	-

Contd...Information relating to Investment in Equities

PARTICULARS	GROUP				BANK			
	2075-76		2074-75		2075-76		2074-75	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
Suva Bihani Microfinance								
15,750 Shares of Rs. 100 Each	-	-	1,575,000	1,575,000	-	-	1,575,000	1,575,000
Total Investment	269,545,201	653,513,338	221,484,900	580,775,480	653,513,338	221,484,900	580,775,480	580,775,480
Net Carrying Amount	269,545,200	653,513,338	221,484,900	580,775,480	653,513,338	221,484,900	580,775,480	580,775,480

All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and assets at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial assets at fair value through profit or loss are dealt with the Statement of Profit or Loss.

At the inception, Bank determines the classification of its financial assets. Accordingly financial assets are classified as:

- a) Financial assets at fair value through profit or loss
- i. Financial assets held for trading

ii. Financial assets designated at fair value through profit or loss
- b) Financial assets at amortized cost

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Financial instruments issued by Bank that are not classified as fair value through profit or loss are classified as financial assets at amortized cost, where the substance of the contractual arrangement results in Bank having an obligation either to deliver cash or another financial asset to another Bank, or to exchange financial assets or financial assets with another Bank under conditions that are potentially unfavorable to the Bank or settling the obligation by delivering variable number of Bank's own equity instruments.

After initial recognition, such financial assets are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the assets are derecognized.

CURRENT TAX ASSETS

4.9

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Current Tax Assets	3,071,068,788	2,170,191,291	3,046,984,248	2,164,583,395
Current year Income Tax Assets	3,071,068,788	2,170,191,291	3,046,984,248	2,164,583,395
Tax Assets of Prior Periods	-	-	-	-
Current Tax Liabilities	2,983,859,042	2,122,504,443	2,962,041,365	2,121,498,136
Current year Income Tax Liabilities	2,983,859,042	2,122,504,443	2,962,041,365	2,121,498,136
Tax Liabilities of Prior Periods				
Total	87,209,746	47,686,848	84,942,883	43,085,259

INVESTMENT IN SUBSIDIARIES

4.10

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Investment in Quoted Subsidiaries			-	-
Investment in Unquoted Subsidiaries	-	-	157,142,000	157,142,000
Total Investment	-	-	157,142,000	157,142,000
Less: Impairment Allowances	-	-	-	-
Net Carrying Amount	-	-	157,142,000	157,142,000

Fair value of investment in subsidiary is taken at cost.

INVESTMENT IN QUOTED SUBSIDIARIES

4.10.1

PARTICULARS	2075/76		2074/75	
	COST	FAIR VALUE	COST	FAIR VALUE
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

INVESTMENT IN UNQUOTED SUBSIDIARIES

4.10.2

PARTICULARS	2075/76		2074/75	
	COST	FAIR VALUE	COST	FAIR VALUE
Sunrise Capital Limited				
1,571,420 Shares of Rs. 100 Each	157,142,000	157,142,000	157,142,000	157,142,000
Total	157,142,000	157,142,000	157,142,000	157,142,000

INFORMATION RELATING
TOSUBSIDIARIES OF THE BANK

4.10.3

	BANK	
	PERCENTAGE OF OWNERSHIP HELD BY BANK	
	2075/76	2074/75
Sunrise Capital Limited	78.57%	78.57%
Total	78.57%	78.57%

NON CONTROLLING INTEREST OF THE
SUBSIDIARIES

4.10.4

	GROUP
	2075/76
Percentage of Ownership held by Bank	78.57%
Equity Interest held by NCI (%)	21.43%
Profit (Loss) allocated during the year	12,133,597
Accumulated Balances of NCI as on Asar End	57,582,429
Dividend Paid to NCI	
	2074/75
Equity Interest held by NCI (%)	21.43%
Profit (Loss) allocated during the year	3,999,282
Accumulated Balances of NCI as on Asar End	54,690,343
Dividend Paid to NCI	

INVESTMENT IN ASSOCIATES

4.11

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Investment in Quoted Associates	-	-	-	-
Investment in Unquoted Associates	-	-	-	-
Total Investment	-	-	-	-
Less: Impairment Allowances	-	-		
Net Carrying Amount	-	-	-	-

INVESTMENT IN QUOTED ASSOCIATES

4.11.1

PARTICULARS	GROUP				BANK			
	2075/76		2074/75		2075/76		2074/75	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
	-	-		-	-	-	-	-
Total	-	-	-	-	-	-	-	-

INVESTMENT IN UNQUOTED ASSOCIATES

4.11.2

PARTICULARS	GROUP				BANK			
	2075/76		2074/75		2075/76		2074/75	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
Not Applicable								
	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

INFORMATION RELATING TO ASSOCIATES OF THE BANK

4.11.3

	GROUP		BANK	
	PERCENTAGE OF OWNERSHIP HELD BY BANK		PERCENTAGE OF OWNERSHIP HELD BY BANK	
	2075/76	2074/75	2075/76	2074/75
Not Applicable				

EQUITY VALUE OF ASSOCIATES

4.11.4

	GROUP	
	PERCENTAGE OF OWNERSHIP HELD BY BANK	
	CURRENT YEAR	PREVIOUS YEAR
Not Applicable		

INVESTMENT PROPERTIES

4.12

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Investment Properties measured at Fair Value				
Balance as on Shrwawan 01	-	-		
Addition/(Disposal) during the year	-	-		
Net Changes in fair value during the year	-	-	-	-
Adjustment/Transfer	-	-	-	
Net Amount	-	-	-	-
Investment Properties measured at Cost				
Balance as on Shrwawan 01	119,254,047	161,448,497	119,254,047	161,448,497
Addition/(Disposal) during the year	278,925,995	(42,194,449)	278,925,995	(42,194,449)
Adjustment/Transfer	-	-	-	-
Accumulated Depreciation	-	-	-	-
Accumulated Impairment	-	-	-	-
Net Amount	398,180,042	119,254,047	398,180,042	119,254,047
Total	398,180,042	119,254,047	398,180,042	119,254,047

PROPERTY AND EQUIPMENT

4.12

PARTICULARS	GROUP								TOTAL ASAR END 2076	TOTAL ASAR END 2075
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURES	MACHINERY	EQUIPMENT & OTHERS		
Cost										
As on Shrawan 2074	90,283,399	26,878,762	232,279,923	102,393,635	163,467,852	120,917,513	187,894,167	38,508,943		
Addition during the year	29,640,000	4,160,000	72,273,449	33,227,671	55,913,017	37,213,450	49,714,949	2,980,478		
Acquisition										
Capitalization	29,640,000	4,160,000	72,273,449	33,227,671	55,913,017	37,213,450	49,714,949	2,980,478		
Disposal during the year				(24,598,799)	(23,962,380)	(5,869,728)	(6,808,795)	(1,750,111)		
Adjustment/Revaluation			68,111							
Balance as on Asar end 2075	119,923,399	31,038,762	304,621,483	111,022,507	195,418,489	152,261,235	230,800,321	39,739,310		1,184,825,506
Addition during the Year	-	-	85,902,000	49,751,149	84,922,550	33,607,292	24,804,662	41,303,830	320,291,484	
Acquisition	-	-	85,902,000	49,751,149	84,922,550	33,607,292	24,804,662	41,303,830	320,291,484	
Capitalization										
Disposal during the year	-	(26,739)	(7,185,145)	(1,643,826)	(19,662,260)	(3,362,564)	(1,085,475)	(6,037,982)		
Adjustment/Revaluation	-	-	(150,914)	3,371,702	-	(6,386,869)	(116,708,832)	119,741,099		
Balance as on Asar end 2076	119,923,399	31,012,023	383,187,424	162,501,532	260,678,779	176,119,094	137,810,676	194,746,257	1,465,979,184	
Depreciation and Impairment										
As on Shrawan 01. 2074	-	1,165,673	131,146,050	52,409,751	47,422,402	56,397,431	113,115,737	22,646,726		
Depreciation charge for the year	-	1,354,988	10,723,746	612,749	19,959,873	141,861	37,828,107	2,507,677		
Impairment for the year	-									
Disposals	-				(12,431,236)		(32,691,706)	(1,024,127)		
Adjustment	-									
As on Asar end 2075	-	2,520,661	141,869,796	53,022,500	54,951,040	56,539,292	118,252,138	24,130,275		451,285,703
Depreciation charge for the year		1,425,305	38,685,603	18,051,704	25,968,257	13,215,237	8,658,972	14,959,734	120,964,813	
Impairment for the year									-	
Disposals		(3,214)	(7,185,145)	(1,319,530)	(11,708,183)	(2,533,835)	(768,888)	(4,649,758)	(28,168,554)	
Adjustment		-	(68,110)	3,854,665	-	5,810,727	(59,926,110)	50,260,642	(68,187)	
As on Asar end 2076	-	3,942,753	173,302,144	73,609,339	69,211,114	73,031,420	66,216,113	84,700,893	544,013,774	
Capital Work in Progress										
Net Book Value	119,923,399	28,518,101	162,751,687	57,770,444	138,888,820	94,945,565	112,548,182	14,901,634	730,247,831	
As on Asar end 2074	90,283,399	25,713,088	101,133,873	49,983,884	116,045,450	64,520,082	74,778,430	15,862,217	538,320,422	
As on Asar end 2075	119,923,399	28,518,101	162,751,687	58,000,007	140,467,450	95,721,943	112,548,182	15,609,034	733,539,802	733,539,802
As on Asar end 2076	119,923,399	27,069,271	209,885,280	88,892,193	191,467,666	103,087,674	71,594,563	110,045,364	921,965,410	

Contd... Property and Equipment

PARTICULARS	BANK								TOTAL ASAR END 2076	TOTAL ASAR END 2075
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURES	MACHINERY	EQUIPMENT & OTHERS		
Cost										
As on Shrawan 2074	90,283,399	26,878,762	232,279,923	98,871,943	160,708,552	119,772,707	187,894,167	36,828,043		
Addition during the year										
Acquisition										
Capitalization	29,640,000	4,160,000	72,273,449	32,790,731	55,913,017	37,086,777	49,714,949	2,796,388		
Disposal during the year				(24,598,799)	(23,962,380)	(5,869,728)	(6,808,795)	(1,750,111)		
Adjustment/Revaluation			68,111							
Balance as on Asar end 2075	119,923,399	31,038,762	304,621,483	107,063,875	192,659,190	150,989,756	230,800,320	37,874,320		1,174,971,104
Addition during the Year	-	-	85,902,000	49,350,976	84,724,150	33,312,827	24,804,662	41,021,430	319,116,045	
Acquisition	-	-	85,902,000	49,350,976	84,724,150	33,312,827	24,804,662	41,021,430		
Capitalization									-	
Disposal during the year	-	(26,739)	(7,185,145)	(1,643,826)	(19,662,260)	(3,362,564)	(1,085,475)	(6,037,982)	(39,003,991)	
Adjustment/Revaluation	-		(150,914)	3,371,702	-	(6,386,869)	(116,708,832)	119,741,099	(133,814)	
Balance as on Asar end 2076	119,923,399	31,012,023	383,187,423	158,142,727	257,721,079	174,553,150	137,810,676	192,598,867	1,135,833,299	
Depreciation and Impairment										
As on Shrawan 01. 2074	-	1,165,673	131,146,050	49,293,431	46,686,967	56,044,191	113,115,737	21,676,567		
Depreciation charge for the year	-	1,354,988	10,791,857	11,882,168	19,514,638	10,124,807	15,753,021	2,320,247		
Impairment for the year	-									
Disposals	-			(23,379,343)	(12,431,236)	(4,514,893)	(4,797,470)	(1,024,127)		
Adjustment	-									
As on Asar end 2075	-	2,520,661	141,937,907	37,796,256	53,770,370	61,654,105	124,071,288	22,972,686		444,723,273
Depreciation charge for the year	-	1,425,305	38,685,603	17,573,852	25,489,956	13,050,020	8,658,972	14,740,098	119,623,806	
Impairment for the year									-	
Disposals	-	(3,214)	(7,185,145)	(1,319,530)	(11,708,183)	(2,533,835)	(768,888)	(4,649,758)	(28,168,554)	
Adjustment	-		(68,110)	3,854,665		5,810,727	(59,926,110)	50,260,642	(68,187)	
As on Asar end 2076	-	3,942,753	173,370,255	57,905,242	67,552,142	77,981,016	72,035,262	83,323,667	536,110,337	
Capital Work in Progress										
Net Book Value	119,923,399	27,069,271	209,817,168	100,237,485	190,168,938	96,572,134	65,775,414	109,275,200	918,839,007	
As on Asar end 2074	60,008,399	20,766,819	98,346,220	26,068,543	102,973,637	51,738,127	58,127,781	17,503,689	435,533,216	
As on Asar end 2075	119,923,399	28,518,101	162,683,575	69,267,619	138,888,820	89,335,651	106,729,032	14,901,634	730,247,831	730,247,831
As on Asar end 2076	119,923,399	27,069,271	209,817,168	100,237,485	190,168,938	96,572,134	65,775,414	109,275,200	918,839,007	

GOODWILL AND INTANGIBLE ASSETS

4.14

PARTICULARS	GROUP				
	SOFTWARE			OTHER	TOTAL ASAR END
	GOODWILL	PURCHASED	DEVELOPED		
Cost					
As on Shrawan 01 2074	-	70,829,184	-	-	70,829,184
Addition during the year	-	33,618,638	-	-	33,618,638
Acquisition	-		-	-	
Capitalization	-	33,618,638	-	-	33,618,638
Disposal during the year	-	(7,820,534)	-	-	(7,820,534)
Adjustment/Revaluation	-		-	-	-
Balance as on Asar end 2075	-	96,627,289	-	-	96,627,289
					-
Addition during the Year	-	-	-	-	-
Acquisition	-	13,859,915	-	-	13,859,915
Capitalization	-		-	-	-
Disposal during the year	-		-	-	-
Adjustment/Revaluation	-		-	-	-
Balance as on Asar end 2076		110,487,204	-	-	110,487,204
Amortisation and Impairment					
As on Shrawan 01. 2074	-	12,295,214	-	-	12,295,214
Amortisation charge for the year	-	16,769,878	-	-	16,769,878
Impairment for the year	-	(9,214,786)	-	-	(9,214,786)
Disposals	-		-	-	-
Adjustment	-		-	-	
As on Asar end 2075		19,850,305	-	-	19,850,305
Impairment for the year	-		-	-	-
Amortisation charge for the year	-	21,875,273	-	-	21,875,273
Disposals	-		-	-	-
Adjustment	-		-	-	-
As on Asar end 2076	-	41,725,578	-	-	41,725,578
Capital Work in Progress					
Net Book Value		68,761,626			68,761,626
As on Asar end 2074	-	58,533,970	-		58,533,970
As on Asar end 2075	-	76,776,984	-		76,776,984
As on Asar end 2076	-	68,761,626	-		68,761,626

Contd...Goodwill and Intangible Assets

PARTICULARS	BANK				
	GOODWILL	SOFTWARE		OTHER	TOTAL ASAR END
		PURCHASED	DEVELOPED		
Cost					
As on Shrawan 01 2074	-	70,704,884	-	-	70,704,884
Addition during the year	-		-	-	-
Acquisition	-		-	-	-
Capitalization	-	33,166,638	-	-	33,166,638
Disposal during the year	-	(7,820,534)	-	-	(7,820,534)
Adjustment/Revaluation	-		-	-	-
Balance as on Asar end 2075	-	96,050,989	-	-	96,050,989
					-
Addition during the Year	-	13,859,915	-	-	13,859,915
Acquisition	-	13,859,915	-	-	13,859,915
Capitalization	-		-	-	-
Disposal during the year	-		-	-	-
Adjustment/Revaluation	-		-	-	-
Balance as on Asar end 2076		109,910,904	-	-	109,910,904
Amortisation and Impairment					
As on Shrawan 01. 2074	-	12,170,914	-	-	12,170,914
Amortisation charge for the year	-	16,679,478	-	-	16,679,478
Impairment for the year	-		-	-	-
Disposals	-	(9,214,786)	-	-	(9,214,786)
Adjustment	-		-	-	-
As on Asar end 2075		19,635,605	-	-	19,635,605
Impairment for the year	-		-	-	-
Amortisation charge for the year	-	21,784,873	-	-	21,784,873
Disposals	-		-	-	-
Adjustment	-		-	-	-
As on Asar end 2076	-	41,420,478	-	-	41,420,478
Capital Work in Progress					
Net Book Value		68,490,426			68,490,426
As on Asar end 2074	-	58,533,970	-		58,533,970
As on Asar end 2075	-	76,415,384	-		76,415,384
As on Asar end 2076	-	68,490,426	-		68,490,426

DEFERRED TAX

4.14

PARTICULARS	GROUP			PREVIOUS YEAR		PREVIOUS YEAR	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	NET DEFERRED	DEFERRED	
					TAX ASSETS / (LIABILITIES)	TAX ASSETS / (LIABILITIES)	
Deferred tax on temporary differences on following items							
Loans and Advances to BFIs	-	-	-	-	-	-	-
Loans and Advances to Customers	-	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-	-
Investment Securities	106,452	(1,649,747)	(1,543,295)	-	-	-	-
Property and Equipment	99,232	(26,044,167)	(25,944,935)	-	(26,044,167)	(26,044,167)	
Employees' Defined Benefit Plan	75,725,332	-	75,725,332	75,555,602	-	75,555,602	
Lease Liabilities	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-
Other Temporary Differences	390,233	-	390,233	390,233	-	390,233	
Deferred tax on temporary differences	76,321,249	(27,693,914)	48,627,336	75,945,835	(26,044,167)	49,901,668	
Deferred tax on carry forward of unused tax losses	3,245,327		3,245,327	3,245,327	-	3,245,327	
Deferred tax due to changes in tax rate			-	-	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of 2074/75							
Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2074			(28,300,421)			53,146,995	
Origination/(Reversal) during the year			80,173,084			(25,736,338)	
Deferred Tax (expense)/income recognized in profit or loss			141,994,807			78,883,332	
Deferred Tax (expense)/income recognized in OCI			(61,821,723)			140,705,055	
Deferred Tax (expense)/income recognized directly in equity						(61,821,723)	

Contd...Deferred Tax

PARTICULARS	GROUP		CURRENT YEAR		BANK	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS / (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS / (LIABILITIES)
Deferred tax on temporary differences on following items						
Loans and Advances to BFIs	-	-	-	-	-	-
Loans and Advances to Customers	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-
Investment Securities	-	(4,105,919)	(4,105,919)	-	-	-
Property and Equipment	-	(90,159,782)	(90,159,782)	-	(90,397,287)	(90,397,287)
Employees' Defined Benefit Plan	86,472,049		86,472,049	85,087,845	-	85,087,845
Lease Liabilities	4,356,525		4,356,525	4,356,525	-	4,356,525
Provisions			-	-	-	-
Other Temporary Differences	1,199,557		1,199,557	1,199,557		1,199,557
Deferred tax on temporary differences	92,028,131	(94,265,701)	(2,237,569)	90,643,927	(90,397,287)	246,640
Deferred tax on carry forward of unused tax losses	2,596,261		2,596,261	2,596,261	-	2,596,261
Deferred tax due to changes in tax rate			-	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of 2075/76						
Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2075			358,692	51,872,662		2,842,902
Origination/(Reversal) during the year				(51,513,970)		53,146,995
Deferred Tax (expense)/income recognized in profit or loss				(38,960,654)		(50,304,093)
Deferred Tax (expense)/income recognized in OCI				(12,553,316)		(37,750,777)
Deferred Tax (expense)/income recognized directly in equity				-		(12,553,316)

OTHER ASSETS

4.16

The other assets that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Assets held for Sale	-	-	-	-
Other Non-Banking Assets	-	-	-	-
Bills Receivable	-	-	-	-
Accounts Receivable	67,642,014	96,139,935	40,011,754	94,933,780
Accrued Income	-	-	-	-
Prepayments and Deposits	80,990,343	44,030,764	80,990,343	43,510,209
Income Tax Deposit	15,004,270	15,004,270	15,004,270	15,004,270
Deferred Employee Expenditure	133,761,129	121,734,652	133,761,129	121,734,652
Other Assets	(13,408,539)	51,965,705	113,777,261	50,145,387
Total	283,989,217	328,875,326	383,544,757	325,328,297

DUE TO BANKS AND FINANCIAL INSTITUTIONS

4.17

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Money Market Deposits	-	-	-	-
Interbank Borrowing	500,020,551	-	500,020,551	-
Other Deposits from BFIs	3,309,314,660	2,126,890,375	3,309,314,660	2,126,890,375
Settlement and Clearing Accounts	-	-	-	-
Other Deposits from BFIs.	-	-	-	-
Total	3,809,335,211	2,126,890,375	3,809,335,211	2,126,890,375

DUE TO NEPAL RASTRA BANK

4.18

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Refinance from NRB	829,479,404	523,732,510	829,479,404	523,732,510
Standing Liquidity Facility	-	-	-	-
Lender of Last Resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other Payable to NRB	10,329,235	2,834,869	10,329,235	2,834,869
Total	839,808,639	526,567,379	839,808,639	526,567,379

DERIVATIVE FINANCIAL INSTRUMENTS

4.19

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Held for Trading				
Interest Rate Swap			-	-
Currency Swap			-	-
Forward Exchange Contracts			-	-
Others			-	-
Held for Risk Management				
Interest Rate Swap			-	-
Currency Swap			-	-
Forward Exchange Contracts.	-	23,324,347	-	23,324,347
Others			-	-
Total	-	23,324,347	-	23,324,347

DEPOSITS FROM CUSTOMERS

4.20

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Institutional Customers:				
Term Deposits.	22,401,392,489	24,903,251,412	22,431,392,489	25,008,251,412
Call Deposits	5,241,086,149	3,578,948,054	5,430,852,860	3,646,860,293
Current Deposits.	3,886,932,293	3,175,622,327	3,886,932,293	3,175,622,327
Others.	1,095,183,948	1,112,269,041	1,095,183,948	1,112,269,041
Individual Customers:				
Term Deposits	18,711,868,994	14,042,160,657	18,711,868,994	14,042,160,657
Saving Deposits	23,308,329,398	19,786,710,542	23,308,329,398	19,786,710,542
Current Deposits	401,681,651	439,721,189	401,681,651	439,721,189
Others	165,909,237	154,532,054	165,909,237	154,532,054
Total	75,212,384,159	67,193,215,276	75,432,150,870	67,366,127,515

CURRENCY WISE ANALYSIS OF DEPOSIT FROM CUSTOMERS

4.20.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Nepalese Rupee	74,960,999,038	65,871,201,488	75,180,765,749	66,044,113,727
Indian Rupee	-	-		
United States Dollar	245,891,186	1,302,418,263	245,891,186	1,302,418,263
Great Britain Pound	2,646,495	13,000,576	2,646,495	13,000,576
Euro	2,847,440	6,594,949	2,847,440	6,594,949
Japanese Yen	-			
Chinese Yuan	-	-		
Other	-	-		
Total	75,212,384,159	67,193,215,276	75,432,150,870	67,366,127,515

BORROWINGS

4.21

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Domestic Borrowings				
Nepal Government	-	-	-	-
Other Institutions.	-	-	-	-
Other	-	-	-	-
Sub Total			-	-
Foreign Borrowings				
Foreign Banks and Financial Institutions	-	-	-	-
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub Total			-	-
Total	-	-	-	-

PROVISIONS

4.22

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Provisions for Redundancy			-	-
Provisions for Restructuring	-	-	-	-
Pending Legal Issues and Tax Litigation	-	-	-	-
Onerous Contracts	-	-	-	-
Other	-	-	-	
Total	-	-	-	-

MOVEMENT IN PROVISION

4.22.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Balance at Shrawan 01				
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of Discount	-	-	-	-
Balance at Asar end			-	-

OTHER LIABILITIES

4.23

Non Financial liabilities are recorded and reported at cost based on legal and constructive obligation to the bank. Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events, it is more likely that not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Liabilities for employees defined benefit obligations	201,507,555	168,675,501	196,893,541	167,044,821
Liabilities for long service leave	86,732,608	77,289,026	86,732,608	77,289,026
Short term employee benefits	-	-	-	-
Bills payable	16,801,254	23,715,576	16,801,254	23,715,576
Creditors and accruals	65,849,082	16,779,354	44,642,695	-
Interest payable on deposits	1,097,061	-	1,097,061	-
Interest payable on borrowing	17,534,247	-	17,534,247	-
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	256,034,978	104,189,435	49,936,610	44,195,398
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	286,397,493	197,482,343	278,432,506	195,126,988
Other Liabilities	531,246,551	765,319,446	571,120,226	678,290,660
Total	1,463,200,829	1,353,450,681	1,263,190,748	1,185,662,469

DEFINED BENEFIT OBLIGATION

4.23.1

The amounts recognised in the statements of financials positions are as follows :

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Present value of unfunded obligations	-	244,333,847		244,333,847
Present value of funded obligations	-	-	-	-
Total present value of obligations	-	244,333,847	-	244,333,847
Fair value of plan assets	-	-	-	-
Present value of net obligations	-	244,333,847	-	244,333,847
Recognised liability for defined benefit obligations	-	-	-	-

PLAN ASSETS

Plan assets comprise

4.23.2

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Actual return on plan assets

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

4.23.3

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Defined benefit obligations at Sawan 1	244,333,847	172,197,085	244,333,847	172,197,085
Actuarial losses	(24,788,754)	17,820,180	(24,788,754)	17,820,180
Benefits paid by the plan	(7,593,646)	(6,672,902)	(7,593,646)	(6,672,902)
Current service costs and interest	71,674,702	60,989,484	71,674,702	60,989,484
Defined benefit obligations at Asar end	283,626,149	244,333,847	283,626,149	244,333,847

MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

4.23.4

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Fair value of plan assets at Sawan 1	-	-	-	-
Contributions paid into the plan	-	-	-	-
Benefits paid during the year	-	-	-	-
Actuarial (losses) gains	-	-	-	-
Expected return on plan assets	-	-	-	-
Fair value of plan assets at Asar end	-	-	-	-

AMOUNT RECOGNISED IN PROFIT OR LOSS

4.23.5

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Current service costs	43,015,184	53,362,141	43,015,184	53,362,141
Interest on obligation	21,037,592	13,401,539	21,037,592	13,401,539
Expected return on plan assets	-	-	-	-
Total	64,052,776	66,763,680	64,052,776	66,763,680

AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME

4.23.6

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Acturial (gain)/loss	(17,166,828)	12,045,984	(17,166,828)	12,045,984
Total	(17,166,828)	12,045,984	(17,166,828)	12,045,984

ACTUARIAL ASSUMPTIONS

4.23.7

PARTICULARS	BANK	
	2075/76	2074/75
Discount rate	9%	8%
Expected return on plan asset	-	-
Future salary increase	10%	10%
Withdrawal rate	13%	12%

DEBT SECUTITIES ISSUED

4.24

	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	996,107,775	-	996,107,775	-
Total	996,107,775	-	996,107,775	-

The Bank has one outstanding debt issued ‘10% Sunrise Debenture 2080’ of total face value of NPR 1 Billion with maturity period of 5 years as per the approval received from NRB and Securities Board of Nepal

SUBORDINATED LIABILITIES

4.25

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

SHARE CAPITAL

4.26

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own number of instrumens. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Dividends on ordinary shares and preference shares classified as equity are recognised in equity in the period in which they are declared.

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Ordinary shares	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851

ORDINARY SHARES

4.26.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Authorized Capital				
100,000,000 Ordinary share of Rs. 100 each	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued capital				
81,525,558 Ordinary share of Rs. 100 each (2074/75)	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851
81,525,558 Ordinary share of Rs. 100 each (2075/76)				
Subscribed and Paid up Capital				
81,525,558 Ordinary share of Rs. 100 each (2074/75)	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851
81,525,558 Ordinary share of Rs. 100 each (2075/76)				
Total	8,152,555,851	8,152,555,851	8,152,555,851	8,152,555,851

ORDINARY SHARE OWNERSHIP

4.26.2

PARTICULARS	2075/76		2074/75	
	PERCENT	AMOUNT	PERCENT	AMOUNT
Domestic ownership				
Nepal Government				
“A” class licensed institutions				
Other licensed intitutions				
Other Institutions				
Public	48.90%	3,986,599,811	48.90%	3,986,599,811
Other	51.10%	4,165,956,040	51.10%	4,165,956,040
Foreign ownership				
Total	100%	8,152,555,851	100%	8,152,555,851

RESERVES

4.27

The reserve include regulatory and free reserve.

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Statutory general reserve	1,794,140,665	1,452,920,248	1,794,140,665	1,452,920,248
Exchange equilisation reserve	27,833,755	27,141,769	27,833,755	27,141,769
Corporate social responsibility reserve	22,578,054	20,211,911	22,578,054	20,211,911
Capital redemption reserve	-	-	-	-
Regulatory reserve	649,163,922	526,481,883	649,163,922	526,481,883
Investment adjustment reserve	10,000	16,585,000	10,000	16,585,000
Capital reserve	7,649,249	7,649,249	-	
Assets revaluation reserve	-	-	-	-
Fair value reserve	296,981,790	279,707,498	296,981,790	279,707,498
Dividend equalisation reserve	-	-	-	-
Actuarial gain	3,944,360	(8,072,420)	3,944,360	(8,072,420)
Special reserve	-	-	-	-
Other reserve	20,531,944	17,789,989	20,531,943	17,789,990
Total	2,822,833,739	2,340,415,128	2,815,184,489	2,332,765,879

There is a regulatory requirement to set aside 20% of the net profit to the general reserve until the reserve is twice the paid of share capital and thereafter minimum 10% of the net profit. The reserve is the acuumulation of setting aside of the profits over the period. There is a regulatory requirement to set aside 25% of the foreign exchange revaluation gain on the translation fo the foreign currency to the reporting currency. The reserve is the acuumulation of setting aside of the profits over the period. Movement in the reserves are given in detail in the Statement of Changes in Equity.

CONTINGENT LIABILITIES AND COMMITMENTS

4.28

Contingent liabilities: Where the Bank undertake to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the Bank’s transaction banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities. Other contingent liabilites primarily include recocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

Commitments: Where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statment as committments.

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Contingent liabilities	35,034,155,198	24,749,879,404	35,034,155,198	24,749,879,404
Undrawn and undisbursed facilities	2,981,458,419	12,867,453,357	2,981,458,419	12,867,453,357
Capital commitment	29,300,711	8,058,829	29,300,711	8,058,829
Lease Commitment	-	-	-	-
Litigation	12,518,295	12,518,295	12,518,295	12,518,295
Total	38,057,432,623	37,637,909,885	38,057,432,623	37,637,909,885

CONTINGENT LIABILITIES

4.28.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Acceptance and documentary credit	6,487,164,033	4,329,410,484	6,487,164,033	4,329,410,484
Bills for collection	723,034,381	656,511,726	723,034,381	656,511,726
Forward exchange contracts	4,005,331,265	3,020,875,000	4,005,331,265	3,020,875,000
Guarantees	23,818,625,519	16,743,082,194	23,818,625,519	16,743,082,194
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
Total	35,034,155,198	24,749,879,404	35,034,155,198	24,749,879,404

UNDRAWN AND UNDISBURSED FACILITIES

4.28.2

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	2,981,458,419	12,867,453,357	2,981,458,419	12,867,453,357
Undrawn limits of credit cards	-	-	-	-
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
Total	2,981,458,419	12,867,453,357	2,981,458,419	12,867,453,357

CAPITAL COMMITMENTS

4.28.3

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

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Capital commitments in relation to Property and Equipment				
Approved and contracted for	29,300,711	8,058,829	29,300,711	8,058,829
Approved but not contracted for	-	-	-	-
Sub total	29,300,711	8,058,829	29,300,711	8,058,829
Capital commitments in relation to Intangible assets				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	29,300,711	8,058,829	29,300,711	8,058,829

LEASE COMMITMENTS

4.28.4

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Grand total	-	-	-	-

LITIGATION

4.28.5

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Contingent Tax Liabilities	12,518,295	12,518,295	12,518,295	12,518,295

INTEREST INCOME

4.29

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Cash and cash equivalent	-	-	-	-
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	181,119,576	92,075,710	145,892,103	73,554,816
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	8,610,390,070	7,228,983,242	8,610,390,070	7,228,983,242
Investment securities	371,385,656	308,761,792	371,385,656	308,761,792
Loan and advances to staff	78,763,181	36,061,338	78,763,181	36,061,337
Other Interest Income	-	-	-	-
Total interest income	9,241,658,483	7,665,882,082	9,206,431,010	7,647,361,187

Interest income is recognized in accrual basis using the rate that closely approximates the EIR because the bank considers that the cost of exact calculation of effective interest rate (EIR) method exceeds the benefit that would be derived from such compliance.

INTEREST EXPENSES

4.30

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Due to bank and financial institutions	17,829,683	-	17,829,683	-
Due to Nepal Rastra Bank	39,183,777	4,915,420	39,183,777	4,915,420
Deposits from customers	5,524,784,373	4,747,964,440	5,546,921,924	4,766,229,839
Borrowing	-	5,287,854	-	5,287,854
Debt securities issued	17,500,323	-	17,500,323	-
Subordinated liabilities	-	-	-	-
Other Charges	-	-	-	-
Total Interest expense	5,599,298,156	4,758,167,715	5,621,435,707	4,776,433,114

FEES AND COMMISSION INCOME

4.31

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Loan administration fees	218,081,372	-	218,081,372	-
Service fees	-	229,401,022	-	229,401,022
Consortium fees	-	-	-	-
Commitment fees	10,487	-	10,487	-
DD/TT/Swift fees	21,946,313	15,507,843	21,946,313	15,507,843
Credit card/ATM issuance and renewal fees	90,765,527	86,024,731	90,765,527	86,024,731
Prepayment and swap fees	29,105,859	-	29,105,859	-
Investment banking fees	23,027,966	4,176,724	-	-
Asset management fees	788,196	106,535	-	-
Brokerage fees	-	-	-	-
Remittance fees	20,778,362	12,977,783	20,778,362	12,977,783
Commission on letter of credit	62,188,775	44,786,829	62,188,775	44,786,829
Commission on guarantee contracts issued	207,239,778	159,686,349	207,239,778	159,686,349
Commission on share underwriting/issue	1,973,165	4,434,438	-	-
Locker rental	8,386,158	5,210,560	8,386,158	5,210,560
Other fees and commision income	125,773,680	68,577,441	123,780,519	66,318,819
Total Fees and Commission Income	810,065,635	630,890,254	782,283,148	619,913,935

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act is performed.

Service processing fees on loan is recognized as fees and commission income by the bank and the same in recognized by the bank upfront and is not deferred with the tenure of loan. Locker rental income is recognized as fees and commission income and have been recognized by the bank upfront.

FEES AND COMMISSION EXPENSE

4.32

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
ATM management fees	131,827	67,730,922	131,827	67,730,922
VISA/Master card fees	66,311,818	-	66,311,818	-
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees.	5,385,111	-	5,385,111	-
Remittance fees and commission	-	-	-	-
Other fees and commission expense	49,690,570	89,101,602	48,405,969	91,608,476
Total Fees and Commission Expense	121,519,326	156,832,524	120,234,725	159,339,397

Fees and commission expense relates mainly to the transaction and service fees, which are expenses as the services are received.

NET TRADING INCOME

4.33

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Changes in fair value of trading assets	9,575,131	-	-	-
Gain/loss on disposal of trading assets	18,438,020	(4,213,288)	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	264,594,779	197,328,697	264,594,779	197,328,697
Other	-	-	-	-
Net trading income	292,607,930	193,115,410	264,594,779	197,328,697

Gains and losses arising from changes in fair value of financial instruments held at fair value through profit and losses are included in the statement of profit or loss in the period in which they arise. Gains and lossedd arising from changes in the fair value of available for sale financia assets are recognised directly in equity, until the financial assets are derecognised. Dividends on equity instruments are recognised in the statement of profit or loss within other income when the Bank has right to receive payment is established.

OTHER OPERATING INCOME

4.34

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Foreign exchange revauation gain	2,767,942	16,693,283	2,767,942	16,693,283
Gain/loss on sale of investment securities	-	-	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	34,884,602	13,448,885	34,553,982	12,916,090
Gain/loss on sale of property and equipment	1,588,782	(2,662,564)	1,325,512	(2,662,564)
Gain/loss on sale of investment property	12,674,002	-	12,674,002	-
Operating lease income	1,681,800	3,412,433	3,496,800	3,412,434
Gain/loss on sale of gold and silver	-	-	-	-
Other Operating Income	9,447,601	-	9,789,837	-
Total	63,044,729	30,892,037	64,608,075	30,359,242

All other operating income not specifically provided under the income heads above is booked and presented under this head. This include foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, finance income of finance lease etc.

IMPAIRMENT CHARGE/(REVERSAL) FOR LOAN AND OTHER LOSSES

4.35

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Impairment charge/(reversal) on loan and advances to BFIs	1,659,827	(1,178,206)	1,659,827	(1,178,206)
Impairment charge/(reversal) on loan and advances to customers	101,863,933	51,886,169	101,863,933	51,886,169
Impairment charge/(reversal) on financial Investment	-	(2,115,220)	-	(2,115,220)
Impairment charge/(reversal) on placement with BFIs	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	103,523,760	48,592,743	103,523,760	48,592,743

Loans and advances are assessed individually and collectively as per incurred loss model which is then compared with the loss provision prescribed by NRB directive no. 2.Higher of the loss as per incurred loss model and NRB directive is considered for impairment.

Loans and advances above 6 million are considered for incurred loss model impairment which approximately come at 28% of total portfolio.

PERSONNEL EXPENSES

4.36

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Salary	380,082,114	319,432,693	364,042,219	307,869,427
Allowances	309,650,765	255,670,480	309,650,765	255,670,480
Gratuity Expense	49,136,275	46,186,750	49,136,275	46,186,750
Provident Fund	30,087,878	24,946,072	30,087,878	24,946,072
Uniform	10,014,048	2,125,009	9,822,048	1,987,009
Training & development expense	17,381,644	16,218,107	17,381,644	16,218,107
Leave encashment	14,916,501	26,572,207	14,916,501	26,572,207
Medical	-	-	-	-
Insurance	9,132,657	7,554,691	9,132,657	7,554,691
Employees incentive	2,239,368	-	2,239,368	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	53,209,141	26,359,866	53,209,141	26,359,866
Other expenses related to staff	12,220,873	-	12,220,873	-
Subtotal	888,071,264	725,065,875	871,839,369	713,364,609
Employees Bonus	286,397,493	197,482,343	278,432,506	195,126,988
Grand total	1,174,468,757	922,548,218	1,150,271,875	908,491,597

Short term employee benefits are measured on an undiscounted basis and are expenses as the related service is provided. The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Bank by the employees and is recorded as an expense under ‘Personnel expense’ as and when they become due. Unpaid contribution are recorded as a liability under ‘Other Liabilities’.

In compliance with Labor Act, 2017, provision is made in the account year of service, for gratuity payable to employees who joined bank on a permanent basis.

An actuarial valuation is carried out every year to ascertain the full liability under gratuity and leave encashment.Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under ‘Personnel Expenses’ in the period in which they arise.

Employee bonus has been considered at 10% net of profit before tax (after bonus).

OTHER OPERATING EXPENSE

4.37

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Directors’ fee	1,744,000	1,942,000	1,744,000	1,942,000
Directors’ expense	1,646,585	1,095,680	1,646,585	1,095,680
Auditors’ remuneration	1,299,500	1,285,940	1,130,000	1,130,000
Other audit related expense	540,924	324,162	540,924	324,162
Professional and legal expense	9,197,816	12,551,385	8,296,849	12,097,325
Office administration expense	429,024,417	159,281,091	427,725,773	301,332,269
Operating lease expense	130,382,925	87,935,180	130,382,925	86,161,430
Operating expense of investment properties	-	-	-	-

Contd...Other Operating Expenses

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Corporate social responsibility expense	14,694,878	6,318,694	14,694,878	6,318,694
Onerous lease provisions	-	-	-	-
Other Expenses	46,900,373	179,008,668	44,234,933	31,840,100
Total	635,431,418	449,742,800	630,396,867	442,241,660

DEPRECIATION AND AMORTISATION

4.38

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Depreciation on property and equipment	83,173,212	62,427,544	81,832,205	60,949,868
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	59,685,126	51,465,125	59,594,726	51,465,125
Total	142,858,338	113,892,669	141,426,931	112,414,993

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties. Depreciation on leasehold properties is calculated by using the straight line method on cost or valuation of the property. Intagible asset contains software which has been amortised over 5 years

NON OPERATING INCOME

4.39

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Recovery of loan written off	1,175,951	22,400,570	1,175,951	22,400,570
Other income	-	45,801,778	-	45,801,778
Total	1,175,951	68,202,348	1,175,951	68,202,348

NON OPERATING EXPENSES

4.40

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Loan written off	45,910,548	163,834,555	45,910,548	163,834,555
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense.	-	547,473	-	547,473
Total	45,910,548	164,382,028	45,910,548	164,382,028

INCOME TAX EXPENSES

4.41

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Current tax expense	783,857,363	621,264,344	762,039,685	615,003,079
Current year	780,920,649	619,651,854	759,102,972	613,390,590
Adjustments for prior years	2,936,713	1,612,489	2,936,713	1,612,489
Deferred tax expense	(38,960,654)	(141,994,807)	(37,750,777)	(140,705,055)
Origination and reversal of temporary differences	(38,960,654)	(141,994,807)	(37,750,777)	(140,705,055)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	822,818,017	479,269,537	799,790,462	474,298,024

Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income

RECONCILIATION OF TAX EXPENSE AND ACCOUNTING PROFIT

4.41.1

PARTICULARS	GROUP		BANK	
	2075/76	2074/75	2075/76	2074/75
Profit before tax	2,585,542,424	1,974,823,433	2,505,892,550	1,951,269,877
Tax amount at tax rate of 30%	775,662,727	592,447,030	751,767,765	585,380,963
Add: Tax effect of expenses that are not deductible for tax purpose	84,281,904	79,760,973	84,281,904	79,388,097
Less: Tax effect on exempt income	(10,366,195)	(3,874,827)	(10,366,195)	(3,874,827)
Add/less: Tax effect on other items	(68,657,787)	(48,681,322)	(66,580,503)	(47,503,644)
Total income tax expense	780,920,649	619,651,855	759,102,972	613,390,590
Effective tax rate	30.20%	31.38%	30.29%	31.44%

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 31 Ashad 2076 (as per NRB Regulation)

PARTICULARS	BANK	
	31 ASHADH 2076	32 ASHADH 2075
Net profit or (loss) as per statement of profit or loss	1,706,102,088	1,476,971,853
Appropriations:		
a. General reserve	(341,220,418)	(295,394,371)
b. Foreign exchange fluctuation fund	(691,986)	(4,173,321)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(2,366,142)	(14,769,719)
e. Employees' training fund	(2,741,955)	-
f. Other	15,978,346	-
Profit or (loss) before regulatory adjustment	1,375,059,933	1,162,634,442
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	16,427,188	(346,008,422)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(278,925,995)	(119,254,047)
e. Deferred tax assets recognised (-)/ reversal (+)	50,304,093	(53,146,995)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	8,072,420	(8,072,420)
i. Other (+/-)	-	-
Distributable profit or (loss)	1,170,937,639	636,152,559

5. DISCLOSURES AND ADDITIONAL INFORMATION

5.1 RISK MANAGEMENT

Sunrise Bank has specific internal review mechanism to assess its position regarding each separate risk area including Credit Risk, Market Risk and Operational Risk.

5.1.1 Credit Risk

The Bank has its own Credit Policy Guidelines to handle the Credit Risk Management philosophy that involves a continual measurement of probability of default/ loss; identification of possible risks and mitigations. The provisions of Capital Adequacy Framework -2015 are compiled in line to line basis to overcome the Credit Risk. In order to manage and eliminate the credit risk, the Bank has a practice of maintaining the best quality assets in its book. The Bank’s Credit Policy elaborates detailed procedures for proper risk management. The Bank has delegated credit approval limits to various officials to approve and sanction various amount of credit request based on their individual expertise and risk judgment capability.

Regular monitoring of the credit portfolio ensures that the Bank does not run the risk of concentration of portfolio in a particular business sector or a single borrower. Similarly the Bank also exercises controlled investment policy with adequately equipped resource looking after the investment decisions.

To cap these all, the Bank has a strong Credit Committee in place comprising of various Directors from the Board of the Bank which reviews all credit proposals beyond a specified amount

5.1.2 Market Risk

Bank risk management committee has approved the market risk policy of the Bank. As for the monitoring of market and liquidity risk, the Bank has an active Assets and Liability Management Committee (ALCO) in place which meets regularly and takes stock of the Bank’s assets and liability position and profile of assets & liabilities, monitors risks arising from changes in exchange rates in foreign currencies. All foreign exchange positions are managed by treasury consisting of front office dealers with specific dealing limits and an independent back office. The back office executes the deals made by the dealers and also monitors the liquidity position of the Bank. For the purpose of proper check and control, the front dealing room of treasury and the back office has different reporting line.

5.1.3 Liquidity Risk

Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations or to fund

increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity is the ability of an institution to transform its assets into cash or its equivalent in a timely manner at a reasonable price to meet its commitments as they fall due. Liquidity risk is considered a major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. In such a situation banks often meet their liquidity requirements from market. Funding through market depends upon liquidity in the market and borrowing bank’s liquidity.

The board has ensured that the bank has necessary liquidity risk management framework and bank is capable of confronting uneven liquidity scenarios. The bank has formulated liquidity policies, contingency funding planning which are recommended by senior management/ALCO and approved by the Board of Directors. The bank utilizes flow measures to determine its cash position. A maturity ladder analysis estimates a bank’s inflows and outflows and thus net deficit or surplus (GAP) over a time horizon. A maturity ladder is a useful device to compare cash inflows and outflows both on a day-to-day basis and over a series of specified time periods as presented in the NRB Ni.Fa. No.5.1 under NRB Directives No. 5.

5.1.4 Fair value of financial assets and liabilities

Fair value is a market-based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair values are determined according to the following hierarchy:

Level 1 input

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Held for trading and financial instruments designated at fair value through other comprehensive income investments have been recorded using Level 1 inputs.

Level 2 inputs

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

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability.

5.1.5 Operational Risk

As a part of monitoring operational risks, the Bank has devised operational manuals for various Banking functions, which are reviewed and modified time to time as per the changing business context.

The Bank has adopted dual control mechanism in its all operational activities where each and every financial and non financial transaction is subject to approval from an authority higher than the transaction initiator. Regular review meetings are conducted to assess the adequacy of risk monitoring mechanism and required changes are made as and when felt necessary. Independent reconciliation unit is established to conduct daily reconciliation of all Nostro/ agency accounts, Inter-Branch and Inter-Department account under direct supervision of Chief Financial Officer. The Bank has independent internal audit, which reports to the Audit Committee of the Bank. The Audit Committee meets frequently and reviews the business process and financial position of the Bank. In order to have better focus on managing operational risks across branches and to monitor them from Head Office level, the Bank has separate Branch Operation and Control & Compliance Department at Head Office. The Bank has strong MIS in place to monitor the regular operational activities.

5.2 CAPITAL MANAGEMENT

a) Qualitative Disclosures

i. 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.

ii. Sound capital assessment

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 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.

iii Comprehensive assessment of risks

Chief Risk Officer (CRO), along with his team, is responsible for overall risk management of the Bank which includes managing, assessing, identifying, monitoring and reducing pertinent global, macro and micro-economic level business risks that could interfere with Banks objective and goals and whether the Bank is in substantial compliance with its internal operating policies and other applicable regulations and procedures, external, legal, regulatory or contractual requirements on a continuous basis. Further, CRO ensures integration of all major risk in capital assessment process.

iv. Risk Management Committee (RMC)

Board level risk management committee has been set up under NRB Directive for ensuring/reviewing bank’s risk appetite is in line with the policies.

v. 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.

vi. 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 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.

vii. Assets and Liability Committee (ALCO)

The ALCO, chaired by Chief Executive Officer, ensures functioning of the banking business in line with the set procedures and processes and recommends for necessary steps to address the risk associated with liquidity, movement in interest rate, exchange rate and equity price and other risks.

viii. Stress Testing

Stress Testing is a risk management technique used to evaluate the potential effects on an institution's financial condition, of a set of specified changes in risk factors, corresponding to exceptional but plausible events. The Bank conducts the stress test on quarterly basis and reports to senior management as well as to Nepal Rastra Bank.

ix. Maker-Checker Policy

The Bank has adopted Maker-Checker Policy in all of the transactions. Each and every transaction is entered and authorized in CBS by two different individuals for better control and any deviations are closely monitored. The activities of any personnel can be monitored centrally through an integrated system which helps in minimizing the risk of misconduct.

b) Quantitative Disclosures

1. Capital Structure and Capital Adequacy

i. Tier 1 Capital and breakdown of its Components

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Paid up Capital	8,152.56
b	Share Premium / Capital Reserve	127.16
c	Statutory General Reserve	1,797.64
d	Retained Earnings	1,175.24
e	Other Free Reserves	17.79
f	Less: Investment in equity of institutions with financial interests	(298.22)
g	Less: Purchase of land & building in excess of limit and unutilized	(32.61)
Core (Tier-1) Capital		10,936.07

ii. Tier 2 Capital and breakdown of its Components

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Subordinated Term Debt	1000.00
b	General Loan Loss Provision	758.13
c	Exchange Equalization Reserve	27.83
d	Investment Adjustment Reserve	0.01
Supplementary (Tier-2) Capital		1,785.97

iii. Details of Subordinated Term Debts

Bank has subordinated term debts amounting NPR 1 billion which has been allotted on 14 May 2019. The major feature of the debt is as follows:

Nomenclature	Sunrise Debenture 2080
Duration	5 Years
Amount	1,000,000,000
Face Value	Rs. 1,000 per unit
No. of Units	1,000,000
Coupon rate (%)	10.00
Interest Payable	Semi-annually
Redeemable/Irredeemable	Redeemable
Secured/Unsecured	Unsecured
Convertible/Non- Convertible	Non-Convertible

iv. Deductions from Capital

- Investment made in Gurans Life Insurance Company Limited of NPR 141.08 million and investment in Sunrise Capital Limited NPR 157.14 million (Investments in equity of institutions with Financial Interest)
- Rs 32.61 million for land and building not in use by bank that includes land purchased at Bharatpur, Chitwan (Rs 25.75 Million) not brought into use and proportionate WDV of buildings not used by bank and rented out to other parties (Rs 6.86 million)

v. Total Qualifying Capital

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Common Equity Tier 1 Capital	10,936.07
b	Core Capital	10,936.07
c	Supplementary Capital	1,785.97
Total Capital		12,722.04

vi. Capital Adequacy of the Bank

The capital adequacy of the bank (After Bank’s adjustments of Pillar II) has been detailed below:

S. N.	PARTICULARS	%
a	Common Equity Tier 1 Capital to Total Risk Weighted Exposures	11.37
b	Tier 1 Capital to Total Risk Weighted Exposures	11.37
c	Total Capital to Total Risk Weighted Exposures	13.22

vii. 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 Rs 8.15 Billion. The Bank complies with the Capital Increment plan of NRB which has also helped the Bank to be in 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-III.

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

Bank has subordinated term debts amounting NPR 1 billion which has been allotted on 14 May 2019. The major feature of the debt is as follows:

Nomenclature	Sunrise Debenture 2080
Duration	5 Years
Amount	1,000,000,000
Face Value	Rs. 1,000 per unit
No. of Units	1,000,000
Coupon rate (%)	10.00
Interest Payable	Semi-annually
Redeemable/Irredeemable	Redeemable
Secured/Unsecured	Unsecured
Convertible/Non- Convertible	Non-Convertible

2. Risk Exposures

a. 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 make a comprehensive assessment of risks, the process has, at minimum, addressed the forms of risks covered below:

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Risk Weighted Exposure for Credit Risk	88,006
b	Risk Weighted Exposure for Operational Risk	4,277
c	Risk Weighted Exposure for Market Risk	87
RWA Before Pillar 2 adjustment		92,371

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.

b. Credit Risk under 11 Categories

The Credit Risks under the 11 categories as per the Capital Adequacy Framework, 2015 and Basel –III has been detailed below:

S.N.	RISK CLASSIFICATION	NET BOOK VALUE (NPR MILLION)	RWE
a	Claims on Govt. and Central Bank	14,303	-
b	Claims on other Financial Entities	-	-
c	Claims on Banks	5,602	1,360
d	Claims on Corporate and Securities Firm	32,290	32,290
e	Claims on Regulatory Retail Portfolio	20,648	15,486
f	Claims secured by Residential Properties	9,193	5,547
g	Claims secured by Commercial Real State	3,933	3,933
h	Past due Claims	602	903
i	High Risk Claims	1,100	1,650
j	Other Assets	3,606	3,341
k	Off balance sheet items	50,159	23,496
TOTAL		141,436	88,006

c. Total Risk Weighted Exposure Calculation Table

S.N.	RISK WEIGHTED EXPOSURE	AMOUNT (NPR MILLIONS)
a	Risk Weighted Exposure for Credit Risk	88,006
b	Risk Weighted Exposure for Operational Risk	4,277
c	Risk Weighted Exposure for Market Risk	87
Adjustments under Pillar II		
	Add: 1% of the NII to RWA for ALM Policy and Practice	28
	3% additional risk weight for Operational Risk	1,041
	3% adjustment on Total RWE for Overall Risk	2,771
Total Risk Weighted Exposure		96,211

d. Detail of Non-Performing Loans

PARTICULARS	GROSS VALUE	NET VALUE
(IN NPR MILLION)		
Restructured Loans	-	
Sub-Standard Loans	235.16	176.37
Doubtful Loans	174.26	8713
Loss Loans	312.32	-
Total NPA	721.74	263.50

e. Ratio of Non-Performing Loans

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross NPA	1.03%	1.24%
Net NPA	0.37%	0.42%

5.3 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

NAS 39 requires financial assets to be classified in one of the following categories:

- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through other comprehensive income
- Loans and receivables
- Held to maturity investments

Financial assets at fair value through profit or loss have two sub-categories:

- Financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.
- Held for trading

NAS 39 recognizes two classes of financial liabilities:

- Financial liabilities at fair value through profit or loss
- Other financial liabilities measured at amortized cost using the effective interest rate method

The category of financial liability at fair value through profit or loss has two sub-categories:

- Financial liability that is designated by the entity as a liability at fair value through profit or loss upon initial recognition
- Held for trading

The classification of financial assets or liabilities is given in detail in Note 3.4.

5.4 OPERATING SEGMENT INFORMATION

1. General Information

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments. For the purposes of this NFRS, an entity’s post-employment benefit plans are not operating segments.

2. Information about profit or loss, assets and liabilities

Rs. In Million

PARTICULAR	PROV 1	PROV 2	PROV 3	GANDAKI	PROV 5	KARNALI	SUDURPASCHIM	TOTAL
Revenues from external customers	1,808	780	6,191	314	719	27	480	10,319
Intersegment Revenues	(860)	(325)	1,847	(79)	(390)	(1)	(192)	-
Net Revenue	948	455	8,038	235	329	26	288	10,319
Interest Revenue	1,718	716	5,332	298	679	25	439	9,206
Interest Expenses	346	141	4,810	105	122	8	91	5,622
Net Interest Revenue (b)	-	-	-	-	-	-	-	-
Depreciation and Amortization	19	11	91	5	8	2	6	141
Segment Profit (Loss) before tax	265	170	1,843	47	79	(7)	109	2,506
Impairment of Assets	(86)	(30)	66	(10)	(37)	(2)	(4)	(104)
Segment Liabilities	7,166	3,641	64,846	2,041	2,296	290	2,061	82,341
Segment Assets	7,562	4,026	75,779	2,164	2,508	329	2,243	94,611

3. Measurement of operating segment profit or loss, assets and liabilities

The bank has identified the key segments of business on the basis of nature of operations that assists the Executive Committee of the bank in decision making process and to allocate the resources. It will help the management to assess the performance of the business segments. The Segment has been identified on the basis of geographic location of the branches. Investment balances, NRB balance, income from investment, FOREX income are reported in Head office under Province 3. Intra segment revenue and costs are accounted as per the policy of the bank and eliminated in the Head Office

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

(a) Revenue	Amount in NPR
Total revenues for reportable segments	10,319,092,963
Other revenues	
Elimination of intersegment revenues	
Entity's Revenue	10,319,092,963

(b) Profit or Loss	Amount in NPR
Total profit or loss for reportable segments	2,505,892,550
Other profit or loss	
Elimination of intersegment profits	
Unallocated amounts:	
Other Operating expense	
Profit before income tax	2,505,892,550

(c) Assets	Amount in NPR
Total assets for reportable segments	94,610,743,676
Other assets	
Unallocated amounts	
Entity's Assets	94,610,743,676

(d) Liabilities	Amount in NPR
Total liabilities for reportable segments	82,340,593,243
Other liabilities	
Unallocated liabilities	
Entity's Liabilities	82,340,593,243

5. Information about product and services

S.N	REVENUE	10,319,092,963
a	Loans related Services	8,936,340,482
b	Treasury related services	517,277,759
c	Transaction Banking related services	864,298,772
d	Other services	1,175,951

6. Information about geographical areas

Revenue from following geographical areas

(a)	Domestic	10,319,092,963
	Province 1	947,701,633
	Province 2	455,294,740

	Province 3	8,037,838,709
	Province 4	234,912,964
	Province 5	329,457,182
	Province 6	25,905,790
	Province 7	287,981,946
(b)	Foreign	-
	Total	10,319,092,963

7. Information about Major Customer

Revenue from single customer doesn't exceed 10% of total revenue.

5.5 SHARE OPTIONS AND SHARE BASED PAYMENT

A share-based payment is a transaction in which the bank receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. The bank does not have any share option and share based payment.

5.6 CONTINGENT LIABILITIES AND COMMITMENT

5.6.1 Contingent Liabilities:

Where the Bank undertakes to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the Bank's transaction banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

5.6.2 Commitments:

Where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

Please refer Note No. 4.28.1 to 4.28.4 for the detail of contingent liabilities and commitments as at 16 July 2019.

5.6.3 Litigations:

Litigations are anticipated in the context of business operations due to the nature of the transactions involved.

The Bank and the Group are involved in various such legal actions and the controls have been established to deal with such legal claims. There are pending litigations existing as at the end of the reporting period against the Large Taxpayers Office, resulting through normal business operations.

The details of litigations are presented in 4.28.5

5.7 RELATED PARTIES DISCLOSURES

a) Transaction with related party

PARTICULARS	Amount in NPR FY 2075/76
Deposit Maintained by Sunrise Capital	219,766,710
Interest Paid to Sunrise Capital	22,137,551
RTS Fee paid to Sunrise Capital	350,000
Dividend Processing Fee paid to Sunrise Capital	667,145
Electricity Expenses paid by Sunrise Capital	264,036
Water Expenses paid by Sunrise Capital	78,200
House Rent paid by Sunrise Capital	1,815,000

b) Key Managerial Personnel

Key Management Personnel of the Bank include members of the Board, Chief Executive Officer and all managerial level executives. Followings are a list of Board of Directors and CEO bearing office at 16 July 2019.

KEY MANAGEMENT PERSONNEL	RELATION
Mr. Motilal Dugar	Chairman
Er. Bachh Raj Tater	Director
Mr. Malchand Dugar	Director
Er. Shailendra Guragain	Public Director
Ms. Sharada Sharma Pudasaini	Public Director
Mr. Deepak Nepal	Public Director
Mr. Om Krishna Joshi	Independent Director
Mr. Janak Sharma Poudyal	Chief Executive Officer*

* CEO has resumed office from 25 July 2019.

c) Compensation to Board of Directors

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

	Amount in NPR
Board Meeting fees	Rs. 1,744,000
Other benefits	Rs. 1,646,585

5.8 MERGER AND ACQUISITION

The Bank has not entered into any merger or acquisition activity for the fiscal year ended on 16 July 2019.

5.9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Investments in associate entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

5.10 ADDITIONAL DISCLOSURES OF NON-CONSOLIDATED ENTITIES

Not applicable

5.11 EVENTS AFTER REPORTING PERIOD

There are no material events that have occurred subsequent to 16 July 2019 till the signing of this financial statement on 17 September 2019.

The Board has decided to propose 5.80% cash dividend (including tax on cash dividend and bonus shares) and 10% bonus share for the approval by the 12th Annual General Meeting of the Bank.

CAPITAL ADEQUACY TABLE (SUMMARY) *As on 31st Ashad 2076 (16th July 2019)* Schedule -4.30 (A)

S.N.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
		NPR	NPR
a	Common Equity Tier 1 Capital	10,936,069,599	10,265,254,426
b	Tier 1 Capital	10,936,069,599	10,265,254,426
c	Tier 2 Capital	1,785,972,473	659,871,641
d	Total Capital	12,722,042,072	10,925,126,067
e	Risk Weighted Exposures	96,211,086,305	81,628,642,815
Regulatory Ratios			
a	Leverage Ratio (Regulatory Requirement >= 4%)	7.68%	8.54%
b	Common Equity Tier 1 to Risk Weighted Exposure Ratios	11.37%	12.58%
c	Tier 1 to Risk Weighted Exposure Ratios	11.37%	12.58%
d	Total Capital to Risk Weighted Exposure Ratio	13.22%	13.38%

CAPITAL ADEQUACY TABLE *As on 31st Ashad 2076 (16th July 2019)*

1	RISK WEIGHTED EXPOSURE	CURRENT YEAR	PREVIOUS YEAR
		NPR	NPR
a	Risk Weighted Exposure for Credit Risk	88,006,216,091	74,851,539,175
b	Risk Weighted Exposure for Operational Risk	4,277,490,610	3,289,001,420
c	Risk Weighted Exposure for Market Risk	87,415,620	209,649,240
Adjustments under Pillar II			
	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	28,148,388	21,927,229
	3% additional risk weight for Operational Risk	1,040,681,926	906,020,056
	3% adjustment on Total RWE	2,771,133,670	2,350,505,695
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	96,211,086,305	81,628,642,815

1	CAPITAL	CURRENT YEAR	PREVIOUS YEAR
		NPR	NPR
	Tier 1 Capital (Core Capital) (CET 1 + AT1)	10,936,069,599	10,265,254,426
	Common Equity Tier 1 (CET 1)	10,936,069,599	10,265,254,426
a	Paid up Equity Share Capital	8,152,555,851	8,152,555,851
b	Equity Share Premium	127,161,065	127,161,065
c	Proposed Bonus Equity Shares	-	-
d	Statutory General Reserves	1,794,140,665	1,452,920,248
e	Retained Earnings	1,175,249,028	941,855,312
f	Un-audited current year cumulative profit	-	-
g	Capital Redemption Reserve	-	-
h	Capital Adjustment Reserve	-	-
i	Dividend Equalization Reserves	-	-
j	Bargain Purchase Gain	-	-
k	Other Free Reserve	17,789,989	17,789,989
l	Less: Goodwill	-	-
m	Less: Intangible Assets	-	(76,415,384)
n	Less: Deferred Tax Assets	-	(53,146,995)
o	Less: Fictitious Assets	-	-
p	Less: Investment in equity in licensed Financial Institutions	-	-

1	CAPITAL	CURRENT YEAR	PREVIOUS YEAR
		NPR	NPR
q	Less: Investment in equity of institutions with financial interests	(298,217,000)	(264,850,332)
r	Less: Investment in equity of institutions in excess of limits	-	-
s	Less: Investments arising out of underwriting commitments	-	-
t	Less: Reciprocal crossholdings	-	-
u	Less: Purchase of land & building in excess of limit and unutilized	(32,610,000)	(32,615,329)
v	Less: Cash Flow Hedge	-	-
w	Less: Defined Benefit Pension Assets	-	-
x	Less: Unrecognized Defined Benefit Pension Laibilities	-	-
y	Less: Negative Balance of Reserve Accounts	-	-
z	Less: Other Deductions	-	-
Adjustments under Pillar II		-	-
a	Less: Shortfall in Provision (6.4 a 1)	-	-
b	Less: Loans & Facilities extended to Related Parties & Restricted lending (6.4 a 2)	-	-
Additional Tier 1 (AT1)		-	-
a	Perpetual Non Cumulative Preference Share Capital	-	-
b	Perpetual Debt Instruments	-	-
c	Stock Premium	-	-
Supplementary Capital (Tier 2)		1,785,972,473	659,871,641
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	1,000,000,000	-
c	Hybrid Capital Instruments	-	-
d	Stock Premium	-	-
e	General loan loss provision	758,128,719	616,144,872
f	Exchange Equalization Reserve	27,833,755	27,141,769
g	Investment Adjustment Reserve	10,000	16,585,000
h	Assets Revaluation Reserve	-	-
i	Other Reserves	-	-
TOTAL CAPITAL FUND (Tier 1 & Tier 2)		12,722,042,072	10,925,126,067

1	CAPITAL ADEQUACY RATIOS	CURRENT YEAR	PREVIOUS YEAR
	Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	11.37%	12.58%
	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	13.22%	13.38%

RISK WEIGHTED EXPOSURE FOR CREDIT RISK) As on 31st Ashad 2076 (16th July 2019)

A. BALANCE SHEET EXPOSURE	CURRENT YEAR					Schedule -4, 30 (B)	
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)	
Cash Balance	1,891,732,387	-	-	1,891,732,387	0%	-	
Balance With Nepal Rastra Bank	3,241,044,722	-	-	3,241,044,722	0%	-	
Gold		-	-	-	0%	-	
Investment in Nepalese Government Securities	10,967,121,899	-	-	10,967,121,899	0%	-	
All Claims on Government of Nepal	94,525,051	-	-	94,525,051	0%	-	
Investment in Nepal Rastra Bank securities		-	-	-	0%	-	
All claims on Nepal Rastra Bank		-	-	-	0%	-	
Claims on Foreign Government and Central Bank (ECA 0-1)		-	-	-	0%	-	
Claims on Foreign Government and Central Bank (ECA -2)		-	-	-	20%	-	
Claims on Foreign Government and Central Bank(ECA -3)		-	-	-	50%	-	
Claims on Foreign Government and Central Bank(ECA-4-6)		-	-	-	100%	-	
Claims on Foreign Government and Central Bank(ECA-7)		-	-	-	150%	-	
Claims On BIS, IMF, ECB, EC, and on Multilateral Development Banks (MDBs) 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	3,030,628,731	-	-	3,030,628,731	20%	606,125,746	
Claims on domestic banks that do not meet capital adequacy requirements	1,329,544	-	-	1,329,544	100%	1,329,544	
Claims on foreign bank (ECA Rating 0-1)	699,027,785	-	-	699,027,785	20%	139,805,557	
Claims on foreign bank (ECA Rating 2)	794,488,156	-	-	794,488,156	50%	397,244,078	
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	1,076,575,628	-	-	1,076,575,628	20%	215,315,126	
Claims on Domestic Corporates	32,360,947,197	-	71,341,388	32,289,605,810	100%	32,289,605,810	
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%	-	

Contd...*RISK WEIGHTED EXPOSURE FOR CREDIT RISK*

A. BALANCE SHEET EXPOSURE	CURRENT YEAR					
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)
Regulatory Retail Portfolio (Not Overdue)	21,126,683,994	-	478,585,786	20,648,098,207	75%	15,486,073,656
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	9,115,153,561	-	-	9,115,153,561	60%	5,469,092,137
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	95,129,315	16,851,337	-	78,277,978	100%	78,277,978
Claims secured by Commercial real estate	3,933,026,901	-	-	3,933,026,901	100%	3,933,026,901
Past due claims (except for claim secured by residential properties)	1,043,144,208	441,393,384	-	601,750,823	150%	902,626,235
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	1,100,097,117	-	-	1,100,097,117	150%	1,650,145,675
Lending against Securities (Bonds & Shares)	1,507,303,977	-	-	1,507,303,977	100%	1,507,303,977
Investments in equity and other capital instruments of institutions listed in the stock exchange	629,122,338	128,700,000	-	500,422,338	100%	500,422,338
Investments in equity and other capital instruments of institutions not listed in the stock exchange	181,533,000	157,142,000	-	24,391,000	150%	36,586,500
Staff Loan secured by residential property	434,359,822	-	-	434,359,822	60%	260,615,893
Interest receivable/claim on government securities	103,546,297	-	-	103,546,297	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets	2,456,665,767	1,420,331,665	-	1,036,334,101	100%	1,036,334,101
TOTAL	95,883,187,395	2,164,418,386	549,927,174	93,168,841,835		64,509,931,252

Contd...*RISK WEIGHTED EXPOSURE FOR CREDIT RISK*

B. OFF BALANCE SHEET EXPOSURE		CURRENT YEAR				
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D*E)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	1,211,918,879	-	-	1,211,918,879	0%	-
Forward Exchange Contract Liabilities	3,108,755,000	-	-	3,108,755,000	10%	310,875,500
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	5,239,343,210	-	285,381,771	4,953,961,439	20%	990,792,288
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)	380,729,827	-	1,730,000	378,999,827	50%	189,499,914
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
foreign counterparty (ECA Rating-2)	-	-	-	-	50%	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
foreign counterparty (ECA Rating-7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee (domestic counter party)	16,017,594,114	-	389,590,182	15,628,003,931	50%	7,814,001,966
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-
foreign counterparty (ECA Rating-2)	-	-	-	-	50%	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-
foreign counterparty (ECA Rating -7)	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)	-	-	-	-	100%	-
Advance Payment Guarantee	7,801,031,404	-	133,259,147	7,667,772,257	100%	7,667,772,257
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	867,090,996	-	-	867,090,996	100%	867,090,996
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	5,484,079,986	-	-	5,484,079,986	20%	1,096,815,997
Irrevocable Credit commitments (long term)	8,907,957,805	-	-	8,907,957,805	50%	4,453,978,902
Other Contingent Liabilities	12,518,295	-	-	12,518,295	100%	12,518,295
Unpaid Guarantee Claims	46,469,362	-	-	46,469,362	200%	92,938,724
TOTAL	49,077,488,879	-	809,961,100	48,267,527,778		23,496,284,839
Total RWE for credit Risk (A) +(B)	144,960,676,274	2,164,418,386	1,359,888,274	141,436,369,613		88,006,216,091
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)	144,960,676,274	2,164,418,386	1,359,888,274	141,436,369,613		88,006,216,091

ELIGIBLE CREDIT RISK MITIGANTS) As on 31st Ashad 2076 (16th July 2019)

Schedule -4.30 (C)

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/ FI	GOLD	GOVT.& NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Balance Sheet Exposures									-
Cash Balance									-
Balance with Nepal Rastra Bank									-
Gold									-
Investment in Nepalese Government Securities									-
All Claims on Government of Nepal									-
Investment in Nepal Rastra Bank securities									-
All claims on Nepal Rastra Bank									-
Claims on Foreign Government Securities (ECA 0-1)									-
Claims on Foreign Government Securities (ECA -2)									-
Claims on Foreign Government Securities (ECA -3)									-
Claims on Foreign Government Securities (ECA-4-6)									-
Claims on Foreign Government Securities (ECA -7)									-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDBs) recognized by the framework									-
Claims on Other Multilateral Development Banks									-
Claims on Public Sector Entity (ECA 0-1)									-
Claims on Public Sector Entity (ECA 2)									-
Claims on Public Sector Entity (ECA 3-6)									-
Claims on Public Sector Entity (ECA -7)									-
Claims on domestic banks that meet capital adequacy requirements									-
Claims on domestic banks that do not meet capital adequacy requirements									-
Claims on foreign bank (ECA Rating 0-1)									-
Claims on foreign bank (ECA Rating 2)									-
Claims on foreign bank (ECA Rating 3-6)									-
Claims on foreign bank (ECA Rating- 7)									-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement									-
Claims on Domestic Corporates	71,341,388								71,341,388
Claims on Foreign Corporates (ECA 0-1)									-
Claims on Foreign Corporates (ECA 2)									-

Contd...RISK WEIGHTED EXPOSURE FOR CREDIT RISK

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/ FI	GOLD	GOVT.& NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
Claims on Foreign Corporates (ECA 3-6)									-
Claims on Foreign Corporates (ECA -7)									-
Regulatory Retail Portfolio (Not Overdue)	478,585,786								478,585,786
Regulatory Retail Portfolio (Overdue)									-
Claims fulfilling all criterion of regulatory retail except granularity									-
Claims secured by residential properties									-
Claims no fully secured by residential properties									-
Claims secured by residential properties (Overdue)									-
Claims secured by Commercial real estate									-
Past due claims (except for claim secured by residential properties)	-								-
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)									-
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)	549,927,174								549,927,174
Off Balance Sheet Exposures									
Revocable Commitments									-
Bills Under Collection									-
Forward Exchange Contract Liabilities									-
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	285,381,771								285,381,771
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)	1,730,000								1,730,000
foreign counterparty (ECA Rating 0-1)	-								-
foreign counterparty (ECA Rating 2)	-								-
foreign counterparty (ECA Rating 3-6)	-								-
foreign counterparty (ECA Rating -7)	-								-

Contd...RISK WEIGHTED EXPOSURE FOR CREDIT RISK

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT.& NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
Bid Bond, Performance Bond and Counter guarantee (domestic counter party)	389,590,182								389,590,182
foreign counterparty (ECA Rating O-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	133,259,147								133,259,147
Financial Guarantee									-
Acceptances and Endorsements									-
Unpaid portion of Party paid shares and Securities									-
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)	809,961,100				0%				809,961,100
Grand Total (C=A+B)	1,359,888,274				0%				1,359,888,274

FORM NO.5 OTHER ASSETS As on 31st Ashad 2076 (16th July 2019)

S NO.	ASSETS	CURRENT YEAR (NPR)			PREVIOUS YEAR (NPR)
		GROSS AMOUNT	SPECIFIC PROVISION & VALUATION ADJUSTMENTS	NET BALANCE	NET BALANCE
1	Cash and Cash Items in Transit			-	-
2	Expense not Written off	3,858,302		3,858,302	18,272,015
3	Fixed Assets	1,245,744,203	610,140,815	635,603,388	422,998,408
4	Interest Receivable on Other Investment	28,331,924		28,331,924	-
5	Interest Receivable on Loan	412,010,808	412,010,808	-	(383,656)
6	Non Banking Assets	398,180,042	398,180,042	-	-
7	Reconciliation Account			-	-
8	Draft Paid Without Notice			-	-
9	Sundry Debtors	40,011,754		40,011,754	214,349,438
10	Advance payment and Deposits	80,990,343		80,990,343	140,389,152
11	Staff Advance	1,351,379		1,351,379	162,341,381
12	Stationery			-	9,566,023
13	Other	246,187,012		246,187,012	-
TOTAL		2,456,665,767	1,420,331,665	1,036,334,101	967,532,760

RISK WEIGHTED EXPOSURE FOR OPERATION RISK

As on 31st Ashad 2076 (16th July 2019)

Schedule -4.30 (D)

PARTICULARS	FY 2072/73	FY 2073/74	FY 2074/75	FOR PREVIOUS YEAR
Net Interest Income	1,503,572,059	2,192,717,884	2,814,838,840	
Commission and Discount Income	160,773,142	210,413,880	297,983,203	
Other Operating Income	279,039,438	329,557,777	334,954,082	
Exchange Fluctuation Income	115,336,186	130,139,854	214,021,980	
Additional/Deduction in Interest Suspense during the period	7,316,216	157,175,001	(192,858,351)	
Gross income (a)	2,066,037,041	3,020,004,396	3,468,939,754	-
Alfa (b)	15%	15%	15%	15%
Fixed Percentage of Gross Income [c=(axb)]	309,905,557	453,000,660	520,340,964	453,010,028
Capital Requirement for operational risk (d) (average of c)			427,749,061	328,900,142
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(dxe)]			4,277,490,610	3,289,001,420
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)]		-	4,277,490,610	3,289,001,420

RISK WEIGHTED EXPOSURE FOR MARKET RISK

As on 31st Ashad 2076 (16th July 2019)

Schedule -4.30 (E)

CURRENCY	ASHADH END 2076			PREVIOUS YEAR	
	OPEN POSITION (FCY)	RATE	OPEN POSITION (LCY)	RELEVANT OPEN POSITION	RELEVANT OPEN POSITION
INR	99,334,976	1.60	159,010,463	159,010,463	377,260,250
USD	(13,557)	109.85	(1,489,263)	1,489,263	31,536,594
GBP	3,971	136.39	541,609	541,609	258,566
EUR	13,431	123.10	1,653,426	1,653,426	115,929
THB	23,886	3.48	83,172	83,172	56,700
CHF	-	111.28	-	-	-
AUD	12,858	76.96	989,556	989,556	978,248
CAD	4,900	83.98	411,502	411,502	100,497
SGD	855	80.79	69,075	69,075	5,312
JPY	5,492,648	1.01	5,556,057	5,556,057	2,641,446
HKD	1,919	13.96	26,803	26,803	17,248
DKK	51,264	16.36	838,523	838,523	5,055,062
SEK	-	11.67	-	-	-
SAR	47,706	28.91	1,379,152	1,379,152	536,136
QAR	6,923	29.76	206,028	206,028	111,243
AED	23,441	29.51	691,714	691,714	409,599
MYR	35,993	26.48	952,936	952,936	98,515
KRW	2,327,889	0.09	211,211	211,211	-
CNY	35,279	15.81	557,583	557,583	46,722
KWD	389	360.10	139,899	139,899	70,401
BHD	80	290.79	23,263	23,263	-
Total Open position (a)				174,831,235	419,298,468
Fixed Percentage (b)				5%	5%
Capital Charge for Market Risk [c=(axb)]				8,741,562	20,964,924
Risk weight (reciprocal of capital requirement of 10%) in times (d)				10	10
Equivalent Risk Weight Exposure[e=(cxd)]				87,415,620	209,649,240

DISCLOSURE UNDER BASEL III

As at Mid-July 2019

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY OF THE BANK

i. Tier 1 Capital and breakdown of its Components

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Paid up Capital	8,152.56
b	Share Premium / Capital Reserve	127.16
c	Statutory General Reserve	1,794.14
d	Retained Earnings	1,175.24
e	Other Free Reserves	17.79
f	Less: Investment in equity of institutions with financial interests	(298.22)
g	Less: Purchase of land & building in excess of limit and unutilized	(32.61)
Core (Tier-1) Capital		10,936.07

ii. Tier 2 Capital and breakdown of its Components

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Subordinated Term Debt	1,000.00
b	General Loan Loss Provision	758.13
c	Exchange Equalization Reserve	27.83
d	Investment Adjustment Reserve	0.01
Supplementary (Tier-2) Capital		1,785.97

iii. Details of Subordinated Term Debts

Bank has subordinated term debts amounting NPR 1 billion which has been allotted on 14 May 2019. The major feature of the debt is as follows:

NOMENCLATURE	SUNRISE DEBENTURE 2080
Duration	5 Years
Amount	1,000,000,000
Face Value	Rs. 1,000 per unit
No. of Units	1,000,000
Coupon rate (%)	10.00
Interest Payable	Semi-annually

NOMENCLATURE	SUNRISE DEBENTURE 2080
Redeemable/Irredeemable	Redeemable
Secured/Unsecured	Unsecured
Convertible/Non- Convertible	Non-Convertible

iv. Deductions from Capital

Investment made in Gurans Life Insurance Company Limited of NPR 141.08 million and investment in Sunrise Capital Limited NPR 157.14 million (Investments in equity of institutions with Financial Interest)

Rs 32.61 million for land and building not in use by bank that includes land purchased at Bharatpur, Chitwan (Rs 25.75 Million) not brought into use and proportionate WDV of buildings not used by bank and rented out to other parties (Rs 6.86 million)

v.Total Qualifying Capital

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Common Equity Tier 1 Capital	10,936.07
b	Core Capital	10,936.07
c	Supplementary Capital	1,785.97
Total Capital		12,722.04

vi. Capital Adequacy of the Bank

The capital adequacy of the bank (After Bank's adjustments of Pillar II) has been detailed below:

S.N.	PARTICULARS	%
a	Common Equity Tier 1 Capital to Total Risk Weighted Exposures	11.37
b	Tier 1 Capital to Total Risk Weighted Exposures	11.37
c	Total Capital to Total Risk Weighted Exposures	13.22

vii. 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 Rs 8.15 Billion. The Bank complies with the Capital Increment plan of NRB which has also helped the Bank to be in 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-III.

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

Bank has subordinated term debts amounting NPR 1 billion which has been allotted on 14 May 2019. The major feature

of the debt is as follows:

NOMENCLATURE	SUNRISE DEBENTURE 2080
Duration	5 Years
Amount	1,000,000,000
Face Value	Rs. 1,000 per unit
No. of Units	1,000,000
Coupon rate (%)	10.00
Interest Payable	Semi-annually
Redeemable/Irredeemable	Redeemable
Secured/Unsecured	Unsecured
Convertible/Non- Convertible	Non-Convertible

2. RISK EXPOSURES

a. 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 make a comprehensive assessment of risks, the process has, at minimum, addressed the forms of risks covered below:

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
a	Risk Weighted Exposure for Credit Risk	88,006
b	Risk Weighted Exposure for Operational Risk	4,277
c	Risk Weighted Exposure for Market Risk	87
RWA Before Pillar 2 adjustment		92,371

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.

b. Credit Risk under 11 Categories

The Credit Risks under the 11 categories as per the Capital Adequacy Framework, 2015 and Basel –III has been detailed below:

S.N.	RISK CLASSIFICATION	NET BOOK VALUE (NPR MILLION)	RWE
a	Claims on Govt. and Central Bank	14,303	-
b	Claims on other Financial Entities	-	-
c	Claims on Banks	5,602	1,360
d	Claims on Corporate and Securities Firm	32,290	32,290
e	Claims on Regulatory Retail Portfolio	20,648	15,486
f	Claims secured by Residential Properties	9,193	5,547
g	Claims secured by Commercial Real State	3,933	3,933
h	Past due Claims	602	903
i	High Risk Claims	1,100	1,650
j	Other Assets	3,606	3,341
k	Off balance sheet items	50,159	23,49
TOTAL		141,436	88,006

c. Total Risk Weighted Exposure Calculation Table

S.N.	RISK WEIGHTED EXPOSURE	AMOUNT (NPR MILLIONS)
a	Risk Weighted Exposure for Credit Risk	88,006
b	Risk Weighted Exposure for Operational Risk	4,277
c	Risk Weighted Exposure for Market Risk	87
Adjustments under Pillar II		
	Add: 1% of the NII to RWA for ALM Policy and Practice	28
	3% additional risk weight for Operational Risk	1,041
	3% adjustment on Total RWE for Overall Risk	2,771
Total Risk Weighted Exposure		96,211

d. Detail of Non-Performing Loans

PARTICULARS	GROSS VALUE	NET VALUE
(IN NPR MILLION)		
Restructured Loans	-	
Sub-Standard Loans	235	176
Doubtful Loans	174	87
Loss Loans	312	-
Total NPA	721	263

e. Ratio Of Non-Performing Loans

PARTICULARS	THIS YEAR	PREVIOUS YEAR
Gross NPA	1.02%	1.24%
Net NPA	0.37%	0.42%

f. Movement of Non-Performing Assets (Gross)

During the Year, Non-Performing Accounts (NPA) decreased by 3.64%.

NON PERFORMING ASSETS	NPR MILLIONS
Current Year	721.74
Previous Year	749.07
Change (Amount)	(27.33)
Change (%)	(3.64)

g. Write Off of Loans & Interest Suspende

PARTICULARS	NPR MILLIONS
Loan Written Off	45.91
Interest Suspende Written Off	77.41
Total	123.32

h. Movement of Loan Loss Provision and Interest Suspende

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 Suspende Movement are as follows:

PARTICULARS	THIS YEAR (NPR)	PREV. YEAR (NPR)	CHANGE %
Loan Loss Provision	1,216,373,440	1,112,849,680	9.30
Interest Suspende	354,487,111	346,008,422	2.45

i. Details of Additional Loan Loss Provisions:

ADDITIONAL LLP FOR THE YEAR	NPR.
Pass	88,215,535
Watch-List	53,768,313
Restructured	-
Sub-Standard	28,796,406
Doubtful	(75,251,829)
Loss	7,995,332
Total	103,523,758

j. Segregation of investment portfolio:

INVESTMENT	AMOUNT (NPR MILLIONS)
Held For Trading	-
Held Till Maturity	10,925
Available For Sale	811
Total Investment	11,736

3. RISK MANAGEMENT FUNCTION

a. 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

i. 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.

ii. 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.

iii. Comprehensive assessment of risks

Chief Risk Officer (CRO), along with his team, is responsible for overall risk management of the Bank which includes managing, assessing, identifying, monitoring and reducing pertinent global, macro and micro-economic level business risks that could interfere with Banks objective and goals and whether the Bank is in substantial compliance with its internal operating policies and other applicable regulations and procedures, external, legal, regulatory or contractual requirements on a continuous basis. Further, CRO ensures

integration of all major risk in capital assessment process.

iv. Risk Management Committee (RMC)

Board level risk management committee has been set up under NRB Directive for ensuring/reviewing bank’s risk appetite is in line with the policies.

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

Board and senior management of the bank places high priority on effective operational risk management and adherence to sound operating controls. The Bank has developed and implemented various manuals, operating procedures and guidelines for monitoring and controlling Operational Risks in the Bank.

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. 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.

v. 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.

vi. 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 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.

vii. Assets and Liability Committee (ALCO)

The ALCO, chaired by Chief Executive Officer, ensures functioning of the banking business in line with the set procedures and processes and recommends for necessary steps to address the risk associated with liquidity, movement in interest rate, exchange rate and equity price and other risks.

viii. Stress Testing

Stress Testing is a risk management technique used to evaluate the potential effects on an institution’s financial condition, of a set of specified changes in risk factors, corresponding to exceptional but plausible events. The Bank conducts the stress test on quarterly basis and reports to senior management as well as to Nepal Rastra Bank.

ix. Maker-Checker Policy

The Bank has adopted Maker-Checker Policy in all of the transactions. Each and every transaction is entered and authorized in CBS by two different individuals for better control and any deviations are closely monitored. The activities of any personnel can be monitored centrally through an integrated system which helps in minimizing the risk of misconduct.

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

S.N.	CREDIT RISK MITIGANTS	AMOUNT (NPR MILLIONS)
1	Claims on Domestic Corporate	71
2	Regulatory Retail Portfolio (Not Overdue)	479
3	Off Balance Sheet Items	810
Total Credit Risk Mitigants		1,360

Cash and Cash Equivalents	6,356,762	6,356,733	(28)	-	AIR reversal of Placement
Due from Nepal Rastra Bank	3,241,045	3,241,045	-	-	
Placement with Bank and Financial Institutions	1,165,352	1,165,352	-	-	
Derivative Financial Instruments	93,860	93,860	-	-	
Other Trading Assets	-	-	-	-	
Loans and Advances to BFIs	1,149,494	1,149,779	286	0.02%	AIR of BFIs included in Loan
Loans and Advances to Customers	68,878,670	68,865,810	(12,859)	-0.02%	AIR of BFIs excluded
Investment Securities	11,724,372	11,724,182	(190)	-	AIR of Treasury Bill Reversal
Current Tax Assets	76,235	84,943	8,708	11.42%	Change in tax due to profit
Investment in Subsidiaries	157,142	157,142	-	-	
Investment in Associates	-	-	-	-	
Investment Property	398,180	398,180	-	-	
Property and Equipment	918,879	918,839	(40)	-	
Goodwill and Intangible Assets	68,490	68,490	-	-	
Deferred Tax Assets	53,147	2,843	(50,304)	-94.65%	Deferred Tax asset adjusted
Other Assets	387,328	383,545	(3,783)	-0.98%	
Total Assets	94,668,955	94,610,744	(58,211)	-0.06%	

COMPARISON AUDITED AND UNAUDITED FINANCIAL STATEMENTS As of FY 2018/19Rs. in '000

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT		VARIANCE		REASON FOR VARIANCE
	BANK	BANK	IN AMOUNT	IN %	
Assests					
Cash and Cash Equivalents	6,356,762	6,356,733	(28)	-	AIR reversal of Placement
Due from Nepal Rastra Bank	3,241,045	3,241,045	-	-	
Placement with Bank and Financial Institutions	1,165,352	1,165,352	-	-	
Derivative Financial Instruments	93,860	93,860	-	-	
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Investment Property	398,180	398,180	-	-	
Property and Equipment	918,879	918,839	(40)	-	
Goodwill and Intangible Assets	68,490	68,490	-	-	
Deferred Tax Assets	53,147	2,843	(50,304)	-94.65%	Deferred Tax asset adjusted
Other Assets	387,328	383,545	(3,783)	-0.98%	
Total Assets	94,668,955	94,610,744	(58,211)	-0.06%	
Liabilities					
Due to Bank and Financial Institutions	3,809,335	3,809,335	-	-	
Due to Nepal Rastra Bank	839,809	839,809	-	-	
Derivative Financial Instruments	-	-	-	-	
Deposits from Customers	75,432,151	75,432,151	-	-	
Borrowings	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred Tax Liabilities	-	-	-	-	
Other Liabilities	1,242,798	1,263,191	20,393	1.64%	Reversal of Provision
Debt Securities Issued	996,353	996,108	(245)	-0.02%	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	82,320,446	82,340,593	20,148	0.02%	
Equity					
Share Capital	8,152,556	8,152,556	-	-	
Share Premium	127,161	127,161	-	-	
Retained Earnings	1,481,222	1,175,249	(305,973)	-20.66%	Acturial gain Recognised
Reserves	2,587,570	2,815,184	227,614	8.80%	
Total Equity Attributable to Equity Holders	12,348,509	12,270,150	(78,359)	-0.63%	
Total Liabilities and Equity	94,668,955	94,610,744	(58,211)	-0.06%	

Contd... Comparison Audited and Unaudited Financial Statements as of FY 2018/19

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENT		AS PER AUDITED FINANCIAL STATEMENT		VARIANCE		REASON FOR VARIANCE	
	BANK	BANK	BANK	BANK	IN AMOUNT	IN %		
Interest Income	9,220,694		9,206,431		(14,263)	-0.15%	Adjustment of Interest suspense & Reversal of Placement Income	
Interest Expense	5,621,284		5,621,436		152	0.00%	Interest Expense booked to customer	
Net Interest Income	3,599,410		3,584,995		(14,415)	-0.40%	All of the above reasons	
Fee and Commission Income	780,917		782,283		1,366	0.17%		
Fee and Commission Expense	120,157		120,235		77	0.06%		
Net Fee and Commission Income	660,760		662,048		1,289	0.20%		
Net Interest, Fee and Commission Income	4,260,170		4,247,044		(13,126)	-0.31%		
Net Trading Income	264,595		264,595		-	0.00%		
Other Operating Income	64,524		64,608		84	0.13%		
Total Operating Income	4,589,288		4,576,247		(13,042)	-0.28%	All of the above reasons	
Impairment Charge/ (Reversal) for Loans and Other Lossess	103,524		103,524		0	0.00%		
Net Operating Income	4,485,765		4,472,723		(13,042)	-0.29%	All of the above reasons	
Operating Expense	-		-					
Personnel Expenses	1,122,493		1,150,272		27,779	2.47%	Acturial Valuation Adjusted	
Other Operating Expenses	617,779		630,397		12,618	2.04%	Lease adjustment as per NFRS	
Depreciation & Amortisation	141,427		141,427		-	0.00%		
Operating Profit	2,604,066		2,550,627		(53,439)	-2.05%	All of the above reasons	
Non Operating Income	1,176		1,176		-	0.00%		
Non Operating Expense	46,078		45,911		(168)	-0.36%		
Profit Before Income Tax	2,559,164		2,505,893		(53,271)	-2.08%	All of the above reasons	
Income Tax Expense	852,126		799,790		(52,336)	-6.14%		
Current Tax	852,126		762,040		(90,086)	-10.57%	Prior Period Error Adjusted	
Deferred Tax	-		37,751		37,751		Deferred Tax Adjusted on Annual Basis	
Profit for the Period	1,707,038		1,706,102		(936)	-0.05%	All of the above reasons	

DISCLOSURE OF INFORMATION UNDER SECTION 109 (4) OF COMPANIES ACT 2063

1. An overview of the business during the Previous Year:

Incorporated in the respective segments of annual report.

2. Transaction affected by national and international circumstances:

Incorporated in the respective segments of annual report.

3. Achievements of the current year as of the date of preparation of the report and opinion of the Board of Directors on future actions:

Incorporated in the respective segments of annual report.

4. Industrial or Professional relations of the Bank:

Bank has maintained a cordial and professional relation with its stakeholders, customers and regulators.

5. Changes made in the composition of Board of Directors and reasons thereof:

Incorporated in the respective segments of annual report.

6. Main factors affecting the business:

- a. Fierce Competition
- b. Un-balance increased/decreased between sources and lending.
- c. Increased in inflation rate.

7. Response by Board of Directors on the remarks given in the audit report, if any:

Besides the normal remarks on the banking transactions, there weren't any other remarks given in the audit report on FY 2018/19. The remarks have come into notice of the Board of Directors and arrangements have been made to take corrective actions so that such mistake does not repeat in future.

8. The amount recommended for the distribution as dividend:

The board has recommended paying 10% Bonus Share amounting NPR. 815,255,585.10 and 5.80% cash dividend including Tax amounting NPR. 472,848,239.36 to the shareholders from the profit and share premium of fiscal year 2018/19.

9. Information on shares forfeited if any during the year:

No shares were forfeited during the year.

10. Transactions between the Bank and its subsidiary company and progress made in the business:

The progress in the Bank's transaction has been included in the Director's Report. Consolidated financial statements including consolidated balance sheet, consolidated profit

and loss account and consolidated cash flow statement of its' subsidiary company, Sunrise Capital Ltd., also reflects the true and fair position of its parent and subsidiary company.

11. Main transactions carried out by the Bank and its subsidiary company during the fiscal year and any important change in the business of the company during the period:

a. Sunrise Bank Limited:

Those transactions that are allowed for a “A” class licensed institution like collection of deposits, advancing loans, international financial transactions, electronic transactions, remittance services and other banking activities has been performed by the Bank.

b. Sunrise Capital Limited:

Transactions related to merchant banking like public issue, investment management, security guarantee and depository participant services.

12. Information furnished to the Bank by its basic shareholders during the previous fiscal year:

No such information has been furnished by its basic shareholders during the review period.

13. Particulars of the ownership of shares taken up by the Directors and office bearers of the company during the previous year and information received by the Bank from them about their involvement, if any, in the transactions of the shares of the Bank:

Directors and office bearers, except provided below have not involved in the share transaction of the Bank:

S.N.	DESIGNATION	NAME	SHARE CATEGORY	NUMBER OF SHARE	TOTAL
1	Chairman	Mr. Motilal Dugar	Promoter	3,526,252	4,839,952
			Public	1,313,700	
2	Director	Mr. Malchand Dugar	Promoter	2,663,727	3,888,278
			Public	1,224,551	
3	Director	Er. Bachh Raj Tater	Promoter	1,463,175	2,008,275
			Public	545,100	
4	Director	Er. Shailenra Guragain	Promoter		283,908
			Public	283,908	
5	Director	Mrs. Sharada Sharma Pudasaini	Promoter		85,837
			Public	85,837	
6	Director	Mr. Deepak Nepal	Promoter	-	4,733
			Public	4,733	
7	Independent Director	Mr. Om Krishna Joshi	Promoter	-	15,642
			Public	15,642	

14. Particulars of information furnished by any Director or any of his close relatives about his personal interest in any agreement connected with the company signed during the previous fiscal year:
There is no such information furnished by the directors and any of their close relatives.

15. Buy back of own shares:
The Bank has not purchased its own shares in the year under review.

16. Whether or not there is an internal control system and if there is any such system, details thereof:

- a. To run smoothly and to operate day to day business bank has devised financial policy, employee bye laws, Loan write off policy, credit policy and other different polices on need basis.
- b. To control and monitor the activities of the Bank different committees like Risk Management Committee, Audit Committee and Human Resource Management Committee under the membership of various directors has been formulated.
- c. Audit Committee analyzes the financial position, internal control and risk management of the Bank on regular basis. The committee also provides recommendation and suggestions on the internal and external audit reports and comments of NRB supervision.

17. Particulars of the total management expenses of the previous financial year:
Total management expenses of the previous financial year have been detailed as below:

PARTICULARS	AMOUNT (NPR)
Staff Expenses	1,150,271,875
Other Operating Expenses	892,058,523

18. A list of members of the Audit Committee; remunerations, allowances and facilities provided to the members; particulars of functions discharged by the committee and suggestions, if any, offered by the committee:
Audit committee of the Bank is comprised of following members:

- a. Om Krishna Joshi
- b. Sharada Sharma Pudasaini
- c. Mr. Ishwar Kumar Pathak- Member Secretary

Excluding the employee member of the committee other members of the committee are paid NPR 10,000/- per meeting. During the previous year audit committee meeting was held 9 times. From the review of the internal audit report, necessary suggestions are provided through the Board meeting. Similarly, the external audit report and annual financial reports are presented to the Board after being reviewed.

19. Payments due, if any, to the company from any director, managing director, executive chief or basic shareholder of the company or any of their close relatives, or from any firm, company or corporate body in which he is involved:
No such amount is due for payment.

20. Remuneration, allowances and facilities to the Directors, Managing Director, Executive Chief and other office bearers:

- a. The Directors were paid NPR 1,744,000 as meeting allowances after deduction of tax at source according to the Income Tax Act.
- b. The details of the salary, allowances and facilities paid to the Chief Executive Officer and other managerial level staffs are as follows:

POSITION	AMOUNT (NPR ‘000)
CEO*	12,728
Managerial Level Staffs	127,392

*It is the amount paid to former CEO Ratna Raj Bajracharya.

Chief Executive Officer of the Bank is provided vehicle facility as well. Besides, as per the prevalent Bonus Act, CEO is eligible for Bonus from the profits of the Bank.

21. Dividends yet to be collected by the shareholders:
As of 16th July 2019, dividends yet to be collected by the shareholders were NPR 49,936,610.

22. Details of property purchased or sold as per clause 141:
Not Applicable.

23. Details of transactions between associated companies as per clause 175.
Transaction with Subsidiary Company:

Bank has held investment of 78.58% in sunrise capital hence sunrise bank is holding company of the Sunrise Capital. Details of transaction with sunrise capital till the end of Ashadh end is as follows.

DETAILS OF TRANSACTION	AMOUNT (NPR)	REMARKS
Shares Held	157,142,000	Bank has investment in 1,571,420 shares of sunrise capital
Deposit Liabilities	219,766,710	Deposits Held by Sunrise Capital in Various Accounts of Sunrise Bank
Interest Expenses	22,137,551	Interest paid by Sunrise Bank to Sunrise Capital

DETAILS OF TRANSACTION	AMOUNT (NPR)	REMARKS
Other Operating Income	2,157,236	Reimbursed Expenses by Sunrise Capital for Rent, Electricity and Water
Share Registrar Fee	350,000	Expenses by Sunrise Bank for Share Registrar Service
Others	667,145	Paid to Sunrise Capital against CDS, Dematerialization, Registrar to Shares and Bonus Shares

Sunrise bank has deputed 10 staffs at Sunrise Capital, regarding salary and benefits to them salary and benefits is paid as per the decision of Sunrise Capital only. In case of “lower” emoluments than those prevailing in Sunrise Bank as per their positions, the shortfall is made good by the Bank. Similarly, as a staff member of Sunrise Bank, any facility which is not offered by Sunrise Capital e.g., vehicle loan, are provided through the parent company.

Bank has invested NPR 32.23 million in the 391,050 shares of Gurans Life Insurance Ltd. Bank hasn't earned income from such investments and hasn't invested any additional amount during the year.

24. Any other matter to be mentioned in the Board of Directors report under Companies Act 2063 and other prevalent laws:
All such related matters have been incorporated in the respective segments of the annual report.

25. Other details
Incorporated in the respective segments of the annual report.

Rating Information

ACCOLADES AND ACHIEVEMENTS

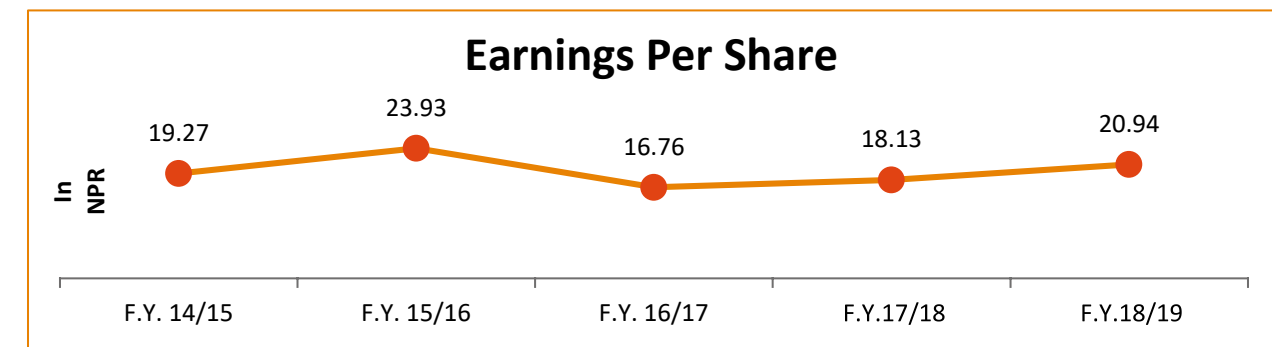
SRBL is amongst banks to gain class A Classification from NEPSE



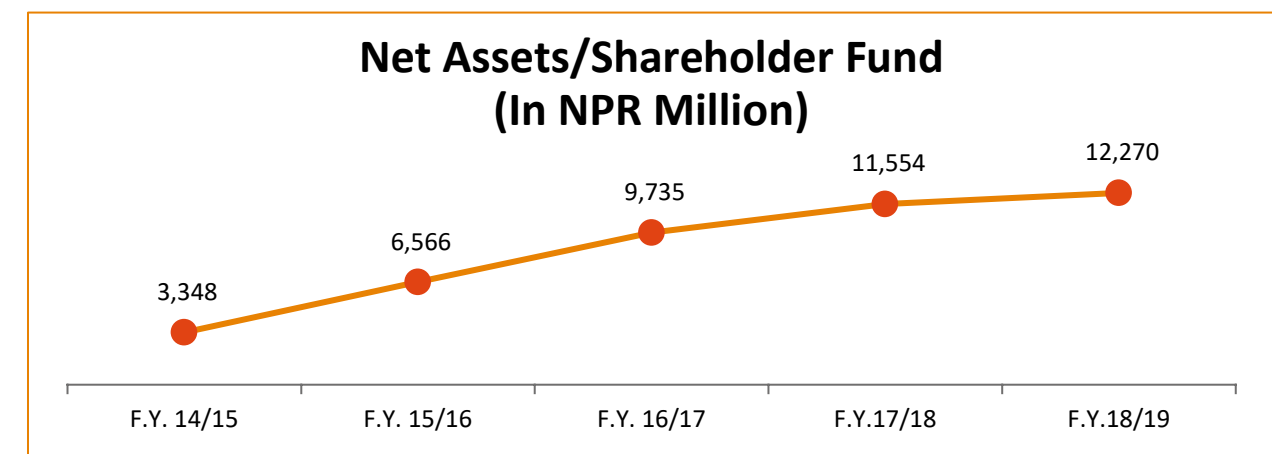
Sunrise Bank Limited credit Rating has been done by CARE Ratings NEPAL, which has assigned Issuer Rating of [CARE-NPA]- (IS) Single A Minus (Issuer Rating) as on May 18, 2018 and Valid until May 17, 2020 rating is considered to offer adequate degree of safety regarding timely servicing of financial obligations in Nepal. Such issuers carry low credit risk.

Financial Highlights

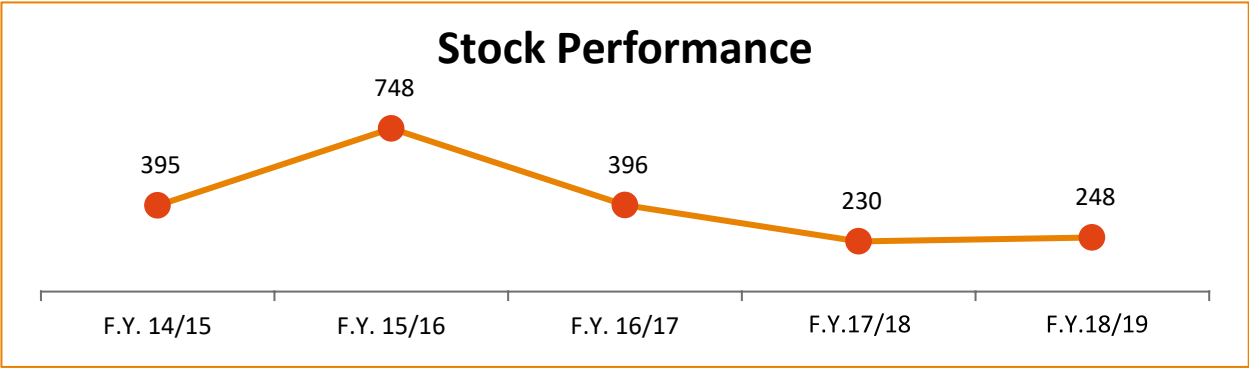
GRAPHICAL PRESENTATION OF VARIOUS RATIOS



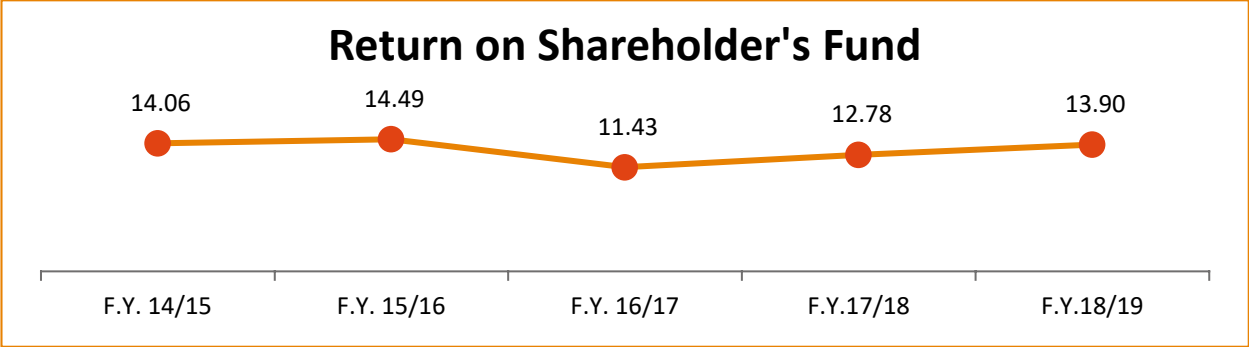
Earnings per Share represent the share of each of the outstanding ordinary shares in the profit earned during the year by the Bank. Earning per share of the decreases during F.Y. 16/17 due to issuance of Bonus Share 13,253,488 and after then Earning Per Share of the Bank is in increasing trend.



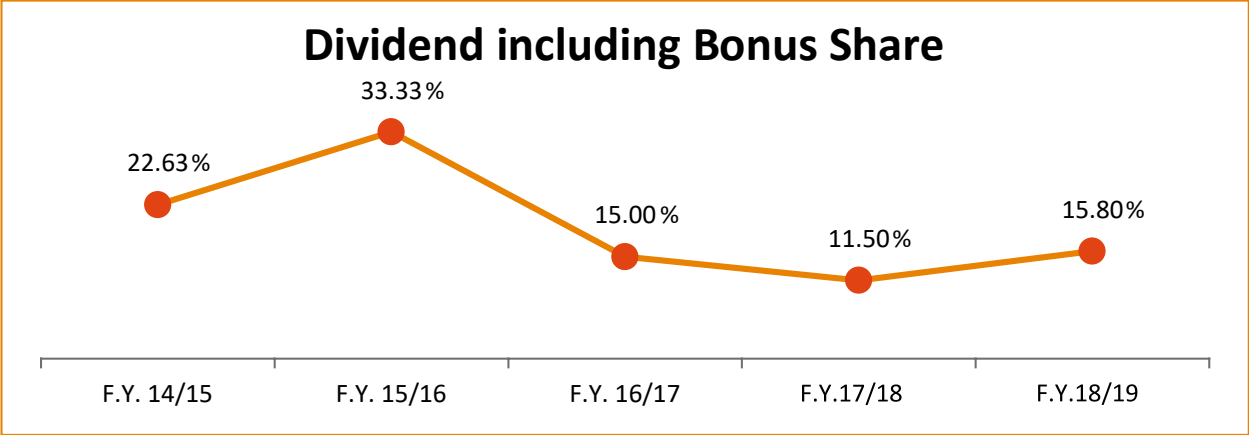
Net Assets represent the total assets minus total liabilities. Steady and enormous growth was achieved in the net assets of the Bank over the last five years. The increase in Net Assets was due to higher increase in total assets, as compared to amount of increment in total liability of the Bank, and effect of cumulative profits and retained earnings. Net Assets of the Bank reached NPR 12,270 million as of mid-July 2019, as compared to NPR 3,348 million as of mid-July 2015, with the impressive CAGR of 29.66%. Net Assets increased by 6.20% during FY 2018-19 from NPR 11,554 in P.Y. 2017-18 in line with increase in business of the Bank during that period.



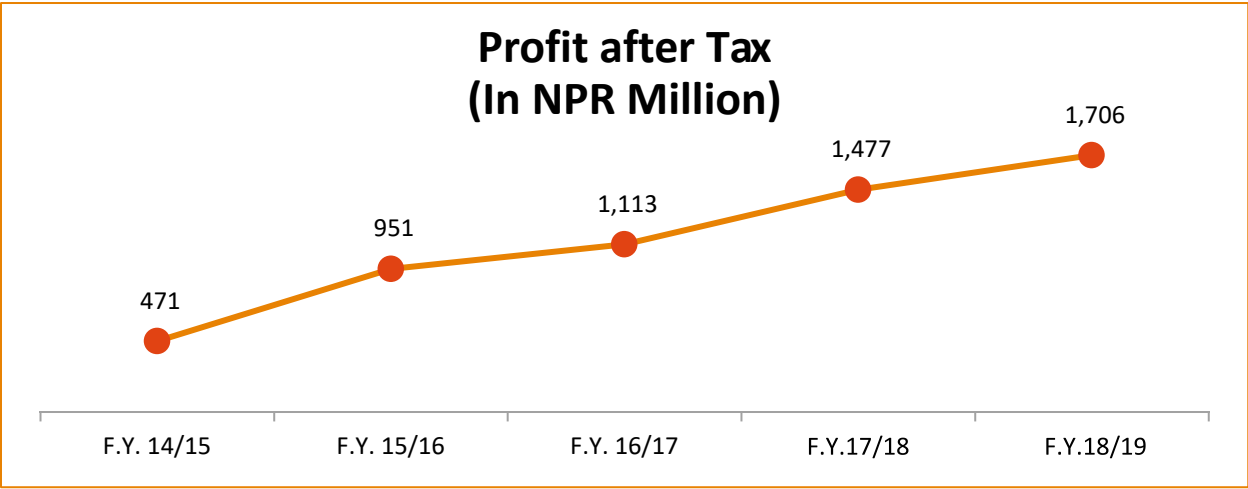
Stock price of the Bank was in a declining trend over the last few years as a result of poor market condition, and the NEPSE was on a declining trend over the last few years. Closing Stock Price per Share of the Bank was NPR 248 as on mid July 2019, as compared to NPR 230 as on mid July2018.



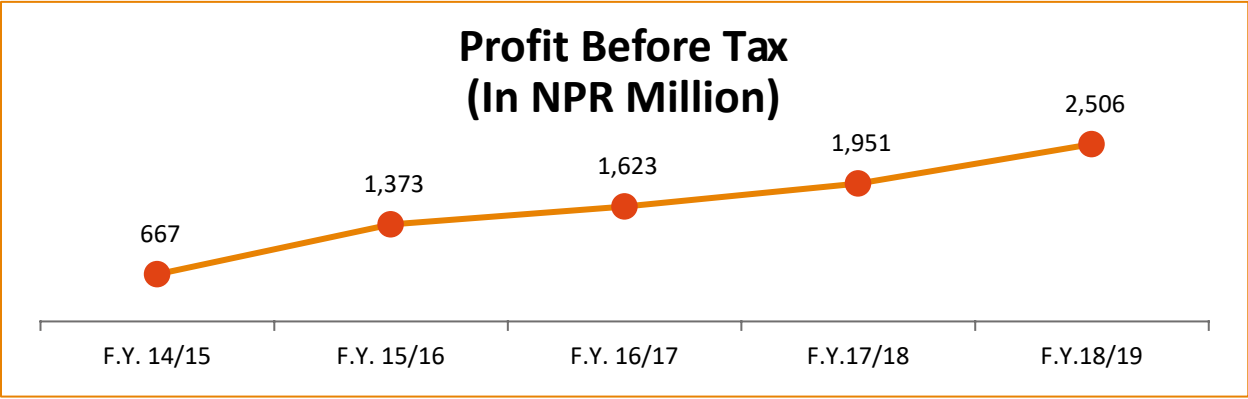
Return on Shareholder’s fund measure the rate of return that shareholders have obtained on the capital which they have invested in the business. There was slight fluctuation on return on shareholder’s fund during the last five year. Return on Shareholder’s fund decreased during FY 2016/17, whereas it increased during FY 2017/18 and 2018/19.



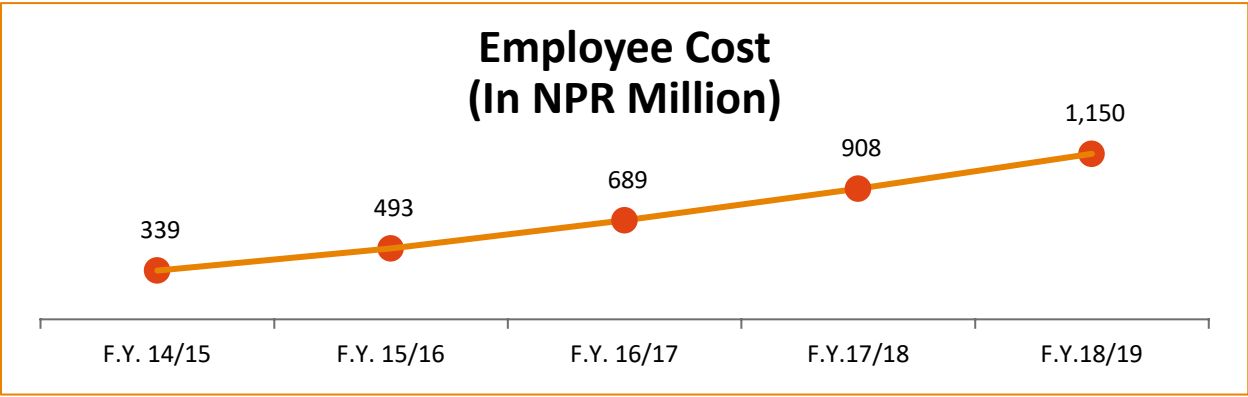
Percentage of dividend distributed and the bonus shares issued to the shareholders on the share capital from Current year profit and accumulated profit. 33.33% of Bonus Share were issued on Share Capital during the F.Y. 2015/16 to meet the minimum capital requirement of NPR eight billion that were to be fulfilled by mid-july 2017 as directed by Nepal Rastra Bank. During the Current year 2018-19 5% of cash divided including tax and 10 % of Bonus share were issued as compared to 11.50% of cash divided during F.Y. 2017-18.



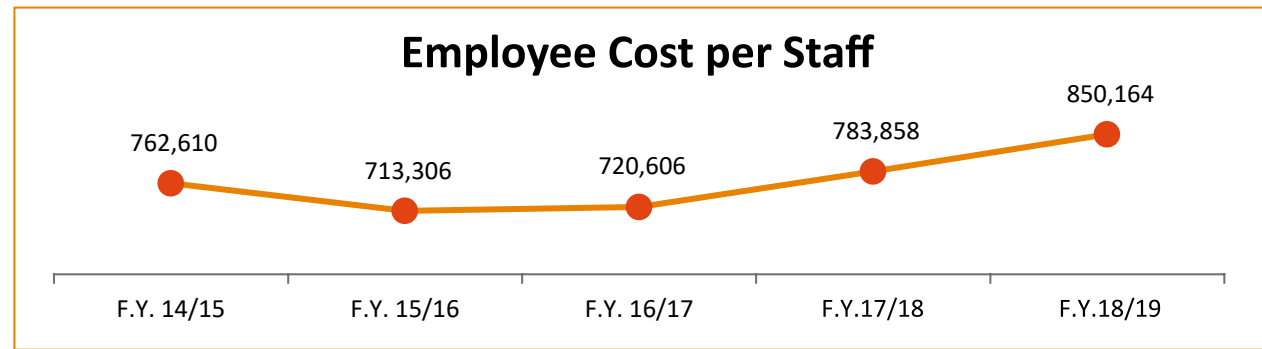
Profit after Tax represents the net amount earned by the Bank after deducting all taxation related expenses. Growth and expansion of business has resulted in increase in profit, with an increasing trend in Profit after Tax, with compound annual growth rate (CAGR) of 29.37%.



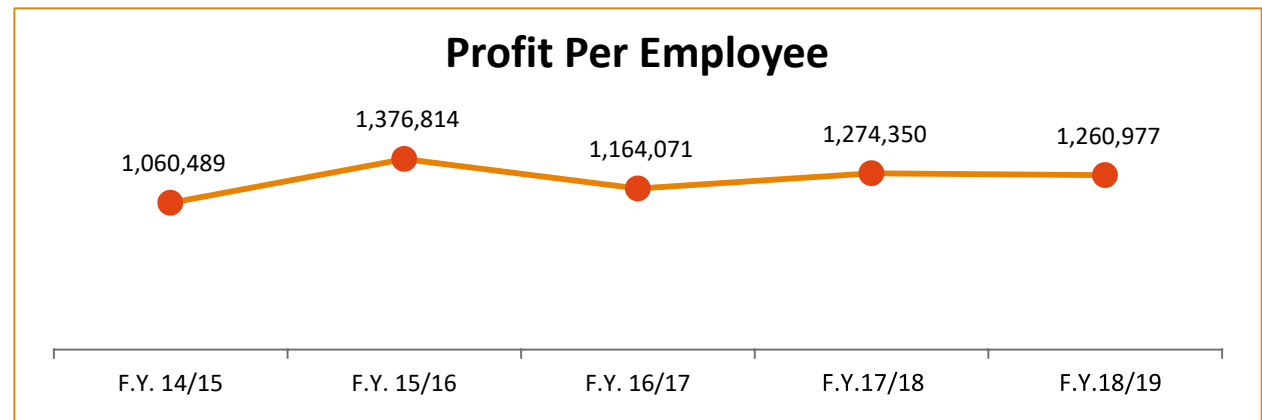
Profit before Tax represents the total amount earned by the Bank before all taxation related expenses have been deducted. Growth and expansion of business has resulted in increase in profit with an increasing trend of Profit before Tax, with compound annual growth rate (CAGR) of 30.31%.



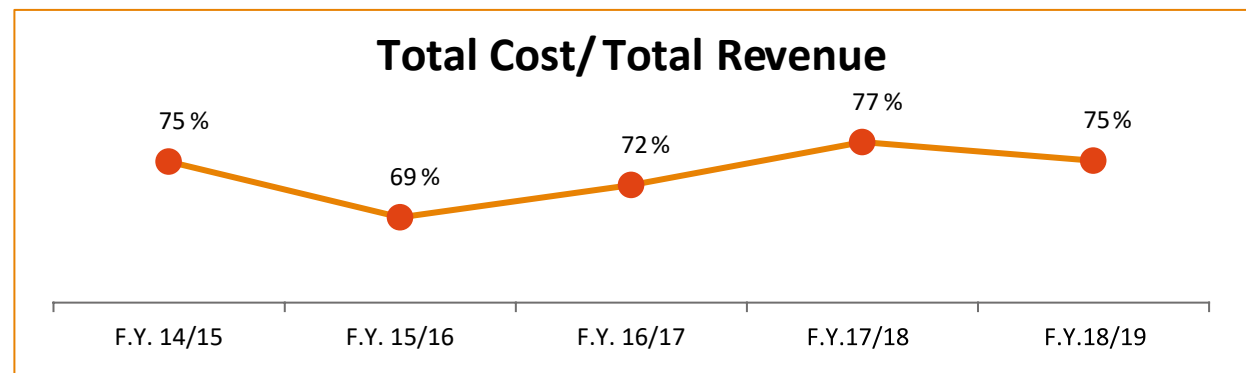
Employee Cost of the bank increases with respect to increasing in No of Branches and volume of business. Employee Cost increased with compound annual growth rate (CAGR 27.71%) and No of Branches increase from 53 in F.Y.2014/15 to 112 in F.Y. 2018/19.



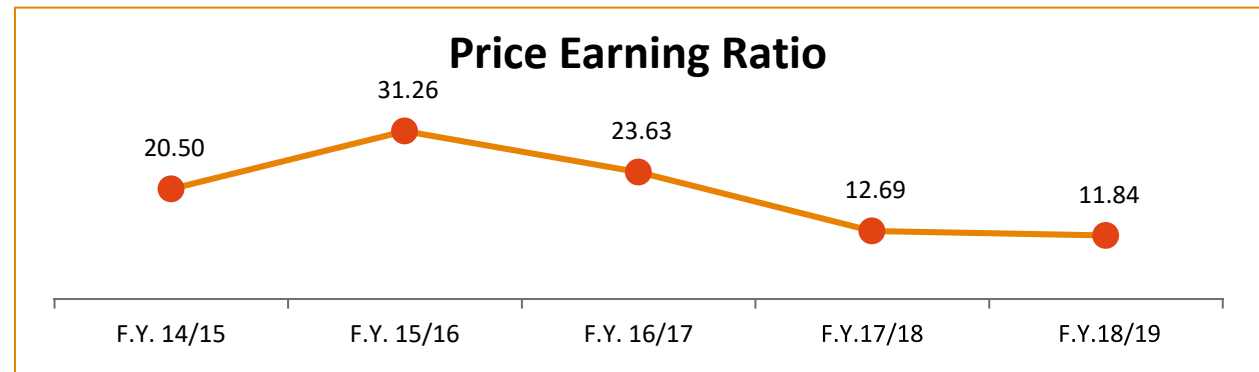
Staff Cost per Employee represents the average staff expenses incurred per employee. Staff Cost per Employee was on increasing trend with a compounded annual growth rate of (CAGR) of 2.20%. However, Staff Cost per Employee has increased massively during the year as a result of the Bank's policy to retain skilled and capable employees, promotion to deserving employees, hiring of talented and skilled staff in this competitive market, and the Bank's policy towards growth and development of the staff.



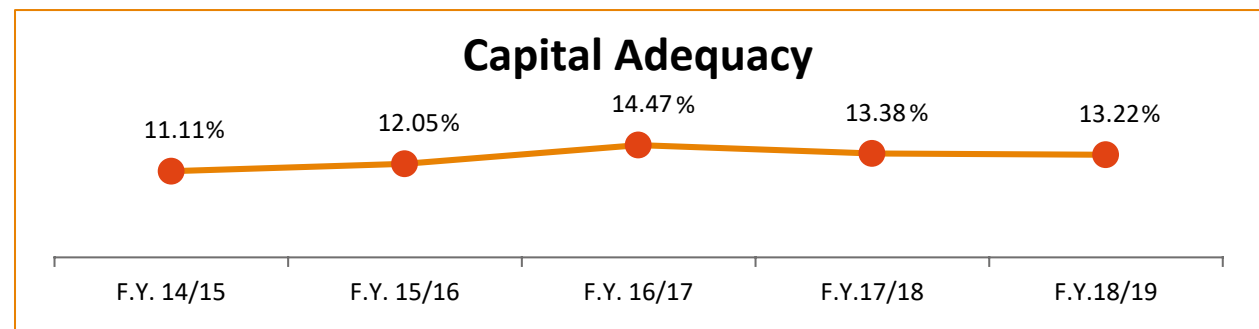
Net Profit per Employee represents the average net profit earned by the staff of the Bank. Net Profit Per employee of the staff decreased during the FY.18/19 as compared to FY. 17/18 due to increase in no of branches and Provincial office.



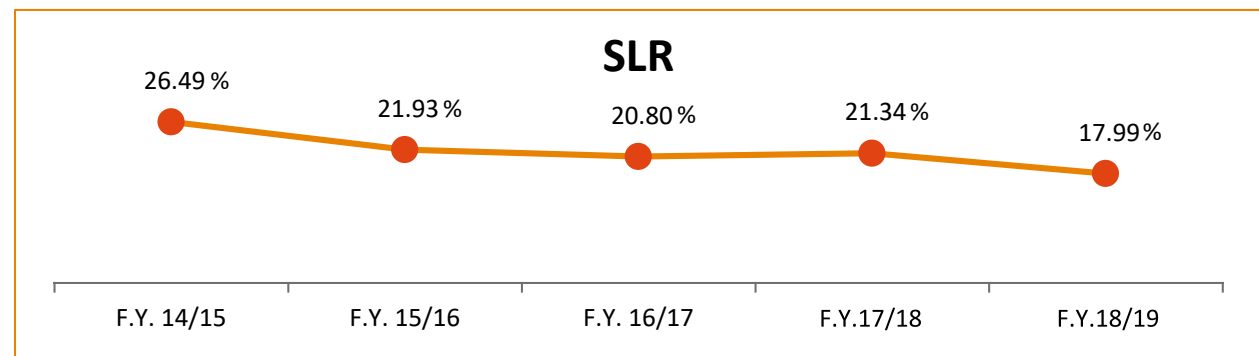
It represents total cost incurred by the Bank in comparison to total revenue earned. Total Cost/Total Revenue was showing increasing trend over the last three years. During the FY. 2018-19 Cost to income ratio deceased due to control of Non-Operating expenses and fees and Commission expenses.



PE Ratio represents the ratio of earning per share in comparison to current share price. Trend of PE Ratio of the Bank over the last five years was similar to that of Earning per Share and closing stock price per share. PE Ratio of the Bank was 11.84 for FY 2018/19, as compared to 12.69 for FY 2017/18.

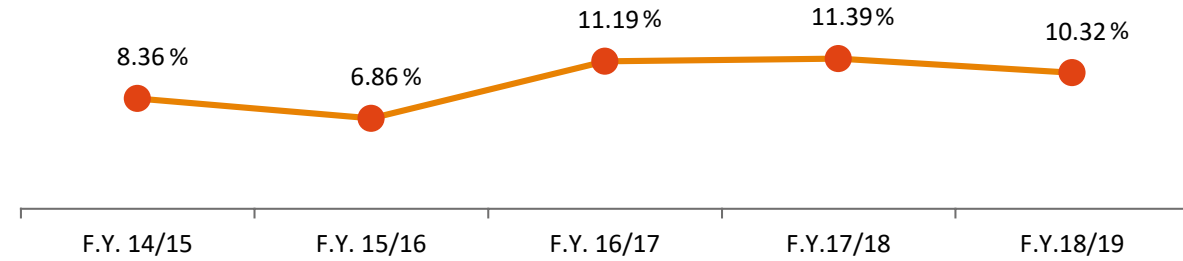


Capital Adequacy Ratio represents the measure of capital of a bank's eligible capital expressed as a percentage of its risk weighted asset. There were slight fluctuations in the CAR of the Bank over the last five years. However, it was always higher than the regulatory requirement of 11% and that required by the ICAAP of the Bank



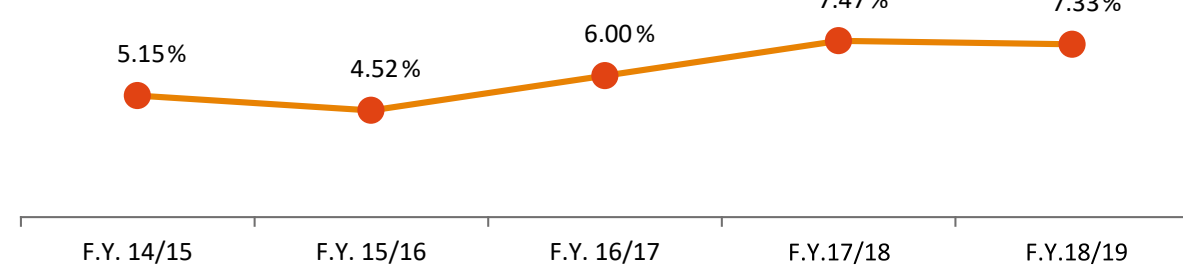
Statutory Liquidity Ratio represents minimum percentage of deposits that the bank has to maintain in form of gold, cash or other approved securities. . There were slight fluctuations in the SLR of the Bank over the last five years. However, it was always higher than the regulatory requirement of 10%.

Base Rate



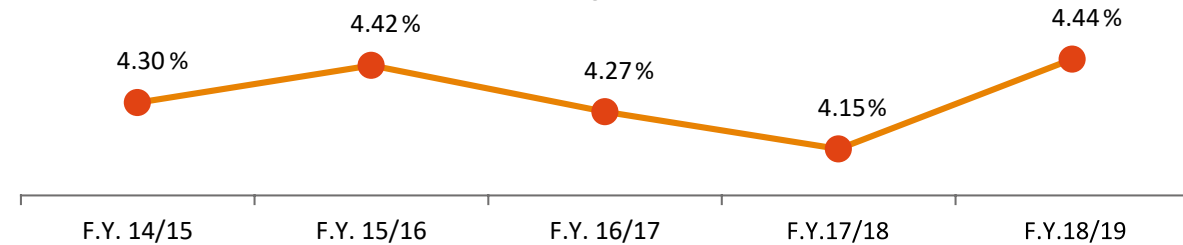
Base rate is a minimum interest rate on Lending fixed by the bank. Fluctuation of Base Rate due to fluctuation of cost of fund and other operating Expenses.

Cost of Fund



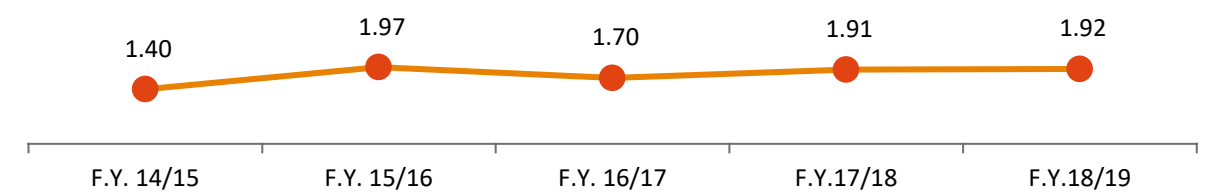
Cost of Fund represents cost of bank on Local Currency deposit, Borrowing and debentures. During the recent past three year cost of fund increases due to fierce competition of deposit.

Interest Spread Rate



Interest Spread rate represent the difference between the yield rate on loan and advances to cost of fund. Slightly fluctuation on yield rate and cost of fund will fluctuate interest spread rate.

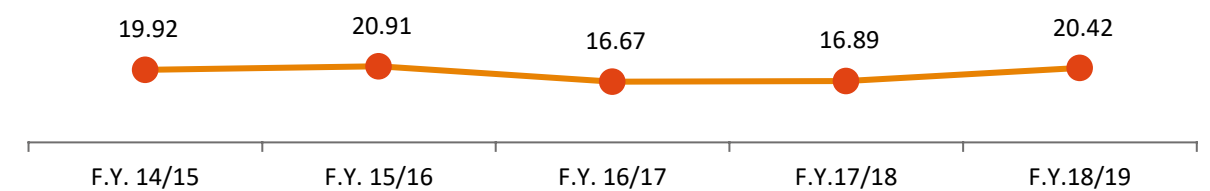
Return on Average Assets



Return on Total Assets represents the percentage of profit earned during the year as compared to average total assets (total balance sheet value) during the year. There were slight fluctuations of Return on Total Assets during the last five years. Return on Total Assets decreased during FY 2016/17, whereas it increased during FY 2017/18 and 2018/19.

Return on Average Assets during the F.Y. 2018-19 increased by 0.07% as compared to P.Y. 2017-18.

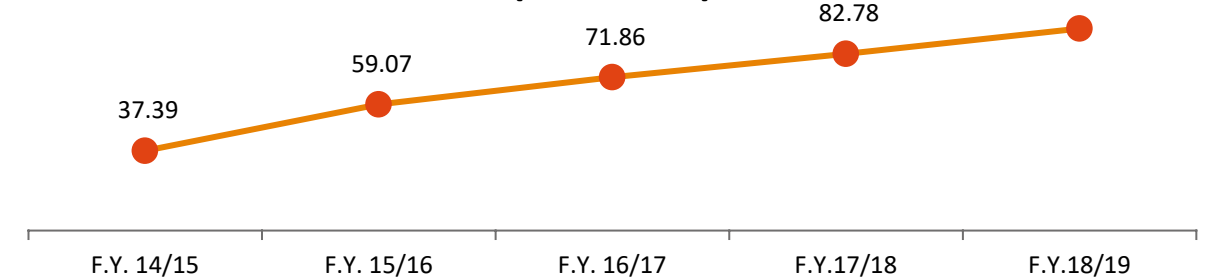
Return on Capital Employed



Return on Capital Employed represents profitability ratio that measures how efficiently a company can generate profits from its capital employed, by comparing Net Operating Profit to capital employed. Trend of Return on Capital Employed during the last five years was similar to the trend of return on Average assets. There were slight fluctuations of Return on Capital Employed during the last five years.

Return on Capital Employed during the F.Y. 2018-19 increased by 20.93% as compared to P.Y. 2017-18.

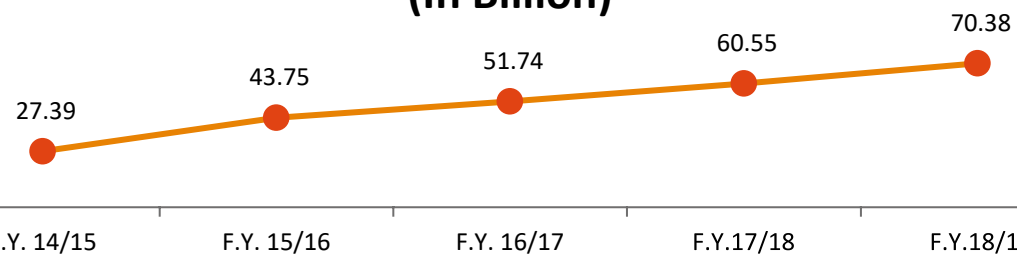
Total Asset (In Billion)



Total Assets represent the total balance sheet value of the Bank, which increase or decrease in line with the increase and decrease in the volume of business. Total Assets of the Bank have increased over the last five years with CAGR of 20.40%.

Total Asset during the F.Y. 2018-19 increased by 14.29% as compared to P.Y. 2017-18.

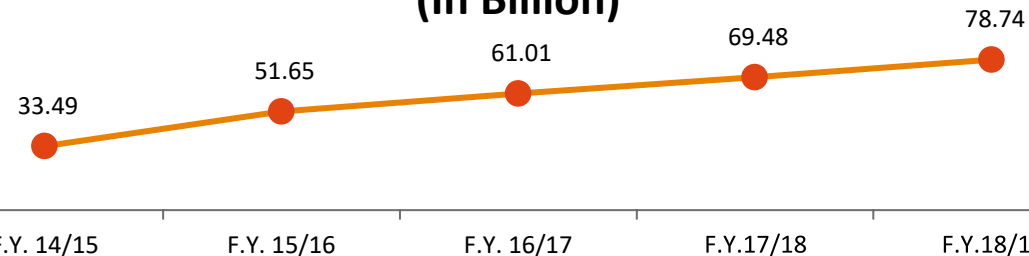
Gross Loan and Advances (In Billion)



The Bank was able to achieve enormous increase in loans and advances during the last few years. The Bank was able to achieve very impressive compound annual growth rate (CAGR) of 20.77% over a five-year period. Total Loans and Advances of the Bank as on mid July 2019 was NPR 70.38 Billion, as compared to NPR 60.55 million as on mid-July 2018.

Gross Loan and Advances during the F.Y. 2018-19 increased by 16.24% as compared to P.Y. 2017-18.

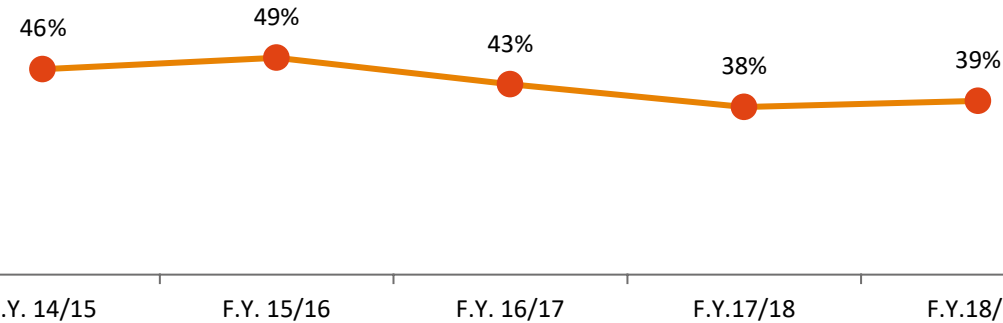
Deposit (In Billion)



The Bank has been able to achieve enormous increase in Total Deposits during the last few years. The Bank was able to achieve very impressive compound annual growth rate of 18.65% over the five-year period. Total Deposits of the Bank as on mid-July 2019 was NPR 78.74 Billion, as compared to NPR 69.48 Billion as of mid-July 2018.

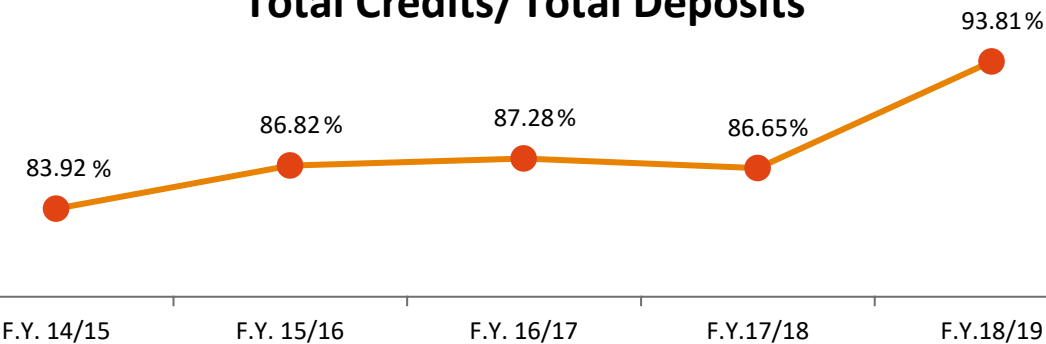
Deposit during the F.Y. 2018-19 increased by 13.33% as compared to P.Y. 2017-18.

Net Interest Income Ratio



Net Interest Income Ratio represents percentage of income earned from total interest income. Net interest income ratio fluctuates in line with cost of fund and yield on loan.

Total Credits/Total Deposits



It represents the credit facility provided by the Bank in comparison to deposits collected from the customers.

Substandard, 0.33%
Watch List, 2.12%

Doubtful, 0.25%
Loss, 0.44%

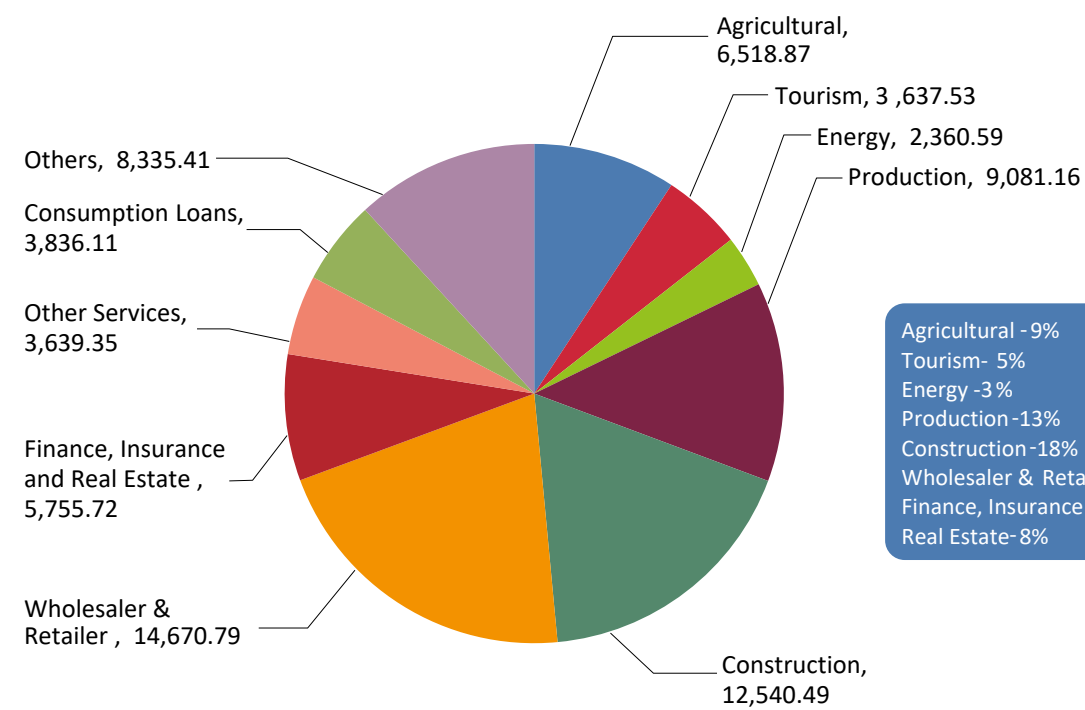
Normal : 68,163.90 M
Watch List: 1,490.37 M
Substandard: 235.16 M
Doubtful: 174.26 M
Loss: 312.32 M
Total: 70,376.04 M

Normal
Watch List
Substandard
Doubtful
Loss

Normal, 96.86%

Gross Loan and Advances

Sector Wise Loan in "Million"





INVESTOR'S RELATIONSHIP

The Bank maintains regular communication with shareholders as it believes in sharing the efforts in business for producing the highest possible returns.

Directive from Nepal Rastra Bank

WHILE APPROVING THE DIVIDEND DECLARATION/DISTRIBUTION AND FINANCIAL STATEMENTS PUBLICATIONS

Based on the financial statements and other documents submitted by the Bank, the provision of Sub-Section 2 of Section 47 of Bank and Financial Institutions Act 2073 are seen to have been complied; therefore as per Subsection 1 of the said Section, approval has been granted for the proposed 10% Bonus Share amounting NPR. 815,255,585.10 and 5.80% cash dividend including Tax amounting NPR. 472,848,239.36 subject to fulfillment of others prevailing legal provisions and approval of the same by the annual general meeting of the Bank. Additionally, consent has been granted for the publication of the financial statements of F.Y. 2018/19 for tabling it for the approval at the Bank's annual general meeting along with the below directives.

1. To withhold proposed cash dividend and bonus share of promoters shareholders till compliance of point no 7 of directive number 10 of Unified Directive 2075 issued by Nepal Rastra Bank is observed regarding holding of promoters shares up to 15% of Paid Up Capital in a Bank and Financial Institutions and up to 1% of paid up capital in other Bank and Financial Institutions.
2. To withhold proposed cash dividend and bonus shares of promoters shareholders till compliance of Section 11(3) of Bank and Financial Institutions Act-2073 is observed regarding taking approval from Nepal Rastra Bank while obtaining loan and advances from other bank and financial institutions by pledging shares owned by promoters holding of promoters shares of more than 2% of Paid Up Capital in a Bank and Financial Institutions.
3. Arrangements should be made for the full compliance of the observations/exceptions noted by the auditors in their report and for ensuring that such observations/exceptions do not repeat in future.

Above directive should be published as a separate page in the annual report of the Bank.

Shareholders Enquiries And Communication

COMMUNICATION

All the relevant information to shareholders, customers and general public is communicated through print media (national daily) and electronically through Bank's official website www.sunrisebank.com.np. The detailed information on AGM, including ordinary and special agendas to be discussed at the meeting is published in national daily newspapers at least 21 days before the AGM. Similarly, interim financial highlights are published within the stipulated deadline of 30 days as prescribed by the Nepal Rastra Bank. These statements along with Basel Disclosures as required by regulatory framework are posted in the Bank's official website.

ENQUIRY

Any enquiries related to the shareholders of Sunrise Bank on the share register viz., maintenance of shareholder's record, share transfer including domestic transfer, replacement of lost share certificates, pledge of shares, dividend warrants/bonus shares declared and ratified by the AGM, payment against dividend/lost warrant, opening of Demat Account, can be had from its subsidiary company Sunrise Capital Limited Ltd., located at Kamalpokhari, Kathmandu,

INFORMATION ABOUT ANNUAL GENERAL MEETING

The 12th Annual General Meeting (AGM) of the Bank has been scheduled to convene on 1st November 2019 at 10:00 hours at Naxal Banquet, Naxal, Kathmandu, Nepal to discuss and approve various agendas including the financials and 10% Bonus Share and 5.8% cash dividend including tax to shareholders.

TAXATION ON DIVIDENDS AND SHARES

CASH AND BONUS DIVIDENDS

The tax on dividend received by the shareholders is subject to withholding tax at the rate of 5% pursuant to Section 88(2) of the Income Tax Act 2002. The tax is final withholding tax as per Section 92(1) (a) of the Act and need not require further assessment while filing annual tax return under Section 96. However, the dividend distributed by the Bank from the dividend earned from the resident company is not subject to tax at the time of its distribution as per Section 54(3). Capitalization of profits is deemed as distribution under Section 53(1) (b) of the Act and hence, issuance of bonus shares by the Bank from the profits earned (excluding dividend received) is subject to withholding tax at the rate of 5% under Section 88(2.)

CAPITAL GAINS ON DISPOSAL OF SHARES

Pursuant to clause (a) of Section 95A (2) of the Income Tax Act, 2002 (amended by Finance Ordinance 2019), the gain on disposal of shares listed in the Securities Board of Nepal computed as per Section 37 of the Act is subject to withholding tax at the rate of 5%, if the beneficiary of the gain is resident natural person and at the rate of 10%, in case the beneficiary of the gain is resident entity and 25% to other than resident natural person and resident entity. Shares of Sunrise Bank are listed both in the Securities Board of Nepal and Nepal Stock Exchange Ltd. for the purpose of public trading and therefore the gain on disposal of Bank's shares is subject to withholding tax in accordance to clause (a) of Section 95A (2). Gain or loss arising from disposal of shares under Section 37 of the Act shall be the amount that is determined by reducing the amount incurred while acquiring the shares with the amount that is received at the time of its disposal. The amount of disposal in case the Sunrise Bank's shares are sold through stock exchange shall be the net amount received from the buyer less brokerage and other costs incurred during the transaction. The costs incurred for the shares by the way of an acquisition through stock exchange shall be the amount paid to the beneficiary plus all costs attributable to the acquisition. Further, the costs incurred for the shares by the way of transfer from the deceased person shall be the market value prevailing immediately before the death of the transferor. The tax being withheld on the gains arising from disposal of shares is an advance tax and the tax credit is available at the time of filing annual tax returns.

VALUE ADDED STATEMENT

VALUE ADDED			NPR in Million	
PARTICULARS	2019	2018		
Interest & Other Operating Income	10,318	8,495		
Cost of Services	(6,297)	(5,368)		
Value Added By Banking Services	4,021	3,127		
Non Banking Income	1	68		
Provision Against Non Performing Assets	(149)	(213)		
Value Added	3,873	2,982		

DISTRIBUTION

To employees		
Remuneration, provident funds and other benefits	1,150	908
To government		
Income tax	800	474
To providers of capital		
Interest on borrowings	75	10
Dividend to shareholders	1,288	938
Total	1,363	948
To expansion and growth		
Depreciation & amortizations	141	113
Capital/Retained earnings/Reserves	419	539
Total	560	652
Total Value Added	3,873	2,982

ECONOMIC VALUE ADDED BY THE BANK

Economic Value Added (EVA) measures the Bank’s financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit. During review year, the Bank has generated economic value of NPR 479.09.71 million along with increment of 49.00% as compared to Previous year of NPR. 321.54 million. The Bank has assumed cost of capital (Economic Costs) of 10 percent that is the Bank rate 7 percent plus 3 percent risk premium.

NPR in Million		
PARTICULARS	16 JULY, 2019	16, JULY 2018
A. Shareholder Fund	12,270.15	11,554.34
B. Net profit	1,706.10	1,476.97
Return on Shareholder Fund	13.90%	12.78%
C. Cost of Equity	10.00%	10.00%
D. Economic Cost (A*C)	1,227.02	1,155.43
E. Economic Value Added (B-D)	479.09	321.54

MARKET VALUE ADDED BY THE BANK

Market Value Added (MVA) measures the difference between the market value of the Bank and the capital contributed by shareholders. During review year, the Bank has generated market value of NPR 7,948.18 million along with increment of 10.00% as compared to previous year of NPR. 7,196.54 million.

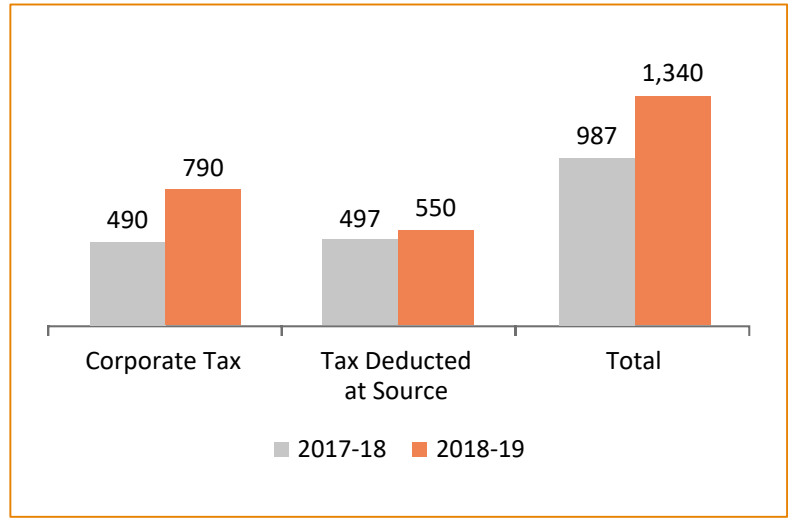
PARTICULARS	16 JULY, 2019	16, JULY 2018
A. No of Shares	81,525,558	81,525,558
B. Market Price of Share	248	230
C. Total Market Capitalization (A*B)	20,218,338,262	18,750,878,227
D. Shareholders Fund	12,270,150,433	11,554,338,107
E. Market Value Added (C-D)	7,948,187,829	7,196,540,121

STATEMENT ON CONTRIBUTION TO GOVERNMENT EXCHEQUER

The government is considered as one of the most important stakeholders that plays a critical role in the economic development of the country. Contribution to the government in any form is extremely essential to build the nation. Being a responsible corporate citizen, the Bank has ensured its noteworthy contribution in national goals like raising living standard of deprived sector, supporting in employment creation, increasing tax/revenue collection, promoting cashless economy, and enhancing financial access. Being a legitimate and ethical corporate citizen, Sunrise Bank Limited contributes to the government exchequer when the necessary amounts fall due.

The Bank has paid NPR 1,339.8 million as various taxes to Government of Nepal, which includes NPR 790 million as corporate tax, NPR 409.6 million as interest tax on deposits, NPR 83.3 million as employee income tax, and NPR 13.3 million as house rent tax. The Bank also pays reverse VAT on procurements of goods and services from outside the nation.

CONTRIBUTION TO GOVERNMENT EXCHEQUER (NPR IN MILLION)



DISCLOSURE RELATED TO SUB RULE (2) OF RULE 26 OF SECURITIES REGISTRATION AND ISSUANCE REGULATION, 2073

1. Report of Board of Directors
Included in the Annual Report under respective heading.

2. Auditor’s Report
Included in the Annual Report under respective heading.

3. Audited Financial Statements
Included in the Annual Report under respective heading.

4. Details relating to Legal Actions

- a. Law Suits filed by/against the Bank during the review period.**
No law suits except business cases related to loans and loan recovery.
- b. Law Suits filed by/against the promoters/ directors involving charge of regulatory violations or criminal offenses**
No such cases filed.
- c. Cases filed against any promoters/directors for financial fraud.**
No such Information has been received.

5. Analysis of share transaction and progress of Organized Institution:

a. Management view on share transactions of the Bank on Nepal Stock Exchange
As the share price determination and share transaction are carried through open market operations at Nepal Stock Exchange under the supervision of Securities Board of Nepal, the management is neutral on the matter.

b. Maximum, minimum and closing share price of organized institution including total transacted number of shares and transacted days during the year
The details in reference to the website of Nepal Stock Exchange are given in table below:

PARTICULARS	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR
Maximum Price (NPR)	270	250	242	277
Minimum Price (NPR)	213	211	203	232
Final Price (NPR)	245	215	235	248
No. of Transactions	925,648	480,297	878,628	1,196,932
Total Trading Days	62	60	60	64

6. Problems and Challenges
Increasing competition among banks, increasing inflation rate or decreasing area of investment, lack of financial sources due to unequal growth of loans and deposit, ups and downs in valuation of property due to abnormal growth in prices of fixed assets are major challenges faced but with the help of internal control mechanism, better strategies, diversified business, better service standards, employees’ ability enhancement, we are able to cope up with the controllable problems and challenges.

7. Corporate Governance
The Bank has adopted strong policies for maintaining corporate governance. In regards to corporate governance, bank is fully compliant with the directions of Nepal Rastra Bank, Banks and Financial Institution Act 2073 and Securities Exchange Act 2063 and is committed to comply in the days to come.

8. Statement of difference between prospectus and audited financial statement by 20% or more

STATEMENT OF FINANCIAL POSITION NPR in Millions

PARTICULAR	PROJECTED 2018/19	AUDITED 2018/19	DIFF AMOUNT	DIFF %	REASON FOR DIFFERENCE IN MORE THAN 20%
Assets					
Cash and Cash Equivalents	1,550	6,357	(4,807)	(310)	Normal Banking Transaction
Due from Nepal Rastra Bank	3,561	3,241	320	8.99	
Placement with Bank and Financial Institutions	5,138	1,165	3,973	77.33	Normal Banking Transaction
Derivative Financial Instruments	-	94	-		
Other Trading Assets	-	-	-		
Loans and Advances to BFIs	1,649	1,150	499	30.26	Normal Banking Transaction
Loans and Advances to Customers	73,081	68,866	4,215	5.77	
Investment Securities	12,749	11,724	1,025	8.04	
Current Tax Assets	-	85	-		
Investment in Subsidiaries	157	157	-		
Investment in Associates	-	-	-		
Investment Property	82	398	(316)	(385)	NFRS and Accounting System
Property and Equipment	928	919	9	0.97	
Goodwill and Intangible Assets	80	68	12	15	
Deferred Tax Assets	53	3	50	94.34	NFRS and Accounting System
Other Assets	1,114	384	730	65.53	Normal Banking Transaction
Total Assets	100,142	94,611	5,531	5.52	

PARTICULAR	PROJECTED 2018/19	AUDITED 2018/19	DIFF AMOUNT	DIFF %	REASON FOR DIFFERENCE IN MORE THAN 20%
Liabilities					
Due to Bank and Financial Institutions	2,606	3,809	(1,203)	(46.2)	NFRS and Accounting System
Due to Nepal Rastra Bank	525	840	(315)	(60)	Normal Banking Transaction
Derivative Financial Instruments	-	-	-		
Deposits from Customers	82,548	75,432	7,116	8.62	
Borrowings	-	-	-		
Current Tax Liabilities	-	-	-		
Provisions	-	-	-		
Deferred Tax Liabilities	-	-	-		
Other Liabilities	1,200	1,263	(63)	(5.25)	
Debt Securities Issued	1,000	996	4	0.4	
Subordinated Liabilities					
Total Liabilities	87,880	82,341	5,539	6.3	
Equity					
Share Capital	8,153	8,153	-		
Share Premium	127	127	-		
Retained Earnings	1,286	1,175	111	8.63	
Reserves	2,697	2,815	(118)	(4.38)	
Total Equity Attributable to Equity Holders	12,263	12,270	(7)	(0.1)	
Non Controlling Interest	-	-	-		
Total Equity	12,263	12,270	(7)		
Total Liabilities and Equity	100,142	94,611	5,531	5.52	

STATEMENT OF PROFIT OR LOSS

NPR in Millions

PARTICULAR	PROJECTED 2018/19	AUDITED 2018/19	DIFF AMOUNT	DIFF %	REASON FOR DIFFERENCE IN MORE THAN 20%
Interest Income	9,387	9,206	181	1.93	
Interest Expense	6,215	5,621	594	9.56	
Net Interest Income	3,172	3,585	(413)	(13.02)	
Fee and Commission Income	665	782	(117)	(18)	On projection net trading income and other operating income included
Fee and Commission Expense	171	120	51	29.82	Transfer to other operating expenses
Net Fee and Commission Income	494	662	(168)	(34)	
Net Interest, Fee and Commission Income	3,666	4,247	(581)	(15.9)	
Net Trading Income	-	265	(265)		
Other Operating Income	399	65	334	83.71	Transfer to Fees and Commission Income
Total Operating Income	4,064	4,576	(512)	(12.60)	
Impairment Charge/ (Reversal) for Loans and Other Losses	(65)	104	(169)	260	Recovery of Non Performing Loan
Net Operating Income	4,129	4,473	(344)	(8.33)	
Operating Expense					
Personnel Expenses	1,096	1,150	(54)	(4.93)	
Other Operating Expenses	536	630	(94)	(17.54)	
Depreciation & Amortization	144	141	3	2.08	
Operating Profit	2,353	2,551	(198)	(8.41)	
Non Operating Income	10	1	9	90	
Non Operating Expense	-	46	(46)		
Profit Before Income Tax	2,363	2,506	(143)	(6.05)	
Income Tax Expense	709	800	(91)	(12.83)	
Current Tax	709	762	(53)	(7.48)	
Deferred Tax	-	38	(38)		
Profit for the Peri	1,654	1,706	(52)	(3.14)	

9. Details of special events or circumstances

a. Amendment in the bye laws of the organized institution

Necessary change has been made in line with Company Act, 2063 and Bank and Financial Act, 2073 to attain objective of the Bank and composition of the Board of Directors.

b. Changes in BOD/senior management of the organized institution

i. New appointment in the Board

NAME	DATE OF APPOINTMENT
Er. Shailendra Guragain	13 January 2019
Sharada Sharma Pudasaini	13 January 2019

ii. Resignation from the Board

NAME	DATE OF RESIGNATION
Dr. Bhogendra Guragain	13 January 2019
Jyoti Kumar Begani	13 January 2019
Dr. Dipak Psd Bhattari	13 January 2019

i. New appointment in the senior management of the organized institution

NAME	DATE OF APPOINTMENT
Janak Sharma Poudyal	25 July 2019

ii. Resignation in the senior management of the organized institution

NAME	DATE OF RESIGNATION
Ratna Raj Bajracharya	14 May 2019

c. Declaration of dividend and change in share composition

Board of Directors has proposed 10% bonus shares amounting NPR 815,255,585.10 (815 Million) and 5.8% cash dividend (including tax) amounting NPR 472,848,239.36 (472 Million) for the FY 2018/19.



BANK'S PERFORMANCE

Horizontal and Vertical Analysis

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

NPR in Millions

PARTICULARS	16/JUL/19	%	16/JUL/18	%	15/JUL/17
Assets					
Cash and Cash Equivalents	6,357	76	3,616	75	2,061
Due from Nepal Rastra Bank	3,241	(36)	5,033	(33)	7,496
Placement with Bank and Financial Institutions	1,165	(57)	2,696	(20)	3,358
Derivative Financial Instruments	94	-	-	(100)	1
Other Trading Assets	-	-	-	-	-
Loans and Advances to BFIs	1,150	16	990	(11)	1,113
Loans and Advances to Customers	68,866	16	59,224	18	50,158
Investment Securities	11,724	21	9,720	58	6,169
Current Tax Assets	85	97	43	(74)	165
Investment in Subsidiaries	157	-	157	100	79
Investment in Associates	-	-	-	-	-
Investment Property	398	234	119	(26)	161
Property and Equipment	919	26	730	37	534
Goodwill and Intangible Assets	68	(10)	76	31	59
Deferred Tax Assets	3	(95)	53	-	-
Other Assets	384	18	325	(36)	505
Total Assets	94,611	14	82,783	15	71,859

PARTICULARS	16/JUL/19	%	16/JUL/18	%	15/JUL/17
Liabilities					
Due to Bank and Financial Institutions	3,809	79	2,127	(45)	3,881
Due to Nepal Rastra Bank	840	59	527	-	-
Derivative Financial Instruments	-	(100)	23	-	-
Deposits from Customers	75,432	12	67,366	18	57,286
Borrowings	-	-	-	-	-
Current Tax Liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	(100)	26
Other Liabilities	1,263	7	1,186	27	931
Debt Securities Issued	996	-	-	-	-
Subordinated Liabilities	-	-	-	-	-
Total Liabilities	82,341	16	71,229	15	62,123
Equity					
Share Capital	8,153	-	8,153	16	7,018
Share Premium	127	-	127	-	-
Retained Earnings	1,175	25	942	(30)	1,349
Reserves	2,815	21	2,333	71	1,368
Total Equity Attributable to Equity Holders	12,270	6	11,554	19	9,735
Non Controlling Interest	-	-	-	-	-
Total Equity	12,270	6	11,554	19	9,735
Total Liabilities and Equity	94,611	14	82,783	15	71,859

STATEMENT OF PROFIT OR LOSS

NPR in Millions

PARTICULARS	FY 2018/19	%	FY 2017/18	%	FY 2016/17
Interest Income	9,206	20	7,647	41	5,428
Interest Expense	5,621	18	4,776	53	3,113
Net Interest Income	3,585	25	2,871	24	2,314
Fee and Commission Income	782	26	620	20	517
Fee and Commission Expense	120	(25)	159	(1)	161
Net Fee and Commission Income	662	44	461	29	356
Net Interest, Fee and Commisson Income	4,247	27	3,332	25	2,671
Net Trading Income	265	34	197	-	-
Other Operating Income	65	113	30	(80)	148
Total Operating Income	4,576	29	3,559	26	2,819
Impairment Charge/ (Reversal) for Lossess	104	113	49	(35)	75
Net Operating Income	4,473	27	3,511	28	2,744
Operating Expense					
Personnel Expenses	1,150	27	908	32	689
Other Operating Expenses	630	43	442	41	313
Depreciation & Amortisation	141	26	112	137	48
Operating Profit	2,551	25	2,047	21	1,695
Non Operating Income	1	(98)	68	390	14
Non Operating Expense	46	(72)	164	91	86
Profit Before Income Tax	2,506	28	1,951	20	1,623
Income Tax Expense	800	69	474	(7)	510
Profit for the Period	1,706	16	1,477	33	1,113

STATEMENT OF FINANCIAL POSITION

NPR in Millions

PARTICULARS	16/JUL/19	%	16/JUL/18	%	15/JUL/17	%
Assets						
Cash and Cash Equivalents	6,357	7	3,616	4	2,061	3
Due from Nepal Rastra Bank	3,241	3	5,033	6	7,496	10
Placement with Bank and Financial Institutions	1,165	1	2,696	3	3,358	5
Derivative Financial Instruments	94	-	-	-	1	0.1
Other Trading Assets	-	-	-	-	-	-
Loans and Advances to BFIs	1,150	1	990	1	1,113	2
Loans and Advances to Customers	68,866	73	59,224	72	50,158	70
Investment Securities	11,724	12	9,720	12	6,169	9
Current Tax Assets	85	0.1	43	0.1	165	0.1
Investment in Subsidiaries	157	0.2	157	0.2	79	0.1
Investment in Associates	-	-	-	-	-	-
Investment Property	398	0.4	119	0.1	161	0.2
Property and Equipment	919	1	730	1	534	1
Goodwill and Intangible Assets	68	0.1	76	0.1	59	0.1
Deferred Tax Assets	3	-	53	0.1	-	-
Other Assets	384	0.4	325	0.4	505	0.7
Total Assets	94,611	100	82,783	100	71,859	100

PARTICULARS	16/JUL/19	%	16/JUL/18	%	15/JUL/17	%
Liabilities						
Due to Bank and Financial Institutions	3,809	4	2,127	3	3,881	5
Due to Nepal Rastra Bank	840	1	527	1	-	-
Derivative Financial Instruments	-	0.1	23	-	-	-
Deposits from Customers	75,432	80	67,366	81	57,286	80
Borrowings	-	-	-	-	-	-
Current Tax Liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	0.1	26	0.1
Other Liabilities	1,263	1	1,186	1	931	1
Debt Securities Issued	996	1	-	-	-	-
Subordinated Liabilities	-	-	-	-	-	-
Total Liabilities	82,341	87	71,229	86	62,123	86
Equity						
Share Capital	8,153	9	8,153	10	7,018	10
Share Premium	127	0.1	127	-	-	-
Retained Earnings	1,175	1	942	1	1,349	2
Reserves	2,815	3	2,333	3	1,368	2
Total Equity Attributable to Equity Holders	12,270	13	11,554	14	9,735	14
Total Liabilities and Equity	94,611	100	82,783	100	71,859	100

STATEMENT OF FINANCIAL POSITION

NPR in Millions

PARTICULARS	FY 2018/19	%	FY 2017/18	%	FY 2016/17	%
Interest Income	9,206	89	7,647	89	5,428	89
Interest Expense	5,621	54	4,776	56	3,113	51
Net Interest Income	3,585	35	2,871	34	2,314	38
Fee and Commission Income	782	8	620	7	517	8
Fee and Commission Expense	120	1	159	2	161	3
Net Fee and Commission Income	662	6	461	5	356	6
Net Interest, Fee and Commisson Income	4,247	41	3,332	39	2,671	44
Net Trading Income	265	3	197	2	-	-
Other Operating Income	65	1	30	0.4	148	2
Total Operating Income	4,576	44	3,559	42	2,819	46
Impairment Charge/ (Reversal) for Losses	104	1	49	1	75	1
Net Operating Income	4,473	43	3,511	41	2,744	45
Operating Expense						
Personnel Expenses	1,150	11	908	11	689	11
Other Operating Expenses	630	6	442	5	313	5
Depreciation & Amortisation	141	1	112	1	48	1
Operating Profit	2,551	25	2,047	24	1,695	28
Non Operating Income	1	-	68	1	14	0.2
Non Operating Expense	46	0.4	164	2	86	1
Profit Before Income Tax	2,506	24	1,951	23	1,623	27
Income Tax Expense	800	8	474	6	510	8
Profit for the Period	1,706	17	1,477	17	1,113	18

Remittance Network

REMITTANCE (INTERNATIONAL)

Sunrise Bank has extended remittance business throughout Middle East and other Nepalese workers destinations. Remittance department has been continuously seeking and soliciting new avenues for remittance business. Detailed international remittance network is mentioned below:

COUNTRY	PARTNER BANK / REMITTANCE COMPANY
Oman	Al Jadeed Exchange Modern Exchange Lulu Exchange
Qatar	Habib Qatar International Exchange Al Zaman Exchange Al Jazeera Exchange
UAE	Al Ahalia Exchange Progoti Exchange GCC Exchange Al Ansari Exchange Noor Ahalia Exchange
Kuwait	Bahrain Exchange Company
Bahrain	Bex Money Bahrain Express Exchange
Israel	WIC Worldcom Finance
Italy / Europe	National Exchange
UK / Europe	Netfox LTD NEC Money Transfer
India	IDBI Bank
South Korea	Industrial Bank of Korea KB Kookmin Bank Hanpass Remittance
USA	Trans Fast Remittance
Japan	Easylink Remittance
Hong Kong / Australia	DollarSmart Global
Malaysia	Max Money
Singapore	INTL FC Stone
Australia	Legal Remit - Lumbini Group
Others	Western Union Moneygram

SERVICES OFFERED BY REMITTANCE DEPARTMENT IN INTERNATIONAL CORRIDOR :

Online Remittance which includes :

- Remittance Payment against Identification

- SrBL Account Credit Remittances
- Other Bank Account Credit Remittances

Partial Banking Facility from Abroad :

- Opening Suryodaya Remit Account
- Providing Mobile Banking / Internet Banking Facility
- Solicitation of Fixed Deposits
- SrBL Visa Cards distribution country wise
- Issuance of Account Mandate & Debit Authority
- Solicitation of Loan customers and obtaining required legal documents

Sunrise Capital service from Abroad:

- Opening of DMAT Account from Abroad
- Providing DMAT Cheque Book and ASBA Forms (if share issuer is Sunrise Capital).

Other Functions Abroad:

- Promoting Sunrise Bank and its products in International market targeting Nepalese workers community
- Marketing campaign in various countries for various products of the bank
- Banking awareness programs to educate Nepalese workers to remit funds through banking channel

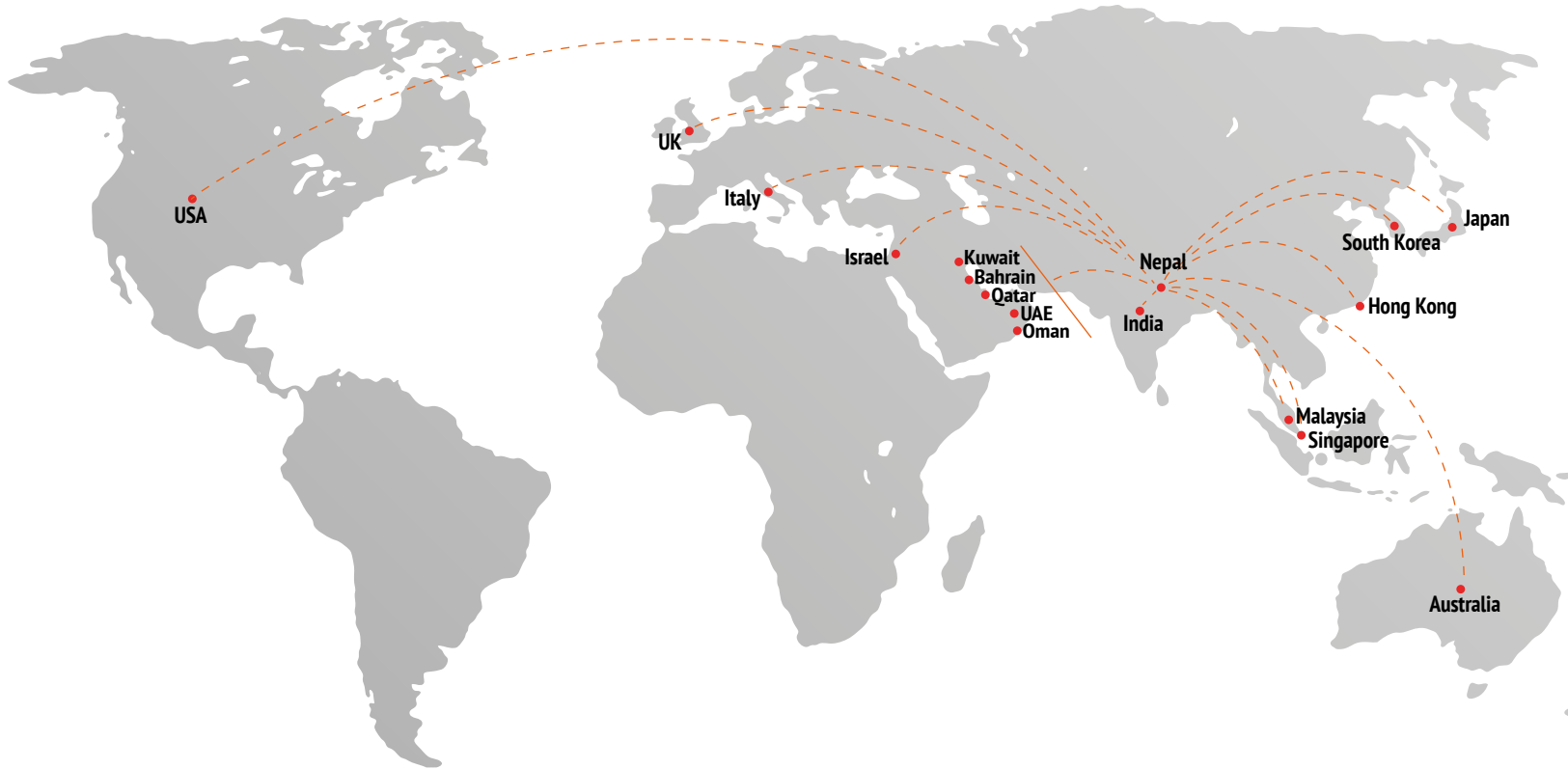
REMITTANCE (DOMESTIC)

Arrangement with Remittance Companies within Nepal for payment of both International and Domestic Remittances

IME
Prabhu Money Transfer
Himal Remit
City Express
Samsara Money Transfer
Ipay Reliable Remit
CG Money Transfer
SDBL Trust Remit
Sanima Remit
Kumari Remit
Garima Remit



Sunrise Bank Limited has signed agreement with Hanpass Remittance, a leading remittance company of South Korea. Grand launching ceremony was conducted on 29th April, 2018 in Tmark Grand Hotel, Seoul, South Korea in presence of Ambassador of Nepal to South Korea HE. Arjun Jung Bahadur Singh, CEO of Hanpass Remittance Mr. Kyung Hoon Kim, Director of Hanpass Remittance Mr. Alex Kim and Mr. Ratna Raj Bajracharya, CEO of SrBL.



Correspondent Network

CORRESPONDENT NETWORK AND CORRESPONDENT BANKING SERVICE

The Bank maintains a full-fledge Correspondent Banking Department under its Treasury and Correspondent Banking Department located in Head Office, Gairidhara, Kathmandu, Nepal. The department is dedicated to provide prompt service to all the units of the bank relating to international payments, inward remittance, letter of credit advising, settlements and all other correspondent banking related issues for smooth functioning of the bank’s department and branches. For reliable transfer of funds and prompt service to its customers, we have maintained nostro accounts with 18 banks for different currencies. We also have Relationship Management Application (RMA) arrangement with more than 134 banks that enables communication between various financial institutions via SWIFT thus helping in free flow of information as and when

required.

The Correspondent Banking Department is in constant communication with all our international correspondent banks, SWIFT department, Trade Finance departments, and all the branches. Maintaining such good relationship is the key to providing seamless service as it allows for better responsiveness and flexibility in meeting the needs of clients.

We have a comprehensive network of Correspondent Banks. Our customers can benefit from our international reach, relationship-based approach with high level of expertise, and our wide range of global correspondent banking service. Further, they can remit funds from their account to any of our Correspondent Banks mentioned below.

STANDARD SETTLEMENT INSTRUCTIONS (SSI) OF SUNRISE BANK LIMITED (SWIFT: SRBLNPKA)

S.N.	CCY	CORRESPONDENT BANK	COUNTRY	CITY	SWIFT/BIC	ACCOUNT DETAIL
1	AUD	State Bank of India, Sydney	Australia	Sydney	SBINAU2S	Account Number: 30113024220001
2	CNY	Bank of China, Shanghai	China	Shanghai	BKCHCNBJS00	Account Number: 778410055236
3	CNY	Standard Chartered Bank,Shanghai	China	Shanghai	SCBLCNSX	Account Number: 000000501511309826
4	DKK	Danske Bank A/S	Denmark	Copenhagen	DABADKKK	Account Number: 925323035, IBAN: DK85 3000 3996 0796 19
5	EUR	Standard Chartered Bank	Germany	Frankfurt am Main	SCBLDEFX	Account Number: 0500 0064 02, IBAN: DE54 5123 0500 0050 0064 02
6	GBP	Standard Chartered Bank	Great Britain	London	SCBLGB2L	Account Number: 00-01-2525585-01, Sort Code : 609104
7	INR	Axis Bank Ltd	India	Mumbai	AXISINBB004	Account Number: 004010203098811, IFSC Code : UTIB0000004
8	INR	HDFC Bank Ltd	India	Mumbai	HDFCINBB	Account Number: 00600390000458, IFSC Code : HDFC0000060
9	INR	Mashreq Bank PSC	India	Mumbai	MSHQINBB	Account Number: 61049045, IFSC Code: MSHQ0000001
10	INR	Standard Chartered Bank	India	Mumbai	SCBLINBB	Account Number: 22205358523, IFSC Code : SCBL0036001
11	INR	IDBI Bank Limited Mumbai	India	Mumbai	IBKLINBB	Account Number: 0126120000000028 IFSC: IBKL00000691
12	INR	Kotak Mahindra Bank , Mumbai	India	Mumbai	KKBKINBB	Account Number: 5812873873 IFSC: KKBK0000958
13	JPY	Standard Chartered Bank	Japan	Tokyo	SCBLJPJT	Account Number: 02211431110
14	USD	K B Kookmin Bank	South Korea	Seoul	CZNBKRSE	Account Number : 834-8-USD-01-4

Contd. SSI OF Sunrise Bank Limited

S.N.	CCY	CORRESPONDENT BANK	COUNTRY	CITY	SWIFT/BIC	ACCOUNT DETAIL
15	USD	Habib American Bank	United States	New York	HANYUS33	Account Number: 20729334
16	USD	Industrial Bank of Korea	South Korea	Seoul	IBKOKRSE	Account Number: 719-000101-57-00016
17	USD	MashreqBank PSC	United States	New York	MSHQUS33	Account Number: 70008424
18	USD	Standard Chartered Bank	United States	New York	SCBLUS33	Account Number: 3582-021242-001, FEDWIRE : 026002561

Further, for smooth functioning of our trade finance services such as LC advising and easy exchange of information with the international banks, we have RMA arrangement with various banks mentioned below:

OWN BIC	CORRESPONDENT	CORRESPONDENT NAME
SRBLNPKA	AXISAEAD	AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY DFSA)
SRBLNPKA	AXISHKHH	AXIS BANK LIMITED
SRBLNPKA	AXISINBB	AXIS TED
SRBLNPKA	AXISLKLX	AXIS BANK LIMITED
SRBLNPKA	AXISSGSG	AXIS BANK LIMITED
SRBLNPKA	BHFBDEFF	ODDO BHF AKTIENGESELLSCHAFT
SRBLNPKA	BJAZSAJE	BANK AL-JAZIRA
SRBLNPKA	BKCHCNBJ	BANK OF CHINA
SRBLNPKA	BNBTBTBT	BHUTAN NATIONAL BANK LTD
SRBLNPKA	BOJSCNBN	BANK OF JIANGSU CO LTD
SRBLNPKA	BOKLNPKA	BANK OF KATHMANDU LIMITED
SRBLNPKA	BOMLAEAD	MASHREQBANK PSC.
SRBLNPKA	BOMLBHBM	MASHREQBANK PSC.
SRBLNPKA	BRABDDDH	BRAC BANK LIMITED
SRBLNPKA	BSABESBB	BANCO DE SABADELL, S.A.
SRBLNPKA	BSFRSARI	BANQUE SAUDI FRANSI
SRBLNPKA	BSONBDDH	SONALI BANK LIMITED
SRBLNPKA	CEDBNPKA	
SRBLNPKA	CIVLNPKA	CIVIL BANK LIMITED
SRBLNPKA	CLBIAEAD	COMMERCIAL BANK INTERNATIONAL
SRBLNPKA	COBAAEAD	COMMERZBANK AG DUBAI BRANCH
SRBLNPKA	COBACNBJ	COMMERZBANK AG BEIJING BRANCH
SRBLNPKA	COBACNBX	
SRBLNPKA	COBACNSX	COMMERZBANK AG
SRBLNPKA	COBADEFF	COMMERZBANK AG
SRBLNPKA	COBADEHH	COMMERZBANK AG
SRBLNPKA	COBAGB2X	COMMERZBANK AG
SRBLNPKA	COBAHKHX	COMMERZBANK AG
SRBLNPKA	COBASGSX	COMMERZBANK AG, SINGAPORE BRANCH
SRBLNPKA	CTZNNPKA	CITIZENS BANK INTERNATIONAL LIMITED
SRBLNPKA	CZNBKRSE	KOOKMIN BANK
SRBLNPKA	DABADKKK	DANSKE BANK A/S
SRBLNPKA	DABAFIHH	DANSKE BANK A/S, FINLAND BRANCH
SRBLNPKA	DBSSAU2S	DBS BANK LTD., AUSTRALIA BRANCH
SRBLNPKA	DBSSCNSH	DBS BANK (CHINA) LIMITED
SRBLNPKA	DBSSSGSG	DBS BANK LTD.
SRBLNPKA	DBSSTWTP	DBS BANK (TAIWAN) LTD
SRBLNPKA	DHBKHKHH	DBS BANK (HONG KONG) LIMITED
SRBLNPKA	DOHBINBB	DOHA BANK Q.S.C MUMBAI BRANCH
SRBLNPKA	DOHBQAQA	DOHA BANK
SRBLNPKA	HABGB2L	HLB BANK UK LIMITED
SRBLNPKA	HANYUS33	HABIB AMERICAN BANK
SRBLNPKA	HBZUAEAD	HABIB BANK AG ZURICH
SRBLNPKA	HBZUCHZZ	HABIB BANK AG ZURICH
SRBLNPKA	HDFCHKHH	HDFC BANK LTD
SRBLNPKA	HDFCINBB	HDFC BANK LIMITED

Contd. RMA Arrangement with Various Banks

OWN BIC	CORRESPONDENT	CORRESPONDENT NAME
SRBLNPKA	HIMANPKA	HIMALAYAN BANK LTD.
SRBLNPKA	IBKLINBB	IDBI BANK LIMITED
SRBLNPKA	IBKOKRSE	INDUSTRIAL BANK OF KOREA
SRBLNPKA	ICICCATT	ICICI BANK CANADA
SRBLNPKA	ICICINBB	ICICI BANK LIMITED
SRBLNPKA	ICRAIT3F	
SRBLNPKA	ICRAITMM	
SRBLNPKA	ICRAITRR	ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO
SRBLNPKA	IDFBINBB	IDFC FIRST BANK LIMITED
SRBLNPKA	IGLUGB2L	INTL FCSTONE LTD (FORMERLY INTL GLOBAL CURRENCIES LTD)
SRBLNPKA	INDBINBB	INDUSIND BANK LIMITED
SRBLNPKA	JBNLNPKA	JANATA BANK LIMITED
SRBLNPKA	KKBKINBB	KOTAK MAHINDRA BANK LIMITED
SRBLNPKA	KMBLNPKA	KUMARI BANK LTD
SRBLNPKA	LUBLNPKA	
SRBLNPKA	LXBLNPKA	LAXMI BANK LIMITED
SRBLNPKA	MAHBINBB	BANK OF MAHARASHTRA
SRBLNPKA	MBHOUS4H	
SRBLNPKA	MBLNNPKA	MACHHAPUCHCHHRE BANK LIMITED
SRBLNPKA	MSHQEGCA	MASHREQ BANK
SRBLNPKA	MSHQGB2L	MASHREQ BANK PSC
SRBLNPKA	MSHQHKHH	MASHREQBANK PSC., HONG KONG BRANCH
SRBLNPKA	MSHQINBB	MASHREQ BANK
SRBLNPKA	MSHQKWKW	MASHREQBANK PSC.
SRBLNPKA	MSHQQAQA	MASHREQ BANK
SRBLNPKA	MSHQUS33	MASHREQBANK PSC., NEW YORK BRANCH
SRBLNPKA	NARBNPKA	NABIL BANK LIMITED
SRBLNPKA	NATAAU33	NATIONAL AUSTRALIA BANK LIMITED
SRBLNPKA	NBOCNPKA	NEPAL CREDIT AND COMMERCE BANK LTD.
SRBLNPKA	NEBLNPKA	NEPAL BANK LIMITED
SRBLNPKA	NIBLNPKT	NEPAL INVESTMENT BANK LTD.
SRBLNPKA	NICENPKA	NIC ASIA BANK LIMITED
SRBLNPKA	NMBBNPKA	NMB BANK LTD
SRBLNPKA	NPBBNPKA	NEPAL BANGLADESH BANK LIMITED
SRBLNPKA	NRBLNPKA	NEPAL RASTRA BANK
SRBLNPKA	NSBINPKA	NEPAL SBI BANK LTD
SRBLNPKA	NXBKCNBH	NANXUN BANK
SRBLNPKA	PCBLNPKA	PRIME COMMERCIAL BANK LTD
SRBLNPKA	PRVUNPKA	PRABHU BANK LTD
SRBLNPKA	SBINAU2S	STATE BANK OF INDIA
SRBLNPKA	SCBLAEAD	STANDARD CHARTERED BANK
SRBLNPKA	SCBLBDDX	STANDARD CHARTERED BANK
SRBLNPKA	SCBLBHBM	STANDARD CHARTERED BANK
SRBLNPKA	SCBLCNSX	STANDARD CHARTERED BANK (CHINA) LIMITED
SRBLNPKA	SCBLDEFX	STANDARD CHARTERED BANK AG
SRBLNPKA	SCBLGB2L	STANDARD CHARTERED BANK
SRBLNPKA	SCBLHKHH	STANDARD CHARTERED BANK (HONG KONG) LIMITED
SRBLNPKA	SCBLIDJX	STANDARD CHARTERED BANK
SRBLNPKA	SCBLINBB	STANDARD CHARTERED BANK
SRBLNPKA	SCBLJPJT	STANDARD CHARTERED BANK
SRBLNPKA	SCBLKRSE	STANDARD CHARTERED BANK KOREA LIMITED
SRBLNPKA	SCBLMYKX	STANDARD CHARTERED BANK MALAYSIA BERHAD
SRBLNPKA	SCBLNPKA	STANDARD CHARTERED BANK NEPAL LIMITED
SRBLNPKA	SCBLPKXX	STANDARD CHARTERED BANK (PAKISTAN) LIMITED
SRBLNPKA	SCBLQAQX	STANDARD CHARTERED BANK
SRBLNPKA	SCBLSG22	STANDARD CHARTERED BANK (SINGAPORE) LIMITED
SRBLNPKA	SCBLSGSG	STANDARD CHARTERED BANK
SRBLNPKA	SCBLTHBX	STANDARD CHARTERED BANK (THAI) PCL
SRBLNPKA	SCBLTWTP	STANDARD CHARTERED BANK (TAIWAN) LIMITED

Contd. RMA Arrangement with Various Banks

OWN BIC	CORRESPONDENT	CORRESPONDENT NAME
SRBLNPKA	SCBLUS33	STANDARD CHARTERED BANK
SRBLNPKA	SCBLVNVH	STANDARD CHARTERED BANK
SRBLNPKA	SCBLNVVX	STANDARD CHARTERED BANK (VIETNAM) LIMITED
SRBLNPKA	SCGRUS33	SOLEIL CAPITALE CORPORATION
SRBLNPKA	SIDDNPKA	SIDDHARTHA BANK LIMITED
SRBLNPKA	SMBCJPJT	SUMITOMO MITSUI BANKING CORPORATION
SRBLNPKA	SNMANPKA	SANIMA BANK LIMITED
SRBLNPKA	SRBLNPKA	SUNRISE BANK LIMITED
SRBLNPKA	UABMMMMY	UAB BANK LIMITED
SRBLNPKA	UBAIITRR	BANCA UBAE SPA
SRBLNPKA	UBININBB	UNION BANK OF INDIA

Our Branch Network

PROVINCE NO. 1

BRANCHES	DETAILS
BARAHAPOKHARI BRANCH	Dhartung, Barahpokhari Rural Municipality-4, Khotang, Nepal
BHADRAPUR BRANCH	Hulak Road, Bhadrapur Municipality-5, Jhapa, Nepal, Tel: +977-023-520132/520133
BIRATCHOWK BRANCH	Biratchowk, Sundarharaicha Municipality-10, Morang, Nepal, Tel: +977-021-546102/546430
BIRATNAGAR BRANCH	Hanumandas Road, Biratnagar Metropolitan City-8, Morang, Nepal, Tel: +977-021-440695/440696
BIRTAMOD BRANCH	Muktichowk, Birtamod Municipality-4, Jhapa, Nepal, Tel: +977-023-546080/541069
BUDHABARE BRANCH	Budhabare, Buddhashanti Rural Municipality-3, Jhapa, Nepal, Tel: +977-023-555418/555478
DAMAK BRANCH	Ganganagari Gorkha Department Store 2nd Floor, Damak Municipality-5, Jhapa, Nepal, Tel: +977-023-582360/582361
DHANKUTA BRANCH	Hulak Tole, Dhankuta Municipality-7, Dhankuta, Nepal, Tel: +977-026-523221/523222
DHARAN BRANCH	Mahendra Path, Dharan Sub-Metropolitan City-12, Sunsari, Nepal, Tel: +977-025-532841/532842
DUHABI BRANCH	Dharan Road, Duhabi Municipality-5, Sunsari, Nepal, Tel: +977-025-541486/541488
GAIGHAT BRANCH	Pipalchowk,Triyuga Municipality-11, Udayapur, Nepal, Tel: +977-035-420778/420779/420780
ILAM BRANCH	Nikunja Path, Ilam Municipality-7, Ilam, Nepal, Tel: +977-027-521717/521720
INARUWA BRANCH	Shanti Chowk, Inaruwa Municipality-01, Sunsari, Nepal, Tel: +977-025-561681/561880
ITAHARI BRANCH	Itahari Central Plaza, Itahari Sub-Metropolitan City-6, Sunsari, Nepal, Tel: +977-025-586924/587622
JHUMKA BRANCH	Jhumka Bazar, Ramdhuni Municipality-1, Sunsari, Nepal, Tel: +977-025-562353/562653
KAKARVITTA BRANCH	Kakarvitta, Mechinagar Municipality-6, Jhapa, Nepal, Tel: +977-023-562083/562502
KHANAR BRANCH	Itahari Sub-metropolitan City-12, Sunsari, Nepal, Tel: +977-025-420129/420139
KINJA BRANCH	Kinja Bazar, Likhupike Gaupalika-5, Solukhumbu, Nepal
MAIWAKHOLA -TEAM	Sanghu Bazar, Maiwakhola Rural Municipality-3, Taplejung, Nepal, Tel: +977-021-696488
MOLUNG BRANCH	Prapcha Deurali, Molung Rural Municipality-3, Okhaldhunga, Nepal, Tel: +977-9741428889
PHUNGLING BRANCH	Dobato, Phungling Municipality-04, Taplejung, Nepal, Tel: +977-024-460553
SIDDHICHARAN BRANCH	Ramailodanda, Siddhicharan Municipality-11, Okhaldhunga, Nepal, Tel: +977-037-520701/520702
SURUNGA BRANCH	Jhapa Road, Kankai Municipality-3, Jhapa, Nepal, Tel: +977-023-550880/550881
TERATHUM BRANCH	Myanglung Bazar, Myanglung Municipality-1, Terhathum, Nepal, Tel: +977-026-460720/460721
UDAYPUR BRANCH	Jaljale, Triyuga Municipality-6, Udayapur, Nepal, Tel: +977-035-411016/9753003729

PROVINCE NO. 2

BRANCHES	DETAILS
AURAH1 BRANCH	Deuri Parwaha, Aurahi Rural Municipality-2, Dhanusha, Nepal, Tel: +977-041-620055
BARDIBAS BRANCH	Main Road, Bardibas Municipality-1, Mahottari, Nepal, Tel: +977-044-550563/550564
BINDABASINI-TEAM	Bahuarwabhatta, Bindabasini Rural Municipality-2, Parsa, Nepal, Tel: +977-9755001213
BIRGUNJ BRANCH	Adarshnagar Chowk, Birgunj Metropolitan City-7, Parsa, Nepal, Tel: +977-051-524784/524785
CHANDRANIGAHAPUR BRANCH	Chandranigahpur, Chandrapur Municipality-4, Rautahat, Nepal, Tel: +977-055-540536/540636
DURGABHAGWATI BRANCH	Gangapipra Bazar, Durgabhagwati Rural Municipality-1, Rautahat, Nepal, Tel: +977-055-400049
GAUR BRANCH	B.P Chowk, Gaur Municipality-3, Rautahat, Nepal, Tel: +977-055-521413
JANAKPUR BRANCH	Bajrang Chowk, Janakpur Sub-Metropolitan City-8, Dhanusha, Nepal, Tel: +977-041-527245/527246
KALYANPUR BRANCH	Kalyanpur, Khadak Municipality-7, Saptari, Nepal, Tel : +977-031-540102/03
LAHAN BRANCH	Police Station, Thana Chowk, Lahan Municipality-8 , Siraha, Nepal, Tel: +977-033-562403/562423
MIRCHAIYA BRANCH	Thana Chowk, Mirchaiya Municipality-5, Siraha, Nepal, Tel: +977-033-550596/684
NIJGADH BRANCH	Nijgadth, Sahid Chowk, Nijgadth Municipality-9, Bara, Nepal, Tel: +977-053-540021/321
RAJBIRAJ BRANCH	Gajendra Chowk, Rajbiraj Municipality-4, Saptari, Nepal, Tel: +977-031-520727/520721
SIMARA BRANCH	Simara Chowk, Jeetpur Simara Sub Metropolitan-2, Bara, Nepal, Tel: +977-053-520980/81

PROVINCE NO. 3

BRANCHES	DETAILS
ATTARKHEL BRANCH	Nepal Medical College (NMC Chowk), Gokarneshwor Municipality-8, Kathmandu, Nepal, Tel: +977-01-4913704
BAMTIBHANDAR BRANCH	Ratnajyoti Bazar, Umakunda Rural Municipality-2, Ramechhap, Nepal, Tel: +977-9741428893
BANESHWOR BRANCH	Mid Baneshwor, Kathmandu Metropolitan City-10, Kathmandu, Nepal, Tel +977-01-4497521/4489294
BANIYATAR BRANCH	Jalpa Chowk, Tokha, Tokha Municipality-8, Kathmandu, Nepal, Tel: +977-01-5158066/5158161
BATTAR BRANCH	Battar Bazar, Bidur Municipality-04, Nuwakot, Nepal, Tel: +977-010-561981/561982
BHAINSEPATI BRANCH	Khokana Dobato, Bhainsepati, Lalitpur Metropolitan City-25, Lalitpur, Nepal, Tel: +977-01-5592930/5592931
BHAKTAPUR BRANCH	Sukuldhoka, Bhaktapur Municipality-5, Bhaktapur, Nepal, Tel: +977-01-6619240/6619241
BHARATPUR BRANCH	Hakim Chowk, Bharatpur Metropolitan City-10, Chitwan, Nepal, Tel: +977-056-528121/533261/525155
BOUDHA BRANCH	Bouddha, Kathmandu Metropolitan City-6, Kathmandu, Nepal, Tel: +977-01-4916395
BUDHANILKANTHA BRANCH	Narayanthan Chowk, Budhanilkantha Municipality-3, Kathmandu, Nepal, Tel: +977-01-4378275
CHABAHIL BRANCH	Chabahil (Saraswati Nagar), Kathmandu Metropolitan City-7, Kathmandu, Nepal. Tel: +977-01-4822466/4822766
GABAHAL BRANCH	Ratnakar Mahabihar, Lalitpur Metropolitan City-16, Lalitpur, Nepal, Tel: +977-01-5005014/5005015/5005212
GATTHAGHAR BRANCH	Gatthaghar, Chardobato, Madhyapur Thimi Municipality-3, Bhaktapur, Nepal, Tel: +977-01-6634237/716
GAUSALA BRANCH	Pingalasthan, Kathmandu Metropolitan City-8, Kathmandu, Nepal, Tel :+977-01-4113667/4113668
GONGABU BRANCH	Gongabu Chowk, Kathmandu Metropolitan City-26, Kathmandu, Nepal, Tel: +977-01-4388505/4388506/4388507
GOTHATAR BRANCH	Pepsi Cola Town Planning, Kathmandu Metropolitan City-32, Kathmandu, Nepal, Tel: +977-01-4992706
GOTIKHEL BRANCH	Gotikhel Bazar, Mahankal Rural Municipality-3, Lalitpur, Nepal, Tel: +977-9741428871
HETAUDA BRANCH	Kantirajpath, Hetauda Sub-Metropolitan City-2, Makwanpur, Nepal, Tel: +977-057-525921/522731
JYATHA BRANCH	Jyatha, Kathmandu Metropolitan City-27, Kathmandu, Nepal, Tel: +977-01-4260654/4259174
KALANKI BRANCH	Kalanki Chowk, Kathmandu Metropolitan City-14, Kathmandu, Nepal, Tel: +977-01-5234795/5234796
KALIKASTHAN BRANCH	Kalikasthan, Kathmandu Metropolitan City-29, Kathmandu, Nepal, Tel: +977-01-4422554/4422555
KALIMATI BRANCH	Salt Trading Corporation Ltd Kalimati, Kathmandu Metropolitan City-13, Kathmandu, Nepal, Tel: +977-01-4278694/4278709
KAMALPOKHARI BRANCH	Kamalpokhari, Kathmandu Metropolitan City-1, Kathmandu, Nepal, Tel: +977-01-4421652/4423219/4425343
KHUSHIBU BRANCH	Kaldhara Chowk, Kathmandu Metropolitan City-17, Kathmandu, Nepal, Tel: +977-01-4382950/4382952
KUPONDOLE BRANCH	Kupondole, Lalitpur Metropolitan City-1, Lalitpur, Nepal, Tel: +977-01-5180163/64
LAGANKHEL BRANCH	Lagankhel Bus Park, Lalitpur Metropolitan City-12, Lalitpur, Nepal, Tel: +977-01-5553480/5526178
LUVU BRANCH	Luvu Bazar, Mahalaxmi Municipality-8, Lalitpur, Nepal, Tel: +977-01-5580361/5580461
MAHABHARAT BRANCH	Bankhu Saleeni, Mahabharat Rural Municipality-6, Kavre, Nepal, Tel: +977-9741468043
MAHARAJGUNJ BRANCH	Narayan Gopal Chowk, Kathmandu Metropolitan City- 3, Kathmandu, Nepal, Tel: +977-01-4720346/4721352
MAIN BRANCH	Gairidhara, Kathmandu Metropolitan City-2, Kathmandu, Nepal, Tel: +977-01-4004560-64
MANAMAIJU BRANCH	Jarankhu, Tarakeshwor Municipality-8, Kathmandu, Nepal, Tel: +977-01-4025515
MANTHALI BRANCH	Devkota Chowk, Manthali Municipality-1, Ramechhap, Nepal, Tel: +977-048-540563
MULPANI BRANCH	Mulpani, Pipalbot, Kageshwor1 Manahara Municipality-7, Kathmandu, Nepal, Tel: +977-01-4160117/8
NAIKAP BRANCH	Naikap, Chandragiri Municipality-14, Kathmandu, Nepal, Tel: +977-01-4313465-4313462
NARAYANGHAT BRANCH	Lions Chowk, Bharatpur Metropolitan City-3, Chitwan, Nepal, Tel: +977-056-570341/570313/570442/570543/570230
NEW ROAD BRANCH	Newroad, Kathmandu Metropolitan City-22, Kathmandu, Nepal, Tel: +977-01-4239470/4239471/4239472
NEWROAD 2 BRANCH	Pako, Kathmandu Metropolitan City-22, Kathmandu, Nepal, Tel: +977-01-4228380/4242302
PANAUTI BRANCH	Kushadevi Marga, Panauti Municipality-7, Kavre, Nepal, Tel: +977-011-440601/440602
PHARPING BRANCH	Pharping, Dakshinkali Municipality-5, Kathmandu, Nepal, Tel: +977-01-4710865/4710943
PRITI BRANCH	Chyadalu Priti, Umakunda Rural Municipality-4, Ramechhap, Nepal, Tel: +977-9748647183
PUTALISADAK BRANCH	Putalisadak, Radhakuti Arcade, Kathmandu Metropolitan City-29, Kathmandu, Nepal, Tel: +977-01-4010595/4421662
SANEPa BRANCH	Sanepa, Ringroad, Lalitpur Metropolitan City-2, Lalitpur, Nepal, Tel: +977-01-5542897/5542898
SHANKHAMUL BRANCH	Dibya Complex Shankhamul Chowk, Kathmandu Metropolitan City-10, Kathmandu, Nepal, Tel: +977-01-4783996/4783073/4781182

Contd. Our Branch Network, Province No. 3

SHIWALAYA BRANCH	Shiwalaya Bazar, Gokulganga Ga. Pa-1, Ramechhap, Nepal
SITAPAILA BRANCH	Triratna Tamrakar Complex Sitapaila, Nagarjun Municipality-4, Kathmandu, Nepal, Tel: +977-01-4034996/4034997
TANDI BRANCH	Tandi, Ratnanagar Municipality-2, Chitwan, Nepal, Tel : +977-056-562993/562953
TAUKHEL BRANCH	Taukhel Chowk, Godawari Municipality- 3, Lalitpur, Nepal, Tel: +977-01-5560574/5560635
THECHO BRANCH	Thecho, Godawari Municipality-12, Lalitpur, Nepal, Tel: +977-01-5573667/5574669
TIMURE BRANCH	Timure Bazar, Gosainkunda Rural Municipality-02, Rasuwa, Nepal
TINKUNE BRANCH	Neupane Tower Tinkune, Kathmandu Metropolitan City-35, Kathmandu, Nepal, Tel: +977-01-4111554/4111854/4111929

PROVINCE NO. 4

BRANCHES	DETAILS
BAGAR BRANCH	Bagar, Bhimkali Patan Municipality-01, Pokhara, Nepal Tel:+977-061-532572, 061-532172
BESISAHAR BRANCH	Jhyang Khola, Besisahar Municipality-8, Lamjung, Nepal, Tel: +977-066-520129/520329
BUDHIBAZAR BRANCH	Budhibazar, Pokhara Metropolitan City-26, Kaski, Nepal, Tel: +977-061-411609/10
DAMAULI BRANCH	Balmandir Marga, Neemchowk, Vyas Municipality-3, Tanahun, Nepal, Tel: +977-065-561800
DEURALI BRANCH	Deurali Bazar, Rupa Rural Municipality-5, Kaski, Nepal, Tel: +977-061-620845
DUMRE BRANCH	Dumre Bazar, Bandipur Rural Municipality-1, Tanahun, Nepal, Tel: +977-065-580355/580356
KAWASOTI BRANCH	Thakali Chowk, Kawasoti Municipality-3, Nawalpur, Nepal, Tel: +977-078-541172/73
KUSHMA BRANCH	Kushma, Dhaneshwor Chowk, Kushma-Municipality-6, Parbat, Nepal, Tel: +977-067-420029/420030
POKHARA BRANCH	Newroad, Pokhara Metropolitan City-9, Kaski, Nepal, Tel: +977-061-537845
SUNDAR BAZAR BRANCH	Tallo Bazar, Sundarbazar Municipality-7, Lamjung, Nepal, Tel: +977-066-402061/62
WALING BRANCH	Pipal Bot, Waling Municipality-8, Syangja, Nepal, Tel: +977-063-440119

PROVINCE NO. 5

BRANCHES	DETAILS
BHAIRAHAWA BRANCH	Bank Road, Siddharthanagar Municipality-5, Rupandehi, Nepal, Tel: +977-071-520703/520373/520706
BUTWAL BRANCH	Milanchowk, Butwal Sub-Metropolitan City-9, Rupandehi, Nepal, Tel: +977-071-551572/551573
DHURKOT BRANCH	Dhurkot, Dhurkot Rural Municipality-4, Gulmi, Nepal, Tel: +977-9741468011
KOHALPUR BRANCH	Newroad, Kohalpur Municipality-11, Banke, Nepal, Tel: +977-081-542064/542067
MANIGRAM BRANCH	Manigram, Tilottama Municipality-5, Rupandehi, Nepal, Tel: +977-071-560736/38
NARAINAPUR-TEAM	Narainapur, Narainapur Rural Municipality-4, Banke, Nepal, Tel: +977-081-695065
NEPALGUNJ BRANCH	Karkado, Nepalgunj Sub-Metropolitan City-18, Banke, Nepal, Tel: +977-081-522484/523636
NISDI BRANCH	Dunganabesi, Nisdi Rural Municipality-5, Palpa, Nepal
PARASI BRANCH	Adalath Road, Ramgram Municipality-05, Nawalparasi, Nepal, Tel: +977-078-520643/644
RAM MANDIR LINE BRANCH	Rammandir Line, Butwal Sub Metropolitan City-4, Rupandehi, Nepal, Tel: +977-071-540128/540329
SUNWAL BRANCH	Sunwal, Sunwal Municipality-1, Nawalparasi, Nepal, Tel: +977-078-570473
TAMGHAS BRANCH	Tamghas Bazar, Resunga Municipality-1, Gulmi, Nepal, Tel: +977-079-520519-520699
TULSIPUR BRANCH	Nga line, Tulsipur Sub-Metropolitan City-5, Dang, Nepal, Tel: +977-082-523455

PROVINCE NO. 6

BRANCHES	DETAILS
BIRENDRANAGAR BRANCH	Hulak Line, Birendranagar Municipality-6, Surkhet, Nepal, Tel: +977-083-523825/523490
GUTHICHAUR BRANCH	Jharjwala, Guthichaur Rural Municipality-5, Jumla, Nepal, Tel: +977-9758005524
JUMLA BRANCH	Khalanga Bazar, Chandannath Municipality-5, Jumla, Nepal, Tel: +977-087-520596/520597
SANIBHERI-TEAM	Simli, Sanibheri Rural Municipality-9, Rukum (West), Nepal, Tel: +977-081-694916

PROVINCE NO. 7

BRANCHES	DETAILS
ATTARIA BRANCH	Attariya, Godawori Municipality-1, Kailali, Nepal, Tel: +977-091-551004
BHAJANI BRANCH	Bhajani Bazar, Bhajani Municipality-01, Kailali, Nepal, Tel: +977-091-580426
CHAINPUR BRANCH	Chainpur Bazar, Jayprithivi Municipality-10, Bajhang, Nepal, Tel: +977-092-421493/421494
CHURE BRANCH	Sahajpur, Chure Rural Municipality-3, Kailali, Nepal, Tel: +977-9749162992
DADELDHURA BRANCH	Bagbazar, Amargadhi Municipality- 5, Dadeldhura, Nepal, Tel: +977-096-420723/420724
DARCHULA BRANCH	Khalanga Bazar, Mahakali Municipality-4, Darchula, Nepal, Tel: +977-093-420123/420223
DHANGADHI BRANCH	Ratopul, Dhangadhi Sub-Metropolitan City- 2, Kailali, Nepal, Tel: +977-091-524850/522898/523897
DODHARA CHANDANI BRANCH	Thana Bazar, Mahakali Municipality/ VDC-06, Kanchanpur, Nepal, Tel: +977-099-400156/400187
LAMKI BRANCH	Lamki Bazar, Lamki Chuha Municipality-1, Kailali, Nepal, Tel: +977-091-540548/540549
MAHENDRANAGAR BRANCH	Special Line (Main Market), Bhimdatta Municipality-4, Kanchanpur, Nepal, Tel: +977-099-520850/520898
MARMA BRANCH	Latinath, Marma Rural Municipality-3, Darchula, Nepal, Tel: + 977-9741428892
SUKHAD BRANCH	Sukhad Bazar, Ghodaghodi Municipality-1, Kailali, Nepal, Tel: +977-091-403012/403013
TIKAPUR BRANCH	Kanchhi Bazar, Tikapur Municipality-1, Kailali, Nepal, Tel: +977-091- 560370/561012

ATM Locations

S.N.	ATM LOCATION	S.N.	ATM LOCATION	S.N.	ATM LOCATION	S.N.	ATM LOCATION
1	ATARIA ATM	49	DHARAN (BPKHS)	98	MANAMAIJU BRANCH	146	TIKAPUR BRANCH
2	ATTARKHEL BRANCH	50	DHARAN BRANCH	99	MANIGRAM ATM	147	TIMURE BRANCH ATM
3	BAGAR BRANCH ATM	51	DODHARA CHANDANI ATM	100	MANTHALI ATM	148	TINKUNE BRANCH 2
4	BALAJU CHOWK ATM	52	DRISHTI EYE CARE	101	MIRCHAIYA BRANCH	149	TINKUNE BRANCH 3
5	BANDIPUR ATM	53	DUHABI BRANCH	102	MULPANI BRANCH ATM	150	TULSIPUR BRANCH
6	BANESHWOR ATM	54	DUMRE BRANCH	103	NAIKAP ATM	151	UDAYPUR BRANCH
7	BANIYATAR 2 ATM	55	GABAHAL BRANCH	104	NARAYANGHAT I BRANCH	152	WALING BRANCH
8	BARAHICHOWK LAKESIDE LOUNGE	56	GAIGHAT BRANCH	105	NARAYANGHATII BRANCH		
9	BARDIBAS BRANCH	57	GAIRIDHARA INSIDE	106	NARSINGA CHOWK 2		
10	BATTAR BRANCH ATM	58	GAIRIDHARA OUTSIDE	107	NARSINGH CHOWK LOUNGE		
11	BATTISPUTALI LOUNGE	59	GAIRIDHARA OUTSIDE 2	108	NEPALGUNJ BRANCH		
12	BESISAHAR BRANCH	60	GAIRIDHARA OUTSIDE 3	109	NEW BANESHWAR LOUNGE		
13	BHADRAPUR BRANCH	61	GATTHAGHAR BRANCH	110	NEWROAD BRANCH		
14	BHAIRAHAWA BRANCH	62	GAUR BRANCH	111	NEWROAD POOL		
15	BHAISIPATI BRANCH	63	GAUSHALA BRANCH	112	NIJGADH ATM		
16	BHAJANI BRANCH ATM	64	HETAUDA BRANCH	113	PADMA COLONY ATM		
17	BHAKT DURBAR SQUARE ATM	65	HOT BREADS CHOWK LOUNGE	114	PAKO BRANCH NEWROAD		
18	BHAKTAPUR BRANCH	66	HOTEL ALOFT ATM	115	PANAUTI ATM		
19	BHARATPUR BRANCH	67	HOTEL GARUDA LOUNGE	116	PARASI BRANCH ATM		
20	BIRATCHOWK BRANCH	68	HOTEL HARISSION BRT	117	PEPSICOLA BRANCH		
21	BIRATNAGAR BHATBHATENI	69	ILLAM BRANCH	118	PHARPING BRANCH		
22	BIRATNAGAR BRANCH	70	INARUWA BRANCH ATM	119	POKHARA BRANCH		
23	BIRGUNJ BRANCH	71	ITAHARI ATM	120	POKHARA LAKESIDE LOUNGE		
24	BIRTAMODE BRANCH	72	JAIN BHAWAN LOUNGE	121	POKHARA PAME LOUNGE ATM		
25	BOUDHA LOUNGE	73	JANAKPUR ATM	122	PUTALISADAK BRANCH		
26	BRT AIRPORT ATM	74	JHUMKA BRANCH	123	RAJBIRAJ 2 ATM		
27	BUDANILKANTHA BRANCH	75	JUMLA BRANCH	124	RAJBIRAJ BRANCH		
28	BUDHABARE BRANCH	76	JYATHA BRANCH	125	RAMMANDIR LINE BTL ATM		
29	BUDHIBAZAR ATM	77	KAKARVITTA BRANCH	126	ROADHOUSE ATM		
30	BUTWAL BRANCH	78	KALANKI BRANCH	127	ROSE VILLAGE HOUSING		
31	CENTRAL PARK ATM	79	KALIKASTHAN BRANCH	128	SALLAGHARI COMPLEX ATM		
32	CHABAHIL BRANCH	80	KALIMATI BRANCH	129	SANAGAUN ATM		
33	CHAINPUR BRANCH	81	KALYANPUR BRANCH	130	SANEPa ATM		
34	CHANDRAPUR ATM	82	KAMALPOKHARI BRANCH	131	SANKHAMUL BRANCH		
35	CHINA TOWN LOUNGE ATM	83	Kawabahal ATM	132	SIMARA ATM		
36	Chirayu National Hospital	84	KAWASOTI ATM	133	SITAPAILA BRANCH		
37	City View Apartments	85	KHANAR ATM	134	SUKHAD BRANCH		
38	CMC EXT CTR CHITWN	86	KHUSIBU BRANCH	135	SUNCITY APARTMENT GOTHATAR ATM		
39	CMC HOSTEL CHITWAN	87	KOHALPUR BRANCH	136	SUNDARBAZAR BRANCH		
40	DADELDHURA BRANCH	88	KUPONDOLE ATM	137	SUNWAL BRANCH		
41	DADHIKOT EXT.COUNT ATM	89	KUSHMA ATM	138	SURKHET BRANCH		
42	DAMAK BRANCH	90	LAGANKHEL BRANCH	139	SURUNGA BRANCH		
43	DAMAULI BRANCH	91	LAHAN BRANCH	140	TAMGHAS ATM		
44	DANCING BOAT PKH LAKESIDE	92	LAHAN BRANCH 2 ATM	141	TANDI BRANCH ATM		
45	DARCHULA ATM	93	LAMKI BRANCH	142	TAUKHEL BRANCH		
46	DHANGADI BRANCH	94	LAZIMPAT LOUNGE	143	TERATHUM BRANCH		
47	DHANKUTA ATM	95	LUVU BRANCH	144	THAMEL LOUNGE		
48	DHAPASI EXT COUNTER ATM	96	MAHARAJGUNJ BRANCH	145	THECHO BRANCH ATM		
		97	MAHENDRANAGAR BRANCH				

Total ATM's = 152



