

ANNUAL REPORT  
2021/22

**TOGETHER  
WE RISE**



सन्राइज बैंक लिमिटेड  
**SUNRISE BANK LIMITED**  
RISING TO SERVE

हामी  
संग-संगै

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 32 Ashad 2079

PARTICULARS	NOTE	GROUP		BANK	
		32 ASHAD 2079	31 ASHAD 2078	32 ASHAD 2079	31 ASHAD 2078
<b>Assets</b>					
Cash and Cash Equivalents	4.1	9,46,99,92,338	4,26,96,79,618	9,45,46,71,142	4,14,57,28,838
Due from Nepal Rastra Bank	4.2	4,89,62,88,615	2,98,08,10,427	4,89,62,88,615	2,98,08,10,427
Placement with Bank and Financial Institutions	4.3	29,00,00,000	4,88,64,40,360	-	4,64,64,40,360
Derivative Financial Instruments	4.4	11,38,836	-	11,38,836	-
Other Trading Assets	4.5	6,50,95,802	3,11,19,342	-	-
Loans and Advances to BFIs	4.6	2,97,94,30,579	1,90,65,76,647	2,97,94,30,579	1,90,65,76,647
Loans and Advances to Customers	4.7	1,20,07,60,28,694	1,00,49,06,57,077	1,20,07,60,28,694	1,00,49,06,57,077
Investment Securities	4.8	28,32,91,92,483	20,86,00,92,464	28,32,91,92,483	20,86,00,92,464
Current Tax Assets	4.9	46,82,01,249	26,92,35,502	46,64,96,879	26,25,55,672
Investment in Subsidiaries	4.10	-	-	26,13,08,369	26,13,08,369
Investment in Associates	4.11	-	-	-	-
Investment Property	4.12	84,40,96,900	40,41,39,643	84,40,96,900	40,41,39,643
Property and Equipment	4.13	82,17,77,938	1,02,90,36,716	81,56,18,663	1,02,67,06,658
Goodwill and Intangible Assets	4.14	86,45,507	2,65,47,107	81,75,426	2,59,27,867
Deferred Tax Assets	4.15	-	-	-	-
Other Assets	4.16	2,13,49,11,345	77,57,36,113	2,12,00,29,266	75,24,73,936
<b>Total Assets</b>		<b>1,70,38,48,00,288</b>	<b>1,37,93,00,71,016</b>	<b>1,70,25,24,75,851</b>	<b>1,37,76,34,17,957</b>

**Moti Lal Dugar**  
CHAIRMAN

**Er. Bachchharaj Tater**  
DIRECTOR

**Malchand Dugar**  
DIRECTOR

As per our report of even date

**Er. Sailendra Guragain**  
DIRECTOR

**Sharada Pudasaini Sharma**  
DIRECTOR

**Dipak Nepal**  
DIRECTOR

**Navin Updhaya**  
HEAD FINANCE

**Apachh Kumat Yadav**  
DEPUTY GENERAL MANAGER

**Suman Sharma**  
CHIEF EXECUTIVE OFFICER

**Ashesh Rajbahak, FCA, Partner**  
G.P. Rajbahak & Co.,  
Chartered Accountants

PLACE: **Kathmandu**  
DATE: **11 December, 2022**

Contd... CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PARTICULARS	NOTE	GROUP		BANK	
		32 ASHAD 2079	31 ASHAD 2078	32 ASHAD 2079	31 ASHAD 2078
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4.17	3,32,71,82,248	6,28,64,77,186	3,32,71,82,248	6,28,64,77,186
Due to Nepal Rastra Bank	4.18	7,29,24,63,412	2,99,59,77,786	7,29,24,63,412	2,99,59,77,786
Derivative Financial Instruments	4.19	-	1,04,69,725	-	1,04,69,725
Deposits from Customers	4.20	1,31,22,41,90,975	1,05,55,61,82,829	1,31,60,62,56,883	1,06,43,23,70,620
Borrowings	4.21	3,65,50,80,000	1,19,25,00,000	3,65,50,80,000	1,19,25,00,000
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred Tax Liabilities	4.15	1,98,66,826	21,62,48,646	3,31,91,001	22,03,78,814
Other Liabilities	4.23	4,28,77,01,364	2,87,31,53,038	3,77,21,47,576	1,86,71,66,091
Debt Securities Issued	4.24	3,99,04,23,326	3,98,83,66,688	3,99,04,23,326	3,98,83,66,688
Subordinated Liabilities	4.25	-	-	-	-
<b>Total Liabilities</b>		<b>1,53,79,69,08,151</b>	<b>1,23,11,93,75,897</b>	<b>1,53,67,67,44,444</b>	<b>1,22,99,37,06,910</b>
<b>Equity</b>					
Share Capital	4.26	10,11,88,92,809	9,48,79,44,499	10,11,88,92,809	9,48,79,44,499
Share Premium		-	-	-	-
Retained Earnings		26,22,83,581	75,98,49,902	20,56,84,738	66,88,62,240
Reserves	4.27	6,20,67,15,748	4,56,29,00,717	6,25,11,53,861	4,61,29,04,307
Total Equity Attributable to Equity Holders		16,58,78,92,138	14,81,06,95,119	16,57,57,31,407	14,76,97,11,046
Non Controlling Interest		-	-	-	-
<b>Total Equity</b>		<b>16,58,78,92,138</b>	<b>14,81,06,95,119</b>	<b>16,57,57,31,407</b>	<b>14,76,97,11,046</b>
<b>Total Liabilities and Equity</b>		<b>1,70,38,48,00,288</b>	<b>1,37,93,00,71,016</b>	<b>1,70,25,24,75,851</b>	<b>1,37,76,34,17,957</b>
Contingent Liabilities and Commitments	4.28	46,85,18,30,994	55,02,00,02,340	46,85,18,30,994	55,02,00,02,340
Net Assets Value per share		163.93	156.10	163.81	155.67

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DATE: **11 December, 2022**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 32 Ashad 2079

PARTICULARS	NOTE	GROUP		BANK	
		FY 2078/79	FY 2077/78	FY 2078/79	FY 2077/78
Interest Income	4.29	13,82,63,29,367	8,98,37,70,496	13,80,02,64,024	8,96,07,15,881
Interest Expense	4.30	9,44,94,07,741	5,43,12,87,852	9,45,93,87,365	5,43,66,40,796
<b>Net Interest Income</b>		<b>4,37,69,21,626</b>	<b>3,55,24,82,644</b>	<b>4,34,08,76,659</b>	<b>3,52,40,75,085</b>
Fee and Commission Income	4.31	1,30,95,56,683	1,24,03,90,486	1,19,48,02,667	1,14,37,93,774
Fee and Commission Expense	4.32	26,82,09,190	18,72,87,694	26,11,13,863	17,86,23,996
<b>Net Fee and Commission Income</b>		<b>1,04,13,47,493</b>	<b>1,05,31,02,791</b>	<b>93,36,88,805</b>	<b>96,51,69,777</b>
<b>Net Interest, Fee and Commission Income</b>		<b>5,41,82,69,119</b>	<b>4,60,55,85,435</b>	<b>5,27,45,65,464</b>	<b>4,48,92,44,862</b>
Net Trading Income	4.33	22,47,15,619	27,93,08,095	24,79,08,060	24,22,08,278
Other Operating Income	4.34	15,63,51,324	16,38,11,689	23,45,76,594	19,44,76,488
<b>Total Operating Income</b>		<b>5,79,93,36,061</b>	<b>5,04,87,05,219</b>	<b>5,75,70,50,117</b>	<b>4,92,59,29,627</b>
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	56,03,15,929	25,46,83,215	56,03,15,929	25,46,83,215
<b>Net Operating Income</b>		<b>5,23,90,20,132</b>	<b>4,79,40,22,004</b>	<b>5,19,67,34,188</b>	<b>4,67,12,46,411</b>
<b>Operating Expense</b>					
Personnel Expenses	4.36	1,87,73,18,498	1,55,00,04,120	1,84,27,63,004	1,51,81,35,875
Other Operating Expenses	4.37	56,64,94,658	69,37,38,536	56,00,49,737	68,93,29,096
Depreciation & Amortisation	4.38	33,49,56,361	18,74,35,654	33,35,26,067	18,60,64,895
Operating Profit		2,46,02,50,615	2,36,28,43,693	2,46,03,95,379	2,27,77,16,545
Non Operating Income	4.39	3,28,91,518	4,58,28,244	3,28,91,518	4,58,28,244
Non Operating Expense	4.40	42,79,191	6,57,60,866	42,79,191	6,57,60,866
<b>Profit Before Income Tax</b>		<b>2,48,88,62,943</b>	<b>2,34,29,11,073</b>	<b>2,48,90,07,706</b>	<b>2,25,77,83,924</b>
Income Tax Expense	4.41	55,18,03,442	84,84,13,916	52,71,96,724	81,12,33,661
Current Tax		67,87,11,687	78,68,05,588	64,49,10,962	75,02,47,678
Deferred Tax		(12,69,08,245)	6,16,08,328	(11,77,14,238)	6,09,85,983
<b>Profit for the Period</b>		<b>1,93,70,59,500</b>	<b>1,49,44,97,156</b>	<b>1,96,18,10,982</b>	<b>1,44,65,50,264</b>
Profit Attributable to:					
Equity-holders of the Bank		1,93,70,59,500	1,49,44,97,156	1,96,18,10,982	1,44,65,50,264
Non-Controlling Interest		-	-	-	-
<b>Profit for the Period</b>		<b>1,93,70,59,500</b>	<b>1,49,44,97,156</b>	<b>1,96,18,10,982</b>	<b>1,44,65,50,264</b>
Earnings per Share					
Basic Earnings per Share		19.14	15.75	19.39	15.25
Diluted Earnings per Share		19.14	15.75	19.39	15.25

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PLACE: **Kathmandu**  
DATE: **11 December, 2022**

## STATEMENT OF OTHER COMPREHENSIVE INCOME For the year ended 32 Ashad 2079

PARTICULARS	NOTE	GROUP		BANK	
		FY 2078/79	FY 2077/78	FY 2078/79	FY 2077/78
<b>Net Profit for the year</b>		<b>1,93,70,59,500</b>	<b>1,49,44,97,156</b>	<b>1,96,18,10,982</b>	<b>1,44,65,50,264</b>
<b>Other Comprehensive Income, Net of Income Tax</b>					
<b>a) Items that will not be reclassified to profit or loss</b>					
■ Gains/(losses) from investments in equity instruments measured at fair value		(18,64,53,631)	23,19,33,052	(18,64,53,631)	23,19,33,052
■ Gains/(losses) on revaluation		-	-	-	-
■ Actuarial gains/(loss) on defined benefit plans		(4,51,24,952)	(1,51,13,149)	(4,51,24,952)	(1,51,13,149)
■ Income tax relating to above items		6,94,73,575	(6,50,45,971)	6,94,73,575	(6,50,45,971)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(16,21,05,008)</b>	<b>15,17,73,932</b>	<b>(16,21,05,008)</b>	<b>15,17,73,932</b>
<b>b) Items that are or may be reclassified to profit or loss</b>		-	-	-	-
■ 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		-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income for the Period, Net of Income Tax</b>		<b>(16,21,05,008)</b>	<b>15,17,73,932</b>	<b>(16,21,05,008)</b>	<b>15,17,73,932</b>
<b>Total Comprehensive Income for the Period</b>		<b>1,77,49,54,492</b>	<b>1,64,62,71,088</b>	<b>1,79,97,05,974</b>	<b>1,59,83,24,196</b>
Total Comprehensive Income attributable to:					
Equity-Holders of the Bank		1,77,49,54,492	1,64,62,71,088	1,79,97,05,974	1,59,83,24,196
Non-Controlling Interest		-	-	-	-
<b>Total Comprehensive Income for the Period</b>		<b>1,77,49,54,492</b>	<b>1,64,62,71,088</b>	<b>1,79,97,05,974</b>	<b>1,59,83,24,196</b>

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PLACE: **Kathmandu**  
DATE: **11 December, 2022**

## STATEMENT OF CHANGES IN EQUITY

For the year ended 32 Ashad 2079

PARTICULARS	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION	REGULATORY RESERVE
<b>Balance at Shrawan 01, 2077</b>	<b>8,96,78,11,436</b>	-	<b>2,06,87,59,029</b>	<b>3,31,94,170</b>	<b>75,58,64,614</b>
Adjustment/Restatement	-	-	-	-	-
<b>Adjustment/Restated Balance as at Shrawan 01, 2077</b>	<b>8,96,78,11,436</b>	-	<b>2,06,87,59,029</b>	<b>3,31,94,170</b>	<b>75,58,64,614</b>
<b>Comprehensive Income for the year</b>					
Profit for the year					
<b>Other Comprehensive Income, Net of Tax</b>	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-
Transfer to Reserves during the year	-	-	29,69,54,742	45,80,428	(14,66,64,729)
Transfer from Reserves during the year	-	-	-	-	-
<b>Transactions with Owners, directly recognized in Equity</b>					
Share Issued	-	-	-	-	-
Share Based Payments	-	-	-	-	-
Dividend to Equity-Holders					
Bonus Shares Issued	52,01,33,063	-	-	-	-
Cash Dividend Paid	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	<b>52,01,33,063</b>	-	<b>29,69,54,742</b>	<b>45,80,428</b>	<b>(14,66,64,729)</b>
<b>Balance at Ashad 31, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,36,57,13,770</b>	<b>3,77,74,598</b>	<b>60,91,99,885</b>
<b>Balance at Shrawan 01, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,36,57,13,770</b>	<b>3,77,74,598</b>	<b>60,91,99,885</b>
Adjustment/Restatement	-	-	-	-	-
<b>Adjustment/Restated Balance as at Shrawan 01, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,36,57,13,770</b>	<b>3,77,74,598</b>	<b>60,91,99,885</b>
<b>Comprehensive Income for the year</b>					
Profit for the year					
<b>Other Comprehensive Income, Net of Tax</b>	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-
Transfer to Reserves during the year	-	-	39,75,93,190	-	63,85,31,054
Transfer from Reserves during the year	-	-	-	-	-
<b>Transactions with Owners, directly recognized in Equity</b>					
Share Issued	-	-	-	-	-
Share Based Payments	-	-	-	-	-
Dividend to Equity-Holders					
Bonus Shares Issued	63,09,48,309	-	-	-	-
Cash Dividend Paid	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	<b>63,09,48,309</b>	-	<b>39,75,93,190</b>	-	<b>63,85,31,054</b>
<b>Balance at Ashad End, 2079</b>	<b>10,11,88,92,808</b>	-	<b>2,76,33,06,961</b>	<b>3,77,74,598</b>	<b>1,24,77,30,939</b>

GROUP							
ATTRIBUTABLE TO EQUITY-HOLDERS OF THE BANK					NON-	TOTAL	EQUITY
FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNING	OTHER RESERVE	TOTAL	CONTROLLING INTEREST		
<b>55,36,75,303</b>	-	<b>77,69,18,327</b>	<b>28,15,22,671</b>	<b>13,43,77,45,551</b>	<b>5,48,46,572</b>	<b>13,49,25,92,124</b>	
-	-	-	-	-	-	-	
<b>55,36,75,303</b>	-	<b>77,69,18,327</b>	<b>28,15,22,671</b>	<b>13,43,77,45,551</b>	<b>5,48,46,572</b>	<b>13,49,25,92,124</b>	
		1,49,44,97,156		1,49,44,97,156		1,49,44,97,156	
<b>16,23,53,136</b>	-	-	<b>(1,05,79,204)</b>	<b>15,17,73,932</b>	-	<b>15,17,73,932</b>	
16,23,53,136	-	-		16,23,53,136	-	16,23,53,136	
-	-	-		-	-	-	
-	-	-	(1,05,79,204)	(1,05,79,204)	-	(1,05,79,204)	
-	-	-		-	-	-	
-	-	-		-	-	-	
<b>16,23,53,136</b>	-	<b>1,49,44,97,156</b>	<b>(1,05,79,204)</b>	<b>1,64,62,71,088</b>	-	<b>1,64,62,71,088</b>	
-	-	(88,06,71,193)	72,58,00,752	-	-	-	
(9,36,02,577)	-	9,36,02,577	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	(52,01,33,063)	-	-	-	-	
-	-	(22,39,01,724)	-	(22,39,01,724)	-	(22,39,01,724)	
-	-	1,95,37,820	(6,89,57,618)	(4,94,19,798)	(5,48,46,572)	(10,42,66,370)	
<b>6,87,50,560</b>	-	<b>(1,70,68,426)</b>	<b>64,62,63,929</b>	<b>1,37,29,49,566</b>	<b>(5,48,46,572)</b>	<b>1,31,81,02,995</b>	
<b>62,24,25,863</b>	-	<b>75,98,49,902</b>	<b>92,77,86,600</b>	<b>14,81,06,95,119</b>	-	<b>14,81,06,95,119</b>	
<b>62,24,25,863</b>	-	<b>75,98,49,902</b>	<b>92,77,86,600</b>	<b>14,81,06,95,119</b>	-	<b>14,81,06,95,119</b>	
-	-	3,95,22,193	-	3,95,22,193	-	3,95,22,193	
<b>62,24,25,863</b>	-	<b>79,93,72,095</b>	<b>92,77,86,600</b>	<b>14,85,02,17,312</b>	-	<b>14,85,02,17,312</b>	
		1,93,70,59,500		1,93,70,59,500		1,93,70,59,500	
<b>(13,05,17,542)</b>	-	-	<b>(3,15,87,466)</b>	<b>(16,21,05,008)</b>	-	<b>(16,21,05,008)</b>	
(13,05,17,542)	-	-		(13,05,17,542)	-	(13,05,17,542)	
-	-	-		-	-	-	
-	-	-	(3,15,87,466)	(3,15,87,466)	-	(3,15,87,466)	
-	-	-		-	-	-	
-	-	-		-	-	-	
<b>(13,05,17,542)</b>	-	<b>1,93,70,59,500</b>	<b>(3,15,87,466)</b>	<b>1,77,49,54,492</b>	-	<b>1,77,49,54,492</b>	
-	-	(1,80,64,50,752)	77,03,26,507	-	-	-	
(5,30,712)	-	5,30,712	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	(63,09,48,309)	-	-	-	-	
-	-	(3,72,07,806)	-	(3,72,07,806)	-	(3,72,07,806)	
-	-	(71,860)	-	(71,860)	-	(71,860)	
<b>(13,10,48,254)</b>	-	<b>(53,70,88,514)</b>	<b>73,87,39,041</b>	<b>1,73,76,74,826</b>	-	<b>1,73,76,74,826</b>	
<b>49,13,77,609</b>	-	<b>26,22,83,581</b>	<b>1,66,65,25,641</b>	<b>16,58,78,92,138</b>	-	<b>16,58,78,92,138</b>	

Contd... CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PARTICULARS	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION	REGULATORY RESERVE
<b>Balance at Shrawan 01, 2077</b>	<b>8,96,78,11,436</b>	-	<b>2,06,60,35,736</b>	<b>3,31,94,169</b>	<b>75,58,64,615</b>
Adjustment/Restatement	-	-	-	-	-
<b>Adjustment/Restated Balance as at Shrawan 01, 2077</b>	<b>8,96,78,11,436</b>	-	<b>2,06,60,35,736</b>	<b>3,31,94,169</b>	<b>75,58,64,615</b>
<b>Comprehensive Income for the year</b>					
Profit for the year	-	-	-	-	-
<b>Other Comprehensive Income, Net of Tax</b>	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-
Transfer to Reserves during the year	-	-	28,93,10,053	45,80,428	(14,66,64,729)
Transfer from Reserves during the year	-	-	-	-	-
<b>Transactions with Owners, directly recognized in Equity</b>					
Share Issued	-	-	-	-	-
Share Based Payments	-	-	-	-	-
Dividend to Equity-Holders					
Bonus Shares Issued	52,01,33,063	-	-	-	-
Cash Dividend Paid	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	<b>52,01,33,063</b>	-	<b>28,93,10,053</b>	<b>45,80,428</b>	<b>(14,66,64,729)</b>
<b>Balance at Ashad 31, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,35,53,45,789</b>	<b>3,77,74,598</b>	<b>60,91,99,886</b>
<b>Balance at Shrawan 01, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,35,53,45,789</b>	<b>3,77,74,598</b>	<b>60,91,99,886</b>
Adjustment/Restatement	-	-	-	-	-
<b>Adjustment/Restated Balance as at Shrawan 01, 2078</b>	<b>9,48,79,44,499</b>	-	<b>2,35,53,45,789</b>	<b>3,77,74,598</b>	<b>60,91,99,886</b>
<b>Comprehensive Income for the year</b>					
Profit for the year	-	-	-	-	-
<b>Other Comprehensive Income, Net of Tax</b>	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-
Actuarial gains/(losse) on defined benefit plans	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-
Transfer to Reserves during the year	-	-	39,24,68,339	-	63,85,31,054
Transfer from Reserves during the year	-	-	-	-	-
<b>Transactions with Owners, directly recognized in Equity</b>					
Share Issued	-	-	-	-	-
Share Based Payments	-	-	-	-	-
Dividend to Equity-Holders					
Bonus Shares Issued	63,09,48,309	-	-	-	-
Cash Dividend Paid	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Contributions by and Distributions</b>	<b>63,09,48,309</b>	-	<b>39,24,68,339</b>	-	<b>63,85,31,054</b>
<b>Balance at Ashad End, 2079</b>	<b>10,11,88,92,808</b>	-	<b>2,74,78,14,128</b>	<b>3,77,74,598</b>	<b>1,24,77,30,940</b>

**Moti Lal Dugar**  
CHAIRMAN

**Navin Updhaya**  
HEAD FINANCE

**Sharada Pudasaini Sharma**  
DIRECTOR

**Er. Sailendra Guragain**  
DIRECTOR

**Er. Bachchharaj Tater**  
DIRECTOR

**Apachh Kumat Yadav**  
DEPUTY GENERAL MANAGER



GROUP							
ATTRIBUTABLE TO EQUITY-HOLDERS OF THE BANK						NON-	TOTAL
FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNING	OTHER RESERVE		TOTAL	CONTROLLING INTEREST	EQUITY
55,36,75,303	-	74,36,06,222	27,36,01,093		13,39,37,88,574	-	13,39,37,88,574
-	-	-	-		-	-	-
55,36,75,303	-	74,36,06,222	27,36,01,093		13,39,37,88,574	-	13,39,37,88,574
-	-	1,44,65,50,264	-		1,44,65,50,264	-	1,44,65,50,264
16,23,53,136	-	-	(1,05,79,204)		15,17,73,932	-	15,17,73,932
16,23,53,136	-	-	-		16,23,53,136	-	16,23,53,136
-	-	-	-		-	-	-
-	-	-	(1,05,79,204)		(1,05,79,204)	-	(1,05,79,204)
-	-	-	-		-	-	-
-	-	-	-		-	-	-
16,23,53,136	-	1,44,65,50,264	(1,05,79,204)		1,59,83,24,196	-	1,59,83,24,196
-	-	(87,23,62,035)	72,51,36,283		-	-	-
(9,36,02,577)	-	9,36,02,577	-		-	-	-
-	-	-	-		-	-	-
-	-	-	-		-	-	-
-	-	(52,01,33,063)	-		-	-	-
-	-	(22,24,01,724)	-		(22,24,01,724)	-	(22,24,01,724)
-	-	-	-		-	-	-
6,87,50,560	-	(7,47,43,982)	71,45,57,079		1,37,59,22,472	-	1,37,59,22,472
62,24,25,862	-	66,88,62,240	98,81,58,171		14,76,97,11,046	-	14,76,97,11,046
62,24,25,862	-	66,88,62,240	98,81,58,171		14,76,97,11,046	-	14,76,97,11,046
-	-	3,95,22,193	-		3,95,22,193	-	3,95,22,193
62,24,25,862	-	70,83,84,433	98,81,58,171		14,80,92,33,239	-	14,80,92,33,239
-	-	1,96,18,10,982	-		1,96,18,10,982	-	1,96,18,10,982
(13,05,17,542)	-	-	(3,15,87,466)		(16,21,05,008)	-	(16,21,05,008)
(13,05,17,542)	-	-	-		(13,05,17,542)	-	(13,05,17,542)
-	-	-	-		-	-	-
-	-	-	(3,15,87,466)		(3,15,87,466)	-	(3,15,87,466)
-	-	-	-		-	-	-
(13,05,17,542)	-	1,96,18,10,982	(3,15,87,466)		1,79,97,05,974	-	1,79,97,05,974
-	-	(1,80,08,85,275)	76,98,85,882		-	-	-
(5,30,712)	-	5,30,712	-		-	-	-
-	-	-	-		-	-	-
-	-	-	-		-	-	-
-	-	-	-		-	-	-
-	-	(63,09,48,309)	-		-	-	-
-	-	(3,32,07,806)	-		(3,32,07,806)	-	(3,32,07,806)
-	-	-	-		-	-	-
(13,10,48,254)	-	(50,26,99,696)	73,82,98,416		1,76,64,98,168	-	1,76,64,98,168
49,13,77,608	-	20,56,84,738	1,72,64,56,587		16,57,57,31,407	-	16,57,57,31,407

Malchand Dugar  
DIRECTOR

Dipak Nepal  
DIRECTOR

Suman Sharma  
CHIEF EXECUTIVE OFFICER

PLACE: Kathmandu  
DATE: 11 December, 2022

As per our report of even date

Ashesh Rajbahak, FCA,  
Partner  
G.P. Rajbahak & Co.,  
Chartered Accountants

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 32 Ashad 2079

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest Received	12,33,07,66,987	8,82,50,36,718	12,34,07,46,611	8,83,03,89,662
Fee and Other Income Received	1,56,71,63,820	1,56,55,26,824	1,47,56,02,245	1,43,18,30,296
Dividend Received	-	-	-	-
Receipts from Other Operating Activities	86,80,611	14,97,001	1,09,05,881	36,61,800
Interest Paid	(9,43,70,16,742)	(5,43,20,17,921)	(9,44,69,96,366)	(5,43,73,70,865)
Commissions and Fees Paid	(26,82,09,190)	(18,72,87,694)	(26,11,13,863)	(17,86,23,996)
Cash Payment to Employees	(1,65,41,54,609)	(1,32,42,92,710)	(1,61,95,99,116)	(1,29,24,24,465)
Other Expenses Paid	(74,73,98,168)	(69,37,38,536)	(74,09,53,248)	(68,93,29,096)
<b>Operating Cash Flows before</b>				
<b>Changes in Operating Assets and Liabilities</b>	<b>1,79,98,32,708</b>	<b>2,75,47,23,683</b>	<b>1,75,85,92,145</b>	<b>2,66,81,33,336</b>
<b>(Increase) Decrease in Operating Assets</b>	<b>(19,68,56,16,937)</b>	<b>(18,51,24,52,956)</b>	<b>(19,58,50,20,574)</b>	<b>(18,44,62,63,432)</b>
Due from Nepal Rastra Bank	(1,91,54,78,188)	4,82,54,85,094	(1,91,54,78,188)	4,82,54,85,094
Placement with Banks and Financial Institutions	4,57,14,40,360	(3,53,54,39,655)	4,64,64,40,360	(3,44,04,39,655)
Other Trading Assets	(3,39,76,460)	3,71,19,720	-	-
Loans and Advances to BFIs	(1,07,28,53,932)	48,84,90,837	(1,07,28,53,932)	48,84,90,837
Loans and Advances to Customers	(19,87,44,34,649)	(20,40,52,71,074)	(19,87,44,34,649)	(20,40,52,71,074)
Other Assets	(1,36,03,14,068)	7,71,62,122	(1,36,86,94,166)	8,54,71,366
<b>Increase (Decrease) in Operating Liabilities</b>	<b>30,73,65,83,660</b>	<b>19,81,36,30,578</b>	<b>30,70,78,94,935</b>	<b>19,79,54,76,801</b>
Due to Banks and Financial Institutions	(2,95,92,94,939)	1,09,46,66,833	(2,95,92,94,939)	1,09,46,66,833
Due to Nepal Rastra Bank	4,29,64,85,625	2,25,25,11,694	4,29,64,85,625	2,25,25,11,694
Deposit from Customers	25,69,30,08,147	15,74,07,06,876	25,17,38,86,263	16,20,90,98,991
Borrowings	2,46,25,80,000	(1,00,00,000)	2,46,25,80,000	(1,00,00,000)
Other Liabilities	1,24,38,04,827	73,57,45,175	1,73,42,37,985	24,91,99,282
<b>Net Cash Flow from Operating Activities before Tax Paid</b>	<b>12,85,07,99,432</b>	<b>4,05,59,01,305</b>	<b>12,88,14,66,506</b>	<b>4,01,73,46,705</b>
Income Tax Paid	(87,76,77,434)	(84,83,46,338)	(84,88,52,169)	(80,59,98,981)
<b>Net Cash Flow from Operating Activities</b>	<b>11,97,31,21,998</b>	<b>3,20,75,54,968</b>	<b>12,03,26,14,337</b>	<b>3,21,13,47,723</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Investment Securities	(7,47,96,14,185)	(7,53,57,92,451)	(7,47,96,14,185)	(7,53,57,92,451)
Receipts from Sale of Investment Securities	22,15,740	12,01,79,148	22,15,740	12,01,79,148
Purchase of Property and Equipment	(9,63,92,990)	(15,30,27,381)	(9,14,29,539)	(15,21,82,959)
Receipts from Sale of Property and Equipment	16,90,04,742	2,29,11,074	16,90,04,742	2,29,11,074
Purchase of Intangible Assets	(17,28,947)	(52,85,850)	(15,82,047)	(52,85,850)
Purchase of Investment Properties	(47,88,93,486)	(1,12,78,211)	(47,88,93,486)	(1,12,78,211)
Receipts from Sale of Investment Properties	4,22,19,117	4,41,13,049	4,22,19,117	4,41,13,049
Interest Received	96,27,66,530	61,51,54,738	92,67,21,564	58,67,47,178
Dividend Received	17,03,45,641	2,87,11,359	24,63,45,641	5,72,11,359
<b>Net Cash Used in Investing Activities</b>	<b>(6,71,00,77,836)</b>	<b>(6,87,43,14,525)</b>	<b>(6,66,50,12,452)</b>	<b>(6,87,33,77,663)</b>

Contd... CONSOLIDATED STATEMENT OF CASH FLOWS

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from Issue of Debt Securities	-	-	-	-
Repayments of Debt Securities	-	-	-	-
Receipts from Issue of Subordinated Liabilities	-	-	-	-
Repayments of Subordinated Liabilities	-	-	-	-
Receipt from Issue of Shares	-	-	-	-
Dividends Paid	(3,72,07,806)	(22,39,01,724)	(3,32,07,806)	(22,24,01,724)
Interest Paid	-	-	-	-
Other Receipts/Payments	(71,860)	(1,00,000)	-	-
<b>Net Cash from Financing Activities</b>	<b>(3,72,79,666)</b>	<b>(22,40,01,724)</b>	<b>(3,32,07,806)</b>	<b>(22,24,01,724)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>5,22,57,64,496</b>	<b>(3,89,07,61,281)</b>	<b>5,33,43,94,080</b>	<b>(3,88,44,31,663)</b>
Cash and Cash Equivalents at Shrawan 01, 2078	4,26,96,79,618	8,14,21,19,186	4,14,57,28,838	8,01,18,38,788
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	(2,54,51,775)	1,83,21,713	(2,54,51,775)	1,83,21,713
<b>Closing Cash and Cash Equivalents</b>	<b>9,46,99,92,338</b>	<b>4,26,96,79,618</b>	<b>9,45,46,71,142</b>	<b>4,14,57,28,838</b>

**Moti Lal Dugar**  
CHAIRMAN

**Er. Bachchharaj Tater**  
DIRECTOR

**Malchand Dugar**  
DIRECTOR

As per our report of even date

**Er. Sailendra Guragain**  
DIRECTOR

**Sharada Pudasaini Sharma**  
DIRECTOR

**Dipak Nepal**  
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HEAD FINANCE

**Apachh Kumat Yadav**  
DEPUTY GENERAL MANAGER

**Suman Sharma**  
CHIEF EXECUTIVE OFFICER

**Ashesh Rajbahak**, FCA, Partner  
G.P. Rajbahak & Co.,  
Chartered Accountants

PLACE: **Kathmandu**  
DATE: **11 December, 2022**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 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 CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended 16 July 2022 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 OF THE 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 wide range of customers through its branches, extension counters, strategic business units, ATMs and network of agents.

### 1.4 SUBSIDIARY COMPANY, OWNERSHIP HELD BY THE BANK IN SUBSIDIARY & PRINCIPAL ACTIVITIES OF THE SUBSIDIARY

Sunrise Capital Limited (hereinafter referred to as “the Subsidiary”) is a public company domiciled in Nepal.

NAME	PRINCIPAL ACTIVITIES	FY 2021/22	FY 2020/21
Sunrise Capital Limited	Kamalpokhari, Kathmandu	100% shareholding	100% shareholding

Ownership of Subsidiary as at 16th July 2022 is given below:

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 Group have been prepared in accordance with Nepal Financial Reporting Standards 2013 (NFRS) developed by the Accounting Standards Board, Nepal (ASBN) and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN) on September 13, 2013. These financial statements comply with the regulations of Nepal Rastra Bank, requirements of the Companies Act and also provide appropriate disclosures required under regulations of the Securities Board of Nepal (SEBON).

Bank has also applied carve-outs issued by the Institute of Chartered Accountants of Nepal which allowed alternative treatments in case of followings:

#### a) NFRS 9 – “Financial Instruments”

Carve out from the requirement to incorporate all fees and points paid or received under contractual terms of a financial instrument in the calculation of ‘Effective Interest Rate’ for the financial instrument as specified in para 5.4 of NFRS 9 unless it is immaterial or impracticable to determine such fees and points reliably. The Group has adopted this alternative treatment. As a result of this alternative treatment, the Group has excluded the full amount of upfront loan management fees or commission received on loans and advances in the calculation of effective interest rate for the loan. The upfront fees and commission are recognized as income in the same period the loan is approved. The Group has assessed that this election is justifiable in line with the principal of cost and benefit of adopting certain provisions in NFRS.

#### b) NFRS 9 – “Financial Instruments”

Carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the ‘Expected Credit Losses’ as specified in para 5.5 of NFRS 9 unless the reporting entity is a bank or a financial institution registered as per Bank and Financial Institutions Act 2073. Such entities shall measure impairment loss on loans and advances at the higher of: – amount derived as per norms prescribed by Nepal Rastra Bank

for loan loss provisioning; and - amount determined adopting Incurred Loss Model. The Group has adopted this mandatory treatment. As a result of this treatment, the Group has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive no. 2/75 and the amount derived from incurred loss model as para 5 of carve outs of NFRS 9. The Group has recognized impairment loss on other financial assets measured at amortized cost in accordance with para 2 of carve outs of NFRS 9.

## 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 Group 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	31 Ashad 2078	15 July 2021
Comparative reporting period	1 Shrawan 2077 - 31 Ashad 2078	16 July 2020 - 15 July 2021
SFP* Date	32 Ashad 2079	16 July 2022
Reporting period	1 Shrawan 2078 - 32 Ashad 2079	16 July 2021 - 16 July 2022

\*SFP = Statement of financial position

### 2.2.2 Responsibility for Financial Statements

The board of directors of the Bank is responsible for the preparation of financial statements of the Group and the Bank which reflects a true and fair view of the financial position and performance of the Group and that of the Bank. The board is of the view that the financial statements in its entirety have been prepared in conformity with the prevailing financial reporting standards, regulations of the Nepal Rastra Bank and the requirements of the Companies Act.

The board of directors acknowledges their responsibility for financial statements as set out in the 'Statement of Director's Responsibility' and in the certification on the statement of financial position.

These financial statements include the following components:

- Statement of Financial Position [SoFP] providing the information on the financial position of the Group and the Bank as at the end of the reporting period;
- Statement of Profit or Loss [SoPL] and Statement of Other Comprehensive

Income [SoCI] providing the information on the financial performance of the Group and the Bank for the reporting period;

- Statement of Changes in Equity [SoCE] reporting all changes in the shareholders' funds during the reporting period of the Group and the Bank;
- Statement of Cash Flows [SoCF] providing the information to the users, on the ability of the Group and the Bank to generate cash and cash equivalents and utilization of those cash flows; and
- Notes to the financial statements comprising significant accounting policies, other disclosures and other explanatory information relevant to the study of financial statements.

### 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 2079/08/25 (2022/12/11) and recommended for its approval by the Annual General Meeting of the shareholders.

### 2.3. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements of the Group 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 group'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 Classification of financial assets and liabilities

Significant accounting policies of the Group provide scope for financial assets and financial liabilities to be recognized under different accounting classifications. These are either measured at fair value or at amortized cost and can be presented under any of the following accounting classifications based on specific circumstances.

- Financial assets or financial liabilities subsequently measured at Amortized Cost; or
- Financial assets or financial liabilities designated as at Fair Value Through Profit or Loss (FVTPL); or

- Financial assets or financial liabilities subsequently measured at Fair Value Through Profit or Loss (FVTPL); or
- Financial assets subsequently measured at Fair Value through Other Comprehensive Income (FVTOCI).

Presentation and / or measurement of the amounts recognized in financial statements could be different for a particular financial asset or financial liability under any two different accounting classifications. The Group's management exercise judgment in the application of appropriate accounting policy to achieve correct accounting classifications for its financial assets and financial liabilities. Accounting policy relating to classification of financial assets and financial liabilities is presented in Note 3.4.3 and the related explanatory information is presented in Note 5.3.

#### 2.4.4 Impairment losses on financial assets

Impairment loss on financial assets – loans and advances are determined at the higher of:

- Loan loss provision amount derived as prescribed in directive no. 02/75 of Nepal Rastra Bank; and
- Impairment loss amount determined as per Incurred Loss Model specified in para 5 of carve outs of NFRS 9.

There arise a need for the Group's management to apply judgment and estimation in assessing and determining the amount of impairment loss on financial assets measured at amortized cost. Some of the areas that require management judgment and estimation are listed herein below:

- Selection of appropriate impairment assessment tool;
- defining individually significant assets;
- designing impairment assessment questionnaire;
- estimating future recoverable cash flows on financial asset; and
- adjusting results of historical data

analysis to incorporate the economic conditions and portfolio factors that existed at the reporting date.

Exercise of judgment is an integral part of the impairment assessment process and the Group exercises its experienced judgment to adjust observable data for a group of financial assets to reflect current circumstances. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

The Group's policy in accounting for impairment of financial assets is explained in Note 3.4.8.

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

The Group reviews its financial instruments designated at fair value through other comprehensive income, at each reporting date to assess whether they are impaired.. The Group 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 Group generally treats 'significant' as 20% and 'prolonged' as greater than six months. In addition, Group 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.

#### 2.4.6 Impairment losses on non-financial assets

At each reporting date, or more frequently if events or changes in circumstances necessitates, the Group assesses whether there are indicators of impairment for a non-financial asset. Where any indication of impairment exists, the Group makes an estimation of the asset's recoverable amount.

The 'recoverable amount' of an asset is the greater of its 'Value in Use' and its 'Fair

Value' less costs to sell. In determining the 'Value in use', future cash flow estimates are discounted to their present value using a pretax 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 cost to sell, an appropriate valuation model is used.

The whole impairment assessment exercise requires the management to make estimates of expected future cash flows, appropriate discount rates and also select appropriate valuation model.

#### 2.4.7 Taxation

The Group 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.

#### 2.4.8 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.

#### 2.4.9 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

#### 2.4.10 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
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.

#### 2.4.11 Provisions for liabilities, 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.

#### 2.4.12 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.

#### 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 Group 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

The Institutes of Chartered Accountants of Nepal, (ICAN) has issued a new version of NFRS on 2077 Ashadh, 11 (NFRS 2018) which covers NFRS 9 Financial instruments, NFRS 14 Regulatory deferral Accounts, NFRS 15 Revenue from Contract with customers, NFRS 16 Leases and NFRS 17 Insurance Contract. Bank has applied these standards along with carve outs issued by the Institute of Chartered Accountants of Nepal (ICAN).

#### 2.7. NEW STANDARDS AND INTERPRETATION NOT ADOPTED

All Accounting standards along with carve outs, issued by the Institute of Chartered Accountants of Nepal (ICAN) has been incorporated.

#### 2.8. DISCOUNTING

When the realization of assets and settlement of obligation is for more than one year, the Group 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

In the financial statements materiality and aggregation is dealt with in compliance with Nepal Accounting Standard – NAS 1 “Presentation of Financial Statements” and within the scope of formats implemented by Nepal Rastra Bank. Accordingly, each material class of similar items is presented separately and items that are not similar in nature or function are also presented separately unless these are immaterial.

#### 2.10. OFFSETTING

In the Statement of Financial Position, financial assets and financial liabilities are netted off only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not netted off in the Statement of Profit or Loss unless required or permitted by an accounting standard or interpretation and as specifically disclosed in the Group's accounting policy.

#### 2.11. ROUNDING

The amounts in the financial statements are rounded off to the nearest Rupees, except where otherwise indicated as permitted by NAS 1 – “Presentation of Financial Statements”.

#### 2.12. COMPARATIVE INFORMATION

Accounting policies are consistently applied across all periods reported. The presentation and classification of financial figures relating to previous period are regrouped or reclassified where relevant to facilitate consistent presentation and better comparability.

#### 2.13. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. All material and important events that occurred after the reporting date have been considered and appropriate disclosures have been made in line with NAS 10 – “Events After the Reporting Period”. Explanatory information on events after the reporting date is presented in Note 5.10.

### 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 Group 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 - NFRS 9 (Financial Instruments). 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 Financial Reporting Standards (NFRS) 9 "Financial Instruments".

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 Financial Reporting Standard - NFRS 9 (Financial Instruments).

#### 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 Financial Reporting Standard - NFRS 9(Financial Instruments)], 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 repledge 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.

AS PER NFRS	2078/79
Individual	306,636,024
Collective	134,776,750
<b>Total</b>	<b>441,412,774</b>
Charge to P/L	107,502,504

AS PER NFRS	2078/79
Loan Loss Provision	2,881,198,294
Charged to P& L	560,315,929

**iii) Loan to employees at below-market interest rate:**

The Group has a policy of providing loans to its employees at below-market interest rate. This asset is bifurcated and recognized as two different elements viz. a prepaid employee benefit and a loan asset. Initially fair value of employee loan is determined by discounting the future loan repayments using a market rate of interest. This fair value is recognized as loan asset and any excess of the principal loan amount over the fair value

is recognized as deferred employee expenditure. Deferred employee expenditure is amortized over the loan tenor with the amortization amount recognized as interest income and a corresponding finance expense within the personnel expense.

#### iv) 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.

#### v) 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.

#### vi) 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).

#### vii) 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.

#### viii) 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.

#### 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 contracts 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 2021 & 2022	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 2022	FOR THE YEAR ENDED 15 JULY 2021
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.

#### 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

#### 3.11.1 Deposits from customers and BFIs:

The Group presents deposit accounts held by customers and those held by BFIs in the Bank under respective line items in the face of the consolidated statement of financial position. These are classified as financial liabilities measured at amortized cost.

#### 3.11.2 Debt securities issued:

The Group presents debenture issued by the Bank under this line item. These are classified as financial liabilities measured at amortized cost.

#### 3.11.3 Subordinated liabilities:

These comprise of liabilities subordinated to the claims of depositors, debt securities issued and other creditors at the event of winding up. Items eligible for presentation under this line item include redeemable preference share, subordinated notes issued, borrowings etc. These are subject to the same accounting policies applied to financial liabilities measured at amortized cost. The Group does not have any subordinated liabilities at the reporting date.

### 3.12 PROVISIONS

The Group applies NAS 37 – “Provisions, Contingent Liabilities & Contingent Assets” in the accounting of provisions.

#### 3.12.1 Provision for restructuring

Provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the

restructuring either has commenced or has been announced publicly. The Group does not have any provision for restructuring at the reporting date.

#### 3.12.2 Provisions for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group 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. The Group does not have any onerous contracts at the reporting date.

#### 3.12.3 Other provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of Provisions are determined by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense in profit or loss. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in 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) If 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) If 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.

The Group 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 2021-22 amounts to Rs. 89,589,396 and interest income recognized from derecognized from previous fiscal years is Rs. 74,000,941.

### 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

Dividend 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 well as unrealized changes in fair value of trading assets and liabilities.

### 3.13.5 Other Operating Income

The Group presents income other than those presented under interest income, fees and commission income and trading income under this heading. Income recognized here includes items such as foreign exchange revaluation gain or loss; dividend on equity investments that are measured at FVTOCI; dividend from subsidiary and associates; gain or loss on disposal of property and equipment; gain and loss on disposal of investment property; and gain or loss on disposal of investment securities except for equity investments measured at FVTOCI.

Explanatory information on other operating income is stated in Note 4.34.

#### 3.13.5.1 Foreign exchange revaluation gain / (loss)

Gains and losses arising from day-to-day revaluations of foreign currency denominated assets and liabilities, exclusively due to the effect of changes in foreign currency exchange rates, are recognized in profit or loss in the period in which they arise.

#### 3.13.5.2 Gain / (loss) on disposal of property and equipment

Gain or loss on the disposal of property and equipment is determined on the difference between the asset's carrying amount on disposal date and the disposal proceeds, net of any disposal costs. This is recognized as an item of Other Operating Income in the year in which significant risks and rewards incidental to the asset's ownership is transferred to the buyer.

#### 3.13.5.3 Gain / (loss) on disposal of investment property

Gain or loss on the disposal of investment property is determined on the difference between the asset's carrying amount on disposal date and the disposal proceeds, net of any disposal costs. This is recognized as an item of Other Operating Income in the year in which significant risks and rewards incidental to the asset's ownership is transferred to the buyer.

#### 3.13.5.4 Gain/loss on sale of investment securities

Gain or loss on the disposal of investment securities is determined on the difference between the asset's carrying amount on disposal date and the disposal proceeds, net of any disposal costs. This is recognized as an item of Other Operating Income in the year in which significant risks and rewards incidental to the asset's ownership is transferred to the buyer or investment securities are redeemed.

### 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).

Further, bonus to staffs as per prevailing law has been calculated at 10% bonus profit before tax.

### 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, 2022 (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 bonds 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

NFRS 16 "Leases" introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Group has applied NFRS 16 effective from FY 2078-79.

The details of right of use asset and lease liabilities of the bank as of year-end is as below:

PARTICULARS	7/16/2022
<b>Lease Liability</b>	<b>1,102,108,099</b>
<= 12 Months	160,404,236
More than 12 Months	941,703,863
<b>ROU Assets</b>	<b>965,067,694.68</b>
Addition: ROU Assets	282,241,366.70
<b>Gross ROU Assets</b>	<b>1,247,309,061.38</b>
Accumulated Depreciation	(180,903,510.50)
<b>Net ROU Assets</b>	<b>1,066,405,550.88</b>

ROU is shown under other assets (schedule 4.26) and lease liabilities is shown under other liabilities (schedule 4.23). Depreciation amounting Rs. 180,903,511 is shown under Depreciation & Amortization (Schedule 4.38) and interest expenses amounting Rs. 48,514,491 is shown under schedule 4.30.

Accrued lease liabilities is adjusted through retained earnings.

### 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.

There are a number of statutory and non-statutory reserve headings maintained by the Group in order to comply with regulatory framework and other operational requirements. The various reserve headings are explained hereinafter:

#### 3.19.1 General reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no. 4/75. The Bank is required to appropriate a minimum 20% of current year's net profit into this reserve heading each year until it becomes double of paid up capital and thereafter a minimum 10% of profit each year. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading. There is no such statutory requirement for the Subsidiary.

#### 3.19.2 Exchange equalization reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no. 4/75. The Bank is required to appropriate 25% of current year's total foreign exchange revaluation gain (except gain from revaluation of Indian Currency) into this heading. There is **no such statutory requirement for the Subsidiary.**

#### 3.19.3 Fair value reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the revalued asset is reclassified from this reserve heading to retained earnings. The Group has complied with this accounting policy application.



### 3.19.4 Asset revaluation reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model. Revaluation reserve often serves as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation. The Group does not have any amount to present under asset revaluation reserve.

### 3.19.5 Capital reserve

This is a non-statutory reserve and represents the amount of all capital nature reserves such as the amounts arising from share forfeiture, capital grants and capital reserve arising out of business combinations. Funds in this reserve are not available for distribution of cash dividend but can be capitalized by issuing bonus shares upon obtaining approval from the central bank. The Group has reclassified the balance in debenture redemption reserve into capital reserve after full repayment of the corresponding debenture liability at maturity. Capital reserve on acquisition of subsidiary is shown under this heading.

### 3.19.6 Special reserve

This is a statutory reserve under domestic banking regulations specified in NRB circular 12/072/73. The Bank is required to appropriate an amount equivalent to 100% of capitalized portion of interest income on borrowing accounts where credit facility was rescheduled or restructured, resultant of the great earthquake that struck the nation in April 2015. Fund in this account can be reclassified to retained earnings upon full and final repayment of the credit facility. There is no such statutory requirement for the Subsidiary.

### 3.19.7 Capital redemption reserve

This is a non-statutory reserve created for making payment towards redeemable non-convertible preference shares. The Group does not have any amount to present under capital redemption reserve.

### 3.19.8 Debenture Redemption Reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no.16/075. The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. After full repayment of the corresponding debenture liability at maturity, the Group has reclassified the balance in debenture redemption reserve into capital reserve.

### 3.19.9 Dividend equalization fund

This is a non-statutory reserve created for supporting the dividend payout policy by appropriating amounts from current year's profit to fund for future period's payout. Fund in this heading is available for distribution to shareholders upon approval of the board of directors and endorsement of the share holders' general meeting. The Group does not have any amount to present under dividend equalization fund.

### 3.19.10 Capital adjustment / equalization fund

This is a non-statutory reserve created by appropriating amounts from current year's profit and by crediting amounts for calls in advance towards raising capital. The Group does not have any amount to present under capital adjustment / equalization fund.

### 3.19.11 Corporate social responsibility fund

This is a statutory reserve under domestic banking regulations specified in NRB circular 11/073/74. The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. There is no such statutory requirement for the Subsidiary.

Bank has expensed NPR 12,542,992 in the FY 2078-79. The province wise expense amount is as outlined below:

FY	2077/78	2078/79
Province 1	1,330,678	1,515,353
Madhesh	1,286,364	1,169,654
Bagmati	14,308,629	5,500,363
Gandaki	1,652,910	835,978
Lumbini	1,186,319	1,225,535
Karnali	392,311	820,096
Sudurpashchim	1,473,798	1,476,013
<b>Total</b>	<b>21,631,010</b>	<b>12,542,992</b>

The sector-wise detail of CSR expenses is as below:

FY	2077/78	2078/79
<b>a) Social Projects</b>		
I. Education	1,663,235	403,000
II. Health	283,784	3,667,025
III. Disaster management		
IV. Environmental protection	797,538	334,197
V. Income Generation		
VI. Infrastructure	676,535	1,663,447
VII. Financial Literacy		1,802,432
VIII. Customer protection		
<b>b) Direct grants to Deprived sector</b>		
I. Education	180,000	563,180
II. Health	330,000	1,076,819
c)SDG goals	1,951,940	1,602,011
d) Employees' Quality of Work Life	7,160,066	
e) Grants to non-profit orphanage home and adult care	262,378	248,301
f) Open your bank account	245,100	195,800
g) Miscellaneous	8,080,434	986,780
<b>Total</b>	<b>21,631,010</b>	<b>12,542,992</b>



### 3.19.12 Investment adjustment reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no. 4/075 and 8/075. The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings. There is no such statutory requirement for the Subsidiary.

### 3.19.13 Actuarial gain / loss reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for employee benefits. NAS 19 requires that actuarial gain or loss resultant of the change in actuarial assumptions used to value defined benefit obligations be presented under this reserve heading. Any change in this reserve heading is recognized through other comprehensive income and is not an appropriation of net profit. The Group has complied with this accounting policy application.

### 3.19.14 Regulatory reserve

This is a statutory reserve under domestic banking regulations specified in NRB directive no. 4/075. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes re-measurement adjustments such as interest income recognized against interest receivables; amount of deferred tax assets, actuarial loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc. Balance in this reserve is not regarded as free for distribution of dividend. The Bank has complied with this regulatory requirement. There is no such statutory requirement for the Subsidiary.

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 (Gross Rs. 172,260,984) of interest suspense (net of tax) outstanding at Ashad End 2079 and recovered till 15th Shrawan End 2079 has been shown under retained earnings.

The detail composition of regulatory reserve is as follows:

PARTICULARS	ASAR 75	ASAR 76	ASAR 77	ASAR 78	ASAR 79
Accrual Interest Receivable	346,008,422	248,140,978	306,767,693	178,742,912	345,729,243
Non-Banking Assets Reserve	172,401,042	398,180,042	433,358,795	404,139,643	844,096,900
Actuary Loss on gratuity	8,072,420	-	15,738,127	26,317,331	57,904,797
Deferred tax assets	-	2,842,902	-	-	-
<b>Total</b>	<b>526,481,884</b>	<b>649,163,922</b>	<b>755,864,615</b>	<b>609,199,886</b>	<b>1,247,730,940</b>

### 3.19.15 Other reserve fund

#### Contingent reserve

This is a non-statutory reserve and is created by the Bank towards meeting operational requirements. A fixed amount is annually appropriated from net profit into this fund. Balance in this fund is utilized towards providing financial support to employees for treatment of severe cases of life threatening ailments that are not adequately covered under medical insurance policy. Amount paid to staff from this fund is re-classified to retained earnings and is recognized as personnel expense in profit or loss. No such reserve is maintained by the Subsidiary.

#### Employees training and capacity development fund

This is a statutory reserve under domestic banking regulations specified in NRB circular 6/075. The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's total personnel expenses. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

### 3.20 OTHER DISCLOSURES

Table No. 1

PARTICULARS	AS OF ASADH END 2079	
	NO. OF CUSTOMERS	AMOUNT (NRS.)
Accrued Interest Received after Asadh end 2079 till 15 Shrawan 2079	2658	172,260,984
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	36620	328,242,275
Extension of moratorium period of loan provided to Industry or Project under construction	NA	NA
Restructured/Rescheduled Loan with 5% Loan Loss Provision	261	1,400,835,329
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	NA	NA
Enhancement of Term Loan by 10% to COVID affected borrowers	NA	NA
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	NA
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1 year with 5% provisioning	NA	NA
Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2	NA	NA

Table No. 2

PARTICULARS	NO. OF CUSTOMERS	AMOUNT (NRS.)
Business Continuity Loan	NA	NA

Table No. 3

PARTICULARS	DURING FY 2078/79	
	NO. OF CUSTOMERS	AMOUNT (NRS.)
Subsidized Loan	5162	7,244,067,926

### 3.21 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.

The restated Earnings per share of FY 2020-21 after issuance of bonus share is 14.30.

### 3.22 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.

### 3.23 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 Group has reported its cash flow statement applying the 'Direct Method' in accordance with NAS 07 - "Statement of Cash Flows". Application of the direct method in presenting cash flow statement discloses major classes of gross cash

receipts and gross cash payments, thereby provides information which may be useful in estimating future cash flows of an entity.

'Cash and Cash Equivalents', as referred to in the statement of cash flows are the same as presented on the face of the consolidated statement of financial position. 'Cash Flows' are inflows and outflows of cash and cash equivalents.

The statement of cash flows reports cash flows during the period classified by operating, investing and financing activities as defined hereunder:

- Operating Activities: are the principal revenue generating activities of the reporting entity and other activities that are not classified as investing or financing activities.
- Investing Activities: are the acquisition and disposal of long-term assets and other long term investments.
- Financing Activities: are activities that result in changes in the size and composition of the contributed equity and borrowed capital of the Group.

# NOTES TO SOFP

## CASH AND CASH EQUIVALENT

4.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Cash in Hand	2,49,21,95,769	2,31,90,23,073	2,49,21,95,769	2,31,90,23,073
Balances with BFI's	2,94,08,45,246	68,10,49,738	2,92,55,24,051	55,70,98,958
Money at Call and Short Notice	-	-	-	-
Other	-	-	-	-
Placement less than 3 months	4,03,69,51,323	1,26,96,06,806	4,03,69,51,323	1,26,96,06,806
<b>Total</b>	<b>9,46,99,92,338</b>	<b>4,26,96,79,618</b>	<b>9,45,46,71,142</b>	<b>4,14,57,28,838</b>

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 for 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	
	2078/79	2077/78	2078/79	2077/78
Statutory Balances with NRB	4,81,47,59,368	2,91,76,85,545	4,81,47,59,368	2,91,76,85,545
Securities purchased under Resale Agreement	-	-	-	-
Other Deposit and Receivable from NRB	8,15,29,247	6,31,24,882	8,15,29,247	6,31,24,882
<b>Total</b>	<b>4,89,62,88,615</b>	<b>2,98,08,10,427</b>	<b>4,89,62,88,615</b>	<b>2,98,08,10,427</b>

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.

## PLACEMENT WITH BANKS AND FINANCIAL INSTITUTIONS

4.3

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Placement with Domestic BFIs	29,00,00,000	24,00,00,000	-	-
Placement with Foreign BFIs	-	4,64,64,40,360	-	4,64,64,40,360
Less: Allowances for Impairment	-	-	-	-
<b>Total</b>	<b>29,00,00,000</b>	<b>4,88,64,40,360</b>	<b>-</b>	<b>4,64,64,40,360</b>

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	
	2078/79	2077/78	2078/79	2077/78
<b>Held for Trading</b>				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts	-	-	-	-
Others	-	-	-	-
<b>Held for Risk Management</b>				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts	11,38,836	-	-	11,38,836
Others	-	-	-	-
<b>Total</b>	<b>29,00,00,000</b>	<b>4,88,64,40,360</b>	<b>-</b>	<b>4,64,64,40,360</b>

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.

## OTHER TRADING ASSETS

4.5

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Treasury Bills	-	-	-	-
Government Bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate Bonds	-	-	-	-
Equities	6,50,95,802	3,11,19,342	-	-
Other	-	-	-	-
<b>Total</b>	<b>6,50,95,802</b>	<b>3,11,19,342</b>	<b>-</b>	<b>-</b>

## LOANS AND ADVANCES TO BFIS

4.6

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Loans to Micro-Finance Institutions	3,01,86,64,296	1,93,16,82,693	3,01,86,64,296	1,93,16,82,693
Other	-	-	-	-
Less: Allowances for Impairment	(3,92,33,717)	(2,51,06,046)	(3,92,33,717)	(2,51,06,046)
<b>Total</b>	<b>2,97,94,30,579</b>	<b>1,90,65,76,647</b>	<b>2,97,94,30,579</b>	<b>1,90,65,76,647</b>

## ALLOWANCES FOR IMPAIRMENT

4.6.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Balance at Shrawan 01	2,51,06,046	2,41,91,849	2,51,06,046	2,41,91,849
Impairment Losss for the year:	-	-	-	-
Charge for the year	1,41,27,671	9,14,197	1,41,27,671	9,14,197
Recoveries/Reversal	-	-	-	-
Amount Written Off	-	-	-	-
<b>Balance at Asar End</b>	<b>3,92,33,717</b>	<b>2,51,06,046</b>	<b>3,92,33,717</b>	<b>2,51,06,046</b>

## LOANS AND ADVANCES TO CUSTOMERS

4.7

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Loans and Advances measured at Amortized Cost	1,22,91,79,93,271	1,02,78,64,33,394	1,22,91,79,93,271	1,02,78,64,33,394
Less: Impairment Allowances				
Collective Impairment	(1,77,52,42,474)	(1,43,86,53,610)	(1,77,52,42,474)	(1,43,86,53,610)
Individual Impairment	(1,06,67,22,102)	(85,71,22,707)	(1,06,67,22,102)	(85,71,22,707)
<b>Net Amount</b>	<b>1,20,07,60,28,694</b>	<b>1,00,49,06,57,077</b>	<b>1,20,07,60,28,694</b>	<b>1,00,49,06,57,077</b>
<b>Loans and Advances measured at FVTPL</b>	-	-	-	-
<b>Total</b>	<b>1,20,07,60,28,694</b>	<b>1,00,49,06,57,077</b>	<b>1,20,07,60,28,694</b>	<b>1,00,49,06,57,077</b>

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 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 of 41.95 Billion are considered for incurred loss model impairment which approximately come at 33.89% 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	
	2078/79	2077/78	2078/79	2077/78
<b>Product</b>				
Term Loans	18,20,52,89,287	12,51,07,78,573	18,20,52,89,287	12,51,07,78,573
Overdraft	20,29,34,02,996	16,39,17,33,734	20,29,34,02,996	16,39,17,33,734
Trust Receipt/Import Loans	1,41,14,03,824	4,73,81,50,275	1,41,14,03,824	4,73,81,50,275
Demand and other Working Capital Loans	21,72,20,73,977	16,82,12,02,375	21,72,20,73,977	16,82,12,02,375
Personal Residential Loans	15,25,36,87,889	14,13,50,91,973	15,25,36,87,889	14,13,50,91,973
Real Estate Loans	4,71,27,04,903	4,00,67,12,547	4,71,27,04,903	4,00,67,12,547
Margin Lending Loans	2,25,50,82,347	2,64,61,74,662	2,25,50,82,347	2,64,61,74,662
Hire Purchase Loans	4,32,17,11,666	4,04,98,88,729	4,32,17,11,666	4,04,98,88,729
Deprived Sector Loans	8,55,76,87,415	6,60,44,93,815	8,55,76,87,415	6,60,44,93,815
Bills Purchased	30,63,91,171	1,50,36,48,890	30,63,91,171	1,50,36,48,890
Staffs Loans	1,44,51,06,836	90,00,13,021	1,44,51,06,836	90,00,13,021
Other	23,71,30,99,453	18,03,56,98,370	23,71,30,99,453	18,03,56,98,370
<b>Sub-Total</b>	<b>1,22,19,76,41,764</b>	<b>1,02,34,35,86,965</b>	<b>1,22,19,76,41,764</b>	<b>1,02,34,35,86,965</b>
Interest Receivable	72,03,51,506	44,28,46,429	72,03,51,506	44,28,46,429
<b>Grand Total</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>

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	
	2078/79	2077/78	2078/79	2077/78
Nepalese Rupee	1,22,88,11,42,350	99,99,65,17,659	1,22,88,11,42,350	99,99,65,17,659
Indian Rupee	-	-	-	-
United States Dollar	3,68,50,920	2,78,99,15,736	3,68,50,920	2,78,99,15,736
Great Britain Pound	-	-	-	-
Euro	-	-	-	-
Japanese Yen	-	-	-	-
Chinese Yuan	-	-	-	-
Other	-	-	-	-
<b>Grand Total</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>

Gross Loans and Advances excluding impairment has been considered above for analysis.

## 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	
	2078/79	2077/78	2078/79	2077/78
Secured				
Moveable/Immoveable Assets	1,17,39,58,54,532	96,75,02,06,290	1,17,39,58,54,532	96,75,02,06,290
Gold and Silver	-	-	-	-
Guarantee of Domestic BFIs	-	-	-	-
Government Guarantee	-	-	-	-
Guarantee of International Rated Bank	-	-	-	-
Collateral of Export Document	-	-	-	-
Collateral of Fixed Deposit Receipt	2,19,55,74,575	66,45,18,976	2,19,55,74,575	66,45,18,976
Collateral of Government Securities	-	-	-	-
Counter Guarantee	-	-	-	-
Personal Guarantee	8,34,94,625	5,78,56,893	8,34,94,625	5,78,56,893
Other Collateral	3,06,05,33,534	5,04,08,95,735	3,06,05,33,534	5,04,08,95,735
<b>Subtotal</b>	<b>1,22,73,54,57,265</b>	<b>1,02,51,34,77,893</b>	<b>1,22,73,54,57,265</b>	<b>1,02,51,34,77,893</b>
Unsecured	18,25,36,005	27,29,55,500	18,25,36,005	27,29,55,500
<b>Grand Total</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>	<b>1,22,91,79,93,271</b>	<b>1,02,78,64,33,394</b>

## ALLOWANCE FOR IMPAIRMENT

4.7.4

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Specific Allowance for Impairment</b>				
<b>Balance at Shrawan 01</b>	<b>85,71,22,707</b>	<b>1,01,49,43,843</b>	<b>85,71,22,707</b>	<b>1,01,49,43,843</b>
Impairment Loss for the year				
Charge for the year	76,68,18,717	47,97,03,338	76,68,18,717	47,97,03,338
Recoveries/Reversals during the year	(55,72,19,322)	(63,75,24,474)	(55,72,19,322)	(63,75,24,474)
Write-Offs	-	-	-	-
Exchange Rate Variance on Foreign Currency	-	-	-	-
Other Movement	-	-	-	-
<b>Balance at Asar End</b>	<b>1,06,67,22,102</b>	<b>85,71,22,707</b>	<b>1,06,67,22,102</b>	<b>85,71,22,707</b>
<b>Collective Allowances for Impairment</b>				
<b>Balance at Sharawan 01</b>	<b>1,43,86,53,610</b>	<b>1,02,70,63,456</b>	<b>1,43,86,53,610</b>	<b>1,02,70,63,456</b>
Impairment Loss for the year				
Charge/(Reversal) for the year	33,65,88,864	41,15,90,154	33,65,88,864	41,15,90,154
Exchange Rate Variance on Foreign Currency	-	-	-	-
Other Movement	-	-	-	-
Balance at Asar End	1,77,52,42,474	1,43,86,53,610	1,77,52,42,474	1,43,86,53,610
<b>Total Allowances for Impairment</b>	<b>2,84,19,64,576</b>	<b>2,29,57,76,318</b>	<b>2,84,19,64,576</b>	<b>2,29,57,76,318</b>



## INVESTMENT SECURITIES

4.8

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Investment Securities measured at Amortized Cost	26,73,81,68,316	19,22,45,68,675	26,73,81,68,316	19,22,45,68,675
Investment in Equity measured at FVTOCI	1,59,10,24,167	1,63,55,23,789	1,59,10,24,167	1,63,55,23,789
<b>Total</b>	<b>28,32,91,92,483</b>	<b>20,86,00,92,464</b>	<b>28,32,91,92,483</b>	<b>20,86,00,92,464</b>

## INVESTMENT SECURITIES MEASURED AT AMORTIZED COST

4.8.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Debt Securities	31,61,22,000	31,61,22,000	31,61,22,000	31,61,22,000
Government Bonds	16,48,90,50,000	11,24,40,00,000	16,48,90,50,000	11,24,40,00,000
Government Treasury Bills	9,52,17,21,595	7,48,00,48,480	9,52,17,21,595	7,48,00,48,480
Nepal Rastra Bank Bonds	-	-	-	-
Nepal Rastra Bank Deposit Instruments	4,88,00,000	3,60,000	4,88,00,000	3,60,000
Other	-	-	-	-
Foreign Currency Bond	-	-	-	-
Interest Receivables	36,24,74,721	18,40,38,195	36,24,74,721	18,40,38,195
Less: Specific Allowances for Impairment	-	-	-	-
<b>Total</b>	<b>26,73,81,68,316</b>	<b>19,22,45,68,675</b>	<b>26,73,81,68,316</b>	<b>19,22,45,68,675</b>

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. These instruments are issued by the government. Bank considers that the fixed return on these bonds adequately compensate for associated risks.

Interest receivable includes interest accrued on above classified investment securities.

## INVESTMENT IN EQUITY MEASURED AT FVTOCI

4.8.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Equity Instruments				
Quoted Equity Securities	1,57,09,98,307	1,61,54,97,929	1,57,09,98,307	1,61,54,97,929
Unquoted Equity Securities	2,00,25,860	2,00,25,860	2,00,25,860	2,00,25,860
<b>Total</b>	<b>1,59,10,24,167</b>	<b>1,63,55,23,789</b>	<b>1,59,10,24,167</b>	<b>1,63,55,23,789</b>

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

	GROUP				BANK			
	2078-79		2077-78		2078-79		2077-78	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>INVESTMENT IN QUOTED EQUITY</b>								
<b>Gurans Life Insurance</b>								
823,161 Promoter Shares of Rs. 100 Each	-	-	7,13,38,500	40,66,41,534	-	-	7,13,38,500	40,66,41,534
632,718 Promoter Shares of Rs. 100 Each	7,13,38,500	24,16,98,276	-	-	7,13,38,500	24,16,98,276	-	-
235,718 Public Shares of Rs. 100 Each	-	11,43,23,230	-	-	-	11,43,23,230	-	-
<b>NLG Insurance Limited</b>								
417 Promoter Shares of Rs. 100 Each	-	-	41,700	73,392	-	-	41,700	73,392
503 Promoter Shares of Rs. 100 Each	41,700	88,628	-	-	41,700	88,628	-	-
<b>Sagamatha Insurance Limited</b>								
500,512 Promotor Shares of Rs. 100 Each	-	-	55,43,100	31,83,25,632	-	-	55,43,100	31,83,25,632
555,569 Promotor Shares of Rs. 100 Each	55,43,100	39,38,98,421	-	-	55,43,100	39,38,98,421	-	-
<b>Lumbini Insurance Limited</b>								
116,464 Promotor Shares of Rs. 100 Each	-	-	17,95,200	3,85,49,584	-	-	17,95,200	3,85,49,584
122,287 Promotor Shares of Rs. 100 Each	17,95,200	4,04,76,997	-	-	17,95,200	4,04,76,997	-	-
353 Public Shares of Rs. 100 Each	-	1,34,846	-	-	-	1,34,846	-	-
<b>Nepal Life Insurance Company (NLIC)</b>								
1,197 Shares of Rs. 100 Each	-	-	-	22,97,043	-	-	-	22,97,043
1,365 Shares of Rs. 100 Each	-	10,19,655	-	-	-	10,19,655	-	-
<b>United Insurane Co. Ltd.</b>								
5,827 Promotor Shares of Rs. 100 Each	5,47,086	19,63,699	5,47,086	13,80,999	5,47,086	19,63,699	5,47,086	13,80,999
<b>Prabhu Insurance Ltd.</b>								
443 Shares of Rs. 10 Each	-	1,89,604	-	-	-	1,89,604	-	-
<b>Neco Insurance Ltd.</b>								
1 Shares of Rs. 100 Each	-	694	-	-	-	694	-	-
<b>Hydorelectricity Investment and Development Company Ltd</b>								
1 Unit of Rs. 10 Each	100	200	-	-	100	200	-	-
<b>NIBL Samridhi Fund</b>								
173,890 Units of Rs. 10 Each	-	-	17,38,900	24,97,060	-	-	17,38,900	24,97,060

Contd... INFORMATION RELATING TO INVESTMENT IN EQUITIES

	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Global IME Samutti Fund1</b> 4,271,928 Units of Rs. 10 Each	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	4,27,19,280	8,66,34,700
<b>Laxmi Equity Fund</b> 5,849,587 Units of Rs. 10 Each	5,84,95,870	5,79,10,911	5,84,95,870	5,79,10,911	5,84,95,870	5,79,10,911	5,84,95,870	5,79,10,911	5,84,95,870	8,07,24,301
<b>NABIL Equity Fund</b> 563,251 Units of Rs. 10 Each	56,32,510	56,32,510	56,32,510	56,32,510	56,32,510	56,32,510	56,32,510	56,32,510	56,32,510	82,23,465
<b>NIBL Pragati Fund</b> 1,027,407 Units of Rs. 10 Each	1,02,74,070	1,02,94,618	1,02,74,070	1,02,94,618	1,02,74,070	1,02,94,618	1,02,74,070	1,02,94,618	1,02,74,070	1,52,56,994
<b>NMB Hybrid Fund</b> 1,261,921 Units of Rs. 10 Each	1,26,19,210	1,41,33,515	1,26,19,210	1,41,33,515	1,26,19,210	1,41,33,515	1,26,19,210	1,41,33,515	1,26,19,210	1,72,25,222
<b>Siddhartha Equity Fund</b> 967,748 Units of Rs. 10 Each	96,77,480	95,61,350	96,77,480	95,61,350	96,77,480	95,61,350	96,77,480	95,61,350	96,77,480	1,35,96,859
<b>NABIL Balance Fund-2</b> 3,000,000 Units Nabli Balance Fund - 2 Mutual Fund	3,00,00,000	3,23,40,000	3,00,00,000	3,23,40,000	3,00,00,000	3,23,40,000	3,00,00,000	3,23,40,000	3,00,00,000	4,23,00,000
<b>Citizen Mutual Fund -2</b> 500,000 Units of Rs. 10 Each	50,00,000	50,60,000	50,00,000	50,60,000	50,00,000	50,60,000	50,00,000	50,60,000	50,00,000	70,75,000
<b>NIC Asia Balanced Fund</b> 250,000 Units of Rs. 10 Each	25,00,000	26,77,500	25,00,000	26,77,500	25,00,000	26,77,500	25,00,000	26,77,500	25,00,000	34,32,500
<b>NMB 50 - Mutual Fund</b> 500,000 Units of Rs. 10 Each	50,00,000	64,50,000	50,00,000	64,50,000	50,00,000	64,50,000	50,00,000	64,50,000	50,00,000	74,75,000
<b>Sunrise First Mutual Fund</b> 15,000,000 Units of Rs. 10 Each	15,00,00,000	17,25,00,000	15,00,00,000	17,25,00,000	15,00,00,000	17,25,00,000	15,00,00,000	17,25,00,000	15,00,00,000	24,00,00,000
<b>Siddhartha Investment Growth Scheme -2- Mutual Fund</b> 500,000 Units of Rs. 10 Each	50,00,000	48,95,000	50,00,000	48,95,000	50,00,000	48,95,000	50,00,000	48,95,000	50,00,000	71,00,000

	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Laxmi Unnati Kosh</b> 519,050 Units of Rs. 10 Each	51,86,940	49,62,118	51,86,940	65,50,411	51,86,940	49,62,118	51,86,940	65,50,411	51,86,940	65,50,411
<b>Sanima Large Cap Fund</b> 1,00,000 Units of Rs. 10 Each	1,00,00,000	93,20,000	1,00,00,000	1,05,00,000	1,00,00,000	93,20,000	1,00,00,000	1,05,00,000	1,00,00,000	1,05,00,000
<b>Sunrise Bluechip Fund</b> 18,75,000 Units of Rs. 10 Each	18,75,00,000	16,38,75,000	18,75,00,000	19,05,00,000	18,75,00,000	16,38,75,000	18,75,00,000	19,05,00,000	18,75,00,000	19,05,00,000
<b>Kumari Equity Fund</b> 50,00,000 Units of Rs. 10 Each	50,00,000	50,35,000	50,00,000	52,50,000	50,00,000	50,35,000	50,00,000	52,50,000	50,00,000	52,50,000
<b>NIBL Samriddhi Fund -2</b> 3,672,123 Units of Rs. 10 Each	3,67,21,230	3,18,37,306	3,67,21,230	3,96,95,650	3,67,21,230	3,18,37,306	3,67,21,230	3,96,95,650	3,67,21,230	3,96,95,650
<b>Prabhu Select Fund</b> 1,468,100 Units of Rs. 10 Each	1,46,81,000	1,41,08,441	1,46,81,000	1,48,86,534	1,46,81,000	1,41,08,441	1,46,81,000	1,48,86,534	1,46,81,000	1,48,86,534
<b>NIC Asia Select 30 Index Fund</b> 4,930,605 Units of Rs. 10 Each	4,93,06,050	4,32,41,406	4,93,06,050	4,93,06,050	4,93,06,050	4,32,41,406	4,93,06,050	4,93,06,050	4,93,06,050	4,93,06,050
<b>RBB Mutual Fund 1</b> 3,992,087 Units of Rs. 10 Each	3,99,20,870	3,70,06,646	-	-	3,99,20,870	3,70,06,646	-	-	-	-
<b>Mega Mutual Fund -1</b> 4,36,340 Units of Rs. 10 Each	4,36,340	34,86,357	-	-	4,36,340	34,86,357	-	-	-	-
<b>Nabil Balanced fund 3</b> 16,670 Units of Rs. 10 Each	1,66,700	1,57,198	-	-	1,66,700	1,57,198	-	-	-	-
<b>Kumari Dhanabridhhi Yojana</b> 5,00,000 Units of Rs. 10 Each	5,00,00,000	5,00,00,000	-	-	5,00,00,000	5,00,00,000	-	-	-	-
<b>NIC ASIA Flexi Cap Fund</b> 5,00,000 Units of Rs. 10 Each	5,00,00,000	5,00,00,000	-	-	5,00,00,000	5,00,00,000	-	-	-	-

Contd... INFORMATION RELATING TO INVESTMENT IN EQUITIES

	PRODUCTS & SERVICES		FINANCIAL STATEMENT		INVESTOR'S RELATIONSHIP		BANK'S PERFORMANCE	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Investment in Unquoted Equity Nepal Clearing House Limited</b>								
80,941 Ordinary Shares of Rs. 100 Each	-	-	29,51,500	29,51,500	-	-	29,51,500	29,51,500
111,699 Ordinary Shares of Rs. 100 Each	29,51,500	29,51,500	-	-	29,51,500	29,51,500	-	-
<b>National Banking Institute</b>								
18,349 Ordinary Shares of Rs. 100 Each	18,34,860	18,34,860	18,34,860	18,34,860	18,34,860	18,34,860	18,34,860	18,34,860
<b>Nepal Electronic Payment System</b>								
150,000 Ordinary Shares of Rs. 100 Each	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
<b>Nepal Stock Exchange Limited.</b>								
1,432 Ordinary Shares of Rs. 100 Each	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>CICL</b>								
28,050 Shares of Rs. 100 Each	-	-	2,29,500	2,29,500	-	-	2,29,500	2,29,500
Shares of Rs. 100 Each	2,29,500	2,29,500	-	-	2,29,500	2,29,500	-	-
<b>Gorakhali Tyres Pvt. Limited.</b>								
1,062 Ordinary Shares of Rs. 100 Each	-	-	1,06,234	-	-	-	1,06,234	-
<b>Birat Shoe Ltd.</b>								
11,418 Shares of Rs. 100 Each	-	-	11,42,820	-	-	-	11,42,820	-
<b>Butwal Spinning Mill</b>								
32 Shares of Rs. 100 Each	-	-	3,200	-	-	-	3,200	-
<b>Jyoti Spinning Mill</b>								
574 Shares of Rs. 100 Each	-	-	57,409	-	-	-	57,409	-
<b>Necon Air Limited</b>								
1,798 Shares of Rs. 100 Each	-	-	1,79,842	-	-	-	1,79,842	-
<b>Subarna Pharmaceuticals Limited.</b>								
5,000 Shares of Rs. 100 Each	-	-	5,00,000	-	-	-	5,00,000	-
<b>Total Investment</b>	<b>88,90,56,156</b>	<b>1,59,10,24,167</b>	<b>74,83,33,491</b>	<b>1,63,26,93,789</b>	<b>88,90,56,156</b>	<b>1,59,10,24,167</b>	<b>74,83,33,491</b>	<b>1,63,55,23,789</b>
<b>Net Carrying Amount</b>	<b>88,90,56,156</b>	<b>1,59,10,24,167</b>	<b>74,83,33,491</b>	<b>1,63,26,93,789</b>	<b>88,90,56,156</b>	<b>1,59,10,24,167</b>	<b>74,83,33,491</b>	<b>1,63,55,23,789</b>

## Contd... INFORMATION RELATING TO INVESTMENT IN EQUITIES

"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	
	2078/79	2077/78	2078/79	2077/78
Current Tax Assets	5,44,90,55,221	4,60,81,55,542	5,41,35,50,126	4,56,49,39,903
Current year Income Tax Assets	5,44,90,55,221	4,60,81,55,542	5,41,35,50,126	4,56,49,39,903
Tax Assets of Prior Periods	-	-	-	-
Current Tax Liabilities	(4,98,08,53,972)	(4,33,89,20,040)	(4,94,70,53,248)	(4,30,23,84,231)
Current year Income Tax Liabilities	(4,98,08,53,972)	(4,33,89,20,040)	(4,94,70,53,248)	(4,30,23,84,231)
Tax Liabilities of Prior Periods	-	-	-	-
<b>Total</b>	<b>46,82,01,249</b>	<b>26,92,35,502</b>	<b>46,64,96,879</b>	<b>26,25,55,672</b>

**INVESTMENT IN SUBSIDIARIES**

4.10

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Investment in Quoted Subsidiaries	-	-	-	-
Investment in Unquoted Subsidiaries	-	-	26,13,08,369	26,13,08,369
Total Investment	-	-	26,13,08,369	26,13,08,369
Less: Impairment Allowances	-	-	-	-
<b>Net Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>26,13,08,369</b>	<b>26,13,08,369</b>

Fair value of investment in subsidiary is taken at cost.

## INVESTMENT IN QUOTED SUBSIDIARIES

4.10.1

PARTICULARS	BANK			
	2078/79		2077/78	
	COST	FAIR VALUE	COST	FAIR VALUE
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## INVESTMENT IN UNQUOTED SUBSIDIARIES

4.10.2

PARTICULARS	BANK			
	2078/79		2077/78	
	COST	FAIR VALUE	COST	FAIR VALUE
Sunrise Capital Limited				
2,000,000 Shares of Rs. 100 Each	-	-	26,13,08,369	26,13,08,369
2,000,000 Shares of Rs. 100 Each	26,13,08,369	26,13,08,369	-	-
<b>Total</b>	<b>26,13,08,369</b>	<b>26,13,08,369</b>	<b>26,13,08,369</b>	<b>26,13,08,369</b>

## INFORMATION RELATING TO SUBSIDIARIES OF THE BANK

4.10.3

PARTICULARS	BANK	
	PERCENTAGE OF OWNERSHIP HELD BY BANK	
	2078/79	2077/78
Sunrise Capital Limited	100.00%	100.00%
<b>Sunrise Capital Limited</b>	<b>100.00%</b>	<b>100.00%</b>

## INVESTMENT IN ASSOCIATES

4.11

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Investment in Quoted Associates	-	-	-	-
Investment in Unquoted Associates	-	-	-	-
<b>Total Investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment Allowances	-	-	-	-
<b>Net Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## INVESTMENT IN QUOTED ASSOCIATES

4.11.1

PARTICULARS	GROUP				BANK			
	2078/79		2077/78		2078/79		2077/78	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## INVESTMENT IN UNQUOTED ASSOCIATES

4.11.2

PARTICULARS	GROUP				BANK			
	2078/79		2077/78		2078/79		2077/78	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## INFORMATION RELATING TO ASSOCIATES OF THE BANK

4.11.3

PARTICULARS	GROUP		BANK	
	PERCENTAGE OF OWNERSHIP HELD BY BANK		PERCENTAGE OF OWNERSHIP HELD BY BANK	
	2078/79	2077/78	2078/79	2077/78

Not Applicable

## EQUITY VALUE OF ASSOCIATES

4.11.4

PARTICULARS	GROUP	
	PERCENTAGE OF OWNERSHIP HELD BY BANK	
	CURRENT YEAR	PREVIOUS YEAR

Not Applicable

## INVESTMENT PROPERTIES

4.12

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Investment Properties measured at Fair Value</b>				
Balance as on Shrwawan 01	-	-	-	-
Addition/(Disposal) during the year	-	-	-	-
Net Changes in fair value during the year	-	-	-	-
Adjustment/Transfer	-	-	-	-
<b>Net Amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment Properties measured at Cost</b>				
Balance as on Shrwawan 01	40,41,39,643	43,33,58,795	40,41,39,643	43,33,58,795
Addition/(Disposal) during the year	43,99,57,257	(2,92,19,152)	43,99,57,257	(2,92,19,152)
Adjustment/Transfer	-	-	-	-
Accumulated Depreciation	-	-	-	-
Accumulated Impairment	-	-	-	-
Net Amount	84,40,96,900	40,41,39,643	84,40,96,900	40,41,39,643
<b>Total</b>	<b>84,40,96,900</b>	<b>40,41,39,643</b>	<b>84,40,96,900</b>	<b>40,41,39,643</b>





## PROPERTY AND EQUIPMENT

PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES
<b>Cost</b>				
<b>As on Shrawan 2077</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>45,79,30,242</b>	<b>18,35,68,632</b>
Addition during the year	-	-	4,15,48,969	1,27,96,348
Acquisition	-	-	4,15,48,969	1,27,96,348
Capitalization	-	-	-	-
Disposal during the year	-	-	-	(35,96,746)
Adjustment/Revaluation	-	-	82,803	1,44,779
<b>Balance as on Ashad end 2078</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>49,95,62,014</b>	<b>19,29,13,013</b>
Addition during the Year	-	-	1,80,66,388	2,10,81,423
Acquisition	-	-	1,80,66,388	2,10,81,423
Capitalization	-	-	-	-
Disposal during the year	-	-	-	(16,69,075)
Adjustment/Revaluation	-	-	-	-
<b>Balance as on Ashad end 2079</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>51,76,28,403</b>	<b>21,23,25,361</b>
<b>Depreciation and Impairment</b>				
<b>As on Shrawan 01. 2077</b>	<b>-</b>	<b>52,96,216</b>	<b>21,73,57,415</b>	<b>8,32,07,167</b>
Depreciation charge for the year	-	12,85,790	4,69,49,810	2,10,15,283
Impairment for the year	-	-	-	-
Disposals	-	-	-	(20,28,056)
Adjustment	-	-	63,227	27,282
<b>As on Ashad end 2078</b>	<b>-</b>	<b>65,82,006</b>	<b>26,43,70,452</b>	<b>10,22,21,676</b>
Depreciation charge for the year	-	12,21,501	4,92,59,276	2,09,38,286
Impairment for the year	-	-	-	-
Disposals	-	-	-	(8,03,477)
Adjustment	-	-	-	-
<b>As on Ashad end 2079</b>	<b>-</b>	<b>78,03,507</b>	<b>31,36,29,728</b>	<b>12,23,56,484</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>11,99,23,399</b>	<b>2,32,08,515</b>	<b>20,39,98,675</b>	<b>8,99,68,877</b>
<b>As on Ashad end 2077</b>	<b>11,99,23,399</b>	<b>2,57,15,807</b>	<b>24,05,72,827</b>	<b>10,03,61,465</b>
<b>As on Ashad end 2078</b>	<b>11,99,23,399</b>	<b>2,44,30,016</b>	<b>23,51,91,562</b>	<b>9,06,91,337</b>
<b>As on Ashad end 2079</b>	<b>11,99,23,399</b>	<b>2,32,08,515</b>	<b>20,39,98,675</b>	<b>8,99,68,877</b>

4.13

GROUP					
VEHICLES	FURNITURE & FIXTURES	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASAR END 2079	TOTAL ASAR END 2078
<b>35,36,80,328</b>	<b>20,67,56,244</b>	<b>15,24,80,425</b>	<b>24,50,29,920</b>		<b>1,75,03,81,213</b>
4,82,80,175	1,45,50,899	1,93,23,000	1,64,65,991		15,29,65,382
4,82,80,175	1,45,50,899	1,93,23,000	1,64,65,991		15,29,65,382
-	-	-	-		-
(4,16,20,900)	-	(1,62,28,188)	(11,76,083)		(6,26,21,917)
-	(7,894)	-	(61,393)		1,58,295
<b>36,03,39,603</b>	<b>22,12,99,249</b>	<b>15,55,75,237</b>	<b>26,02,58,435</b>		<b>1,84,08,82,973</b>
2,71,36,200	75,66,052	23,35,093	2,02,07,834	9,63,92,990	
2,71,36,200	75,66,052	23,35,093	2,02,07,834	9,63,92,990	
-	-	-	-	-	
(23,18,17,250)	-	-	(82,510)	(23,35,68,834)	
-	-	-	-	-	
<b>15,56,58,553</b>	<b>22,88,65,300</b>	<b>15,79,10,330</b>	<b>28,03,83,759</b>	<b>1,70,37,07,128</b>	
<b>9,48,53,004</b>	<b>9,50,56,798</b>	<b>8,33,42,714</b>	<b>10,40,93,669</b>		<b>68,32,06,983</b>
3,89,04,031	1,80,04,516	1,11,16,974	2,24,64,197		15,97,40,601
-	-	-	-		-
(1,46,49,036)	-	(1,42,46,697)	(2,73,835)		(3,11,97,625)
3,069	-	-	2,718		96,296
<b>11,91,11,068</b>	<b>11,30,61,314</b>	<b>8,02,12,991</b>	<b>12,62,86,749</b>		<b>81,18,46,256</b>
1,36,52,351	1,67,29,233	1,14,29,383	2,11,92,272	13,44,22,303	
-	-	-	-	-	
(6,34,77,238)	-	-	(58,654)	(6,43,39,369)	
-	-	-	-	-	
<b>6,92,86,182</b>	<b>12,97,90,547</b>	<b>9,16,42,374</b>	<b>14,74,20,367</b>	<b>88,19,29,189</b>	
-	-	-	-	-	
<b>8,63,72,371</b>	<b>9,90,74,753</b>	<b>6,62,67,956</b>	<b>13,29,63,392</b>	<b>82,17,77,939</b>	
<b>25,88,27,324</b>	<b>11,16,99,446</b>	<b>6,91,37,711</b>	<b>14,09,36,251</b>	<b>1,06,71,74,230</b>	
<b>24,12,28,535</b>	<b>10,82,37,935</b>	<b>7,53,62,246</b>	<b>13,39,71,686</b>	<b>1,02,90,36,716</b>	<b>1,02,90,36,716</b>
<b>8,63,72,371</b>	<b>9,90,74,753</b>	<b>6,62,67,956</b>	<b>13,29,63,392</b>	<b>82,17,77,938</b>	

Contd... PROPERTY AND EQUIPMENT

PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES
<b>Cost</b>				
<b>As on Shrawan 2077</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>45,79,30,242</b>	<b>17,83,50,265</b>
Addition during the year	-	-	4,15,48,969	1,23,38,158
Acquisition	-	-	4,15,48,969	1,23,38,158
Capitalization	-	-	-	-
Disposal during the year	-	-	-	(35,96,746)
Adjustment/Revaluation	-	-	82,803.00	1,44,778.82
<b>Balance as on Ashad end 2078</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>49,95,62,014</b>	<b>18,72,36,456</b>
Addition during the Year	-	-	1,80,66,388	2,03,06,083
Acquisition	-	-	1,80,66,388	2,03,06,083
Capitalization	-	-	-	-
Disposal during the year	-	-	-	(16,69,075)
Adjustment/Revaluation	-	-	-	-
<b>Balance as on Ashad end 2079</b>	<b>11,99,23,399</b>	<b>3,10,12,023</b>	<b>51,76,28,403</b>	<b>20,58,73,464</b>
<b>Depreciation and Impairment</b>				
<b>As on Shrawan 2077</b>	<b>-</b>	<b>52,96,216</b>	<b>21,73,57,415</b>	<b>7,86,88,075</b>
Depreciation charge for the year	-	12,85,790	4,69,49,810	2,06,45,329
Impairment for the year	-	-	-	-
Disposals	-	-	-	(20,28,056)
Adjustment	-	-	63,227	27,282
<b>Balance as on Ashad end 2078</b>	<b>-</b>	<b>65,82,006</b>	<b>26,43,70,452</b>	<b>9,73,32,630</b>
Depreciation charge for the year	-	12,21,501	4,92,59,276	2,05,16,571
Impairment for the year	-	-	-	-
Disposals	-	-	-	(8,03,477)
Adjustment	-	-	-	-
<b>Balance as on Ashad end 2079</b>	<b>-</b>	<b>78,03,507</b>	<b>31,36,29,728</b>	<b>11,70,45,724</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>11,99,23,399</b>	<b>2,32,08,515</b>	<b>20,39,98,675</b>	<b>8,88,27,740</b>
<b>As on Ashad end 2077</b>	<b>11,99,23,399</b>	<b>2,57,15,807</b>	<b>24,05,72,827</b>	<b>9,96,62,191</b>
<b>As on Ashad end 2078</b>	<b>11,99,23,399</b>	<b>2,44,30,016</b>	<b>23,51,91,562</b>	<b>8,99,03,826</b>
<b>As on Ashad end 2079</b>	<b>11,99,23,399</b>	<b>2,32,08,515</b>	<b>20,39,98,675</b>	<b>8,88,27,740</b>

## 4.13

GROUP					
VEHICLES	FURNITURE & FIXTURES	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASAR END 2079	TOTAL ASAR END 2078
<b>35,07,22,627</b>	<b>20,48,24,235</b>	<b>15,24,80,426</b>	<b>24,26,56,239</b>		<b>1,73,78,99,456</b>
4,82,80,175	1,43,10,230	1,93,23,000	1,63,20,428		15,21,20,960
4,82,80,175	1,43,10,230	1,93,23,000	1,63,20,428		15,21,20,960
(4,16,20,900)	-	(1,62,28,188)	(11,76,083)		(6,26,21,917)
-	(7,894.00)	-	(61,393.00)		1,58,295
<b>35,73,81,902</b>	<b>21,91,26,571</b>	<b>15,55,75,237</b>	<b>25,77,39,191</b>		<b>1,82,75,56,793</b>
2,33,86,200	72,77,941	23,35,093	2,00,57,834	9,14,29,539	
2,33,86,200	72,77,941	23,35,093	2,00,57,834	9,14,29,539	
-	-	-	-	-	
(23,18,17,250)	-	-	(82,510)	(23,35,68,834)	
-	-	-	-	-	
<b>14,89,50,852</b>	<b>22,64,04,512</b>	<b>15,79,10,330</b>	<b>27,77,14,515</b>	<b>1,68,54,17,498</b>	
<b>9,22,96,266</b>	<b>9,40,46,614</b>	<b>8,33,42,715</b>	<b>10,22,87,648</b>		<b>67,33,14,943</b>
3,85,89,041	1,77,90,972	1,11,16,974	2,22,58,606		15,86,36,522
-	-	-	-		-
(1,46,49,036)	-	(1,42,46,697)	(2,73,835)		(3,11,97,625)
3,069	-	-	2,718		96,296
<b>11,62,39,340</b>	<b>11,18,37,586</b>	<b>8,02,12,992</b>	<b>12,42,75,137</b>		<b>80,08,50,136</b>
1,33,31,421	1,65,07,813	1,14,29,383	2,10,22,103	13,32,88,069	
-	-	-	-	-	
(6,34,77,238)	-	-	(58,654)	(6,43,39,369)	
-	-	-	-	-	
<b>6,60,93,524</b>	<b>12,83,45,399</b>	<b>9,16,42,375</b>	<b>14,52,38,586</b>	<b>86,97,98,835</b>	
-	-	-	-		
<b>8,28,57,328</b>	<b>9,80,59,113</b>	<b>6,62,67,955</b>	<b>13,24,75,929</b>	<b>81,56,18,663</b>	
<b>25,84,26,360</b>	<b>11,07,77,621</b>	<b>6,91,37,711</b>	<b>14,03,68,591</b>	<b>1,06,45,84,513</b>	
<b>24,11,42,563</b>	<b>10,72,88,985</b>	<b>7,53,62,246</b>	<b>13,34,64,054</b>	<b>1,02,67,06,658</b>	
<b>8,28,57,328</b>	<b>9,80,59,113</b>	<b>6,62,67,955</b>	<b>13,24,75,929</b>	<b>81,56,18,663</b>	

## GOODWILL AND INTANGIBLE ASSETS

4.14

PARTICULARS	GROUP				TOTAL ASAR END
	GOODWILL	SOFTWARE		OTHER	
		PURCHASED	DEVELOPED		
<b>Cost</b>					
<b>As on Shrawan 01 2077</b>	-	<b>11,65,82,423</b>	-	-	<b>11,65,82,423</b>
Addition during the year	-	52,85,850	-	-	52,85,850
Acquisition	-	52,85,850	-	-	52,85,850
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Ashad end 2078</b>	-	<b>12,18,68,273</b>	-	-	<b>12,18,68,273</b>
Addition during the Year	-	17,28,947	-	-	17,28,947
Acquisition	-	17,28,947	-	-	17,28,947
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Ashad end 2079</b>	-	<b>12,35,97,220</b>	-	-	<b>12,35,97,220</b>
<b>Amortisation and Impairment</b>					
<b>As on Shrawan 01 2077</b>	-	<b>6,76,26,112</b>	-	-	<b>6,76,26,112</b>
Impairment for the year	-	-	-	-	-
Amortisation charge for the year	-	2,76,95,053	-	-	2,76,95,053
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
<b>Balance as on Ashad end 2078</b>	-	<b>9,53,21,166</b>	-	-	<b>9,53,21,166</b>
Impairment for the year	-	-	-	-	-
Amortisation charge for the year	-	1,96,30,548	-	-	1,96,30,548
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
<b>Balance as on Ashad end 2079</b>	-	<b>11,49,51,713</b>	-	-	<b>11,49,51,713</b>
<b>Capital Work in Progress</b>					
<b>Net Book Value</b>					
<b>As on Ashad end 2077</b>	-	<b>4,89,56,310</b>	-	-	<b>4,89,56,310</b>
<b>As on Ashad end 2078</b>	-	<b>2,65,47,107</b>	-	-	<b>2,65,47,107</b>
<b>As on Ashad end 2079</b>	-	<b>86,45,507</b>	-	-	<b>86,45,507</b>

Contd... GOODWILL AND INTANGIBLE ASSETS

PARTICULARS	BANK				TOTAL ASAR END
	GOODWILL	SOFTWARE		OTHER	
		PURCHASED	DEVELOPED		
<b>Cost</b>					
<b>As on Shrawan 01 2077</b>	-	<b>11,51,24,723</b>	-	-	<b>11,51,24,723</b>
Addition during the year	-	52,85,850	-	-	52,85,850
Acquisition	-	52,85,850	-	-	52,85,850
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Ashad end 2078</b>	-	<b>12,04,10,573</b>	-	-	<b>12,04,10,573</b>
Addition during the Year	-	15,82,047	-	-	15,82,047
Acquisition	-	15,82,047	-	-	15,82,047
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
<b>Balance as on Ashad end 2079</b>	-	<b>12,19,92,620</b>	-	-	<b>12,19,92,620</b>
<b>Amortisation and Impairment</b>					
<b>As on Shrawan 01 2077</b>	-	<b>6,70,54,333</b>	-	-	<b>6,70,54,333</b>
Amortisation charge for the year	-	2,74,28,373	-	-	2,74,28,373
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
<b>Balance as on Ashad end 2078</b>	-	<b>9,44,82,706</b>	-	-	<b>9,44,82,706</b>
Impairment for the year	-	-	-	-	-
Amortisation charge for the year	-	1,93,34,488	-	-	1,93,34,488
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
<b>Balance as on Ashad end 2079</b>	-	<b>11,38,17,194</b>	-	-	<b>11,38,17,194</b>
<b>Capital Work in Progress</b>	-	-	-	-	-
<b>Net Book Value</b>	-	<b>81,75,426</b>	-	-	<b>81,75,426</b>
<b>As on Ashad end 2077</b>	-	<b>4,80,70,390</b>	-	-	<b>4,80,70,390</b>
<b>As on Ashad end 2078</b>	-	<b>2,59,27,867</b>	-	-	<b>2,59,27,867</b>
<b>As on Ashad end 2079</b>	-	<b>81,75,426</b>	-	-	<b>81,75,426</b>

PARTICULARS	GROUP		BANK	
	2078-79	2078-79	2078-79	2078-79
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
			NET DEFERRED TAX ASSETS/(LIABILITIES)	NET DEFERRED TAX ASSETS/(LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>				
Loans and Advances to BFIs	-	-	-	-
Loans and Advances to Customers	-	-	-	-
Investment Properties	-	-	-	-
Investment Securities	88,16,944	(21,05,90,404)	(20,17,73,460)	(21,05,90,404)
Property and Equipment	12,87,727	(3,69,42,899)	(3,56,55,172)	(3,69,42,899)
Employees' Defined Benefit Plan	20,17,27,389	-	20,17,27,389	19,85,07,885
Lease Liabilities	1,07,10,764	-	1,07,10,764	1,07,10,764
Provisions	-	-	-	-
Other Temporary Differences	44,74,587	-	44,74,587	44,74,587
Deferred tax on temporary differences	22,70,17,411	(24,75,33,302)	(2,05,15,891)	21,36,93,236
Deferred tax on carry forward of unused tax losses	6,49,065	-	6,49,065	6,49,065
Deferred tax due to changes in tax rate	-	-	-	-
<b>Net Deferred Tax Asset (Liabilities) as on year end of 2078/79</b>			<b>(1,98,66,826)</b>	<b>(3,31,91,001)</b>
<b>Deferred Tax Asset / (Liabilities) as on Shrawan 01, 2078</b>			<b>(21,62,48,646)</b>	<b>(22,03,78,814)</b>
Origination/(Reversal) during the year			(19,63,81,820)	(18,71,87,813)
Deferred Tax expense/(income) recognized in profit or loss			(12,69,08,245)	(11,77,14,238)
Deferred Tax expense/(income) recognized in OCI			(6,94,73,575)	(6,94,73,575)
Deferred Tax expense/(income) recognized directly in equity			-	-





## 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	
	2078/79	2077/78	2078/79	2077/78
Assets held for Sale	-	-	-	-
Other Non-Banking Assets	-	-	-	-
Bills Receivable	-	-	-	-
Accounts Receivable	57,15,48,071	33,31,00,805	55,86,96,852	31,03,30,202
Accrued Income	-	-	-	-
Prepayments and Deposits	5,82,66,891	6,02,89,354	5,64,75,995	5,97,97,780
Income Tax Deposit	1,54,48,270	1,50,04,270	1,54,48,270	1,50,04,270
Deferred Employee Expenditure	21,44,62,696	15,46,29,095	21,44,62,696	15,46,29,095
Other Assets	1,27,51,85,417	21,27,12,589	1,27,49,45,453	21,27,12,589
<b>Total</b>	<b>2,13,49,11,345</b>	<b>77,57,36,113</b>	<b>2,12,00,29,266</b>	<b>75,24,73,936</b>

## DUE TO BANK AND FINANCIAL INSTITUTIONS

4.17

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Money Market Deposits	-	-	-	-
Interbank Borrowing	15,00,00,000	2,53,74,75,000	15,00,00,000	2,53,74,75,000
Other Deposits from BFIs	3,17,71,82,248	3,74,90,02,186	3,17,71,82,248	3,74,90,02,186
Settlement and Clearing Accounts	-	-	-	-
Other Deposits from BFIs.	-	-	-	-
<b>Total</b>	<b>3,32,71,82,248</b>	<b>6,28,64,77,186</b>	<b>3,32,71,82,248</b>	<b>6,28,64,77,186</b>

## DUE TO NEPAL RASTRA BANK

4.18

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Refinance from NRB	98,55,35,452	2,97,37,11,677	98,55,35,452	2,97,37,11,677
Standing Liquidity Facility	6,30,00,00,000	-	6,30,00,00,000	-
Lender of Last Resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other Payable to NRB	69,27,960	2,22,66,109	69,27,960	2,22,66,109
<b>Total</b>	<b>7,29,24,63,412</b>	<b>2,99,59,77,786</b>	<b>7,29,24,63,412</b>	<b>2,99,59,77,786</b>

## DERIVATIVE FINANCIAL INSTRUMENTS

4.19

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Held for Trading</b>				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts	-	-	-	-
Others	-	-	-	-
<b>Held for Risk Management</b>				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contracts	-	1,04,69,725	-	1,04,69,725
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,04,69,725</b>	<b>-</b>	<b>1,04,69,725</b>

## DEPOSITS FROM CUSTOMERS

4.20

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Institutional Customers:</b>				
Term Deposits.	30,95,54,53,053	22,20,29,99,093	31,02,54,53,053	22,24,79,99,093
Call Deposits	6,37,49,88,689	7,12,76,35,730	6,68,70,54,597	7,95,88,23,521
Current Deposits.	6,93,12,01,061	7,41,58,62,002	6,93,12,01,061	7,41,58,62,002
Others.	1,58,81,11,541	1,30,74,14,780	1,58,81,11,541	1,30,74,14,780
<b>Individual Customers:</b>				
Term Deposits	49,11,11,39,426	27,02,76,80,948	49,11,11,39,426	27,02,76,80,948
Saving Deposits	34,93,70,47,908	39,07,85,96,410	34,93,70,47,908	39,07,85,96,410
Current Deposits	1,20,08,90,711	1,17,30,95,562	1,20,08,90,711	1,17,30,95,562
Others	12,53,58,586	22,28,98,304	12,53,58,586	22,28,98,304
<b>Total</b>	<b>1,31,22,41,90,975</b>	<b>1,05,55,61,82,829</b>	<b>1,31,60,62,56,883</b>	<b>1,06,43,23,70,620</b>

## CURRENCY WISE ANALYSIS OF DEPOSIT FROM CUSTOMERS

4.20.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Nepalese Rupee	1,29,86,96,27,471	1,04,69,23,92,777	1,30,25,16,93,379	1,05,56,85,80,568
Indian Rupee	-	-	-	-
United States Dollar	1,30,56,52,917	82,09,40,289	1,30,56,52,917	82,09,40,289
Great Britain Pound	3,42,92,191	3,73,23,154	3,42,92,191	3,73,23,154
Euro	51,41,454	55,04,056	51,41,454	55,04,056
Japanese Yen	-	-	-	-
Chinese Yuan	14,562	-	14,562	12,091
Other	94,62,380	22,553	94,62,380	10,461
<b>Total</b>	<b>1,31,22,41,90,975</b>	<b>1,05,55,61,82,829</b>	<b>1,31,60,62,56,883</b>	<b>1,06,43,23,70,620</b>

**BORROWINGS****4.21**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Domestic Borrowings</b>				
Nepal Government	-	-	-	-
Other Institutions.	-	-	-	-
Other	-	-	-	-
Sub Total	-	-	-	-
<b>Foreign Borrowings</b>				
Foreign Banks and Financial Institutions	3,65,50,80,000	1,19,25,00,000	3,65,50,80,000	1,19,25,00,000
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub Total	3,65,50,80,000	1,19,25,00,000	3,65,50,80,000	1,19,25,00,000
<b>Total</b>	<b>3,65,50,80,000</b>	<b>-</b>	<b>3,65,50,80,000</b>	<b>1,19,25,00,000</b>

**PROVISIONS****4.22**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Provisions for Redundancy			-	-
Provisions for Restructuring	-	-	-	-
Pending Legal Issues and Tax Litigation	-	-	-	-
Onerous Contracts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**MOVEMENT IN PROVISION****4.22.1**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
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	
	2078/79	2077/78	2078/79	2077/78
Liabilities for employees defined benefit obligations	47,70,65,284	35,40,47,994	46,93,87,839	34,68,06,505
Liabilities for long service leave	19,53,59,347	14,86,45,675	19,23,05,111	14,61,11,745
Short term employee benefits	-	-	-	-
Bills payable	2,00,14,098	6,11,59,871	2,00,14,098	6,11,59,871
Creditors and accruals	78,68,688	1,60,15,869	16,47,144	15,34,742
Interest payable on deposits	59,08,077	5,19,821	59,08,077	5,19,821
Interest payable on borrowing	84,18,097	34,71,991	84,18,097	34,71,991
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	46,71,39,840	48,56,25,173	4,16,24,868	4,93,86,069
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	28,49,84,772	27,38,90,405	27,65,56,412	26,12,65,167
Other Liabilities	2,82,09,43,162	1,52,97,76,239	2,75,62,85,930	99,69,10,182
<b>Total</b>	<b>4,28,77,01,364</b>	<b>2,87,31,53,038</b>	<b>3,77,21,47,576</b>	<b>1,86,71,66,091</b>

## DEFINED BENEFIT OBLIGATION

4.23.1

The amounts recognised in the statements of financial positions are as follows :

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Present value of unfunded obligations	47,70,65,284	35,40,47,994	46,93,87,839	34,68,06,505
Present value of funded obligations	-	-	-	-
Total present value of obligations	47,70,65,284	35,40,47,994	46,93,87,839	34,68,06,505
Fair value of plan assets	-	-	-	-
Present value of net obligations	47,70,65,284	35,40,47,994	46,93,87,839	34,68,06,505
Recognised liability for defined benefit obligations	47,70,65,284	35,40,47,994	46,93,87,839	34,68,06,505

## PLAN ASSETS

4.23.2

The amounts recognised in the statements of financial positions are as follows :

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

4.23.3

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Defined benefit obligations at Sawan 1	35,40,47,994	27,65,43,038	34,68,06,505	27,08,66,953
Actuarial losses	4,51,24,951	1,51,13,149	4,51,24,951	1,51,13,149
Benefits paid by the plan	(1,28,06,276)	(1,59,01,870)	(1,16,76,829)	(1,59,01,870)
Current service costs and interest	9,06,98,614	7,82,93,677	8,91,33,211	7,67,28,273
<b>Defined benefit obligations at Asar end</b>	<b>47,70,65,284</b>	<b>35,40,47,994</b>	<b>46,93,87,838</b>	<b>34,68,06,505</b>

## MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

4.23.4

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
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	-	-	-	-
<b>Fair value of plan assets at Asar end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## AMOUNT RECOGNISED IN PROFIT OR LOSS

4.23.5

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Current service costs	6,10,12,686	5,51,28,016	5,94,47,283	5,35,62,612
Interest on obligation	2,96,85,928	2,31,65,661	2,96,85,928	2,31,65,661
Expected return on plan assets	-	-	-	-
<b>Total</b>	<b>9,06,98,614</b>	<b>7,82,93,677</b>	<b>8,91,33,211</b>	<b>7,67,28,273</b>

## AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME

4.23.6

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Actuarial (gain)/loss	4,51,24,952	1,51,13,149	4,51,24,952	1,51,13,149
<b>Total</b>	<b>4,51,24,952</b>	<b>1,51,13,149</b>	<b>4,51,24,952</b>	<b>1,51,13,149</b>

## ACTUARIAL ASSUMPTIONS

4.23.7

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Discount rate	9%	9%	9%	9%
Expected return on plan asset	-	-	-	-
Future salary increase	10%	10%	10%	10%
Withdrawal rate	13%	13%	13%	13%

**DEBT SECURITIES ISSUED****4.24**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	3,99,04,23,326	3,98,83,66,688	3,99,04,23,326	3,98,83,66,688
<b>Total</b>	<b>3,99,04,23,326</b>	<b>3,98,83,66,688</b>	<b>3,99,04,23,326</b>	<b>3,98,83,66,688</b>

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 and '10.25% Sunrise Debenture 2083' NPR 3 Billion with maturity period of 7 years.

**SUBORDINATED LIABILITIES****4.25**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SHARE CAPITAL****4.26**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Ordinary shares	10,11,88,92,809	9,48,79,44,499	10,11,88,92,809	9,48,79,44,499
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
<b>Total</b>	<b>10,11,88,92,809</b>	<b>9,48,79,44,499</b>	<b>10,11,88,92,809</b>	<b>9,48,79,44,499</b>

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.

**ORDINARY SHARES****4.26.1**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Authorized Capital</b>				
100,000,000 Ordinary share of Rs. 100 each	-	10,00,00,00,000	-	10,00,00,00,000
150,000,000 Ordinary share of Rs. 100 each"	15,00,00,00,000	-	15,00,00,00,000	-
<b>Issued capital</b>				
101,188,928 Ordinary share of Rs. 100 each	10,11,88,92,809	-	10,11,88,92,809	-
94,879,445 Ordinary share of Rs. 100 each	-	9,48,79,44,499	-	9,48,79,44,499
<b>Subscribed and Paid up Capital</b>				
101,188,928 Ordinary share of Rs. 100 each	10,11,88,92,809	-	10,11,88,92,809	-
94,879,445 Ordinary share of Rs. 100 each	-	9,48,79,44,499	-	9,48,79,44,499
<b>Total</b>	<b>10,11,88,92,809</b>	<b>9,48,79,44,499</b>	<b>10,11,88,92,809</b>	<b>9,48,79,44,499</b>

## ORDINARY SHARE OWNERSHIP

4.26.2

PARTICULARS	2078/79		2077/78	
	PERCENT	AMOUNT	PERCENT	AMOUNT
<b>Domestic ownership</b>				
Nepal Government				
"A" class licensed institutions				
Other licensed intitutions				
Other Institutions				
Public	48.90%	4,94,81,38,583	48.90%	4,63,96,04,860
Other	51.10%	5,17,07,54,225	51.10%	4,84,83,39,639
Foreign ownership				
<b>Total</b>	<b>100%</b>	<b>10,11,88,92,809</b>	<b>100%</b>	<b>9,48,79,44,499</b>

## SHAREHOLDERS HOLDING = &gt;0.5% OF SHARES

SHAREHOLDERS NAME	2078/79		2077/78	
	PERCENT	AMOUNT	PERCENT	AMOUNT
1. Motilal Dugar	5.94	60,07,31,300	5.94	56,32,73,600
2. Malchand Dugar	4.77	48,26,10,100	4.77	45,25,17,700
3. Kailash Chandra Goyal	4.08	41,27,45,400	4.11	39,00,00,800
4. Shrawan Kumar Goyal	3.44	34,84,23,500	3.99	37,84,68,400
5. Vivek Dugar	2.86	28,91,33,200	2.95	28,03,50,700
6. Surendra Dugar	2.85	28,80,13,800	2.85	27,00,55,100
7. Bachharaj Tater	2.46	24,92,65,700	2.46	23,37,23,200
8. Nidhi Dugar	1.79	18,11,21,200	1.79	
16,98,27,700				
9. Pooja Dugar	1.69	17,12,80,400	1.69	16,06,00,500
10. Shradha Dugar	1.66	16,83,74,900	1.66	15,78,76,200
11. Vivek Tater	1.65	16,74,43,700	1.65	15,65,15,300
12. Saurav Tater	1.64	16,61,77,200	1.64	15,58,15,300
13. Srinivas Sarda	1.64	16,61,76,900	1.64	15,58,15,200
14. Vishal Tater	1.64	16,61,77,200	1.64	15,58,15,200
15. Saroj Dugar	1.29	13,02,74,500	1.29	12,21,51,400
16. Jamuna Poudyal	1.18	11,98,81,900	1.18	11,24,06,900
17. Pawan Kumar Sarda	1.17	11,85,50,800	1.17	11,11,58,700
18. Radheshyam Sarda	1.17	11,85,50,900	1.17	11,11,58,700
19. Shiva Ratan Sharda	1.17	11,85,50,800	1.17	11,11,58,800
20. Shubham Dugar	1.15	11,67,16,300		
21. Bhogendra Kumar Guragain	1.12	11,34,47,800	1.12	10,63,74,000
22. Salt Trading Corporation Limited	0.90	9,13,33,700	0.90	8,56,38,800
23. Chanda Kumari Begani	0.90	9,06,50,600	0.90	8,49,98,200
24. Bhushan Guragain	0.86	8,68,63,200	0.75	7,12,54,000
25. Sushila Ghimire	0.77	7,78,83,600	0.77	7,30,27,200
26. Employees Provident Fund	0.70	7,03,99,800	0.70	6,60,10,100
27. Jyoti Kumar Begani	0.65	6,56,36,100	0.63	5,97,41,000
28. Uma Sharma Bhattarai	0.64	6,46,97,200	0.64	6,07,27,900
29. Nirmala Devi Goyal	0.60	5,64,91,600		
30. Navin Khetan	0.60	6,05,89,000	0.60	5,68,11,000
31. Rastriya Beema Sansthan	0.57	5,79,21,200	0.57	5,43,09,600
32. Manisha Dugar	0.52	5,29,12,800	0.52	4,96,13,600
	<b>53.49</b>	<b>5,41,25,34,700.00</b>	<b>53.48</b>	<b>5,07,36,86,400.00</b>



## RESERVES

4.27

The reserve include regulatory and free reserve.

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Statutory general reserve	2,76,33,06,961	2,36,57,13,770	2,74,78,14,128	2,35,53,45,789
Exchange equalisation reserve	3,77,74,598	3,77,74,598	3,77,74,598	3,77,74,598
Corporate social responsibility reserve	2,29,18,044	1,54,02,301	2,15,40,621	1,44,65,503
Capital redemption reserve	-	-	-	-
Regulatory reserve	1,24,77,30,940	60,91,99,886	1,24,77,30,940	60,91,99,886
Investment adjustment reserve	10,000	10,000	10,000	10,000
Capital reserve	(6,13,08,369)	(6,13,08,369)	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	49,13,77,608	62,24,25,862	49,13,77,608	62,24,25,862
Dividend equalisation reserve	-	-	-	-
Debenture Redemption Reserve	1,75,00,00,000	1,00,00,00,000	1,75,00,00,000	1,00,00,00,000
Actuarial gain	(5,79,04,797)	(2,63,17,331)	(5,79,04,797)	(2,63,17,331)
Special reserve	-	-	-	-
Other reserve	1,28,10,764	-	1,28,10,764	-
<b>Total</b>	<b>6,20,67,15,748</b>	<b>4,56,29,00,717</b>	<b>6,25,11,53,861</b>	<b>4,61,29,04,307</b>

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 accumulation 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 accumulation 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

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Contingent liabilities	42,25,18,80,116	49,00,15,56,628	42,25,18,80,116	49,00,15,56,628
Undrawn and undisbursed facilities	4,58,74,32,582	6,00,55,76,144	4,58,74,32,582	6,00,55,76,144
Capital commitment	-	3,51,272	-	3,51,272
Lease Commitment	-	-	-	-
Litigation	1,25,18,295	1,25,18,295	1,25,18,295	1,25,18,295
<b>Total</b>	<b>46,85,18,30,994</b>	<b>55,02,00,02,340</b>	<b>46,85,18,30,994</b>	<b>55,02,00,02,340</b>

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 liabilities 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 statement as commitments.

**CONTINGENT LIABILITIES****4.28.1**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Acceptance and documentary credit	8,71,38,07,035	8,30,66,69,130	8,71,38,07,035	8,30,66,69,130
Bills for collection	1,45,54,15,148	1,50,36,48,890	1,45,54,15,148	1,50,36,48,890
Forward exchange contracts	9,85,27,340	3,87,68,83,575	9,85,27,340	3,87,68,83,575
Guarantees	31,98,41,30,593	35,31,43,55,034	31,98,41,30,593	35,31,43,55,034
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>42,25,18,80,116</b>	<b>49,00,15,56,628</b>	<b>42,25,18,80,116</b>	<b>49,00,15,56,628</b>

**UNDRAWN AND UNDISBURSED FACILITIES****4.28.2**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	3,97,13,82,335	5,54,12,84,190	3,97,13,82,335	5,54,12,84,190
Undrawn limits of credit cards	61,60,50,246	46,42,91,954	61,60,50,246	46,42,91,954
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
<b>Total</b>	<b>4,58,74,32,582</b>	<b>6,00,55,76,144</b>	<b>4,58,74,32,582</b>	<b>6,00,55,76,144</b>

**CAPITAL COMMITMENTS****4.28.3**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Capital commitments in relation to Property and Equipment	-	-	-	-
Approved and contracted for	-	3,51,272	-	3,51,272
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>3,51,272</b>	<b>-</b>	<b>3,51,272</b>
Capital commitments in relation to Intangible assets	-	-	-	-
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,51,272</b>	<b>-</b>	<b>3,51,272</b>

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

**LEASE COMMITMENTS****4.28.4**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
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	-	-	-	-
<b>Sub total</b>	-	-	-	-
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	-	-	-	-
<b>Sub total</b>	-	-	-	-
<b>Grand total</b>	-	-	-	-

**LITIGATION****4.28.5**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
<b>Contingent Tax Liabilities</b>	<b>1,25,18,295</b>	<b>1,25,18,295</b>	<b>1,25,18,295</b>	<b>1,25,18,295</b>

**INTEREST INCOME****4.29**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Cash and cash equivalent	-	-	-	-
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	7,35,30,972	8,98,06,085	4,74,65,629	6,67,51,470
Loan and advances to bank and financial institutions	-	-	-	-
Loans and advances to customers	12,56,26,28,650	8,16,69,51,270	12,56,26,28,650	8,16,69,51,270
Investment securities	1,05,76,92,460	60,37,09,539	1,05,76,92,460	60,37,09,539
Loan and advances to staff	13,24,77,285	12,33,03,602	13,24,77,285	12,33,03,602
Other Interest Income	-	-	-	-
<b>Total interest income</b>	<b>13,82,63,29,367</b>	<b>8,98,37,70,496</b>	<b>13,80,02,64,024</b>	<b>8,96,07,15,881</b>

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	
	2078/79	2077/78	2078/79	2077/78
Due to bank and financial institutions	4,34,76,746	2,40,68,824.9	4,34,76,746	2,40,68,825
Due to Nepal Rastra Bank	28,59,86,936	5,35,31,519	28,59,86,936	5,35,31,519
Deposits from customers	8,60,49,19,640	4,89,32,17,048	8,61,48,99,264	4,89,85,69,993
Borrowing	5,69,53,291	5,11,04,948	5,69,53,291	5,11,04,948
Debt securities issued	40,95,56,637	40,93,65,511.7	40,95,56,637	40,93,65,512
Subordinated liabilities	-	-	-	-
Other Charges	4,85,14,491	-	4,85,14,491	-
<b>Total Interest expense</b>	<b>9,44,94,07,741</b>	<b>5,43,12,87,852</b>	<b>9,45,93,87,365</b>	<b>5,43,66,40,796</b>

**FEEs AND COMMISSION INCOME****4.31**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Loan administration fees	27,66,66,590	33,40,72,261.8	27,66,66,590	33,40,72,262
Service fees	-	-	-	-
Consortium fees	-	-	-	-
Commitment fees	1,65,13,142	1,25,79,419	1,65,13,142	1,25,79,419
DD/TT/Swift fees	3,21,44,217	2,59,07,115	3,21,44,217	2,59,07,115
Credit card/ATM issuance and renewal fees	15,07,32,828	10,24,23,790	15,07,32,828	10,24,23,790
Prepayment and swap fees	1,40,28,029	1,35,34,353	1,40,28,029	1,35,34,353
Investment banking fees	5,21,93,561	5,14,38,429	-	-
Asset management fees	60,17,583	1,54,89,626	-	-
Brokerage fees	-	-	-	-
Remittance fees	1,23,31,445	1,85,08,869	1,23,31,445	1,85,08,869
Commission on letter of credit	10,44,74,029	8,42,89,941	10,44,74,029	8,42,89,941
Commission on guarantee contracts issued	25,09,58,065	27,05,92,424	25,09,58,065	27,05,92,424
Commission on share underwriting/issue	19,12,295	56,21,665	-	-
Locker rental	1,14,32,652	97,30,029	1,14,32,652	97,30,029
Other fees and commission income	38,01,52,247	29,62,02,566	32,55,21,671	27,21,55,573
<b>Total Fees and Commission Income</b>	<b>1,30,95,56,683</b>	<b>1,24,03,90,486</b>	<b>1,19,48,02,667</b>	<b>1,14,37,93,774</b>

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 is 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	
	2078/79	2077/78	2078/79	2077/78
ATM management fees	1,04,04,780	1,09,36,961	1,04,04,780	1,09,36,961
VISA/Master card fees	13,06,97,343	7,31,49,726	13,06,97,343	7,31,49,726
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees.	90,14,161	65,79,382	90,14,161	65,79,382
Remittance fees and commission	13,92,568	18,35,604	13,92,568	18,35,604
Other fees and commission expense	11,67,00,339	9,47,86,022	10,96,05,011	8,61,22,324
<b>Total Fees and Commission Expense</b>	<b>26,82,09,190</b>	<b>18,72,87,694</b>	<b>26,11,13,863</b>	<b>17,86,23,996</b>

**NET TRADING INCOME****4.33**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Changes in fair value of trading assets	(2,93,90,118)	(6,66,157)	-	-
Gain/loss on disposal of trading assets	60,78,788	3,76,52,350	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	1,18,889	1,13,624	-	-
Gain/loss foreign exchange transaction	24,79,08,060	24,22,08,278	24,79,08,060	24,22,08,278
Other	-	-	-	-
<b>Net trading income</b>	<b>22,47,15,619</b>	<b>27,93,08,095</b>	<b>24,79,08,060</b>	<b>24,22,08,278</b>

"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 losses arising from changes in the fair value of available for sale financial 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	
	2078/79	2077/78	2078/79	2077/78
Foreign exchange revaluation gain	(2,54,51,775)	1,83,21,713	(2,54,51,775)	1,83,21,713
Gain/loss on sale of investment securities	(2,81,320)	12,01,79,148	(2,81,320)	12,01,79,148
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	17,03,45,641	2,87,11,359	24,63,45,641	5,72,11,359
Gain/loss on sale of property and equipment	(2,24,723)	(85,13,218)	(2,24,723)	(85,13,218)
Gain/loss on sale of investment property	32,82,888	36,15,686	32,82,888	36,15,686
Operating lease income	19,78,668	14,97,001	42,03,938	36,61,800
Gain/loss on sale of gold and silver	-	-	-	-
Other Operating Income	67,01,943	-	67,01,943	-
<b>Total</b>	<b>15,63,51,324</b>	<b>16,38,11,689</b>	<b>23,45,76,594</b>	<b>19,44,76,488</b>

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	
	2078/79	2077/78	2078/79	2077/78
Impairment charge/(reversal) on loan and advances to BFIs	1,41,27,671	9,14,197	1,41,27,671	9,14,197
Impairment charge/(reversal) on loan and advances to customers	54,61,88,259	25,37,69,018	54,61,88,259	25,37,69,018
Impairment charge/(reversal) on financial Investment	-	-	-	-
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	-	-	-	-
<b>Total</b>	<b>56,03,15,929</b>	<b>25,46,83,215</b>	<b>56,03,15,929</b>	<b>25,46,83,215</b>

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 considered for incurred loss model impairment which approximately come at 32.54% of total portfolio.

**PERSONNEL EXPENSES****4.36**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Salary	63,18,98,651	53,61,92,536	62,32,86,686	52,75,80,571
Allowances	61,46,99,940	46,30,32,247	60,14,08,725	45,65,54,659
Gratuity Expense	9,06,98,614	7,82,93,677	8,91,33,210	7,67,28,273
Provident Fund	5,89,71,274	5,00,42,570	5,81,10,078	4,91,81,373
Uniform	2,38,500	1,68,000	-	-
Training & development expense	1,67,13,293	1,40,44,630	1,67,13,293	1,40,44,630
Leave encashment	5,42,73,270	3,32,47,617	5,27,14,417	3,16,88,764
Medical	-	-	-	-
Insurance	1,23,43,968	1,15,00,379	1,23,43,968	1,15,00,379
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	7,88,27,234	7,26,32,710	7,88,27,234	7,26,32,710
Other expenses related to staff	3,36,68,981	1,69,59,349	3,36,68,981	1,69,59,349
Subtotal	1,59,23,33,726	1,27,61,13,715	1,56,62,06,592	1,25,68,70,708
Employees Bonus	28,49,84,772	27,38,90,405	27,65,56,412	26,12,65,167
<b>Grand total</b>	<b>1,87,73,18,498</b>	<b>1,55,00,04,120</b>	<b>1,84,27,63,004</b>	<b>1,51,81,35,875</b>

"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."

## OTHER OPERATING EXPENSES

4.37

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Directors' fee	23,04,000	33,27,000	21,04,000	30,44,000
Directors' expense	7,14,469	6,32,892	7,14,469	6,32,892
Auditors' remuneration	13,22,100	13,22,100	11,30,000	11,30,000
Other audit related expense	5,05,055	8,73,405	5,05,055	8,73,405
Professional and legal expense	1,49,59,779	1,12,22,832	1,41,51,402	1,07,66,008
Office administration expense	52,89,32,055	470,298,311	52,46,22,966	46,68,20,795
Operating lease expense	-	18,20,72,899	-	18,20,72,899
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	1,25,42,992	2,16,31,010	1,25,42,992	2,16,31,010
Onerous lease provisions	-	-	-	-
Other Expenses	52,14,209	23,58,087	42,78,854	23,58,087
<b>Total</b>	<b>56,64,94,658</b>	<b>69,37,38,536</b>	<b>56,00,49,737</b>	<b>68,93,29,096</b>

## OFFICE ADMINISTRATION EXPENSE

4.37.1

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Water and Electricity	3,44,76,269	3,12,87,615	3,41,83,161	3,10,89,066
<b>Repair and Maintenance</b>				
(a) Building	-	1,31,448	-	1,31,448
(b) Vehicle	38,10,200	27,32,391	38,10,200	27,32,391
(c) Computer and accessories	18,99,888	16,63,061	18,99,888	16,63,061
(d) Office equipment and furniture	1,24,27,804	93,11,443	1,20,01,684	89,09,907
(e) Other	35,06,547	4,10,01,466	35,06,547	4,10,01,466
Insurance	3,12,88,179	3,30,24,727	3,08,06,579	3,25,44,380
Postage, telex, telephone, fax	5,23,80,989	5,42,73,242	5,20,99,549	5,39,89,245
Printing and stationery	3,19,66,423	3,04,13,005	3,12,87,545	2,97,91,764
News paper, books and journals	65,685	69,924	40,385	46,424
Advertisement	1,15,83,157	1,20,74,389	1,13,72,656	1,20,26,763
Donation	-	-	-	-
Security expenses	13,14,17,998	12,24,38,908	13,09,38,499	12,20,77,601
Deposit and loan guarantee premium	4,92,90,334	3,27,39,171	4,92,90,334	3,27,39,171
Travel allowance and expenses	44,45,766	25,80,928	40,22,202	25,01,558
Entertainment	14,55,189	4,71,105	11,01,161	2,00,487
Annual/special general meeting	13,88,991	4,74,088	12,75,400	4,44,125
<b>Others</b>				
(a) Business promotion expenses	2,45,87,549	1,64,59,483	2,45,25,786	1,63,93,190
(b) Cleaning & Janitorial	3,13,03,502	2,62,90,502	3,13,03,502	2,62,90,502
(c) Fuel & Lubricants	1,70,88,878	1,75,75,512	1,68,79,037	1,74,40,490
(d) Renewal & Taxes	1,06,89,479	1,14,96,849	1,06,89,479	1,14,96,849
(e) Subscription Fees	90,52,371	91,38,313	90,52,371	91,38,313
(f) others	6,48,06,855	1,46,50,742	6,45,36,999	1,41,72,595
<b>Total</b>	<b>52,89,32,055</b>	<b>47,02,98,311</b>	<b>52,46,22,966</b>	<b>46,68,20,795</b>

**DEPRECIATION AND AMORTISATION****4.38**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Depreciation on property and equipment	13,44,22,303	15,97,40,601	13,32,88,069	15,86,36,522
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	20,05,34,058	2,76,95,053	20,02,37,998	2,74,28,373
<b>Total</b>	<b>33,49,56,361</b>	<b>18,74,35,654</b>	<b>33,35,26,067</b>	<b>18,60,64,895</b>

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. Intangible asset contains software which has been amortised over 5 years.

**NON OPERATING INCOME****4.39**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Recovery of loan written off	1,68,51,273	-	1,68,51,273	-
Other income	1,60,40,245	4,58,28,244	1,60,40,245	4,58,28,244
<b>Total</b>	<b>3,28,91,518</b>	<b>4,58,28,244</b>	<b>3,28,91,518</b>	<b>4,58,28,244</b>

**NON OPERATING EXPENSES****4.40**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Loan written off	42,79,191	6,57,60,866	42,79,191	6,57,60,866
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	-	-	-	-
<b>Total</b>	<b>42,79,191</b>	<b>6,57,60,866</b>	<b>42,79,191</b>	<b>6,57,60,866</b>

**INCOME TAX EXPENSES****4.41**

PARTICULARS	GROUP		BANK	
	2078/79	2077/78	2078/79	2077/78
Current tax expense	67,87,11,687	78,68,05,588	64,49,10,962	75,02,47,678
Current year	67,84,69,742	78,55,52,413	64,46,69,017	74,90,16,603
Adjustments for prior years	2,41,945	12,53,175	2,41,945	12,31,075
Deferred tax expense	(12,69,08,245)	6,16,08,328	(11,77,14,238)	6,09,85,983
Origination and reversal of temporary differences	(12,69,08,245)	6,16,08,328	(11,77,14,238)	6,09,85,983
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>55,18,03,442</b>	<b>84,84,13,916</b>	<b>52,71,96,724</b>	<b>81,12,33,661</b>

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	
	2078/79	2077/78	2078/79	2077/78
Profit before tax	2,48,88,62,943	2,34,29,11,073	2,48,90,07,706	2,25,77,83,925
Tax amount at tax rate of 30%	74,66,58,883	70,28,73,322	74,67,02,312	67,73,35,177
Add: Tax effect of expenses that are not deductible for tax purpose	46,00,63,752	36,67,41,310	46,00,63,752	36,67,41,310
Less: Tax effect on exempt income	(2,29,58,833)	(91,31,041)	(2,29,58,833)	(91,31,041)
Add/less: Tax effect on other items	(63,19,60,359)	(21,20,69,674)	(65,66,10,506.58)	(22,37,11,785)
<b>Total income tax expense -</b>	<b>55,18,03,442</b>	<b>84,84,13,916</b>	<b>52,71,96,724</b>	<b>81,12,33,661</b>
<b>Effective tax rate</b>	<b>22.17%</b>	<b>36.21%</b>	<b>21.18%</b>	<b>35.93%</b>

## STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 32 Ashad 2079

PARTICULARS	BANK	
	32 ASHADH 2079	31 ASHADH 2078
<b>Opening Retained Earning</b>	<b>4,42,28,318</b>	<b>10,71,435</b>
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>1,96,18,10,982</b>	<b>1,44,65,50,264</b>
<b>Appropriations:</b>		
a. General reserve	(39,23,62,196)	(28,93,10,053)
b. Foreign exchange fluctuation fund	-	(45,80,428)
c. Capital redemption reserve	(75,00,00,000)	(75,00,00,000)
d. Corporate social responsibility fund	(70,75,118)	70,73,728
e. Employees' training fund	(1,28,10,764)	-
f. Other		
Fair Value Reserve	4,24,570	9,36,02,577
Other Free Reserve	-	1,77,89,989
<b>Profit or (loss) before regulatory adjustment</b>	<b>84,42,15,792</b>	<b>52,21,97,511</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	(16,69,86,330)	12,80,24,781
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 (+)	(43,99,57,257)	2,92,19,152
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(3,15,87,466)	(1,05,79,204)
i. Other (+/-)	-	-
Distributable profit or (loss)	20,56,84,738	66,88,62,240

## 1. 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 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.

#### 5.1.3 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.

#### 5.1.4 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.

#### 5.1.5 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.

## 5.2 CAPITAL MANAGEMENT

### 5.2.1. 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.

## 5.2.2. 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	10,119
b	Statutory General Reserve	2,748
c	Debenture Redemption Reserve	1,750
d	Retained Earnings	206
e	Less: Investment in equity of institutions with financial interests	(333)
f	Less: Purchase of land & building in excess of limit and unutilized	(33)
<b>Core (Tier-1) Capital</b>		<b>14,457</b>

#### ii. Tier 2 Capital and breakdown of its Components

S.N.	PARTICULARS	AMOUNT (NPR MILLIONS)
A	Subordinated Term Debt	3,400
B	General Loan Loss Provision	1,814
C	Exchange Equalization Reserve	38
D	Investment Adjustment Reserve	0.01
<b>Supplementary (Tier-2) Capital</b>		<b>5,252</b>

#### iii. Details of Subordinated Term Debts

Bank has subordinated term debts amounting NPR 1 billion & 3 billion which has been allotted on 14 May 2019 and 13 December 2019. The major feature of the debt is as follows:

NOMENCLATURE	SUNRISE DEBENTURE 2080	SUNRISE DEBENTURE 2083
Duration	5 Years	7 Years
Amount	1,000,000,000	3,000,000,000
Face Value	Rs. 1,000 per unit	Rs. 1,000 per unit
No. of Units	1,000,000	3,000,000
Coupon rate (%)	10.00	10.25
Interest Payable	Semi-annually	Semi-annually
Redeemable/Irredeemable	Redeemable	Redeemable
Secured/Unsecured	Unsecured	Unsecured
Convertible/Non-Convertible	Non-Convertible	Non-Convertible

#### iv. Deductions from Capital

- Investment made in Gurans Life Insurance Company Limited of NPR 71.33 million and investment in Sunrise Capital Limited NPR 261.31 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	14,457
B	Core Capital	14,457
C	Supplementary Capital	5,252
<b>Total Capital</b>		<b>19,709</b>

#### 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	9.06
B	Tier 1 Capital to Total Risk Weighted Exposures	9.06
C	Total Capital to Total Risk Weighted Exposures	12.35

#### 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 10.11 Billion. 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 4 billion. The major feature of the debt is as follows:

NOMENCLATURE	SUNRISE DEBENTURE 2080	SUNRISE DEBENTURE 2083
Duration	5 Years	7 Years
Amount	1,000,000,000	3,000,000,000
Face Value	Rs. 1,000 per unit	Rs. 1,000 per unit
No. of Units	1,000,000	3,000,000
Coupon rate (%)	10.00	10.25
Interest Payable	Semi-annually	Semi-annually
Redeemable/ Irredeemable	Redeemable	Redeemable
Secured/Unsecured	Unsecured	Unsecured
Convertible/Non- 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	145,295
B	Risk Weighted Exposure for Operational Risk	7,406
C	Risk Weighted Exposure for Market Risk	80
	<b>RWA Before Pillar 2 adjustment</b>	<b>152,782</b>

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	32,081	555
b	Claims on other Financial Entities	-	-
c	Claims on Banks	10,292	3,244
d	Claims on Corporate and Securities Firm	53,869	53,869
e	Claims on Regulatory Retail Portfolio	28,494	21,370
F	Claims secured by Residential Properties	16,611	10,095
G	Claims secured by Commercial Real State	1,746	1,746
H	Past due Claims	1,166	1,749
I	High Risk Claims	14,122	21,182
J	Other Assets	8,303	5,391
K	Off balance sheet items	55,505	26,094
	<b>TOTAL</b>	<b>222,189</b>	<b>145,295</b>

### c. Total Risk Weighted Exposure Calculation Table

S.N.	RISK WEIGHTED EXPOSURE	AMOUNT (NPR MILLIONS)
A	Risk Weighted Exposure for Credit Risk	145,295
B	Risk Weighted Exposure for Operational Risk	7,406
C	Risk Weighted Exposure for Market Risk	80
<b>Adjustments under Pillar II</b>		
	Add: 1% of the NII to RWA for ALM Policy and Practice	43
	Add: 4% additional risk weight for Operational Risk	2,188
	Add: 3% adjustment on Total RWE for Overall Risk	4,583
<b>Total Risk Weighted Exposure</b>		<b>159,597</b>

### d. Detail of Non-Performing Loans

PARTICULARS	GROSS VALUE	NET VALUE
	(NPR MILLION)	
Restructured Loans	-	-
Sub-Standard Loans	597	450
Doubtful Loans	181	92
Loss Loans	834	4
<b>Total NPA</b>	<b>1,612</b>	<b>545</b>

### e. Ratio of Non-Performing Loans

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross NPA	1.30%	1.39%
Net NPA	0.44%	0.56%

## 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

Amount in Mn.

PARTICULAR	PROV 1	MADHESH	BAGMATI	GANDAKI	LUMBINI	KARNALI	SUDURPASCHIM	TOTAL
Revenues from external customers	1,923	1,440	9,927	582	838	122	678	15,510
Intersegment Revenues	(643)	(593)	1,958	(196)	(275)	(32)	(218)	-
Net Revenue	1,280	847	11,884	385	563	90	460	15,510
Interest Revenue	1,822	1,342	8,551	553	783	116	634	13,800
Interest Expenses	606	336	7,823	195	277	29	194	9,459
Net Interest Revenue (b)	1,216	1,006	728	358	506	87	440	4,341
Depreciation and Amortization	20	10	271	9	12	3	9	334
Segment Profit (Loss) before tax	289	229	1,735	40	53	23	120	2,489
Impairment of Assets	60	101	279	25	83	3	8	560
Segment Liabilities	13,827	12,378	128,645	4,468	5,389	1,130	4,415	170,252
Segment Assets	13,399	12,115	113,097	4,411	5,285	1,104	4,265	153,677

## 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 Mn.
<b>Total revenues for reportable segments</b>	<b>15,510,442,863</b>
Other revenues	-
Elimination of intersegment revenues	-
<b>Entity's Revenue</b>	<b>15,510,442,863</b>

### (b) Profit or Loss

	Amount in Mn.
<b>Total profit or loss for reportable segments</b>	<b>2,489,007,706</b>
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	-
Other Operating expense	-
<b>Profit before income tax</b>	<b>2,489,007,706</b>

### (c) Assets

	Amount in Mn.
<b>Total assets for reportable segments</b>	<b>170,252,475,851</b>
Other assets	-
Unallocated amounts	-
<b>Entity's Assets</b>	<b>170,252,475,851</b>

### (d) Liabilities

	Amount in Mn.
<b>Total liabilities for reportable segments</b>	<b>153,483,548,846</b>
Other liabilities	-
Unallocated liabilities	-
<b>Entity's Liabilities</b>	<b>153,676,744,444</b>

## 5. Information about product and services

Amount in Mn.

S.N	REVENUE	15,510,442,863
A	Loans related Services	13,019,164,969
B	Treasury related services	1,573,678,696
C	Transaction Banking related services	550,640,583
D	Other services	366,958,615

## 6. Information about geographical areas

Revenue from following geographical areas

Amount in Mn.

(a)	Domestic	15,510,442,863
	Province 1	1,923,350,309
	Madhesh Province	1,440,348,201
	Bagmati Province	9,926,640,803
	Gandaki Province	581,529,865
	Lumbini Province	838,147,567
	Karnali Province	122,459,663
	Sudurpaschim Province	677,966,456
(b)	Foreign	-
	<b>Total</b>	<b>15,510,442,863</b>

## 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 4.28.5 for the detail of contingent liabilities and commitments as at 16 July 2022.

#### 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

In the ordinary course of its business operation the Bank has conducted commercial transactions with parties who are defined as related parties in NAS 24 - 'Related Party Disclosures'. All those transaction were conducted on an arm's length basis. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.



**a) List of Related Party**

NAME OF RELATED PARTY	RELATIONSHIP
Mr. Motilal Dugar	Chairman
Er. Bachh Raj Tater	Director
Mr. Malchand Dugar	Director
Er. Shailendra Guragain	Public Director
Ms. Sharada Pudasaini Sharma	Public Director
Mr. Deepak Nepal	Public Director
Mr. Suman Sharma	Chief Executive Officer
Sunrise Capital Limited	Subsidiary Company

**b) Key Managerial Personnel (KMP)**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Board of Directors and Chief Executive Officer (CEO) of the bank are identified as KMP of the bank.

**c) Transaction with Subsidiary Company**

PARTICULARS	ASAR END 2079
Deposit Maintained by Sunrise Capital	382,065,907
Interest Paid to Sunrise Capital	9,979,624
RTS Fee paid to Sunrise Capital	700,000
Dividend Processing Fee to Sunrise Capital	803,715
Waste Management paid by Sunrise Capital	26,000
Water Expenses paid by Sunrise Capital	95,520
House Rent paid by Sunrise Capital	2,103,750
Demat Account Opening Commission by Sunrise Capital	1,535,030

**d) Transactions with 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:

Board Meeting fees	Rs. 2,104,000
Other benefits	Rs. 714,469

**e) Transactions with Chief Executive Officer**

PARTICULARS	MR. SUMAN SHARMA
Salary & Allowances	10,800,000
Provident Fund	648,000
Dashain Allowances	900,000
Leave Allowances	900,000
Telephone Facility	26,414
<b>Total</b>	<b>13,274,414</b>

In addition to above, bank has provided office vehicle, mobile & fuel on reimbursement basis.

**f) Transactions and agreements involving KMP and their Close Family Members (CFM)**

CFMs of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Group. They may include KMP's spouse and children, children of the KMP's spouse and dependents of the KMP or of the KMP's spouse. CFM are related parties to the Bank and the Group.

For the reported period there have been no payments or transactions with CFM of KMP except in the normal course of banking business, both for the Bank and the Group.

**5.8 MERGER AND ACQUISITION**

There is not any merger or acquisition affecting the changes in the composition of the entity during the period ended on Asar end 2079.

**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**

The Group does not have any non-consolidated entities to report for the reporting period and in the comparative previous period.

**5.11 EVENTS AFTER REPORTING PERIOD**

There are not any events occurred after reporting period.

## CAPITAL ADEQUACY TABLE (SUMMARY) As on 32st Ashad 2079 (16th July 2022)

1.1 PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	NPR	NPR
a Common Equity Tier 1 Capital	14,45,71,34,805	13,14,00,23,960
b Tier 1 Capital	14,45,71,34,805	13,14,00,23,960
c Tier 2 Capital	5,25,22,60,789	5,10,15,44,255
<b>d Total Capital</b>	<b>19,70,93,95,594</b>	<b>18,24,15,68,214</b>
e Risk Weighted Exposures	1,59,59,68,78,749	1,36,06,06,54,795
<b>Regulatory Ratios</b>		
a Leverage Ratio (Regulatory Requirement >= 4%)	7.28%	8.20%
b Common Equity Tier 1 to Risk Weighted Exposure Ratios	9.06%	9.66%
c Tier 1 to Risk Weighted Exposure Ratios	9.06%	9.66%
<b>d Total Capital to Risk Weighted Exposure Ratio</b>	<b>12.35%</b>	<b>13.41%</b>

## CAPITAL ADEQUACY TABLE As on 32st Ashad 2079 (16th July 2022)

1.1 RISK WEIGHTED EXPOSURE	CURRENT YEAR	PREVIOUS YEAR
	NPR	NPR
a Risk Weighted Exposure for Credit Risk	1,45,29,50,80,179	1,21,83,41,18,092
b Risk Weighted Exposure for Operational Risk	7,40,64,70,079	6,79,74,43,233
c Risk Weighted Exposure for Market Risk	8,02,60,964	1,62,99,90,466
<b>Adjustments under Pillar II</b>		
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	4,34,08,767	3,52,40,751
4% additional risk weight for Operational Risk	2,18,82,04,423	1,85,60,15,698
3% adjustment on Total RWE	4,58,34,54,337	3,90,78,46,554
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>1,59,59,68,78,749</b>	<b>1,36,06,06,54,795</b>

1.2 CAPITAL	CURRENT YEAR	PREVIOUS YEAR
	NPR	NPR
<b>Tier 1 Capital (Core Capital) (CET 1 + AT1)</b>	<b>14,45,71,34,805</b>	<b>13,14,00,23,960</b>
<b>Common Equity Tier 1 (CET 1)</b>	<b>14,45,71,34,805</b>	<b>13,14,00,23,960</b>
a Paid up Equity Share Capital	10,11,88,92,809	9,48,79,44,499
b Equity Share Premium	-	-
c Proposed Bonus Equity Shares	-	-
d Statutory General Reserves	2,74,78,14,128	2,35,53,45,789
e Retained Earnings	20,56,84,738	66,88,62,240
f Unaudited current year cumulative profit/(loss)	-	-
g Capital Redemption Reserve	-	-
h Capital Adjustment Reserve	-	-
i Debenture Redemption Reserve	1,75,00,00,000	1,00,00,00,000
j Dividend Equalization Reserves	-	-
k Bargain Purchase Gain	-	-
l Other Free Reserve	-	-
m Less: Goodwill	-	-
n Less: Intangible Assets	-	-

1.2 CAPITAL		CURRENT YEAR	PREVIOUS YEAR
		NPR	NPR
s	Less: Fictitious Assets	-	-
p	Less: Investment in equity in licensed Financial Institutions	-	-
q	Less: Investment in equity of institutions with financial interests	(33,26,46,869)	(33,95,18,569)
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	(3,26,10,000)	(3,26,10,000)
v	Less: Cash Flow Hedge	-	-
w	Less: Defined Benefits Pension Assets	-	-
x	Less: Unrecognized Defined Benefit Pension Liabilities	-	-
y	Less: Negative Balances of reserve accounts	-	-
z	Less: Other Deductions	-	-
z	Less: Other Deductions	-	-
<b>Adjustments under Pillar II</b>		-	-
a	Less: Shortfall in Provision (6.4 a 1)	-	-
b	Less: Loans & Facilities extended to Related Parties & Restricted lending (6.4 a 2)	-	-
<b>Additional Tier 1 (AT1)</b>		-	-
a	Perpetual Non Cumulative Preference Share Capital	-	-
b	Perpetual Debt Instruments	-	-
c	Stock Premium	-	-
<b>Supplementary Capital (Tier 2)</b>		5,25,22,60,789	5,10,15,44,255
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	3,40,00,00,000	3,60,00,00,000
c	Hybrid Capital Instruments	-	-
d	Stock Premium	-	-
e	General loan loss provision	1,81,44,76,192	1,46,37,59,657
f	Exchange Equalization Reserve	3,77,74,598	3,77,74,598
g	Investment Adjustment Reserve	10,000	10,000
h	Assets Revaluation Reserve	-	-
i	Other Reserves	-	-
<b>TOTAL CAPITAL FUND (Tier 1 &amp; Tier 2)</b>		<b>19,70,93,95,594</b>	<b>18,24,15,68,214</b>

1.3 CAPITAL ADEQUACY RATIOS		CURRENT YEAR	PREVIOUS YEAR
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		9.06%	9.66%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		12.35%	13.41%

**RISK WEIGHTED EXPOSURE FOR CREDIT RISK**

As on 32st Ashad 2079 (16th July 2022)

A. BALANCE SHEET EXPOSURE	CURRENT YEAR					RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)		
Cash Balance	2,49,21,95,769	-	-	2,49,21,95,769	0%	-	
Balance With Nepal Rastra Bank	4,81,47,59,368	-	-	4,81,47,59,368	0%	-	
Gold	40,30,83,241	-	-	40,30,83,241	0%	-	
Investment in Nepalese Government Securities	26,05,95,71,595	-	-	26,05,95,71,595	0%	-	
All Claims on Government of Nepal	9,45,25,051	-	-	9,45,25,051	0%	-	
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	
All claims on Nepal Rastra Bank	28,60,356	-	-	28,60,356	0%	-	
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	
Claims on Domestic Public Sector Entities	-	-	-	-	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	4,03,81,61,745	-	-	4,03,81,61,745	20%	80,76,32,349	
Claims on domestic banks that do not meet capital adequacy requirements	13,37,573	-	-	13,37,573	100%	13,37,573	
Claims on foreign bank (ECA Rating 0-1)	1,98,37,83,901	-	-	1,98,37,83,901	20%	39,67,56,780	
Claims on foreign bank (ECA Rating 2)	3,94,76,04,590	-	-	3,94,76,04,590	50%	1,97,38,02,295	
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	32,08,26,483	-	-	32,08,26,483	20%	6,41,65,297	
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	50%	-	
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	70%	-	
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	80%	-	
Claims on Domestic Corporates	2,67,58,57,023	-	-	2,67,58,57,023	100%	2,67,58,57,023	
(Credit rating score equivalent to BBB+ & below)	-	-	-	-	-	-	
Claims on Domestic Corporates (Unrated)	51,19,26,49,907	-	-	51,19,26,49,907	100%	51,19,26,49,907	

## Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

A. BALANCE SHEET EXPOSURE	CURRENT YEAR					RISK WEIGHT EXPOSURE (D*E)
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION & VALUATION ADJUSTMENTS (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	28,49,39,70,242	-	-	28,49,39,70,242	75%	21,37,04,77,681
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	16,28,92,84,921	-	-	16,28,92,84,921	60%	9,77,35,70,953
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	38,48,19,486	6,30,83,942	-	32,17,35,543	100%	32,17,35,543
Claims secured by Commercial real estate	1,74,58,14,244	-	-	1,74,58,14,244	100%	1,74,58,14,244
Past due claims (except for claims secured by residential properties)	2,16,92,66,774	1,00,29,49,978	-	1,16,63,16,796	150%	1,74,94,75,193
High Risk claims	16,31,08,66,850	-	2,18,93,31,938	14,12,15,34,911	150%	21,18,23,02,367
Lending against securities (bonds)	-	-	-	-	100%	-
Trust Receipt Loans for Trading Firms	1,39,54,80,433	-	-	1,39,54,80,433	120%	1,67,45,76,519
Investments in equity and other capital instruments of institutions listed in stock exchange	1,25,08,10,405	-	-	1,25,08,10,405	100%	1,25,08,10,405
Investments in equity and other capital instruments of institutions not listed in the stock exchange	12,00,25,860	-	-	12,00,25,860	150%	18,00,38,790
Staff loan secured by residential property	1,10,94,58,844	-	-	1,10,94,58,844	50%	55,47,29,422
Interest Receivable/claim on government securities	35,59,00,392	-	-	35,59,00,392	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	5,54,33,47,762	3,25,77,27,757	-	2,28,56,20,005	100%	2,28,56,20,005
<b>TOTAL (A)</b>	<b>1,73,19,62,62,811</b>	<b>4,32,37,61,678</b>	<b>2,18,93,31,938</b>	<b>1,66,68,31,69,196</b>		<b>1,19,20,13,52,346</b>

Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

B. OFF BALANCE SHEET EXPOSURE	CURRENT YEAR					RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D*E)
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D)(A-B-C)	RISK WEIGHT (E)		
Revocable Commitments	-	-	-	-	-	0%	-
Bills Under Collection	1,95,52,25,684	-	-	1,95,52,25,684	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	3,02,24,08,798	-	55,16,52,079	2,47,07,56,719	-	20%	49,41,51,344
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	1,87,79,11,862	-	2,91,75,978	1,84,87,35,884	-	50%	92,43,67,942
Foreign counterparty(ECA Rating 0-1)	-	-	-	-	-	20%	-
Foreign counterparty(ECA Rating 2)	-	-	-	-	-	50%	-
Foreign counterparty(ECA Rating 3-6)	-	-	-	-	-	100%	-
Foreign counterparty(ECA Rating 7)	-	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	21,21,99,85,535	-	47,83,93,916	20,74,15,91,619	-	40%	8,29,66,36,647
Foreign counterparty(ECA Rating 0-1)	13,75,07,739	-	-	13,75,07,739	-	20%	2,75,01,548
Foreign counterparty(ECA Rating 2)	-	-	-	-	-	50%	-
Foreign counterparty(ECA Rating 3-6)	-	-	-	-	-	100%	-
Foreign counterparty(ECA Rating 7)	-	-	-	-	-	150%	-
Underwriting commitments	-	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	100%	-
Advance Payment Guarantee	5,98,32,47,761	-	2,41,48,319	5,95,90,99,442	-	100%	5,95,90,99,442
Financial Guarantee	-	-	-	-	-	100%	-

Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

B. OFF BALANCE SHEET EXPOSURE	CURRENT YEAR					
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D*E)
Acceptances and Endorsements	3,81,34,86,376	-	-	3,81,34,86,376	100%	3,81,34,86,376
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	9,38,98,69,210	-	-	9,38,98,69,210	20%	1,87,79,73,842
Irrevocable Credit commitments (long term)	9,12,01,57,704	-	99,83,100	9,11,01,74,604	50%	4,55,50,87,302
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	1,25,18,000	-	-	1,25,18,000	100%	1,25,18,000
Unpaid Guarantee Claims	6,64,52,695	-	-	6,64,52,695	200%	13,29,05,390
<b>TOTAL (B)</b>	<b>56,59,87,71,364</b>	<b>-</b>	<b>1,09,33,53,392</b>	<b>55,50,54,17,971</b>		<b>26,09,37,27,833</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>2,29,79,50,34,175</b>	<b>4,32,37,61,678</b>	<b>3,28,26,85,331</b>	<b>2,22,18,85,87,167</b>		<b>1,45,29,50,80,179</b>
<b>Adjustments under Pillar II</b>						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						
<b>Total RWE for credit Risk (After Bank's adjustments of Pillar II)</b>	<b>2,29,79,50,34,175</b>	<b>4,32,37,61,678</b>	<b>3,28,26,85,331</b>	<b>2,22,18,85,87,167</b>		<b>1,45,29,50,80,179</b>

## RISK WEIGHTED EXPOSURE FOR OPERATION RISK As on 32st Ashad 2079 (16th July 2022)

PARTICULARS	FY 2076/77	FY 2077/78	FY 2078/79
<b>Net Interest Income</b>	<b>3,86,83,85,353</b>	<b>3,52,40,75,000</b>	<b>4,34,08,76,659</b>
Commission and Discount Income	99,00,16,442	1,14,37,90,000	1,19,48,02,667
Other Operating Income	5,22,24,130	19,44,70,000	26,00,28,368
Exchange Fluctuation Income	24,42,09,839	26,05,29,000	22,24,56,285
Additional/Deduction in Interest Suspense during the period	-	-	-
<b>Gross income (a)</b>	<b>5,15,48,35,764</b>	<b>5,12,28,64,000</b>	<b>6,01,81,63,980</b>
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed Percentage of Gross Income [c=(axb)]</b>	<b>77,32,25,365</b>	<b>76,84,29,600</b>	<b>90,27,24,598</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>			<b>81,47,93,188</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>			<b>9.09</b>
<b>Equivalent Risk Weight Exposure [f=(dxe)]</b>			<b>7,40,64,70,079</b>
<b>PILLAR-II ADJUSTMENTS</b>			
<b>If Gross Income for all the last three years is negative(6.4 a 8)</b>	-		-
<b>Total Credit and Investment (net of Specific Provision)</b>	-		-
<b>Capital Requirement for operational risk (5%)</b>	-		-
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>	-		-
<b>Equivalent Risk Weight Exposure [g]</b>	-		-
<b>Equivalent Risk Weight Exposure [h=f+g]</b>	-		<b>7,40,64,70,079</b>



## RISK WEIGHTED EXPOSURE FOR MARKET RISK As on 32st Ashad 2079 (16th July 2022)

CURRENCY	ASHADH END 2079			
	OPEN POSITION (FCY)	RATE	OPEN POSITION (LCY)	RELEVANT OPEN
INR	8,32,55,312.42	1.60	13,32,70,941	13,32,70,941
USD	(1,32,042.51)	127.80	(1,68,75,033)	1,68,75,033
GBP	6,126.96	151.15	9,26,090	9,26,090
EUR	20,818.46	128.70	26,79,336	26,79,336
THB	11,150.00	3.44	38,356	38,356
CHF	1,630.00	130.09	2,12,047	2,12,047
AUD	31,923.71	85.96	27,44,162	27,44,162
CAD	4,665.00	97.41	4,54,418	4,54,418
SGD	601.00	90.68	54,499	54,499
JPY	22,36,686.00	0.92	20,59,988	20,59,988
HKD	4,930.00	16.28	80,260	80,260
DKK	1,600.00	16.96	27,136	27,136
SEK	-	11.98	-	-
SAR	43,680.00	33.75	14,74,200	14,74,200
QAR	18,770.00	34.42	6,46,063	6,46,063
AED	2,93,465.00	34.55	1,01,39,216	1,01,39,216
MYR	17,738.00	28.73	5,09,613	5,09,613
KRW	-	0.10	-	-
CNY	2,20,380.54	18.90	41,65,192	41,65,192
KWD	321.00	414.84	1,33,164	1,33,164
BHD	301.00	339.04	1,02,051	1,02,051
<b>Total Open position (a)</b>				<b>17,65,91,764</b>
<b>Fixed Percentage (b)</b>				<b>5%</b>
<b>Capital Charge for Market Risk [c=(axb)]</b>				<b>88,29,589</b>
<b>Risk weight (reciprocal of capital requirement of 10%) in times (d)</b>				<b>9</b>
<b>Equivalent Risk Weight Exposure[e=(cxd)]</b>				<b>8,02,60,964</b>

## OTHER ASSETS As on 32st Ashad 2079 (16th July 2022)

S.NO.	ASSETS	GROSS AMOUNT	CURRENT YEAR (NPR)	
			SPECIFIC PROVISION & VALUATION ADJUSTMENTS	NET BALANCE
1	Current Tax Assets	-	-	-
2	Investment Property	84,40,96,900	84,40,96,900	-
3	Property and Equipment	1,77,48,00,120	98,36,18,038	79,11,82,082
4	Assets held for Sale	-	-	-
5	Other non banking assets	-	-	-
6	Bills Receivable	-	-	-
7	Accounts Receivable	2,21,033	-	2,21,033
8	Accrued Income	86,35,14,188	85,23,30,425	1,11,83,763
9	Prepayment and Deposits	6,92,10,615	-	6,92,10,615
10	Income tax and deposits	-	-	-
11	Deferred employee expenditure	62,27,98,870	-	62,27,98,870
12	Others	1,36,87,06,035	57,76,82,394	79,10,23,642
	<b>TOTAL</b>	<b>5,54,33,47,762</b>	<b>3,25,77,27,757</b>	<b>2,28,56,20,005</b>

## MAJOR INDICATORS Major Financial Indicators of Last 5 Years

SN	INDICATORS	UNIT	FY 2074/75 (2017/18)	FY 2075/76 (2018/19)	FY 2076/77 (2019/20)	FY 2077/78 (2020/21)	FY 2078/79 (2021/22)
1	Net Profit/ Gross Income	Percent	17.39	16.53	12.02	13.66	12.65
2	Earnings Per Share	NPR	18.13	20.94	15.16	15.25	19.39
3	Market Value Per Share	NPR	230.00	248.00	234.00	363.00	207.00
4	Average Price	NPR	242.29	231.93	231.00	298.50	280.98
5	Price Earning Ratio	Ratio	12.69	11.84	15.44	23.81	10.68
6	Dividend (including bonus) on Share Capital (%)	Percent	11.50	15.80	8.28	6.65	-
7	Cash Dividend on Share Capital (%)	Percent	11.50	5.80	2.48	-	-
8	Interest Income/ Loans and Advances (%)	Percent	12.55	13.15	12.01	8.75	11.21
9	Staff Expenses/ Total Operating Expenses (%)	Percent	55.99	59.84	61.13	63.43	67.34
10	Interest Expenses/ Total Deposits & Borrowings (%)	Percent	6.87	7.01	6.46	4.87	6.79
11	Exchange Gain/ Total Income (%)	Percent	2.52	5.78	4.44	4.92	4.31
12	Staff Bonus/ Total Staff Expenses (%)	Percent	21.48	31.94	15.92	17.21	15.01
13	Net Profit/Total Loans & Advances (%)	Percent	2.45	2.40	1.59	1.38	1.56
14	Net Profit/ Total Assets (%)	Percent	1.78	1.80	1.17	1.05	1.15
15	Total Loans & Advances/ Total Deposits (%)	Percent	86.65	93.81	88.51	93.82	76.70
16	Total Operating Expenses/ Total Assets (%)	Percent	1.96	2.70	1.67	1.65	1.45
17	Capital Adequacy (On Risk Weighted Assets)						
	a. Core Capital	Percent	12.58	11.37	10.21	9.66	9.06
	b. Supplementary Capital	Percent	0.80	1.86	4.17	3.75	3.29
	c. Total Capital Fund	Percent	13.38	13.22	14.38	13.41	12.35
18	Liquidity (%)	Percent	25.99	25.74	29.47	24.74	25.13
19	Non-Performing Loan/ Total Loans & Advances (%)	Percent	1.24	1.03	1.86	1.39	1.30
20	Weighted Average Interest Rate Spread	Percent	4.15	4.44	4.37	4.03	4.37
21	Book Net Worth (Per Share)	NPR	141.73	150.51	149.35	155.67	163.81
22	Number of Shares	Nos.	8,15,25,559	8,15,25,559	9,48,79,445	9,48,79,445	10,11,88,928
23	Number of Staff	Nos.	1,159	1,353	1,484	1,517	1,547
24	Number of Branches	Nos.	91	112	134	139	139

## COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENTS As on 16 July, 2018 (32 Asar 2075)

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL BANK		AS PER AUDITED FINANCIAL BANK		VARIANCE		REASON FOR VARIANCE
	BANK	BANK	BANK	BANK	IN AMOUNT	IN %	
<b>Assets</b>							
Cash and Cash Equivalents	9,45,46,71,142	9,45,46,71,142	9,45,46,71,142	9,45,46,71,142	-	0.00%	
Due from Nepal Rastra Bank	4,89,76,85,330	4,89,76,85,330	4,89,62,88,615	(13,96,715,20)	(13,96,715,20)	-0.03%	Heading changes to other assets
Placement with Bank and Financial Institutions	-	-	-	-	-	0.00%	
Derivative Financial Instruments	11,38,836	11,38,836	11,38,836	-	-	0.00%	
Other Trading Assets	-	-	-	-	-	0.00%	
Loans and Advances to BFIs	2,97,94,30,579	2,97,94,30,579	2,97,94,30,579	-	-	0.00%	
Loans and Advances to Customers	1,20,14,32,89,057	1,20,07,60,28,694	1,20,07,60,28,694	(7,32,60,362,79)	(7,32,60,362,79)	-0.06%	Provision write back on subsequent recovery
Investment Securities	28,32,89,40,594	28,32,91,92,483	28,32,91,92,483	2,51,888,89	2,51,888,89	0.00%	Adjustment of Interest Income
Current Tax Assets	38,15,82,947	46,64,96,879	46,64,96,879	8,49,13,931,59	8,49,13,931,59	22.25%	
Investment in Subsidiaries	26,13,08,369	26,13,08,369	26,13,08,369	-	-	0.00%	
Investment in Associates	-	-	-	-	-	0.00%	
Investment Property	84,40,96,900	84,40,96,900	84,40,96,900	-	-	0.00%	
Property and Equipment	81,56,16,656	81,56,16,656	81,56,16,663	2,006,65	2,006,65	0.00%	Adjustment of Depreciation
Goodwill and Intangible Assets	81,75,426	81,75,426	81,75,426	-	-	0.00%	
Deferred Tax Assets	-	-	-	-	-	0.00%	
Other Assets	1,06,20,36,539	1,06,20,36,539	2,12,00,29,266	1,05,79,92,726,39	1,05,79,92,726,39	99.62%	Recognition of Right of Use Assets, heading change from due from Nepal Rastra Bank, Receivable booked
<b>Total Assets</b>	<b>1,69,18,39,72,376</b>	<b>1,70,25,24,75,951</b>	<b>1,70,25,24,75,951</b>	<b>1,06,85,03,476</b>	<b>1,06,85,03,476</b>	<b>0.63%</b>	<b>All of the above</b>
<b>Liabilities</b>							
Due to Bank and Financial Institutions	3,32,71,82,248	3,32,71,82,248	3,32,71,82,248	-	-	0.00%	
Due to Nepal Rastra Bank	7,29,24,63,412	7,29,24,63,412	7,29,24,63,412	-	-	0.00%	
Derivative Financial Instruments	-	-	-	-	-	0.00%	
Deposits from Customers	1,31,60,62,56,883	1,31,60,62,56,883	1,31,60,62,56,883	-	-	0.00%	
Borrowings	3,65,50,80,000	3,65,50,80,000	3,65,50,80,000	-	-	0.00%	
Current Tax Liabilities	-	-	-	-	-		
Provisions	-	-	-	-	-		
Deferred Tax Liabilities	2,99,77,990	2,99,77,990	3,31,91,001	32,13,010,86	32,13,010,86	10.72%	Adjustment of Lease Liabilities Deferred Tax
Other Liabilities	2,55,67,40,279	2,55,67,40,279	3,77,21,47,576	1,21,54,07,296,14	1,21,54,07,296,14	47.54%	Recognition of lease liabilities, expenses booked thru payables and bonus adjustment
Debt Securities Issued	3,99,09,28,523	3,99,09,28,523	3,99,04,23,326	(5,05,196,92)	(5,05,196,92)	-0.01%	
Subordinated Liabilities	-	-	-	-	-		
<b>Total Liabilities</b>	<b>1,52,45,86,29,334</b>	<b>1,53,67,67,44,444</b>	<b>1,53,67,67,44,444</b>	<b>1,21,81,15,110</b>	<b>1,21,81,15,110</b>	<b>0.80%</b>	<b>All of the above</b>
<b>Equity</b>							
Share Capital	10,11,88,92,809	10,11,88,92,809	10,11,88,92,809	-	-	0.00%	
Share Premium	-	-	-	-	-		
Retained Earnings adjustments	1,46,30,51,490	1,46,30,51,490	20,56,84,738	(1,25,73,66,752)	(1,25,73,66,752)	-85.94%	Allocation to various reserve on annual basis & PL
Reserves	5,14,33,98,744	6,25,11,53,861	6,25,11,53,861	1,10,77,55,117	1,10,77,55,117	21.54%	Allocation to reserves from retained earnings
<b>Total Equity Attributable to Equity Holders</b>	<b>16,72,53,43,042</b>	<b>16,57,57,31,407</b>	<b>16,57,57,31,407</b>	<b>(14,96,11,635)</b>	<b>(14,96,11,635)</b>	<b>-0.89%</b>	<b>All of the above</b>
<b>Total Liabilities and Equity</b>	<b>1,69,18,39,72,376</b>	<b>1,70,25,24,75,851</b>	<b>1,70,25,24,75,851</b>	<b>1,06,85,03,475</b>	<b>1,06,85,03,475</b>	<b>0.63%</b>	<b>All of the above</b>

Contd... COMPARISON OF UNAUDITED &amp; AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT		AS PER AUDITED FINANCIAL STATEMENT		VARIANCE		REASON FOR VARIANCE
	FINANCIAL STATEMENT	FINANCIAL STATEMENT	FINANCIAL STATEMENT	FINANCIAL STATEMENT	IN AMOUNT	IN %	
Interest Income	13,99,10,73,279	13,80,02,64,024	(19,08,09,255)	-1.36%	Recognition of Investment Income and reversal of interest income including penal on loan and premium refund		
Interest Expense	9,41,08,71,394	9,45,93,87,365	4,85,15,972	0.52%	Interest Expenses of lease liabilities		
<b>Net Interest Income</b>	<b>4,59,02,01,886</b>	<b>4,34,08,76,659</b>	<b>(23,93,25,226)</b>	<b>-5.23%</b>	<b>All of the above reasons</b>		
Fees and Commission Income	1,19,44,40,929	1,19,48,02,667	3,61,739	0.03%	Adjustment of remittance commission,		
bancassurance commission							
Fees and Commission Expense	26,21,36,977	26,11,13,863	(10,23,114)	-0.39%	Adjustment of demat commission, ECC Fees, RTGS expenses		
<b>Net Fee and Commission Income</b>	<b>93,23,03,952</b>	<b>93,36,88,805</b>	<b>13,84,853</b>	<b>0.15%</b>	<b>All of the above reasons</b>		
<b>Net Interest, Fee and Commission Income</b>	<b>5,51,25,05,838</b>	<b>5,27,45,65,464</b>	<b>(23,79,40,374)</b>	<b>-4.32%</b>	<b>All of the above reasons</b>		
Net Trading Income	24,79,08,060	24,79,08,060	-	0.00%			
Other Operating Income	22,73,26,065	23,45,76,594	72,50,528	3.19%	Adjustment of Connect IPS Income and other small income.		
Total Operating Income	5,98,77,39,963	5,75,70,50,117	(23,06,89,845)	-3.85%	All of the above reasons		
Impairment Charge/ (Reversal) for Loans and Other Losses	48,70,55,567	56,03,15,929	7,32,60,363	15.04%	Adjustment of loan loss provision on subsequent recovery of loans and as per direction of central bank		
<b>Net Operating Income</b>	<b>5,50,06,84,396</b>	<b>5,19,67,34,188</b>	<b>(30,39,50,208)</b>	<b>-5.53%</b>	<b>All of the above reasons</b>		
<b>Operating Expense</b>							
Personnel Expenses	1,86,72,22,992	1,84,27,63,004	(2,44,59,987)	-1.31%	Adjustment of Provision for expenses and bonus.		
Other Operating Expenses	74,98,55,298	56,00,49,737	(18,98,05,561)	-25.31%	Adjustment of Provision for expenses		
Depreciation & Amortisation	15,26,24,564	33,35,26,067	18,09,01,504	118.53%	Depreciation of right of use assets		
<b>Operating Profit</b>	<b>2,73,09,81,543</b>	<b>2,46,03,95,379</b>	<b>(27,05,86,163)</b>	<b>-9.91%</b>	<b>All of the above reasons</b>		
Non Operating Income	3,25,45,241	3,28,91,518	3,46,277	1.06%	Reversal of lease liabilities		
Non Operating Expense	42,79,191	42,79,191	-	0.00%			
<b>Profit Before Income Tax</b>	<b>2,75,92,47,593</b>	<b>2,48,90,07,706</b>	<b>(27,02,39,886)</b>	<b>-9.79%</b>	<b>All of the above reasons</b>		
<b>Income Tax Expense</b>	<b>60,83,02,783</b>	<b>52,71,96,724</b>	<b>(8,11,06,059)</b>	<b>-13.33%</b>			
Current Tax	72,92,30,032	64,49,10,962	(8,43,19,070)	-11.56%	Adjustment of income tax as per tax laws		
Deferred Tax	(12,09,27,249)	(11,77,14,238)	32,13,011	-2.66%	Adjustment of deferred tax on lease liabilities.		
<b>Profit for the Period</b>	<b>2,15,09,44,810</b>	<b>1,96,18,10,982</b>	<b>(18,91,33,828)</b>	<b>-8.79%</b>	<b>All of the above reasons</b>		

# 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.
- d. Liquidity Crisis

## 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 2021-22. 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 not recommended any dividend to the shareholders from the profit of fiscal year 2021-22.

## 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.

### c. Sunrise Securities Limited:

Transaction related to securities exchange, approval received from authorities to carry out securities related work.

## 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	POSITION	NAME	SHARE CATEGORY	NO OF SHARES	TOTAL
1	Chairman	Mr. Motilal Dugar	Promoter	4,376,758	6,007,313
			Public	1,630,555	
2	Director	Mr. Malchand Dugar	Promoter	3,306,198	4,826,101
			Public	1,519,903	
3	Director	Er. Bachh Raj Tater	Promoter	1,816,083	2,492,657
			Public	676,574	
4	Director	Er. Shailendra Guragain	Promoter		352,386
			Public	352,386	
5	Director	Mrs. Sharada Sharma Pudasaini	Promoter		106,540
			Public	106,540	
6	Director	Mr. Deepak Nepal	Promoter	-	5,875
			Public	5,875	

**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:**

- 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.
- 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.
- 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	1,842,763,004
Other Operating Expenses	1,154,689,667

**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:

- Deepak Nepal
- Sharada Sharma Pudasaini
- Nalini Bajracharya- Member Secretary

Excluding the employee member of the committee other members of the committee are paid NPR 16,000/- per meeting. During the previous year audit committee meeting was held 6 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 2,104,000 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*	13,874
Managerial Level Staffs	62,758

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 16 th July 2022, dividends yet to be collected by the shareholders were NPR 41,624,868

**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 100 % in sunrise capital hence sunrise bank is holding company of the Sunrise Capital. Details of transaction with sunrise capital till the end of Ashadh 2079 end is as follows.

DETAILS OF TRANSACTION	AMOUNT
Deposit Maintained by Sunrise Capital	382,065,907
Interest Paid to Sunrise Capital	9,979,624
RTS Fee paid to Sunrise Capital	700,000
Dividend Processing Fee to Sunrise Capital	803,715
Waste Management paid by Sunrise Capital	26,000
Water Expenses paid by Sunrise Capital	95,520
House Rent paid by Sunrise Capital	2,103,750
Demat Account Opening Commission by Sunrise Capital	1,535,030

Sunrise bank has deputed 7 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 established 100% holding Subsidiaries, Sunrise Securities Limited to carry out work related to Nepal Stock Exchange.

Bank has invested NPR 71,338,500 million in the 868,436 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.









# Investor's Relationship

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# DIRECTIVE FROM NEPAL RASTRA BANK

## WHILE APPROVING THE FINANCIAL STATEMENTS PUBLICATIONS

Based on the financial statements and other documents submitted by the Bank, as per point no 1(Jha) of Sub section 4 Section 48 of NRB Directives ,

consent has been granted for the publication of the financial statements of F.Y. 2021-22 for tabling it for the approval at the Bank's annual general meeting along with the below directives.

1. 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.

2. 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](http://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 15th Annual General Meeting (AGM) of the Bank was scheduled to convene on 18-June-2023 at 11:00 hours at Amarpalil Banquet, Baluwatar, Kathmandu, Nepal to discuss and approve various agendas.

## 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

## 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 470.00 million. The Bank has assumed cost of capital (Economic Costs) of 9 percent that is the Bank rate 6 percent plus 3 percent risk premium.

PARTICULAR	16-JUL-22	15-JUL-21
A. Shareholder Fund	16,575.73	14,769.71
B. Net Profit	1,961.81	1,446.55
Return on Shareholder Fund	11.84%	9.79%
C. Cost of Equity	9%	9%
D. Economic Cost (A*C)	1,491.82	1,329.27
E. Economic Value Added (B-D)	470.00	117.28

## 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 4.37 Billion.

PARTICULAR	16-JUL-22	15-JUL-21
A. No of Shares	101,188,928	94,879,445
B. Market Price of Share	207	363
C. Total Market Capitalization (A*B)	20,946,108,114	34,441,238,533
D. Shareholders Fund	16,575,731,407	14,769,711,046
E. Market value Added (C-D)	4,370,376,707	19,671,527,487

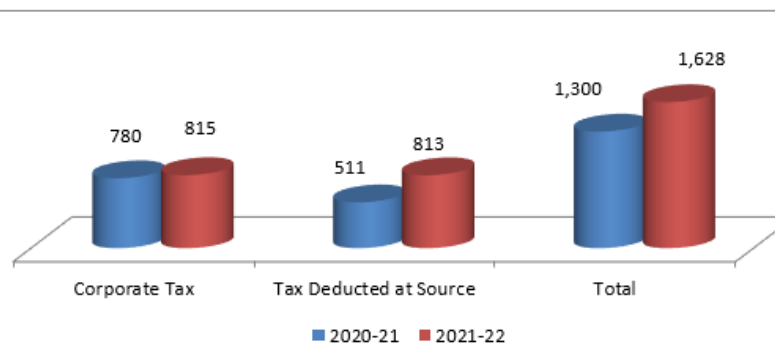
## STATEMENT ON CONTRIBUTION TO GOVERNMENT EXCHEQUER

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 1,628.22 million as various taxes to Government of Nepal, which includes NPR 815 million as corporate

tax, NPR 539.87 million as interest tax on deposits, NPR 190.36 million as employee income tax, NPR 20.19 million as house rent tax and 62.81 million in others. 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 <sup>ST</sup> QTR	2 <sup>ND</sup> QTR	3 <sup>RD</sup> QTR	4 <sup>TH</sup> QTR
Maximum Price (NPR)	418.2	322	319	255.7
Minimum Price (NPR)	302	250	236	191
Final Price (NPR)	312	300	250.7	207
No of Transactions	76,10,062	34,48,392	19,86,463	15,37,535
<b>Total Trading Days</b>	<b>57</b>	<b>59</b>	<b>58</b>	<b>64</b>

### 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

Figure in "000"

PARTICULAR	PROJECTED 2021-22	AUDITED 2021-22	DIFF AMOUNT	DIFF %	REASON FOR DIFFERENCE IN MORE THAN 20%
<b>Assets</b>					
Cash and Cash Equivalents	7,749,000	9,454,671	1,705,671	22.01%	Normal Banking Transaction
Due from Nepal Rastra Bank	6,273,000	4,896,289	(1,376,711)	-21.95%	Normal Banking Transaction
Placement with Bank and Financial Institutions	3,987,000	-	(3,987,000)	-100.00%	Normal Banking Transaction
Derivative Financial Instruments	94,000	1,139	(92,861)	-98.79%	Normal Banking Transaction
Other Trading Assets	-	-	-	-	-
Lolo Loans and Advances to BFIs	2,655,000	2,979,431	324,431	12.22%	
Loans and Advances to Customers	117,705,000	120,076,029	2,371,029	2.01%	
Investment Securities	22,299,000	28,329,192	6,030,192	27.04%	
Current Tax Assets	69,000	466,497	397,497	576.08%	Normal Banking Transaction
Investment in Subsidiaries	157,000	261,308	104,308	66.44%	Normal Banking Transaction
Investment in Associates	-	-	-	-	-
Investment Property	398,000	844,097	446,097	112.08%	Normal Banking Transaction
Property and Equipment	2,539,000	815,619	(1,723,381)	-67.88%	Normal Banking Transaction
Goodwill and Intangible Assets	189,000	8,175	(180,825)	-95.67%	Normal Banking Transaction
Deferred Tax Assets	4,000	-	(4,000)	-100.00%	Normal Banking Transaction
Other Assets	9,170,000	2,120,029	(7,049,971)	-76.88%	Normal Banking Transaction
<b>Total Assets</b>	<b>173,288,000</b>	<b>170,252,476</b>	<b>(3,035,524)</b>	<b>-1.75%</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	5,834,000	3,327,182	(2,506,818)	-42.97%	Normal Banking Transaction
Due to Nepal Rastra Bank	840,000	7,292,463	6,452,463	768.15%	Normal Banking Transaction
Derivative Financial Instruments	-	-	-	-	-
Deposits from Customers	141,766,000	131,606,257	(10,159,743)	-7.17%	
Borrowings	-	3,655,080	3,655,080		Normal Banking Transaction
Current Tax Liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred Tax Liabilities	-	33,191	33,191		Normal Banking Transaction
Other Liabilities	1,647,283	3,772,148	2,124,865	128.99%	Normal Banking Transaction
Debt Securities Issued	4,000,000	3,990,423	(9,577)	-0.24%	
Subordinated Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>154,087,283</b>	<b>153,676,744</b>	<b>(4,098,810)</b>	<b>-2.66%</b>	
<b>Equity</b>					
Share Capital	8,152,556	10,118,893	1,966,337	24.12%	Normal Banking Transaction
Share Premium	127,161	-	(127,161)	-100.00%	Normal Banking Transaction
Retained Earnings	4,830,000	205,685	(4,624,315)	-95.74%	Normal Banking Transaction
Reserves	6,091,000	6,251,154	160,154	2.63%	
<b>Total Equity Attributable to Equity Holders</b>	<b>19,200,717</b>	<b>16,575,731</b>	<b>(2,624,986)</b>	<b>-13.67%</b>	
<b>Total Liabilities and Equity</b>	<b>173,288,000</b>	<b>170,252,476</b>	<b>(3,035,524)</b>	<b>-1.75%</b>	

## Statements of Profit and Loss

Figure in "000"

PARTICULAR	PROJECTED 2021-22	AUDITED 2021-22	DIFF AMOUNT	DIFF %	REASON FOR DIFFERENCE IN MORE THAN 20%
Interest Income to be maintain by Bank	14,308,000	13,800,264	(507,736)	-3.55%	Interest Spread up to 4.40%
Interest Expense	9,589,000	9,459,387	(129,613)	-1.35%	Liquidity Management
<b>Net Interest Income</b>	<b>4,719,000</b>	<b>4,340,877</b>	<b>(378,123)</b>	<b>-8.01%</b>	
Fee and Commission Income	1,700,000	1,194,803	(505,197)	-29.72%	Normal Banking Transaction
Fee and Commission Expense	216,000	261,114	45,114	20.89%	Normal Banking Transaction
<b>Net Fee and Commission Income</b>	<b>1,484,000</b>	<b>933,689</b>	<b>(550,311)</b>	<b>-37.08%</b>	
<b>Net Interest, Fee and Commission Income</b>	<b>6,203,000</b>	<b>5,274,565</b>	<b>(928,435)</b>	<b>-14.97%</b>	
Net Trading Income	407,000	247,908	(159,092)	-39.09%	Normal Banking Transaction
Other Operating Income	111,000	234,577	123,577	111.33%	Normal Banking Transaction
<b>Total Operating Income</b>	<b>6,722,000</b>	<b>5,757,050</b>	<b>(964,950)</b>	<b>-14.36%</b>	
Impairment Charge/ (Reversal) for Loans and Other Losses	184,000	560,316	376,316	204.52%	Revision of LLP Rate from 1% to 1.3% on Good Loan
<b>Net Operating Income</b>	<b>6,538,000</b>	<b>5,196,734</b>	<b>(1,341,266)</b>	<b>-20.51%</b>	
<b>Operating Expense</b>					
Personnel Expenses	1,842,000	1,842,763	763	0.04%	
Other Operating Expenses	963,000	560,050	(402,950)	-41.84%	Normal Banking Transaction
Depreciation & Amortization Rental	215,000	333,526	118,526	55.13%	NFRS Adjustment of Lease
<b>Operating Profit</b>	<b>3,518,000</b>	<b>2,460,395</b>	<b>(1,057,605)</b>	<b>-30.06%</b>	
Non-Operating Income	52,000	32,892	(19,108)	-36.75%	Normal Banking Transaction
Non-Operating Expense	-	4,279	4,279		
<b>Profit Before Income Tax</b>	<b>3,570,000</b>	<b>2,489,008</b>	<b>(1,080,992)</b>	<b>-30.28%</b>	
<b>Income Tax Expense</b>	<b>1,071,000</b>	<b>527,197</b>	<b>(543,803)</b>	<b>-50.78%</b>	
Current Tax	1,071,000	644,911	(426,089)	-39.78%	Normal Banking Transaction
Deferred Tax	-	(117,714)	(117,714)		Normal Banking Transaction
<b>Profit for the Period</b>	<b>2,499,000</b>	<b>1,961,811</b>	<b>(537,189)</b>	<b>-21.50%</b>	

### 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

No Change in BOD and Senior Management team

#### c. Declaration of dividend and change in share composition

Board of Directors has not proposed any dividend .





# Bank's Performance



## HORIZONTAL ANALYSIS

### STATEMENT OF FINANCIAL POSITION

NPR In Million

PARTICULARS	16-JUL-22	%	15-JUL-21	%	15-JUL-20
<b>Assets</b>					
Cash and Cash Equivalents	9,455	128	4,146	(48)	8,012
Due from Nepal Rastra Bank	4,896	64	2,981	(62)	7,806
Placement with Bank and Financial Institutions	-	(100)	4,646	285	1,206
Derivative Financial Instruments	1.14	-	-	(100)	68
Other Trading Assets	-	-	-	-	-
Loans and Advances to BFIs	2,979	56	1,907	(20)	2,395
Loans and Advances to Customers	1,20,076	19	1,00,491	24	81,019
Investment Securities	28,329	36	20,860	59	13,113
Current Tax Assets	466	78	263	27	207
Investment in Subsidiaries	261	-	261	66	157
Investment in Associates	-	-	-	-	-
Investment Property	844	109	404	(7)	433
Property and Equipment	816	(21)	1,027	(4)	1,065
Goodwill and Intangible Assets	8	(68)	26	(46)	48
Deferred Tax Assets	-	-	-	-	-
Other Assets	2,120	182	752	(2)	770
<b>Total Assets</b>	<b>1,70,252</b>	<b>24</b>	<b>1,37,763</b>	<b>18</b>	<b>1,16,299</b>

PARTICULARS	16-JUL-22	%	15-JUL-21	%	15-JUL-20
<b>Liabilities</b>					
Due to Bank and Financial Institutions	3,327	(47)	6,286	21	5,192
Due to Nepal Rastra Bank	7,292	143	2,996	303	743
Derivative Financial Instruments	-	(100)	10	-	-
Deposits from Customers	1,31,606	24	1,06,432	18	90,223
Borrowings	3,655	207	1,193	(1)	1,203
Current Tax Liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred Tax Liabilities	33	(85)	220	134	94
Other Liabilities	3,772	102	1,867	28	1,463
Debt Securities Issued	3,990	0	3,988	0	3,987
Subordinated Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,53,677</b>	<b>25</b>	<b>1,22,994</b>	<b>20</b>	<b>1,02,905</b>
<b>Equity</b>					
Share Capital	10,119	7	9,488	6	8,968
Share Premium	-	-	-	-	-
Retained Earnings	206	(69)	669	(10)	744
Reserves	6,251	36	4,613	25	3,682
<b>Total Equity Attributable to Equity Holders</b>	<b>16,576</b>	<b>12</b>	<b>14,770</b>	<b>10</b>	<b>13,394</b>
<b>Total Liabilities and Equity</b>	<b>1,70,252</b>	<b>24</b>	<b>1,37,763</b>	<b>18</b>	<b>1,16,299</b>

## STATEMENT OF PROFIT &amp; LOSS

NPR In Million

PARTICULARS	FY 2021/22	%	FY 2020/21	%	FY 2019/20
Interest Income	13,800	54	8,961	(11)	10,021
Interest Expense	9,459	74	5,437	(12)	6,162
<b>Net Interest Income</b>	<b>4,340.9</b>	<b>23.2</b>	<b>3,524.1</b>	<b>(8.7)</b>	<b>3,859.2</b>
Fee and Commission Income	1,195	4	1,144	16	990
Fee and Commission Expense	261	46	179	38	130
<b>Net Fee and Commission Income</b>	<b>933.7</b>	<b>(3.3)</b>	<b>965.2</b>	<b>12.2</b>	<b>860.4</b>
<b>Net Interest, Fee and Commission Income</b>	<b>5,274.6</b>	<b>17.5</b>	<b>4,489.2</b>	<b>(4.9)</b>	<b>4,719.6</b>
Net Trading Income	248	2	242	9	223
Other Operating Income	235	21	194	164	74
<b>Total Operating Income</b>	<b>5,757.1</b>	<b>16.9</b>	<b>4,925.9</b>	<b>(1.8)</b>	<b>5,016.0</b>
Impairment Charge/ (Reversal) for Lossess	560	120	255	(70)	850
Net Operating Income	5,196.7	11.2	4,671.2	12.1	4,166.2
<b>Operating Expense</b>					
Personnel Expenses	1,843	21	1,518	12	1,359
Other Operating Expenses	560	(19)	689	1	685
Depreciation & Amortisation	334	79	186	4	179
<b>Operating Profit</b>	<b>2,460.4</b>	<b>8.0</b>	<b>2,277.7</b>	<b>17.2</b>	<b>1,942.9</b>
Non Operating Income	33	(28)	46	1,036	4
Non Operating Expense	4	(93)	66	-	-
<b>Profit Before Income Tax</b>	<b>2,489.0</b>	<b>10.2</b>	<b>2,257.8</b>	<b>16.0</b>	<b>1,946.9</b>
Income Tax Expense	527	(35)	811	38	587
<b>Profit for the Period</b>	<b>1,961.8</b>	<b>35.6</b>	<b>1,446.6</b>	<b>6.4</b>	<b>1,359.5</b>

## VERTICAL ANALYSIS

### STATEMENT OF FINANCIAL POSITION

NPR In Million

PARTICULARS	16-JUL-22	%	15-JUL-21	%	15-JUL-20	%
<b>Assets</b>						
Cash and Cash Equivalents	9,455	6	4,146	3	8,012	7
Due from Nepal Rastra Bank	4,896	3	2,981	2	7,806	7
Placement with Bank and Financial Institutions	-	-	4,646	3	1,206	1
Derivative Financial Instruments	1	0	-	0.1	68	0.1
Other Trading Assets	-	-	-	-	-	-
Loans and Advances to BFIs	2,979	2	1,907	1	2,395	2
Loans and Advances to Customers	1,20,076	71	1,00,491	73	81,019	70
Investment Securities	28,329	17	20,860	15	13,113	11
Current Tax Assets	466	0.3	263	0.2	207	0.1
Investment in Subsidiaries	261	0.2	261	0.2	157	0.1
Investment in Associates	-	-	-	-	-	-
Investment Property	844	0.5	404	0.3	433	0.4
Property and Equipment	816	0	1,027	1	1,065	1
Goodwill and Intangible Assets	8	0.0	26	0.0	48	0.1
Deferred Tax Assets	-	-	-	-	-	-
Other Assets	2,120	1.2	752	0.5	770	0.7
<b>Total Assets</b>	<b>1,70,252</b>	<b>100</b>	<b>1,37,763</b>	<b>100</b>	<b>1,16,299</b>	<b>100</b>

PARTICULARS	16-JUL-22	%	15-JUL-21	%	15-JUL-20	%
<b>Liabilities</b>						
Due to Bank and Financial Institutions	3,327	2	6,286	5	5,192	4
Due to Nepal Rastra Bank	7,292	4	2,996	2	743	1
Derivative Financial Instruments	-	0.1	10	0	-	-
Deposits from Customers	1,31,606	77	1,06,432	77	90,223	78
Borrowings	3,655	2	1,193	1	1,203	1
Current Tax Liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Deferred Tax Liabilities	33	0	220	0.1	94	0.1
Other Liabilities	3,772	2	1,867	1	1,463	1
Debt Securities Issued	3,990	2	3,988	3	3,987	3
Subordinated Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,53,677</b>	<b>90</b>	<b>1,22,994</b>	<b>89</b>	<b>1,02,905</b>	<b>88</b>
<b>Equity</b>						
Share Capital	10,119	6	9,488	7	8,968	8
Share Premium	-	-	-	-	-	-
Retained Earnings	206	0	669	0	744	1
Reserves	6,251	4	4,613	3	3,682	3
<b>Total Equity Attributable to Equity Holders</b>	<b>16,576</b>	<b>10</b>	<b>14,770</b>	<b>11</b>	<b>13,394</b>	<b>12</b>
<b>Total Liabilities and Equity</b>	<b>1,70,252</b>	<b>100</b>	<b>1,37,763</b>	<b>100</b>	<b>1,16,299</b>	<b>100</b>

## STATEMENT OF PROFIT &amp; LOSS

NPR In Million

PARTICULARS	FY 2021/22	%	FY 2020/21	%	FY 2019/20	%
Interest Income	13,800	89%	8,961	85%	10,021	89%
Interest Expense	9,459	61%	5,437	51%	6,162	54%
<b>Net Interest Income</b>	<b>4,341</b>	<b>28%</b>	<b>3,524</b>	<b>33%</b>	<b>3,859</b>	<b>34%</b>
Fee and Commission Income	1,195	8%	1,144	11%	990	9%
Fee and Commission Expense	261	2%	179	2%	130	1%
<b>Net Fee and Commission Income</b>	<b>934</b>	<b>6%</b>	<b>965</b>	<b>9%</b>	<b>860</b>	<b>8%</b>
<b>Net Interest, Fee and Commission Income</b>	<b>5,275</b>	<b>34%</b>	<b>4,489</b>	<b>42%</b>	<b>4,720</b>	<b>42%</b>
Net Trading Income	248	2%	242	2%	223	2%
Other Operating Income	235	2%	194	2%	74	1%
<b>Total Operating Income</b>	<b>5,757</b>	<b>37%</b>	<b>4,926</b>	<b>47%</b>	<b>5,016</b>	<b>44%</b>
Impairment Charge/ (Reversal) for Losses	560	4%	255	2%	850	8%
<b>Net Operating Income</b>	<b>5,197</b>	<b>34%</b>	<b>4,671</b>	<b>44%</b>	<b>4,166</b>	<b>37%</b>
<b>Operating Expense</b>						
Personnel Expenses	1,843	12%	1,518	14%	1,359	12%
Other Operating Expenses	560	4%	689	7%	685	6%
Depreciation & Amortisation	334	2%	186	2%	179	2%
<b>Operating Profit</b>	<b>2,460</b>	<b>16%</b>	<b>2,278</b>	<b>22%</b>	<b>1,943</b>	<b>17%</b>
Non Operating Income	33	0%	46	0%	4	0%
Non Operating Expense	4	0%	66	1%	-	0%
<b>Profit Before Income Tax</b>	<b>2,489</b>	<b>16%</b>	<b>2,258</b>	<b>21%</b>	<b>1,947</b>	<b>17%</b>
Income Tax Expense	527	3%	811	8%	587	5%
<b>Profit for the Period</b>	<b>1,962</b>	<b>13%</b>	<b>1,447</b>	<b>14%</b>	<b>1,359</b>	<b>12%</b>

## SUBSIDIARY OF



**SUNRISE BANK LIMITED**

**100%**



**SUNRISE CAPITAL LIMITED**



**Independent Auditors Report to the stakeholders of “Sunrise Capital Limited” on the Audit of the Financial Statements.**

**Opinion**

We have audited the financial statements of Sunrise Capital Limited, which comprise the statement of financial position as at 32<sup>nd</sup> Ashad, 2079, and the statement of Profit or Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32<sup>nd</sup> Ashad, 2079 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN’s Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that, there are no other key audit matters to communicate in our report.

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

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



assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process. Auditor's Responsibilities for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **Further report on Other Legal and Regulatory Requirements**

On the basis of our examination, we would like to report that:

The Statement of Financial Position, the Statement of Profit or Loss and other Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and attached notes to account dealt with by this report are prepared in accordance with Nepal Financial Reporting Standard (NFRS), Securities Act 2063 & other related regulation and are in agreement with the books of account maintained by the Company.

- a) We have audited all information and explanations; we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our explanations.
- b) In our opinion, proper books of account as required by the Companies Act have been kept by the Company to state the fair presentation of its transactions.
- c) Balance Sheet, Income Statement and Cash Flow Statement provided to us have been prepared in accordance with Nepal Accounting Standards and these statements are in agreement with the books of accounts maintained by the Company.
- d) In our Opinion, the business of the Company has been conducted satisfactorily and within its authority.



Mahesh Kumar Guragain, FCA.  
Senior Partner  
UDIN: 220928CA00125dFI10

28<sup>th</sup> Sept., 2022  
Kathmandu, Nepal



## STATEMENT OF FINANCIAL POSITION

As at 16 July 2022

PARTICULARS	NOTE	AS AT 32 ASHAD 2079	AS AT 31 ASHAD 2078
<b>Non- Current Assets</b>			
Property, Plant and Equipment	9	61,59,275	23,30,058
Intangible Assets	10	4,70,080	6,19,240
Investments- Held for Trading	12.1	6,50,95,802	3,11,19,342
Investments- Held to Maturity	12.2	36,00,00,000	28,50,00,000
Staff Loan			
<b>Total Non-Current Assets</b>		<b>43,17,25,157</b>	<b>31,90,68,640</b>
<b>Current Assets</b>			
Investments			
Trade Receivables, Advances and Deposits	13.1	1,48,82,082	2,32,62,179
Current Tax Assets	5.2	44,03,200	66,79,830
Deferred Tax Assets	5.3	1,33,24,175	41,30,168
Cash and cash equivalents	13.2	32,73,87,103	95,51,38,571
<b>Total Current Assets</b>		<b>35,99,96,559</b>	<b>98,92,10,748</b>
<b>Total Assets</b>		<b>79,17,21,716</b>	<b>1,30,82,79,388</b>
<b>Shareholder's Equity</b>			
Paid in Capital	6	20,00,00,000	20,00,00,000
Retained Earnings	7	7,61,67,928	10,22,92,442
<b>Total Shareholder's equity</b>		<b>27,61,67,928</b>	<b>30,22,92,442</b>
<b>Non-current Liabilities</b>			
Deferred tax liability	5.3		
Employee benefits	14	1,07,31,680	97,75,420
<b>Total Non-current Liabilities</b>		<b>1,07,31,680</b>	<b>97,75,420</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8.1	49,57,44,019	98,31,60,990
Other Current Liabilities	8.2	90,78,089	1,30,50,537
Provisions			
<b>Total Current Liabilities</b>		<b>50,48,22,108</b>	<b>99,62,11,527</b>
<b>Total shareholder's equity and liabilities</b>		<b>79,17,21,716</b>	<b>1,30,82,79,388</b>

The accounting policies, notes and reconciliation / restatement of financial statement form an integral part of the Financial Statements.

CHIEF OPERATING OFFICER  
**Bijendra N. Pradhan**

CHIEF EXECUTIVE OFFICER  
**Bijaya Lal Shrestha**

**CA Mahesh K. Guragain**  
MGS & ASSOCIATES

DIRECTOR  
**Satish Kumar Karn**

DIRECTOR  
**Ishwar Kumar Pathak**

DIRECTOR  
**Sabendra Mishra**

DIRECTOR  
**Apachh Kumar Yadav**

PLACE: **Kamalpokhari, Kathmandu**  
DATE: **27<sup>th</sup> September 2022**

## STATEMENT OF PROFIT OR LOSS

For the Period From First of Sharwan 2078 to 32 Ashad 2079

PARTICULARS	NOTE	FISCAL YEAR 2078/79	FISCAL YEAR 2077/78
<b>Revenue</b>			
Revenue from operation	3.1	11,77,92,760	10,01,62,341
Other Income	3.2	3,61,63,856	2,85,21,183
Net changes in gain / (losses) on financial assets and liabilities at FVTPL	12.3	(2,33,11,330)	3,69,86,193
<b>Total Revenue</b>		<b>13,06,45,286</b>	<b>16,56,69,717</b>
<b>Expenses</b>			
Personnel Expenses	14	(3,43,16,993)	(3,17,00,245)
General and Administrative Expenses	4	(1,90,42,763)	(1,89,71,566)
Depreciation and Amortization	9,10	(14,30,294)	(13,70,759)
<b>Total Expenses</b>		<b>(5,47,90,050)</b>	<b>(5,20,42,570)</b>
<b>Profit Before Tax From Continuing Operation</b>		<b>7,58,55,236</b>	<b>11,36,27,147</b>
<b>Income Tax Expenses</b>			
Current Tax	5.1	(3,38,00,725)	(3,65,35,810)
Tax of previous year	5.1	-	(22,100)
Deferred Tax	5.3	91,94,007	(6,22,345)
<b>Profit For the Year</b>		<b>5,12,48,518</b>	<b>7,64,46,892</b>
<b>Earning Per Share</b>			
Basic Earning Per Share	15	25.62	38.22
Dilluted Earning Per Share	15	25.62	38.22

The accounting policies, notes and reconciliation / restatement of financial statement form an integral part of the Financial Statements.

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PLACE: **Kamalpokhari, Kathmandu**

DATE: **27<sup>th</sup> September 2022**

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the Period From First of Sharwan 2078 to 32 Ashad 2079

PARTICULARS	FISCAL YEAR 2078/79	FISCAL YEAR 2077/78
Profit of the year	5,12,48,518	7,64,46,892
Gain/(Loss) on re-measuring available for sale financial assets	-	-
Gain/(Loss) on Actuarial valuation of defined benefit liability	-	-
Total other comprehensive income/(loss)	-	-
Income tax income/(expense) relating to components of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
<b>Total Comprehensive income for the year, net of tax</b>	<b>5,12,48,518</b>	<b>7,64,46,892</b>

The accounting policies, notes and reconciliation / restatement of financial statement form an integral part of the Financial Statements.

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**STATEMENT OF CHANGES IN EQUITY**

For the Period From First of Sharwan 2078 to 32 Ashad 2079

PARTICULAR	SHARE CAPITAL	RETAINED EARNINGS	GENERAL RESERVE	AVAILABLE FOR SALE	OTHER RESERVES (SHARE PREMIUM)	CSR RESERVE	TOTAL SHAREHOLDERS' FUNDS
<b>Balance as at 15 July 2021</b>	<b>20,00,00,000</b>	<b>9,09,87,663</b>	<b>1,03,67,981</b>	-	-	<b>9,36,798</b>	<b>30,22,92,442</b>
<b>Adjustments</b>							
Issue of Share Capital				-	-		-
Dividend Declared & Paid		(8,00,00,000)		-	-		(8,00,00,000)
CSR Fund utilized						(71,860)	(71,860)
Prior Period surplus tax Adjustment		26,98,829					
Net profit for the year		5,12,48,518		-	-		5,12,48,518
Transfer to General Reserve		(51,24,852)		51,24,852			-
CSR Fund Allocation		(5,12,485)				5,12,485	
<b>Balance as at 16 July 2022</b>	<b>20,00,00,000</b>	<b>5,92,97,673</b>	<b>1,54,92,833</b>	-	-	<b>13,77,423</b>	<b>27,34,69,100</b>

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## STATEMENT OF CASH FLOWS

For the Period From First of Sharwan 2078 to 32 Ashad 2079

PARTICULARS	FISCAL YEAR 2078/79	FISCAL YEAR 2077/78
<b>Operating Activities</b>		
<b>(a) Cash Flow from Operating Activities</b>		
<b>1. Cash Received from Income</b>	<b>12,28,09,717</b>	<b>10,35,68,170</b>
1.1 Income from Merchant Banking Operation	4,35,06,107	7,11,15,340
1.2 Income from Mutual Fund Operation	4,23,09,108	2,82,01,113
1.3 Other Income	3,69,94,502	42,51,716
<b>2. Cash Payment</b>	<b>(8,54,25,640)</b>	<b>(8,22,60,630)</b>
2.1 Personnel Expenses	(3,75,57,612)	(2,09,69,308)
2.2 General and Administrative Expenses	(1,90,42,763)	(1,89,71,566)
2.3 Interest Expenses	-	-
2.4 Income Tax Paid	(2,88,25,266)	(4,23,19,757)
<b>Cash Flow before changes in Working Capital</b>	<b>3,73,84,077</b>	<b>2,13,07,540</b>
<b>(Increase)/Decrease in Current Assets</b>	<b>83,80,097</b>	<b>(83,36,844)</b>
2. (Increase)/Decrease in Other Financial Assets	99,19,384	(83,72,271)
3. (Increase)/Decrease in Other Assets	(15,39,286)	35,427
<b>(Increase)/Decrease in Current Liabilities</b>	<b>(48,72,64,400)</b>	<b>47,57,14,955</b>
1. (Increase)/Decrease in Trade and Other Payable	(47,91,57,388)	47,48,78,145
2. (Increase)/Decrease in Other Current Liabilities	(81,07,012)	8,36,810
<b>(b) Cash Flow from Investment Activities</b>	<b>(10,62,51,242)</b>	<b>33,76,846</b>
1. (Increase)/Decrease in HTM Investment	(7,50,00,000)	(9,50,00,000)
2. (Increase)/Decrease in HFT Investment	(6,33,66,578)	3,64,53,563
3. Realized gain/(loss) on financial investment	60,78,788	3,76,52,350
3. Interest on investments	3,11,46,899	2,51,15,354
4. Addition of Fixed Assets	(51,10,351)	(8,44,422)
<b>(c) Cash Flow from Financing Activities</b>	<b>(8,00,00,000)</b>	<b>(3,00,00,000)</b>
1. Increase/(Decrease) in Share Capital		
2. Share Premium		
3. Payment of Dividend	(8,00,00,000)	(3,00,00,000)
<b>(d) Net increase/(decrease) in cash and cash equivalents</b>	<b>(62,77,51,467)</b>	<b>46,20,62,496</b>
<b>(e) Cash and cash equivalents at the beginning of the year</b>	<b>95,51,38,571</b>	<b>49,30,76,075</b>
<b>(f) Cash and cash equivalents at the end of the year</b>	<b>32,73,87,103</b>	<b>95,51,38,571</b>

The accounting policies, notes and reconciliation / restatement of financial statement form an integral part of the Financial Statements.

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PLACE: **Kamalpokhari, Kathmandu**

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<https://www.sunrisebank.com.np>



सन्राइज बैंक लिमिटेड  
**SUNRISE BANK LIMITED**  
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