

दशौं

वार्षिक प्रतिवेदन  
(आ.व. २०७५/०७६)



**Reliance Finance Limited**  
**रिलायन्स फाइनान्स लिमिटेड**

10<sup>th</sup>

*Annual Report*

*10<sup>th</sup> Annual Report*

# सञ्चालक समिति



**कुश प्रसाद मल्ली**  
अध्यक्ष



**सुरकृष्ण बैद्य**  
सञ्चालक (संस्थापक समूह)



**रवि कृष्ण श्रेष्ठ**  
सञ्चालक (संस्थापक समूह)



**तुलसी प्रसाद बराल**  
सञ्चालक (सर्वसाधारण समूह)



**उपेन्द्र बहादुर कार्की**  
सञ्चालक (सर्वसाधारण समूह)



**श्वेता कक्षपती (शाक्य)**  
सञ्चालक (सर्वसाधारण समूह)



**अनिल श्रेष्ठ**  
प्रमुख कार्यकारी अधिकृत



**समाज प्रकाश श्रेष्ठ**  
उप-प्रमुख कार्यकारी अधिकृत



**युज कुमार मैल**  
कम्पनी सचिव

**लेखा परीक्षक**  
महेश्वरेन्द्र बहादुर श्रेष्ठ, एफ.सी.ए.  
एम.बि.श्रेष्ठ एण्ड कम्पनी  
चार्टर्ड एकाउण्टेण्टस्

रिलायन्स फाइनेन्स लिमिटेडको  
दशौं वार्षिक साधारण सभा बस्ने सूचना

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको मिति २०७६/१०/२० गते बसेको संचालक समितिको २४८ औं बैठकको निर्णयानुसार यस रिलायन्स फाइनेन्स लि. को दशौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, स्थान र समय:

मिति : २०७६ साल फागुन १६ गते शुक्रवार (तदनुसार 28 February 2020)

स्थान : बानेश्वर बैकवेट, थापा गाउँ, बानेश्वर काठमाडौं ।

समय : दिनको ११:०० बजे ।

छलफलका विषयहरू:

(क) सामान्य प्रस्तावहरू

१. संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत गरिने दशौं वार्षिक प्रतिवेदन पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित आ.व. २०७५/७६ आषाढ मसान्त सम्मको वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू पारित गर्ने ।
३. कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आ.व. २०७६/७७ को लेखापरीक्षण गर्नका लागि लेखापरीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने बारे । (वर्तमान लेखापरीक्षक एफ. सि.ए. महेश्वरेन्द्र बहादुर श्रेष्ठ पुनः नियुक्त हुन योग्य हुनु हुन्छ)
४. संस्थाको संचालक समितिबाट सिफारीस भई नेपाल राष्ट्र बैंकबाट स्विकृत गरे बमोजिम आ.व. २०७५/०७६ मा भएको मुनाफाबाट संस्थाको चुक्ता पूँजी रु.८३,२४,१६,०६३/- को ६.५८ प्रतिशतका दरले रु.५,४७,६४,२१४/६७ नगद लाभांश (कर सहित) शेयरधनीहरूलाई वितरण गर्ने प्रस्ताव पारित गर्ने ।
५. विविध ।

(ख) विशेष प्रस्तावहरू

१. यस रिलायन्स फाइनेन्स लि. तथा अन्य कुनै बैंक, विकास बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने र गाभिने (मर्जर), प्राप्ती तथा विलय (एक्वीजिसन) गर्न उपयुक्त देखिएमा मर्जर, प्राप्ती वा विलय गर्न, DDA गर्न, नियमनकारी निकायबाट आवश्यक स्वीकृति लिन तथा सो सम्बन्धमा सम्पूर्ण काम गर्ने अख्तियारी संचालक समितिलाई प्रदान गर्ने । साथै गाभिने (मर्जर), प्राप्ती तथा विलय समेतका सम्बन्धमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनैपनि विषयमा संशोधन परिमार्जन थपघट वा परिवर्तन गर्न कुनै निर्देशन प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्नुपरेमा सो कार्यहरू समेत गर्न संस्थाको संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।
२. संस्थाको उद्देश्य थप तथा संचालक समितिको बैठक भत्ता बृद्धि गर्ने र सोका लागि संस्थाको प्रबन्धपत्र नियमावली संशोधन गर्ने सम्बन्धमा ।
३. प्रबन्धपत्र नियमावली संशोधनमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनैपनि विषयमा संशोधन परिमार्जन थपघट वा परिवर्तन गर्न कुनै निर्देशन प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्नुपरेमा सो कार्यहरू समेत गर्न संस्थाको संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।

## साधारण सभा सम्बन्धी अन्य जानकारी

१. वार्षिक साधारण सभा प्रयोजनार्थ २०७६/१०/२८ गते एक दिन यस संस्थाको शेयरधनी दर्ता किताब बन्द रहने जानकारी गराउंदछौं। साथै, नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०७६/१०/२७ सम्म कारोबार भई यस संस्थाको शेयर रजिष्ट्रार सनराईज क्यापिटल लि., कमलपोखरी काठमाडौंमा प्राप्त शेयर नामसारीको लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले सो सभामा भाग लिन र नगद लाभांश प्राप्त गर्न सक्नेछन्।
२. साधारण सभाको लागि सम्पूर्ण शेयरधनी महानुभावहरूलाई वित्तीय संस्थाको शेयर लगतमा कायम रहेको सम्बन्धित ठेगानामा वित्तीय विवरण सहितको वार्षिक प्रतिवेदन पुस्तिका पठाइने छ। कुनै कारणवश उक्त वित्तीय विवरण सहितको वार्षिक प्रतिवेदन प्राप्त नभएमा शेयरधनीको निस्सा प्रस्तुत गरी कम्पनीको कार्यालयबाट वा संस्थाको शेयर रजिष्ट्रार सनराईज क्यापिटल लि. कमलपोखरीबाट सो विवरण सहितको सूचना प्राप्त गर्नसक्नुहुने छ।
३. सम्पूर्ण शेयरधनी महानुभावहरूले उपस्थिति पुस्तिकामा दस्तखत गर्न शेयरधनी उपस्थिति पुस्तिका विहान १०:०० बजेदेखि साधारण सभा सम्पन्न नभएसम्म खुल्ला रहनेछ।
४. साधारण सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्ति गर्न चाहने शेयरधनीहरूले प्रोक्सी फाराम सभा शुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै संस्थाको प्रदर्शनीमार्ग स्थित संस्थाको प्रधान कार्यालयमा दर्ता गराई सक्नु पर्नेछ। प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको ब्यक्ति समेत यस संस्थाको शेयरधनी हुनु आवश्यक छ।
५. सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले सभामा भाग लिन आउंदा आफ्नो परिचयपत्र खुल्ने (नागरिकता आदि) वा शेयर प्रमाणपत्र र शेयर अभौतिकीकरण गर्नुहुने का हकमा BOID नं लिइ आउनुहुन अनुरोध गरिन्छ। प्रतिनिधि नियुक्त गरी सकेपछि शेयरधनी आफै सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरेको अवस्थामा निजले गरिदिएको प्रोक्सी स्वतः बदर हुनेछ।
६. कुनै शेयरधनीले प्रतिनिधि (प्रोक्सी) नियुक्ति गर्दा आफ्नो नाममा रहेको सम्पूर्ण शेयरको प्रोक्सी एक ब्यक्तिलाई मात्र तोक्न सक्ने छ। एक प्रतिनिधि फाराममा एक भन्दा बढी ब्यक्तिलाई प्रतिनिधि प्रोक्सी नियुक्ति गरिएमा त्यस्तो नियुक्ति बदर हुने छ। एक शेयरधनीले एक भन्दा बढी प्रतिनिधि (प्रोक्सी) फाराम मार्फत एक भन्दा बढी प्रतिनिधि मुकरर गरेमा कम्पनीमा पहिले दर्ता भएको प्रतिनिधि (प्रोक्सी) लाई मान्यता प्रदान गरिने छ।
६. नाबालक वा विक्षिप्त शेयरधनीको तर्फबाट संस्थाको लगत किताबमा संरक्षकको रुपमा नाम दर्ता भएका व्यक्तिले मात्र सभामा भाग लिन मतदान गर्न वा प्रतिनिधि तोक्न सक्नेछन्।
७. सभामा सबै शेयरधनीहरूले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा कम्तीमा ७ दिन अगावै कम्पनीको प्रधान कार्यालयमा लिखित जानकारी दिनुपर्ने छ। तर यसलाई छलफल र पारित हुने प्रस्तावको रुपमा समावेश गरिने छैन।
८. सभामा सबै शेयरधनीहरूले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा संचालक समिति तथा संचालक समितिबाट आदेश पाएका व्यक्तिले जवाफ दिन सक्ने छन्।
९. अन्य जानकारीको लागि रिलायन्स फाइनेन्स लिमिटेडको कार्यालय प्रदर्शनी मार्ग काठमाडौंमा कार्यालय समयभित्र सम्पर्क राख्न हुन शेयरधनी महानुभावहरूलाई अनुरोध गर्दछौं।

रिलायन्स फाइनेन्स लिमिटेड

प्रधान कार्यालय

प्रदर्शनीमार्ग, काठमाडौं

**रिलायन्स फाइनेन्स लिमिटेड**  
वि जे भवन, प्रदर्शनी मार्ग, काठमाडौं  
**प्रतिनिधि पत्र (प्रोक्सी फाराम)**

श्री संचालक समिति,  
रिलायन्स फाइनेन्स लि.  
प्रदर्शनी मार्ग  
काठमाडौं, नेपाल

**विषय: प्रतिनिधि नियुक्त गरेको बारे ।**

महाशय,

..... जिल्ला ..... म.न.पा./उप.म.न.पा./न.पा./गा.पा. वडा नं ..... बस्ने म/हामी  
.....ले त्यस कम्पनीको शेयरवालाको हैसियतले २०७६ फागुन १६ गते शुक्रवार  
का दिन हुने दशौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएको  
ले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि ..... जिल्ला ..... म.न.पा./  
उप.म.न.पा./न.पा./गा.पा. वडा नं ..... बस्ने त्यस कम्पनीका शेयरवाला श्री .....  
..... शेयरधनी नं ..... लाई मेरो/हाम्रो प्रतिनिधी मनोनित गरी पठाएको छु/छौं ।

**प्रतिनिधि नियुक्त भएको व्यक्तिको :**

हस्ताक्षरको नमुना :

शेयरधनी प्रमाणपत्र नं. : .....

हितग्राहि (डिम्याट) खाता नं. : .....

शेयरधनी (क्रम संख्या) नं. : .....

मिति : .....

**निवेदक :**

दस्तखत: .....

नाम: .....

ठेगाना: .....

हितग्राहि (डिम्याट) खाता नं.: .....

शेयर धनी क्रम संख्या नं.: .....

कित्ता नं.: ..... देखि ..... सम्म

मिति : .....

**द्रष्टव्य: यो प्रोक्सी फाराम सभा शुरु हुनुभन्दा ४८ घण्टा अगावै संस्थाको रजिष्टर्ड कार्यालय, प्रदर्शनी मार्ग, काठमाडौंमा पेश गरी सक्नु पर्नेछ ।**

**रिलायन्स फाइनेन्स लिमिटेड**  
वि जे भवन, प्रदर्शनी मार्ग, काठमाडौं  
**प्रवेश पत्र**

शेयरधनीको नाम श्री ..... शेयर प्रमाणपत्र नं .....

शेयरधनी परिचय नं ..... हितग्राहि (डिम्याट) खाता नं. .... कुल शेयर संख्या .....

शेयरधनीको दस्तखत .....

(संस्थाको दशौं वार्षिक साधारण सभामा उपस्थितिका लागि जारी गरीएको प्रवेश पत्र )

द्रष्टव्य :

१) शेयरधनी आफैले खाली कोष्ठहरु भर्नुहोला ।

२) सभामा भाग लिन आउँदा यो प्रवेश पत्र प्रस्तुत गर्नु अनिवार्य छ ।

कम्पनी सचिव



**FINANCIAL HIGHLIGHTS - CAMELS ANALYSIS**

|  |           |           |           |           | Rs in'000 |
|--|-----------|-----------|-----------|-----------|-----------|
|  | 2071/072  | 2072/073  | 2073/074  | 2074/075  | 2075/076  |
| <b>Capital Adequacy</b>                |           |           |           |           |           |
| Core Capital                           | 432,683   | 569,850   | 670,798   | 881,952   | 977,804   |
| Supplementary Capital                  | 19,470    | 25,457    | 34,509    | 40,087    | 44,835    |
| Capital Fund                           | 452,154   | 595,307   | 705,307   | 922,039   | 1,022,638 |
| Risk Weighted Assets                   | 1,920,123 | 2,538,822 | 3,261,677 | 3,857,455 | 4,003,115 |
| Capital Adequacy Ratio                 | 23.55%    | 23.45%    | 21.62%    | 23.90%    | 25.55%    |
| Core Capital to RWA                    | 22.53%    | 22.45%    | 20.57%    | 22.86%    | 24.43%    |
| <b>Assets Quality</b>                  |           |           |           |           |           |
| Total Loan & Advances                  | 1,574,929 | 2,110,318 | 2,652,522 | 3,134,797 | 3,830,377 |
| Non Performing Loan                    | 59,881    | 52,737    | 43,715    | 37,294    | 75,573    |
| Loan Loss Provision                    | 67,185    | 69,329    | 70,585    | 69,518    | 114,172   |
| NPL to Total Loan & Advances           | 3.80%     | 2.50%     | 1.65%     | 1.19%     | 1.97%     |
| LLP to Total Loan & Advances           | 4.27%     | 3.29%     | 2.66%     | 2.22%     | 2.98%     |
| LLP to Total NPL                       | 112.20%   | 131.46%   | 161.46%   | 186.40%   | 151.08%   |
| <b>Management Soundness</b>            |           |           |           |           |           |
| Total Assets                           | 2,211,993 | 3,067,294 | 4,028,159 | 4,736,793 | 5,282,038 |
| Net Profit                             | 45,514    | 86,526    | 108,380   | 44,850    | 64,119    |
| Total Income                           | 234,341   | 271,127   | 380,266   | 523,090   | 606,758   |
| Total Expenses                         | 174,405   | 192,696   | 289,458   | 419,488   | 509,610   |
| # of Employee                          | 52        | 55        | 82        | 88        | 92        |
| # of Shares Outstanding                | 3,943     | 6,018     | 5,126     | 8,002     | 8,324     |
| Earnings Per Employee                  | 875       | 1,573     | 1,322     | 510       | 697       |
| Earnings Per Share (Rs.)               | 11.54     | 14.38     | 21.14     | 5.60      | 7.70      |
| Growth Rate in Assets                  | 4.75%     | 38.67%    | 31.33%    | 17.59%    | 11.51%    |
| Growth Rate in Deposits                | 4.15%     | 39.64%    | 33.12%    | 15.31%    | 11.08%    |
| Growth Rate in Loan & Advances         | 15.80%    | 33.99%    | 25.69%    | 18.18%    | 22.19%    |
| Growth Rate in Net Profit              | 14.98%    | 90.11%    | 25.26%    | (58.62%)  | 42.96%    |
| <b>Earnings</b>                        |           |           |           |           |           |
| Net Interest Income                    | 88,883    | 101,881   | 133,137   | 156,973   | 207,096   |
| Operating Expenses                     | 43,732    | 50,346    | 66,505    | 79,025    | 98,501    |
| Non Interest Income                    | 14,784    | 26,896    | 24,176    | 25,654    | 33,206    |
| Earning Assets                         | 2,064,383 | 3,633,084 | 2,920,790 | 4,494,127 | 4,811,048 |
| Shareholders' Equity                   | 434,883   | 572,688   | 676,844   | 802,289   | 832,416   |
| Return on Equity                       | 10.47%    | 15.11%    | 16.01%    | 5.59%     | 7.70%     |
| Return on Assets                       | 2.06%     | 2.82%     | 2.69%     | 0.95%     | 1.21%     |
| Cost-Income Ratio                      | 18.66%    | 18.57%    | 17.49%    | 15.11%    | 16.23%    |
| Net Interest Margin                    | 4.02%     | 3.32%     | 3.31%     | 3.31%     | 3.92%     |
| <b>Liquidity</b>                       |           |           |           |           |           |
| Total Deposits                         | 1,736,821 | 2,425,364 | 3,228,704 | 3,722,875 | 4,135,375 |
| Cash in Vault                          | 17,118    | 22,572    | 34,243    | 44,138    | 38,535    |
| Cash at N R B                          | 151,553   | 151,496   | 298,944   | 190,111   | 174,699   |
| Cash at other Band & Fin. Inst.        | 381,544   | 745,957   | 842,749   | 1,127,037 | 980,671   |
| Deposits to Assets Ratio               | 78.52%    | 79.07%    | 80.15%    | 78.59%    | 78.29%    |
| C D Ratio (As per NRB Directives)      | 72.59%    | 70.46%    | 68.02%    | 68.08%    | 74.91%    |
| Cash & Equivalent to Deposit Ratio     | 31.68%    | 37.93%    | 36.42%    | 36.57%    | 28.87%    |
| Total Deposits to Core Capital (times) | 4.01      | 4.26      | 4.81      | 4.22      | 4.23      |
| <b>Sensitivity</b>                     |           |           |           |           |           |
| Yield Rate                             | 12.75%    | 12.05%    | 15.21%    | 15.16%    | 14.53%    |
| Cost of Funds                          | 7.37%     | 6.35%     | 9.17%     | 10.16%    | 9.63%     |
| Net Spread                             | 5.38%     | 5.70%     | 6.04%     | 5.00%     | 4.90%     |

**DETAIL CREDIT RISK ANALYSIS**

| <b>Amount of Non Performing Loan</b> |                   |                   |                  |
|--------------------------------------|-------------------|-------------------|------------------|
| <b>Category</b>                      | <b>Gross</b>      | <b>Provision</b>  | <b>Net</b>       |
| Substandard                          | 2,045,000         | 511,250           | 1,533,750        |
| Doubtful                             | -                 | -                 | -                |
| Loss                                 | 73,527,742        | 73,527,742        | -                |
| <b>Total</b>                         | <b>75,572,742</b> | <b>74,038,992</b> | <b>1,533,750</b> |

| <b>Non Performing Loan Ratio</b>   |               |
|------------------------------------|---------------|
| Gross Loan                         | 3,830,377,180 |
| Net Loan                           | 3,716,205,619 |
| Gross NPL to Gross Loan & Advances | 1.97%         |
| Net NPL to Net Loan & Advances     | 0.04%         |

| <b>Movement of Non Performing Loan</b> |                        |                        |                   |
|--|------------------------|------------------------|-------------------|
| <b>Particulars</b>                     | <b>Opening Balance</b> | <b>Closing Balance</b> | <b>Movement</b>   |
| <b>Non Performing Loan</b>             | <b>37,294,456</b>      | <b>75,572,742</b>      | <b>38,278,286</b> |
| Restructured                           | -                      | -                      | -                 |
| Substandard                            | 4,400,000              | 2,045,000              | (2,355,000)       |
| Doubtful                               | -                      | -                      | -                 |
| Loss                                   | 32,894,456             | 73,527,742             | 40,633,286        |

| <b>Write off of Loans &amp; Interest Suspense</b> |                    |                          |                             |
|---|--------------------|--------------------------|-----------------------------|
| <b>Particulars</b>                                | <b>Loan Amount</b> | <b>Interest Suspense</b> | <b>Provision Write back</b> |
| Total Loan Write Off                              | -                  | -                        | -                           |

| <b>Movement of Loan Loss Provision</b> |                        |                        |                   |
|--|------------------------|------------------------|-------------------|
| <b>Particulars</b>                     | <b>Opening Balance</b> | <b>Closing Balance</b> | <b>Movement</b>   |
| Pass                                   | 30,222,916             | 37,151,913             | 6,928,997         |
| Watch List                             | 3,760,568              | 1,980,656              | (1,779,911)       |
| Restructured                           | -                      | -                      | -                 |
| Substandard                            | 1,100,000              | 511,250                | (588,750)         |
| Doubtful                               | -                      | -                      | -                 |
| Loss                                   | 32,894,456             | 73,527,742             | 40,633,286        |
| PG & Third Party Collateral            | 1,540,000              | 1,000,000              | (540,000)         |
| <b>Total Loan Loss Provision</b>       | <b>69,517,940</b>      | <b>114,171,562</b>     | <b>44,653,622</b> |

| <b>Movement of Interest Suspense</b> |                        |                        |                 |
|--------------------------------------|------------------------|------------------------|-----------------|
| <b>Particulars</b>                   | <b>Opening Balance</b> | <b>Closing Balance</b> | <b>Movement</b> |
| Interest Suspense                    | 22,085,440             | 18,133,628             | (3,951,812)     |

| <b>Movements of Loan &amp; Loan Loss Provision</b> |                        |                        |                 |
|--|------------------------|------------------------|-----------------|
| <b>Particulars</b>                                 | <b>Opening Balance</b> | <b>Closing Balance</b> | <b>Movement</b> |
| Total Loan & Advances                              | 3,134,797,376          | 3,830,377,180          | 695,579,805     |
| Total Loan Loss Provision                          | 69,517,940             | 114,171,562            | 44,653,622      |



## विषय सूची

|   |    |
|---|----|
| संचालक समितिको तर्फबाट अध्यक्षज्यूको वार्षिक प्रतिवेदन        | १  |
| कम्पनी ऐन, २०६३ सम्बन्धित विवरणहरु                            | ६  |
| धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ सम्बन्धि विवरण     | ९  |
| लेखापरिक्षकको प्रतिवेदन                                       | १० |
| वित्तीय विवरणहरु  | १२ |
| वित्तीय विवरण प्रकाशन गर्न नेपाल राष्ट्र बैंकको स्विकृती पत्र | ८५ |
| प्रबन्ध पत्र तथा नियमावलीको प्रस्तावित संशोधन                 | ८७ |
| वित्तीय फलक   | ८८ |
| टिपोट   | ९० |

## रिलायन्स फाइनेन्स लि.

### दशौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट संस्थाका अध्यक्ष श्री कुश प्रसाद मल्लीज्यूले प्रस्तुत गर्नुभएको आ.ब. २०७५/७६ को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरु,

रिलायन्स फाइनेन्स लिमिटेडको दशौं वार्षिक साधारण सभामा उपस्थित हुनुभएका सम्पूर्ण शेयरधनी महानुभावहरु, आमन्त्रित नियमन निकायका पर्यवेक्षक प्रतिनिधि महानुभावहरु, लेखापरीक्षक तथा संस्थाका पदाधिकारीहरुलाई संचालक समितिका तर्फबाट म हार्दिक स्वागत अभिवादन गर्दछु।

यस गरिमामय सभामा संचालक समितिका तर्फबाट प्रस्तुत आर्थिक वर्ष २०७५/७६ को संस्थाको लेखापरीक्षकको प्रतिवेदन सहितको वासलात, नाफा नोक्सान हिसाव र नगद प्रवाह विवरण सहितको यो वार्षिक प्रतिवेदन यहाँहरु समक्ष पेश गर्न पाउँदा हामीलाई खुशी लागेको छ। यस प्रतिवेदन बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३, कम्पनी ऐन २०६३ लगायत प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी गरेको निर्देशनको परिधिभित्र तयार गरिएको व्यहोरा समेत जानकारीको लागि अनुरोध छ।

#### १) आ. ब. २०७५/७६ को कारोबारको सिंहावलोकन:

प्रस्तुत आ.ब.मा अर्थ व्यवस्थामा पारेको नकारात्मक प्रभाव, ब्याजदरमा देखा परेको प्रतिस्पर्धा, उद्योग व्यापार संचालनमा पारेको प्रभाव आदि जस्ता कारणले गर्दा वित्त कम्पनीको कर्जा तथा निक्षेप संकलनमा उल्लेखनीय वृद्धि गर्न नसकी संस्थाको कारोबार र प्रतिफल आर्जनमा समेत असर परेतापनि समिक्षा अवधि आ. ब. २०७५/७६ मा यस संस्थाको निक्षेप एघार प्रतिशतले वृद्धि भई रु.चार अरब तेह्र करोड भन्दा बढि निक्षेप रहन गयो भने कर्जा लगानी तर्फ बाईस प्रतिशतले वृद्धि भई करीब तीन अरब त्रियासी करोड भन्दा बढि पुऱ्याउन सफल भएका छौं। जसको फलस्वरुप आ. ब. २०७५/७६ मा हामीले रु. छ करोड एक चालिस लाख खुद मुनाफा आर्जन गरेका छौं। उक्त नाफाबाट शेयरधनीहरुलाई ६.५८ प्रतिशत नगद लाभांश दिने प्रस्ताव गरेका छौं। यसरी संस्थाको कारोबारको दायरालाई फराकिलो पार्ने र प्रतिफल वृद्धि गर्ने क्रममा हामीले निक्षेप र कर्जाको अनुपातमा समेत आशातित फरक कायम गरेका छौं।

यस वित्तीय संस्थाको विगत तथा वर्तमान आ.ब.को कारोबार तथा वित्तीय स्थिति निम्न तालिकाले स्पष्ट गर्दछ :-

रु.हजारमा

| शिर्षक                              | आ.ब २०७५/७६ आषाढ मसान्त सम्म (लेखापरिक्षित) | आ.ब २०७६/७७ पौष मसान्त सम्म (अपरिस्कृत ) |
|-------------------------------------|---|--|
| निक्षेप                             | रु. ४१,३५,३७५                               | रु. ४६,३१,७०५                            |
| कर्जा                               | रु. ३८,३०,३७७                               | रु. ३९,६८,२५३                            |
| ब्याज आर्जन                         | रु. ५,७३,५५१                                | रु. ३,२१,८२४                             |
| ब्याज खर्च                          | रु. ३,६६,४५५                                | रु. २,०३,५३२                             |
| कुल मुनाफा कर तथा कर्मचारी वोनस पछि | रु. ६४,११९                                  | रु. ६२,२३९                               |

प्रस्तुत वित्तीय स्थितिलाई अवलोकन गर्दा वित्तीय संस्थाको समग्र वित्तीय स्थिति संतोषजनक नै देखिन्छ तापनी आगामी दिनमा संस्थाको कारोबार अनुपात तथा दायरा फराकिलो बनाउँदै प्रतिफल आर्जन गरि लगानीकर्ताहरुलाई पनि उच्चतम प्रतिफल दिनका लागि संचालक समिति र व्यवस्थापन सदा भै प्रयत्नशील रहेका छौं।

आगामी दिनमा कारोबारको दायरा अझ फराकिलो गरि कारोबार वृद्धि गर्दै संस्थालाई प्रतिफलदायक अवस्थामा पुऱ्याउनका लागि शाखाहरु विस्तार गर्दै लैजाने योजना अनुरूप हामीले आ. ब. २०७५/७६ मा २ वटा शाखा थप गरि सकेका छौं।

२) राष्ट्रिय तथा अन्तर्राष्ट्रिय स्थितिबाट वित्तीय संस्थाको कारोबारलाई परेको असर:

अन्तर्राष्ट्रिय बजारमा देखिएका विभिन्न समस्याहरू, व्याजदरमा उतार चढाव, राजनैतिक अवस्था, आर्थिक कारोबारमा मन्दी, शेयर बजारमा देखिएको उतार चढाव जस्ता कारणले समग्र आर्थिक कारोबारमा प्रत्यक्ष प्रभाव पर्न गएको छ। यसरी न्यून आर्थिक अवस्थामा आशातित सुधार हुन नसकेकोले त्यसको प्रत्यक्ष प्रभाव वित्तीय बजारमा पनि अछुतो रहेन।

बैंक तथा वित्तीय संस्थाहरूको पूँजी बृद्धि र एक आपसमा भएको मर्जरले गर्दा बैंक वित्तीय संस्थाहरूले देशभरी शाखाहरू विस्तार गर्दै लगेको कारणले यस बाट उत्पन्न भएको प्रतिस्पर्धात्मक अवस्था विद्यमान नै रहेको एवं लगानी योग्य व्यवसायिक वातावरणको सीमितता कायमै रहेको कारणबाट पनि वित्तीय संस्थाको कारोबारलाई असर परेको देखिन्छ। यस्तो परिस्थितिका बाबजुद यस संस्थाले आवश्यक सजगता अपनाउँदै शाखाहरू विस्तार गरी प्रतिस्पर्धात्मक वित्तीय बजारमा आफ्नो स्थान सुरक्षित गर्ने तर्फ कृयाशील रहेको जानकारी गराउँदछौं।

३) प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धी र भविष्यका सम्बन्धमा संचालक समितिको धारणा:

क) यस संस्थाको चुक्ता पूँजी रु. ८३,२४,९६,०६३/- मा ६.५८ प्रतिशत (कर सहित) का प्रतिशतका दरले रु. ५,४७,६४,२९४/६७ नगद लाभांश शेयरधनीलाई प्रदान गर्ने प्रस्ताव गरेका छौं, उक्त प्रस्ताव यस गरिमामय सभाबाट पारित गरिदिन हुनेछ भन्ने विश्वास लिएका छौं।

ख) सूचना प्रविधितर्फ यस संस्थाले आफ्नो Core Banking System लाई समय सापेक्ष स्तरोन्नती गर्नुका साथै सूचना प्रविधिसंग सम्बन्धित पूर्वाधारहरू विकास गर्न सफल भएका छौं। संस्थाले ATM, IPS, Connect IPS, ABBS, C-ASBA, SMS Alert, SCT MoCo (Sajilo Payments, Sajilo Life apps) जस्ता सुविधाहरू संचालन गरि आएका छौं। जोखिम कम गर्नका लागि Data Security को व्यवस्था गरेका छौं। साथै Disaster Recovery Center को व्यवस्था गर्न पहल शुरु गरिसकेको व्यवहारा अनुरोध छ। त्यस्तै Go AML Software जडान गर्ने कम्पनी संग सम्झौता गरि समयमै सो System लाई अबलम्बन गर्ने छौं।

ग) काठमाडौं उपत्यका तथा उपत्यका बाहिर शाखा विस्तार गरि कारोबारको दायरा फराकिलो गर्ने क्रममा मुख्य कार्यालय बाहेक पोखरा (कास्की), बेसीशहर (लमजुङ्ग) नारायणघाट (चितवन), आरुघाट (गोरखा), बनेपा (काभ्रेपलाञ्चोक), चारआली (भापा), ईमाडोल शाखा (ललितपुर) र गोरखा बजार (गोरखा) शाखा तथा यस चालु आ.व. मा मणिग्राम शाखा (रुपन्देही) संचालन गरि सकेका छौं। साथै यो प्रतिवेदन तयार गर्दा सम्म संस्थाले थप महेन्द्रनगर (कन्चनपुर), अत्तरिया (कैलाली) र कोहलपुर (बाँके) मा शाखा संचालन गरेको व्यहोरा जानकारी गराउन चाहन्छौं। साथै संस्थाले यथासिध्द धनगढी (कैलाली) विर्तामोड (भापा), दमक (भापा), धुलावारी (भापा), भैरहवा (रुपन्देही), टाँडी (चितवन) र सितापाईला (काठमाडौं) मा शाखा संचालन गर्ने योजना रहेको छ।

काठमाडौं उपत्यका भित्र प्रधान कार्यालय प्रदर्शनीमार्ग, शाखा न्यूरोड, (काठमाडौं) ईमाडोल (ललितपुर), समेत गरि हाल शाखा संख्या १४ कायम रहेको छ। साथै यस चालु आ.व. भित्र ९ वटा शाखा थप गर्ने लक्ष्य लिएका छौं।

आउंदा दिनहरूमा देशका शहरी तथा ग्रामिण भेगका जनताहरू सम्म वित्तीय पहुँच पुऱ्याउने हाम्रो लक्ष्यलाई निरन्तरता दिई विभिन्न क्षेत्रमा शाखा विस्तार गर्दै संस्थाले वित्तीय बजारमा एउटा सबल र सक्षम वित्त कम्पनीको रूपमा आफ्नो पहिचान बनाउनका लागि यहाँहरूको सद्भाव तथा सहयोगको अपेक्षा गर्दछौं।

**वित्तीय संस्थाको भावी कार्यक्रमहरू:**

क) संस्थाले वित्तीय बजारमा शाखा विस्तार गर्दै एउटा सबल र सक्षम फाइनेन्स कम्पनीको रूपमा आफ्नो पहिचान बनाउने।

ख) संस्थाले आगामी दिनहरूमा निक्षेप तथा कर्जाका आकर्षक नयां योजनाहरू तर्जुमा गरि वित्तीय कारोबारको रकम तथा ग्राहकहरूको संख्या समेत बृद्धि गर्दै जाने।

ग) संस्थाले प्रवाह गर्ने कर्जाको क्षेत्र विस्तार गर्ने तथा गुणस्तरमा क्रमशः सुधार गर्दै लैजाने।

घ) सेवा विस्तार गर्ने : संस्थाले आफ्नो ग्राहकहरूलाई सरल र सुलभ वित्तीय सेवा प्रदान गर्ने क्रममा विभिन्न आधुनिक सेवा प्रदान गर्दै आएकोमा नविनत्तम आधुनिक सेवालार्थ थप विस्तार गर्दै लाने।

- ड) गैर पूँजीगत कृयाकलापबाट आय बृद्धि गर्ने : संस्थाले पूँजीगत कृयाकलापका साथै गैर पूँजीगत कृयाकलापबाट आफ्नो वित्तीय कारोबार बृद्धि गर्दै आय बृद्धिका लागि आवश्यक कार्यहरू गरिने छ ।
- च) विभिन्न बैंक तथा वित्तीय संस्थासंग मिलेर सहवित्तीयकरण कर्जा प्रदान गर्ने, संस्थाले आगामी दिनहरूमा ठुला परियोजनाहरूमा लगानी गर्ने योजना रहेको छ, जसका लागि अन्य बैंक तथा वित्तीय संस्थासंगको सहकार्यमा सहवित्तीयकरण कर्जा प्रवाह गर्ने लक्ष्य लिएको छ ।
- छ) संस्थाको जोखिमलाई न्यून गर्न र पारदर्शी सेवालाई अभिवृद्धि गर्न आगामी दिनमा संस्थागत सुशासन लाई अझ सुदृढ गर्दै लैजाने छ ।
- ज) संस्थागत सामाजिक उत्तरदायित्व निर्वाह गर्ने : संस्थाले संस्थागत सामाजिक उत्तरदायित्व बहन गर्दै विभिन्न सामाजिक कृयाकलाप संचालन गर्ने गरेको तथा आगामी दिनमा समेत सो कार्यहरूलाई निरन्तरता दिइनेछ । यस संस्थाले संस्थागत सामाजिक उत्तरदायित्व निर्वाह गर्ने क्रममा निम्न लिखित कार्य गरेको व्यहोरा अनुरोध छ । आउँदा दिनहरूमा पनि यस्ता कृयाकलापहरूलाई निरन्तरता दिनुका साथै थप कार्यक्रमहरू संचालन गरिनेछ ।

#### कार्यक्रमको विवरण

- ◆ संस्थाले नियमित रूपमा रक्तदान कार्यक्रम संचालन गर्ने गरेको र सोही अर्न्तगत संविधान दिवसको उपलक्ष्यमा शान्तीवाटिका, गणेशमान स्मारक, रत्नपार्कमा रक्तदान कार्यक्रम संचालन गरेको ।
  - ◆ काठमाडौं जिल्ला सांखुमा अवस्थित द्वन्द्व पिडित तथा अपाङ्ग समाज नेपालमा रहेका बालबालिका तथा बृद्धहरूलाई खाद्यान्न तथा खाट आदि सहयोग स्वरूप प्रदान गरेको ।
  - ◆ काभ्रेपलाञ्चोक जिल्ला तेमाल गाउँपालिका वडा नं. ५ गिम्दी स्थित श्री नारायण स्थान आधारभूत विद्यालयमा वित्तीय साक्षरता तथा सामाजिक उत्तरदायित्व सम्बन्धी कार्यक्रम अर्न्तगत कम्प्युटर र प्रोजेक्टर सहयोग प्रदान गरेको ।
  - ◆ सिन्धुपाल्चोक जिल्ला सुनकोशी गा.पा. वडा नं. ४ यमुनाडाँडा स्थित श्री गणेश माध्यामिक विद्यालयमा वित्तीय साक्षरता तथा सामाजिक उत्तरदायित्व सम्बन्धी कार्यक्रम अर्न्तगत शैक्षिक सामाग्री वितरण प्रदान गरेको ।
  - ◆ प्राचिन सम्पदा जोगाउन सहयोग गर्ने क्रममा वटु भद्रकाली मन्दिर पुनर्निमाण गर्नका लागि आर्थिक सहयोग गरेको ।
  - ◆ संस्थाले ईन्टरनेशन एसोसियसन अफ लायन्स क्लबको सहकार्यमा सोलुखुम्बु जिल्लाका विभिन्न स्कुललाई स्कुल व्याग वितरण गरेको ।
  - ◆ पोखरा दिदि बहिनी समुह पोखरालाई सडक बत्ती तथा मुदिता सेवा गृह ईमाडोल लाई खाद्यान्न सहयोग गरेको ।
  - ◆ नेपाल स्वयंसेवी रक्तदाता समाजलाई कम्प्युटर प्रदान गरेको ।
- झ) कार्यालय भवनको लागि जग्गा तथा भवन खरिद गर्ने: संस्था प्रति जनविश्वास एवं संस्थाको गरिमा बृद्धि गर्न आफ्नै कार्यालय भवनको लागि जग्गा तथा भवन खरिद गरिने छ ।
- ञ) विप्रेषण कारोबार बृद्धि गर्ने : रेमिटान्स सेवाले नेपालको आर्थिक अवस्थामा पुऱ्याएको योगदानलाई मध्य नजर गर्दै यस संस्थाले विभिन्न रेमिटान्स कम्पनीहरूसंग सम्भौता गरि सेवा प्रदान गर्दै आएको छ । आगामी दिनमा अन्य थप रेमिटान्स कम्पनीहरूसंग सम्भौता गरि सेवामा थप बृद्धि गरिने छ ।

#### ४) बैकिङ्ग सुविधा:

वित्तीय संस्थाले आफ्ना ग्राहकहरूलाई निक्षेप तथा कर्जाको सुविधाको आधारभूत सेवाका अतिरिक्त आधुनिक प्रविधिमा आधारित चिप कार्ड बेसको SCT Network ATM सेवा, सी आस्वा (C –ASBA), IPS, Connect IPS सेवा, ABBS सेवा, Electronic Cheque Clearing (ECC), SMS Banking, SCT MoCo (Sajilo Payments, Sajilo Life apps) सेवा प्रदान गरिएको र समय सापेक्ष नयाँ सेवाहरू थप गर्दै लानेछ । संस्थाले ग्राहकलाई प्रदान गर्ने चिप कार्ड बेसको SCT Network ATM कार्ड बाट Union Pay नेटवर्कमा आधारित रही भारतमा समेत कारोबार गर्न सकिनेछ । साथै संस्थाले छिट्टै Mobile Apps मार्फत Mobile Banking सेवा सुचारु गर्ने लक्ष्य लिएको छ ।

५) औद्योगिक तथा व्यावसायिक सम्बन्ध:

वित्तीय संस्थाले सम्बन्धित नियमन निकायहरु, संस्थाका ग्राहकहरु, औद्योगिक प्रतिष्ठानहरु तथा विभिन्न संघ संस्थाहरूसंग कारोवार अभिवृद्धि गर्ने क्रममा सौहार्दपूर्ण सम्बन्ध राख्दै आएको तथा आगामी दिनहरुमा अझ सुदृढ बनाउने तर्फ हाम्रो प्रयास रहने छ। यो संस्था विभिन्न संस्थाको सदस्य रहनुका साथै आगामी दिनमा अन्य संस्थाहरूसंग सम्बन्ध अभिवृद्धि गर्न सदैव प्रयत्नशिल रहदै आएको छ।

६) संचालक समितिमा भएको हेरफेर र सो का कारण:

यस संस्थाको साविकका संचालकहरुको कार्यकाल समाप्त भएको हुँदा मिति २०७६/०२/२७ गते सम्पन्न भएको वार्षिक साधारण सभाले निम्न बमोजिका व्यक्तीहरुलाई आगामी ४ बर्षे कार्यकालका लागि संचालक समितिमा निर्विरोध निर्वाचित भई निम्न बमोजिमको संचालक समिति रहेको व्यहोरा जानकारी गराउंदछौं।

| क्र.सं. | नाम                         | पद      |
|---------|-----------------------------|---------|
| १.      | श्री कुश प्रसाद मल्ली       | अध्यक्ष |
| २.      | श्री सुरकृष्ण वैद्य         | संचालक  |
| ३.      | श्री रवि कृष्ण श्रेष्ठ      | संचालक  |
| ४.      | श्री तुलसी प्रसाद बराल      | संचालक  |
| ५.      | श्री उपेन्द्र बहादुर कार्की | संचालक  |
| ६.      | श्री श्वेता कक्षपती (शाक्य) | संचालक  |

७) अन्य समितिहरु:

नेपाल राष्ट्र बैंकको निर्देशन र बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ मा भएको व्यवस्था बमोजिम संचालक समितिले आफ्नो जवाफदेहीमा १) लेखापरीक्षण समिति, २) जोखिम व्यवस्थापन समिति ३) कर्मचारी व्यवस्थापन तथा सेवा सुविधा समिति, ४) सम्पत्ती शुद्धिकरण निवारण सम्बन्धी समिति, ५) मर्जर समिति गठन गरेको छ। सो समितिहरुको बैठक समय समयमा बस्नुका साथै सो समितिले आफ्नो प्रतिवेदन संचालक समितिको बैठकमा पेश गर्ने गरेको जानकारी गराउंदछौं।

८) कारोबारलाई असर पर्ने मुख्य कुराहरु:

विश्व बजारमा नेपाली बजारले प्रतिस्पर्धा गर्न नसक्नु, राजनैतिक प्रभाव, बैंक तथा वित्तीय संस्था बीचको प्रतिस्पर्धात्मक अवस्था, नेपाल सरकार तथा नेपाल राष्ट्र बैंकले वित्तीय नीति परिवर्तन गर्नाले पर्न सक्ने असरहरु, निक्षेप तथा लगानीको ब्याजदर परिवर्तन, वित्तीय बजारमा तरलता अभाव समेतका कारण पर्न सक्ने असर, निश्चित समयमा कर्जा असूली नभएका कारणले पर्न जाने असरहरु, आर्थिक अवस्थामा आउने परिवर्तन, पूँजी बजारमा देखिएको उतार चढावका साथै तरलताको घटबढ, त्यस्तै वित्तीय क्षेत्रमा नेपाल सरकारको नीति, औद्योगिक श्रम समस्या, जस्ता सवालहरु विद्यमान नै रहेका कारणले समेत संस्थाको कारोबारलाई असर पारेको देखिन्छ। यी सबै परिस्थितिहरुको बाबजुद विभिन्न रणनीति तथा योजनाहरुलाई लागू गर्दै संस्थाको कारोबारलाई चुस्त बनाउने तर्फ संचालक समिति सजग रही चालु आ.व.मा यस संस्थाले अझ बढी मुनाफा आर्जन गर्ने लक्ष्य लिएका छौं।

९) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम:

यस संस्थाको चुक्ता पूँजी रु.८३,२४,१६,०६३/- मा ६.५८ प्रतिशत (कर सहित) का प्रतिशतका दरले रु.५,४७,६४,२१४/६७ नगद लाभांश शेयरधनीलाई प्रदान गर्ने प्रस्ताव गरेका छौं, उक्त प्रस्ताव यस गरिमामय सभाबाट पारित गरिदिन हुनेछ भन्ने विश्वास लिएका छौं।

१०) लेखापरिक्षक नियुक्ति सिफारिस सम्बन्धमा:

यस संस्थाको लेखापरीक्षण समितिको सिफारिस बमोजिम बर्तमान लेखापरिक्षक एफ.सि.ए.महेश्वरेन्द्र बहादुर श्रेष्ठ (चार्टर्ड एकाउण्टेण्ट) लाई आगामी आर्थिक वर्ष २०७६/०७७ को हिसाब किताब लेखापरिक्षण कार्य गर्नका लागि बाह्य लेखापरिक्षक (Statutory Auditor) नियुक्ति गर्न तथा निजको पारिश्रमिक भ्याट बाहेक रु.३,००,०००/- (अक्षरेपी तीन लाख मात्र) दिने गरि साधारण सभामा अनुमोदनको लागि पेश गर्ने संचालक समितिको निर्णय पारित गरिदिनहुन अनुरोध गरिएको छ।

११) मानव संसाधन व्यवस्थापन:

आ.ब २०७६/०७७ साल पौष मसान्त सम्ममा यस संस्थामा कुल १०८ जना कर्मचारीहरु कार्यरत रहेको जानकारी गराउँदै यस संस्थाको कार्य प्रणालीलाई छिटो छरितो चुस्त दुरुस्त र अभि प्रभावकारी बनाउन, दक्ष तथा विभिन्न बैकीङ्ग क्षेत्रका अनुभवी व्यक्तीहरुलाई आबद्ध गरि अनुभवी जनशक्ति तयार पारिएको व्यहोरा अनुरोध छ। साथै संस्थामा आबद्ध जनशक्तिहरुलाई विभिन्न प्रशिक्षणहरु प्रदान गर्ने तथा तालिममा सहभागि गराउन गरिएको र आगामी दिनहरुमा पनि यस्तो तालिम तथा प्रशिक्षणका कार्यलाई निरन्तरता दिई समयानुसार संस्थालाई आवश्यक जनशक्तिको विकाश गर्दै लगिनेछ।

१२) मर्जर सम्बन्धि कार्यका सम्बन्धमा:

नेपाल राष्ट्र बैंकबाट दिइएको निर्देशन बमोजिम यस वित्तीय संस्थाको चुक्ता पूँजी पर्याप्तता भई सकेको भएता पनि यस संस्थाको विगतका साधारण सभाबाट यस संस्था तथा कुनै उपयुक्त बैंक, विकाश बैंक तथा फाइनेन्स कम्पनीसंग एक आपसमा गाभ्ने गाभिने, एक्वीजिसन (विलय) तथा प्राप्ती (Acquisition) गर्ने गराउने प्रकृत्यालाई खुला राखी संस्थाको स्तरोन्नति गरि संस्थालाई अगाडी बढाउने प्रस्ताव पारित गरिसकिएकोमा सो प्रस्ताव यस साधारण सभामा पनि पेश गरेको यहाँहरु सबैमा अबगत छ।

१३) प्रबन्ध-पत्र तथा नियमावली संसोधन सम्बन्धमा:

यस संस्थाका संचालकज्यूहरुले संचालक समितिको बैठकमा उपस्थित भए वापत पाउने बैठक भत्ता संचालकज्यूहरुले बहन गर्ने जिम्मेवारी तथा समय सापेक्ष तथा वृद्धि गर्नुपर्ने भएकोले संचालक समितिको बैठकमा उपस्थित भए वापत प्रति बैठक भत्ता अध्यक्षले रु. १२,०००/- र अन्य संचालकले रु. १०,०००/- हुने गरि भत्ता वृद्धि गर्ने र संस्थाका ग्राहकहरुलाई सुविधा प्रदान गर्ने सिसिलामा नेपाल धितोपत्र बोर्डको निर्देशन बमोजिम सि आस्वाको कार्य गर्ने तथा समय समयमा यस संस्थाले गर्न मिल्ने भनि प्राप्त निर्देशन अनुसारको कार्य गर्ने प्रयोजनको लागि संस्थाको प्रबन्धपत्र तथा नियमावली संसोधन गर्न प्रस्ताव गरेका छौं। उक्त प्रस्ताव पारित गरि दिन हुन अनुरोध छ।

१४) धन्यवाद ज्ञापन:

वित्तीय संस्थाको प्रगति तथा समृद्धिमा प्रत्यक्ष तथा अप्रत्यक्ष रुपमा सहयोग गर्नुहुने हाम्रा सम्पूर्ण सहभागी शेयरधनी महानुभावहरु, निक्षेपकर्ता, ग्राहकवर्ग, नेपाल राष्ट्र बैंक लगायत सम्बन्धित नियमन निकायहरु तथा लगनशील, कर्मठ कर्मचारी वर्गका साथै अन्य सम्बन्धित सबैमा विगतमा प्राप्त भएको सहयोगका लागि आभार प्रकट गर्दै भविष्यमा समेत निरन्तर रुपमा सहयोग तथा सद्भाव प्राप्त हुने अपेक्षा गर्दै यहाँहरुको अपेक्षा अनुरूप कार्य गर्नका लागि म, संचालक समिति लगायत व्यवस्थापन समेत प्रतिबद्ध रहेको जानकारी गराउँदछौं।

धन्यवाद।

संचालक समितिको तर्फबाट

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(कुश प्रसाद मल्ली )

अध्यक्ष

कम्पनी ऐन २०६३ को दफा १०५ को उपदफा ४ संग सम्बन्धित अन्य विवरणहरू

- क) विगत वर्षको कारोबारको सिंहावलोकन :  
संचालक समितिको प्रतिवेदन नं. १ मा उल्लेख गरिएको छ ।
- ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर :  
प्रत्यक्ष रूपमा कम्पनीको कारोबारलाई असर परेको छैन ।
- (ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा,  
संचालक समितिको प्रतिवेदन नं. १ र ३ मा उल्लेख गरिएको छ ।
- (घ) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध,  
संचालक समितिको प्रतिवेदन नं. ५ मा उल्लेख गरिएको छ ।
- (ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण,  
संचालक समितिको प्रतिवेदन नं. ६ मा उल्लेख गरिएको छ ।
- (च) कारोबारलाई असर पार्ने मुख्य कुराहरू,  
संचालक समितिको प्रतिवेदन नं. ८ मा उल्लेख गरिएको छ ।
- (छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया ।  
वित्तीय संस्थाको नियमित कारोबारसँग सम्बन्धित सामान्य कैफियतहरू बाहेक लेखापरीक्षण प्रतिवेदनमा अन्य कैफियतहरू रहेको छैन । उक्त सामान्य कैफियतहरू तथा लेखापरीक्षकले दिएको सुझावहरू प्रति सञ्चालक समिति / व्यवस्थापन समिति सजग रहनुको साथै कैफियतहरूलाई सुधार गर्न संस्था कटिबद्ध रहेको छ ।
- (ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम,  
संचालक समितिको प्रतिवेदन नं. ९ मा उल्लेख गरिएको छ ।
- (झ) शेयर जफत भएको भए जफत भएको शेयर सङ्ख्या, त्यस्तो शेयरको अड्डित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण :  
शेयर जफत भएको छैन ।
- (ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन : यस वित्तीय संस्थाको कुनै सहायक कम्पनी नभएको ।
- (ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन :  
यस वित्तीय संस्थाको समिक्षा वर्षमा कम्पनीको कारोबारमा कुनै महत्वपूर्ण परिवर्तन गरिएको छैन तथा यस संस्थाको सहायक कम्पनी नभएको जानकारी गराउंदछौं ।
- (ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी,  
यस वित्तीय संस्थाको आधारभूत शेयरधनीहरूले त्यस्तो कुनै पनि जानकारी उपलब्ध गराएको छैन ।
- (ड) विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी :  
सञ्चालकहरूको शेयरको स्वामित्व विवरण निम्न अनुसार छ :

| नाम                         | पद                      | शेयर संख्या |
|-----------------------------|-------------------------|-------------|
| श्री कुश प्रसाद मल्ली       | अध्यक्ष                 | २,२४,११२    |
| श्री सुरकृष्ण वैद्य         | संचालक                  | २२,४११      |
| श्री रवि कृष्ण श्रेष्ठ      | संचालक                  | ८९,६४५      |
| श्री तुलसी प्रसाद बराल      | संचालक                  | १,७७६       |
| श्री उपेन्द्र बहादुर कार्की | संचालक                  | १,१२१       |
| श्री श्वेता कक्षपती (शाक्य) | संचालक                  | १,४६७       |
| श्री अनिल श्रेष्ठ           | प्रमुख कार्यकारी अधिकृत | ३३,६१७      |

- (ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा :  
त्यस्तो कुनै जानकारी उपलब्ध गराएको छैन ।
- (ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको सङ्ख्या र अङ्कित मूल्य तथा त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम :  
यस वित्तीय संस्थाको शेयर वित्तीय संस्था आफैले खरिद गरेको छैन ।

- (त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण :  
आन्तरिक नियन्त्रणका लागि आन्तरिक लेखापरिक्षण गर्ने व्यवस्था हुनुका साथै आवश्यक नीति, विनियमहरू तथा निर्देशिकाहरू रहेको ।

- (थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण :

|                         | आ.व. ०७४/०७५      | आ.व. ०७५/०७६      |
|-------------------------|-------------------|-------------------|
| कर्मचारी खर्च रकम       | रु. ४,५१,४९,५०२/- | रु. ५,३४,२८,४२६/- |
| कार्यालय खर्च रकम       | रु. ४,०३,७१,९३९/- | रु. ४,५०,७२,२३०/- |
| कुल व्यवस्थापन खर्च रकम | रु. ८,५५,२१,४४१/- | रु. ९,८५,००,६५६/- |

- (द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण,  
उपरोक्त उल्लेखित समिक्षा वर्षमा यस संस्थाको लेखा परीक्षण समितिको संयोजकमा संचालक श्री उपेन्द्र बहादुर कार्की र सदस्यमा संचालक श्री तुलसी प्रसाद बराल र सदस्य सचिवमा श्रीमती कौशल्या श्रेष्ठ रहनु भएको छ ।  
सो समितिको संयोजकलाई प्रति बैठक रु.४,५००/- तथा संचालक सदस्यलाई प्रति बैठक रु. ४,०००/- प्रदान गर्ने गरिएको छ । सदस्य सचिव कर्मचारीलाई भत्ता उपलब्ध नगराएको । समितिले नियमित रूपमा व्यवस्थापनलाई सुझाव तथा निर्देशनहरू दिने गर्दछ ।
- (ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा :  
वित्तीय संस्थाको संचालक, प्रबन्ध संचालक कुनैपनि पदाधिकारी, कार्यकारी प्रमुख, वित्तीय संस्थाका आधारभूत शेयरधनी वा निजको नातेदार वा निज संलग्न रहेको फर्म, वित्तीय संस्था वा संगठित संस्थाले वित्तीय संस्थालाई कुनैपनि रकम बुझाउन बाँकी रहेको छैन ।





- (न) सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :  
आ.ब. २०७५/७६ मा सञ्चालकलाई प्रदान गरिएको सुविधा :

| पद      | प्रतिबैठक भत्ता रु. | पत्रपत्रिका तथा मोबाइल सुविधा |
|---------|---------------------|-------------------------------|
| अध्यक्ष | रु.५,५००/-          | रु.१,५००/-                    |
| संचालक  | रु.५,०००/-          | रु.१,५००/-                    |

- आ.ब. २०७५/७६ मा कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:

| विवरण                        | प्रमुख कार्यकारी अधिकृत | अन्य पदाधिकारीहरू |
|------------------------------|-------------------------|-------------------|
| तलब,भत्ता तथा अन्य सुविधाहरू | रु ३२,५४,७८४/-          | रु ५५,९९,४२५/-    |

अन्य सुविधाको हकमा कर्मचारी सेवा विनियमावली बमोजिम तथा संचालक समितिले निर्णय गरे बमोजिम ।

- (प) शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम :

यस वित्तीय संस्थाले घोषणा गरेको लाभांश मध्ये आ. ब.२०७३/७४ तथा २०७४/७५ को अन्त्यसम्म शेयरधनीहरूबाट दावी नआएको रकम निम्न अनुसार रहेको छ ।

| आ.ब.            | २०७५।०७६ सम्म  |
|-----------------|----------------|
| आ.ब. २०६८/६९ को | रु.३,८३,७३२/-  |
| आ.ब. २०६९/७० को | रु.८,७६,६६०/-  |
| जम्मा           | रु.१२,६०,३९२/- |

- (फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण:

आ.ब. २०७५/७६ मा दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेका छैन ।

- (ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण:

छैन ।

- (भ) यस ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा :

यसै प्रतिवेदन अन्तर्गत सम्बन्धित ठाउँमा खुलाईएको छ ।

- (म) अन्य आवश्यक कुराहरू ।

यसै प्रतिवेदन तथा वित्तीय विवरणमा सम्बन्धित ठाउँमा खुलाईएको छ ।

**धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को नियम २६(२) संग सम्बन्धित अन्य विवरणहरू**

- १) सञ्चालक समितिको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- २) लेखापरीक्षको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- ३) लेखापरीक्षण भएको वित्तीय विवरण : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- ४) कानूनी कारवाही सम्बन्धी विवरण :
  - क) त्रैमास अवधिमा संस्थाले वा संस्थाको विरुद्ध कुनै मुद्धा दायर भएको भए :  
कर्जा कारोबारका सिलसिलामा कर्जा असूली सम्बन्धी दायर भएको मुद्धा रहेको ।
  - ख) संस्थाका संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्धा दायर गरेको वा भएको भए :  
यस सम्बन्धमा त्यस्तो मुद्धा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
  - ग) संस्थाका संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्धा दायर गरेको भए :  
यस सम्बन्धमा त्यस्तो मुद्धा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
- ५) संस्थाको शेयर कारोवार तथा तथा प्रगतिको विश्लेषण :
  - क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोवार सम्बन्धमा व्यवस्थापनको धारणा :  
यस संस्थाको शेयर माग र आपूर्तिको आधारमा निर्धारण हुने गरी नेपाल धितोपत्र विनियम बजारमा कारोवार भईरहेको छ । शेयरबजारमा शेयरको मूल्यमा आउने उतारचढाव संगै यस संस्थाको शेयरको मूल्यमा परिवर्तत हुने गरेको छ ।
  - ख) गत वर्षको प्रत्येक त्रैमासको अवधिमा संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबारको शेयर संख्या र कारोवार दिन :

| क्रम संख्या | त्रयमास | शेयरका अधिकतम मूल्य | शेयरका न्यूनतम मूल्य | शेयरका अन्तिम मूल्य | कुल कारोबारको संख्या | कारोवार दिन |
|-------------|---------|---------------------|----------------------|---------------------|----------------------|-------------|
| १           | प्रथम   | रु.१२८/-            | रु.११७/-             | रु.१२२/-            | ५३१                  | ६०          |
| २           | दोस्रो  | रु.१२८/-            | रु. ११४/-            | रु. ११९/-           | २६४                  | ५२          |
| ३           | तेस्रो  | रु.१२३/-            | रु.११०/-             | रु.१२३/-            | ३५५                  | ५६          |
| ४           | चौथो    | रु.१४७/-            | रु. ११७/-            | रु.१२६/-            | १२३७                 | ६२          |

- ६) समस्या र चुनौती
  - क) आन्तरिक समस्या र चुनौती  
दक्ष जनशक्ति कायम राख्न कठिन ,वित्तीय श्रोतको लागतमा वृद्धि, अस्वस्थ प्रतिस्पर्धा , आयको विविधिकरण , खर्चमा मितव्ययिता
  - ख) बाह्य समस्या र चुनौती  
व्याजदरमा उतार चढाव,राजनैतिक अवस्था, आर्थिक कारोबारमा मन्दी, शेयर बजारमा मन्दी, तिब्र प्रतिस्पर्धा ।
  - ग) रणनीति
    - निक्षेप तथा कर्जामा विविधिकरण ,आय आर्जनको नयाँ क्षेत्र विस्तार, सेवामा विविधिकरण, शाखा तथा सेवामा विस्तार ।
- ७) संस्थागत सुशासन  
बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ , नेपाल राष्ट्र बैंक बाट जारी गरिएको निर्देशन, परिपत्रहरु, धितोपत्र ऐन, र सो ऐन अनुसार जारी भएको नियमावली, विनियमावलीहरु तथा निर्देशनहरु, नेपाल स्टक एक्सचेञ्ज लि.बाट जारी गरिएको निर्देशनहरु लगायत प्रचलित कानूनलाई परिपालना गरिएको छ । साथै संस्थाको आन्तरिक तथा बाह्य लेखापरीक्षकबाट प्राप्त भएको सल्लाह सुझावलाई पारिपालन गर्दै संस्थागत सुशासन कायम गर्न संचालक समिति र व्यवस्थापन प्रतिवद्ध रहेको छ ।

**M.B. SHRESTHA & CO.**

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Kathmandu, Nepal.

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMEBERS OF RELIANCE FINANCE LIMITED**

**Report on the Audit of Financial Statements**

**Opinion on the Financial Statements**

We have audited the accompanying financial statements of Reliance Finance Limited (“the Company”) which comprise the statement of financial position as at Ashadh 31, 2076 corresponding to July 16, 2019, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above, present fairly, in all material respects, the financial position of the Company as of Ashadh 31, 2076 (July 16, 2019), and its performances, changes in equity and its cash flows for the year ended on that date in conformity with Nepal Financial Reporting Standards.

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

**Independence**

We are independent of the company in accordance with the ethical requirement that are relevant to our audit of the financial statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Other Information**

The directors are responsible for the other information presented in the company’s annual report. Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. We have nothing to report in this respect.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Nepal Financial Reporting Standards (NFRS), 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, the 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 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up-to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicate with those charged with governance; we determine those matters that were of most significant in the audit of the financial statement of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

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

On examination of the financial statements as aforesaid, we report that:

- a. The capital fund, risk bearing fund and the provision for possible impairment of the company assets are adequate as per the NRB directives.
- b. The details received from branches of the company, though the statements are independently not audited, were adequate for the purpose of our audit.
- c. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit
- d. In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report ,are in agreement with the books of accounts.
- e. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the company, we have not come across the cases where the Board of Directors or the representative or any employee of the company has acted deliberately contrary to the provisions of the law relating to accounts or caused loss or damage to the company nor have we been informed of any such case by the management.

**Maheswarendra Bdr. Shrestha, FCA**  
**Proprietor**  
**M.B. Shrestha & Co**  
**Chartered Accountants**  
**Kathmandu**  
**UDIN#200108CA00117kWk80**



**Place: Kathmandu**  
**Date: 23 Poush, 2076**

**Reliance Finance Limited**  
**Statement of Financial Position**  
 As at 31 Asar 2076

| Particulars  | Note | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|--|------|----------------------|----------------------|----------------------|
| <b>Assets</b>                                      |      |                      |                      |                      |
| Cash and cash equivalent                           | 4.1  | 1,019,206,027        | 1,171,174,904        | 876,991,746          |
| Due from Nepal Rastra Bank                         | 4.2  | 174,695,841          | 190,111,104          | 298,944,080          |
| Placement with Bank and Financial Institutions     | 4.3  | -                    | -                    | -                    |
| Derivative financial instruments                   | 4.4  | -                    | -                    | -                    |
| Other trading assets                               | 4.5  | -                    | -                    | -                    |
| Loan and advances to B/FIs                         | 4.6  | 346,500,000          | 141,570,000          | 80,586,000           |
| Loans and advances to customers                    | 4.7  | 3,401,905,688        | 2,959,178,347        | 2,531,569,737        |
| Investment securities                              | 4.8  | 309,784,010          | 265,840,721          | 167,576,263          |
| Current tax assets                                 | 4.9  | -                    | 10,898,843           | 5,488,462            |
| Investment in subsidiaries                         | 4.10 | -                    | -                    | -                    |
| Investment in associates                           | 4.11 | -                    | -                    | -                    |
| Investment property                                | 4.12 | 714,624              | 13,055,329           | 10,254,043           |
| Property and equipment                             | 4.13 | 20,511,234           | 20,965,194           | 21,905,602           |
| Goodwill and Intangible assets                     | 4.14 | 1,146,318            | 1,096,599            | 2,032,986            |
| Deferred tax assets                                | 4.15 | -                    | 3,912,847            | -                    |
| Other assets                                       | 4.16 | 7,574,066            | 9,810,422            | 89,669,303           |
| <b>Total Assets</b>                                |      | <b>5,282,037,808</b> | <b>4,787,614,311</b> | <b>4,085,018,222</b> |
| <b>Liabilities</b>                                 |      |                      |                      |                      |
| Due to Bank and Financial Institutions             | 4.17 | -                    | -                    | -                    |
| Due to Nepal Rastra Bank                           | 4.18 | -                    | -                    | 46,600,000           |
| Derivative financial instruments                   | 4.19 | -                    | -                    | -                    |
| Deposits from customers                            | 4.20 | 4,135,375,104        | 3,724,915,732        | 3,233,000,916        |
| Borrowing  | 4.21 | -                    | -                    | -                    |
| Current Tax Liabilities                            | 4.9  | 2,891,246            | -                    | -                    |
| Provisions   | 4.22 | -                    | -                    | -                    |
| Deferred tax liabilities                           | 4.15 | 2,833,266            | -                    | 6,474,874            |
| Other liabilities                                  | 4.23 | 74,002,712           | 86,175,372           | 65,052,840           |
| Debt securities issued                             | 4.24 | -                    | -                    | -                    |
| Subordinated Liabilities                           | 4.25 | -                    | -                    | -                    |
| <b>Total liabilities</b>                           |      | <b>4,215,102,328</b> | <b>3,811,091,104</b> | <b>3,351,128,630</b> |
| <b>Equity</b>                                      |      |                      |                      |                      |
| Share capital                                      | 4.26 | 832,416,063          | 713,101,176          | 512,571,468          |
| Share premium                                      |      | 1,140,765            | 1,135,615            | -                    |
| Retained earnings                                  |      | 54,809,232           | 183,885,468          | 130,852,374          |
| Reserves   | 4.27 | 178,569,420          | 78,400,948           | 90,465,750           |
| <b>Total equity attributable to equity holders</b> |      | <b>1,066,935,480</b> | <b>976,523,207</b>   | <b>733,889,592</b>   |
| Non-controlling interest                           |      | -                    | -                    | -                    |
| <b>Total equity</b>                                |      | <b>1,066,935,480</b> | <b>976,523,207</b>   | <b>733,889,592</b>   |
| <b>Total liabilities and equity</b>                |      | <b>5,282,037,808</b> | <b>4,787,614,311</b> | <b>4,085,018,222</b> |
| Contingent liabilities and commitment              | 4.28 |                      |                      |                      |
| Net assets value per share                         |      | 127.97               | 136.76               | 142.97               |

Note 4.1 to 4.28 are integral part of Statement of Financial Position

Anil Shrestha  
Chief Executive Officer

Sur Krishna Vaidya  
Director

Kush Prasad Mally  
Chairman

Maheswarendra Bahadur Shrestha, FCA  
M.B. Shrestha & Co.  
Chartered Accountants

Ravi Krishna Shrestha  
Director

Tulsi Prasad Baral  
Director

Upendra Bahadur Karki  
Director

Sweta Kakshapati Shakya  
Director

Date: 23 Poush 2076

Place: Kathmandu

**Reliance Finance Limited**  
 Statement of Profit or Loss  
 For the year ended on 31 Asar 2076

| Particulars   | Note | Current Year       | Previous Year      |
|---|------|--------------------|--------------------|
| Interest income   | 4.29 | 573,551,252        | 492,957,549        |
| Interest expenses                                       | 4.30 | 366,455,229        | 340,463,284        |
| <b>Net interest income</b>                              |      | <b>207,096,023</b> | <b>152,494,265</b> |
| Fee and commission income                               | 4.31 | 29,437,134         | 24,845,628         |
| Fee and commission expenses                             | 4.32 | -                  | -                  |
| <b>Net fee and commission income</b>                    |      | <b>29,437,134</b>  | <b>24,845,628</b>  |
| <b>Net interest, fee and commission income</b>          |      | <b>236,533,157</b> | <b>177,339,893</b> |
| Net trading income                                      | 4.33 | -                  | -                  |
| Other operating income                                  | 4.34 | 3,769,298          | 5,701,444          |
| <b>Total operating income</b>                           |      | <b>240,302,455</b> | <b>183,041,337</b> |
| Impairment charge/(reversal) for loans and other losses | 4.35 | 44,653,622         | (1,066,716)        |
| <b>Net operating income</b>                             |      | <b>195,648,833</b> | <b>184,108,053</b> |
| <b>Operating expenses</b>                               |      |                    |                    |
| Personnel expenses                                      | 4.36 | 53,428,426         | 45,149,502         |
| Other operating expenses                                | 4.37 | 38,263,697         | 32,764,516         |
| Depreciation & Amortisation                             | 4.38 | 6,808,533          | 7,607,423          |
| <b>Operating Profit</b>                                 |      | <b>97,148,177</b>  | <b>98,586,612</b>  |
| Non operating income                                    | 4.39 | -                  | -                  |
| Non operating expenses                                  | 4.40 | -                  | -                  |
| <b>Profit before income tax</b>                         |      | <b>97,148,177</b>  | <b>98,586,612</b>  |
| Income tax expenses                                     | 4.41 |                    |                    |
| Current Tax   |      | 33,775,575         | 29,944,707         |
| Deferred Tax  |      | (746,697)          | (265,301)          |
| <b>Profit for the period</b>                            |      | <b>64,119,299</b>  | <b>68,907,206</b>  |
| <b>Profit attributable to:</b>                          |      |                    |                    |
| Equity holders of the Bank                              |      | 64,119,299         | 68,907,206         |
| Non-controlling interest                                |      | -                  | -                  |
| Profit for the period                                   |      | 64,119,299         | 68,907,206         |
| <b>Earnings per share</b>                               |      |                    |                    |
| Basic earnings per share                                |      | 8.78               | 11.83              |
| Diluted earnings per share                              |      | 8.78               | 11.83              |

Note 4.29 to 4.41 are integral part of Statement of Profit & Loss

**Anil Shrestha**  
Chief Executive Officer

**Sur Krishna Vaidya**  
Director

**Kush Prasad Mally**  
Chairman

**Maheswarendra Bahadur Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

**Ravi Krishna Shrestha**  
Director

**Tulsi Prasad Baral**  
Director

**Upendra Bahadur Karki**  
Director

**Sweta Kakshapati Shakya**  
Director

Date: 23 Poush 2076

Place: Kathmandu

**Reliance Finance Limited**  
 Statement of Comprehensive Income  
 For the year ended on 31 Asar 2076

| Particulars   | Note | Current Year      | Previous Year       |
|---|------|-------------------|---------------------|
| <b>Profit for the year</b>  |      | <b>64,119,299</b> | <b>68,907,206</b>   |
| <b><u>Other comprehensive income, net of income tax</u></b>                               |      | -                 | -                   |
| <b>a) Items that will not be reclassified to profit or loss</b>                           |      | -                 | -                   |
| Gain/(loss) from investments in equity instruments measured at fair value                 |      | 24,976,031        | (33,741,400)        |
| Gain/(loss) on revaluation  |      | -                 | -                   |
| Actuarial gains/(losses) on defined benefit plans   |      | -                 | -                   |
| Income tax relating to above items  |      | (7,492,809)       | 10,122,420          |
| <b>Net other comprehensive income that will not be reclassified to profit or loss</b>     |      | <b>17,483,222</b> | <b>(23,618,980)</b> |
| <b>b) Items that are or may be reclassified to profit or loss</b>                         |      |                   |                     |
| Gains/(losses) on cash flow hedge   |      | -                 | -                   |
| Exchange gain/(losses) arising from translating financial assets of foreign operation     |      | -                 | -                   |
| Income tax relating to above items  |      | -                 | -                   |
| <b>Net other comprehensive income that are or may be reclassified to profit or loss</b>   |      | -                 | -                   |
| <b>c) Share of other comprehensive income of associate accounted as per equity method</b> |      | -                 | -                   |
| <b>Other comprehensive income for the period, net of income tax</b>                       |      | <b>17,483,222</b> | <b>(23,618,980)</b> |
| <b>Total comprehensive income for the period</b>  |      | <b>81,602,521</b> | <b>45,288,226</b>   |
| <b><u>Total comprehensive income attributable to:</u></b>                                 |      |                   |                     |
| Equity holders of the Bank  |      | 81,602,521        | 45,288,226          |
| Non-controlling interest  |      | -                 | -                   |
| <b>Total comprehensive income for the period</b>  |      | <b>81,602,521</b> | <b>45,288,226</b>   |

Anil Shrestha  
Chief Executive Officer

Sur Krishna Vaidya  
Director

Kush Prasad Mally  
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Chartered Accountants

Ravi Krishna Shrestha  
Director

Tulsi Prasad Baral  
Director

Upendra Bahadur Karki  
Director

Sweta Kakshapati Shakya  
Director

Date: 23 Poush 2076

Place: Kathmandu

**Reliance Finance Limited**  
Statement of Changes in Equity  
For the year ended on 31 Asar 2076

| Particulars  | Attributable to Equity holders of the Bank |               |                 |                       |                    |                    |                     |                  |               |              | Non-Controlling Interest | Total Equity |
|--|--|---------------|-----------------|-----------------------|--------------------|--------------------|---------------------|------------------|---------------|--------------|--------------------------|--------------|
|  | Share Capital                              | Share Premium | General Reserve | Exchange Equalization | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total        |                          |              |
| <b>Balance at Shrawan 1, 2074</b>                              | 601,758,903                                |               | 67,643,535      |                       |                    |                    |                     | 1,395,104        | 6,046,772     | 676,844,314  | -                        | 676,844,314  |
| <b>Adjustment/Restatement</b>                                  |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Proposed bonus shares transferred to retained earning          | (89,187,435)                               |               |                 |                       |                    |                    |                     | 89,187,435       |               |              |                          |              |
| Reduction on fair value of shares at less than their cost      |  |               |                 |                       |                    |                    |                     | 3,383,839        |               | 3,383,839    |                          | 3,383,839    |
| Proposed dividend transferred to retained earning              |  |               |                 |                       |                    |                    |                     | 4,694,076        |               | 4,694,076    |                          | 4,694,076    |
| Accrued interest income on loans accounted on accrual basis    |  |               |                 |                       |                    |                    |                     | 20,498,874       |               | 20,498,874   |                          | 20,498,874   |
| Investment in shares measured at fair value                    |  |               |                 |                       |                    | 18,465,713         |                     | (251,267)        |               | 18,465,713   |                          | 18,465,713   |
| Deferred tax adjustment  |  |               |                 |                       |                    |                    |                     | 1,690,270        | (1,690,270)   | (251,267)    |                          | (251,267)    |
| Deferred tax reserve transferred to retained earning           |  |               |                 |                       |                    |                    |                     | 10,254,043       |               | 10,254,043   |                          | 10,254,043   |
| Reversal of loss allowance on NEA                              |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| <b>Adjusted/Restated balance at Shrawan 1, 2074</b>            | 512,571,468                                | -             | 67,643,535      | -                     | -                  | 18,465,713         | -                   | 130,852,374      | 4,356,502     | 733,889,592  | -                        | 733,889,592  |
| <b>Comprehensive income for the year</b>                       |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Profit for the year  |  |               |                 |                       |                    |                    |                     | 68,907,206       |               | 68,907,206   |                          | 68,907,206   |
| Other comprehensive income, net of tax                         |  |               |                 |                       |                    | (23,618,980)       |                     |                  |               | (23,618,980) |                          | (23,618,980) |
| Remeasurements of defined benefit liability (assets)           |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Fair value reserve (Investment in equity instrument):          |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Net change in fair value                                       |  |               |                 |                       |                    | (23,618,980)       |                     |                  |               | (23,618,980) |                          | (23,618,980) |
| Net amount transferred to profit or loss                       |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Net gain (loss) on revaluation                                 |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| <b>Cash flow hedges:</b>                                       |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Effective portion of changes in fair value                     |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Net Amount reclassified to profit or loss                      |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| <b>Total comprehensive income for the year</b>                 |  |               |                 |                       |                    | (23,618,980)       |                     | 68,907,206       |               | 45,288,226   |                          | 45,288,226   |
| Transfer to reserve during the year                            |  |               | 8,970,095       |                       |                    |                    |                     | (11,180,036)     | 2,843,222     | 633,282      |                          | 633,282      |
| Transfer from reserve during the year                          |  |               |                 |                       |                    |                    |                     |                  | (259,140)     | (259,140)    |                          | (259,140)    |
| <b>Transactions with owners, directly recognised in equity</b> |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Right share issued (net of issue cost)                         | 200,529,708                                | 1,135,615     |                 |                       |                    |                    |                     |                  |               | 201,665,323  |                          | 201,665,323  |
| Share based payments   |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Dividends to equity holders                                    |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Bonus shares issued  |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| Cash dividend paid   |  |               |                 |                       |                    |                    |                     | (4,694,076)      |               | (4,694,076)  |                          | (4,694,076)  |
| <b>Total contributions by and distributions</b>                |  |               |                 |                       |                    |                    |                     |                  |               |              |                          |              |
| <b>Balance at Asar end 2075</b>                                | 713,101,176                                | 1,135,615     | 76,613,630      | -                     | -                  | (5,153,267)        | -                   | 183,885,468      | 6,940,585     | 976,523,207  | -                        | 976,523,207  |





**Reliance Finance Limited**  
Statement of Changes in Equity  
For the year ended on 31 Asar 2076

| Particulars  | Attributable to Equity holders of the Bank |               |                 |                       |                    |                    |                     |                      |               |                     | Non-Controlling Interest | Total Equity        |
|--|--|---------------|-----------------|-----------------------|--------------------|--------------------|---------------------|----------------------|---------------|---------------------|--------------------------|---------------------|
|  | Share Capital                              | Share Premium | General Reserve | Exchange Equalization | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning     | Other Reserve | Total               |                          |                     |
| Balance at 1 Shrawan 2075                                      | 713,101,176                                | 1,135,615     | 76,613,630      | -                     | -                  | (5,153,267)        | -                   | 183,885,468          | 6,940,585     | 976,523,207         | -                        | 976,523,207         |
| Adjustment/Restatement   | -  | -             | -               | -                     | -                  | -                  | -                   | -                    | -             | -                   | -                        | -                   |
| Adjusted/Restated balance at 1 Shrawan 2075                    | 713,101,176                                | 1,135,615     | 76,613,630      | -                     | -                  | (5,153,267)        | -                   | 183,885,468          | 6,940,585     | 976,523,207         | -                        | 976,523,207         |
| <b>Comprehensive income for the year</b>                       |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Profit for the year  |  |               |                 |                       |                    |                    |                     | 64,119,299           |               | 64,119,299          |                          | 64,119,299          |
| Other comprehensive income, net of tax                         |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Remeasurements of defined benefit liability (assets)           |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Fair value reserve (Investment in equity instrument):          |  |               |                 |                       |                    | 17,483,222         |                     |                      |               | 17,483,222          |                          | 17,483,222          |
| Net change in fair value                                       |  |               |                 |                       |                    | 17,483,222         |                     |                      |               | 17,483,222          |                          | 17,483,222          |
| Net amount transferred to profit or loss                       |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Net gain (loss) on revaluation                                 |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| <b>Cash flow hedges:</b>                                       |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Effective portion of changes in fair value                     |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Net Amount reclassified to profit or loss                      |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Total comprehensive income for the year                        |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Transfer to reserve during the year                            |  |               | 12,823,860      |                       | 68,740,387         |                    |                     |                      | 1,949,938     | 83,514,585          |                          | 83,514,585          |
| Transfer from reserve during the year                          |  |               |                 |                       |                    |                    |                     | (82,102,415)         | (828,934)     | (82,931,350)        |                          | (82,931,350)        |
| <b>Transactions with owners, directly recognised in equity</b> |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Right share issued   | 30,127,452                                 | 5,150         |                 |                       |                    |                    |                     |                      |               | 30,132,602          |                          | 30,132,602          |
| Share based payments   |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Dividends to equity holders                                    |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Bonus shares issued  | 89,187,435                                 |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| Cash dividend paid   |  |               |                 |                       |                    |                    |                     |                      |               |                     |                          |                     |
| <b>Total contributions by and distributions</b>                | <b>119,314,887</b>                         | <b>5,150</b>  | <b>-</b>        | <b>-</b>              | <b>-</b>           | <b>-</b>           | <b>-</b>            | <b>(111,093,121)</b> | <b>-</b>      | <b>(21,905,686)</b> | <b>-</b>                 | <b>(21,905,686)</b> |
| Balance at Asar end 2076                                       | 832,416,063                                | 1,140,765     | 89,437,490      | -                     | 68,740,387         | 12,329,955         | -                   | 54,809,231           | 8,061,589     | 1,066,935,479       | -                        | 1,066,935,479       |

Anil Shrestha  
Chief Executive Officer

Sur Krishna Vaidya  
Director

Kush Prasad Mally  
Chairman

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M.B. Shrestha & Co.  
Chartered Accountants

Ravi Krishna Shrestha  
Director

Tulsi Prasad Baral  
Director

Upendra Bahadur Karki  
Director

Sweta Kakshapati Shakya  
Director

Date: 23 Poush 2076 Place: Kathmandu

**Reliance Finance Limited**  
**Statement of Cash Flow**  
For the year ended on 31 Asar 2076

| Particulars  | Current Year         | Previous Year        |
|--|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                      |                      |
| Interest received  | 578,354,749          | 497,436,095          |
| Fees and other income received   | 29,711,032           | 24,855,138           |
| Dividend received  |                      |                      |
| Receipts from other operating activities                                       | 869,988              | 798,524              |
| Interest paid  | (366,455,229)        | (340,463,284)        |
| Commission and fees paid   |                      |                      |
| Cash payment to employees  | (42,539,232)         | (38,652,670)         |
| Other expense paid   | (48,797,546)         | (39,119,455)         |
| <b>Operating cash flows before changes in operating assets and liabilities</b> | <b>151,143,762</b>   | <b>104,854,348</b>   |
| <u>(Increase)/Decrease in operating assets</u>                                 |                      |                      |
| Due from Nepal Rastra Bank   | 15,415,263           | 108,832,976          |
| Placement with bank and financial institutions                                 |                      |                      |
| Other trading assets   |                      |                      |
| Loan and advances to bank and financial institutions                           |                      |                      |
| Loans and advances to customers  | (700,044,667)        | (521,622,969)        |
| Other assets   | 1,684,448            | 58,230,828           |
| <u>Increase/(Decrease) in operating liabilities</u>                            |                      |                      |
| Due to bank and financial institutions   |                      |                      |
| Due to Nepal Rastra Bank   |                      | (46,600,000)         |
| Deposit from customers   | 412,450,413          | 496,425,866          |
| Borrowings   |                      |                      |
| Other liabilities  | (4,603,802)          | 28,322,921           |
| <b>Net cash flow from operating activities before tax paid</b>                 | <b>(123,954,582)</b> | <b>228,443,970</b>   |
| Income taxes paid  | (30,007,131)         | (35,824,678)         |
| <b>Net cash flow from operating activities</b>                                 | <b>(153,961,713)</b> | <b>192,619,292</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |                      |                      |
| Purchase of investment securities  | (2,504,920)          | (94,478,653)         |
| Receipts from sale of investment securities                                    | 1,399,236            | 3,113,650            |
| Purchase of property and equipment   | (6,354,573)          | (5,730,628)          |
| Receipt from the sale of property and equipment                                |                      |                      |
| Purchase of intangible assets  |                      |                      |
| Receipt from the sale of intangible assets                                     |                      |                      |
| Purchase of investment properties  |                      |                      |
| Receipt from the sale of investment properties                                 |                      | 59,400               |
| Interest received  |                      |                      |
| Dividend received  | 1,231,327            | 1,720,360            |
| <b>Net cash used in investing activities</b>                                   | <b>(6,228,930)</b>   | <b>(95,315,871)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |                      |                      |
| Receipt from issue of debt securities  |                      |                      |
| Repayment of debt securities   |                      |                      |
| Receipt from issue of subordinated liabilities                                 |                      |                      |
| Repayment of subordinated liabilities  |                      |                      |
| Receipt from issue of shares   | 30,127,452           | 201,665,323          |
| Dividends paid   | (21,905,686)         | (4,785,587)          |
| Interest paid  |                      |                      |
| Other receipt/payment  |                      |                      |
| <b>Net cash from financing activities</b>                                      | <b>8,221,766</b>     | <b>196,879,736</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>(151,968,878)</b> | <b>294,183,158</b>   |
| <b>Cash and cash equivalent as at Shrawan 1</b>                                | <b>1,171,174,904</b> | <b>876,991,746</b>   |
| Effect of exchange rate fluctuations on cash and cash equivalents held         |                      |                      |
| <b>Cash and Cash Equivalent as at Ashad end</b>                                | <b>1,019,206,027</b> | <b>1,171,174,904</b> |

Anil Shrestha  
Chief Executive Officer

Sur Krishna Vaidya  
Director

Kush Prasad Mally  
Chairman

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M.B. Shrestha & Co.  
Chartered Accountants

Ravi Krishna Shrestha  
Director

Tulsi Prasad Baral  
Director

Upendra Bahadur Karki  
Director

Sweta Kakshapati Shakya  
Director

Date: 23 Poush 2076 Place: Kathmandu

**Reliance Finance Limited**  
**Notes to Financial Statements**  
For the year ended on 31 Asar 2076

**1 Reporting entity**

Reliance Finance Limited (hereinafter referred to as "Finance Co.") is class "C" licenced financial institution licenced by Nepal Rastra Bank. Finance is now operating with corporate office at Pradarshani Marg, Kathmandu. Finance Co. has 9 branch offices (Excluding Head Office) located at Newroad, Narayanghar, Pokhara, Besisahar, Janagal, Aarughat, Charali, Imadol and Gorkha.

Finance Co. was incorporated under Companies Act 2063 on 23 Asar 2066 as public limited company. Finance Co. is listed with Nepal Stock Exchange. Finance Co. has obtained PAN (303763691) from Inland Revenue Office.

Finance Co. offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2074.

**2 Basis of Preparation**

**2.1 Statement of Compliance**

The financial statements are prepared in line with Nepal Financial Reporting Standards (to the extent of carve out pronounced by ICAN, as stated in note 2.1.1) as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The finance Co. has prepared the financial statements as per NFRS for the first time. For all earlier periods, the financial statements were prepared in accordance with the Directives issued by Nepal Rastra Bank as well as Nepal Accounting Standards. The financial information of corresponding comparative period has been changed in line with NFRS and the opening statement of financial position on the date of transition to NFRS (1 Shrawan 2074) have also been recomputed. Reconciliation of changes for the financial statements on date of transition and for comparative period is integral part of financial statements.

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal.

**2.1.1 Use of Carve-out**

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, Finance Co. has used following carve out for preparation and presentation of financial statements in line with NFRS.

**a) Impairment Loss on Loan and Advances**

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. The carve out has allowed to use higher amount of loss calculated as per para 63 or as per NRB Directives 2/075. Finance Co. has used this carve out and presented the impairment loss calculated as per NRB Directives and disclosed the amount of impairment loss as per NAS 39.

**b) Effective Interest Rate**

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored. Finance Co. has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

**c) Interest income on amortized loan after impairment recognition**

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out

provides that interest income can be calculated on gross carrying amount of loan. Finance Co. has used the stated carve out in preparing the financial statements.

## 2.2 Reporting Period and Approval of Financial Statements

### 2.2.1 Reporting Period

The reporting period for this financial statements is fiscal year 2075-76, starting from 1 Shrawan 2075 and ending on 31 Ashad 2076. Financial information of following period/dates are provided on the financial statements.

1. Opening NFRS financial statements (statement of financial position on 1 Shrawan 2074)
2. Comparative NFRS financial statements (financial statements as on and for the period ended on 32 Ashad 2075)
3. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2076)

### 2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors on 23 Poush 2076 meeting no. 245. The financial statements are presented for approval to the upcoming annual general meeting of shareholders.

## 2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

## 2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

### 1. Classification of financial assets

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classification been based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

### 2. Fair value of financial assets

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Finance Co. measures fair values using the following fair value hierarchy as provided in NFRS

**Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Finance Co. can access at the measurement date.

**Level 2 inputs** are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3 inputs** are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

### 3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directive 2075 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered

to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

**4. Useful life and salvage value of property and equipment**

Management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

**5. Impairment loss of non financial assets**

Impairment loss is calculated if carrying amount exceeds the recoverable amount. For recoverable amount, value in use is estimated and an estimated discount rate is used to arrive the present value of value in use.

**6. Current Tax and Deferred tax**

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Finance Co. based its assumptions and estimates on parameters available when the financial statements were prepared.

**7. Employee benefit obligations**

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company. Considering the cost benefit analysis, Finance Co. has not done actuarial valuation and carried the liability at book value due to immaterial amount.

**2.5 Changes in Accounting Policies**

The financial statements are prepared as per NFRS for the first time. For first time preparation, NFRS requires the financial statements of previous period be prepared in line with NFRS. This has resulted in changes in accounting policies. The changes in policies as well as impact on statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow is separately presented.

**2.6 New Standards in Issue but not Yet Effective**

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered.

**2.7 New Standards and Interpretation not Adopted**

Finance has adopted all the applicable interpretation pronounced by ICAN.

**2.8 Discounting**

Discounting has been applied whenever the assets and liabilities are of non-current in nature and the impact of discounting is material.

**2.9 Going Concern**

The financial statements are prepared on the assumption that Finance Co. is going concern entity.

**2.10 Standalone Financial Statements**

The presented financial statements is the standalone financial statement of Finance Company. Finance Company does not have subsidiary, accordingly, preparation of consolidated financial statement is not required.

**3 Significant Accounting Policies**

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

| <b>Note No.</b> | <b>Accounting Policy</b>                   | <b>Information Note No.</b> |
|-----------------|--|-----------------------------|
| 3.1             | Basis of Measurement                       |                             |
| 3.2             | Basis of Consolidation                     |                             |
| 3.3             | Cash and Cash Equivalent                   | 4.1                         |
| 3.4             | Financial Assets and Financial Liabilities |                             |
| 3.5             | Trading Assets                             | 4.5                         |
| 3.6             | Derivative Assets and Liabilities          | 4.4                         |
| 3.7             | Property and Equipment                     | 4.13                        |

|      |   |                              |
|------|---|------------------------------|
| 3.8  | Goodwill Intangible assets                                    | 4.14                         |
| 3.9  | Investment Property   | 4.12                         |
| 3.10 | Income tax  | 4.9                          |
| 3.11 | Deposits, debt securities issued and subordinated liabilities | 4.17, 4.20, 4.24, 4.25       |
| 3.12 | Provisions  | 4.22                         |
| 3.13 | Revenue   | 4.29, 4.31, 4.33, 4.34, 4.39 |
| 3.14 | Interest expenses   | 4.30                         |
| 3.15 | Employees Benefits  | 4.23                         |
| 3.16 | Leases  |                              |
| 3.17 | Foreign currency translation                                  |                              |
| 3.18 | Financial guarantee and loan commitment                       |                              |
| 3.19 | Share capital and reserves                                    | 4.26, 4.27                   |
| 3.20 | Earning per share including diluted                           |                              |
| 3.21 | Segment reporting   | 5.4                          |
| 3.22 | Events after reporting date                                   |                              |

### 3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

| <b>Particulars</b>  | <b>Measurement Basis</b>   |
|---|--|
| Investment in shares and mutual fund schemes                      | Fair value   |
| Non-banking assets  | Lower of Market Value or Outstanding Receivable at the date of booking NBA |
| Loans to employees  | Amortized cost   |
| Property and equipment, investment property and intangible assets | Deemed cost as fair value  |

### 3.2 Basis of consolidation

Finance Co. does not have subsidiary companies, accordingly, consolidation of financial statements is not a requirement.

### 3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

### 3.4 Financial assets and financial liabilities

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

#### 3.4.1 Recognition

The Finance Co. initially recognises financial assets or financial liability on the date of which the Finance becomes party to the contractual arrangement.

#### 3.4.2 Classification and Measurement

**Financial Assets:** The classification and measurement of financial assets depend on how these are managed i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

**i) At Amortized Cost**

**ii) At Fair Value through Profit or Loss (FVPL)**

**iii) At Fair Value through Other Comprehensive Income (FVOCI)**

- i) At amortized cost: Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

- ii) At fair value through profit or loss: Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.
- iii) At fair value through other comprehensive income: Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

**Financial Liabilities:** Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

### 3.4.3 De-recognition

#### Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets. On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

#### **Financial Liabilities**

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

### 3.4.4 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS.

#### **Fair Value Hierarchy**

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there

exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

### **3.4.5 Impairment**

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

#### **Objective evidence that financial assets are impaired includes:**

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance would not consider otherwise;
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

### **3.4.6 Amortized cost measurement**

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

### **3.4.7 Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expenses over the relevant period.



### 3.5 Trading assets

Trading assets are those assets that the Finance Co. acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

### 3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

### 3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

#### Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

#### Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS.

#### Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

#### Assets not capitalized

Items of property and equipment with original cost up to Rs. 5,000 are directly accounted as expenses.

#### Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

#### Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

#### Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

| Items                  | Estimated useful life (years) | Salvage Value |
|------------------------|-------------------------------|---------------|
| Building               | 50                            | 5%            |
| Leasehold Properties   | Lease period                  | 0             |
| Computer & Accessories | 5                             | 0             |
| Vehicle                | 10                            | 25%           |
| Furniture & Fixture    | 7                             | 3%            |
| Machinery              | 10                            | 5%            |
| Equipment & Others     | 3-5                           | 0%            |

### 3.8 Goodwill and Intangible assets

#### Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

#### Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

#### Computer Software

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or incase of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS.

### 3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 50 years) with 5% salvage value.

### 3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

#### Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in

the statement of profit or loss, because some item of income or expenses are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

#### **Deferred Tax**

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in

Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

#### **Income tax on items of OCI**

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

### **3.11 Deposits, debt securities issued and subordinated liabilities**

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance Co. from its customers.

The Finance Co. borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at Finance Co. level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

### **3.12 Provisions and Contingent Liabilities**

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Contingent Liabilities:** Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

### **3.13 Revenue Recognition**

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

#### **3.13.1 Interest income**

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest income has been booked for all interest received during the year as well as on those loans having collective impairment as per NRB Directives less than 25%, in line with circular issued by NRB. Interest on those loan with impairment of 25% or more have not been recognized.

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

#### **3.13.2 Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expenses that are integral to the effective

interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

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

### **3.13.3 Dividend income**

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

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

### **3.13.4 Net trading income**

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

### **3.13.5 Other Operating Income**

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

## **3.14 Interest expenses**

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

## **3.15 Employees Benefits**

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

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

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

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

Gratuity is provided as per Labour Act 2074 due to which actuarial valuation is not required. Accumulated leave is provided as per Employee Service Regulation of the Finance Co. and on book value basis. Finance Co. believes that the impact of actuarial valuation will not be material as the amount of accumulated leave itself is not material and the benefit of actuarial valuation will not be more than the cost involved on such expert valuation.

## **3.16 Leases**

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Finance Co. has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Finance Co. has not entered into finance lease.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

## **3.17 Foreign Currency Transaction**

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

### **3.18 Financial guarantee and loan commitment**

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

### **3.19 Share Capital and Reserves**

#### **3.19.1 Share Capital**

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

#### **3.19.2 Reserves**

Finance Co. has created various types of reserves as part of regulatory requirement.

##### **a) General Reserve**

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

##### **b) Exchange Equalization Reserve**

Exchange equalization reserve is a statutory reserve. Earning from foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

##### **c) Corporate Social Responsibility (CSR) Reserve**

In line with clause 16 of Directive 16/075, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

##### **d) Regulatory Reserve**

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

##### **e) Capital Reserve**

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

- f) Fair Value Reserve**  
The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.
- g) Actuarial Gain Reserve**  
This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.
- h) Special Reserve**  
In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.
- i) Assets Revaluation Reserve**  
Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.
- j) Capital Redemption Reserve**  
This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.
- k) Dividend Equalization Reserve**  
For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.
- l) Investment Adjustment Reserve**  
It is a regulatory reserve created as a cushion for adverse price movements in Finance Co.'s investments as directed by the Directives of Nepal Rastra Bank.

### **3.19.3 Share Premium**

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

### **3.19.4 Retained Earning**

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

### **3.20 Earning per share including diluted**

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

### **3.21 Segment reporting**

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

### **3.22 Events after Reporting Date**

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

**Reliance Finance Limited**  
 Notes to Financial Statements

**Cash and cash equivalent**

4.1

| Particulars                    | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074   |
|--------------------------------|----------------------|----------------------|--------------------|
| Cash in hand                   | 38,534,849           | 44,137,603           | 34,242,599         |
| Balances with B/FIs            | 980,671,178          | 1,127,037,301        | 842,749,147        |
| Money at call and short notice | -                    | -                    | -                  |
| Other                          | -                    | -                    | -                  |
| <b>Total</b>                   | <b>1,019,206,027</b> | <b>1,171,174,904</b> | <b>876,991,746</b> |

Balances with bank & financial institution includes balance Rs. 1,776,271.99 (p.y. Rs. 1,776,271.99) with problematic financial institution (Himalayan Finance Limited). Presented amount is net of loss allowance on such balance.

**Due from Nepal Rastra Bank**

4.2

| Particulars                                 | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074   |
|---|--------------------|--------------------|--------------------|
| Statutory balances with NRB                 | 174,695,841        | 190,111,104        | 298,944,080        |
| Securities purchased under resale agreement | -                  | -                  | -                  |
| Other deposit and receivable from NRB       | -                  | -                  | -                  |
| <b>Total</b>                                | <b>174,695,841</b> | <b>190,111,104</b> | <b>298,944,080</b> |

**Placements with Bank and Financial Institutions**

4.3

| Particulars                     | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---------------------------------|------------------|------------------|------------------|
| Placement with domestic B/FIs   | -                | -                | -                |
| Placement with foreign B/FIs    | -                | -                | -                |
| Less: Allowances for impairment | -                | -                | -                |
| <b>Total</b>                    | <b>-</b>         | <b>-</b>         | <b>-</b>         |

**Derivative financial instruments**

4.4

| Particulars               | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---------------------------|------------------|------------------|------------------|
| Held for trading          | -                | -                | -                |
| Interest rate swap        | -                | -                | -                |
| Currency swap             | -                | -                | -                |
| Forward exchange contract | -                | -                | -                |
| Others                    | -                | -                | -                |
| Held for risk management  | -                | -                | -                |
| Interest rate swap        | -                | -                | -                |
| Currency swap             | -                | -                | -                |
| Forward exchange contract | -                | -                | -                |
| Other                     | -                | -                | -                |
| <b>Total</b>              | <b>-</b>         | <b>-</b>         | <b>-</b>         |

**Other trading assets**
**4.5**

| Particulars              | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--------------------------|------------------|------------------|------------------|
| Treasury bills           | -                | -                | -                |
| Government bonds         | -                | -                | -                |
| NRB Bonds                | -                | -                | -                |
| Domestic Corporate bonds | -                | -                | -                |
| Equities                 | -                | -                | -                |
| Other                    | -                | -                | -                |
| <b>Total</b>             | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Pledged                  |                  |                  | -                |
| <b>Non-pledged</b>       |                  |                  | <b>-</b>         |

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

| Particulars                        | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074  |
|------------------------------------|--------------------|--------------------|-------------------|
| Loans to microfinance institutions | 350,000,000        | 143,000,000        | 81,400,000        |
| Other                              | -                  | -                  | -                 |
| Less: Allowances for impairment    | (3,500,000)        | (1,430,000)        | (814,000)         |
| <b>Total</b>                       | <b>346,500,000</b> | <b>141,570,000</b> | <b>80,586,000</b> |

**4.6.1 : Allowances for impairment**

| Balance at Shrawan 1          | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-------------------------------|------------------|------------------|------------------|
| Impairment loss for the year: | -                | -                | -                |
| Opening                       | 1,430,000        | 814,000          | 610,000          |
| Charge for the year           | 2,070,000        | 616,000          | 204,000          |
| Recoveries/reversal           | -                | -                | -                |
| Amount written off            | -                | -                | -                |
| <b>Balance at Asar end</b>    | <b>3,500,000</b> | <b>1,430,000</b> | <b>814,000</b>   |

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

| Particulars                                  | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|--|----------------------|----------------------|----------------------|
| Loan and advances measured at amortized cost | 3,512,577,250        | 3,027,266,286        | 2,601,340,393        |
| Less: Impairment allowances                  |                      |                      |                      |
| Collective impairment                        | (110,671,562)        | (68,087,940)         | (69,770,656)         |
| Individual impairment                        | -                    | -                    | -                    |
| <b>Net amount</b>                            | <b>3,401,905,688</b> | <b>2,959,178,347</b> | <b>2,531,569,737</b> |
| Loan and advances measured at FVTPL          | -                    | -                    | -                    |
| <b>Total</b>                                 | <b>3,401,905,688</b> | <b>2,959,178,347</b> | <b>2,531,569,737</b> |

Loan and advance is inclusive of staff loan and accrued interest on such loan net of interest suspense amount.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

We have selected around 15% of our outstanding loan for individual impairment test. The market value of collateral on valuation date was subjected to haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. None of the loans were individually impaired. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non-recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.



| Particulars           | As at 31.03.2076  | As at 32.03.2075  | As at 01.04.2074  |
|-----------------------|-------------------|-------------------|-------------------|
| Individual impairment | -                 | -                 | -                 |
| Collective impairment | 37,998,044        | 29,532,195        | 26,271,197        |
| <b>Total</b>          | <b>37,998,044</b> | <b>29,532,195</b> | <b>26,271,197</b> |

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

| Particulars                               | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|---|----------------------|----------------------|----------------------|
| <b>Performing loan</b>                    | <b>3,404,804,438</b> | <b>2,954,502,920</b> | <b>2,527,406,809</b> |
| Good                                      | 3,365,191,313        | 2,879,291,569        | 2,425,438,842        |
| Watch list                                | 39,613,125           | 75,211,351           | 101,967,967          |
| <b>Non-performing loan</b>                | <b>75,572,742</b>    | <b>37,294,456</b>    | <b>43,715,370</b>    |
| Substandard                               | 2,045,000            | 4,400,000            | 5,950,000            |
| Doubtful                                  | -                    | -                    | 750,000              |
| Loss                                      | 73,527,742           | 32,894,456           | 37,015,370           |
| <b>Total</b>                              | <b>3,480,377,180</b> | <b>2,991,797,376</b> | <b>2,571,122,178</b> |
| <b>Add: loan to employees and Net AIR</b> | <b>32,200,069</b>    | <b>35,468,910</b>    | <b>30,218,215</b>    |
| <b>Total loan</b>                         | <b>3,512,577,250</b> | <b>3,027,266,286</b> | <b>2,601,340,393</b> |
| <b>Impairment allowance</b>               |                      |                      |                      |
| <b>Performing loan</b>                    | <b>35,632,569</b>    | <b>32,553,483</b>    | <b>29,352,786</b>    |
| Good                                      | 33,651,913           | 28,792,916           | 24,254,388           |
| Watch list                                | 1,980,656            | 3,760,568            | 5,098,398            |
| <b>Non-performing loan</b>                | <b>75,038,992</b>    | <b>35,534,456</b>    | <b>40,417,870</b>    |
| Substandard                               | 511,250              | 1,100,000            | 1,487,500            |
| Doubtful                                  | -                    | -                    | 375,000              |
| Loss                                      | 73,527,742           | 32,894,456           | 37,015,370           |
| Additional                                | 1,000,000            | 1,540,000            | 1,540,000            |
| <b>Total</b>                              | <b>110,671,562</b>   | <b>68,087,940</b>    | <b>69,770,656</b>    |

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

| Product                                | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|--|----------------------|----------------------|----------------------|
| Term loans                             |                      |                      |                      |
| Overdraft                              |                      |                      |                      |
| Trust receipt/Import loans             |                      |                      |                      |
| Demand and other working capital loans | 16,650,589           | 29,148,214           | 19,115,516           |
| Personal residential loans             | 548,910,167          | 430,402,555          | 351,765,465          |
| Real estate loans                      | 325,338,461          | 298,366,520          | 274,682,520          |
| Margin lending loans                   | 304,634,478          | 98,031,209           | 48,275,322           |
| Hire purchase loans                    | 695,666,810          | 785,174,792          | 751,199,002          |
| Deprived sector loans                  | 7,323,615            | 10,302,375           | 17,115,953           |
| Bills purchased                        |                      |                      |                      |
| Staff loans                            | 7,029,828            | 10,162,649           | 9,719,341            |
| Other                                  | 1,581,853,061        | 1,340,371,711        | 1,108,968,401        |
| <b>Sub total</b>                       | <b>3,487,407,009</b> | <b>3,001,960,024</b> | <b>2,580,841,520</b> |
| Net Interest receivable                | 25,170,241           | 25,306,262           | 20,498,874           |
| <b>Grand total</b>                     | <b>3,512,577,250</b> | <b>3,027,266,286</b> | <b>2,601,340,393</b> |

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

| Currency            | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|---------------------|----------------------|----------------------|----------------------|
| Nepalese rupee      | 3,512,577,250        | 3,027,266,286        | 2,601,340,393        |
| Indian rupee        | -                    | -                    | -                    |
| United State dollar | -                    | -                    | -                    |
| Great Britain pound | -                    | -                    | -                    |
| Euro                | -                    | -                    | -                    |
| Japanese yen        | -                    | -                    | -                    |
| Chinese yuan        | -                    | -                    | -                    |
| Other               | -                    | -                    | -                    |
| <b>Total</b>        | <b>3,512,577,250</b> | <b>3,027,266,286</b> | <b>2,601,340,393</b> |

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

| Collateral                            | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|---------------------------------------|----------------------|----------------------|----------------------|
| <b>Secured</b>                        |                      |                      |                      |
| Movable/immovable assets              | 3,466,272,464        | 2,964,179,445        | 2,521,386,879        |
| Gold and silver                       | -                    | -                    | -                    |
| Guarantee of domestic B/FIs           | -                    | -                    | -                    |
| Government guarantee                  | -                    | -                    | -                    |
| Guarantee of international rated bank | -                    | -                    | -                    |
| Collateral of export document         | -                    | -                    | -                    |
| Collateral of fixed deposit receipt   | 39,274,958           | 52,924,193           | 70,234,173           |
| Collateral of Government securities   | -                    | -                    | -                    |
| Counter guarantee                     | -                    | -                    | -                    |
| Personal guarantee                    | -                    | -                    | -                    |
| Other collateral                      | 7,029,828            | 10,162,649           | 9,719,341            |
| <b>Subtotal</b>                       | <b>3,512,577,250</b> | <b>3,027,266,286</b> | <b>2,601,340,393</b> |
| <b>Unsecured</b>                      |                      |                      |                      |
| <b>Grant Total</b>                    | <b>3,512,577,250</b> | <b>3,027,266,286</b> | <b>2,601,340,393</b> |

**4.7.4: Allowances for impairment**

| Particulars                                 | As at 31.03.2076   | As at 32.03.2075  | As at 01.04.2074  |
|---|--------------------|-------------------|-------------------|
| <b>Specific allowances for impairment</b>   |                    |                   |                   |
| Balance at Shrawan 1                        | -                  | -                 | -                 |
| Impairment loss for the year:               | -                  | -                 | -                 |
| Charge for the year                         | -                  | -                 | -                 |
| Recoveries/reversal during the year         | -                  | -                 | -                 |
| Write-offs                                  | -                  | -                 | -                 |
| Exchange rate variance on foreign currency  | -                  | -                 | -                 |
| Other movement                              | -                  | -                 | -                 |
| <b>Balance at Asar end</b>                  | <b>-</b>           | <b>-</b>          | <b>-</b>          |
| <b>Collective allowances for impairment</b> |                    |                   |                   |
| Balance at Shrawan 1                        | 68,087,940         | 69,770,656        | 68,719,210        |
| Impairment loss for the year:               | -                  | -                 | -                 |
| Charge/(reversal) for the year              | 42,583,622         | (1,682,716)       | 1,051,446         |
| Exchange rate variance on foreign currency  | -                  | -                 | -                 |
| Other movement                              | -                  | -                 | -                 |
| <b>Balance at Asar end</b>                  | <b>110,671,562</b> | <b>68,087,940</b> | <b>69,770,656</b> |
| <b>Total allowances for impairment</b>      | <b>110,671,562</b> | <b>68,087,940</b> | <b>69,770,656</b> |

**Investment securities**

**4.8**

| Particulars                                      | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074   |
|--|--------------------|--------------------|--------------------|
| Investment securities measured at amortized cost | 55,443,090         | 43,934,093         | -                  |
| Investment in equity measured at FVTOCI          | 254,340,920        | 221,906,628        | 167,576,263        |
| <b>Total</b>                                     | <b>309,784,010</b> | <b>265,840,721</b> | <b>167,576,263</b> |

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

| Particulars                              | As at 31.03.2076  | As at 32.03.2075  | As at 01.04.2074 |
|--|-------------------|-------------------|------------------|
| Debt securities                          | -                 | -                 | -                |
| Government bonds                         | 23,500,000        | -                 | -                |
| Government treasury bills                | 31,943,090        | 43,934,093        | -                |
| Nepal Rastra Bank bonds                  | -                 | -                 | -                |
| Nepal Rastra Bank deposits instruments   | -                 | -                 | -                |
| Other                                    | -                 | -                 | -                |
| Less: specific allowances for impairment | -                 | -                 | -                |
| <b>Total</b>                             | <b>55,443,090</b> | <b>43,934,093</b> | <b>-</b>         |

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

| Particulars                | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074   |
|----------------------------|--------------------|--------------------|--------------------|
| <b>Equity instruments</b>  |                    |                    |                    |
| Quoted equity securities   | 253,041,520        | 220,607,228        | 166,493,463        |
| Unquoted equity securities | 1,299,400          | 1,299,400          | 1,082,800          |
| <b>Total</b>               | <b>254,340,920</b> | <b>221,906,628</b> | <b>167,576,263</b> |

4.8.3: Information relating to investment in equities

| Particulars   | As at 31.03.2076   |                    | As at 01.04.2075   |                    | As at 32.03.2074   |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Cost               | Fair Value         | Cost               | Fair Value         | Cost               | Fair Value         |
| <b>Investment in quoted equity</b>                                      | <b>235,643,899</b> | <b>253,041,520</b> | <b>228,185,638</b> | <b>220,607,228</b> | <b>140,113,873</b> | <b>166,493,463</b> |
| First Microfinance Laghu Bitta Bittiya Sanstha Limited - Ordinary Share | 10,409,561         | 6,550,500          | 9,252,665          | 7,804,620          | 8,770,865          | 8,545,560          |
| Gurans Life Insurance Co. Ltd.  | 1,116,213          | 1,009,050          | 1,047,413          | 1,214,220          | 448,042            | 740,520            |
| Himalayan General Insurance Company Limited - Ordinary Share            | -                  | -                  | 40,786             | 38,700             | 37,341             | 38,740             |
| Laxmi Equity Fund - Mutual Fund   | 5,849,570          | 4,463,222          | 5,849,570          | 4,738,152          | 5,849,570          | 5,849,570          |
| Life Insurance Corporation (Nepal) Limited - Ordinary Share             | 6,067,430          | 5,393,600          | 6,067,430          | 4,882,220          | 6,067,430          | 6,474,510          |
| Laxmi Value Fund-1- Mutual Fund   | 200,000            | 204,000            | 200,000            | 205,000            | 200,000            | 245,000            |
| Mero Microfinance Bittiya Sanstha Limited - Ordinary Share              | 400                | 3,192              | 4,100              | 48,600             | 4,100              | 4,100              |
| Nabil Equity Fund - Mutual Fund   | 135,000            | 125,955            | 135,000            | 133,110            | 135,000            | 135,000            |
| Nibl Pragati Fund - Mutual Fund   | 1,712,470          | 1,274,078          | 1,712,470          | 1,541,223          | 1,712,470          | 1,712,470          |
| Nibl Samriddhi Fund-1- Mutual Fund                                      | -                  | -                  | -                  | -                  | 12,001,468         | 12,421,727         |
| Nepal Life Insurance Company Limited - Ordinary Share                   | 19,678,416         | 14,844,876         | 19,678,416         | 13,840,050         | 9,059,505          | 9,197,736          |
| National Life Insurance Company Limited - Promoter Share                | 57,909,124         | 114,121,920        | 54,385,224         | 65,779,000         | -                  | 731,250            |
| National Life Insurance Company Limited - Ordinary Share                | 13,220,602         | 7,635,420          | 11,778,730         | 7,990,000          | 11,778,730         | 11,500,000         |
| Nimb Hybrid Fund L- 1 Mutual Fund                                       | 1,577,400          | 1,582,132          | 1,577,400          | 1,528,501          | 1,577,400          | 1,567,936          |
| Nlg Insurance Company Limited- Promoter Share                           | 2,197,635          | 20,386,929         | 2,197,635          | 23,210,475         | 2,197,635          | 29,671,785         |
| Premier Insurance Company (Nepal) Limited - Ordinary Share              | 10,125,961         | 6,492,010          | 5,670,808          | 4,050,000          | 5,670,852          | 5,358,990          |
| Sagarmatha Insurance Co. Ltd.   | 2,768,800          | 1,787,170          | 2,768,800          | 2,127,920          | 2,768,800          | 2,239,080          |
| Primelife Insurance Company Limited - Ordinary Share                    | 20,755,708         | 12,784,558         | 20,754,608         | 15,434,660         | 10,625,347         | 10,789,765         |
| Prabhu Insurance Limited- Ordinary Share                                | 2,303,216          | 1,332,604          | 2,303,216          | 1,958,635          | 2,187,816          | 2,104,000          |
| Rastriya Beema Sansthan   | 17,366,771         | 12,089,750         | 17,366,771         | 14,122,135         | 17,366,771         | 17,383,100         |
| Unilever Nepal Ltd.   | 9,358,570          | 6,277,500          | 9,358,570          | 7,750,000          | 9,358,570          | 9,053,240          |
| Siddhartha Equity Oriented Scheme- Mutual Fund                          | -                  | -                  | -                  | -                  | 8,107,883          | 8,180,720          |
| Shikhar Insurance Company Limited - Ordinary Share                      | 19,780,002         | 9,602,805          | 19,024,944         | 11,455,550         | 19,024,944         | 17,498,115         |
| Bottlers Nepal Ltd.   | -                  | -                  | 5,163,333          | 4,873,760          | 5,163,333          | 5,050,550          |
| Asian Life Insurance Co. Ltd.   | 200                | 1,149              | 100                | 1,366              | -                  | -                  |
| Butwal Power Company  | 10,742,270         | 7,423,350          | 10,742,270         | 7,540,500          | -                  | -                  |
| Chilime Hydropower Co.  | -                  | -                  | -                  | 27,650             | -                  | -                  |
| IME General Insurance Co. Ltd.  | 3,948,925          | 2,268,475          | 3,685,825          | 2,926,320          | -                  | -                  |
| Janautthan Laghubitta Bikas Bank  | 100                | 935                | -                  | 5,842              | -                  | -                  |
| Lumbini General Insurance Co.   | 2,199,999          | 1,263,340          | 2,199,999          | 1,615,900          | -                  | -                  |
| Nagbela Laghubitta Bikas Bank   | -                  | -                  | -                  | 2,560              | -                  | -                  |
| NIC Growth Fund   | 1,000,000          | 1,028,000          | 1,000,000          | 919,000            | -                  | -                  |
| Prudential Insurance Co. Ltd.   | -                  | -                  | -                  | 1,560              | -                  | -                  |
| Sanima Equity Fund  | 10,000,000         | 9,400,000          | 10,000,000         | 9,560,000          | -                  | -                  |
| Sanima Mai Hydropower   | 4,219,555          | 2,695,000          | 4,219,555          | 3,280,000          | -                  | -                  |
| NIBL Sahabhagita Fund   | 1,000,000          | 1,000,000          | -                  | -                  | -                  | -                  |
| <b>Investment in unquoted equity</b>                                    | <b>1,082,800</b>   | <b>1,299,400</b>   | <b>1,082,800</b>   | <b>1,299,400</b>   | <b>1,082,800</b>   | <b>1,082,800</b>   |
| Nepal Clearing House Ltd.   | 1,082,800          | 1,299,400          | 1,082,800          | 1,299,400          | 1,082,800          | 1,082,800          |
| <b>Total</b>  | <b>236,726,699</b> | <b>254,340,920</b> | <b>229,268,438</b> | <b>221,906,628</b> | <b>141,196,673</b> | <b>167,576,263</b> |

**Current tax assets/(liabilities)**

**4.9**

| Particulars                         | As at 31.03.2076   | As at 32.03.2075  | As at 01.04.2074  |
|-------------------------------------|--------------------|-------------------|-------------------|
| <b>Current tax assets</b>           | <b>32,851,599</b>  | <b>42,810,820</b> | <b>53,586,070</b> |
| Current year income tax assets      | 30,007,131         | 39,966,352        | 50,741,602        |
| Tax assets of prior periods         | 2,844,468          | 2,844,468         | 2,844,468         |
| <b>Current tax liabilities</b>      | <b>35,742,844</b>  | <b>31,911,976</b> | <b>48,097,608</b> |
| Current year income tax liabilities | 33,775,575         | 29,944,707        | 46,130,339        |
| Tax liabilities of prior periods    | 1,967,269          | 1,967,269         | 1,967,269         |
| <b>Net tax assets/(liabilities)</b> | <b>(2,891,246)</b> | <b>10,898,843</b> | <b>5,488,462</b>  |

**Investment in subsidiaries**

**4.10**

| Particulars                         | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-------------------------------------|------------------|------------------|------------------|
| Investment in quoted subsidiaries   | -                | -                | -                |
| Investment in unquoted subsidiaries | -                | -                | -                |
| <b>Total investment</b>             | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Less: Impairment allowances         | -                | -                | -                |
| <b>Net carrying amount</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>         |

**4.10.1: Investment in quoted subsidiaries**

| Particulars  | As at 31.03.2076 |            | As at 32.03.2075 |            | As at 01.04.2074 |            |
|--------------|------------------|------------|------------------|------------|------------------|------------|
|              | Cost             | Fair Value | Cost             | Fair Value | Cost             | Fair Value |
|              | -                | -          | -                | -          | -                | -          |
|              | -                | -          | -                | -          | -                | -          |
| <b>Total</b> | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>-</b>   |

**4.10.2: Investment in unquoted subsidiaries**

| Particulars  | As at 31.03.2076 |            | As at 32.03.2075 |            | As at 01.04.2074 |            |
|--------------|------------------|------------|------------------|------------|------------------|------------|
|              | Cost             | Fair Value | Cost             | Fair Value | Cost             | Fair Value |
|              | -                | -          | -                | -          | -                | -          |
|              | -                | -          | -                | -          | -                | -          |
| <b>Total</b> | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>-</b>   |

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

| Particulars  | Percentage of ownership held by the Bank |                  |                  |
|--------------|--|------------------|------------------|
|              | As at 31.03.2076                         | As at 32.03.2075 | As at 01.04.2074 |
|              | -  | -                | -                |
|              | -  | -                | -                |
| <b>Total</b> | <b>-</b>                                 | <b>-</b>         | <b>-</b>         |

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

| Particulars                                | As at 31.03.2076 |      |
|--|------------------|------|
|  | Ltd.             | Ltd. |
| Equity interest held by NCI (%)            |                  | -    |
| Profit/(loss) allocated during the year    |                  | -    |
| Accumulated balances of NCI as on Asar end |                  | -    |
| Dividend paid to NCI                       |                  | -    |
|  | As at 32.03.2075 |      |
|  | Ltd.             | Ltd. |
| Equity interest held by NCI (%)            |                  | -    |
| Profit/(loss) allocated during the year    |                  | -    |
| Accumulated balances of NCI as on Asar end |                  | -    |
| Dividend paid to NCI                       |                  | -    |
|  | As at 01.04.2074 |      |
|  | Ltd.             | Ltd. |
| Equity interest held by NCI (%)            |                  | -    |
| Profit/(loss) allocated during the year    |                  | -    |
| Accumulated balances of NCI as on Asar end |                  | -    |
| Dividend paid to NCI                       |                  | -    |

**Investment in associates**
**4.11**

| Particulars                       | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-----------------------------------|------------------|------------------|------------------|
| Investment in quoted associates   | -                | -                | -                |
| Investment in unquoted associates | -                | -                | -                |
| <b>Total investment</b>           | -                | -                | -                |
| Less: Impairment allowances       | -                | -                | -                |
| <b>Net carrying amount</b>        | -                | -                | -                |

**4.11.1: Investment in quoted associates**

| Particulars  | As at 31.03.2076 |            | As at 32.03.2075 |            | As at 01.04.2074 |            |
|--------------|------------------|------------|------------------|------------|------------------|------------|
|              | Cost             | Fair Value | Cost             | Fair Value | Cost             | Fair Value |
|              | -                | -          | -                | -          | -                | -          |
|              | -                | -          | -                | -          | -                | -          |
| <b>Total</b> | -                | -          | -                | -          | -                | -          |

**4.11.2: Investment in unquoted associates**

| Particulars  | As at 31.03.2076 |            | As at 32.03.2075 |            | As at 01.04.2074 |            |
|--------------|------------------|------------|------------------|------------|------------------|------------|
|              | Cost             | Fair Value | Cost             | Fair Value | Cost             | Fair Value |
|              | -                | -          | -                | -          | -                | -          |
|              | -                | -          | -                | -          | -                | -          |
| <b>Total</b> | -                | -          | -                | -          | -                | -          |

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

| Particulars  | Percentage of ownership held by the Finance Company |                  |                  |
|--------------|---|------------------|------------------|
|              | As at 31.03.2076                                    | As at 32.03.2075 | As at 01.04.2074 |
|              | -   | -                | -                |
|              | -   | -                | -                |
| <b>Total</b> | -   | -                | -                |

**4.11.4: Equity value of associates**

| Particulars  | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--------------|------------------|------------------|------------------|
|              |                  |                  |                  |
| <b>Total</b> | -                | -                | -                |

**Investment properties**

4.12

| Particulars   | As at 31.03.2076 | As at 32.03.2075  | As at 01.04.2074  |
|---|------------------|-------------------|-------------------|
| <b>Investment properties measured at fair value</b> |                  |                   |                   |
| Balance as on Shrawan 1                             | -                | -                 | -                 |
| Addition during the year                            | -                | -                 | -                 |
| Disposal during the year                            | -                | -                 | -                 |
| Net changes in fair value during the year           | -                | -                 | -                 |
| Adjustment/transfer                                 | -                | -                 | -                 |
| <b>Net amount</b>                                   | -                | -                 | -                 |
| <b>Investment properties measured at cost</b>       |                  |                   |                   |
| Balance as on Shrawan 1                             | 13,055,329       | 10,254,043        | 10,254,043        |
| Addition during the year                            | -                | 8,873,286         | -                 |
| Disposal during the year                            | (12,340,704)     | (6,072,000)       | -                 |
| Adjustment/transfer                                 | -                | -                 | -                 |
| Accumulated depreciation                            | -                | -                 | -                 |
| Accumulated impairment loss                         | -                | -                 | -                 |
| <b>Net amount</b>                                   | <b>714,624</b>   | <b>13,055,329</b> | <b>10,254,043</b> |
| <b>Total</b>  | <b>714,624</b>   | <b>13,055,329</b> | <b>10,254,043</b> |

Investment property comprise the following assets accounted as non-banking assets (NBA) as per NRB Directives.

| Name of Party/NBA Date                               | As at 31.03.2076 | As at 32.03.2075  | As at 01.04.2074  |
|--|------------------|-------------------|-------------------|
| Kajal Deep Rana, Nakhipot, Lalitpur / 2074.03.31     | -                | -                 | 6,072,000         |
| Manakamana Hastakala, Madanpur, Nuwakot / 2074.03.02 | 714,624          | 714,624           | 714,624           |
| Kabita Khadka, Gothatar, Bhaktapur / 2073.03.31      | -                | 3,467,419         | 3,467,419         |
| Shambhu Basnet, Patalepani, Bhojpur / 2075.03.06     | -                | 8,873,286         | -                 |
| <b>Total</b>   | <b>714,624</b>   | <b>13,055,329</b> | <b>10,254,043</b> |

**4.13**
**Property and Equipment**

| Particulars                        | Land | Building | Leasehold Properties | Computer & Accessories | Vehicle           | Furniture & Fixture | Machinery        | Equipment & Others | Total Asar end 2076 |
|------------------------------------|------|----------|----------------------|------------------------|-------------------|---------------------|------------------|--------------------|---------------------|
| <u>Cost</u>                        |      |          |                      |                        |                   |                     |                  |                    |                     |
| <b>As on Shrawan 1, 2074</b>       | -    | -        | <b>15,201,455</b>    | <b>5,914,878</b>       | <b>9,922,130</b>  | <b>7,932,619</b>    | <b>2,166,681</b> | <b>10,244,034</b>  | <b>51,381,796</b>   |
| Addition during the Year           | -    | -        | -                    | 1,369,528              | 3,456,700         | 280,102             | -                | 624,298            | 5,730,628           |
| Acquisition                        | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Capitalization                     | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Disposal during the year           | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Adjustment/Revaluation             | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| <b>Balance as on Asar end 2075</b> | -    | -        | <b>15,201,455</b>    | <b>7,284,405</b>       | <b>13,378,830</b> | <b>8,212,721</b>    | <b>2,166,681</b> | <b>10,868,333</b>  | <b>57,112,424</b>   |
| Addition during the Year           | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Acquisition                        | -    | -        | 259,119              | 2,475,025              | 192,900           | 1,627,313           | 81,482           | 1,242,404          | 5,878,243           |
| Capitalization                     | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Disposal during the year           | -    | -        | -                    | (81,000)               | -                 | -                   | -                | (254,800)          | (335,800)           |
| Adjustment/Revaluation             | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| <b>Balance as on Asar end 2076</b> | -    | -        | <b>15,460,574</b>    | <b>9,678,430</b>       | <b>13,571,730</b> | <b>9,840,034</b>    | <b>2,248,163</b> | <b>11,855,937</b>  | <b>62,654,867</b>   |
| <u>Depreciation and Impairment</u> |      |          |                      |                        |                   |                     |                  |                    |                     |
| <b>As on Shrawan 1, 2074</b>       | -    | -        | <b>8,577,893</b>     | <b>2,847,633</b>       | <b>6,053,718</b>  | <b>2,491,949</b>    | <b>1,303,954</b> | <b>8,201,047</b>   | <b>29,476,194</b>   |
| Depreciation charge for the Year   | -    | -        | 2,174,754            | 948,607                | 1,414,516         | 1,098,881           | 129,409          | 904,869            | 6,671,036           |
| Impairment for the year            | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Disposals                          | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Adjustment                         | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| <b>As on Asar end 2075</b>         | -    | -        | <b>10,752,647</b>    | <b>3,796,240</b>       | <b>7,468,234</b>  | <b>3,590,830</b>    | <b>1,433,363</b> | <b>9,105,916</b>   | <b>36,147,230</b>   |
| Impairment for the year            | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| Depreciation charge for the Year   | -    | -        | 2,382,470            | 845,872                | 629,382           | 849,976             | 293,660          | 1,246,692          | 6,248,052           |
| Disposals                          | -    | -        | -                    | -                      | (38,614)          | -                   | -                | (213,035)          | (251,649)           |
| Adjustment                         | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| <b>As on Asar end 2076</b>         | -    | -        | <b>13,135,117</b>    | <b>4,642,112</b>       | <b>8,059,002</b>  | <b>4,440,806</b>    | <b>1,727,023</b> | <b>10,139,573</b>  | <b>42,143,633</b>   |
| <b>Capital Work in Progress</b>    | -    | -        | -                    | -                      | -                 | -                   | -                | -                  | -                   |
| <u>Net Book Value</u>              |      |          |                      |                        |                   |                     |                  |                    |                     |
| <b>As on Asar end 2074</b>         | -    | -        | <b>6,623,562</b>     | <b>3,067,245</b>       | <b>3,868,412</b>  | <b>5,440,670</b>    | <b>862,727</b>   | <b>2,042,987</b>   | <b>21,905,602</b>   |
| <b>As on Asar end 2075</b>         | -    | -        | <b>4,448,808</b>     | <b>3,488,165</b>       | <b>5,910,596</b>  | <b>4,621,891</b>    | <b>733,318</b>   | <b>1,762,417</b>   | <b>20,965,194</b>   |
| <b>As on Asar end 2076</b>         | -    | -        | <b>2,325,457</b>     | <b>5,036,317</b>       | <b>5,512,728</b>  | <b>5,399,228</b>    | <b>521,140</b>   | <b>1,716,364</b>   | <b>20,511,234</b>   |



Goodwill and Intangible Assets

4.14

| Particulars                        | Goodwill | Software         |           | Other | Total Asar end 2076 |
|------------------------------------|----------|------------------|-----------|-------|---------------------|
|                                    |          | Purchased        | Developed |       |                     |
| <b>Cost</b>                        |          |                  |           |       |                     |
| As on Shrawan 1, 2074              | -        | 2,717,442        | -         | -     | 2,717,442           |
| Addition during the Year           |          |                  |           |       |                     |
| Acquisition                        | -        | -                | -         | -     | -                   |
| Capitalization                     | -        | -                | -         | -     | -                   |
| Disposal during the year           | -        | -                | -         | -     | -                   |
| Adjustment/Revaluation             | -        | -                | -         | -     | -                   |
| <b>Balance as on Asar end 2075</b> | -        | <b>2,717,442</b> | -         | -     | <b>2,717,442</b>    |
| Addition during the Year           |          |                  |           |       |                     |
| Acquisition                        | -        | 610,200          | -         | -     | 610,200             |
| Capitalization                     | -        | -                | -         | -     | -                   |
| Disposal during the year           | -        | -                | -         | -     | -                   |
| Adjustment/Revaluation             | -        | -                | -         | -     | -                   |
| <b>Balance as on Asar end 2076</b> | -        | <b>3,327,642</b> | -         | -     | <b>3,327,642</b>    |
| <b>Amortization and Impairment</b> |          |                  |           |       |                     |
| As on Shrawan 1, 2074              | -        | 684,456          | -         | -     | 684,456             |
| Amortization charge for the Year   | -        | 936,387          | -         | -     | 936,387             |
| Impairment for the year            | -        | -                | -         | -     | -                   |
| Disposals                          | -        | -                | -         | -     | -                   |
| Adjustment                         | -        | -                | -         | -     | -                   |
| <b>As on Asar end 2075</b>         | -        | <b>1,620,843</b> | -         | -     | <b>1,620,843</b>    |
| Amortization charge for the Year   | -        | 560,481          | -         | -     | 560,481             |
| Impairment for the year            | -        | -                | -         | -     | -                   |
| Disposals                          | -        | -                | -         | -     | -                   |
| Adjustment                         | -        | -                | -         | -     | -                   |
| <b>As on Asar end 2076</b>         | -        | <b>2,181,324</b> | -         | -     | <b>2,181,324</b>    |
| <b>Capital Work in Progress</b>    | -        | -                | -         | -     | -                   |
| <b>Net Book Value</b>              |          |                  |           |       |                     |
| As on Asar end 2074                | -        | 2,032,986        | -         | -     | 2,032,986           |
| As on Asar end 2075                | -        | 1,096,599        | -         | -     | 1,096,599           |
| As on Asar end 2076                | -        | 1,146,318        | -         | -     | 1,146,318           |

**Deferred Tax**
**4.15**

| Particulars  | As at 31.03.2076    |                          |                                       |
|--|---------------------|--------------------------|---------------------------------------|
|  | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/(Liabilities) |
| <b>Deferred tax on temporary differences on following items</b>              |                     |                          |                                       |
| Loan and Advance to B/FIs  | -                   | -                        | -                                     |
| Loans and advances to customers  | -                   | -                        | -                                     |
| Investment properties  | -                   | -                        | -                                     |
| Investment securities  | -                   | 5,284,266                | (5,284,266)                           |
| Property & equipment   | 230,356             | -                        | 230,356                               |
| Employees' defined benefit plan  | 683,149             | -                        | 683,149                               |
| Lease liabilities  | -                   | -                        | -                                     |
| Provisions   | -                   | -                        | -                                     |
| Other temporary differences  | 1,537,495           | -                        | 1,537,495                             |
| <b>Deferred tax on temporary differences</b>                                 | <b>2,451,000</b>    | <b>5,284,266</b>         | <b>(2,833,266)</b>                    |
| Deferred tax on carry forward of unused tax losses                           | -                   | -                        | -                                     |
| Deferred tax due to changes in tax rate                                      | -                   | -                        | -                                     |
| <b>Net Deferred tax asset/(liabilities) as on 31 Asar 2076</b>               | <b>2,451,000</b>    | <b>5,284,266</b>         | <b>(2,833,266)</b>                    |
| Deferred tax (asset)/liabilities as on 1 Shrawan 2075                        |                     |                          | (3,912,847)                           |
| Origination/(Reversal) during the year                                       |                     |                          | (6,746,113)                           |
| Deferred tax (expenses)/income recognised in profit or loss                  |                     |                          | 746,697                               |
| Deferred tax (expenses)/income recognised in other comprehensive income      |                     |                          | (7,492,809)                           |
| Deferred tax expenses/(income) recognised in directly in equity              |                     |                          |                                       |
|  |                     |                          |                                       |
| Particulars  | As at 32.03.2075    |                          |                                       |
|  | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/(Liabilities) |
| <b>Deferred tax on temporary differences on following items</b>              |                     |                          |                                       |
| Loan and Advance to B/FIs  | -                   | -                        | -                                     |
| Loans and advances to customers  | -                   | -                        | -                                     |
| Investment properties  | -                   | 195,830                  | (195,830)                             |
| Investment securities  | 2,208,543           | -                        | 2,208,543                             |
| Property & equipment   | -                   | -                        | -                                     |
| Employees' defined benefit plan  | 654,191             | -                        | 654,191                               |
| Lease liabilities  | -                   | -                        | -                                     |
| Provisions   | -                   | -                        | -                                     |
| Other temporary differences  | 1,245,943           | -                        | 1,245,943                             |
| <b>Deferred tax on temporary differences</b>                                 | <b>4,108,677</b>    | <b>195,830</b>           | <b>3,912,847</b>                      |
| Deferred tax on carry forward of unused tax losses                           | -                   | -                        | -                                     |
| Deferred tax due to changes in tax rate                                      | -                   | -                        | -                                     |
| <b>Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2075</b> | <b>4,108,677</b>    | <b>195,830</b>           | <b>3,912,847</b>                      |
| Deferred tax (asset)/liabilities as on Shrawan 1, 2074                       |                     |                          | 6,474,874                             |
| <b>Origination/(Reversal) during the year</b>                                |                     |                          | <b>(10,387,721)</b>                   |
| Deferred tax expenses/(income) recognised in profit or loss                  |                     |                          | (265,301)                             |
| Deferred tax expenses/(income) recognised in other comprehensive income      |                     |                          | (10,122,420)                          |
| Deferred tax expenses/(income) recognised in directly in equity              |                     |                          |                                       |

Deferred Tax

4.15

| Particulars  | As at 01.04.2074    |                          |                                       |
|--|---------------------|--------------------------|---------------------------------------|
|  | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/(Liabilities) |
| <b>Deferred tax on temporary differences on following items</b>              |                     |                          |                                       |
| Loan and Advance to B/FIs  |                     |                          | -                                     |
| Loans and advances to customers  | -                   | -                        | -                                     |
| Investment properties  | -                   | 153,811                  | (153,811)                             |
| Investment securities  | -                   | 7,913,877                | (7,913,877)                           |
| Property & equipment   | -                   | 1,109                    | (1,109)                               |
| Employees' defined benefit plan  | 919,913             | -                        | 919,913                               |
| Lease liabilities  | -                   | -                        | -                                     |
| Provisions   | -                   | -                        | -                                     |
| Other temporary differences  | 674,009             | -                        | 674,009                               |
| <b>Deferred tax on temporary differences</b>                                 | <b>1,593,922</b>    | <b>8,068,797</b>         | <b>(6,474,874)</b>                    |
| Deferred tax on carry forward of unused tax losses                           | -                   | -                        | -                                     |
| Deferred tax due to changes in tax rate                                      | 141,128             | -                        | -                                     |
| <b>Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2074</b> | <b>1,735,050</b>    | <b>8,068,797</b>         | <b>(6,474,874)</b>                    |
| <b>Deferred tax (asset)/liabilities as on Ashad 31, 2073 (Previous GAAP)</b> |                     |                          | (1,690,270)                           |
| Origination/(Reversal) during the year                                       |                     |                          |                                       |
| Deferred tax expenses/(income) recognised in profit or loss                  |                     |                          |                                       |
| Deferred tax expenses/(income) recognised in other comprehensive income      |                     |                          |                                       |
| <b>Deferred tax expenses/(income) recognised in directly in equity</b>       |                     |                          | <b>(8,165,144)</b>                    |

**Other Assets**
**4.16**

| Particulars                   | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074  |
|-------------------------------|------------------|------------------|-------------------|
| Assets held for sale          |                  | -                | -                 |
| Other non banking assets      |                  | -                | -                 |
| Bills receivable              | -                | -                | -                 |
| Accounts receivable           | 1,455,896        | 1,070,050        | 85,181,902        |
| Accrued income                | -                | -                | -                 |
| Prepayments and deposit       | 2,756,120        | 1,975,876        | 2,086,611         |
| Income tax deposit            | -                | -                | -                 |
| Deferred employee expenditure | 1,235,816        | 949,518          | 1,702,712         |
| Other                         | 2,126,235        | 5,814,977        | 698,078           |
| <b>Total</b>                  | <b>7,574,066</b> | <b>9,810,422</b> | <b>89,669,303</b> |

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

| Particulars                      | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|----------------------------------|------------------|------------------|------------------|
| Money market deposits            | -                | -                | -                |
| Interbank borrowing              | -                | -                | -                |
| Other deposits from BFIs         | -                | -                | -                |
| Settlement and clearing accounts | -                | -                | -                |
| Other deposits from BFIs         | -                | -                | -                |
| <b>Total</b>                     | <b>-</b>         | <b>-</b>         | <b>-</b>         |

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

| Particulars                                 | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074  |
|---|------------------|------------------|-------------------|
| Refinance from NRB                          |                  |                  | 46,600,000        |
| Standing Liquidity Facility                 |                  |                  | -                 |
| Lender of last report facility from NRB     |                  |                  | -                 |
| Securities sold under repurchase agreements |                  |                  | -                 |
| Other payable to NRB                        |                  |                  | -                 |
| <b>Total</b>                                | <b>-</b>         | <b>-</b>         | <b>46,600,000</b> |

**Derivative financial instruments**
**4.19**

| Particulars                            | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| <b><u>Held for trading</u></b>         | -                | -                | -                |
| Interest rate swap                     | -                | -                | -                |
| Currency swap                          | -                | -                | -                |
| Forward exchange contract              | -                | -                | -                |
| Others                                 | -                | -                | -                |
| <b><u>Held for risk management</u></b> |                  |                  |                  |
| Interest rate swap                     | -                | -                | -                |
| Currency swap                          | -                | -                | -                |
| Forward exchange contract              | -                | -                | -                |
| Others                                 | -                | -                | -                |
| <b>Total</b>                           | <b>-</b>         | <b>-</b>         | <b>-</b>         |

**Deposits from customers**

**4.20**

| Particulars                           | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|---------------------------------------|----------------------|----------------------|----------------------|
| <b><u>Institutions customers:</u></b> |                      |                      |                      |
| Term deposits                         | 366,773,304          | 408,115,759          | 177,089,612          |
| Call deposits                         | -                    | -                    | -                    |
| Current deposits                      | -                    | -                    | -                    |
| Other                                 | 1,174,754,453        | 688,507,405          | 939,458,570          |
| <b><u>Individual customers:</u></b>   |                      |                      |                      |
| Term deposits                         | 1,465,725,977        | 1,548,463,290        | 1,092,337,715        |
| Saving deposits                       | 1,128,071,370        | 1,077,788,237        | 1,019,818,453        |
| Current deposits                      | -                    | -                    | -                    |
| Other                                 | 50,000               | 2,041,041            | 4,296,566            |
| <b>Total</b>                          | <b>4,135,375,104</b> | <b>3,724,915,732</b> | <b>3,233,000,916</b> |

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

| Particulars         | As at 31.03.2076     | As at 32.03.2075     | As at 01.04.2074     |
|---------------------|----------------------|----------------------|----------------------|
| Nepalese rupee      | 4,135,375,104        | 3,724,915,732        | 3,233,000,916        |
| Indian rupee        | -                    | -                    | -                    |
| United State dollar | -                    | -                    | -                    |
| Great Britain pound | -                    | -                    | -                    |
| Euro                | -                    | -                    | -                    |
| Japanese yen        | -                    | -                    | -                    |
| Chinese yuan        | -                    | -                    | -                    |
| Other               | -                    | -                    | -                    |
| <b>Total</b>        | <b>4,135,375,104</b> | <b>3,724,915,732</b> | <b>3,233,000,916</b> |

**Borrowing**

**4.21**

| Particulars                             | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---|------------------|------------------|------------------|
| Domestic Borrowing                      | -                | -                | -                |
| Nepal Government                        | -                | -                | -                |
| Other Institutions                      | -                | -                | -                |
| Other                                   | -                | -                | -                |
| <b>Sub total</b>                        | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Foreign Borrowing                       | -                | -                | -                |
| Foreign Bank and Financial Institutions | -                | -                | -                |
| Multilateral Development Banks          | -                | -                | -                |
| Other Institutions                      | -                | -                | -                |
| <b>Sub total</b>                        | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Total</b>                            | <b>-</b>         | <b>-</b>         | <b>-</b>         |

**Provisions**
**4.22**

| Particulars                             | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---|------------------|------------------|------------------|
| Provisions for redundancy               | -                | -                | -                |
| Provision for restructuring             | -                | -                | -                |
| Pending legal issues and tax litigation | -                | -                | -                |
| Onerous contracts                       | -                | -                | -                |
| Other                                   | -                | -                | -                |
| <b>Total</b>                            |                  |                  |                  |

**4.22.1: Movement in provision**

| Particulars                         | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-------------------------------------|------------------|------------------|------------------|
| Balance at Shrawan 1                | -                | -                | -                |
| Provisions made during the year     | -                | -                | -                |
| Provisions used during the year     | -                | -                | -                |
| Provisions reversed during the year | -                | -                | -                |
| Unwind of discount                  | -                | -                | -                |
| <b>Balance at Asar end</b>          | -                | -                | -                |

**Other liabilities**
**4.23**

| Particulars   | As at 31.03.2076  | As at 32.03.2075  | As at 01.04.2074  |
|---|-------------------|-------------------|-------------------|
| Liability for employees defined benefit obligation* | 1,929,357         | 1,182,886         | 1,350,520         |
| Liability for long-service leave**                  | 347,807           | 997,749           | 1,715,857         |
| Short-term employee benefits                        | -                 | -                 | -                 |
| Bills payable                                       | -                 | -                 | -                 |
| Creditors and accruals                              | 15,341,109        | 8,344,999         | 10,928,416        |
| Interest payable on deposit                         | 37,844,382        | 61,865,422        | 28,438,545        |
| Interest payable on borrowing                       | -                 | -                 | 270,663           |
| Liabilities on deferred grant income                | -                 | -                 | -                 |
| Unpaid Dividend                                     | 1,260,392         | 1,267,281         | 1,358,792         |
| Liabilities under Finance Lease                     | -                 | -                 | -                 |
| Employee bonus payable                              | 10,794,242        | 6,354,939         | 15,432,492        |
| Other   | 6,485,426         | 6,162,096         | 5,557,555         |
| <b>Total</b>  | <b>74,002,712</b> | <b>86,175,372</b> | <b>65,052,840</b> |

\* The amount represents amount payable to employees in respect of gratuity calculated as per Labor Act 2074. Upon compliance with Labour Act 2074, the amount of liability is fixed and accordingly, does not require actuarial valuation.

\*\* The amount is actual liability at each financial reporting date. The total liability amount is not material to the financial statements, accordingly, actuarial valuation has not been done.

**4.23.1: Defined benefit obligations**

As actuarial valuation is not required for gratuity as mentioned above, the disclosure part from note no. 4.23.1 to 4.23.7 is not required to be filled up, hence kept blank.

| Particulars  | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| Present value of unfunded obligations                |                  |                  |                  |
| Present value of funded obligations                  |                  |                  |                  |
| Total present value of obligations                   |                  |                  |                  |
| Fair value of plan assets                            |                  |                  |                  |
| Present value of net obligations                     |                  |                  |                  |
| Recognised liability for defined benefit obligations |                  |                  |                  |

**4.23.2: Plan assets**

Plan assets comprise

| Particulars       | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-------------------|------------------|------------------|------------------|
| Equity securities |                  |                  |                  |
| Government bonds  |                  |                  |                  |
| Bank deposit      |                  |                  |                  |
| Other             |                  |                  |                  |
| <b>Total</b>      |                  |                  |                  |

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

| Particulars                              | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| Defined benefit obligations at Shrawan 1 |                  |                  |                  |
| Actuarial losses                         |                  |                  |                  |
| Benefits paid by the plan                |                  |                  |                  |
| Current service costs and interest       |                  |                  |                  |
| Defined benefit obligations at Asar end  |                  |                  |                  |

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

| Particulars                            | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| Fair value of plan assets at Shrawan 1 |                  |                  |                  |
| Contributions paid into the plan       |                  |                  |                  |
| Benefits paid during the year          |                  |                  |                  |
| Actuarial (losses) gains               |                  |                  |                  |
| Expected return on plan assets         |                  |                  |                  |
| Fair value of plan assets at Asar end  |                  |                  |                  |

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

| Particulars                    | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--------------------------------|------------------|------------------|------------------|
| Current service costs          |                  |                  |                  |
| Interest on obligation         |                  |                  |                  |
| Expected return on plan assets |                  |                  |                  |
| <b>Total</b>                   |                  |                  |                  |

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

| Particulars           | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-----------------------|------------------|------------------|------------------|
| Actuarial (gain)/loss |                  |                  |                  |
| <b>Total</b>          |                  |                  |                  |

**4.23.7: Actuarial assumptions**

| Particulars                   | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-------------------------------|------------------|------------------|------------------|
| Discount rate                 |                  |                  |                  |
| Expected return on plan asset |                  |                  |                  |
| Future salary increase        |                  |                  |                  |
| Withdrawal rate               |                  |                  |                  |

**Debt securities issued**
**4.24**

| Particulars   | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---|------------------|------------------|------------------|
| Debt securities issued designated as at fair value through profit or loss |                  |                  |                  |
| Debt securities issued at amortised cost                                  |                  |                  |                  |
| <b>Total</b>  |                  |                  |                  |

**Subordinated Liabilities**
**4.25**

| Particulars                               | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|---|------------------|------------------|------------------|
| Redeemable preference shares              |                  |                  |                  |
| Irredeemable cumulative preference shares |                  |                  |                  |
| Other                                     |                  |                  |                  |
| <b>Total</b>                              |                  |                  |                  |

**Share capital**
**4.26**

| Particulars                                       | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074   |
|---|--------------------|--------------------|--------------------|
| Ordinary shares                                   | 832,416,063        | 713,101,176        | 512,571,468        |
| Convertible preference shares (equity component)  |                    |                    | -                  |
| Irredeemable preference shares (equity component) |                    |                    | -                  |
| Perpetual debt (equity component only)            |                    |                    | -                  |
| <b>Total</b>                                      | <b>832,416,063</b> | <b>713,101,176</b> | <b>512,571,468</b> |

**4.25.1: Ordinary shares**

| Particulars   | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074   |
|---|--------------------|--------------------|--------------------|
| Authorized Capital  |                    |                    |                    |
| 10,000,000 Ordinary share of Rs. 100 each   | 1,000,000,000      | 1,000,000,000      | 1,000,000,000      |
| Issued capital  |                    |                    |                    |
| 8,324,160 Ordinary share of Rs. 100 each  | 832,416,063        | 802,288,611        | 743,228,629        |
| Subscribed and paid up capital  |                    |                    |                    |
| 8,324,160 Ordinary share of Rs. 100 each  | 832,416,063        | 713,101,176        | 512,571,468        |
| <b>Total</b>  | <b>832,416,063</b> | <b>713,101,176</b> | <b>512,571,468</b> |
| Regulatory Capital (Capital as per NRB Directives, including proposed bonus shares for previous years ) | 832,416,063        | 802,288,611        | 601,758,903        |



| Reconciliation of no. of equity shares | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| Opening                                | 8,022,886        | 5,125,715        | 4,457,143        |
| Add: issued during the year            | 301,274          | 2,897,171        | 668,571          |
| <b>Closing</b>                         | <b>8,324,160</b> | <b>8,022,886</b> | <b>5,125,715</b> |

#### 4.25.2: Ordinary share ownership

| Particulars                     | As at 31.03.2076 |                    | As at 32.03.2075 |                    | As at 01.04.2074 |                    |
|---------------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                                 | Percent          | Amount             | Percent          | Amount             | Percent          | Amount             |
| <u>Domestic ownership</u>       |                  |                    |                  |                    |                  |                    |
| Nepal Government                |                  |                    |                  |                    |                  |                    |
| "A" class licensed institutions |                  |                    |                  |                    |                  |                    |
| Other licensed institutions     |                  |                    |                  |                    |                  |                    |
| Other Institutions              | 4.49             | 37,357,376         | 0.82             | 5,840,500          | 1.20             | 6,173,100          |
| Public                          | 95.51            | 795,058,687        | 99.18            | 707,260,676        | 98.80            | 506,398,368        |
| Other                           |                  |                    |                  |                    |                  |                    |
| <u>Foreign ownership</u>        |                  |                    |                  |                    |                  |                    |
| <b>Total</b>                    | <b>100.00</b>    | <b>832,416,063</b> | <b>100.00</b>    | <b>713,101,176</b> | <b>100.00</b>    | <b>512,571,468</b> |

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2076 are as follows:

| Name of shareholder     | % of holding |
|-------------------------|--------------|
| Kush Prasad Mally       | 2.69         |
| Gyanendra Prasad Mally  | 2.69         |
| Rajendra Prasad Mally   | 2.69         |
| Rastriya Beema Sansthan | 2.50         |
| Rajeev Bikram Shah      | 1.35         |
| Yashaswee Shah          | 1.35         |
| Mahendra Kumar Goyal    | 1.28         |
| Ravi Krishna Shrestha   | 1.08         |
| Sagarmatha Insurance    | 0.87         |
| Ram Prakash Shrestha    | 0.86         |
| Gautam Kumar Dongol     | 0.85         |
| Amir Das Ranjit         | 0.80         |
| Rupa Devi Sarawagi      | 0.77         |
| Gauri Shrestha          | 0.71         |
| Eren Gopal Ranjitkar    | 0.64         |
| Salona Tuladhar         | 0.59         |
| Kabindra Shrestha       | 0.54         |
| Rabindra Bajracharya    | 0.53         |
| Ravi Bikram Dhoj Joshi  | 0.50         |

**Reserves**
**4.27**

| Particulars                             | As at 31.03.2076   | As at 32.03.2075  | As at 01.04.2074  |
|---|--------------------|-------------------|-------------------|
| Statutory general reserve               | 89,437,490         | 76,613,630        | 67,643,535        |
| Exchange equilisation reserve           | -                  | -                 | -                 |
| Corporate social responsibility reserve | 1,662,168          | 1,273,165         | 1,083,800         |
| Capital redemption reserve              | -                  | -                 | -                 |
| Regulatory reserve                      | 68,740,387         | -                 | -                 |
| Investment adjustment reserve           | 4,712,878          | 4,563,713         | 2,802,277         |
| Capital reserve                         | -                  | -                 | -                 |
| Assets revaluation reserve              | -                  | -                 | -                 |
| Fair value reserve                      | 12,329,955         | (5,153,267)       | 18,465,713        |
| Dividend equalisation reserve           | -                  | -                 | -                 |
| Actuarial gain                          | -                  | -                 | -                 |
| Special reserve                         | -                  | -                 | -                 |
| Other reserve                           | 1,686,542          | 1,103,707         | 470,425           |
| <b>Total</b>                            | <b>178,569,420</b> | <b>78,400,948</b> | <b>90,465,750</b> |

**4.27.1: Movement of specific reserves for the year 2075-76 is as follows:**

| Particulars                 | Corporate social responsibility | Training reserve |
|-----------------------------|---------------------------------|------------------|
| <b>Opening</b>              | <b>1,273,165</b>                | <b>1,103,707</b> |
| Addition for the year       | 641,193                         | 582,836          |
| Utilization during the year | (252,190)                       | -                |
| <b>Closing</b>              | <b>1,662,168</b>                | <b>1,686,542</b> |

**4.27.2: The composition of regulatory reserve is as follows:**

Regulatory reserve is created for the first time in fiscal year 2075-76, accordingly, all the amount are included for first time. Movement to and from regulatory reserve will be seen from next fiscal year only.

| Particulars                                      | Balance as at 31.03.2076 |
|--|--------------------------|
| Additional Interest income in NFRs               | 10,979,986               |
| Loss on investment(Share)                        | 57,045,777               |
| Non banking assets booked as investment property | 714,624                  |
| <b>Total</b>                                     | <b>68,740,387</b>        |

1. Additional interest income booked under NFRS up to previous period by way of adjustment to retained earning.
2. Loss on investment in shares on mark to market basis as per NRB Directives has been presented in regulatory reserve. For NFRS purpose, shares valuation has been done on fair value basis with resultant impact to fair value reserve.
3. Amount equivalent to non-banking assets was booked in investment property with corresponding impact to retained earning,in previous years. In current year,net non-banking assets remaining in books has been transferred from retained earning to regulatory reserve.

**Contingent liabilities and commitments**

4.28

| Particulars                        | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074  |
|------------------------------------|--------------------|--------------------|-------------------|
| Contingent liabilities             | -                  | -                  | 1,794,904         |
| Undrawn and undisbursed facilities | 109,970,601        | 140,377,033        | 72,183,102        |
| Capital commitment                 | -                  | -                  | -                 |
| Lease Commitment                   | 36,510,303         | 29,412,779         | 21,475,135        |
| Litigation                         |                    |                    |                   |
| <b>Total</b>                       | <b>146,480,904</b> | <b>169,789,812</b> | <b>95,453,141</b> |

**4.28.1: Contingent liabilities**

| Particulars                       | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|-----------------------------------|------------------|------------------|------------------|
| Acceptance and documentary credit |                  |                  |                  |
| Bills for collection              |                  |                  |                  |
| Forward exchange contracts        |                  |                  |                  |
| Guarantees                        |                  |                  | 1,794,904        |
| Underwriting commitment           |                  |                  |                  |
| Other commitments                 |                  |                  |                  |
| <b>Total</b>                      | <b>-</b>         | <b>-</b>         | <b>1,794,904</b> |

**4.28.2: Undrawn and undisbursed facilities**

| Particulars                        | As at 31.03.2076   | As at 32.03.2075   | As at 01.04.2074  |
|------------------------------------|--------------------|--------------------|-------------------|
| Undisbursed amount of loans        | 109,970,601        | 140,377,033        | 72,183,102        |
| Undrawn limits of overdrafts       |                    |                    |                   |
| Undrawn limits of credit cards     |                    |                    |                   |
| Undrawn limits of letter of credit |                    |                    |                   |
| Undrawn limits of guarantee        |                    |                    |                   |
| <b>Total</b>                       | <b>109,970,601</b> | <b>140,377,033</b> | <b>72,183,102</b> |

**4.28.3: Capital commitments**

Capital expenditure approved by relevant authority of the bank but provision is not required to be made in financial statements.

| Particulars  | As at 31.03.2076 | As at 32.03.2075 | As at 01.04.2074 |
|--|------------------|------------------|------------------|
| <b>Capital commitments in relation to Property and Equipment</b> |                  |                  |                  |
| Approved and contracted for                                      |                  |                  |                  |
| Approved but not contracted for                                  |                  |                  |                  |
| <b>Sub total</b>   |                  |                  |                  |
| <b>Capital commitments in relation to Intangible assets</b>      |                  |                  |                  |
| Approved and contracted for                                      |                  |                  |                  |
| Approved but not contracted for                                  |                  |                  |                  |
| <b>Sub total</b>   |                  |                  |                  |
| <b>Total</b>   |                  |                  |                  |

**4.28.4: Lease commitments**

| Particulars   | As at 31.03.2076  | As at 32.03.2075  | As at 01.04.2074  |
|---|-------------------|-------------------|-------------------|
| <b><u>Operating lease commitments</u></b>   |                   |                   |                   |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee |                   |                   |                   |
| Not later than 1 year   | 8,191,214         | 7,937,644         | 7,097,525         |
| Later than 1 year but not later than 5 years  | 12,929,608        | 19,445,904        | 24,669,546        |
| Later than 5 years  | 354,312           | 2,029,231         | 4,743,232         |
| <b>Sub total</b>  | <b>36,510,303</b> | <b>29,412,779</b> | <b>21,475,135</b> |
| <b><u>Finance lease commitments</u></b>   |                   |                   |                   |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee |                   |                   |                   |
| Not later than 1 year   |                   |                   |                   |
| Later than 1 year but not later than 5 years  |                   |                   |                   |
| Later than 5 years  |                   |                   |                   |
| <b>Sub total</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Grand total</b>  | <b>36,510,303</b> | <b>29,412,779</b> | <b>21,475,135</b> |

**4.28.5: Litigation**
**A. Income Tax Matters**

Finance Co. has filed a case at Revenue Tribunal on 2075/12/13 against the income tax assessment made by Middle Taxpayer Office for fiscal year 2071-72. The total amount demanded by tax office and not accepted by Finance Co. was Rs. 10.49 lakhs which included assessment amount of Rs. 5.61 lakhs. The case has not been decided by Revenue Tribunal.

**B. Other Legal Cases**

There are seven cases for and against Finance Co. in different courts. The cases are of general in nature and the company does not expect any additional financial liability to arise on settlement of the cases.

**Interest income**

**4.29**

| Particulars  | Current Year       | Previous Year      |
|--|--------------------|--------------------|
| Cash and cash equivalent                             | 60,555,901         | 61,951,270         |
| Due from Nepal Rastra Bank                           | -                  | -                  |
| Placement with bank and financial institutions       | -                  | -                  |
| Loan and advances to bank and financial institutions | 22,805,049         | 7,431,928          |
| Loans and advances to customers                      | 486,308,739        | 421,046,364        |
| Investment securities                                | 2,850,282          | 1,294,965          |
| Loan and advances to staff                           | 1,031,281          | 1,233,023          |
| Other  | -                  | -                  |
| <b>Total interest income</b>                         | <b>573,551,252</b> | <b>492,957,549</b> |

\* Interest income of 2075-76 is inclusive of Rs.14,190,255 collected within Shrawan 2076 in line with NRB Directives. During the year, Rs.4,898,449 has been included in interest income as per NFRS.

**Interest expenses**

**4.30**

| Particulars                            | Current Year       | Previous Year      |
|--|--------------------|--------------------|
| Due to bank and financial institutions | -                  | -                  |
| Due to Nepal Rastra Bank               | -                  | 661,337            |
| Deposits from customers                | 366,455,229        | 339,801,947        |
| Borrowing                              | -                  | -                  |
| Debt securities issued                 | -                  | -                  |
| Subordinated liabilities               | -                  | -                  |
| Other                                  | -                  | -                  |
| <b>Total interest expenses</b>         | <b>366,455,229</b> | <b>340,463,284</b> |

**Fees and Commission Income**

**4.31**

| Particulars                               | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| Loan administration fees                  | -                 | -                 |
| Service fees                              | 26,625,782        | 21,487,829        |
| Consortium fees                           | -                 | -                 |
| Commitment fees                           | -                 | -                 |
| DD/TT/Swift fees                          | -                 | -                 |
| Credit card/ATM issuance and renewal fees | 24,185            | 20,115            |
| Prepayment and swap fees                  | 1,623,135         | 2,297,366         |
| Investment banking fees                   | -                 | -                 |
| Asset management fees                     | -                 | -                 |
| Brokerage fees                            | 229,127           | 207,064           |
| Remittance fees                           | 379,143           | 379,618           |
| Commission on letter of credit            | -                 | -                 |
| Commission on guarantee contracts issued  | -                 | -                 |
| Commission on share underwriting/issue    | -                 | -                 |
| Locker rental                             | -                 | -                 |
| Other fees and commission income          | 555,763           | 453,636           |
| <b>Total fees and Commission Income</b>   | <b>29,437,134</b> | <b>24,845,628</b> |

**Fees and commission expenses**
**4.32**

| Particulars                               | Current Year | Previous Year |
|---|--------------|---------------|
| ATM management fees                       | -            | -             |
| VISA/Master card fees                     | -            | -             |
| Guarantee commission                      | -            | -             |
| Brokerage                                 | -            | -             |
| DD/TT/Swift fees                          | -            | -             |
| Remittance fees and commission            | -            | -             |
| Other fees and commission expenses        | -            | -             |
| <b>Total fees and Commission Expenses</b> | <b>-</b>     | <b>-</b>      |

**Net Trading Income**
**4.33**

| Particulars                             | Current Year | Previous Year |
|---|--------------|---------------|
| Changes in fair value of trading assets | -            | -             |
| Gain/loss on disposal of trading assets | -            | -             |
| Interest income on trading assets       | -            | -             |
| Dividend income on trading assets       | -            | -             |
| Gain/loss foreign exchange transaction  | -            | -             |
| Other                                   | -            | -             |
| <b>Net trading income</b>               | <b>-</b>     | <b>-</b>      |

**Other operating income**
**4.34**

| Particulars                                   | Current Year     | Previous Year    |
|---|------------------|------------------|
| Foreign exchange revaluation gain             | -                | -                |
| Gain/loss on sale of investment securities    | 638,759          | 3,113,650        |
| Fair value gain/loss on investment properties | -                | -                |
| Dividend on equity instruments                | 1,231,327        | 1,720,360        |
| Gain/loss on sale of property and equipment   | (23,151)         | -                |
| Gain/loss on sale of investment property      | 783,628          | 59,400           |
| Operating lease income                        | -                | -                |
| Gain/loss on sale of gold and silver          | -                | -                |
| Locker rent                                   | -                | -                |
| Other   | 1,138,735        | 808,034          |
| <b>Total</b>                                  | <b>3,769,298</b> | <b>5,701,444</b> |

**Impairment charge/(reversal) for loan and other losses**
**4.35**

| Particulars   | Current Year      | Previous Year      |
|---|-------------------|--------------------|
| Impairment charge/(reversal) on loan and advances to B/FIs                      | -                 | -                  |
| Impairment charge/(reversal) on loan and advances to customer                   | 44,653,622        | (1,066,716)        |
| Impairment charge/(reversal) on financial Investment                            | -                 | -                  |
| Impairment charge/(reversal) on placement with banks and financial institutions | -                 | -                  |
| Impairment charge/(reversal) on property and equipment                          | -                 | -                  |
| Impairment charge/(reversal) on goodwill and intangible assets                  | -                 | -                  |
| Impairment charge/(reversal) on investment properties                           | -                 | -                  |
| <b>Total</b>  | <b>44,653,622</b> | <b>(1,066,716)</b> |

**Personnel Expenses**

**4.36**

| Particulars                       | Current Year      | Previous Year     |
|-----------------------------------|-------------------|-------------------|
| Salary                            | 24,118,375        | 22,990,391        |
| Allowances                        | 7,957,929         | 7,416,170         |
| Gratuity expenses                 | 1,929,357         | 1,182,887         |
| Provident fund                    | 2,224,369         | 1,969,917         |
| Uniform                           | 923,895           | 753,568           |
| Training & development expenses   | 1,159,580         | 929,191           |
| Leave encashment                  | 1,085,417         | 1,901,976         |
| Medical                           | -                 | -                 |
| Insurance                         | 1,562,133         | 240,482           |
| Employees incentive               | -                 | -                 |
| Cash-settled share-based payments | -                 | -                 |
| Pension expenses                  | -                 | -                 |
| Finance expenses under NFRS       | 94,952            | 141,893           |
| Other expenses related to staff   | 1,578,176         | 1,268,088         |
| <b>Subtotal</b>                   | <b>42,634,184</b> | <b>38,794,563</b> |
| Employees bonus                   | 10,794,242        | 6,354,939         |
| <b>Grand total</b>                | <b>53,428,426</b> | <b>45,149,502</b> |

**Other operating expenses**

**4.37**

| Particulars                                 | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| Directors' fee                              | 941,000           | 1,069,335         |
| Directors' expenses                         | 445,905           | 215,565           |
| Auditors' remuneration                      | 678,000           | 678,000           |
| Other audit related expenses                | -                 | -                 |
| Professional and legal expenses             | 3,585,193         | 2,526,185         |
| Office administration expenses              | 23,985,055        | 19,345,372        |
| Operating lease expenses                    | 7,937,644         | 7,097,524         |
| Operating expenses of investment properties | -                 | -                 |
| Corporate social responsibility expenses    | 252,190           | -                 |
| Onerous lease provisions                    | -                 | -                 |
| Other                                       | 438,710           | 1,832,535         |
| <b>Total</b>                                | <b>38,263,697</b> | <b>32,764,516</b> |

**Other operating expenses**
**4.37**

| Office administration expenses include the following: | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| Water and electricity                                 | 1,371,486         | 1,198,511         |
| Repair and maintenance                                |                   |                   |
| Building  | -                 | -                 |
| Vehicles  | 352,125           | 352,850           |
| Computer and accessories                              | 17,800            | 5,820             |
| Office equipment and furniture                        | 239,916           | 215,721           |
| Others  | 10,920            | 29,285            |
| Insurance   | 707,826           | 626,045           |
| Postage, telex, telephone , fax                       | 1,395,878         | 1,369,888         |
| Printing and stationery                               | 1,475,397         | 952,517           |
| Newspaper, books and journal                          | 56,661            | 50,550            |
| Advertisement   | 917,466           | 1,404,913         |
| Donation  | 21,000            | 30,236            |
| Security  | 5,866,136         | 3,895,826         |
| Deposit and loan guarantee premium                    | 830,152           | 756,158           |
| Travel allowance and expenses                         | 1,236,920         | 1,224,418         |
| Entertainment   | 384,646           | 466,686           |
| Annual/special general meeting                        | 653,304           | -                 |
| Other   | 8,447,422         | 6,765,948         |
| <b>Total</b>  | <b>23,985,055</b> | <b>19,345,372</b> |

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

| Particulars                            | Current Year     | Previous Year    |
|--|------------------|------------------|
| Depreciation on property and equipment | 6,248,052        | 6,671,036        |
| Depreciation on investment property    | -                | -                |
| Amortisation of intangible assets      | 560,481          | 936,387          |
| <b>Total</b>                           | <b>6,808,533</b> | <b>7,607,423</b> |

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

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

**Non operating expenses**
**4.40**

| Particulars               | Current Year | Previous Year |
|---------------------------|--------------|---------------|
| Loan written off          | -            | -             |
| Redundancy provision      | -            | -             |
| Expenses of restructuring | -            | -             |
| Other expenses            | -            | -             |
| <b>Total</b>              | <b>-</b>     | <b>-</b>      |



**Income tax expenses**
**4.41**

| Particulars                                       | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| <b>Current tax expenses</b>                       | <b>33,775,575</b> | <b>29,944,707</b> |
| Current year                                      | 33,775,575        | 29,944,707        |
| Adjustments for prior years                       | -                 | -                 |
| <b>Deferred tax expenses</b>                      | <b>(746,697)</b>  | <b>(265,301)</b>  |
| Origination and reversal of temporary differences | (746,697)         | (265,301)         |
| Changes in tax rate                               | -                 | -                 |
| Recognition of previously unrecognised tax losses | -                 | -                 |
| <b>Total income tax expenses/(income)</b>         | <b>33,028,878</b> | <b>29,679,406</b> |

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

| Particulars   | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| <b>Current Year</b>   |                   |                   |
| Profit before tax   | 97,148,177        | 98,586,612        |
| Tax amount at tax rate of 30%                                       | 29,144,453        | 29,575,984        |
| Add: Tax effect of expenses that are not deductible for tax purpose | 4,631,122         | 368,723           |
| Less: Tax effect on exempt income                                   |                   |                   |
| Add/less: Tax effect on other items                                 |                   |                   |
| <b>Total income tax expenses</b>                                    | <b>33,775,575</b> | <b>29,944,707</b> |
| Effective tax rate  | 34.77%            | 30.37%            |

**Statement of Distributable Profit or Loss**
**4.42**

| Particulars   | Current Year       | Previous Year      |
|---|--------------------|--------------------|
| Opening retained earning (as at 01.04.2075)   | 183,885,468        | 130,852,374        |
| Distribution to shareholders  | (111,093,121)      | (4,694,076)        |
| Reserves transferred to retained earing   | 835,025            |                    |
| <b>Adjusted retained earning availing for distribution before current year profit</b> | <b>73,627,372</b>  | <b>126,158,298</b> |
| <b>Net profit or (loss) as per statement of profit or loss</b>                        | <b>64,119,299</b>  | <b>68,907,206</b>  |
| Appropriations:   |                    |                    |
| a. General reserve  | (12,823,860)       | (8,970,095)        |
| b. Foreign exchange fluctuation fund  |                    |                    |
| c. Capital redemption reserve   |                    |                    |
| d. Corporate social responsibility fund   | (641,193)          | (448,505)          |
| e. Employees' training fund   | (582,836)          |                    |
| f. Other  | (149,165)          | (1,761,436)        |
| <b>Profit or (loss) before regulatory adjustment</b>                                  | <b>123,549,618</b> | <b>183,885,468</b> |
| Regulatory adjustment :   |                    |                    |
| a. Interest receivable (-)/previous accrued interest received (+)                     | (10,979,986)       |                    |
| b. Short loan loss provision in accounts (-)/reversal (+)                             |                    |                    |
| c. Short provision for possible losses on investment (-)/reversal (+)                 | (57,045,777)       |                    |
| d. Short loan loss provision on Non Banking Assets (-)/reversal (+)                   | (714,624)          |                    |
| e. Deferred tax assets recognised (-)/ reversal (+)                                   | -                  |                    |
| f. Goodwill recognised (-)/ impairment of Goodwill (+)                                |                    |                    |
| g. Bargain purchase gain recognised (-)/reversal (+)                                  |                    |                    |
| h. Actuarial loss recognised (-)/reversal (+)   |                    |                    |
| i. Other (+/-)  |                    |                    |
| <b>Distributable profit or (loss)</b>   | <b>54,809,231</b>  | <b>183,885,468</b> |

## Reliance Finance Limited

### Notes to Financial Statements

#### 5 Disclosure and Additional Information

##### 5.1 Risk Management

The Finance Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Finance Co. The Finance Co.'s Board and senior management has overall responsibility for the establishment and oversight of the Finance's risk management. The Finance Co.'s risk management policies are established to identify and analyses the risks faced by the Finance Co., to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

##### a) Credit Risk

Credit risk refers to the probability of loss due to a borrower's failure to make payments on the loan provided by the Finance Co. This directly impacts the financial performance of Finance Co.. Motive of credit risk management is to gain a complete understanding of a Finance's overall credit risk by viewing risk at the individual, customer and portfolio levels so that mitigating measures could be applied at desired levels.

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower. Credit Administration Department as well as senior management function to supervise risk on overall level.

Each prospective borrower is thoroughly analysed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance Co. to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

##### b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Finance Co. due to market factors. Market factors mainly comprise of interest rate, foreign exchange and collateral price. This risk is not entirely manageable as it encompasses factors that are not wholly within the control of Finance Co. and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance Co. has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

**Interest Rate Risk:** Interest rate risk is the risk of increased volatility due to changes in interest rate. Our nation has seen frequent and high changes in interest rate on deposit in the recent year with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one to Finance to another Finance is of high probability. Finance Co. has been focusing on raising fixed term deposits with fixed interest rate in order to lock the available liquidity/deposit for specified period.

**Foreign Exchange Risk:** Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Finance Co. does not have transaction in foreign currency.

**Equity Price Risk:** Finance Co. has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pegged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Finance Co. properly analyses the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigate measures are taken if the value is found to have been declined.

**c) Liquidity Risk**

Liquidity risk is the risk that either Finance Co. does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the Directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyse liquidity status. Assets Liability Management Committee is formed at Finance Co. to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

**d) Operational Risk**

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters with existence of four eyes on each transaction (maker and checker function). Finance Co. carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

**e) Information Technology Risk**

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam, virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Finance Co. and Finance Co. has to rely heavily on IT. Finance Co. has in-house IT department for daily monitoring, evaluation of IT related issues. Finance Co.'s IT risk management comprises of investing in resources for identification, detection, recovery, respond and protection of IT assets.

**f) Other Risk**

The ever-changing environment gives rise to various new risks. Some of this include reputational risk, human resource risk, compliance risk etc. The risks are being evaluated and managed on daily/periodic basis by way of implementing mitigating measures. Nevertheless, the Risk Management Department/Compliance Department remains vigilant towards each risk.

**5.2 Fair Value of Financial Assets and Liabilities and their Classification**

The method of determination of fair value of financial assets and financial liabilities of the Finance at three levels (level one, level two and level three) has been disclosed in Note 3.4.4. Classification of financial assets and financial liabilities is done as mentioned in Note 3.4.2.

Fair value measurement is done for investment in shares. Fair value hierarchy of financial assets and liabilities at each reporting dates for the financial instruments presented in statement of financial position is as follows:

**As at 31 Ashad 2076**

| Particulars                            | Classification | Level 1            | Level 2  | Level 3              |
|--|----------------|--------------------|----------|----------------------|
| <b><u>Financial Assets</u></b>         |                |                    |          |                      |
| Cash and cash equivalent               |                |                    |          | 1,019,206,027        |
| Due from Nepal Rastra Bank             | AC             |                    |          | 174,695,841          |
| Loans and advances to customers        | AC             |                    |          | 3,401,905,688        |
| Investment securities                  |                |                    |          |                      |
| Quoted shares                          | FVOCI          | 253,041,520        |          |                      |
| Unquoted shares                        | FVOCI          |                    |          | 1,299,400            |
| Other Investment                       | AC             |                    |          | 55,443,090           |
| <b>Total Financial Assets</b>          |                | <b>253,041,520</b> | <b>-</b> | <b>4,652,550,046</b> |
| <b><u>Financial Liabilities</u></b>    |                |                    |          |                      |
| Due to Nepal Rastra Bank               |                |                    |          |                      |
| Due to Bank and Financial Institutions | AC             | -                  |          |                      |
| Deposits from customers                | AC             |                    |          | 4,135,375,104        |
| Other Liabilities                      | AC             |                    |          | 74,002,712           |
| <b>Total Financial Liabilities</b>     |                | <b>-</b>           | <b>-</b> | <b>4,209,377,816</b> |

**As at 32 Ashad 2075**

| Particulars                            | Classification | Level 1            | Level 2  | Level 3              |
|--|----------------|--------------------|----------|----------------------|
| <b><u>Financial Assets</u></b>         |                |                    |          |                      |
| Cash and cash equivalent               |                |                    |          | 1,171,174,904        |
| Due from Nepal Rastra Bank             | AC             |                    |          | 190,111,104          |
| Loans and advances to customers        | AC             |                    |          | 2,959,178,347        |
| Investment securities                  |                |                    |          |                      |
| Quoted shares                          | FVOCI          | 220,607,228        |          |                      |
| Unquoted shares                        | FVOCI          |                    |          | 1,299,400            |
| Other Investment                       | AC             |                    |          | 43,934,093           |
| <b>Total Financial Assets</b>          |                | <b>220,607,228</b> | <b>-</b> | <b>4,365,697,848</b> |
| <b><u>Financial Liabilities</u></b>    |                |                    |          |                      |
| Due to Nepal Rastra Bank               |                |                    |          |                      |
| Due to Bank and Financial Institutions | AC             |                    |          | -                    |
| Deposits from customers                | AC             |                    |          | 3,724,915,732        |
| Other Liabilities                      | AC             |                    |          | 86,175,372           |
| <b>Total Financial Liabilities</b>     |                | <b>-</b>           | <b>-</b> | <b>3,811,091,104</b> |

**As at 1 Shrawan 2074**

| Particulars                     | Classification | Level 1     | Level 2 | Level 3       |
|---------------------------------|----------------|-------------|---------|---------------|
| <b><u>Financial Assets</u></b>  |                |             |         |               |
| Cash and cash equivalent        |                |             |         | 876,991,746   |
| Due from Nepal Rastra Bank      | AC             |             |         | 298,944,080   |
| Loans and advances to customers | AC             |             |         | 2,531,569,737 |
| Investment securities           |                |             |         |               |
| Quoted shares                   | FVOCI          | 166,493,463 |         |               |

|  |       |                    |          |                      |
|--|-------|--------------------|----------|----------------------|
| Unquoted shares                        | FVOCI |                    |          | 1,082,800            |
| Other Investment                       | AC    |                    |          | -                    |
| <b>Total Financial Assets</b>          |       | <b>166,493,463</b> | <b>-</b> | <b>3,708,588,363</b> |
| <b>Financial Liabilities</b>           |       |                    |          |                      |
| Due to Nepal Rastra Bank               |       |                    |          | 46,600,000           |
| Due to Bank and Financial Institutions | AC    |                    |          | -                    |
| Deposits from customers                | AC    |                    |          | 3,233,000,916        |
| Other Liabilities                      | AC    |                    |          | 65,052,840           |
| <b>Total Financial Liabilities</b>     |       | <b>-</b>           | <b>-</b> | <b>3,298,053,756</b> |

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

### 5.3 Capital Management

#### 5.3.1 Principle and Objective

The principle of capital management of the Finance Co. is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance Co., through its senior management level and manages the capital to meet regulatory requirement at all times and the Board ensures that such management of capital has been carried out by the management. Finance Co. has issued ordinary equity shares and the paid up capital meets the requirement of NRB. Periodic review of core capital and capital fund is also being done to ensure the capital base remains strong. Capital Adequacy Framework (CAF) 2007 (Updated 2008) is a benchmark of managing capital base of the Finance Co.

Finance Co. has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

#### 5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Finance Co. as per CAF 2007 is as follows (amount in '000):

| Particulars  | As at 31 Ashad 2076 | As at 32 Ashad 2075 |
|--|---------------------|---------------------|
| <b>1.1 Risk Weighted Exposure (RWE)</b>            |                     |                     |
| RWE for Credit Risk                                | 3,833,583           | 2,691,671           |
| RWE for Operational Risk                           | 169,532             | 169,532             |
| RWE for Market Risk                                | -                   | -                   |
| <b>Total RWE before adjustment under Pillar II</b> | <b>4,003,115</b>    | <b>2,861,203</b>    |
| <u>Adjustments under Pillar II</u>                 |                     |                     |
| <b>Total RWE</b>                                   | <b>4,003,115</b>    | <b>2,861,203</b>    |
| <b>1.2 Capital</b>                                 |                     |                     |
| <b>A. Core Capital (Tier I)</b>                    | <b>977,804</b>      | <b>970,823</b>      |
| Paid up Equity Share Capital                       | 832,416             | 713,101             |
| Irredeemable Non-cumulative preference shares      |                     |                     |
| Share Premium                                      | 1,141               | 1,136               |
| Proposed Bonus Equity Shares                       |                     |                     |
| Statutory General Reserves                         | 89,437              | 76,614              |
| Retained Earnings                                  | 54,809              | 183,885             |
| Un-audited current year cumulative profit/(loss)   |                     |                     |
| Capital Redemption Reserve                         |                     |                     |
| Capital Adjustment Reserve                         |                     |                     |

|   |                  |                  |
|---|------------------|------------------|
| Dividend Equalization Reserves                                      |                  |                  |
| Other Free Reserve  |                  |                  |
| Less: Goodwill  |                  |                  |
| Less: Deferred Tax Assets   | -                | (3,913)          |
| Less: Fictitious Assets   |                  |                  |
| Less: Investment in equity in licensed Financial Institutions       |                  |                  |
| Less: Investment in equity of institutions with financial interests |                  |                  |
| Less: Investment in equity of institutions in excess of limits      |                  |                  |
| Less: Investments arising out of underwriting commitments           |                  |                  |
| Less: Reciprocal crossholdings                                      |                  |                  |
| Less: Purchase of land & building in excess of limit and unutilized |                  |                  |
| Less: Other Deductions  |                  |                  |
| Adjustments under Pillar II   |                  |                  |
| <b>B. Supplementary Capital (Tier II)</b>                           | <b>44,835</b>    | <b>40,630</b>    |
| Cumulative and/or Redeemable Preference Share                       |                  |                  |
| Subordinated Term Debt  |                  |                  |
| Hybrid Capital Instruments  |                  |                  |
| Share Premium   | 1,141            | 1,136            |
| General Loan Loss Provision   | 35,633           | 32,553           |
| Exchange Equalization Reserve                                       |                  |                  |
| Investment Adjustment Reserve                                       | 4,713            | 4,564            |
| Assets Revaluation Reserve  |                  |                  |
| Other Reserves  | 3349             | 2,377            |
| <b>Total Capital Fund (Tier I and Tier II)</b>                      | <b>1,022,638</b> | <b>1,011,453</b> |
| <b>1.3 Capital Adequacy Ratio</b>                                   |                  |                  |
| <b>Tier I Capital to Total RWE</b>                                  | <b>24.43%</b>    | <b>33.93%</b>    |
| <b>Total Capital Fund to Total RWE</b>                              | <b>25.55%</b>    | <b>35.35%</b>    |

### 5.3.3 Risk Exposure

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

#### a) Credit Risk

| A. Balance Sheet Exposures                              | Current Year |                        |              |           |             |                             | Previous Year |                             |
|---|--------------|------------------------|--------------|-----------|-------------|-----------------------------|---------------|-----------------------------|
|   | Book Value   | " Specific Provision " | Eligible CRM | Net Value | Risk Weight | " Risk Weighted Exposures " | Net Value     | " Risk Weighted Exposures " |
|   | a            | b                      | c            | d=a-b-c   | e           | f=d*e                       |               |                             |
| Cash Balance  | 38,535       | -                      | -            | 38,535    | 0%          | -                           | 44,138        | -                           |
| Balance With Nepal Rastra Bank                          | 174,696      | -                      | -            | 174,696   | 0%          | -                           | 190,111       | -                           |
| Gold  |              | -                      | -            | -         | 0%          | -                           |               | -                           |
| Investment in Nepalese Government Securities            | 55,443       | -                      | -            | 55,443    | 0%          | -                           | 43,263        | -                           |
| All Claims on Government of Nepal                       |              | -                      | -            | -         | 0%          | -                           |               | -                           |
| Investment in Nepal Rastra Bank securities              |              | -                      | -            |           | 0%          | -                           |               | -                           |
| All claims on Nepal Rastra Bank                         |              | -                      | -            | -         | 0%          | -                           |               | -                           |
| Claims on Foreign Government and Central Bank (ECA 0-1) |              | -                      | -            | -         | 0%          | -                           |               | -                           |

|   |           |   |        |           |      |           |           |           |
|---|-----------|---|--------|-----------|------|-----------|-----------|-----------|
| Claims on Foreign Government and Central Bank (ECA -2)  |           | - | -      | -         | 20%  | -         | -         | -         |
| Claims on Foreign Government and Central Bank (ECA -3)  |           | - | -      | -         | 50%  | -         | -         | -         |
| Claims on Foreign Government and Central Bank (ECA-4-6)   |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on Foreign Government and Central Bank (ECA -7)  |           | - | -      | -         | 150% | -         | -         | -         |
| Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework   |           | - | -      | -         | 0%   | -         | -         | -         |
| Claims on Other Multilateral Development Banks  |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on Public Sector Entity (ECA 0-1)  |           | - | -      | -         | 20%  | -         | -         | -         |
| Claims on Public Sector Entity (ECA 2)  |           | - | -      | -         | 50%  | -         | -         | -         |
| Claims on Public Sector Entity (ECA 3-6)  |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on Public Sector Entity (ECA 7)  |           | - | -      | -         | 150% | -         | -         | -         |
| Claims on domestic banks that meet capital adequacy requirements  | 978,895   | - | -      | 978,895   | 20%  | 195,779   | 1,125,261 | 225,052   |
| Claims on domestic banks that do not meet capital adequacy requirements   | 1,776     | - | -      | 1,776     | 100% | 1,776     | 1,776     | 1,776     |
| Claims on foreign bank (ECA Rating 0-1)   |           | - | -      | -         | 20%  | -         | -         | -         |
| Claims on foreign bank (ECA Rating 2)   |           | - | -      | -         | 50%  | -         | -         | -         |
| Claims on foreign bank (ECA Rating 3-6)   |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on foreign bank (ECA Rating 7)   |           | - | -      | -         | 150% | -         | -         | -         |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement |           | - | -      | -         | 20%  | -         | -         | -         |
| Claims on Domestic Corporates   |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on Foreign Corporates (ECA 0-1)  |           | - | -      | -         | 20%  | -         | -         | -         |
| Claims on Foreign Corporates (ECA 2)  |           | - | -      | -         | 50%  | -         | -         | -         |
| Claims on Foreign Corporates (ECA 3-6)  |           | - | -      | -         | 100% | -         | -         | -         |
| Claims on Foreign Corporates (ECA 7)  |           | - | -      | -         | 150% | -         | -         | -         |
| Regulatory Retail Portfolio (Not Overdue)   | 1,717,293 | - | -      | 1,717,293 | 75%  | 1,287,970 | 2,216,046 | 1,662,034 |
| Claims fulfilling all criterion of regularity retail except granularity   | 762,273   | - | -      | 762,273   | 100% | 762,273   | -         | -         |
| Claims secured by residential properties  | 539,566   | - | -      | 539,566   | 60%  | 323,740   | 420,891   | 252,534   |
| Claims not fully secured by residential properties  |           | - | -      | -         | 150% | -         | -         | -         |
| Claims secured by residential properties (Overdue)  | 149       | - | -      | 149       | 100% | 149       | 317       | 317       |
| Claims secured by Commercial real estate  | 334,533   | - | -      | 334,533   | 100% | 334,533   | 309,527   | 309,527   |
| Past due claims (except for claims secured by residential properties)   | 132,653   | - | -      | 132,653   | 150% | 198,979   | 37,062    | 55,593    |
| High Risk claims  | 343,909   | - | 39,275 | 304,634   | 150% | 456,952   | 98,031    | 147,047   |
| Investments in equity and other capital instruments of institutions listed in stock exchange  | 235,644   | - | -      | 235,644   | 100% | 235,644   | -         | -         |
| Investments in equity and other capital instruments of institutions not listed in the stock exchange                                    | 1,083     | - | -      | 1,083     | 150% | 1,624     | -         | -         |
| Staff loan secured by residential property  | 7,030     | - | -      | 7,030     | 60%  | 4,218     | 10,163    | 6,098     |

|   |                  |          |               |                  |      |                  |                  |                  |
|---|------------------|----------|---------------|------------------|------|------------------|------------------|------------------|
| Interest Receivable/claim on government securities  | 328              | -        | -             | 328              | -    | -                | -                | -                |
| Cash in transit and other cash items in the process of collection   | -                | -        | -             | -                | 20%  | -                | 44,138           | 8,828            |
| Other Assets (as per attachment)  | 29,946           | -        | -             | 29,946           | 100% | 29,946           | 22,866           | 22,866           |
| <b>TOTAL (A)</b>  | <b>5,353,753</b> | <b>-</b> | <b>39,275</b> | <b>5,314,478</b> |      | <b>3,833,583</b> | <b>4,563,588</b> | <b>2,691,671</b> |
| <b>B. Off Balance Sheet Exposures</b>   |                  |          |               |                  |      |                  |                  |                  |
| Revocable Commitments   | -                | -        | -             | -                | 0%   | -                | -                | -                |
| Bills Under Collection  | -                | -        | -             | -                | 0%   | -                | -                | -                |
| Forward Exchange Contract Liabilities   | -                | -        | -             | -                | 10%  | -                | -                | -                |
| LC Commitments With Original Maturity Up to 6 months domestic counterparty  | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 0-1)   | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 2)   | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 3-6)   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Foreign counterparty (ECA Rating 7)   | -                | -        | -             | -                | 150% | -                | -                | -                |
| LC Commitments With Original Maturity Over 6 months domestic counterparty   | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 0-1)   | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 2)   | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 3-6)   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Foreign counterparty (ECA Rating 7)   | -                | -        | -             | -                | 150% | -                | -                | -                |
| Bid Bond, Performance Bond and Counter guarantee domestic counterparty  | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 0-1)   | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 2)   | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Foreign counterparty (ECA Rating 3-6)   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Foreign counterparty (ECA Rating 7)   | -                | -        | -             | -                | 150% | -                | -                | -                |
| Underwriting commitments  | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Lending of Bank's Securities or Posting of Securities as collateral   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Repurchase Agreements, Assets sale with recourse  | -                | -        | -             | -                | 100% | -                | -                | -                |
| Advance Payment Guarantee   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Financial Guarantee   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Acceptances and Endorsements  | -                | -        | -             | -                | 100% | -                | -                | -                |
| Unpaid portion of Partly paid shares and Securities   | -                | -        | -             | -                | 100% | -                | -                | -                |
| Irrevocable Credit commitments (short term)   | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Irrevocable Credit commitments (long term)  | -                | -        | -             | -                | 50%  | -                | -                | -                |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | -                | -        | -             | -                | 20%  | -                | -                | -                |
| Other Contingent Liabilities  | -                | -        | -             | -                | 100% | -                | -                | -                |
| Unpaid Guarantee Claims   | -                | -        | -             | -                | 200% | -                | -                | -                |
| <b>TOTAL (B)</b>  | <b>-</b>         | <b>-</b> | <b>-</b>      | <b>-</b>         |      | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Total RWE for credit Risk Before Adjustment (A) +(B)  | 5,353,753        | -        | 39,275        | 5,314,478        |      | 3,833,583        | 4,563,588        | 2,691,671        |
| Adjustments under Pillar II   |                  |          |               |                  |      |                  |                  |                  |
| <b>Total RWE for Credit Risk</b>  | <b>5,353,753</b> | <b>-</b> | <b>39,275</b> | <b>5,314,478</b> |      | <b>3,833,583</b> | <b>4,563,588</b> | <b>2,691,671</b> |





| Eligible Credit Risk Mitigants  | Credit exposures       |                                  |          |                            |                             |                                   |                             |                   |                                |   | Total  |
|---|------------------------|----------------------------------|----------|----------------------------|-----------------------------|-----------------------------------|-----------------------------|-------------------|--------------------------------|---|--------|
|   | Deposits with Bank (a) | Deposits with other banks/FI (b) | Gold (c) | Govt. & NRB Securities (d) | G'tee of Govt. of Nepal (e) | Sec/G'tee of Other Sovereigns (f) | G'tee of domestic banks (g) | G'tee of MDBs (h) | Sec/G'tee of Foreign Banks (i) |   |        |
| <b>Balance Sheet Exposures</b>  |                        |                                  |          |                            |                             |                                   |                             |                   |                                |   |        |
| Claims on Foreign government and Central Bank (ECA -2)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign government and Central Bank (ECA -3)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign government and Central Bank (ECA-4-6)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign government and Central Bank (ECA -7)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Other Multilateral Development Banks  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Public Sector Entity (ECA 0-1)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Public Sector Entity (ECA 2)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Public Sector Entity (ECA 3-6)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Public Sector Entity (ECA 7)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on domestic banks that meet capital adequacy requirements  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on domestic banks that do not meet capital adequacy requirements   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on foreign bank (ECA Rating 0-1)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on foreign bank (ECA Rating 2)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on foreign bank (ECA Rating 3-6)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on foreign bank (ECA Rating 7)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Domestic Corporates   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign Corporates (ECA 0-1)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign Corporates (ECA 2)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign Corporates (ECA 3-6)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims on Foreign Corporates (ECA 7)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Regulatory Retail Portfolio (Not Overdue)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims fulfilling all criterion of regularity retail except granularity   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims secured by residential properties  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims not fully secured by residential properties  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims secured by residential properties (Overdue)  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Claims secured by Commercial Real Estate  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| Past due claims (except for claims secured by residential properties)   | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |
| High Risk claims  | -                      | 39,275                           | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | 39,275 |
| Investments in equity and other capital instruments of institutions listed in stock exchange  | -                      | -                                | -        | -                          | -                           | -                                 | -                           | -                 | -                              | - | -      |

|  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |        |        |
|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--------|--------|
| Investments in equity and other capital instruments of institutions not listed in the stock exchange | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      |        |
| Other Assets (as per attachment)   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      |        |
| <b>Total</b>   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 39,275 |        |
| <b>5.3.3 Risk Exposure</b>   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |        |        |
| <b>Off Balance Sheet Exposures</b>   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |        |        |
| Forward Exchange Contract Liabilities  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| LC Commitments With Original Maturity Up to 6 months domestic counterparty                           | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 0-1)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 2)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 3-6)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 7)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| LC Commitments With Original Maturity Over 6 months domestic counterparty                            | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 0-1)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 2)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 3-6)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 7)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Bid Bond, Performance Bond and Counter guarantee domestic counterparty                               | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 0-1)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 2)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 3-6)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Foreign counterparty (ECA Rating 7)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Underwriting commitments   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Lending of Bank's Securities or Posting of Securities as collateral                                  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Repurchase Agreements, Assets sale with recourse   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Advance Payment Guarantee  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Financial Guarantee  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Acceptances and Endorsements   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Unpaid portion of Partly paid shares and Securities  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Irrevocable Credit commitments (short term)  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Irrevocable Credit commitments (long term)   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Other Contingent Liabilities   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| Unpaid Guarantee Claims  | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| <b>Total</b>   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | -      |
| <b>Grand Total</b>   | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -      | 39,275 |

**b) Operational Risk**
**Amount in '000**

| Particulars  | Fiscal Year   |                |                |
|--|---------------|----------------|----------------|
|  | 2072-73       | 2073-74        | 2074-75        |
| Net Interest Income  | 88,883        | 101,880        | 152,494        |
| Commission and Discount Income   | 535           | 1,552          | 24,846         |
| Other Operating Income   | 14,250        | 8,074          | 5,701          |
| Exchange Fluctuation Income  |               |                |                |
| Addition/Deduction in Interest Suspense during the period                  | 2,961         | 21,230         | 3,963          |
| <b>Gross income (a)</b>  | <b>76,730</b> | <b>124,898</b> | <b>137,436</b> |
| <b>Alfa (b)</b>  | <b>15%</b>    | <b>15%</b>     | <b>15%</b>     |
| <b>Fixed Percentage of Gross Income [c=(a×b)]</b>                          | <b>11,510</b> | <b>18,735</b>  | <b>20,615</b>  |
| <b>Capital Requirement for operational risk (d) (average of c)</b>         | -             | -              | <b>16,953</b>  |
| <b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b> | -             | -              | <b>10</b>      |
| <b>Equivalent Risk Weight Exposure [f=(d×e)]</b>                           | -             | -              | <b>169,532</b> |
| Pillar II Adjustments  | -             | -              | -              |
| <b>If Gross Income for the last three years is negative (6.4 a 8)</b>      | -             | -              | -              |
| Total Credit and Investment (net of Specific Provision) of related month   | -             | -              | -              |
| Capital Requirement for Operational Risk (5% of net credit and investment) | -             | -              | -              |
| <b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>     | -             | -              | <b>10</b>      |
| <b>Equivalent Risk Weight Exposure (g)</b>                                 | -             | -              | -              |
| <b>Equivalent Risk Weight Exposure [h=f+g]</b>                             | -             | -              | <b>169,532</b> |

**c) Market Risk**

| Currency  | Open Position (FCY) | Exchange Rate | Open Position (NRs.) |   | Relevant Open Position of Previous Year |    |
|---|---------------------|---------------|----------------------|---|---|----|
| INR   | -                   | -             | -                    | - | -                                       | -  |
| USD   | -                   | -             | -                    | - | -                                       | -  |
| GBP   | -                   | -             | -                    | - | -                                       | -  |
| EUR   | -                   | -             | -                    | - | -                                       | -  |
| THB   | -                   | -             | -                    | - | -                                       | -  |
| CHF   | -                   | -             | -                    | - | -                                       | -  |
| AUD   | -                   | -             | -                    | - | -                                       | -  |
| CAD   | -                   | -             | -                    | - | -                                       | -  |
| SGD   | -                   | -             | -                    | - | -                                       | -  |
| JPY   | -                   | -             | -                    | - | -                                       | -  |
| HKD   | -                   | -             | -                    | - | -                                       | -  |
| DKK   | -                   | -             | -                    | - | -                                       | -  |
| SEK   | -                   | -             | -                    | - | -                                       | -  |
| SAR   | -                   | -             | -                    | - | -                                       | -  |
| QAR   | -                   | -             | -                    | - | -                                       | -  |
| AED   | -                   | -             | -                    | - | -                                       | -  |
| MYR   | -                   | -             | -                    | - | -                                       | -  |
| KRW   | -                   | -             | -                    | - | -                                       | -  |
| CNY   | -                   | -             | -                    | - | -                                       | -  |
| KWD   | -                   | -             | -                    | - | -                                       | -  |
| BHD   | -                   | -             | -                    | - | -                                       | -  |
| (a) Total Open Position   |                     |               |                      |   |   | -  |
| (b) Fixed Percentage  |                     |               |                      |   |   | 5% |
| (c) Capital Charge for Market Risk (=a*b)                           |                     |               |                      |   |   | -  |
| (d) Risk Weight (reciprocal of capital requirement of 10%) in times |                     |               |                      |   |   | 10 |
| (e) Equivalent Risk Weight Exposure (=c×d)                          |                     |               |                      |   |   | -  |

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

| Non Performing Assets        | Gross Amount      | Impairment Allowance | Net Amount       |
|------------------------------|-------------------|----------------------|------------------|
| Restructured and Rescheduled |                   |                      |                  |
| Sub-Standard                 | 2,045,000         | 511,250              | 1,533,750        |
| Doubtful                     | -                 | -                    | -                |
| Bad                          | 73,527,742        | 73,527,742           | -                |
| <b>Total</b>                 | <b>75,572,742</b> | <b>74,038,992</b>    | <b>1,533,750</b> |

**5.3.4 Compliance with Capital Requirement**

Inline with NRB Directive 1/075, the following is the status of compliance with capital requirements at Ashad end 2076.

| Particulars                       | Requirement | Position |
|-----------------------------------|-------------|----------|
| Tier I Capital to RWE             | 6%          | 24.43%   |
| Tier I and Tier II Capital to RWE | 10%         | 25.55%   |

**5.4 Operating Segment Information**
**5.4.1 General Information**

Finance Co.'s management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. Finance has only presence in Province 3, hence all income, expenses, assets and liabilities have been allocated in this segment and there does not exist unallocated portion.

In general, the sectors that derive revenue is classified in the following manner.

- i) Financial Intermediary Activities: Revenue generated by way of providing financing services is categorized under this sector. This includes loans and deposit, service charges related to loans and deposit and related charges and income.
- ii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- iii) Others: Other revenue are included in this product and includes operational service fees, locker, guarantee commission, ATM fees, remittance commission etc.

**5.4.2 Segment result and segment position for the year ended on Ashad 2076**

| Particulars   | Province 1         | Province 2 | Province 3           | Gandaki            | Province 5 | Karnali  | Far West | Total                |
|---|--------------------|------------|----------------------|--------------------|------------|----------|----------|----------------------|
| Revenue from external customers   | 14,441,763         | -          | 541,200,979          | 51,114,942         | -          | -        | -        | 606,757,684          |
| Intersegment revenues   | (1,696,964)        | -          | 5,330,311            | (3,633,347)        | -          | -        | -        | -                    |
| <b>Net revenue</b>  | <b>14,441,763</b>  | <b>-</b>   | <b>541,200,979</b>   | <b>51,114,942</b>  | <b>-</b>   | <b>-</b> | <b>-</b> | <b>606,757,684</b>   |
| Interest income   | 14,868,432         | -          | 506,975,656          | 51,707,163         | -          | -        | -        | 573,551,252          |
| Interest expenses   | 5,663,178          | -          | 331,878,664          | 28,913,387         | -          | -        | -        | 366,455,229          |
| <b>Net interest revenue</b>   | <b>9,205,254</b>   | <b>-</b>   | <b>175,096,992</b>   | <b>22,793,777</b>  | <b>-</b>   | <b>-</b> | <b>-</b> | <b>207,096,023</b>   |
| Depreciation and amortization   | 405,426            | -          | 4,987,290            | 1,415,816          | -          | -        | -        | 6,808,533            |
| <b>Segment profit/(loss)</b>  | <b>6,001,631</b>   | <b>-</b>   | <b>90,684,930</b>    | <b>12,325,784</b>  | <b>-</b>   | <b>-</b> | <b>-</b> | <b>109,012,344</b>   |
| <b>Entity's interest in the profit or loss of associate accounted for using equity method</b> |                    |            |                      |                    |            |          |          |                      |
| <b>Other material non-cash items:</b>   |                    |            |                      |                    |            |          |          | -                    |
| <b>Loans:</b>   | <b>117,052,165</b> | <b>-</b>   | <b>3,344,829,028</b> | <b>368,495,988</b> | <b>-</b>   | <b>-</b> | <b>-</b> | <b>3,830,377,180</b> |
| Consumer  | 88,081,018         | -          | 2,122,914,893        | 278,800,913        | -          | -        | -        | 2,489,796,824        |
| Corporate   | 28,971,147         | -          | 1,221,914,135        | 89,695,074         | -          | -        | -        | 1,340,580,356        |
| <b>Deposit:</b>   | <b>107,690,213</b> | <b>-</b>   | <b>3,539,517,754</b> | <b>488,118,875</b> | <b>-</b>   | <b>-</b> | <b>-</b> | <b>4,135,326,842</b> |
| Consumer  | 51,008,806         | -          | 2,344,307,483        | 198,165,421        | -          | -        | -        | 2,593,481,710        |
| Corporate   | 56,681,407         | -          | 1,195,210,271        | 289,953,455        | -          | -        | -        | 1,541,845,133        |
| <b>Impairment of Assets</b>   | <b>1,170,522</b>   | <b>-</b>   | <b>108,850,321</b>   | <b>4,150,719</b>   | <b>-</b>   | <b>-</b> | <b>-</b> | <b>114,171,562</b>   |
| <b>Segment Assets</b>   | <b>151,718,770</b> | <b>-</b>   | <b>4,622,624,655</b> | <b>506,458,567</b> | <b>-</b>   | <b>-</b> | <b>-</b> | <b>5,280,801,992</b> |
| <b>Segment Liabilities</b>  | <b>108,284,723</b> | <b>-</b>   | <b>3,616,118,843</b> | <b>490,698,762</b> | <b>-</b>   | <b>-</b> | <b>-</b> | <b>4,215,102,328</b> |

### 5.4.3 Measurement of operating segment profit or loss, assets and liabilities

**i) Basis of accounting for any transactions between reportable segments:**

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

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

There does not exist such difference.

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

There does not exist such difference.

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

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

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

There is no such allocation.

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

**a) Revenue**

|  |                    |
|--|--------------------|
| <b>Total revenue for reportable segments</b> | <b>606,757,684</b> |
| Other revenue                                |                    |
| Elimination of intersegment revenues         | -                  |
| <b>Entity's revenue</b>                      | <b>606,757,684</b> |

**b) Profit or loss**

|   |                    |
|---|--------------------|
| <b>Total profit or loss for reportable segments</b> | <b>109,012,344</b> |
| Other profit or loss                                |                    |
| Elimination of intersegment profit                  | (1,069,924)        |
| Unallocated amounts:                                |                    |
| Staff bonus   | (10,794,242)       |
| Income tax  | (33,775,575)       |
| NFRS adjustments                                    |                    |
| <b>Profit before income tax</b>                     | <b>63,372,603</b>  |

**c) Assets**

|   |                      |
|---|----------------------|
| <b>Total assets for reportable segments</b> | <b>5,280,801,992</b> |
| Other assets                                |                      |
| Unallocated assets                          | 1,235,816            |
| <b>Entity's assets</b>                      | <b>5,282,037,808</b> |

**d) Liabilities**

|  |                      |
|--|----------------------|
| <b>Total liabilities for reportable segments</b> | <b>4,215,102,328</b> |
| Other liabilities                                |                      |
| Unallocated liabilities                          |                      |
| <b>Entity's liabilities</b>                      | <b>4,215,102,328</b> |

#### 5.4.5 Information about product and services

| Particulars       | Amount      |
|-------------------|-------------|
| Consumer banking  | 538,393,986 |
| Corporate banking | 60,555,901  |
| Treasury          | 2,850,282   |
| Others            | 4,957,515   |

#### 5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

| Domestic:    |                    |
|--------------|--------------------|
| Province 1   | 14,441,763         |
| Province 2   | -                  |
| Province 3   | 541,200,979        |
| Gandaki      | 51,114,942         |
| Province 5   | -                  |
| Karnali      | -                  |
| Far West     | -                  |
| Foreign:     | -                  |
| <b>Total</b> | <b>606,757,684</b> |

#### 5.4.7 Information about major customers

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

#### 5.5 Share options and share based payment

Not applicable

#### 5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

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

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

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

#### 5.7 Related parties disclosure

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

##### 5.7.1 Key management personnel

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

##### a) Board of Directors

Board of Directors of the Finance Company comprise the following:

| Name                    | Position    |
|-------------------------|-------------|
| Kush Prasad Mally       | Chairperson |
| Sur Krishna Vaidya      | Director    |
| Ravi Krishna Shrestha   | Director    |
| Tulsi Prasad Baral      | Director    |
| Upendra Bahadur Karki   | Director    |
| Sweta Kakshapati Shakya | Director    |

Mr. Yuja Kumar Bhaila serves as the secretary of Board.

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

Chairperson of the Board is provided Rs. 5,500 and other board members are provided Rs. 5,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 941,000.

All board members are provided Rs. 1,500 per month in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Finance Company. Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Finance Company with its board members.

#### **b) Chief Executive Officer**

Mr. Anil Shrestha serves as Chief Executive Officer of the Finance Company. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided to Mr. Shrestha during the year amounts to Rs. 3,579,784 (previous year Rs. 4,041,779). Vehicle is provided for official purpose only during office hours.

Bank has not entered into any commercial transaction with its CEO.

#### **5.8 Merger and acquisition**

During the current fiscal year, there has not been any completed merger or acquisition. Finance Co. has not entered into any such agreements subsequently also.

#### **5.9 Events after reporting date**

##### **Proposed dividend**

The Board of Directors of the Finance Co. has proposed cash dividend @ 6.58% of paid of capital vide board meeting dated 23 Poush 2076. This shall be presented in the upcoming annual general meeting of shareholders for approval.

#### **5.10: Disclosure effect of transition from previous GAAP to NFRS**

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN) with effect from 1 Shrawan 2075, with a transition date of 1 Shrawan 2074. These financial statements for the year ended 31 Ashad 2076 are the first the Finance has prepared under NFRS. For all periods up to and including the year ended 32 Ashad 2075, the Finance prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP')

The adoption of NFRS has been carried out in accordance with NFRS, First-time Adoption of NFRS. NFRS requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Finance has prepared financial statements which comply with NFRS for the year ended 31 Ashad 2076, together with the comparative information as at and for the year ended 32 Ashad 2075 and the opening NFRS Statement of Financial Position as at 1 Shrawan 2074, the date of transition to NFRS.

In preparing these financial statements in line with NFRS, the Finance has availed certain exemptions and exceptions in accordance with NFRS, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings). This note explains the adjustments made by the Finance in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1 Shrawan 2074 and the financial statements as at and for the year ended 32 Ashad 2075.

##### **A. Exemptions from retrospective application**

NFRS allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Finance has elected to apply the following optional exemptions from retrospective application:

##### **a) Deemed cost for property, plant and equipment, intangible assets and investment property**

The Finance has elected to measure all its property, plant and equipment, intangible assets and investment property at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

##### **B. Exceptions to retrospective application**

The Finance has applied the following exceptions to the retrospective application of NFRS as mandatorily required under NFRS:

##### **a. Estimates:** On assessment of the estimates made under the Previous GAAP financial statements, the



Finance has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the Finance for the relevant reporting dates reflecting conditions existing as at that date.

- b) **Business Combination:** Finance has elected not to apply the NFRS retrospectively to past business combinations that occurred before the date of transition to NFRS. All the assets and liabilities acquired and accounted as per previous GAAP are continued to be measured on same manner on the date of transition to NFRS.

**C. Reconciliations**

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS:

- i) Reconciliation of Equity as at 1 Shrawan, 2074 and 32 Ashad, 2075.
- ii) Reconciliation of Profit or Loss for the year ended on 32 Ashad 2075
- iii) Effect of NFRS adoption for the statement of financial position for date of transition and comparative period
- iv) Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for comparative period
- v) Effect of NFRS adoption for the statement of cash flows.

**i) Reconciliation of Equity as at 1 Shrawan, 2074 and 32 Ashad, 2075.**

| Particulars  | Note | As at 01.04.2074   | As at 32.03.2075   |
|--|------|--------------------|--------------------|
| <b>Total equity under previous GAAP</b>            |      | <b>676,844,314</b> | <b>901,828,567</b> |
| <b><u>Adjustments under NFRS</u></b>               |      |                    |                    |
| Measurement of investment securities at fair value | 1    | 21,849,552         | 35,086,944         |
| Recognition of investment property                 | 2    | 10,254,043         | 13,055,328         |
| Deferred tax                                       | 3    | (251,267)          | (11,231,753)       |
| Interest income on loan to external customer       | 4    | 20,498,874         | 15,878,435         |
| Others:  |      |                    |                    |
| Dividend Payable                                   | 5    | 4,694,076          | 21,905,686         |
| <b>Total adjustment to equity</b>                  |      | <b>57,045,278</b>  | <b>74,694,640</b>  |
| <b>Total Equity under NFRS</b>                     |      | <b>733,889,592</b> | <b>976,523,207</b> |

**ii) Reconciliation of Profit or Loss for the year ended on 32 Ashad 2075**

| Particulars                                    | Note | For the year ended on 32 Ashad 2075 |
|--|------|-------------------------------------|
| <b>Profit/(loss) as per previous GAAP</b>      |      | <b>44,850,474</b>                   |
| <b><u>Adjustments under NFRS</u></b>           |      |                                     |
| Interest income                                | 6    | (4,478,546)                         |
| Employee benefit amortization under staff loan | 7    | (141,893)                           |
| Non banking assets                             | 8    | 2,801,285                           |
| Fair valuation of investment securities        | 9    | 36,856,372                          |
| Share issue expenses                           | 8    | -                                   |
| Deferred tax                                   | 9    | (10,980,486)                        |
| <b>Total adjustment to profit or loss</b>      |      | <b>24,056,732</b>                   |
| <b>Profit or loss under NFRS</b>               |      | <b>68,907,206</b>                   |
| Other comprehensive income                     | 10   | (23,618,980)                        |
| <b>Total Comprehensive income under NFRS</b>   |      | <b>45,288,226</b>                   |

## Notes to Reconciliation

### 1. Shares at Fair Value

In previous GAAP, investment in shares of other entities were measured at lower of cost or market value. In NFRS, all shares are measured at fair value with resultant impact to fair value reserve, which is routed through OCI.

| Particulars                               | As at 01.04.2074  | As at 32.03.2075  |
|---|-------------------|-------------------|
| Fair value of shares                      | 26,379,590        | (7,361,810)       |
| Deferred tax on fair value                | (7,913,877)       | 2,208,543         |
| Reversal of earlier booked loss on shares | 3,383,839         | 40,240,211        |
| <b>Net change</b>                         | <b>21,849,552</b> | <b>35,086,944</b> |

### 2. Recognition of Investment Property

Loss allowance accounted on non-banking assets as per previous GAAP has been reversed.

| Particulars                | As at 01.04.2074 | As at 32.03.2075 |
|----------------------------|------------------|------------------|
| Reversal of loss allowance | 10,254,043       | 13,055,328       |

### 3. Deferred Tax

Changes in the carrying amount of investment securities and considering few reserves for deferred tax has resulted in changes in deferred tax under NFRS.

| Particulars                         | As at 01.04.2074 | As at 32.03.2075    |
|-------------------------------------|------------------|---------------------|
| Revised deferred tax on other items | (251,267)        | (11,231,753)        |
| <b>Net change</b>                   | <b>(251,267)</b> | <b>(11,231,753)</b> |

### 4. Interest Income on loan to outside customers

In previous GAAP, interest income was accounted on cash basis. Under NFRS, interest income has been accounted on accrual basis for those assets not significantly impaired.

| Particulars   | As at 01.04.2074  | As at 32.03.2075  |
|---|-------------------|-------------------|
| Additional interest income accounted from interest suspense | 20,498,874        | 15,878,435        |
| <b>Net change</b>   | <b>20,498,874</b> | <b>15,878,435</b> |

### 5. Proposed dividend

Proposed dividend earlier accounted as liability has been reversed to retained earning.

| Particulars   | As at 01.04.2074 | As at 32.03.2075 |
|---|------------------|------------------|
| Reversal of liability on respect of proposed dividend | 4,694,076        | 21,905,686       |

### 6. Interest Income

Interest income used to accounted on cash basis. In NFRS, interest income is booked on accrual basis for those loans that are not significantly or totally impaired.

| Particulars   | 2074-75            |
|---|--------------------|
| Reversal of earlier excess accounted interest income                | (4,620,439)        |
| Additional interest income on staff loan measured at amortized cost | 141,893            |
| <b>Net change</b>   | <b>(4,478,546)</b> |

### 7. Personnel Expenses

On measurement of staff loan at amortized cost, difference of amortized value and book value has been deferred over the period of loan. The deferred amount is equivalently transferred to personnel expenses as same figures as additional interest income on staff loan.

| Particulars  | 2074-75   |
|--|-----------|
| Reversal of deferral of staff loan amortization impact | (141,893) |

**8. Incremental investment property**

Increase in non-banking assets at the year end has resulted in increase in investment property. The loss allowance accounted on such incremental amount has been reversed.

| Particulars                | 2074-75          |
|----------------------------|------------------|
| Reversal of loss allowance | 2,801,285        |
| <b>Net change</b>          | <b>2,801,285</b> |

**9. Fair valuation of investment securities**

Loss allowance accounted on shares has been reversed for fair value calculation and for routing to equity through other comprehensive income.

| Particulars   | 2074-75           |
|---|-------------------|
| <b>Reversal of earlier accounted loss on shares</b> | <b>36,856,372</b> |

**10. Share Issue Expenses**

Share issue expenses was charged to SOPL under previous GAAP. In NFRS, such expenses are treated as adjusted to equity capital.

| Particulars                      | 2074-75 |
|----------------------------------|---------|
| Reversal of share issue expenses | -       |

**11. Deferred Tax**

In earlier financial statement, deferred tax expenses was accounted. Under NFRS, due to changes in carrying amount of assets, liabilities and reserves, deferred tax has been revised and deferred tax income has arose.

| Particulars                                      | 2074-75             |
|--|---------------------|
| Deferred tax expenses/(income) accounted earlier | (11,245,787)        |
| Revised deferred tax expenses/(income)           | (265,301)           |
| <b>Net change</b>                                | <b>(10,980,486)</b> |

**7. Other Comprehensive Income**

Changes in fair value of shares has resulted in changes in the figures of OCI.

| Particulars                                 | 2074-75             |
|---|---------------------|
| Increase/(decrease) in fair value of shares | (33,741,400)        |
| Deferred tax impact                         | 10,122,420          |
| <b>Net change</b>                           | <b>(23,618,980)</b> |

**Reliance Finance Limited**  
**Notes to Financial Statements**

**5.10 continued ...**
**iii) Effect of NFRS adoption for the statement of financial position on transition date and comparative period**
**a) As at 1 Shrawan 2074**

| Particulars  | Note | As per previous GAAP | Adjustments       | As per NFRS          |
|--|------|----------------------|-------------------|----------------------|
| <b>Assets</b>                                      |      |                      |                   |                      |
| Cash and cash equivalent                           |      | 876,991,746          | -                 | 876,991,746          |
| Due from Nepal Rastra Bank                         |      | 298,944,080          | -                 | 298,944,080          |
| Placement with Bank and Financial Institutions     |      | -                    | -                 | -                    |
| Derivative financial instruments                   |      | -                    | -                 | -                    |
| Other trading assets                               |      | -                    | -                 | -                    |
| Loan and advances to B/FIs                         |      | 80,586,000           | -                 | 80,586,000           |
| Loans and advances to customers                    | a    | 2,501,351,522        | 30,218,215        | 2,531,569,737        |
| Investment securities                              | b    | 137,812,834          | 29,763,429        | 167,576,263          |
| Current tax assets                                 |      | 5,488,462            | -                 | 5,488,462            |
| Investment in subsidiaries                         |      | -                    | -                 | -                    |
| Investment in associates                           |      | -                    | -                 | -                    |
| Investment property                                | c    | -                    | 10,254,043        | 10,254,043           |
| Property and equipment                             |      | 21,905,602           | (1)               | 21,905,602           |
| Goodwill and Intangible assets                     | d    | -                    | 2,032,986         | 2,032,986            |
| Deferred tax assets                                | e    | 1,690,270            | (1,690,270)       | -                    |
| Other assets                                       | f    | 101,421,630          | (11,752,327)      | 89,669,303           |
| <b>Total Assets</b>                                |      | <b>4,026,192,146</b> | <b>58,826,075</b> | <b>4,085,018,222</b> |
| <b>Liabilities</b>                                 |      |                      |                   |                      |
| Due to Bank and Financial Institutions             |      | -                    | -                 | -                    |
| Due to Nepal Rastra Bank                           |      | 46,600,000           | -                 | 46,600,000           |
| Derivative financial instruments                   |      | -                    | -                 | -                    |
| Deposits from customers                            |      | 3,233,000,916        | -                 | 3,233,000,916        |
| Borrowing  |      | -                    | -                 | -                    |
| Current Tax Liabilities                            |      | -                    | -                 | -                    |
| Provisions   |      | -                    | -                 | -                    |
| Deferred tax liabilities                           | e    | -                    | 6,474,874         | 6,474,874            |
| Other liabilities                                  | g    | 69,746,916           | (4,694,076)       | 65,052,840           |
| Debt securities issued                             |      | -                    | -                 | -                    |
| Subordinated Liabilities                           |      | -                    | -                 | -                    |
| <b>Total liabilities</b>                           |      | <b>3,349,347,832</b> | <b>1,780,798</b>  | <b>3,351,128,630</b> |
| <b>Equity</b>                                      |      |                      |                   |                      |
| Share capital                                      | h    | 601,758,903          | (89,187,435)      | 512,571,468          |
| Share premium                                      |      | -                    | -                 | -                    |
| Retained earnings                                  | i    | 1,395,104            | 129,457,270       | 130,852,374          |
| Reserves   | j    | 73,690,307           | 16,775,443        | 90,465,750           |
| <b>Total equity attributable to equity holders</b> |      | <b>676,844,314</b>   | <b>57,045,278</b> | <b>733,889,592</b>   |
| Non-controlling interest                           |      |                      |                   |                      |
| <b>Total equity</b>                                |      | <b>676,844,314</b>   | <b>57,045,278</b> | <b>733,889,592</b>   |
| <b>Total liabilities and equity</b>                |      | <b>4,026,192,146</b> | <b>58,826,075</b> | <b>4,085,018,222</b> |

**b) As at 32 Ashad 2075**

| Particulars                | Note | As per previous GAAP | Adjustments | As per NFRS   |
|----------------------------|------|----------------------|-------------|---------------|
| <b>Assets</b>              |      |                      |             |               |
| Cash and cash equivalent   |      | 1,171,174,904        | -           | 1,171,174,904 |
| Due from Nepal Rastra Bank |      | 190,111,104          | -           | 190,111,104   |

|  |   |                      |                     |                      |
|--|---|----------------------|---------------------|----------------------|
| Placement with Bank and Financial Institutions     |   | -                    | -                   | -                    |
| Derivative financial instruments                   |   | -                    | -                   | -                    |
| Other trading assets                               |   | -                    | -                   | -                    |
| Loan and advances to B/FIs                         |   | 141,570,000          | -                   | 141,570,000          |
| Loans and advances to customers                    | a | 2,933,137,263        | 26,041,083          | 2,959,178,347        |
| Investment securities                              | b | 232,291,487          | 33,549,234          | 265,840,721          |
| Current tax assets                                 |   | 10,898,844           | -                   | 10,898,843           |
| Investment in subsidiaries                         |   | -                    | -                   | -                    |
| Investment in associates                           |   | -                    | -                   | -                    |
| Investment property                                | c | -                    | 13,055,329          | 13,055,329           |
| Property and equipment                             |   | 20,965,194           | 0                   | 20,965,194           |
| Goodwill and Intangible assets                     | d | -                    | 1,096,599           | 1,096,599            |
| Deferred tax assets                                | e | 12,936,057           | (9,023,210)         | 3,912,847            |
| Other assets                                       | f | 21,740,504           | (11,930,083)        | 9,810,422            |
| <b>Total Assets</b>                                |   | <b>4,734,825,357</b> | <b>52,788,953</b>   | <b>4,787,614,310</b> |
| <b>Liabilities</b>                                 |   |                      |                     |                      |
| Due to Bank and Financial Institutions             |   | -                    | -                   | -                    |
| Due to Nepal Rastra Bank                           |   | -                    | -                   | -                    |
| Derivative financial instruments                   |   | -                    | -                   | -                    |
| Deposits from customers                            |   | 3,724,915,732        | -                   | 3,724,915,732        |
| Borrowing  |   | -                    | -                   | -                    |
| Current Tax Liabilities                            |   | -                    | -                   | -                    |
| Provisions   |   | -                    | -                   | -                    |
| Deferred tax liabilities                           | e | -                    | -                   | -                    |
| Other liabilities                                  | g | 108,081,058          | (21,905,686)        | 86,175,372           |
| Debt securities issued                             |   | -                    | -                   | -                    |
| Subordinated Liabilities                           |   | -                    | -                   | -                    |
| <b>Total liabilities</b>                           |   | <b>3,832,996,790</b> | <b>(21,905,686)</b> | <b>3,811,091,104</b> |
| <b>Equity</b>                                      |   |                      |                     |                      |
| Share capital                                      | h | 802,288,611          | (89,187,435)        | 713,101,176          |
| Share premium                                      |   | 1,135,615            | -                   | 1,135,615            |
| Retained earnings                                  | i | 1,914,069            | 181,971,399         | 183,885,468          |
| Reserves   | j | 96,490,272           | (18,089,324)        | 78,400,948           |
| <b>Total equity attributable to equity holders</b> |   | <b>901,828,567</b>   | <b>74,694,640</b>   | <b>976,523,207</b>   |
| Non-controlling interest                           |   | -                    | -                   | -                    |
| <b>Total equity</b>                                |   | <b>901,828,567</b>   | <b>74,694,640</b>   | <b>976,523,207</b>   |
| <b>Total liabilities and equity</b>                |   | <b>4,734,825,357</b> | <b>52,788,953</b>   | <b>4,787,614,310</b> |

iv) Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for the year ended on 32 Ashad 2075

| Particulars                                    | Note | As per previous GAAP | Adjustments        | As per NFRS        |
|--|------|----------------------|--------------------|--------------------|
| Interest income                                | k    | 497,436,095          | (4,478,546)        | 492,957,549        |
| Interest expenses                              |      | 340,463,284          | -                  | 340,463,284        |
| <b>Net interest income</b>                     |      | <b>156,972,811</b>   | <b>(4,478,546)</b> | <b>152,494,265</b> |
| Fee and commission income                      | l    | 798,524              | 24,047,104         | 24,845,628         |
| Fee and commission expenses                    |      | -                    | -                  | -                  |
| <b>Net fee and commission income</b>           |      | <b>798,524</b>       | <b>24,047,104</b>  | <b>24,845,628</b>  |
| <b>Net interest, fee and commission income</b> |      | <b>157,771,335</b>   | <b>19,568,558</b>  | <b>177,339,893</b> |
| Net trading income                             |      | -                    | -                  | -                  |
| Other operating income                         | l    | 24,855,138           | (19,153,694)       | 5,701,444          |
| <b>Total operating income</b>                  |      | <b>182,626,473</b>   | <b>414,864</b>     | <b>183,041,337</b> |

|   |   |                   |                   |                   |
|---|---|-------------------|-------------------|-------------------|
| Impairment charge/(reversal) for loans and other losses                                   | m | 38,590,941        | (39,657,657)      | (1,066,716)       |
| Net operating income  |   | 144,035,532       | 40,072,521        | 184,108,053       |
| <b>Operating expenses</b>   |   |                   |                   | -                 |
| Personnel expenses  | k | 45,007,609        | 141,893           | 45,149,502        |
| Other operating expenses  | n | 32,764,516        | -                 | 32,764,516        |
| Depreciation & Amortisation   |   | 7,607,423         | -                 | 7,607,423         |
| <b>Operating Profit</b>   |   | <b>58,655,984</b> | <b>39,930,628</b> | <b>98,586,612</b> |
| Non operating income  |   | 4,893,410         | (4,893,410)       | -                 |
| Non operating expenses  |   | -                 | -                 | -                 |
| <b>Profit before income tax</b>   |   | <b>63,549,394</b> | <b>35,037,218</b> | <b>98,586,612</b> |
| Income tax expenses   |   |                   |                   |                   |
| Current Tax   |   | 29,944,707        | -                 | 29,944,707        |
| Deferred Tax  | o | (11,245,787)      | 10,980,486        | (265,301)         |
| <b>Profit for the period</b>  |   | <b>44,850,474</b> | <b>24,056,732</b> | <b>68,907,206</b> |
| <b>Other comprehensive income, net of income tax</b>                                      |   |                   |                   |                   |
| <b>a) Items that will not be reclassified to profit or loss</b>                           | p |                   |                   |                   |
| Gain/(loss) from investments in equity instruments measured at fair value                 |   | -                 | (33,741,400)      | (33,741,400)      |
| Gain/(loss) on revaluation  |   | -                 | -                 | -                 |
| Actuarial gains/(losses) on defined benefit plans   |   | -                 | -                 | -                 |
| Income tax relating to above items  | p | -                 | 10,122,420        | 10,122,420        |
| <b>Net other comprehensive income that will not be reclassified to profit or loss</b>     |   | -                 | (23,618,980)      | (23,618,980)      |
| <b>b) Items that are or may be reclassified to profit or loss</b>                         |   |                   |                   |                   |
| Gains/(losses) on cash flow hedge   |   | -                 | -                 | -                 |
| Exchange gain/(losses) arising from translating financial assets of foreign operation     |   | -                 | -                 | -                 |
| Income tax relating to above items  |   | -                 | -                 | -                 |
| <b>Net other comprehensive income that are or may be reclassified to profit or loss</b>   |   | -                 | -                 | -                 |
| <b>c) Share of other comprehensive income of associate accounted as per equity method</b> |   |                   |                   |                   |
| Other comprehensive income for the period, net of income tax                              |   | -                 | (23,618,980)      | (23,618,980)      |
| <b>Total comprehensive income for the period</b>  |   | <b>44,850,474</b> | <b>437,752</b>    | <b>45,288,226</b> |

**v) Effect of NFRS adoption for the statement of cash flows for the year ended on 32 Ashad 2075**

| Particulars  | Note | As per previous GAAP | Adjustments        | As per NFRS          |
|--|------|----------------------|--------------------|----------------------|
| Cash flow from operating activities                      |      | (8,711,846)          | 227,865,734        | 219,153,888          |
| Cash flow from investing activities                      |      | (1,773,605)          | (124,326,638)      | (126,100,243)        |
| Cash flow from financing activities                      |      | 195,835,632          | 1,044,104          | 196,879,736          |
| <b>Net cash inflow/(outflow) during the period</b>       |      | <b>185,350,181</b>   | <b>104,583,200</b> |                      |
| Cash and cash equivalent at the beginning of the period  |      | 1,175,935,826        |                    | 1,175,935,826        |
| <b>Cash and cash equivalent at the end of the period</b> |      | <b>1,361,286,008</b> | <b>104,583,200</b> | <b>1,175,935,826</b> |

**Reliance Finance Limited**  
**Notes to Financial Statements**

**Notes to Reconciliation**

**a) Loans and Advance to Customers**

Staff loans were measured at transaction value on previous GAAP. Under NFRS, staff loan is measured at amortized value and the difference amount is deferred over the period of loan.

| Particulars  | 01 Shrawan 2074    | 32 Ashad 2075     |
|--|--------------------|-------------------|
| Amortization impact on staff loan                  | (1,702,712)        | (949,518)         |
| Advance provided to staff included in other assets | 11,422,053         | 11,112,167        |
| Net AIR included as part of loan                   | 20,498,874         | 15,878,435        |
| <b>Total Change</b>                                | <b>30,218,215</b>  | <b>26,041,083</b> |
| <b>Remeasurement change on NFRS</b>                | <b>(1,702,712)</b> | <b>(949,518)</b>  |
| <b>Regrouping change on NFRS</b>                   | <b>31,920,927</b>  | <b>26,990,602</b> |

**b) Investment Securities**

Investment securities were measured at lower of cost or market value in previous GAAP. Under NFRS, investment in shares are measured at fair value with the resultant increase accounted as fair value reserve. The adjustment on original loss provision is adjusted based on market price of shares.

| Particulars   | 01 Shrawan 2074   | 32 Ashad 2075     |
|---|-------------------|-------------------|
| Investment in shares measured at fair value                       | 26,379,590        | (7,361,810)       |
| Accrued income on govt. securities included as part of securities |                   | 670,833           |
| Adjustment to earlier loss allowance on shares                    | 3,383,839         | 40,240,211        |
| <b>Total</b>  | <b>29,763,429</b> | <b>33,549,234</b> |
| <b>Remeasurement change on NFRS</b>                               | <b>29,763,429</b> | <b>32,878,401</b> |
| <b>Regrouping change in NFRS</b>                                  | -                 | <b>670,833</b>    |

**c) Investment Property**

Previously, all the assets in nature of fixed assets were presented as property and equipment. Under NFRS, assets held for capital appreciation or for rental or non-banking assets are presented under Investment Property.

| Particulars  | 01 Shrawan 2074   | 32 Ashad 2075     |
|--|-------------------|-------------------|
| Land held for capital appreciation reclassified      |                   |                   |
| Non banking assets recognized as investment property | 10,254,043        | 13,055,328        |
| <b>Regrouping change on NFRS</b>                     | <b>10,254,043</b> | <b>13,055,328</b> |

**d) Goodwill and Intangible Assets**

Software included in fixed assets in earlier financial statements has now been presented separately.

| Particulars   | 01 Shrawan 2074  | 32 Ashad 2075    |
|---|------------------|------------------|
| Software included in other assets reclassified as intangible assets | 2,032,986        | 1,096,599        |
| <b>Total Change</b>   | <b>2,032,986</b> | <b>1,096,599</b> |
| <b>Regrouping change on NFRS</b>                                    | <b>2,032,986</b> | <b>1,096,599</b> |
| <b>Remeasurement Change on NFRS</b>                                 |                  |                  |

**e) Deferred Tax Assets/Liabilities**

Recalculation of deferred tax has been done as the carrying amount of various assets and liabilities/equity have changed on transition to NFRS. The previously reported deferred tax assets is netted with deferred tax liability and net liability is presented in financial statements.

| Particulars  | 01 Shrawan 2074 | 32 Ashad 2075 |
|--|-----------------|---------------|
| Revised deferred tax (liability) -remeasurement change | (1,690,270)     | (9,023,210)   |

**f) Other Assets**

The following changes have occurred on the balance of other assets.

| Particulars   | 01 Shrawan 2074     | 32 Ashad 2075       |
|---|---------------------|---------------------|
| Accrued income on govt. securities included as part of securities | -                   | (670,833)           |
| Loss allowance on remit receivable netted with receivable amount  |                     |                     |
| Staff advance regrouped from loans and advances to customer       | (11,422,053)        | (11,112,167)        |
| Software presented as other assets regrouped to intangible assets | (2,032,986)         | (1,096,599)         |
| Deferral of amortization of staff loan in NFRS                    | 1,702,712           | 949,518             |
| <b>Net Change</b>   | <b>(11,752,327)</b> | <b>(11,930,081)</b> |
| Regrouping change in NFRS   | (13,455,039)        | (12,879,599)        |
| Remeasurement change in NFRS                                      | 1,702,712           | 949,518             |

**g) Other Liabilities**

As per earlier practice, proposed dividend was accounted as liability. Under NFRS, proposed dividend amount is reversed in liability and credited to retained earning.

| Particulars                   | 01 Shrawan 2074    | 32 Ashad 2075       |
|-------------------------------|--------------------|---------------------|
| Reversal of proposed dividend | (4,694,076)        | (21,905,686)        |
| <b>Net Change</b>             | <b>(4,694,076)</b> | <b>(21,905,686)</b> |
| Regrouping change on NFRS     | (4,694,076)        | (21,905,686)        |
| Remeasurement change on NFRS  | -                  | -                   |

**h) Equity Share Capital**

As allowed by NRB Directives, proposed bonus shares were accounted as part of share capital in previous financial statements. Bonus shares form part of share capital only on approval from Annual General Meeting. Hence, under NFRS, proposed bonus amount has been adjusted in share capital and credited to retained earning.

| Particulars                                     | 01 Shrawan 2074     | 32 Ashad 2075       |
|---|---------------------|---------------------|
| Adjustment of proposed bonus shares             | (89,187,435)        | (89,187,435)        |
| Share issue expenses adjusted to equity capital |                     | -                   |
| <b>Net Change</b>                               | <b>(89,187,435)</b> | <b>(89,187,435)</b> |
| Regrouping change on NFRS                       | (89,187,435)        | (89,187,435)        |

**i) Retained Earning**

The following is the impact on retained earning on adoption of NFRS.

| Particulars                                       | 01 Shrawan 2074    | 32 Ashad 2075      |
|---|--------------------|--------------------|
| <b>Retained Earning previously reported</b>       | <b>11,879,292</b>  | <b>276,170</b>     |
| <u>Regrouping adjustment:</u>                     |                    |                    |
| Proposed bonus shares reversed from share capital | 89,187,435         | 89,187,435         |
| Proposed dividend reversed from liabilities       | 4,694,076          | 21,905,686         |
| Interest suspense transferred to interest income  | 20,498,874         | 15,878,435         |
| Impairment loss on share reversed                 | 3,383,839          | 40,240,211         |
| Right share issue expenses adjusted to equity     | -                  | -                  |
| Reversal of deferred tax reserve                  | 1,690,270          | 12,936,057         |
| Impairment loss on non banking assets reversed    | 10,254,043         | 13,055,328         |
| <u>Remeasurement adjustment:</u>                  |                    |                    |
| Deferred tax adjustment                           | (251,267)          | (11,231,753)       |
| <b>Net Change</b>                                 | <b>129,457,270</b> | <b>181,971,399</b> |
| <b>Reported in NFRS</b>                           | <b>141,336,562</b> | <b>182,247,568</b> |



j) **Reserves**

The following is the impact on reserve on adoption of NFRS.

| Particulars  | 01 Shrawan 2074    | 32 Ashad 2075       |
|--|--------------------|---------------------|
| <b>Reserves previously reported</b>  | <b>199,417,038</b> | <b>303,896,411</b>  |
| <u>Regrouping adjustment:</u>  |                    |                     |
| Reversal of deferred tax reserve   | (1,690,270)        | (12,936,057)        |
| <u>Remeasurement adjustment:</u>   |                    |                     |
| Fair value reserve on measurement of shares at fair value through OCI, net of deferred tax | 18,465,713         | (5,153,267)         |
| <b>Net Change</b>  | <b>16,775,443</b>  | <b>(18,089,324)</b> |
| <b>Reported in NFRS</b>  | <b>216,192,481</b> | <b>285,807,087</b>  |

k) **Interest Income**

Interest income has been accounted on accrual basis under NFRS. Previously this was booked on cash basis. Interest income on subsidized staff loan has been accounted using market rate on amortized value of loan.

| Particulars   | 2074-75            |
|---|--------------------|
| Interest on loan to customer on accrual basis reversal                                  | (4,620,439)        |
| Additional interest income on staff loan with corresponding debit to personnel expenses | 141,893            |
| <b>Net Change</b>   | <b>(4,478,546)</b> |
| <b>Remeasurement change on NFRS</b>   | <b>(4,478,546)</b> |

l) **Fees and Commission Income / Other Operating Income**

Fees and commission income now includes only fees and commission. Other income Rs. 86,031, 723 included previously under this heading has been regrouped to other operating income.

Income on equity method of accounting of investment in associate is included in other income under NFRS.

|  |                     |
|--|---------------------|
| Regrouping change in Fees and Commission Income / Other Operating Income | 24,047,104          |
| Regrouping change in other operating income from non-operating income    | 4,893,410           |
| <b>Total change in other operating income</b>                            | <b>(19,153,694)</b> |

m) **Impairment charge/(reversal) for loans and other losses**

| Particulars   | 2074-75             |
|---|---------------------|
| As per previous reporting framework, shares were measured at cost and any share whose market value was below their cost, the excess of cost over market value of such share was included as impairment through profit or loss. This has not been routed through OCI along with fair value measurement of all shares in OCI. | (36,856,372)        |
| Loss allowance on non banking assets is no longer required hence reversed   | (2,801,285)         |
| <b>Total Change</b>   | <b>(39,657,657)</b> |
| <b>Regrouping change on NFRS</b>  | <b>(36,856,372)</b> |
| <b>Remeasurement change on NFRS</b>   | <b>(2,801,285)</b>  |

n) **Other Operating Expenses**

Regrouping of certain items of expenses have been done under NFRS.

| Particulars   | 2074-75 |
|---|---------|
| Issue cost of right shares adjusted to equity capital | -       |
| <b>Regrouping change on NFRS</b>                      | -       |

o) **Deferred tax expenses or income**

Changes in carrying amount of assets and liabilities have resulted in recalculation of deferred tax and accordingly, deferred tax income or expenses have been recalculated and restated.

| Particulars   | 2074-75      |
|---|--------------|
| Deferred tax expenses/(income) accounted earlier                          | (11,245,787) |
| Revised deferred tax expenses/(income)                                    | (265,301)    |
| Net change in Statement of Profit or Loss                                 | 10,980,486   |
| <b>Fair value change in shares- deferred tax expenses/(income) on OCI</b> |              |

p) **Gain/(loss) from investments in equity instruments measured at fair value**

Previously, loss on shares was being measured for those shares whose fair value is less than cost and gain was not calculated. As stated in point (b) above, all shares are measured at fair value and net change in fair value is adjusted through other comprehensive income.

**Reliance Finance Limited**  
**Notes to Financial Statements**

**5.11 Major Financial Indicators of Last Five Years**

| S.N.      | Particulars                                   | Indicator  | 2075-76          | 2074-75          | 2073-74          | 2072-73          | 2071-72          |
|-----------|---|------------|------------------|------------------|------------------|------------------|------------------|
| 1         | Net profit/total income                       | %          | 10.57            | 13.14            | 28.50            | 31.91            | 19.42            |
| 2         | Earning per share                             |            |                  |                  |                  |                  |                  |
|           | Basic earning per share                       | Rs.        | 8.78             | 11.83            | 21.14            | 19.41            | 11.54            |
|           | Diluted earning per share                     | Rs.        | 8.78             | 11.83            |                  |                  |                  |
| 3         | Market price per share                        | Rs.        | 126              | 119              | 212              | 301              | 171              |
| 4         | Price/earning ratio                           | Times      | 14.36            | 10.06            | 10.03            | 15.51            | 14.81            |
| 5         | Dividend or bonus per share                   | Rs.        |                  | -                | 12.00            | 15.00            | 20.00            |
| 6         | Cash dividend                                 | Rs.        | 6.58             | 2.63             | 0.63             | 0.79             | 1.05             |
| 7         | Interest income/loan and advances             | %          | 16.48            | 16.48            | 13.42            | 11.57            | 13.94            |
| 8         | Employee expenses/total operating expenses    | %          | 54.24            | 52.79            | 46.57            | 43.48            | 42.08            |
| 9         | Employee expenses/total deposit and borrowing | %          | 1.29             | 1.21             | 0.96             | 0.90             | 1.06             |
| 10        | Exchange income/total income                  | %          | -                | -                | -                | -                | -                |
| 11        | Staff bonus/total employee expenses           | %          | 20.20            | 14.08            | 49.83            | 56.47            | 35.17            |
| 12        | Net profit/loans and advances                 | %          | 1.71             | 2.22             | 4.09             | 4.10             | 2.89             |
| 13        | Net profit/total assets                       | %          | 1.21             | 1.44             | 2.69             | 2.82             | 2.06             |
| 14        | Total loans and advances/total deposit        | %          | 84.16            | 80.32            | 82.15            | 87.01            | 90.68            |
| 15        | Total operating expenses/total assets         | %          | 1.86             | 1.79             | 1.65             | 1.64             | 1.98             |
| 16        | Capital adequacy ratio                        |            |                  |                  |                  |                  |                  |
|           | a) Core Capital                               | %          | 24.43            | 33.93            | 20.57            | 22.45            | 22.53            |
|           | b) Supplementary Capital                      | %          | 1.12             | 1.42             | 1.06             | 1.00             | 1.01             |
|           | c) Total Capital Fund                         | %          | 25.55            | 35.35            | 21.62            | 23.45            | 23.55            |
| 17        | Cash reserve ratio (CRR)                      | %          | 28.87            | 36.57            | 36.42            | 37.93            | 31.68            |
| 18        | NPAs/total loan and advances                  | %          | 2.17             | 1.25             | 1.70             | 2.50             | 3.80             |
| 19        | Base rate                                     | %          | 12.34            | 9.38             | 12.90            | 9.38             | 11.20            |
| 20        | Weighted average interest rate spread         | %          | 4.9              | 5.72             | 5.80             | 5.72             | 5.39             |
| 21        | Book net worth                                | Rs.        | 1,066,935        | 976,523          | 676,844          | 572,688          | 434,883          |
| <b>22</b> | <b>Total shares</b>                           | <b>No.</b> | <b>8,324,160</b> | <b>8,022,886</b> | <b>5,125,715</b> | <b>4,457,143</b> | <b>3,942,857</b> |
| <b>23</b> | <b>Total employees</b>                        | <b>No.</b> | <b>92</b>        | <b>88</b>        | <b>82</b>        | <b>55</b>        | <b>52</b>        |
| 24        | Others:                                       |            |                  |                  |                  |                  |                  |
|           | Per employee business (Rs. In lakh)           | %          | 378.30           | 339.98           | 313.55           | 383.69           | 302.87           |
|           | Employee expenses/total income                | %          | 8.81             | 8.62             | 6.63             | 6.55             | 7.12             |

**Reliance Finance Limited**  
**Comparison Audited and Unaudited Financial Statements**  
**Fiscal Year: 2075-76**

*Amount in '000*

| Statement of Financial Position                | As per Unaudited Financial Statements | As per Audited Financial Statements | Variance          |             | Reasons for Variance  |
|--|---------------------------------------|-------------------------------------|-------------------|-------------|---|
|  |                                       |                                     | In Amount         | In %        |   |
| <b>Assets</b>                                  |                                       |                                     |                   |             |   |
| Cash and cash equivalent                       | 1,019,156,027                         | 1,019,206,027                       | 50,000            | 0.00        | Adjustment of BFIs  |
| Due from Nepal Rastra Bank                     | 174,695,841                           | 174,695,841                         | -                 | -           |   |
| Placement with Bank and Financial Institutions | -                                     | -                                   | -                 | -           |   |
| Derivative financial instruments               | -                                     | -                                   | -                 | -           |   |
| Other trading assets                           | -                                     | -                                   | -                 | -           |   |
| Loan and advances to B/FIs                     | -                                     | 346,500,000                         | 346,500,000       |             | Regrouping of loan to microfinance from loan to customer.   |
| Loans and advances to customers                | 3,723,235,447                         | 3,401,905,688                       | (321,329,759)     | (8.63)      | AIR on loans (net of suspense) included along with loan which was included in other assets in unaudited |
| Investment securities                          | 294,747,981                           | 309,784,010                         | 15,036,029        | 5.10        |   |
| Current tax assets                             | 1,353,869                             | -                                   | (1,353,869)       | (100.00)    | Tax Adjustment  |
| Investment in subsidiaries                     | -                                     | -                                   | -                 | -           |   |
| Investment in associates                       | -                                     | -                                   | -                 | -           |   |
| Investment property                            | 714,624                               | 714,624                             | -                 | -           |   |
| Property and equipment                         | 20,511,234                            | 20,511,234                          | -                 | -           |   |
| Goodwill and Intangible assets                 | 1,146,318                             | 1,146,318                           | -                 | -           |   |
| Deferred tax assets                            | 930,846                               | -                                   | (930,846)         | (100.00)    | Deferred tax was not calculated on unaudited figures  |
| Other assets                                   | 30,456,924                            | 7,574,066                           | (22,882,858)      | (75.13)     | AIR (net of interest suspense) included in loans to customer  |
| <b>Total Assets</b>                            | <b>5,266,949,110</b>                  | <b>5,282,037,808</b>                | <b>15,088,698</b> | <b>0.29</b> |   |
| <b>Liabilities</b>                             |                                       |                                     |                   |             |   |
| Due to Bank and Financial Institutions         | -                                     | -                                   | -                 | -           |   |
| Due to Nepal Rastra Bank                       | -                                     | -                                   | -                 | -           |   |
| Derivative financial instruments               | -                                     | -                                   | -                 | -           |   |
| Deposits from customers                        | 4,135,375,104                         | 4,135,375,104                       | -                 | -           |   |
| Borrowing                                      | -                                     | -                                   | -                 | -           |   |
| Current Tax Liabilities                        | -                                     | 2,891,246                           | 2,891,246         |             | Tax Adjustment  |
| Provisions                                     | -                                     | -                                   | -                 | -           |   |
| Deferred tax liabilities                       | -                                     | 2,833,266                           | 2,833,266         |             | Deferred tax was not calculated on unaudited  |
| Other liabilities                              | 50,931,183                            | 74,002,712                          | 23,071,529        | 45.30       | Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.          |
| Debt securities issued                         | -                                     | -                                   | -                 | -           |   |
| Subordinated Liabilities                       | -                                     | -                                   | -                 | -           |   |
| <b>Total liabilities</b>                       | <b>4,186,306,287</b>                  | <b>4,215,102,328</b>                | <b>28,796,041</b> | <b>0.69</b> |   |



|  |                      |                      |                      |                     |               |   |
|--|----------------------|----------------------|----------------------|---------------------|---------------|---|
| <b>Equity</b>                                      |                      |                      |                      |                     |               |   |
| Share capital                                      | 830,144,818          | -                    | 832,416,063          | 2,271,245           | 0.27          | Adjustment of Share Issue Expenses  |
| Share premium                                      | 1,140,765            | 1,140,765            | 1,140,765            | -                   | -             | Resulting change of all adjustments related to Statement of Profit or Loss and regulatory reserve |
| Retained earnings                                  | 84,609,276           | 54,809,232           | 54,809,232           | (29,800,045)        | (35.22)       | Change in profit changed the allocation to reserves along with change in fair value of investment |
| Reserves   | 164,747,964          | 178,569,420          | 178,569,420          | 13,821,456          | 8.39          |   |
| <b>Total equity attributable to equity holders</b> | <b>1,080,642,823</b> | <b>1,066,935,480</b> | <b>1,066,935,480</b> | <b>(13,707,343)</b> | <b>(1.27)</b> |   |
| Non-controlling interest                           |                      |                      |                      |                     |               |   |
| <b>Total equity</b>                                | <b>1,080,642,823</b> | <b>1,066,935,480</b> | <b>1,066,935,480</b> | <b>(13,707,343)</b> | <b>(1.27)</b> |   |
| <b>Total liabilities and equity</b>                | <b>5,266,949,111</b> | <b>5,282,037,808</b> | <b>5,282,037,808</b> | <b>15,088,698</b>   | <b>0.29</b>   |   |

| Statement of Profit or Loss                             | As per Unaudited Financial Statements | As per Audited Financial Statements | Variance            |                 | In %            | Reasons for Variance   |
|---|---------------------------------------|-------------------------------------|---------------------|-----------------|-----------------|--|
|   |                                       |                                     | In Amount           | In %            |                 |  |
| Interest income   | 570,551,133                           | 573,551,252                         | 3,000,118           | 0.53            | 0.53            | Change in accrued interest on recalculation  |
| Interest expenses                                       | 366,455,229                           | 366,455,229                         | -                   | -               | -               |  |
| <b>Net interest income</b>                              | <b>204,095,904</b>                    | <b>207,096,023</b>                  | <b>3,000,118</b>    | <b>1.47</b>     | <b>1.47</b>     |  |
| Fee and commission income                               | 30,524,391                            | 29,437,134                          | (1,087,257)         | (3.56)          | (3.56)          | Regrouping   |
| Fee and commission expenses                             | -                                     | -                                   | -                   | -               | -               |  |
| <b>Net fee and commission income</b>                    | <b>30,524,391</b>                     | <b>29,437,134</b>                   | <b>(1,087,257)</b>  | <b>(3.56)</b>   | <b>(3.56)</b>   |  |
| Other operating income                                  | 2,630,563                             | 3,769,298                           | 1,138,735           | 43.29           | 43.29           | Regrouping   |
| <b>Total operating income</b>                           | <b>237,250,859</b>                    | <b>240,302,455</b>                  | <b>3,051,596</b>    | <b>1.29</b>     | <b>1.29</b>     |  |
| Impairment charge/(reversal) for loans and other losses | 44,653,622                            | 44,653,622                          | -                   | -               | -               |  |
| <b>Net operating income</b>                             | <b>192,597,236</b>                    | <b>195,648,833</b>                  | <b>3,051,597</b>    | <b>1.58</b>     | <b>1.58</b>     | Finalized calculation of gratuity and bonus  |
| Personnel expenses                                      | 51,679,745                            | 53,428,426                          | 1,748,681           | 3.38            | 3.38            | Correction on calculation of depreciation and few other expenses booked as payable |
| Other operating expenses                                | 44,633,520                            | 45,072,229                          | 438,710             | 0.98            | 0.98            |  |
| <b>Operating profit</b>                                 | <b>96,283,972</b>                     | <b>97,148,178</b>                   | <b>864,206</b>      | <b>0.90</b>     | <b>0.90</b>     |  |
| Non operating income/(expenses)                         | -                                     | -                                   | -                   | -               | -               |  |
| Profit before tax                                       | 96,283,972                            | 97,148,178                          | 864,206             | 0.90            | 0.90            | Final calculation of income tax expenses for the period                            |
| Income tax  | 29,478,983                            | 33,028,878                          | 3,549,896           | 12.04           | 12.04           |  |
| <b>Profit/(loss) for the period</b>                     | <b>66,804,989</b>                     | <b>64,119,299</b>                   | <b>(2,685,689)</b>  | <b>(4.02)</b>   | <b>(4.02)</b>   |  |
| Other comprehensive income                              | 6,961,711                             | 17,483,222                          | 10,521,510          | 151.13          | 151.13          | Finalization of fair value of investment   |
| Total comprehensive income                              | 73,766,700                            | 81,602,521                          | 7,835,821           | 10.62           | 10.62           |  |
| <b>Distributable Profit</b>                             |                                       |                                     |                     |                 |                 |  |
| Net profit/(loss) as per profit or loss                 | 66,804,989                            | 64,119,299                          | (2,685,689)         | (4.02)          | (4.02)          |  |
| Add/Less: Regulatory adjustment as per NRB Directive    | (12,340,704)                          | (68,740,387)                        | (56,399,683)        | 457.02          | 457.02          | In interim report, regulatory adjustment was not made.                             |
| <b>Free profit/(loss) after regulatory adjustments</b>  | <b>54,464,284</b>                     | <b>(4,621,088)</b>                  | <b>(59,085,372)</b> | <b>(108.48)</b> | <b>(108.48)</b> |  |



नेपाल राष्ट्र बैंक  
वित्त कम्पनी सुपरिवेक्षण विभाग  
गैर-स्थलगत सुपरिवेक्षण इकाई



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन : ४४९९८०४, ८०५/४४९९२५०  
फ्याक्स : ४४९५९५८  
इमेल : fsidreportsfc@nrb.org.np  
Web : www.nrb.org.np  
पोस्ट बक्स : ७३

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/१४/२०७६-७७

मिति २०७६/१०/१३

रिलायन्स फाइनेन्स लिमिटेड  
प्रदर्शनीमार्ग, काठमाडौं।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

तहाँबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न र प्रस्तावित नगद लाभांश रु.५,४७,६४,२१४।६७ प्रचलित कानुनी व्यवस्थाको पालना गरी वार्षिक साधारण सभाबाट स्वीकृत भए पश्चात मात्रै वितरण गर्न देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

१. यस बैंकले दिएका निर्देशन पालना गर्न तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने व्यवस्था मिलाउनुहुन।
२. नियमित रूपमा System Audit गर्ने व्यवस्था मिलाउनु हुन।
३. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनि लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरूको पूर्ण पालना गर्न संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ।

उपर्युक्त निर्देशनहरूलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु।

भवदीय,

(खिलनाथ दहाल)  
सहायक निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक  
बैंक तथा वित्तीय संस्था नियमन विभाग।
२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, रिलायन्स फाइनेन्स लिमिटेड।

श्री नेपाल राष्ट्र बैंक  
वित्त कम्पनी सुपरिवेक्षण विभाग  
बालुवाटार, काठमाडौं ।

**विषय : बित्तीय विवरण प्रकाशन गर्न स्वीकृती दिदाँ जारी भएका निर्देशन सम्बन्धमा ।**

महोदय,

उपरोक्त सम्बन्धमा तहांको पत्र संख्या वि.क.सु.वि./अफसाईट/एजिम /१४/७६/७७ मिति २०७६/१०/१३ को पत्र मार्फत जारी भएको निर्देशन उपर यस संस्थाको प्रतिक्रिया तथा उल्लेखित बुँदाहरुको सुधारको स्थिती तपसिल बमोजिम रहेको व्यहोरा जानकारीका लागि अनुरोध छ ।

१. तहांबाट जारी भएका निर्देशनहरु अक्षरसः पालना गरीनेछ, तथा लेखा परिक्षण प्रतिवेदनमा औल्याइएका कैफियतहरु नदोहोरिने गरी सुधार गर्दै लगिनेछ ।
२. निर्देशन अनुसार System Audit गर्ने निति लिईएको छ ।
३. सम्पत्ती शुद्धिकरण तर्फ विशेष सजग भई तहांबाट जारी भएका निर्देशनहरुको पूर्ण रुपमा परिपालना गरिनेछ ।

## रिलायन्स फाइनेन्स लिमिटेडको प्रबन्धपत्रमा संशोधन प्रस्ताव

| साविक व्यवस्था र दफा | हाल गर्नुपर्ने संशोधन र दफा  | संशोधन गर्नुपर्ने कारण र औचित्य  |
|----------------------|--|--|
| ५.ई नभएको ।          | ५.ई : संस्थाका सेवाग्राहीहरूको सुविधाको लागि सि आस्वा (C-ASBA) तथा समय समयमा नेपाल धितोपत्र बोर्डले प्रदान गर्ने सेवा/सुविधाहरू प्रदान गर्ने । | संस्थाका ग्राहहरूलाई सुविधा प्रदान गर्ने सिलसिलामा नेपाल धितोपत्र बोर्डको निर्देशन बमोजिम समय समयमा यस संस्थाले गर्न मिल्ने भनि दिएको कार्य नियामक निकाय तथा बोर्डको स्विकृती लिई कार्य गर्ने प्रयोजनको लागि । |

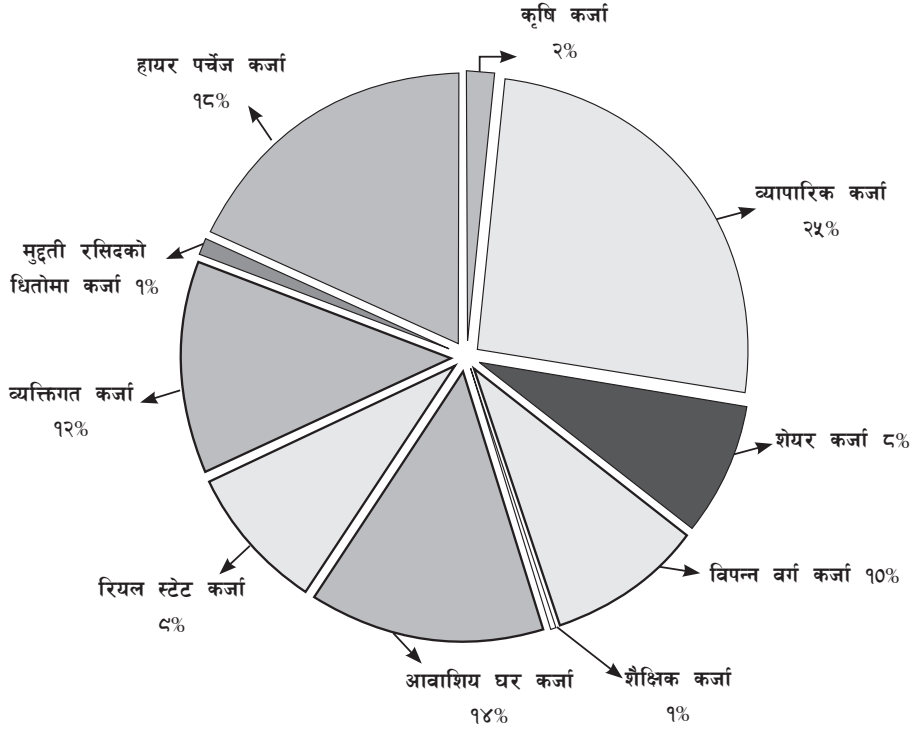
## रिलायन्स फाइनेन्स लिमिटेडको नियमावलीमा संशोधन प्रस्ताव

| साविक व्यवस्था र दफा  | हाल गर्नुपर्ने संशोधन र दफा   | संशोधन गर्नुपर्ने कारण र औचित्य   |
|---|---|---|
| संचालकको पारिश्रमिक भत्ता र सुविधा सम्बन्धि व्यवस्था :<br>३२(१)(ख)<br>संचालक समितिको बैठमा उपस्थित भए बापत अध्यक्षले रु.५५००/- र अन्य संचालकले पाउने प्रति बैठक भत्ता रु.५०००/- हुनेछ । | संचालकको पारिश्रमिक भत्ता र सुविधा सम्बन्धि व्यवस्था :<br>३२(१)(ख)<br>संचालक समितिको बैठमा उपस्थित भए बापत अध्यक्षले रु.१२,०००/- र अन्य संचालकले पाउने प्रति बैठक भत्ता रु.१०,०००/- हुनेछ । | समय सापेक्ष संचालकहरूको जिम्मेवारी अनुसार भत्ता बृद्धि गर्न आवश्यक भएकोले । |



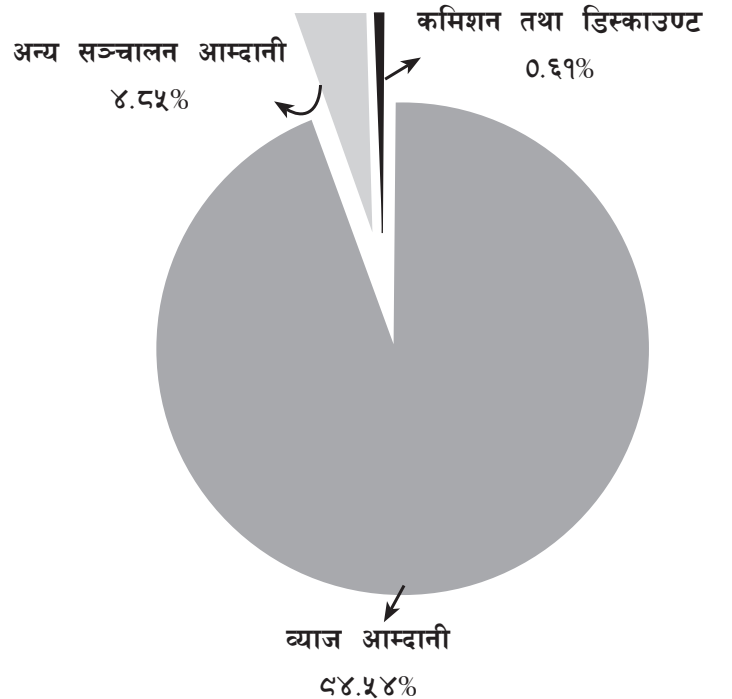
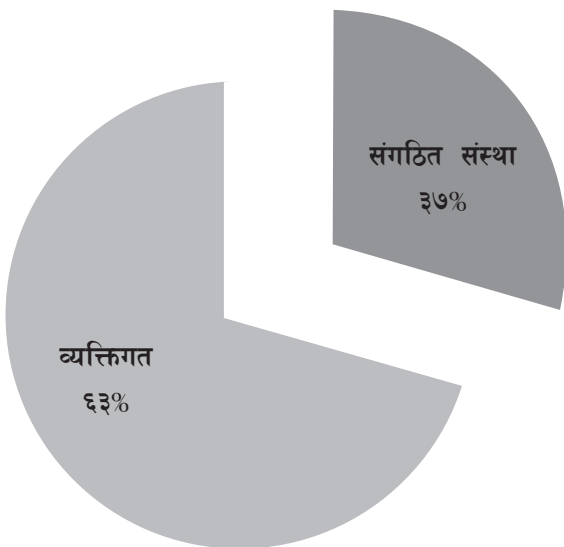
## वित्तीय भलकहरु

### कर्जा मिश्रण



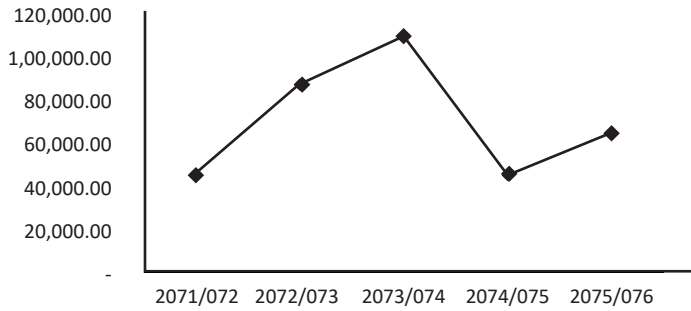
### आम्दानीका श्रोतहरु

#### निक्षेप मिश्रण

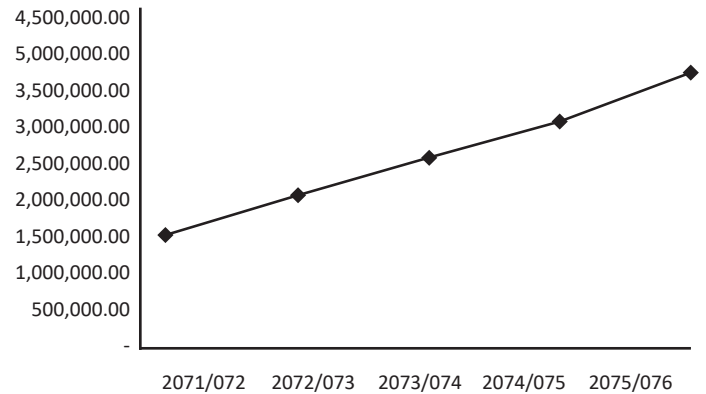


### Trend Lines Presenting Financial Indicators

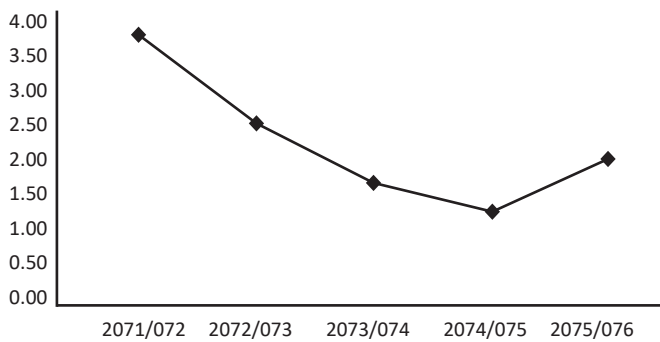
**Net Profit (Rs. '000)**



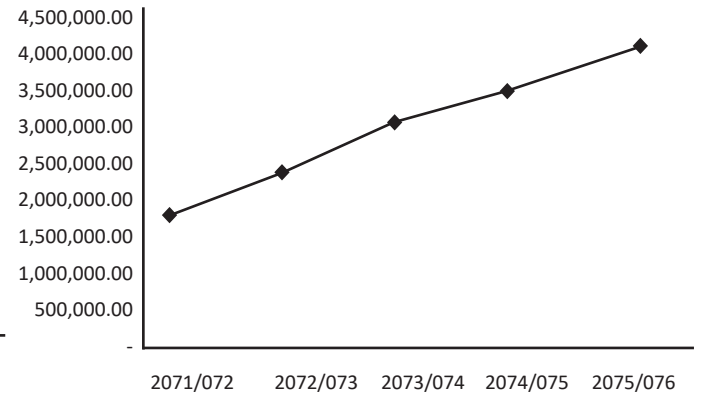
**Total Loan & Advances (Rs. '000)**



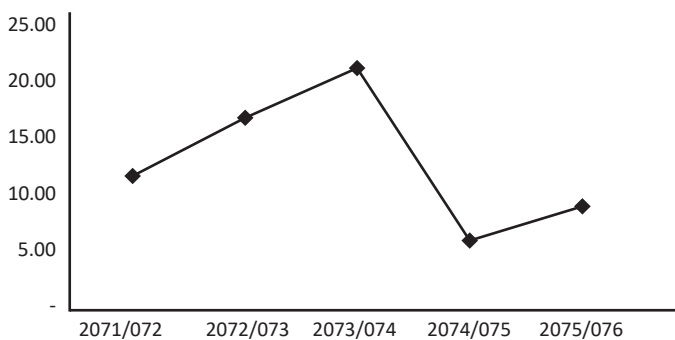
**Non Performing Loan Ratio (%)**



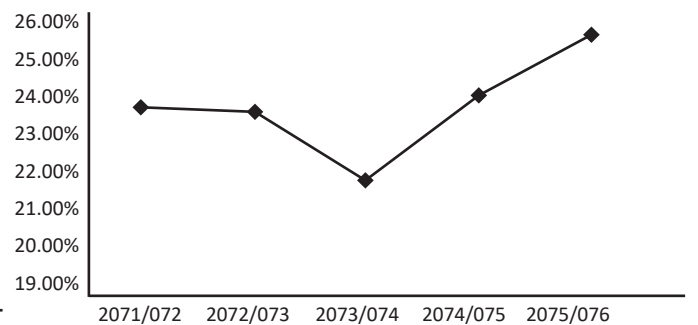
**Total Deposits (Rs.'000)**



**Earnings Per Share (Rs.)**



**Capital Adequacy Ratio (%)**



## नोट तथा टिपोट

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# व्यवस्थापन समुह

## अनिल श्रेष्ठ

(प्रमुख कार्यकारी अधिकृत)

## समाज प्रकाश श्रेष्ठ

(उप-प्रमुख कार्यकारी अधिकृत)

## बिष्णु लाल श्रेष्ठ

(प्रमुख-जोखिम व्यवस्थापन/अनुपालन अधिकृत)

## ओमकार मणि आचार्य दिक्षित

(प्रमुख व्यवसाय अधिकृत)

## केशव प्रसाद खनाल

(प्रमुख-संचालन/जनशक्ति विभाग)

## दिक्पाल श्रेष्ठ

(प्रमुख-कर्जा विभाग)

## रविन शाक्य

(प्रमुख-कर्जा प्रशासन विभाग)

## सृजना श्रेष्ठ

(प्रमुख-लेखा विभाग)

## कौशल्या श्रेष्ठ

(प्रमुख-कर्जा असुली विभाग)

## युज कुमार भैल

(प्रमुख-कानून विभाग/कम्पनी सचिव)

## एलिना श्रेष्ठ

(प्रमुख-सामान्य सेवा विभाग)

## मनी मानन्धर

(प्रमुख-सूचना तथा प्रविधी विभाग)

## शाखा प्रमुखहरु

न्यूरोड शाखा

नबिन्द्र के.सी.

(शाखा प्रमुख)

नारायणगढ शाखा

बुद्ध नारायण श्रेष्ठ

(शाखा प्रमुख)

पोखरा शाखा

प्रकाश पौडेल

(शाखा प्रमुख)

बेसीशहर शाखा

सन्तोष खनियाँ

(शाखा प्रमुख)

बनेपा शाखा

सुदिप रेग्मी

(शाखा प्रमुख)

आरुघाट शाखा

सुबत लामिछाने

(शाखा प्रमुख)

चारआली शाखा

जिवन श्रेष्ठ

(शाखा प्रमुख)

इमाडोल शाखा

प्रकाश कुमार श्रेष्ठ

(शाखा प्रमुख)

मणिग्राम शाखा

सुनिल कुमार उपाध्याय

(शाखा प्रमुख)

गोरखा शाखा

हिमाल खड्का

(शाखा प्रमुख)

कोहलपुर शाखा

नरेन्द्र तिमिल्सिना

(शाखा प्रमुख)

महेन्द्रनगर शाखा

महेश कुमार भट्ट

(शाखा प्रमुख)

अत्तरिया शाखा

पदम बहादुर धानुक

(शाखा प्रमुख)

## संस्थागत सामाजिक उत्तरदायित्व अन्तर्गतका कार्यहरु



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सोलुखुम्बु जिल्लाका विभिन्न स्कुललाई स्कुल ब्याग वितरण



इमाडोल, ललितपुर स्थित मुदिता सेवा गृहलाई खाद्यान्न सामाग्री वितरण



सुनकोशी गा.पा.-४, यमुना डाडाँ स्थित श्री गणेश मा.वि.का विद्यार्थीहरूलाई शैक्षिक सामाग्री वितरण



श्री वटु भद्रकाली मन्दिर पुन निर्माण समितिलाई आर्थिक सहयोग प्रदान



सविधान दिवसको उपलक्ष्यमा आयोजना गरिएको रक्तदान कार्यक्रम

एमरेल्ट वचत खाता ८.५०%

कञ्चनजङ्गा वचत खाता ८.२५%

धौलागिरी वचत खाता ८.२५%

हामी सबैको भरोसा र विश्वास **रिलायन्स फाइनान्स लिमिटेड**

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वित्तीय सेवाको अर्को परिभाषा

रिलायन्स फाइनान्स लि.को **C-ASBA** मार्फत शेयरमा (IPO, FPO, RIGHT, MUTUAL FUND) आवेदनहरू दिनुहोस्

रिलायन्स फाइनान्स लि.बाट अन्य कुनै पनि बैंक तथा वित्तीय संस्थाको खातामा सिधै रकमान्तर गर्न **IPS** तथा **connect IPS** प्रयोग गर्नुहोस् ।

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- नि:शुल्क Account Statement • नि:शुल्क ABBS सुबिधा
- रु ३००००० (तीन लाख) सम्मको आकरिमक दुर्यटना वीमा सुबिधा\*
- ६० महिना बचत गर्दा एकमुष्ट ८० महिनाको मुक्तानी \*

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Tel.: 056-533598

Pokhara  
Mahendrapool  
Ward No.- 4, Kaski  
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Manigram Rupandehi  
Tel.: 071-562902

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Kohalpur-11  
Tel.: 081-542154, 542174

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Mahendranagar - 4  
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