Citizens Bank

TEAMING UP FOR SYNERGY & RESILIENCE

2020-21

ANNUAL REPORT

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TEAMING UP FOR SYNERGY & RESILIENCE

The unique strategic moves and aggressive growth of the Bank have enhanced the Banks presence, business size, profitability and brand image. Bank strategically prioritized acquisitions of 'B' and 'C' Class BFIs licensed by Nepal Rastra Bank. With recent successful acquisition of 2 "B" class BFIs and 1 "C" class BFI, Bank has become one of the largest banks in the industry with strong presence on all the provinces enabling us to deliver the banking service within a much wider geographical coverage. After the acquisition, the Bank has gained the valuable financial capital in form of increase in paid- up capital and reserves and surpluses, human capital in form of cent per cent skilled and trained staffs of acquired BFIs joining the Bank, intellectual capital in form of brand value and customer base, manufactured capital in form of branch networks and social and relationship capital in form of prior social relationship of acquired BFIs with locals where our presence and coverage was least. Bank is Teaming Up for Synergic effect of acquisition with Resilience and is committed to meet the expectations of shareholder by maintaining the earning per share through excellent customer service and sustainable growth.

Citizens Bank

ABOUT THE REPORT

The Bank is proud to present an Integrated Annual Report for the third consecutive year, prepared in accordance with International Integrated Reporting Framework of 2013, issued by the International Integrated Reporting Council (IIRC).

The aim of our integrated reporting is to present our performance against the key capitals we manage, in order to enable our stakeholders, including investors to make a fair assessment of our efforts for the recently concluded financial year. The report presents key aspects of our value creation process which are the different forms of capital that provides the input, business domains and the value creating activities that result outputs, outcomes and impacts and create the required sustainable value for our stakeholders. The Bank takes a long term outlook of its business actions for the betterment of its investors, customers, employees, suppliers and also the economy, society and the environment.

This report is primarily for providers of financial capital and will be of interest to other stakeholders as it summarizes information on all material issues impacting our performance.

Scope And Boundary

Our integrated report covers the period from July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078) and reflects operations carried out by the Bank within the geographical boundaries of Nepal during the year.

In presenting our operation and financial performance, we have extracted financial information from the Audited Financial Statements for the financial year ended 2021 with relevant comparative information. The financial statements consistently comply with the requirements of:

- Nepal Accounting Standards (NAS) and Nepal Financial Reporting Standards (NFRS)
- Nepal Rastra Bank Act, 2002 and the rules, regulations and directives issued by the central bank
- Bank and Financial Institutions Act (BAFIA), 2017
- Companies Act, 2006
- Securities Act, 2006
- Income Tax Act, 2002
- And other applicable laws and regulations.

This report contains financial as well as non-financial performance indicators defined in terms of strategies, objectives, risk metrics and actual outcomes that are material to understand the Bank's business and its approach holistically.

How We Create Value

Our philosophy is to give the best in what we do and retain the trust along with loyalty of the people. As a financier, we provide the capital required by the customers in pursuance of their lifestyles, to the entrepreneurs for the investment in key industries. As an employer, we have the commitment in developing careers, creating the opportunities for knowledge enhancement, development of capacity and competency of the employees.

We have uplifted the less privileged through our corporate philanthropy and corporate social responsibility initiatives. Our financial strength reflected from our strong capital base supported with the sound corporate governance whereas risk management frameworks guarantees the investment returns to our depositors and safeguards their investments even in challenging times for the industry.

In creating value to our stakeholders, we adopt a unique business model for enhancing six capitals measures which we manage and co-ordinate business operation to its well defined corporate strategy over the short, medium and long term. In managing risk and potential negative outcomes, we adhere to effective governanvce and risk management frameworks that encompass high level risk management techniques along with a strong control environment supported by sound corporate policy, procedures and practices, and continuous assurance and review, best suited for the finance industry. We remain a socially responsible enterprise that is receptive to the needs of society and protective of the environment.

Assurance

This report contains Financial Report of the Bank and its subsidiaries, duly certified by M/s KK Budhathoki & Associates, Chartered Accountants for the period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078).

Approval

The Financial Report has been duly approved by the Board of Directors and the Central Bank for publication. This integrated report has been prepared and presented as an initiation of good corporate governance practice by the management of the Bank.

Forward Looking Statements

This report contains forward looking statements of the Bank, as disclosed in Mission, Vision, Objectives and Board of Directors Report, that are not exhaustive and may vary from actual performances depending upon changing external environment in which the Bank operates.

Statement By The Management

The Management acknowledges its responsibility to ensure the integrity of this Integrated Report, which in the Management's opinion addresses all material issues and presents fairly the integrated performance of Citizens Bank International Limited.

GANESH RAJ POKHAREL
Chief Executive Officer

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About The Bank

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1.1 CITIZENS BANK AT A GLANCE

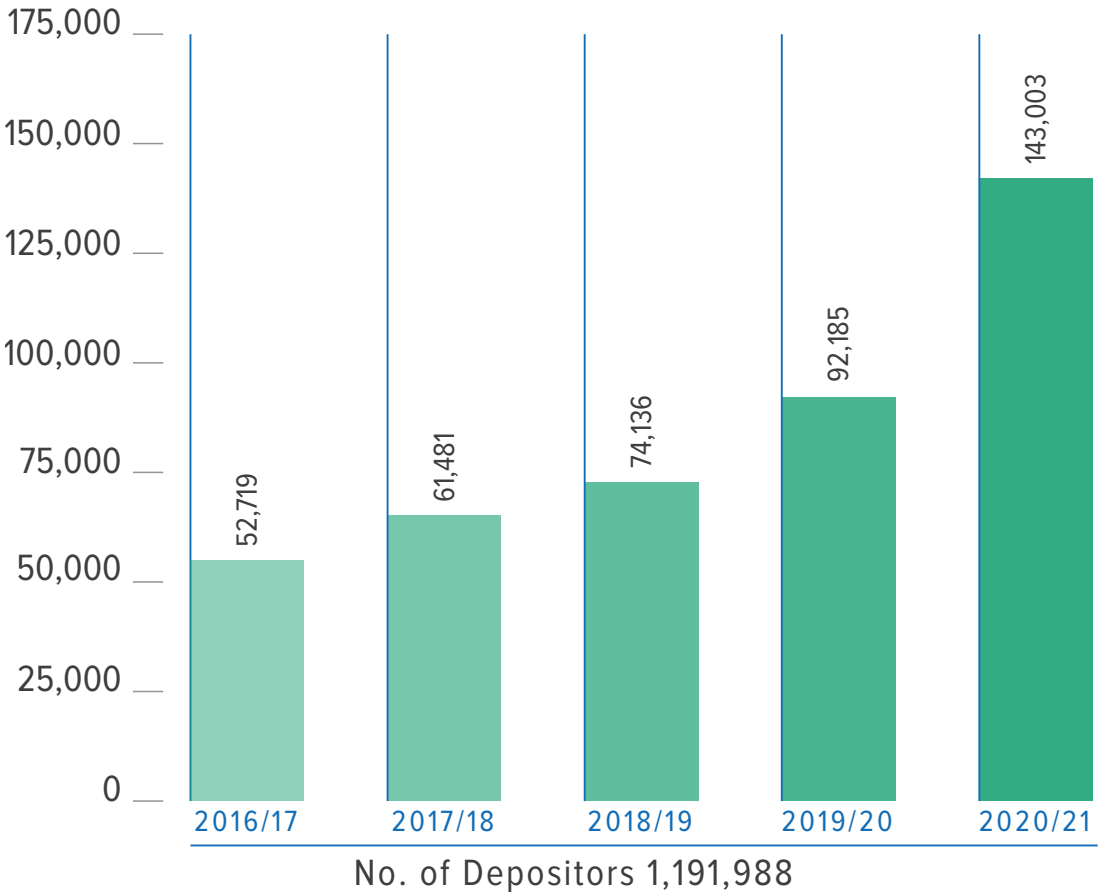


Financial Highlights

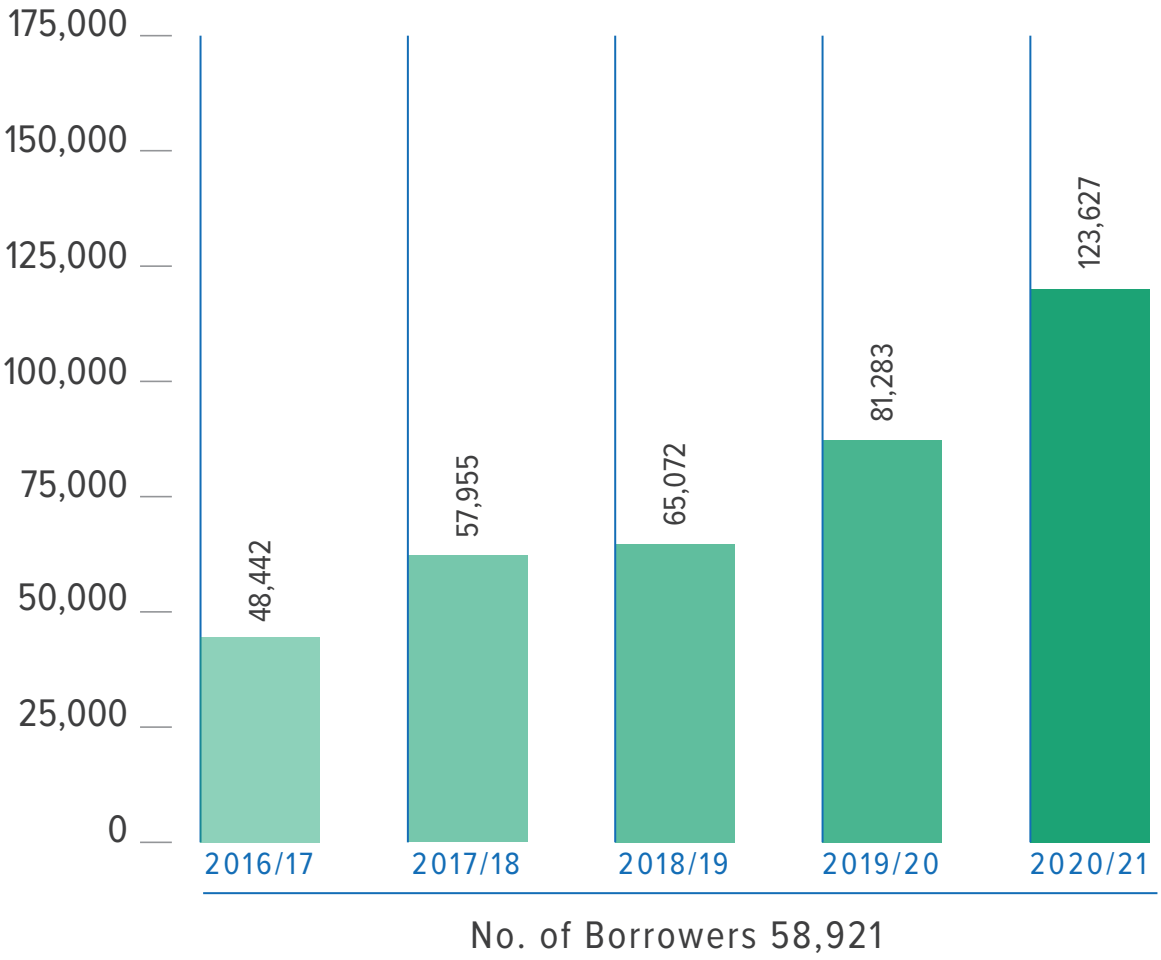
Cash Dividend	Bonus Share	Earnings Per Share	Market price per share	ROE
3.08%	12.913%	NPR 17.35	NPR 386	11.17%

NPR 1,804,341,065	NPR 2,585,703,895	NPR 4,973,978,734	NPR 168,329,050,416
PROFIT AFTER TAX	PROFIT BEFORE TAX	OPERATING INCOME	TOTAL ASSETS

Deposit *(amount in NPR million)*

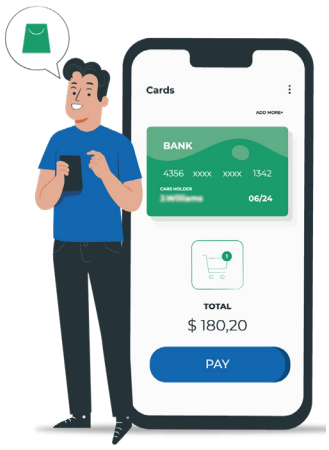


Loan *(Amount in NPR million)*



No. of Borrowers 58,921

Electronic Banking Users



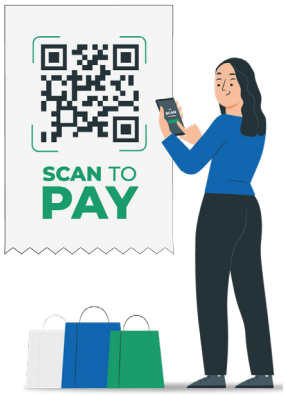
357,020
Active Mobile Banking Users



26,760
Active Internet Banking Users



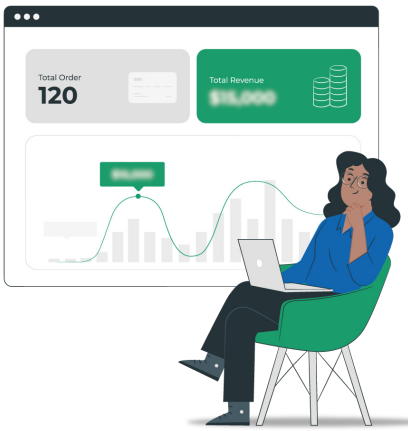
195,557
Active Card Users



6,964
Active QR Merchants



463
Active POS Merchants



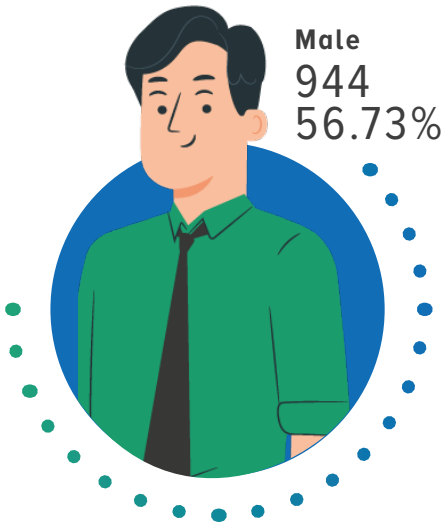
117,379
Active Demat Users

Employee Strength, Training And Developments

No. of Employee
1,664



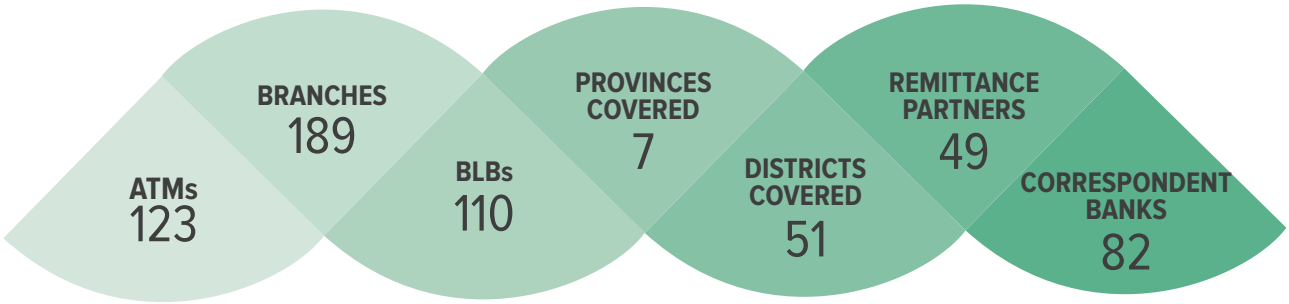
Female
720
43.27%



Male
944
56.73%

No. of Trainings	No. of Attendees	Training Expenses
155	1,320	NPR 6,279,041

Citizens Bank's Reach



Key Ratios and Other Information

Profitability/Dividends/Performance and Liquidity Ratios

	Group			Bank		
Particulars	FY 2020/21	FY 2019/20	Change%	FY 2020/21	FY 2019/20	Change%
Net Interest Income Ratio (%)	33.83	30.64	10.41	33.68	30.40	10.78
Profit before Tax (NPR)	2,674,199,075	1,709,057,035	56.47	2,585,703,895	1,668,737,196	54.95
PE Ratio (times)	-	-	-	22.24	13.55	64.17
Capital Adequacy Ratio (%)				13.70	15.14	-9.51
Return on Capital Employed (%)	9.86	9.13	7.96	9.55	8.93	6.95
Debt Equity Ratio (times)	-	-	-	0.26	0.26	-

Business Ratios/Information

	Group			Bank		
Particulars	FY 2020/21	FY 2019/20	Change%	FY 2020/21	FY 2019/20	Change%
Statutory Liquidity Ratio (%)				22.17	19.30	14.87
Return on Average Assets (%)	1.34	1.22	9.84	1.29	1.19	8.33
Cost to Operating Income Ratio (%)	43.22	43.22	-	55.08	45.69	20.55
Net Asset Value per Share (NPR)	151.58	149.07	1.68	150.18	147.61	1.74
Profit per Employee (NPR)	1,281,147	1,125,781	9.98	1,237,545	1,098,538	12.65
CRR (%)	-	-	-	3.71	4.22	-12.09
Dividend Cover Ratio (times)	-	-	-	1.09	1.26	-13.49
Non Performing Loan to Total Loan (%)	-	-	-	1.64	1.55	5.81

Detail of Credit Concentration

Product wise

Product	Amount In NPR Million	Percentage
Term Loan	29,401	23.78%
Overdraft	16,598	13.43%
Trust Receipt Loan/ Import Loan	4,520	3.66%
Demand & Other Working Capital Loan	15,513	12.55%
Home Loan	7,699	6.23%
Real Estate Loan	5,443	4.40%
Margin Loan	5,608	4.54%
Hire Purchase Loan	5,609	4.54%
Deprived Sector Loan	12,039	9.74%
Bills Purchased	26	0.02%
Others	21,169	17.12%
Total	**123,627**	**100%**

Sector/ Industry Wise

Sector/ Industry	Amount In NPR Million	Percentage
Agricultural & Forest Related	9,787	7.92%
Fishery	293	0.24%
Mining	690	0.56%
Agriculture, Forestry & Beverage Production Related	4,154	3.36%
Non Food Production Related	12,881	10.42%
Construction	6,064	4.90%
Power, Gas, Water	7,589	6.14%
Metal Products, Machinery & Electronic Equipment & Assemblage	442	0.36%
Transport, Communication and Public Utilities	3,034	2.45%
Wholesaler & Retailer	22,869	18.50%
Finance, Insurance & Real Estate	8,010	6.48%
Hotel or Restaurant	2,556	2.07%
Other Services	5,296	4.28%
Consumption Loans	8,189	6.62%
Local Government	0	0.00%
Others	31,775	25.70%
Total	**123,627**	**100.00%**

Disclosure of Non Performing Assets

Movement in non performing assets

Particulars	Previous Year	Current Year	Change %
Rescheduled/ Restructured	-	499,114	100
Sub Standard	63,137,483	686,410,744	987.17
Doubtful	487,130,008	284,614,008	-41.57
Loss	710,394,405	1,052,545,777	48.16
Total	**1,260,661,896**	**2,024,069,643**	**60.56**

Movement of provision made against non performing assets

Particulars	Previous Year	Current Year	Additional Provision In Current Year	Change %
Pass Loan	709,155,800	1,466,293,197	757,338,542	106.79
Watchlist	376,994,012	219,058,094	(157,935,918)	-41.89
Rescheduled/ Restructured	-	62,389.00	62,389	100.00
Sub Standard	11,940,752	151,295,537	139,354,785	1167.05
Doubtful	240,792,138	125,371,873	(115,420,265)	-47.93
Loss	710,001,247	1,042,382,114	332,380,867	46.81
Additional	-	-	-	-
Total	**2,048,883,949**	**3,004,463,204**	**955,780,400**	**46.65**

1.2 BANK'S PROFILE

Established on April 20, 2007 (Baisakh 07, 2064) as a 20th Commercial bank of the nation, "Citizens Bank International Limited", has its corporate office at the heart of the financial sector of the country, Narayanhiti Path, Kathmandu. It is promoted by eminent personalities, business and industrial houses and reputed individuals having high social standing and has been managed by a team of experienced bankers and professionals. The Bank has been headed by 7 Board of Directors, led by non executive Chairman Mr. Rajan Singh Bhandari and the management team led by Mr. Ganesh Raj Pokharel as Chief Executive Officer. The Bank has employed 1664 staffs including 1458 permanent staffs and 206 staffs on a contract basis working with various Departments and Branches across the country.



The Bank's milestone dates are as follows:

2006
October 13 (Ashwin 27, 2063)
Date of Registration Under Companies Act

2006
October 15 (Ashwin 29, 2063)
Date of Registration Under Income-Tax Act

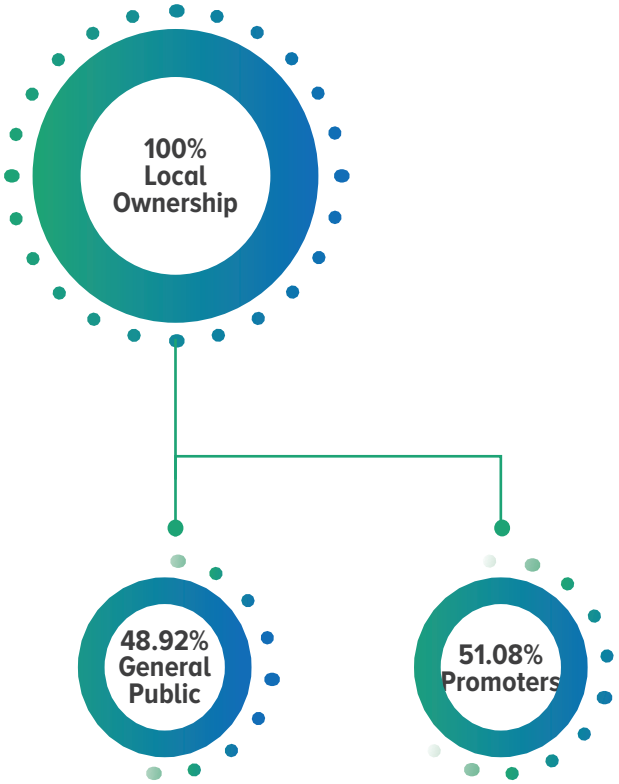
2007
April 18 (Baisakh 05, 2064)
Date of Operation License from NRB

The shareholding pattern of the Bank is as follows:



Ownership structure





1.3 VISION MISSION & OBJECTIVES



Corporate Profile

Massive changes and developments have taken place during the past two decades in the financial sector. Amidst all these changes, for economic growth and development of new Nepal, Liberalization, Privatization and Globalization in this sector has given birth to "Citizens Bank International Limited", one of the leading commercial bank. The Bank is located at Narayanhiti Path, Kathmandu. It is promoted by eminent personalities/ business and industrial houses and reputed individuals having high social standing. It is managed by a team of experienced bankers and professionals.

Vision

To be the leading bank known for its service excellence in the region.

Mission

To be a trustworthy partner for the progress of individuals and institutions by designing, producing and delivering the best financial solutions.

The Bank constantly strive to inculcate in its services five corporate values as follows:

- **Customer Focus:** The Bank is committed to meet the financial needs of its customers and exceed their expectations through innovative solutions.
- **Service Excellence:** The Bank promises to deliver customer-centered products and services par excellence.
- **Human Resource:** The Bank employs bright, honest, helpful and pleasant people. It nurtures and empowers them to achieve their full potential.
- **Corporate Governance:** The Bank believes in being accountable, conducting business ethically and maintaining transparency.
- **Social Responsibility:** The Bank is committed to taking social initiatives for the development of the nation.

Objectives of The Bank

The Bank's main objectives are as follows:

- To provide standard and reliable financial services to the general public, by protecting and promoting the rights and interests of the depositors and shareholders of the Bank.
- To bring about such financial resources, from internal and external sources, as may be required for the establishment, development, expansion and enhancement of capability and productivity of agriculture, industry, service, trade and other productive business which appears viable from business viewpoint, and thereby render support for bringing about dynamism in the development of industrial, trade and agricultural sectors of the country.
- To provide financial resources and services to establish, operate, develop, expand and promote manufacturing and employment-oriented business in rural and urban areas by properly mobilizing the available skills, labor and capital and thereby render support for poverty alleviation.
- To provide financial intermediary service through institutional investment by integrating the capital scattered in the country.
- To be responsive to the needs of the society and taking responsibility to meet the due concerns of the society through CSR.

1.4 CORE VALUES AND CODE OF CONDUCT



The Bank acknowledges that proper code of conduct and corporate values are the sources stirring the Bank's overall development.

The Bank is committed to meet the financial needs of the customers through innovative solutions, deliver customer-centered products and services par excellence. Board of Directors (BOD) and management believe that high standard of employees and corporate governance sets us apart from rest of the banks and believes in being accountable, conducting business ethically, maintaining transparency and are committed to taking social initiatives for the development of the nation.

The Bank operates in accordance with the highest standards in all relationships with customers, stakeholders, environment and the community. The Bank fosters climates which encourage innovation and diligence amongst staff and reward them accordingly.

The dedication, enthusiasm, commitment and collaborative spirit of the BOD members, promoters, and management team have already been reflected in the financial results of the Bank.

The Bank knows the world is changing and to keep pace with that, it customizes the services and re-engineers the products to match with changing time and technology. The Bank is always focused towards customers and stakeholders needs and their satisfaction. The Bank exercises duty with utmost care in the interest of the depositors and maintains a long-term ethical relationship through true and fair dealings. The Bank is knowledge-driven; it learns and shares learning to meet the objectives and to contribute to the community. The Bank goes beyond just making profit and is highly dedicated towards the achievement of the long-term vision. The Bank is committed to complying with the spirit and all laws and regulations, adhering to the highest standards of corporate governance, transparency, disclosure and ethical conduct.

Doing The Right Thing

- Showing consistent and uncompromising adherence to sound moral and ethical principle and values
- Taking the appropriate steps in order to achieve therequired objective
- Thinking like owner to create long term shareholder value
- Value and reward honesty, collegiality and character

Leading Exceptional Ideas

- Scenario based short term and long term strategy by considering new ideas and innovations
- Be observant and preparedness about what we can do better

Value Customer First

- Placing customer ahead for quality of service and for their retention
- Oriented towards serving the client's needs and measure customer satisfaction levels in order to determine the success of their business

Return to:
- Shareholder
- Society

- Increase in organization's as well as shareholder's value by increment in market value of shares and the magnitude of amount of dividend paid
- Committed for being publicly accountable for their significant positive and negative social, environmental and economic impacts

Doing The Right Thing

- Act with integrity
- Think like an owner to create long-term shareholder value
- Value and reward honesty, collegiality and character

Putting Clients First

- Always keep the client's interest first
- Work with colleagues to deliver the best of the Bank to every client
- Listen to what the client is saying and their needs

Leading With Exceptional Ideas

- Win by breaking new ground
- Let the facts and different points of view broaden your perspective
- Be vigilant about what we can do better

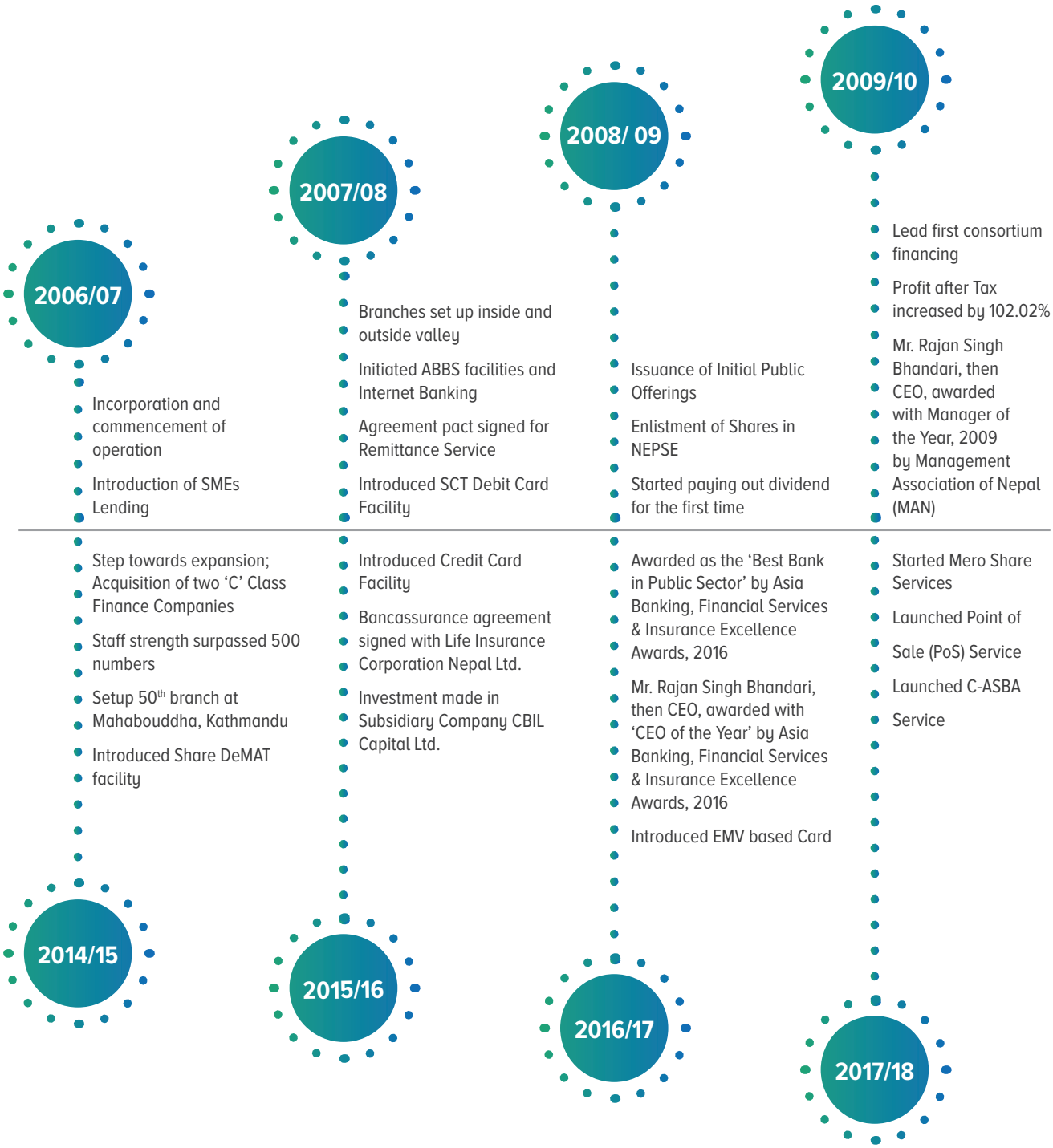
Giving Back

- Be generous with your expertise, your time and money
- Invest in the future of our communities and our Firm
- Mentor our next generation

1.5 CITIZENS BANK'S JOURNEY



Achievements



2010/11

- Introduced Margin Lending facilities for loan against shares
- Launched Citizens Remit
- First private bank to setup branch at Simikot, Humla

2011/12

- Agreement pact signed for Remittance Service
- Introduced Visa Debit Card facility
- Started Branchless Banking operation

2012/13

- Launched VISA Dollar Debit Card Total Deposit of the Bank reached over NPR 20 Billion
- Assigned rating of [ICRANP] LBBB to Citizens Bank Debenture, 2020, worth NPR 500 Million, by ICRA Nepal

2013/14

- Issued Citizens Bank Debenture, 2020, worth NPR 500 Million
- First private bank to setup branch at Dolpa and Jajarkot

2018/19

- Further Public Offerings made for 4.63 Lakh Unit shares
- Successfully launched
- Finacle Core Banking Software
- Awarded with the Best Presented Annual Report Award, 2017, by ICAN
- Memorandum of Understanding signed with Sahayogi Development Bank for its acquisition

2019/20

- Appointed 4 Assistant CEOs
- Revamped existing internet banking facility by launching Express Banking
- BLB count crossed century, reached to 104
- Added 14 new branches and 14 branches from acquired institution Sahayogi Vikas Bank Ltd., taking total count to 109 branches
- Appointed former CEO Mr. Rajan Singh Bhandari as the Chairman of the Bank
- Received SAFA Best Presented Annual Report Award and SAARC Anniversary Awards from SAFA

2020/21

- Collaborated with Mastercard to provide ease access to national and international Master card users targeting Visit Nepal, 2020
- Launched Citizens Samrakshit and Citizens Talab Bachat Khata
- Acquired erstwhile Sahayogi Vikas Bank Ltd. and commenced Joint Transaction
- Began Scan and Withdraw service by scanning QR codes, to promote paperless banking
- Set up 7 new BLBs, taking total count to 111
- Launched Visa Contactless card, with payment of upto NPR 2000 without any physical contacts
- Acquired Tinau Mission Development Bank and commenced joint operation from March 27, 2021
- Acquired Srijana Finance and commenced joint operation from July 10, 2021
- Opened two new branches at Lahan and Garuda

1.6 FINANCIAL HIGHLIGHTS
FY 2020/21

Particulars Operating results	Indicators	2020/21	2019/20	Change (%)
Net Fee and Commission Income	NPR Million	752.01	524.48	43.38%
Net Interest Income	NPR Million	3,650.40	2,884.75	26.54%
Other Operating Income	NPR Million	153.11	100.10	52.95%
Profit Before Taxation (PBT)	NPR Million	2,585.70	1,668.74	54.95%
Profit After Taxation (PAT)	NPR Million	1,804.34	1,198.50	50.55%

Particulars Financial Position	Indicators	2020/21	2019/20	Change (%)
Loans and Advances to Customer	NPR Million	118,912.04	78,976.40	50.57%
Loans and Advances to B/FIs	NPR Million	3,247.17	1,534.10	111.67%
Deposits from Customers	NPR Million	140,638.41	88,496.23	58.92%
Due to Bank and Financial Institutions	NPR Million	2,765.00	3,688.90	-25.05%
Total Equity	NPR Million	18,888.02	13,417.72	40.77%

Particulars Share Information	Indicators	2020/21	2019/20	Change (%)
Market Price Per Share (MPS)	NPR	386	188	105.32%
Earning Per Share (EPS)	NPR	17.35	13.88	25.00%
Book Net Worth Per Share	NPR	150.18	147.61	1.74%
Earnings Yield	Percent	5.76	7.38	-21.95%
Dividend Yield	Percent	4.15	5.85	-29.06%
Dividend Payout Ratio	Percent	0.92	0.79	16.72%
Dividend (Including bonus) on Share Capital	Percent	16	11	45.45%
Cash Dividend on Share Capital	Percent	3.087	3	2.90%
Total Assets to Shareholder's Fund	Times	8.91	8.24	8.15%
Shareholder's Fund to Total Liability including Contingent Liability	Percent	0.11	0.0797	35.36%

Particulars	Indicators	2020/21	2019/20	Change (%)
Statutory Ratios				
Risk Weighted Assets	Percent	13.7	15.14	-9.51%
Core Capital	Percent	11.02	11.85	-7.00%
Supplementary Capital	Percent	2.68	3.29	-18.54%
Price Earning Ratio	Times	22.24	13.55	64.17%
CCD Ratio as per NRB Directives	Percent	77.42	70.63	9.61%

Particulars	Indicators	2020/21	2019/20	Change (%)
Other Ratios				
Return on Assets (ROA)	Percent	1.29	1.19	8.40%
Return on Equity (ROE)	Percent	11.17	9.25	20.76%
Cost to Operating Ratio	Percent	55.08	45.69	20.55%
Non-Performing Loan/ Total Loans (As per NRB Directive)	Percent	1.64	1.55	5.81%
Weighted Average Interest Rate Spread (As per NRB Directive)	Percent	3.59	4.03	-10.92%

1.7 NON FINANCIAL HIGHLIGHTS

FY 2020/21

Particulars	Indicators	2020/21	2019/20
Intellectual Capital			
Credit Rating	ICRA Rating	[ICRANP] LBBB+	[ICRANP] LBBB+
Manufactured Capital			
Total Branches	Number	189	109
No. Of ATMs	Number	117	99
Investment In Property, Plant And Equipment	NPR Million	2,963.77	2,629.37

Particulars	Indicators	2020/21	2019/20
Human Capital			
Total No. of employees	Number	1458	1091
Employees Hired	Number	559	323
Training Programs carried out	Number	155	196
Investment in Training and Development Programs	NPR Million	6.28	11.15
Staff Remuneration and Benefits	NPR Million	1,229.75	933.49
Net Profit per Staff	NPR Million	1.24	1.10
Per Employee Staff Cost	NPR Million	0.84	0.86

Particulars	Indicators	2020/21	2019/20
Social And Relationship Capital			
CSR Expense	NPR Million	17.43	18.86
Staff Volunteered hours	Hours	372	368

1.8 PARTNERSHIP FOR THE GOALS



Overview

Citizens Bank International Limited is a public company incorporated under the Companies Act, 2006 and licensed by Nepal Rastra Bank to conduct Banking transaction as a "A" Class Commercial Bank under the Bank and Financial Institutions Act, 2017. The principal activities of the Bank is to provide all commercial retail banking services including agency services, trade finance services, e-commerce services and trading of gold and silver, etc. to its customers through head office, branches, branchless banking units and ATMs.

The Bank started its journey from April 20, 2007 as a 20th commercial bank of the nation. The Bank acquired two "C" class financial institutions, Nepal Housing and Merchant Finance Limited and People's Finance Limited during the Fiscal Year 2014/15 and started consolidated Banking transaction from May 08, 2015. Similarly, the Bank has acquired "Premier Finance Limited" and started the consolidated transaction from July 17, 2016. Further, the Bank has acquired "Sahayogi Vikas Bank Limited" and started the consolidated transaction from July 04, 2020. Also, during the fiscal year 2020-21 the bank acquired two financial institutions namely TInau Mission Development Bank and Srijana Finance Limited and started consolidated banking transaction from March 26, 2021 and July 10, 2021 respectively.

Multiplying by adding

Establishment:
The Bank started its journey from April 20, 2007 as "A" Class Commercial Bank

Acquisition:
The Bank acquired two 'C class financial institutions' "Nepal Housing and Merchant Finance Limited and People's Finance Limited" during FY 2014/15. The Bank started consolidated banking transaction from May 8, 2015

Acquisition:
The Bank acquired "Premier Finance Limited" and started consolidated transaction from July 17, 2016

Associates:
The Bank holds 9.09% of share capital of Nepal Electronic Payment Systems Limited (NEPS) as on date

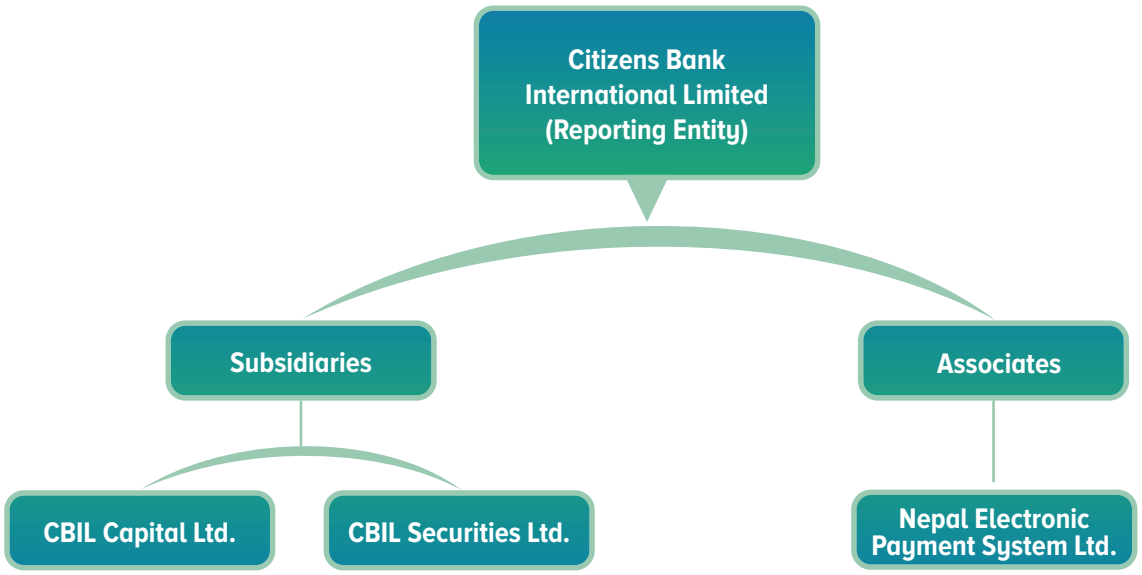
Further Acquisition:
The Bank acquired "Sahayogi Vikas Bank Limited" and started consolidated transacation from July 4, 2020

Further Acquisition:
The Bank acquired "Tinau Mission Development Bank Limited" & "Srijana Finance limited" and Started consolidated Transcation from March 26, 2021 & July 10, 2021 respectively

1.9 GLANCE OF RELATED PARTIES



Group Structure



Transaction With Group Companies

Subsidiaries

A) CBIL Capital Limited

CBIL Capital Limited was incorporated on January 30, 2006 and its principal activities are to provide merchant/ investment banking services that include management of public offerings, portfolio management, underwriting of securities and fund management of mutual fund schemes, depository participant's service under Central Depository Services (CDS) and administration and record keeping of securities of client. The Bank made an equity investment in CBIL Capital Limited on March 13, 2016 and as on date; the Bank holds 58.60% controlling interest in CBIL Capital Limited.

Activities/ Transaction with Subsidiary

- The Bank has entered into a Management Service Agreement (MSA) with Subsidiary for providing management services and provisions led in MSA are in line with arms-length principle.
- An agreement has been made between the Bank and the Subsidiary Company to provide the following facilities to the subsidiary company by the Bank for a monthly fee of NPR 600,000.
- Bank has the right to appoint the Chief Executive Officer of CBIL Capital Ltd.
- Bank provides technical assistance required for computer hardware, software and network maintenance.
- Internal Audit team of the Bank will handle all audit work of its subsidiary and will submit quarterly report to its audit committee.
- Bank has also mutually agreed to provide legal consultancy and vehicle facility to the subsidiary company.
- Bank provides investment management services through the Bank's branch network.
- Bank has rented its building located in Dillibazar, Kathmandu to Subsidiary

Company for a monthly rent of NPR 90,750 from March 2020 with 10% increment in every 2 years.

- CBIL Capital holds deposit accounts with the Bank which has a balance of NPR 220,060,243 as on July 15, 2021.

B) CBIL Securities Limited

CBIL Capital Limited was incorporated on June 30, 2019 and its principal activities are to provide brokerage services related to securities, margin trading, investment in securities, consultancy to its client and other related services. Citizens Bank made an equity investment in CBIL Capital Limited on July 05, 2019 and as on date Bank holds 100% controlling interest in CBIL Securities Limited.

Activities/ Transaction with Subsidiary

- Bank has nominated its Assistant Chief Executive Officer as the chairman and 3 senior level staffs as the directors of the subsidiary company.
- Bank has rented out its building located in Kupondole, Lalitpur to subsidiary company for a monthly rent of NPR 60,000 with 10% increment in every 2 years after its operation.
- CBIL Securities Limited holds deposit accounts with the Bank which has a balance of NPR 56,271,924 as on July 15, 2021

Associate

A) Nepal Electronic Payment System Limited (NEPS)

NEPS is formulated as a consortium of seven national level commercial banks, with aim to pool the resources of these banks together and establish a common platform, which will be more secure, reliable and able to encompass the rapid growth of new technologies in electronic payments.

Mr. Sanjeeb Kumar Shrestha, executive management team member of the Bank is also the Board Member in NEPS. As on date Bank holds 9.09% of total capital of NEPS

The Bank has entered in agreement with NEPS for availing services related to debit cards and credit cards, for which, the Bank makes the payment at an arm's length price

Key Management Personnel (KMP)

The Key Management Personnel (KMP) are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The Key Management of the Bank includes members of its Board of Directors, Chief Executive Officer and other higher-level employee of the Bank.

Please refer Note No 5.7 of Financial Statements in Pg 268 to 273 for detail of Related Parties.

1.10 PRODUCT AND SERVICES



Deposit schemes

A) Saving Deposits

1. Citizens Savings Account
2. Citizens Rastra Sewak Savings Accounts
3. Citizens Bidhyarthi Bachat Khata
4. Citizens Mahila Bachat Khata
5. Citizens Muna Bachat Khata (Only for Minors)
6. Citizens Matribhumi Bachat Khata
7. Citizens Senior Citizens Savings Account
8. Citizens Special Savings Account
9. Citizens Super Savings Account
10. Citizens Sharedhani Bachat Khata
11. Citizens Special Super Savings Account
12. Citizens Mofashal Bachat Khata
13. Citizens Enterprise Fund Account
14. Citizens G2P Savings Khata
15. Citizens Branchless Bachat Khata
16. Citizens Ghar Dailo Savings Account
17. Citizens Dasak Savings Account
18. Citizens Golden Savings Account
19. Mero Citizens Bachat Khata
20. Citizens Bisesh Bachat Khata
21. Citizens Saral Bachat Khata
22. Citizens Recurring Deposit (NPR)
23. Citizens Savings Account (FCY)
24. Citizens Smart Bachat Khata
25. Citizens Talab Bachat Khata
26. Citizens Samrakshit Bachat Khata

B) Call Deposits

1. Citizens Call Deposit Account (NPR)
2. Citizens Call Deposit Account (FCY)

C) Fixed Deposits

1. Citizens Fixed Deposit (NPR) Individual
2. Citizens Fixed Deposit (NPR) Institutional
3. Citizens Overseas FCY Fixed Deposit
4. Citizens Extra Fixed Deposit
5. Citizens Nawabarsa Mashik Muddhati Yojana

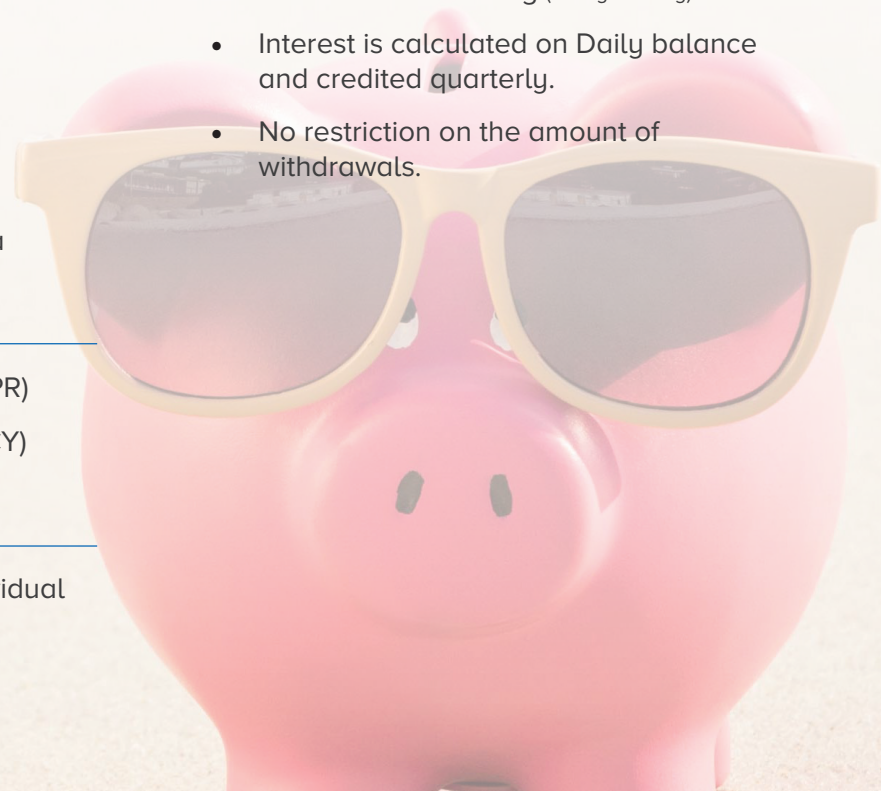
Description of some of deposit products are below:

1. Citizens Matribhumi Bachat Khata

With the purpose of providing deposit facilities to the Nepalese citizens residing in foreign countries, the Bank has especially designed deposit product named as Citizens Matribhumi Bachat Khata. This product can also be enjoyed by those who are in the process of going abroad for foreign employment subject to presentation of a valid visa. There is no any amount fixed as minimum balance, while the Bank provides balance of NPR 100.

Features of the product:

- Online Account Opening Facility.
- Better exchange rate while remitting money through Citizens Remit.
- Free Internet Banking (First year only).
- Interest is calculated on Daily balance and credited quarterly.
- No restriction on the amount of withdrawals.



2. Citizens Bidhyarthi Bachat Khata

The saving habit of students helps them to reduce their financial burden in their higher study. Therefore the Bank offers this special savings scheme for Nepalese students with minimum age of 18 years and maximum age of 50 years having a valid student's identity card to encourage students for saving habits to meet their financial needs in future. Minimum balance of NPR 100 is to be maintained by the customers at the time of opening the account.

Features of the product:

- Interest calculation on daily basis and payment at each quarter end.
- 50% discount on Internet Banking Facility.
- 25% discount on Travelers Cheque issuance.
- 25% discount on Draft issuance.
- Free Statements upon request.
- No fees on inward remittances.
- Facility of Citizens NPR Debit Card— Valid in Nepal as well as in India.

3. Citizens Golden Savings

The Bank offers Citizens Golden Savings product for the people of all age group to attract the deposits of customers. Minimum balance of NPR 500 is to be maintained by the customers at the time of opening the account.

Features of the product:

- Monthly interest payment.
- Free ABBS facility.
- Free Internet Banking (For first year only).
- Free Mobile Banking Facility (For first year only).
- Free DEMAT account (For first year only).
- Issuance of VISA debit card.
- 50% discount on Locker Fees.

4. Citizens Sharedhani Bachat Khata

The Bank offers Citizens Sharedhani Bachat Khata for its shareholders with attractive saving schemes which can be opened with a minimum balance of NPR 100 only.

Features of the product:

- 25% discount on Locker Fees.
- Direct Dividend Credit Facility.
- 50% discount on Internet Banking.
- Interest calculated on daily balance and credited quarterly.
- No restriction on the amount of withdrawals.
- Facility of Citizens NPR Debit Card — Valid in Nepal as well as in India.
- Free statements and cheque book upon request.
- No charges on inward remittances (domestic as well as international).

5. Citizens Mahila Bachat Khata

The Bank offers "Citizens Mahila Bachat Khata" for Nepalese woman with age above 16 years, minimum balance of NPR 500. The deposit account aims to empower women encouraging them to save and spend wisely to strengthen their economy.

Features of the product:

- 50% discount on Locker Fee.
- Free Internet Banking (First year only).
- Interest is calculated on Daily balance and credited quarterly.
- Facility of Citizens NPR Debit Card – Valid in Nepal as well as in India.

6. Citizens Muna Bachat Khata

With children learning to save and manage money whereas parents have a place to save for a child they care about, the Bank

has designed Citizen Muna Bachat Khata for the minors (below age of 16 years) facilitated by their guardians to save for the child's future. The product requires a minimum balance of NPR 100.

Features of the product:

- Premium rate in Fixed Deposit Scheme.
- Free Internet banking (First year only).
- Interest is calculated on Daily balance and credited quarterly.
- Facility of Citizens NPR Debit Card – Valid in Nepal as well as in India.

7. Citizens Senior Citizens Savings

The Bank has offered Citizens Senior Citizens Savings account for the senior citizens. This scheme is applicable for individuals of age group equal to or above 55 years.

Features of the product:

- Zero minimum balance.
- Free Internet Banking.
- 50% discount on locker facilities.
- Privilege Banking facilities.

8. Citizens Recurring Deposit

With the intention of encouraging people having minimum regular income, to save and earn; the Bank has offered Citizen Recurring Deposit product where the customers can deposit a fixed amount equal to NPR 500 or above every month into their deposit account. The product is favorable for people of any age group.

Features of the product:

- Zero minimum balance.
- Loan facility up to 90% of the deposit amount.
- Interest is calculated on dail balances.
- Free Internet Banking (First year only).

9. Citizens Rastra Sewak Savings Account

The Bank launched Citizen Rastra Sewak Savings Account for the Nepalese citizens of all age groups primarily for the officials of Nepal Government, Private Sector, Semi Government Bodies and Government owned Corporations/Associations/Enterprises and their immediate family members.

Features of the product:

- Zero minimum balance.
- Account for employees of private as well as government offices.
- Free Internet Banking. (First year only).
- Free Statements upon request.
- Facility of Citizens NPR Debit Card – Valid in Nepal as well as in India.
- Interest Calculation on Daily Balance, payable quarterly at each Nepali Calendar quarterly end.

10. Citizens Saral Bachat Khata

The Bank has launched 'Citizens Saral Bachat khata', a new savings deposit product, in view of the recently launched Government campaign with slogan "Kholaun Bank Khata Abhiyan, 2076" as per Nepal Rastra Bank circular dated Chaitra 27, 2075 for opening bank accounts of all individual Nepali citizens. The main aim of the account is to establish banking habits of unbanked population focused mainly towards people of rural areas and encouraging them for saving habits.

Features of the product:

- Minimum balance of NPR 100 will be offered by the Bank.
- Interest is calculated on daily balance, payable quarterly at each Nepali Calendar quarterly end.

- Issuance of Visa Debit Card.
- Free Mobile Banking Facility (*first year only).
- Free De-Mat Account.
- Free C-ASBA service.
- Internet banking facility.
- Activation of 3-D secure for e-commerce transaction.
- Issuance of Cheque book.
- Other services provided by the Bank.

11. Citizens Bishesh Bachat Khata

The Bank has launched the deposit product "Citizen Bishesh Bachat Khata" which is suitable for every individuals. Minimum balance to open account will be NPR 100.

Features of the product:

- Interest Rate is calculated on daily balance, payable quarterly at each Nepali Calendar quarter end.
- Free Issuance of Visa Debit Card (*first year only).
- Free Mobile Banking Facility (*first year only).
- Free De-Mat Account (*first year only).
- Free Internet banking facility (*first year only).
- Free activation of 3-D secure for e-com transaction.
- 50% discount on annual Locker Fees.
- 50% discount on balance certificate issuance charge.
- 50% discount on draft and swift issuance commission.
- Issuance of Cheque book.

Additional Facilities

This deposit product also facilitates the customer with the professional loan to the maximum limit of NPR 1,500,000 for the maximum period of 5 years with the revolving OD of NPR 500,000 in it. The customers are provided with this loan facility as per the Bank's approved product paper. This additional facility provided by the bank attracts the customer for saving under this product.

12. Citizens Branchless Bachat Khata

While the people living in rural areas are excluded from availing from banking services, the Bank has launched Citizens Branchless Bachat Khata with the aim of catering the financial needs of those people. The services are provided by an appointed agent of the bank which helps the Bank to evade the cost and hassle of opening branches in such remote areas.

13. Citizens Call Deposit Account

Call deposit account is a blend of current and savings account features with interest in addition. The Bank offers especially designed call deposit account to manage the idle surplus fund of customers. The scheme includes wide array of benefits of earning interest as well as facility of unlimited withdrawals and deposits. The rate of interest is negotiable (subject to NRB Directive).

14. Citizens Overseas FCY Fixed Deposit

To provide banking services to foreign investors and NRNs and attract FCY from them, the Bank has offered Citizens Overseas FCY Fixed deposit schemes at competitive interest rate. The fixed deposit amount can be fully utilized to provide the loan to customers. The interest rate under this scheme is different as per the nature of foreign currency.

Features of the product:

- Minimum Amount: USD 10,000 or equivalent FCY.

- Tenor- minimum 2 years and above.
- Currency: USD, GBP, EURO and AUD.
- Interest Payment Frequency: Quarterly (as per Nepalese Calendar).
- Acceptance of the funds in Citizens FCY account with no charge. The fund must be received via Banking Channel.
- Full repatriation of Principal and Interest (after deduction of applicable tax) amount in same currency with no charge to same account at same country from where the fund is received.
- No minimum balance shall be maintained in the nominee account for COFCYFD.
- Free statement/interest credit advice will be sent by email on request.
- Prematurity of FD is not allowed for two years; however, the FDs can be premature after 2 years with Bank's standard applicable charges.

15. Citizens Talab Bachat Khata

This product is a saving product focused for working profession. This product shall be useful for the various corporate houses to manage the salary of their employees. This product is launched to tap the payroll of corporate/enterprises salary account which are major source to improve the savings deposit of the Bank.

Features of the product:

- No minimum balance required.
- Free Issuance of Visa Debit Card (*first year only).
- Free Mobile Banking Facility (*first year only).
- Free De-Mat Account.
- Free C-ASBA Service.
- Free Internet Banking.
- Free activation of 3-D secure for e-com transaction.
- Medical Insurance up to NPR 25,000 (24 hrs Hospitalization).
- Accidental Death Insurance up to NPR 300,000.
- Free issuance of Cheque Book.
- 50% discount on annual Locker Fees.
- 50% discount on balance certificate issuance charge.
- 50% discount on draft and swift issuance commission.
- 50% discount on good for payment charge.
- 50% discount on issuance of Credit Card.
- Free Cash Withdrawal Facility from other Bank's ATM.

16. Citizens Samrakshit Bachat Khata

Citizens Samrakhshit Bachat Khata is a Savings Deposit Product to be launched for Nepalese citizens of all age group. Saving deposit is of top priority in the banking industry today and product with additional and attractive features especially with insurance facilities has become a necessity to attract the individual savings deposit customers. Hence, to enhance the brand of the Bank in market and to lure the masses in the Bank seeking insurance facilities, we have focused on this product. Thus, this product is expected to improve the savings deposit base of the Bank.

Features of the product

- Minimum Balance- NPR 1,000.
- Free issuance of Cheque Book.
- Free 'Any Branch Banking Service' (ABBS).
- Free Issuance of Visa Debit Card.
- Free Mobile Banking.

- Free De-Mat Account.
- Free C-ASBA Service.
- Free Internet Banking.
- Free activation of 3-D secure for e-com transaction Medical Insurance up to NPR 50,000 (24 hrs Hospitalization).
- Accidental Death Insurance up to NPR 500,000.
- 50% discount on annual Locker Fees.
- 50% discount on balance certificate issuance charge.
- 50% discount on draft and swift issuance commission.
- 50% discount on good for payment charge.
- Free Cash Withdrawal Facility from other Bank's ATM.

17. Citizens Smart Bachat Khata

It is a Savings Deposit Product launched especially for the Young Generation (Millennials) and tech savvy population; however, this product shall also be available for all citizens. This product is step toward digitization and it shall be a complete eco friendly product.

Features of the product

- Minimum balance NPR 0.
- Free De-Mat Account.
- Free activation of 3-D secure for e-com transaction.
- Free Cash Withdrawal
- Facility from other Bank's ATM.
- As this product is digital and paperless, statement and cheque shall not be provided to the customers, which help in cost reduction. The cheque book printing option shall be disabled in the Finacle system (CBS). (*for first year only.)

18. Citizens Extra Fixed Deposit

Citizens Extra Fixed Deposit can be opened with primary applicant as Nepalese Citizen. Minors are also eligible to open this account. Foreigners residing in Nepal can also open account with valid documentation subject to full compliance of NRB circulars and/or prevailing act/rules. The products yields higher rate of interest on interest received from Fixed Deposit as interest of FD is placed on high yielding recurring deposit.

Features of the product

- Minimum Amount- NPR 100,000.
- Interest Rate on RD linked with CXFD
- Tenure: minimum 3 Months to maximum of 10 Years.
- Tenure for Recurring Deposit (RD) nominee account for interest payment of CXFD): One day after the maturity of CXFD i.e. one day more than that of CXFD.

19. Citizens Nawabarsa Mashik Muddhati Yojana

Features of the product

- Minimum Amount- NPR 500,000.
- Interest Rate 11.03% p.a
- Interest payment frequency: Monthly
- Tenure: minimum 3 Months to 24 months

LOAN SCHEMES

A) Consumer Loans

1. Citizens Home Loan
2. Citizens Mortgage Loan
3. Citizens Auto Loan
4. Citizens Education Loan
5. Citizens Margin Lending
6. Citizens Bina Dhito Karja
7. Citizens Equipment Loan
8. Citizens Fast Track Loan
9. Citizens One Zone One Product
10. Citizens Agriculture and Enterprise Loan
11. Citizens Gold Loan
12. Citizens PayDay Loan
13. Subsidized Loans
    - **a)** Citizens Commercial Agriculture and Livestock Loan
    - **b)** Citizens Educated Youth Self Employed Loan
    - **c)** Citizens Foreign Employment Returnee Project Loan
    - **d)** Citizens Women Entrepreneurship Loan
    - **e)** Citizens Dalit Community Entrepreneurship Development Loan
    - **f)** Citizens Higher and Technological or Vocational Education Loan
    - **g)** Citizens Earthquake Victim Residence Construction Loan
    - **h)** Citizens Technical Education loan
14. Citizens Credit Card

B) Citizens SME Loan

C) Corporate loans

D) Other loans

1. Loan against Government Bond
2. Loan against Citizens Fixed Deposit Receipt and Promissory Note
3. Loan against virst class Bank Guarantee
4. NPR Loan Against FCY Fixed Deposit

Below is the description of loan products of the bank:

A) Consumer Loans

1. Citizens Home Loan

The Bank offers financing facilities to finance a purchase of a plot of land and/or readymade building, apartment, construction, repairs, renovation, additions and alteration to the house/ flat.

Features of the product:

- Terminating loan payable in Equal Monthly Installment.
- Loan size maximum up to NPR 15 Million.
- Repayment period of maximum 25 years.
- Loan portion up to 70% of fair market value of the collateral security.
- Refinancing Facility.

2. Citizens Mortgage Loan

The Bank offers loan facility to cater the needs of individual to meet their personal financial obligations through Mortgage Loans.

Features of the product:

- 1 Year Revolving Overdraft or Terminating loan payable in Equal Monthly Installment.
- Loan size maximum up to NPR 5 Million.
- Repayment period of maximum 15 years.
- Loan portion up to 50% of fair market value of the collateral security.

3. Citizens Auto Loan

Auto loan is a vehicle financing scheme for purchasing new or used private and commercial vehicles to salaried or self-employed Nepalese citizen or owners of the business. The loan is provided against registration of vehicle in the Bank's name.

Features of the product:

- Loan size up to NPR 10 Million for private vehicles and NPR 7 Million for commercial vehicles.
- Loan tenure is up to 6 years for private vehicles and up to 5 years for commercial vehicles.
- Terminating loan payable in Equal Monthly Installment.

4. Citizens Education Loan

Bank has brought education loan, which aims to finance meritorious students who choose to pursue a higher education (Professional or technical) in Nepal and abroad. The loan is extended to students/professionals desiring to pursue higher studies such as Graduation, Post-Graduation, Specialization and Vocational/Technical courses in the country or abroad.

Features of the product:

- Terminating loan payable in Equal Monthly Installment.
- Loan size maximum up to NPR 5 Million.
- Repayment period of maximum 15 years including moratorium period of 4 years or education period, whichever is earlier.
- Loan portion up to 100% of the cost of education.

5. Citizens Margin Lending

Margin lending is financing individuals or companies against ordinary equity shares. The bank offers the financing scheme against the shares of selected companies which are listed in the Nepal Stock Exchange (NEPSE).

Features of the product:

- Demand Loan and Overdraft nature of loan up to 1 year.
- Loan portion up to 70% of the 120 days average price or previous day's closing price, whichever is lower of the shares pledged.

6. Citizens Bina Dhito Karja

Citizens Bina Dhito Karja helps to get loan without any collateral. This loan is offered to meet the financial obligation/s to salaried individuals and professionals. The loan is advanced to meet various requirements of the borrower such as travel expenses, medical expenses, social expenses, purchase of medical equipment and appliances for professional use, home appliances, etc.

Features of the product:

- Revolving or Non-revolving nature of loan.
- Revolving up to NPR 0.30 Million and Loan size maximum up to NPR 1.50 Million including revolving.
- Repayment period of maximum 5 years.

7. Citizens Equipment Loan

Equipment loan is a equipment/machine financing scheme for purchasing new or used equipments for Nepalese citizen or infrastructure/construction companies. The loan is provided against registration and/or hypothecation of equipment in the Bank's name.

Features of the product:

- Loan size up to NPR 10 Million.

- Loan tenure is up to 5 years.
- Terminating loan payable in Equal Monthly Installment.
- LC Facility available for direct import of equipments.

8. Citizens Fast Track Loan

The Bank has offered Citizens fast track loan designed to uplift the living standards of the under-privileged families by providing them financial support at the time of their need. The purpose of this loan is to meet financial requirement of the borrower, both individuals, and business units, for agriculture/business/personal use.

Features of the product:

- Can be offered as term loan or overdraft loan.
- Loan size maximum up to NPR 2 Million.
- Repayment period of maximum 10 years in equal monthly installment for term loan.
- 1-year revolving facility for overdraft loan.
- Loan portion up to 60% of the derived value of collateral security.

9. Citizens One Zone One Product

The Bank has especially designed product to meet the financial requirement of the people involved in agriculture and/or agricultural business, for their economic upliftment. The objective of this product is also to bring those who are deprived from formal banking sector within reach of our Bank and reduce the dependency of farmers with the middlemen and are designed in such a way, that the product promotes use of local resources, local skill and local people's involvement to carry out the business.

Features of the product:

- Can be offered as term loan or overdraft loan.
- Loan size maximum up to NPR 5 Million.
- Repayment period of maximum 10 years in equal monthly installment for term loan.
- 1-year revolving facility for overdraft loan.
- Loan portion up to 60% of the derived value of collateral security.

10. Citizens Agriculture & Enterprise Loan

The Bank has offered Citizens Agriculture & Enterprise Loan to meet financial requirement of industry/individuals involved in production of agriculture goods and manufacturing activities of different goods and services.

Features of the product:

- Available in terminating loan payable in EMI.
- Loan size maximum up to NPR 1.50 Million
- Repayment period of maximum 10 years.
- Available at Base Rate plus 2% premium.

11. Citizens Gold Loan

The Bank offers Citizens Gold Loan for meeting any type of contingent requirements, thus harnessing the yellow metal, which is usually a "non-sweating" asset, for productive purposes. The customer can walk into branch of the Bank offering Gold Loan with the customers' jewellery/ gold bullion (minimum of 22 and 24 carats only). The easy documentation and simple process will ensure that a customer can avail a loan across the counter. Customers can make good use of the assets owned, by availing this product.

Features of the product:

- Non-revolving nature of loan.
- Loan size up to NPR 1 Million.
- Loan tenure of 1 year (Subject to annual review).
- Loan portion of maximum up to 80% of the derived value in case of solid gold and 70% of the derived value in case of gold ornaments.

12. Payday Loans

The Bank has introduced the Citizens Payday Loan scheme which is a digital service introduced by the bank to provide small short loans to customer instantly through bank's mobile banking application.

Features of the product

- This service is exclusively to individual customers who have regular income with holding savings account in Citizens Bank International Ltd.
- Loan size up to NPR 200,000
- Loan tenure of 30 days
- Collateral free loan

13. Subsidized Loans

The Bank has introduced the scheme of subsidized loan up to 5 years tenor for providing various concessional loans to unemployed educated youths, returnee migrant works, women entrepreneurs, Dalits, earthquake victims and other targeted groups, for the motive of their economic upliftment.

Detail of various subsidized loans are as follows:

a) Citizens Commercial Agriculture and Livestock Loan\(Up to NPR 1 Million).

b) Citizens Educated Youth Self Employed Loan (Up to NPR 0.70 Million).

c) Citizens Foreign Employment Returnee Project Loan (Up to NPR 1 Million).

d) Citizens Women Entrepreneurship Loan (Up to NPR 1.50 Million).

e) Citizens Dalit Community Entrepreneurship Development Loan (up to NPR 1 Million).

f) Citizens Higher and Technological or Vocational Education Loan (Up to NPR 0.50 Million).

g) Citizens Earthquake Victim Residence Construction Loan (Up to NPR 0.30 Million).

h) Citizens Technical Education loan (Up to NPR 0.20 Million).

14. Citizens Credit Card

Credit Card is provided to the individuals having regular source of income to make payment of product/services at merchant locations via Point of Sale and cash withdrawal at ATM.

Features of the product:

- Up to NPR 0.25 Million.
- US Dollar Credit Card available against lien over equivalent USD in account.

B) Citizens SME Loan

SME loans are meant for small and medium enterprises to help them meet the financial requirements. This loan is provided to finance working capital and/or capital expenditure requirement as well as non-funded facilities such as letters of credit and guarantees for small businesses including retailers, wholesalers, cottage and small-scale manufacturing and processing units, exporters, importers, contractors, educational institutions, self-employed professionals, medical / health facilities, etc. The loans to business up to NPR 50 Million are categorized as SME Loans.

Facilities provided under SMEs Loan:

Funded Facilities

a) Term Loan

b) Overdraft/Working Capital Loan

c) Working Capital Term Loan

d) Trust Receipt Loan

e) Export Credit

Non-Funded Facilities

a) Letter of Credit

b) Bank Guarantee

C) Corporate Loans

Business Loans in excess of NPR 50 Million are categorized as Corporate Loans whereas loans to large corporate under consortium arrangement are categorized as Consortium Loans.

Facilities provided under Corporate Loans:

Funded Facilities

a) Term Loan

b) Overdraft

c) Working Capital Loan

d) Trust Receipt Loan

e) Export Finance

f) Bridge Gap Loan

Non-Funded Facilities

a) Letter of Credit (LC)

b) Bank Guarantee (BG)

Other services

A) Funded Facilities

1. Overdraft
2. Working Capital Loan
3. Trust Receipt Loan
4. Export Finance
5. Bid Bond
6. Performance Bond
7. Loan Against Government Bond
8. Loan Against Citizens Fixed Deposit Receipt and Promissory Notes
9. NPR Loan Against FCY Fixed Deposit Receipt
10. Consortium Financing
11. Deprived Sector Loan
12. Citizens Mortgage Loan (Personal Overdraft)
13. Term Loan

B) Non-Funded Facilities

1. Letter of Credit (LC)
2. Bank Guarantee (BG)

C) Online Services

1. Mero Share Services
2. DE-MAT Services
3. ASBA Services
4. Connect IPS
5. Mobile Banking
6. Internet Banking
7. Online Account Opening Facility

D) Other Facilities

1. Locker Facility
2. Utility Payment
3. Pay Bill Facility
4. Privilege Banking
5. Branchless Banking Services
6. Remittance Services
7. VISA Cards
8. Market Maker Services

02 Corporate Governance

Overview

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2.1 BOARD OF DIRECTORS



From the Left to right

Top Row

Mr. Rajan Singh Bhandari
Chairman

Mr. Prakash Chandra Mainali
Public Director

Mr. Bijaya Dhoj Karki
Public Director

Mrs. Seeta Karki K.C.
Public Director

Bottom Row

Mr. Prabal Jung Pandey
Director

Mr. Sajan Sharma
Director

Mr. Anil Gyawali
Professional Director



Mr. Rajan Singh Bhandari

Chairman

Mr. Rajan Singh Bhandari, aged 61 years, is a Chartered Accountant from ICAI and post graduate in economics from TU. He is a prominent personality in the nepalese banking industry. He has served numerous important positions in the past such as the president of Nepal Bankers Association (NBA), Chairman of Deposit Insurance & Credit Guarantee Corporation, Chairman of Nepal Electronic Payment Systems Ltd. (NEPS), Chairman Of Nepal Clearing House Ltd. (NCHL) and Chairman Of Mero Microfinance Bittiya Sanstha Ltd. He was also the vice president of Management Association Of Nepal (MAN).

In the professional arena; Mr. Bhandari has served Nepal Rastra Bank (NRB) for 26 years (June 1980–Dec 2006) in various capacities and was the Executive Director during his exit from NRB. Whilst in NRB, Mr. Bhandari was also one of the key players in leading and coordinating the financial sector reform program of Nepal. Further; introducing and formulating several prudential norms and directives in the history of nepalese banking system can also be listed under his achievements. Furthermore, he is also the founder CEO of Citizens Bank International Ltd. and has contributed significantly in the Bank's progress from its establishment in 2007 till 2018.



Mr. Prakash Chandra Mainali

Public Director

Mr. Mainali is an experienced businessman. He is mainly related to the business sectors like service industry, poultry and other industries. He had also worked in a Joint Venture bank for 9 years prior to commencing his own business ventures. His vast experience in numerous ventures have garnered a good risk management acumen in his speciality.

Membership Of Board Level Committee

Risk Management Committee
Coordinator

Land And Building Purchase Sub-Committee
Coordinator

Merger And Acquisition Committee
Member

Budget Sub-Committee
Member

Mr. Bijaya Dhoj Karki

Public Director

Mr. Bijaya Dhoj Karki successfully served for 36 years in the Nepal Army and then retired in the post of Brigadier General. During his service period, Mr. Karki visited all 77 districts of the country. He also served under the UN Mission in former Yugoslavia, Haiti, Lebanon, Congo, etc. Mr. Karki also attended the Crisis Management training in Israel. Mr. Karki is an Honorary Member of the Barphedi Society. Mr. Karki possesses excellent risk management capabilities and is an effective strategist.

Membership Of Board Level Committee

Human Resource Compensation Committee
Coordinator

Merger And Acquisition Committee
Member





Mrs. Seeta Karki K.C.

Public Director

Ms. Seeta Karki K.C., aged 48 years is a graduate from Tribhuvan University and has more than 16 years of experience in the field of travels and trading. She is a professional entrepreneur and is currently associated with a travel agency in Nepal in the capacity of Director.

Membership Of Board Level Committee

Audit Committee
Coordinator

Anti Money Laundering Committee
Member

Mr. Prabal Jung Pandey

Director

Mr. Prabal Jung Pandey, aged 48 years is a graduate in engineering and has 21 years of extensive experience in the field of manufacturing industries and trade. He is currently associated with pharmaceuticals and cement business. Apart from this, he also has affiliation with several other social and professional organizations.

Membership Of Board Level Committee

Merger And Acquisition Committee
Coordinator

Budget Sub-Committee
Coordinator

Risk Management Committee
Member

Policy Review Sub-Committee
Member





Mr. Sajan Sharma

Director

Mr. Sajan Sharma, aged 35 years is a post graduate from University of Iowa, USA and has extensive experience in the field of global aviation and aerospace. He also has over a decade of experience in leading the product development and business development teams in the aerospace and defense industries. He is currently associated with financial technology company (Fintech) and various other industries as well. He is a passionate entrepreneur who focuses in the development of the country and its economy.

Membership Of Board Level Committee

Anti Money Laundering Committee
Coordinator

Digital Transformation Committee
Coordinator

Audit Committee
Member

Budget Sub-Committee
Member

Land And Building Purchase Sub-Committee
Member

Mr. Anil Gyawali

Professional Director



Mr. Anil Gyawali aged 61 years, holds a MBA degree (1982 - 1983) from Philippine Christian University, Manila, Philippines. He is well experienced in branch operation and risk management and has more than 35 years of experience in banking sector. He has been able to demonstrate his efficiency by holding important positions in various commercial banks of Nepal. Mr. Gyawali, who started his banking career as an Assistant Manager in a Bank, has held senior positions in foreign banks and has been the Chief Executive Officer of two of the largest commercial banks in Nepal. Also, From December 2018-2020, he served Nepal Infrastructure Bank as the CEO of the Bank. Besides these he has also been the Vice President of Citibank N.A and Head of the Bank's Nepal and Bhutan business, including parts of Financial Institution business in Northern India.

Membership Of Board Level Committee

Human Resource Compensation Committee
Member

Digital Transformation Committee
Member

Policy Review Sub-Committee
Coordinator

2.2 MANAGEMENT TEAM

From The Left To Right

Mr. Pramesh Raj Kayastha
Chief Finance Officer

Mr. Suman Mulepati
Chief Credit Officer

Mr. Ravi Kumar Rauniyar
Chief Operating Officer

Mr. Ramdhan Shrestha
Assistant Chief Executive Officer/
Internal Audit Department

Mr. Sumit Babu Khatri
Senior Deputy
Chief Executive Officer

Mr. Ganesh Raj Pokharel
Chief Executive Officer

Mr. Paras Kumar Kafle
Deputy Chief Executive Officer

Mr. Amit Khanal
Chief Risk Officer

Mr. Rajendra Lal Shrestha
Deputy Chief Executive Officer/Company
Secretary

Mr. Narayan Raj Adhikari
Chief Administrative Officer/Spokesperson/
Grievance Handling Officer

Mr. Sanjeeb Kumar Shrestha
Chief Information Technology Officer



Mr. Ganesh Raj Pokharel

Chief Executive officer

Mr. Pokharel, a professional banker with more than 28 years of experience, is one of the founders and the Chief Executive Officer of Citizens Bank International Ltd. Prior to his appointment as the Chief Executive Officer, he had headed various departments of the Bank playing crucial roles. His area of expertise includes overall business operations and development. He is a charismatic leader with vision and has sound interpersonal relationship skills with different stakeholders. Before joining the Bank, he served as Management Expert for 14 years. He holds an Executive MBA degree in Finance from Kathmandu University and MBA (Marketing) and BL (Banking) degrees from Tribhuvan University.

Positions Held During The Year

Executive Committee
Chairman

Assets Liabilities Management Committee
Chairman

It Steering Committee
Chairman

Merger And Acquisition Committee
Member Secretary

Human Resource Compensation Committee
Member





Mr. Sumit Babu Khatri

Senior Deputy Chief Executive Officer

Mr. Khatri, an MBA has 22 years of banking experience. He has over 18 years' experience in Credit and Marketing Department looking after corporate & commercial loans, consumer loans and infrastructure & project financing in various capacities. He has been leading Credit and Marketing Department since last seven years, before being appointed as the Officiating DCEO of the Bank.

Positions Held During The Year

Recruitment Committee
Coordinator

Executive Committee
Member

Assets Liabilities Management Committee
Member

Mr. Ramdhan Shrestha

Assistant Chief Executive Officer, Internal Audit Department

Mr. Shrestha was associated with Nepal Rastra Bank where he served for around 36 years. He has been actively involved and serving in the Bank since its inception. His area of expertise is in personnel administration, finance, treasury, business, risk management, recovery, operations, etc.

Positions Held During The Year

Audit Committee
Member Secretary





Mr. Paras Kumar Kafle

Deputy Chief Executive Officer

Mr. Kafle, an MBS from Tribhuvan University has over 21 years of experience in banking sector. His areas of experience and expertise include Trade Finance, Credit Operations, Branch Management, Bank Operations and Relationship Management both in Corporate Credit and SME Loans, Operational Risk Management and Compliance.

Positions Held During The Year

Purchase Committee
Coordinator

Digital Transformation Committee
Member Secretary

Risk Management Committee
Member

Executive Committee
Member

Assets Liabilities Management Committee
Member

It Steering Committee
Member

Operational Risk Management Committee
Member

Recruitment Committee
Member

Mr. Rajendra Lal Shrestha

Deputy Chief Executive Officer/ Company Secretary

Mr. Shrestha, an MBA from SIBM, Pune has 22 years of banking experience specially in Risk Management. He started his career as Management Trainee and worked in various departments including Branch Operation, Trade Finance, Credit & Marketing, Credit Administration, Recovery and Risk Management. He also has experience of branch management and headed Newroad Branch as Branch Manager for 5 years. He has been associated with Citizens Bank International Limited since its inception. At present, he has been heading Risk Management Department of the Bank.

Positions held during the year

Operational Risk Management Committee
Chairman

Risk Management Committee
Member Secretary

Executive Committee
Member

Anti Money Laundering Committee
Member





Mr. Sanjeeb Kumar Shrestha

Chief Information Technology Officer

Mr. Shrestha, Master in Computer Engineering from Ukraine has over 23 years of Banking Experience in the field of Information Technology. He has been working in IT Department and also has experience in the field of Branchless Banking, Card and Remittance.

Positions held during the year

Executive Committee
Member

IT Steering Committee
Member

Digital Transformation Committee
Member



Mr. Ravi Kumar Rauniyar

Chief Operating Officer

Mr. Rauniyar is associated with the Bank since Falgun 19, 2064. He has more than 25 years of experience in Banking sector where areas and expertise includes Trade Finance, Branch operations/Management, Credit & Marketing, Risk Management etc. Prior to joining Citizens Bank International Limited, he was associated with the reputed commercial bank where he served the organization for around 12 years with exposure in Operations/Credit etc. He joined Citizens bank international Limited in the capacity of Assistant Manager and worked as Branch Manager, Birgunj branch, Regional Manager for Central region and later also as Executive Risk and Compliance Officer of the bank. He also held a lead role as Chief Compliance officer of the Bank and now is Chief Operating Officer of the Bank.

Mr. Suman Mulepati

Chief Credit Officer

Mr. Mulepati is a post graduate from Tribhuvan University and has about 18 years of banking experience. He is associated with the Bank since the inception and since then has worked at Finance Department, Kumaripati Branch as the branch manager, Head – Consumer Banking Unit/SME for about 9 years and currently he is working in as Head of Corporate and Commercial Banking Unit since 2075 till date. Now he will be heading the credit department of the Bank. He had also worked in other Banks of the country.



Mr. Narayan Raj Adhikari

Chief Administrative Officer/ Spokesperson/Grievance Handling Officer

Mr. Adhikari, a post graduate from Tribhuvan University, has more than 17 years of banking experience. Prior to this Bank, he was associated with a reputed commercial Bank with different exposure like Relationship Manager and Branch Manager.

He is associated with the Bank since 2064 and since then has worked at Pokhara Branch as Branch Manager and Risk Management Department as Head Credit Risk- Consortium Infrastructure/ Corporate/SME unit. Currently; he is working as Chief Administrative Officer and is looking after Human Resource Department, General Service Department, Recovery Department, and Corporate Communication Department.

Positions Held During The Year

Recruitment Committee
Member Secretary





Mr. Amit Khanal

Chief Risk Officer

Mr. Khanal did Masters in Business Studies from TU and has over 17 years of experience in Banking. Mr. Khanal has been associated with Citizens Bank International Ltd for the last 13 years. He has over 11 years of experience in Credit/Marketing Department, looking after Corporate/SME and Retail loans as Relationship Manager and Head of Department. He has around 5 years of experience in the area of Credit Risk Heading Credit Risk Department (Corporate/SME) of the Bank. Currently he is handling overall Risk Management (Credit/ Operation/Market/IT Risk) under his portfolio.



Mr. Pramesh Raj Kayastha

Chief Finance Officer

Mr. Kayastha holds Chartered Accountancy degree from Institute of Chartered Accountants of India and BBS from Tribhuvan University. Prior to joining Citizens Bank International Limited, he was associated with Prime Commercial Bank Limited as Finance Head for over 3 years. He had joined Citizens Bank International Limited on July 07, 2013 (Ashadh 23, 2070) as Executive Finance Officer.

Positions held during the year

Executive Committee
Member Secretary

Human Resource Compensation Committee
Member

Anti Money Laundering Committee
Member

Purchase Committee
Member

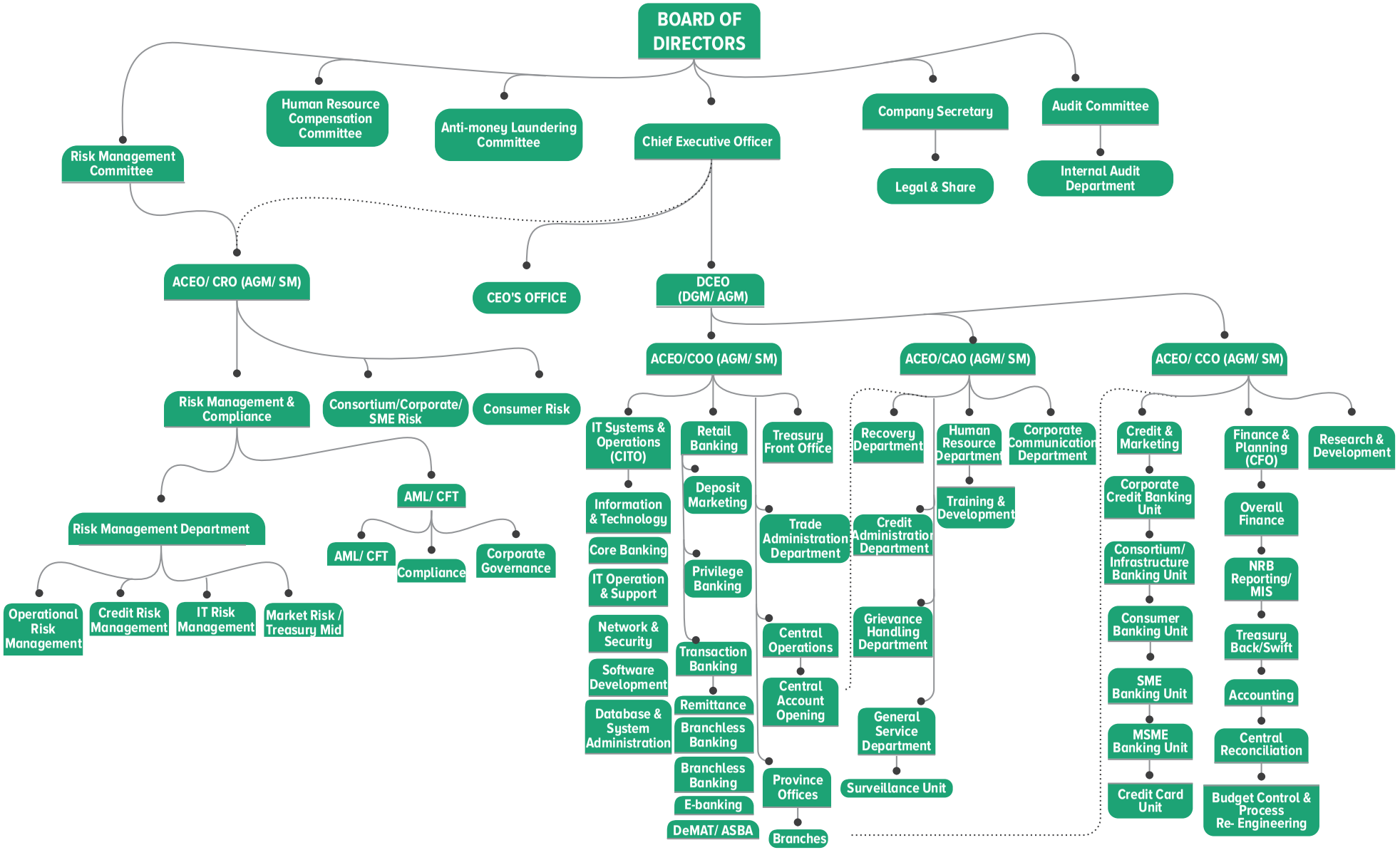
2.3 HEAD OF DEPARTMENTS

Name Of Head	Position	Department
Hari Prasad Ghimire	Head	MSME Unit
Roman Pradhanang	Head	Information Technology Department
Roshan Malla	Head	Consortium/Infrastructure Banking Unit
Roshan Manandhar	Head	Retail Banking Unit
Bhawani Shankar Chapagain	Head	Cluster 1, Province-1
Prabhakar Kumar Devkota	Head	Cluster 2, Province-1
Ratneshwor Lal Karna	Head	Compliance
Manisha Karn	Executive Administration Officer	Administration Department
Tulasi Raj Rijal	Head	SME Unit
Dhiraj Raj Joshi	Head	Credit Marketing/Cluster 1 (Lumbini Province)
Sunil Moktan	Head	Credit Risk (CCBU/SME)
Ashok Raj Wagle	Head	Province Support Unit
Anit Sapkota	Head	Operations Policy and Process Implementation
Suresh Prasad Thapaliya	Head	Trade Administration
Bishnu Prasad Pokhrel	Head	Cluster 2 (Lumbini Province)
Sudarshan Thaiba	Head	Cluster 3 (Lumbini Province)
Bashu Dev Malla	Head	Cluster 5 (Lumbini Province)
Suyesh Kumar Poudel	Head	Transaction Banking
Angish Shrestha	Head	Treasury Department
Bhupendra Bista	Head	Credit Card Department
Muktinath Timsina	Branch Coordinating Officer	Janakpur Cluster, Province-2
Akanksha Basnet	Executive Finance Officer	Finance Department

Sushant Ballav Pant	Head	Cluster 4 (Lumbini Province)
Prashant Bikram Khadgi	Head	Operations Department
Hari Babu Thapa	Head	Credit Administration Department
Binay Rauniyar	Head	Credit Risk - CBU
Paras Bikram Thapa	Head	Deposit Marketing
Nabindra Napit	Head	Recovery Department
Kedar Adhikari	Head	Legal Department
Bishnu Man Shrestha	Head	Remittance Department
Dikendra Ram Kashajoo	Head	General Service Department
Neetika Ghimire	Head	Corporate Communications Department
Udaya Raj Keshari	Incharge	Card Department
Bhawana Ojha	Head	Research and Development
Rojina Tiwari	Incharge	Dmat/ASBA
Subi Maharjan	Incharge	E-Banking Unit
Sujata Subedi	Incharge	Branchless Banking Unit

2.4 ORGANOGRAM




BOARD OF DIRECTORS
Human Resource Compensation Committee
Anti-money Laundering Committee
Chief Executive Officer
Company Secretary
Audit Committee
Risk Management Committee
Legal & Share
Internal Audit Department
ACEO/ CRO (AGM/ SM)
CEO'S OFFICE
DCEO (DGM/ AGM)
Risk Management & Compliance
Consortium/Corporate/ SME Risk
Consumer Risk
ACEO/COO (AGM/ SM)
ACEO/CAO (AGM/ SM)
ACEO/ CCO (AGM/ SM)
Risk Management Department
AML/ CFT
IT Systems & Operations (CITO)
Retail Banking
Treasury Front Office
Recovery Department
Human Resource Department
Corporate Communication Department
Credit & Marketing
Finance & Planning (CFO)
Research & Development
Operational Risk Management
Credit Risk Management
IT Risk Management
Market Risk / Treasury Mid
AML/ CFT
Compliance
Corporate Governance
Information & Technology
Core Banking
IT Operation & Support
Network & Security
Software Development
Database & System Administration
Deposit Marketing
Privilege Banking
Transaction Banking
Remittance
Branchless Banking
Branchless Banking
E-banking
DeMAT/ ASBA
Trade Administration Department
Central Operations
Central Account Opening
Province Offices
Branches
Credit Administration Department
Grievance Handling Department
General Service Department
Surveillance Unit
Training & Development
Corporate Credit Banking Unit
Consortium/ Infrastructure Banking Unit
Consumer Banking Unit
SME Banking Unit
MSME Banking Unit
Credit Card Unit
Overall Finance
NRB Reporting/ MIS
Treasury Back/Swift
Accounting
Central Reconciliation
Budget Control & Process Re- Engineering

2.5 CORPORATE GOVERNANCE



Bank's Philosophy On Code Of Governance

Corporate Governance is a process that aims to meet stakeholders' aspirations and societal expectations. It is not a discipline imposed by a regulator, but is a culture that guides the Board, Management and Employees to function towards best interest of stakeholders. At Citizens Bank International Limited, the Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor's confidence. The Bank strongly believes in ethical values and self-discipline to achieve higher standard of Corporate Governance and continues to strive for excellence in business operations through transparency, accountability to its stakeholders, government, regulators and others who deal with the Bank.

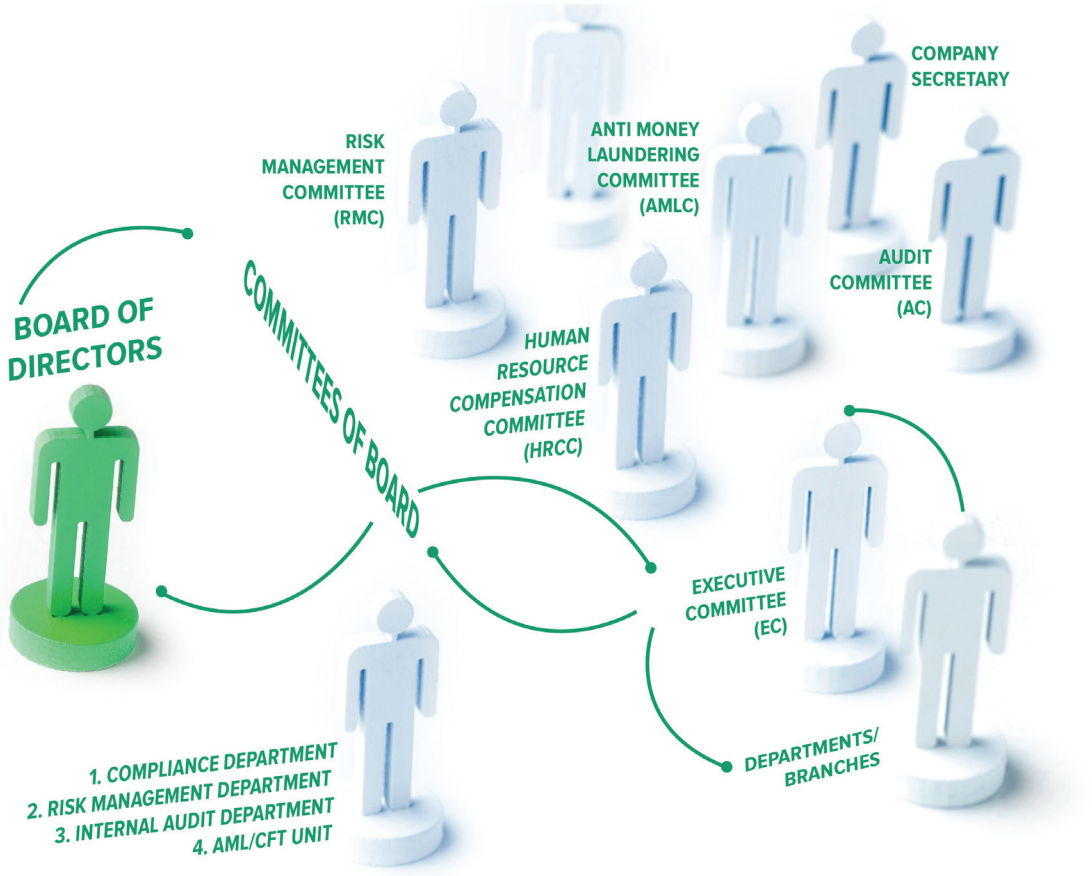
The core of Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Bank. The Bank believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Bank's Corporate Governance practices are aimed at meeting the Corporate Governance requirements as per the acts, rules and regulations formulated by Nepal Government, Nepal Rastra Bank, Securities Exchange Board of Nepal (SEBON), BIS–Corporate Governance Guidelines, besides good practices either recommended by professional bodies or practiced by leading Banks/ companies in Nepal.

The Governance structure of the Bank is reflected by the following flow chart. The information flows upwards and the authority flows downwards.

Governance Structure Of The Bank

The Bank is committed to the best practices in the area of corporate governance. The Bank is devoted to align the actions of executive management with the interest of shareholders. It aims to propel the business to greater commercial success with good corporate governance. The major objectives can be summarized as following:

- To contribute to improved corporate performance and accountability in creating long term shareholder value.
- To ensure independent and effective audit process, system of internal controls and compliance with laws and regulations.
- To ensure compliance with applicable laws and regulations and with the basic principles of integrity, transparency and clear communication.
- To enable robust and regular financial and management reporting, fostering confidence in business from the funders as well as the investors.
- To lead to improved reporting on performance with the managers equipped to make higher quality decisions that can drive an increase in business volume and margins and a reduction in costs.



1. Board Of Directors

There are various policies and laws that govern the functioning of the Board. They are:

- **a)** Bank and Financial Institutions Act, 2017 (2073),
- **b)** Nepal Rastra Bank Act, 2002 (2058),
- **c)** Companies Act, 2006 (2063),
- **d)** Memorandum of Association (MOA) and Articles of Association (AOA) of the Bank,
- **e)** Code of Conduct,
- **f)** Directives and circulars issued by the regulatory authorities,
- **g)** NRB Directive No.6-Provision related to Corporate Governance,
- **h)** Other Acts as applicable.

Similarly the various policies and bye-laws formulated by the Board govern the Senior Management and the Bank as a whole. They are:

- **a)** Memorandum of Association (MOA) & Articles of Association (AOA) of the Bank,
- **b)** Employee Bye-laws,
- **c)** Financial Bye-laws,
- **d)** Code of Conduct,
- **e)** BOD Self-Assessment Policy,
- **f)** BOD Meeting Manual,
- **g)** BOD Conflict of Interest Management Policy,
- **h)** Other Policies/Bylaws as applicable.

A) Composition Of The Board

In terms of section 14(1) of the Bank and Financial Institutions Act, 2017 and Memorandum Of Association (MOA), Articles of Association (AOA), Companies Act, 2006 the Board of Directors of the Bank shall consist of a minimum 5 and maximum of 7 directors.

The Composition Of Board Of Directors Of The Bank As On July 15, 2021 Is As Under:

1	Mr. Rajan Singh Bhandari	Chairman
2	Mr. Prakash Chandra Mainali	Director
3	Mr. Bijaya Dhoj Karki	Director
4	Mrs. Seeta Karki (K.C.)	Director
5	Mr. Prabal Jung Pandey	Director
6	Mr. Sajan Sharma	Director
7	Mr. Anil Gyawali	Director

B. Appointments/Cessation Of Directors During The Reporting Period

Appointments

i. Director Mr. Anil Gyawali was appointed as Director by BOD meeting number 362 held on May 18, 2021.

Cessations

i. Director, Mr. Sudesh Khaling Rai has voluntarily resigned as Director with effect from March 22, 2021.

C. Board Meeting

During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), 30 Board Meetings were held on following dates, against minimum of 12 meetings in fiscal year and difference of two consecutive meetings not exceeding 60 days as per mandatory provisions under section 21 (1) of Bank and Financial Institutions Act, 2017. Out of 30 Board meetings, two (2) meetings were conducted through "Resolution by circulation".

The Detail Of Board Meetings Held During The Year 2020/21 (2077/78) Are As Under:

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
3	1	2	3	1	3	2	3	4	1	4	3

Details of meetings of the Board of Directors during the FY 2020/21

Total number of meetings held	28
Total number of resolutions by circulation	02

Name Of The Director	No Of Meetings Attended	Meeting Fee Per Person (NPR)	Resolution By Circulation
Mr. Rajan Singh Bhandari	30	13,000	2
Mr. Prakash Chandra Mainali	30	11,000	2
Mr. Bijaya Dhoj Karki	25	11,000	2
Mrs. Seeta Karki (K.C.)	30	11,000	2
Mr. Prabal Jung Pandey	29	11,000	2
Mr. Sajan Sharma	26	11,000	2
Mr. Sudesh Khaling Rai*	20	11,000	2
Mr. Anil Gyawali*	3	13,000	-

- Director Mr. Anil Gyawali was appointed as Director by BOD meeting number 362 held on May 18, 2021.
- Director, Mr. Sudesh Khaling Rai voluntarily resigned as director with effect from March 22, 2021.

Major Agendas Discussed In The Board Meeting For Fy 2019/20 Are Summarized As Follows:

- Reviewed Bank's Annual Progress Report for F/Y 2019/20.
- Discussed on impact of Monetary Policy of FY 2020/21 and unified directive issued by Nepal Rastra Bank.
- Discussed on implementation status of issues raised by NRB and bank's response thereon on Onsite inspection Report 2019.
- Formation and reformation of Policy Review Committee and Digital Transformation Committee.
- Reviewed Quarterly AML/CFT Compliance Report and discussed on Quarterly Report of Risk Management Committee and Digital Transformation Committee.
- Reviewed with necessary amendments on banks various policies and By Laws of the Bank.
- Appointment of Internal Auditor to conduct the internal audit program of the Bank.
- Approved relocating of branches after the merger process with Sahayogi Bikash Bank Ltd.
- Approved Financial Report of FY 2019/20, its publications and request NRB for getting approval for distribution of proposed dividend.
- Approved Corporate Governance and Annual Report as required by Securities Board of Nepal (SEBON).
- Signed Final Acquisition Agreement with Tinau Mission Development Bank Ltd and Srijana Finance Ltd.
- Reviewed Quarterly Progress Report of FY 2020/21.
- Amended Organizational Structure of the Bank.
- Discussed on releasing the blocked share of the erstwhile Tinau Mission Development Bank Ltd. and Srijana Finance Ltd. from NEPSE, transferred the movable/ immovable property of the erstwhile Tinau Mission Development Ltd. to Citizens Bank International Ltd.
- Appointed Independent Director and Deputy Chief Executive Officer.
- Discussed and approved on depositing unclaimed dividend of FY 2063/64, FY 2067/68, FY 2069/70 and FY 2070/71 of former Sahayogi Bikash Bank to depositor's protection fund.
- Discussed and approved the 6th and 7th Special General Meeting (SGM) 2021 report.
- Approved Annual Budget, Policy and Program for Fiscal Year 2021/22.

D. Code Of Conduct

The Code of Conduct for Board of Directors and Senior Management Personnel (Core Management Team) comprising all Managers and Departmental Heads, has been approved by the Board of Directors in compliance to Bank and Financial Institutions Act, 2017, Companies Act, 2006, NRB Directives No. 6-Provision related to Corporate Governance and Other Directives and circulars issued by regulatory authorities. All the Board Members and Senior Management Personnel have since affirmed the compliance of the code for the year till reporting period of FY 2020/21 and undertaken continued compliance of the same.

Board Level Committee/Sub-Committee Of Directors/ Executives

In terms of the provisions of Directives no. 6 Section 5 of Nepal Rastra Bank and Section 14 and Section 15 of Bank and Financial Institutions Act, 2017, licensed banks and financial institution are allowed to constitute four board level committees relating to Audit Committee, Risk Management Committee, Human Resource Compensation Committee and Anti Money Laundering Committee. Each

Board Level Committee can include minimum 3 and maximum 5 members. Committees relating to areas other than these four areas can be formed for a specified period of time and specific purpose. Board of Directors has constituted Board Level Committees which are as follows:

S.No.	Name Of The Committee	Nature Of The Committee
1	Audit Committee	Permanent Nature
2	Risk Management Committee	Permanent Nature
3	Human Resource Compensation Committee	Permanent Nature
4	Anti-Money Laundering Committee	Permanent Nature
5	Merger And Acquisition Committee	Temporary Nature
6	Digital Transformation Committee	Temporary Nature
7	Budget Sub Committee	Temporary Nature

1. Audit committee

Audit Committee has been constituted under the chairmanship of a non-executive director. The Committee functions according to the regulatory provisions of NRB Unified Directives no.6 and the provisions of Sections 164 and 165 of Companies Act, 2006.
Audit Committee constitutes three members in total including two directors nominated by BOD and Head of Internal Audit as Member Secretary. The committee meets regularly as per its charter to discuss and oversee the key issues highlighted by the Internal Audit Department.

Major Responsibility of the Audit Committee:

The Audit Committee provides directions and oversees the operations of total audit functions of the Bank and its quality control including the internal weaknesses control and inspection within the Bank and follow-up of the suggestions of Statutory/External Auditors of the Bank and NRB inspections. The primary purpose of the Audit Committee is to provide oversight of financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations which includes the following:

- Discuss the financial statements of the Bank and make sure that the disclosed financial information on the Bank's operations is accurate and transparent as specified by accounting regulations and international accounting standards.
- Establish and oversee the Internal Audit Function. Approve the scope of audits, ensure the department's independency, receive and reviews internal audit reports of the Bank.
- Establish adequate accounting and internal control procedures that ensure compliance with applicable laws, regulations and directives. The committee reviews and makes assessment of the internal control systems and oversees the implementation of proper accounting standard within the institution.
- Review Bank's financial condition, internal controls, audit program and findings of the internal audit team and instruct management to adopt corrective actions on the issues.
- To help management to make annual report accurate and real.
- To receive and review the official written statement by statutory auditors concerning potential conflict of interest and an estimation of the potential

influence of these factors on the external auditor's objectivity and independence.

- To review the matters contained in the audit report of the statutory auditors and instruct the management for necessary corrective actions.
- To ensure the Board of Directors that accounts are accurate and fair, along with frequent reviews of the adequacy of provisioning against contingencies and classified loan.
- To review the compliance of the statutory laws, directives issued by NRB and include the same in the internal audit report.
- To review the activities of the Bank in respect of its regularity, economical, logical, effectiveness and give necessary suggestion to the Board of Directors.
- To ensure adequate accounting and internal control procedures are established on compliance with applicable laws, regulation and directives.

Composition Of Audit Committee As On Reporting Date:

Member Of Committee	Designation	Meeting Attended
Mrs. Seeta Karki (K.C.), BOD	Coordinator	16
Mr. Sajan Sharma, BOD	Member	15
Mr. Ramdhan Shrestha	Member Secretary	16

Details Of Audit Committee Meeting During FY 2020/21

Total No. of meetings held 16

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
2	2	2	1	-	1	1	-	3	1	1	2

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mrs. Seeta Karki (K.C.), BOD	16	11,000
Mr. Sajan Sharma, BOD	15	11,000

Major Agendas Discussed In The Meeting Of Audit Committee:

- Discussed on financial review report for various quarters for FY2020/21.
- Reviewed the Internal Audit Reports of branches & departments of the Bank and made various recommendations to the management.
- Discussed on Preliminary Audit Report for FY 2020/21 of the Bank given by external auditor and management response thereon.
- Recommendation for appointment and remuneration of external auditor for FY2020/21 to Annual General Meeting of the Bank.
- Discussed on Management`s response to NRB Inspection findings.
- Discussed on follow up audit of Information System Audit.
- Discussed on LC Audit report for reporting to NRB.
- Discussed on INR compliance Report of CBIL for FY2020/21.
- Approved annual internal audit plan for 2020/21.

- Presentation of budget of Internal Audit Department for 2021/22 to the Audit Committee for approval.
- Recommended to Board for appointment of audit firm for outsourcing banks internal audit function.
- Recommended to the Board for appointment of IS Auditor.
- Recommended for appointment of Statutory Auditor.

2. Risk Management Committee

The Bank has constituted a five member Risk Management Committee (constituting of 3 BOD members, Chief Operating Officer and Chief Risk Officer) for review of risks associated with Credit, Operations, Market, investment and ALCO functions, concentration risk, policy risk, compliance risk and portfolio risk.

Major Responsibility of Risk Management Committee:

- To appraise the Board of Directors as to the appropriateness of the existing risk identification and management system as well as suggest for development of an appropriate system.
- To review the level of risk associated with the business, risk bearing capabilities, development of strategies, policy arrangements as well as guidelines adopted towards risk management and suggest to the Board of Directors as to their appropriateness.
- To obtain report from the management on risk management on a regular basis; discuss as to assess and evaluate the risk under existing system, control and monitoring mechanism and submit necessary suggestions to the Board.
- To analyze and review Capital adequacy as per the risk assets, internal capital adequacy assessment plan (ICAAP), appropriateness of policies as per the business strategy, maximum level of risk the organization may assume and submit necessary recommendation, opinion to the Board.
- To suggest the Board of Directors for development of mechanism and necessary policies as may be necessary as per the appropriate practices as well as internal limits to be fixed by the organization as per the guidelines/ directives issued by Nepal Rastra Bank relating to Risk Management.
- Conduct stress testing on a regular basis and discuss the outcome and on that basis submit recommendations to the Board as to the policies and procedures that are necessary for adoption in future.
- To review the authority delegation and analyze its appropriateness and submit report along with the recommendation to the Board of Directors.
- To review on quarterly basis the assets structure, mobilization status of such assets, yield from the assets, improve/ deterioration in assets quality, as well as performance of Assets Liabilities Committee (ALCO) and submit report to the Board.
- To study the effect on to the financial institutions brought about by any problem or changes arising in any sector of the economy and submit a report to the Board of Directors along with the suggested policies for countering such situation.

Composition Of Risk Management Committee During The Reporting Period:

Member Of Committee	Designation	Meeting Attended
Mr. Prakash Chandra Mainali, BOD	Coordinator	8
Mr. Prabal Jung Pandey, BOD	Member	8
Mrs. Seeta Karki (K.C.), BOD*	Permanent Member	8
Mr. Paras Kumar Kafle, Chief Operating Officer	Member	8
Mr. Rajendra Lal Shrestha, Chief Risk Officer	Member Secretary	8

**The Co-ordinator of Audit Committee is a permanent member.*

Details Of Risk Management Committee Meeting During FY 2020/21

Total No. of meetings held 08

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
2	-	1	-	1	-	1	-	1	-	1	1

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mr. Prakash Chandra Mainali, BOD	8	11,000
Mrs. Seeta Karki (K.C.), BOD	8	11,000
Mr. Prabal Jung Pandey, BOD	8	11,000

Major Agendas Discussed In The Meeting Of Risk Management Committee:

- Discussed on Monetary Policy 2020/21
- Discussed on Operational Risk Management Committee (ORMC) Report
- Discussed on AML/CFT report quarterly
- Discussed on Internet Banking (iBank) Penetration Testing Report
- Discussed on Credit: Single borrower Limit/ Group limit
- Reviewed Risk Management Report Quarterly
- Discussed on Delegation of Authority
- Reviewed Operational Risk Management Framework 2020
- Discussed on summary of IT network attack log (firewall) report
- Discussed on amendments in Unified Directives & its Impacts
- Discussed on ICAAP Report for FY 2019/20
- Reviewed Level of Operations In charge
- Discussed on Vulnerability Assessment (VA) of Active Directory of Citizens Bank International Ltd.
- Discussed on overall Credit Portfolio Analysis (Business unit and Branch wise Sector wise, Product wise, loan against security of current assets only)
- Discussed on Current Macroeconomic and Financial Situation of Nepal
- Discussed on Own Scenario of Stress Testing 2019/20
- Discussed on Associated Risks (Strategic Risk, Reputational Risk & AML/CFT Risk)
- Discussed on Incident Reporting
- Reviewed Risk Policies and Framework of the Bank
- Discussed SOP of Risk Register
- Discussed on HR, Inventory and Fixed Assets, Web Application, Vulnerability Assessment Report
- Discussed on Vulnerability Assessment of Fone-Loan System.
- Discussed on Interest spread and yield
- Discussed on NRB Inspection Report etc.

3. Human Resource Compensation Committee (HRCC)

Human Resource Compensation committee functions according to the NRB Directives. Major Responsibility of the Human Resource Compensation Committee:

- The committee is persistent to set the principles and parameters of the Bank's remuneration policy and to oversee remuneration policy and outcomes. The purpose of the committee is to consider, agree and recommend to the Board on overall remuneration policy and philosophy for the Bank that is aligned with its long term business strategy, its business objectives, its risk appetite, values and the long term interests and recognizes the interests of relevant stakeholders which includes:
- To formulate remuneration policy; set the general objectives and priorities in relation to production and utilization of human resources and define the general strategies and make the choices needed to achieve the objectives.
- Determine the design and targets for any annual performance related pay schemes operated by the Bank and subsequently, review individual's performance against these targets and agree any payments proposed.
- Review and approve the overall incentive spend.
- Determine the design of eligibility for and targets for, any long term performance related pay schemes operated by the Bank and subsequently, review the performance against these targets and agree any payments proposed.
- Agree the policy for authorizing claims for expenses and ensure that all the incentive plans comply with relevant legislation, codes of conduct and good remuneration practice.
- Review the report on the operation of remuneration policy and its effectiveness including procedures and processes to avoid conflict of interest to note the arrangements in place to ensure employees receive adequate information to understand the requirements of the Remuneration Policy and the Remuneration Code.
- To provide necessary support to the Board of Directors in developing Employee Compensation and Benefit Determination Policy.
- To evaluate and assess the parameters of benefits and compensation package of the Bank and review the impact of changes in such benefits in the market and recommended changes from time to time.
- To review the existing compensation package including that of the Chief Executive Officer in line with the industry and if required proposes amendments in the package to the Board of Directors.
- To develop and evaluate the parameters of job description, targets and goals and assess the performance evaluation criteria.
- To develop policy and parameters related to recruitment and selection, appointment, placement, transfer, promotion, personnel development, performance evaluation, reward and punishment and recommend to the Board of Directors.
- To develop Human Resource Policy, Organization Chart and Manpower Planning along with Succession Planning and recommend it to the Board of Directors.

Composition of Human Resource Compensation Committee during the reporting period:

Member Of Committee	Designation	Meeting Attended
Mr. Bijaya Dhoj Karki, Director	Coordinator	7
Mr. Sudesh Khaling Rai, Director*	Member	4
Mr. Anil Gyawali**	Member	-
Mr. Ganesh Raj Pokharel, Chief Executive Officer	Member	7
Mr. Pramesh Raj Kayastha, Chief Finance Officer	Member	7
Ms. Smita Pant, Head - Human Resource Department***	Member Secretary	4
Mr. Narayan Raj Adhikari, Manager-Admin****	Member Secretary	3

*Mr. Sudesh Khaling Rai was as member of the committee till March 10, 2021.
** Mr. Anil Gyawali was appointed as member of the committee with effect from June, 8, 2021.
***Ms. Smita pant was member secretary of committee till March 10, 2021.
****Mr. Narayan Raj Adhikari was appointed as Member Secretary of the committee with effect from April 25, 2021.

Details of Human Resource Compensation Committee meeting during FY 2020/21

Total No. of meetings held 07

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
1	-	1	-	-	-	1	1	-	1	2	-

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mr. Bijaya Dhoj Karki	7	11,000
Mr. Sudesh Khaling Rai	4	11,000

Major Agendas Discussed In The Meeting Of Human Resource Compensation Committee:

- The committee discussed, amended and finalized the Guidelines for Board of Directors and Employee Training and Capacity Development Guidelines.
- The committee approved the manpower planning for FY 2021/22.
- The committee discussed, amended and finalized the Human Resource Management Policy.
- The committee discussed and finalized the Organization Structure.
- The committee discussed, amended and approved Branch Manager, Cluster Head Residence Facility.
- The committee discussed, amended and approved Annexure 8 'Vehicle Facility' of Employee Bylaws 2075.

4. Anti Money Laundering Committee (AMLC)

The Bank has consitituted AML. Committee to analyze as well as to monitor the AML/CFT related issue that arises in the Bank. The objective of this committee is to co-ordinate with all the various inter related departments as well as regulatory body to oversight the AML related issues timely and to take necessary corrective actions. The committee meets regularly on an quaterly basis or as per requirement to discuss and oversee the key issues highlighted by the Compliance Department.

The committee is responsible for ensuring the rigorous implementations of the Board approved framework for risk and compliance management, including the approval of relevant politics and procedure. The committee also request and recieve sufficient information to satisfy that the AML compliance is operating as intended.

Major Responsibility of the Anti-Money Laundering Committee:

- The Committee is responsible for ensuring effective operation of AML functions. The responsibilities of the Committee with respect to these risks include the following:
- To present the review report about implementation status according to Assets (Money) Laundering Prevention Act 2064, Assets (Money) Laundering Prevention Rule 2073 and NRB Directive 19 to the Board.
- To discourse on procedural implication of Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rule, 2073, NRB Directive 19 and recommendation of Financial Action Task Force in internal policy and procedure and its implementation.
- To discourse on proper adequacy on management information system (MIS) on monitoring for prevention in money laundering and financing on terrorism activities and provide necessary suggestions to the Board.
- To implement the customer identification and customer acceptance policy for proper identification of Political Exposed Persons and Ultimate Beneficial Owner according to risk categorization of customer.
- To provide report regarding implementation status of bank's internal policy, Assets (Money) Laundering Prevention Act 2064, Assets (Money) Laundering Prevention Rule 2073 and NRB Directive 19 to the Board on a quarterly basis.
- To obtain report from the management and discourse and recommend to the Board:

  -Report on AML/CFT risk management

  -Report on the effective use of Management Information System (MIS) regarding KYC update, CDD, ECDD, details of PEPs.

  -Review on AML/CFT related remarks by Internal Audit Report, External Audit Report and NRB inspection Report and corrective measures to be taken in policy and procedural documents of the bank.
- The detail information about analysis of AML/CFT risk regarding induction of new services, Procurement of IT system, Wire Transfer, e-banking and mobile banking (including QR code), fund transfer from mobile wallet and other transactions through online and its improvement in policy and procedure of bank.
- To recommend the Board on risk management on AML/CFT on regard the consequence of national and international level AML/CFT news and incidents.
- To initiate and manage knowledge sharing programs on AML/CFT to Implementing Officer, Shareholder holding 2% or more shares of the Bank, Board of Directors, Management Team and staffs related to AML/CFT.
- To recommend periodic review of AML CFT policy of the bank to the Board.
- To ensure the proper functioning of AML/CFT system, risk management of AML/CFT risk, suspicious action or transaction monitoring and necessary reporting to regulator and discourse the outcome to the Board.
- To discourse the status on a regular basis on reports submitted to FIU and NRB not contradicting with the provision mentioned in Assets (Money) Laundering Prevention Act, 2064 section 44 (Ka).

Composition Of Anti Money Laundering Committee As On Reporting Date:

Member Of Committee	Designation	Meeting Attended
Mr. Sajan Sharma, BOD	Coordinator	5
Mrs. Seeta Karki (K.C.), BOD	Member	5
Mr. Rajendra Lal Shrestha, Chief Risk Officer	Member	5
Mr. Ravi Kr. Rauniyar	Member Secretary	5
Mr. Ratneshwar Lal Karna*	Member	1

*Mr. Ratneshwar Lal Karna was appointed as the Member of the Committee as per the Board Decision dated May 6, 2021.

Details Of Anti Money Laundering Committee Meeting During FY 2020/21

Total No. of meetings held 05

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
1	-	1	-	-	1	1	-	-	1	-	-

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mr. Sajan Sharma, BOD	5	11,000
Mrs. Seeta Karki (K.C.), BOD	5	11,000

Major Agendas Discussed In The Meeting Of Anti Money Laundering Committee:

- Discussed on Screening, TTR and Due Diligence Report.
- Discussed on AML Status and suggested way forwards to resolve issues of erstwhile Sahayogi Bikash Bank Ltd.
- Discussed on Current Status of erstwhile Tinau Mission Development Bank
- Discussed on GAP Analysis of NRB Directive 19 and Asset (Money) Laundering Rule, 2064 and 2073.
- Discussed on AML/CFT Compliance Review Report on Quarterly basis.
- Reviewed AML/CFT Compliance report of CBIL Capital (subsidiary of CBIL)
- Discussed on Workshop program conducted by FIU
- Reviewed Annual Compliance Review Report 2019/20
- Discussed on AML/CFT and Internal Audit Report
- Reviewed Sanction Screening Policy, 2019.
- Discussed on Batch Screening
- Discussed on Discrepancy of KYC Information in Core Banking System
- Discussed on AML Questionnaire of Citizens Bank International Ltd
- Discussed on compliance status report as per AML/CFT Directive issued by Inland Revenue Department (IRD) against import/sell of Gold by Banks

5. Merger And Acquisition Committee

The Bank has constituted Merger and Acquisition Committee which was formed under the coordination of non-executive director for identifying suitable Banks and Financial Institutions for merger and acquisition.

During the review period, Bank has acquired two financial institutions namely Tinau Mission Development Bank Ltd and Srijana Finance Ltd., a “B” and “C” class Bank respectively.

Responsibility of Merger and Acquisition Committee

- Identify suitable Banks and financial institutions for merger and acquisitions.

- Make strategic plan for mergers and acquisitions.
- Initiate Memorandum of Understanding.
- Analyzing the impact of share swap ratio and other factors related to acquisitions.
- Fixation of joint transaction date and formulating modality of works after joint transactions.

Composition Of Merger And Acquisition Committee During The Reporting Period:

Member Of Committee	Designation	Meeting Attended
Mr. Prabal Jung Pandey, BOD	Coordinator	15
Mr. Prakash Chandra Mainali	Member	15
Mr. Bijay Dhoj Karki, BOD	Member	6
Mr. Ganesh Raj Pokharel, CEO	Member Secretary	15

Details Of Merger And Acquisition Committee Meeting During FY 2020/21

Total No. of meetings held 15

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
-	1	1	1	1	2	3	-	1	1	3	1

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mr. Prabal Jung Pandey, BOD	15	11,000
Mr. Prakash Chandra Mainali, BOD	15	11,000
Mr. Bijaya Dhoj Karki, BOD	6	11,000

Major Agendas Discussed In Merger And Acquisition Committee Meeting:

- The committee appointed valuator for acquisition of Srijana Finance Limited and Tinau Mission Development Bank along with the appointment of DDA auditor.
- The committee formulated different plans to conduct preliminary works regarding joint transaction.
- The meeting discussed on past meeting developments progress done so far and made future strategies.
- The committee decided to sign Memorandum of understanding and inform it to Nepal Rastra Bank.
- The meeting discussed on various agendas like compliance issues, staff related matters, Audit status, etc throughout the acquisition process of Srijana Finance Limited and Tinau Mission Development Bank Limited.
- The committee worked out on impact of Acquisition as per SWAP Ratio.
- The committee discussed on the DDA Audit Report of Srijana Finance Limited and Tinau Mission Development Bank.
- The meeting discussed on final share swap ratio and final agreement on acquisition.
- The committee also discussed on agendas and fixation of AGM/SGM date, tenure of directors of Srijana Finance Limited and Tinau Mission Development Bank Limited.
- The meeting also discussed on obtaining final approval from Nepal Rastra Bank and clearance from Office of Company Registrar and other concerned regulatory bodies.
- The meeting discussed on fixation of joint transaction date and modality of operations after acquisition.

6. Digital Transformation Committee

Digital Transformation Committee was formed under the coordination of non-executive director for expansion of business based on Information Technology.

Major Responsibility of Digital Transformation Committee:

- Analysis of Digital Products and future need.
- Preparation of long term and short term plan of Digital Products.
- Review Digital Plan and provide necessary suggestion to BOD.
- Regular monitoring of reports on Digital Banking as presented by Management.

Composition Of Digital Transformation Committee During The Reporting Period:

Member Of Committee	Designation	Meeting Attended
Mr. Sajan Sharma, BOD	Coordinator	5
Mr. Sudesh Khaling Rai, BOD*	Member	4
Mr. Anil Gyawali, BOD*	Member	-
Mr. Paras Kumar Kafle, COO	Member Secretary	5
Mr. Sanjeeb Kumar Shrestha, Chief Information Technology officer	Member	5

Director Mr. Anil Gyawali was appointed as Director by BOD meeting number 362 held on May 18, 2021.
Director, Mr. Sudesh Khaling Rai voluntarily resigned with effect from March 22, 2021.

Details Of Digital Transformation Committee Meeting During FY 2020/21

Total No. of meetings held 05

Shrawan	Bhadra	Ashwin	Kartik	Mangsir	Poush	Magh	Falgun	Chaitra	Baisakh	Jestha	Ashadh
Jul/Aug	Aug/Sept	Sept/Oct	Oct/Nov	Nov/Dec	Dec/Jan	Jan/Feb	Feb/Mar	Mar/Apr	Apr/May	May/Jun	Jun/Jul
1	-	1	-	1	-	-	1	1	-	-	-

Member Of Committee	Meeting Attended	Sitting Fees Per Person Per Meeting (NPR)
Mr. Sajan Sharma	5/5	11,000
Mr. Sudesh Khaling Rai	4/5	11,000

Major Agendas Discussed In Digital Transformation Committee Meeting:

- Discussed on security information and event management.
- Discussed on call center and Omni Channel.
- Financial Bylaws,
- Code of Conduct,
- BOD Self-Assessment Policy,
- BOD Meeting Manual,
- BOD Conflict of Interest Management Policy,
- Other Policies/Bylaws as applicable.

Management Level Committees

The various policies and by-laws formulated by the Board governs the Senior Management and the Bank as a whole. They are:

- Memorandum of Association (MOA) and Articles of Association (AOA) of the Bank,
- Employee Bylaws,

The Bank management has constituted six management level committees for smooth operation and risk management in day to day activities of the Bank. The management level committees are as follows:

1. Executive Committee

2. Assets Liabilities Management Committee
3. Operational Risk Management Committee
4. IT Steering Committee
5. Purchase Committee
6. Recruitment Committee

A. Executive Committee

The Bank, in consonance with the fundamentals of Corporate Governance has constituted a Management Level Committee named as Executive Committee (EC) of the Bank comprising of nine (9) members. This committee represented by all the Chiefs of the Bank is the summit body that manages the Bank's operations on day to day basis. All the Executive members meet formally once a week and informally as and when required.

The Executive Committee of the Bank has the responsibility to direct the business of the Bank vested by law in the Board of Directors in so far as such powers and authority may be lawfully delegated to the Executive Committee; including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

Major Responsibilities Of The Committee:

- The strategies for the Bank are decided and monitored on a regular basis and decisions are taken jointly by this committee.
- Approve and/or implement any and/ or all corporate acts within the competence of the Board.
- Review and approve Bank-wide credit strategy, profile and performance.
- Approve and monitor the risk ranking activities of the Bank, based on the regulations of established approving authorities and reviews and endorse other activities.

The Attendance Details Of EC Members/Meetings During The FY 2020/21 Are As Follows:

S.No.	Name	No. of Meetings Attended
1.	Ganesh Raj Pokharel, Chief Executive Officer	52
2.	Bodh Raj Devkota, Deputy CEO	30
4.	Sumit Babu Khatri, Assistant CEO, Chief Credit Officer (CCO)	51
5.	Umang Sharma, Assistant CEO, Chief Administrative Officer (CAO)	43
6.	Paras Kumar Kafle, Assistant CEO, Chief Operating Officer (COO)	52
7.	Rajendra Lal Shrestha, Assistant CEO, Chief Risk & Recovery Officer (CRRO)	51
8.	Sanjeeb Kumar Shrestha, Chief Information Technology Officer (CITO)	49
9.	Pramesh Raj Kayastha, Chief Finance Officer (CFO)	51

* Mr. Bodh Raj Devkota has resigned from the Bank with effect from March 13, 2021(Falgun 29, 2077).

* Mrs. Umang Sharma has resigned from the Bank with effect from May 16, 2021(Jestha 02, 2077).

Total No. of meetings held 52

Following Are The Agendas And Decisions Made By The Committee:

- Discussed on various matter related to online staff training and recruitment of the staffs.
- Discussed and decided on need of branch merger after acquisition of financial institutions.
- Discussed about the idle fund remained in the bank and strategic plan to utilize it.
- Discussed and decided about use of QR code payment from teller and implementation Call Center.
- Decided to get the KYC works done through outsource staffs.

- Decided to outsource internal audit.
- Decided to form an "Acquisition Committee" with officiating DCEO as coordinator and other chiefs and data migration team as members.
- Discussed about the plan for integrated marketing in co-ordination with research team in product launching and reviewing its achievement.
- Discussed about the measures to be adopted by the Bank to achieve indicators and be above the industry average.
- Decided to work on the province structure of the Bank considering the huge size in terms of numbers and amount that the province will be of post-acquisition of target institutions.
- Discussed upon the proposal of salary increment and promotion of the staffs and decided to place it in HRCC.
- Discussed on impact of acquisition of financial institutions.
- Decided to plan for province wise "Annual BM" meet to review performance and discuss on the next year budget.
- Discussed on possibility of merger and acquisition with other prospective financial institutions.
- Discussed on impact of NRB circular issued by NRB time and again internally and externally.
- Discussed about the new strategic plan for 5 years.
- Discussed on concept of satellite branch and its cost –benefit analysis.
- Discussed and briefed the budget for the upcoming fiscal year.
- Decided to establish a COVID-19 response team in coordination of chief administration officer to support the staffs.

B. Assets Liabilities Management Committee (ALCO)

ALCO committee of the Bank is responsible for Balance Sheet planning and management from risk-return perspective and is also responsible for strategic management of interest rate and liquidity risks. The ALCO committee reports to CEO which is further monitored by the Risk Management Committee which further reports to the Board of Directors.

Major Responsibility Of The Assets Liabilities Management Committee:

- Develop asset/Liability strategies: monitor and discuss the status and results of implemented asset/Liability management strategies.
- Review the results and progress in implementation of the decisions made in meetings.
- Monitoring compliances of Nepal Rastra Bank and Boards instruction as specified in ALM Policy.
- Monitoring various risk faced by the bank such as Liquidity risk, Credit risk, Foreign exchange risk, Operational Risk and Interest rate risk.
- Discuss capital planning of the bank.
- Review the current and prospective capital levels to determine sufficiency in relation expected growth.
- Review the current and prospective liquidity positions and monitor alternative funding sources.
- Decide on source and mix of liabilities and on funding mixes eg. Wholesale vs. retail deposits, short term vs. long term deposits, local vs. foreign currency funding etc.
- Discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies.

- Oversee the maintenance of a management information system that supplies on a timely basis, the information and data necessary for the ALCO to fulfill its role as assets/ liability manager of the Bank.
- Decide on desired maturity profile and mix of assets and liabilities.
- Review maturity/re-pricing schedules with particular attention to the maturity distribution of large Deposits.
- Evaluating market risk involved in launching new products.
- Establish a monitoring and reporting system.
- Determining interest rates (Deposit/Lending) of bank and deciding on the future business strategy
- Assist in pricing for New Deposits/ Lending Products
- Exploring new Investment Opportunities.

During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), 16 meetings were conducted.

The Composition And Attendance During The Period Is As Under:

Member Of Committee	Designation	Meeting Attended
Ganesh Raj Pokharel, CEO	Chairman	16
Bodhraj Devkota, Deputy CEO*	Member	6
Paras Kumar Kafle, Chief Operating Officer	Member	16
Sumit Babu Khatri, Chief Credit Officer	Member	16
Pramesh Raj Kayastha, Chief Finance Officer	Member	16
Head Retail Banking	Member	16
Angish Shrestha, Head Treasury	Member Secretary	16

**Mr. Bodhraj Devkota resigned from service of Bank with effect from March 13, 2021.*

Major Agendas Discussed In Asset Liabilities Management Committee:

Following are the major agendas discussed in the meeting.

- The committee reviewed Fund position and all major ratios.
- The committee reviewed and discussed on Liquidity Position, FCY Exposure, Borrowing Lending Position, Investment Position of the Bank.
- The committee reviewed its limit of investments in loans and overdrafts, government securities and ensured that the risk appetite set by the policies.
- The committee reviewed matching of maturity calendar between deposit and credit products (liquidity mismatch ladder).
- The committee discussed on the market interest rates, market trend on call deposit, fixed deposit, saving deposit and loan products that influence the business practice of the bank.
- The committee regularly monitored and discussed the bank net interest income and earnings.
- To committee monitored liquidity Stress testing, reverse stress testing, Gap Analysis and Contingency funding plan.
- The committee reviewed the adequacy of the liquid assets held by the bank, in term of quality and quantity in relation to both expected and unexpected events.
- The committee reviewed the Interest rate risk, Foreign exchange risk and Equity risk.
- The committee reviewed all major capital projects/investments.
- The committee conducted a review of Asset Quality, Capital and Growth.

- To committee focused on ensuring that the business lines are aligned with in terms of banks overall objective and proactively controlled with regards to prudential risk.
- The committee conducted a review of treasury policy, liquidity risk management, market risk management policy, contingency funding plan and credit policy.

C. It Steering Committee

The core objective of IT Steering committee is to assist the Board to fulfill its corporate governance and oversight responsibilities for the investments, operations and strategies in relation to Information & Technology systems.

Major Responsibilities of Sub-Committee

- Review performance of IT Department
- Provide approval to the IT related issues.
- Set IT related plans considering the overall banking business strategy plan and implement it.
- Review various Audit issues and compliances.
- New product analysis and provide approval for new systems as per the market/bank requirement basis.

During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), six (6) meetings were held.

Committee Members	Designation	Meeting Attended
Mr. Ganesh Raj Pokharel	CEO (Chairman)	6
Mr. Bodh Raj Devkota*	DY. CEO (Member)	3
Mr. Paras Kumar Kafle	ACEO (Member)	6
Mr. Sanjeeb Kumar Shrestha	CITO (Member)	6
Mrs. Umang Sharma*	ACEO (Member)	5
Mr. Roman Pradhanang	IT-Head (Member Secretary)	6
Mr. Narayan Raj Adhikari	Manager-Admin (Invitee)	1

* Mr. Bodh Raj Devkota has resigned from service of Bank with effect from March 13, 2021.
* Mrs. Umang Sharma has resigned from the service of the bank with effect from May 16, 2021

Major Agendas Discussed In The Meeting Are Stated Below:

- Discussed and decided on Data Center Network Device Up-gradation
- Approved Technical Evaluation Matrix
- Procurement of Additional Servers to fulfill the increasing demand of applications deployment
- Discussed and decided on System Merger Process of Tinau Mission Development Bank Limited
- Discussed half yearly review of IT Strategy Plan 2020/21
- Discussed on expansion of additional storage in current NAS Drive
- Discussed on requirement Of Copper SFP Module for Juniper Switch
- Discussed on need of centralized management for Access Points (WIFI)
- Discussed and decided on hardware up-gradation of servers of Tinau Mission Development Bank Ltd.
- Discussed on Windows 10 license up gradation
- Discussed on SSL VPN Status and Usage
- Discussed on Major IT Projects
- Discussed about status of Srijana Finance System Integrations
- Discussed on power issues at Thapathali Building

D. Operational Risk Management Committee

The Bank, in consonance with the fundamentals

of Corporate Governance has constituted an Operational Risk Management Committee comprising of executives and all Heads of departments of the bank as its members. The objective of the committee is to co-ordinate the inter-departmental functions and oversight timely on occurrence of risk and corrective measures for minimization of the overall operational risk. ORMC meets formally at least on quarter basis or as and when required.

Major Responsibility of Operational Risk Management Committee:

The committee will be responsible for operational risk management. The major responsibilities of the committee are provided below:

- Committee is responsible to implement operational manuals & procedures of the bank.
- Committee is responsible to implement issues related to NRB directives/risk management guidelines of NRB.
- Committee shall review and take immediate precautionary majors on the recommendations of sub committees, customer service excellence and complaint handling and security management.
- Committee shall meet every quarter and the minutes shall be submitted to Risk Management Committee on selective basis based on the seriousness of the issues.
- Each member shall submit departmental reports and newly identified operational risk issues in the meeting for decision.

During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), four (4) meetings were conducted.

The Composition Of The Committee As On 15 July, 2021 (Ashadh 31, 2078) Is As Under

Committee Members	Designation	Meeting Attended
Chief Risk Officer (CRO)**	Chairman	4
Chief Operating Officer	Member	4
Executive Risk & Compliance Officer	Member Secretary	4
Head- Information Technology	Member	4
Head-Retail Banking	Member	2
Head- Credit Administration	Member	3
Head -Trade Finance	Member	3
Operations In Charge	Member	4
Head-Transactional Banking	Member	3
Head- Operational Risk Management	Member	-
Head- Compliance Department	Member	1
Head- General Service Department	Member	3
Head-Treasury Back Office	Member	-
Head-Remittance Department	Member	4
Head-Card Department	Member	4
Head- Central Reconciliation	Member	-
Head - Clearing Department	Member	-
Head-BLB Department	Member	3

Major Agendas Discussed In ORMC Meeting:

- **Branch Operations Related Issues By Risk Management Department:**

Issues such as ATM network problem, ATM pin provided to Illiterate customers (BLB accounts holders), Cash excess booked, Measures taken to disinfect notes, Accounts

of same client opened with different client code, Difference in practice among branches in Online account opening process, Cash in Transit not settled, FD issued with 0% interest rate, Multiple accounts of same nature, SOP of Risk Register 2021, Server down of CBS(Finacle), Mobile banking fraud, Fake Facebook Page of Citizens bank, Transformer issue in Thapathali branch, Undelivered Cheque Book report, Interest rate not updated in few saving a/c's as published rate, Minor account holder turning to major etc. were discussed and meeting directed to resolve those issues as soon as possible.

- **Operations Department Related Issues:**

Issues such as Automatic deduction of ECC Processing Charges by Finacle System, Issues related to Trust AML software, KYC of around 31,000 accounts (Erstwhile Sahayogi) yet to be updated in Finacle, Finacle system down for nearly 2 hours etc. were discussed and meeting directed to resolve those issues as soon as possible.

- **IT Related Issues:**

Issues such as System down detail, PCs with USB/Pen drives Access proper handover/takeover after resignation of Finacle migration group, pending of unverified/unposted transaction during EOD, modification of limit, proper use of prepayment menu, disbursement of loan, transferring of cheque inventory, user rights management in both Finacle and ECC, Finacle operation knowledge to staffs etc. were discussed and meeting directed to resolve those issues as soon as possible.

- **Compliance Related Issues:**

Issues such as Data not extracted from Finacle to Trust AML of Tinau Mission Development Bank, Inadequate knowledge in Finacle regarding KYC update, Confusion in transcode during transactions, Duly mistakes in filling AML conductor details, KYC of conductor not properly updated, Fields in Finacle not modified by user side, Update of Database, Due Diligence and Account Review Function, Screening exception report, KYC Pending Active Accounts in, CBS Despite Pending KYC, Discrepancy of KYC information in Core Banking System, Due Diligence and Account Review Function were discussed and meeting directed to resolve those issues as soon as possible.

- **Finance Department Related Issues:**

Issues such as Compliance of New Product Development Guidelines, Error in Entries relating to TDS at the time of payment, Error in Entries relating to Deposit Interest and Tax, Revenue Leakage of the Bank, Update of Sanctions Screening List, Problem in File Transfer Protocol (FTP), Payment Control etc were discussed and meeting directed to resolve those issues as soon as possible.

E. Purchase Committee

Purchase committee is responsible for finalization of specification and quality of logistics, approval of tender/quotation documents; recommend procurement of goods and services costing more than NPR One Hundred Thousand to Chief Executive Officer or Approving Authority. During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), 44 meetings were conducted. The composition and attendance of Purchase Committee as on July 15, 2021 (Ashadh 31, 2078) is as under:

Member Of Committee	Designation	Meeting Attended
Mr. Paras Kumar Kafle	Coordinator	5
Ms. Umang Sharma	Coordinator	38
Mr. Narayan Raj Adhikari	Permanent Invitee	8
Mr. Pramesh Raj Kayastha	Member	41
Mr. Dikendra Ram Kashajoo	Member Secretary	44
Ms. Sagun Shrestha	Invitee	1

- Discussed about establishment of Customer Contact Center.
- Discussed about procurement related to relocation of Kumaripati, Gaighat, Gaushala, Aurahi and Beni Branch Office.
- Discussed and recommended about the procurement related to space rearrangement of Sanoshree Branch Office.
- Discussed about the procurement related to establishment of New Branch at Lahan and Garuda.
- Discussed and recommended about the Thapathali Building Renovation.
- Discussed about the procurement related to the Data migration of Tinau Mission Development Bank and Srijana Finance.
- Discussed and recommended about up gradation/replacement of ATM.
- Discussed about procurement of Backup Software.
- Discussed about procurement of Finacle Branch Licenses.
- Discussed and recommended about rate finalization of various logistics.
- Discussed about procurement of Visa Cards.
- Discussed and recommended about procurement of various gift Items.
- Discussed about procurement of logistics for various branches/departments.
- Discussed and recommended about renewal of various subscription and annual maintenance contracts.
- Discussed and recommended on awarding Interior and exterior work of Vidyapati chowk Building, Janakpur.
- Discussed on other procurements costing more than NPR One Hundred Thousand.

F. Recruitment Committee

Recruitment Committee was formed on October 3, 2012 (Ashwin 17, 2069) with the objective of fulfilling vacant position in the Bank through new appointment and promotion. Major Responsibility of Recruitment Committee The duties and responsibilities of Recruitment Committee are as follows:

- To determine the procedure for fulfilling vacant position of the Bank.
- To make vacancy announcement, conduct examination and interview and recommend to appoint selected candidates to the Chief Executive Officer for fulfilling vacant position through open competition.
- To recommend eligible staff for promotion to the Chief Executive Officer based on promotion criteria.
- To keep yearly record of performance appraisal of the staff based on the criteria determined by the Chief Executive Officer.
- The performance appraisal of the staff should be assessed by his/her immediate supervisor and reviewed by the supervisor's line manager. The information thus obtained shall be used for staff promotion.

During the reporting period from July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), 47 meetings were conducted. The composition and attendance of the Committee as on July 15, 2021 (Ashadh 31, 2078) is as under:

Member Of Committee	Designation	Meeting Attended
Mr. Bodh Raj Devkota*	Coordinator	18
Mr. Sumit Babu Khatri	Coordinator	46
Mr. Paras Kumar Kafle	Member	46
Ms. Umang Sharma**	Member	35
Ms. Smita Pant***	Member Secretary	33
Mr. Narayan Raj Adhikari****	Member Secretary	11

** Mr. Bodh Raj Devkota was the coordinator of the committee till March 4, 2021.*

***Ms. Umang Sharma was the member of the committee till April 18, 2021.*

****Ms. Smita pant was member secretary of committee till March 10, 2021.*

*****Mr. Narayan Raj Adhikari was appointed as Member Secretary of the committee with effect from April 25, 2021.*

Major Agendas Discussed In Recruitment Committee Meeting.

- The committee discussed on the vacancy announcements, conducting examination and interviews for the recruitment of new staff in the Bank.
- The committee discussed on hiring Recruitment Consultant for conducting examination for the position of Trainee Assistant and Management Trainee.
- The committee discussed on revising the sorting criteria for Trainee Assistant and Management Trainee.
- The committee reviewed and recommended the eligible staff for promotion to CEO based on the promotion criteria.
- The committee recommended the appointment of Tinau Mission Development Bank Ltd. and Srijana Finance Ltd. staff after their Joint Transaction.

Internal Control

Procedures

Internal control is a process effected by the Board of Directors, senior management and all levels of personnel. It is not solely a procedure or policy that is performed at a certain point of time, but rather it is continually operating at all levels within the Bank. The Board of Directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis. However, each individual within an organization must participate in the process. The main objectives of the internal control process can be categorized as follows:

- Efficiency and effectiveness of activities (performance objectives).
- Reliability, completeness and timeliness of financial and management information (information objectives).
- Compliance with applicable laws and regulations (compliance objectives).

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. These procedures are designed to provide effective internal control according to

Internal Audit Manual, 2019 as approved by the Board of Directors.

The Major Elements Of An Internal Control Process

The internal control process, which historically has been a mechanism for reducing instances of fraud, misappropriation and errors, has become more extensive, addressing all the various risks faced by the banking organizations. It is now recognized that a sound internal control process is critical to the Bank's ability to meet its established goals, and to maintain its financial viability. Internal control system of the Bank consists of five interrelated elements:

A. Management Oversight And The Control Culture

The Board of Directors has the responsibility for approving and periodically reviewing the overall business strategies and significant policies of the Bank; understanding the major risks run by the Bank, setting acceptable levels for these risks and ensuring that senior management takes the steps necessary to identify, measure, monitor and control these risks; approving the organizational structure; and ensuring that senior management is monitoring the effectiveness of the internal control system. The Board of Directors is ultimately responsible for ensuring that an adequate and effective system of internal control is established and maintained.

Senior management has the responsibility for implementing strategies and policies approved by the Board; developing processes that identify, measure, monitor and control risks incurred by the Bank; maintaining an organizational structure that clearly assigns responsibility, authority and reporting relationships; ensuring that delegated responsibilities are effectively carried out; setting appropriate internal control policies; and monitoring the adequacy and effectiveness of the internal control system.

The Board of Directors and senior management are responsible for promoting high ethical and integrity standards, and for establishing a culture within the Bank that emphasizes and demonstrates to all levels of personnel the importance of internal control. All personnel need to understand their role in the internal control process and be fully engaged in the process.

B. Risk Recognition And Assessment

An effective internal control system requires the material risks that could adversely affect the achievement of the Bank's goals which are being recognized and continually assessed. This assessment covers all risks facing by the Bank and the consolidated banking organization (i.e. credit risk, country and transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk and reputational risk). Internal controls may need to be revised to appropriately address any new or previously uncontrolled risks.

C. Control Activities And Segregation Of Duties

Control activities are an integral part of the daily activities of the Bank. An effective internal control system requires that an appropriate control structure is set up, with control activities defined at every business level. These includes: top level reviews; appropriate activity controls for different departments or divisions; physical controls; checking for compliance with exposure limits and follow-up on non-compliance; a system of approvals and authorizations; and, a system of verification and reconciliation. There is appropriate segregation of duties and those personnel are not assigned conflicting responsibilities.

Areas of potential conflicts of interest are identified, minimized, and subject to careful, independent monitoring.

D. Information And Communication

For an effective internal control system, there are adequate and comprehensive internal financial, operational and compliance data, as well as external market information about events and conditions that are relevant to decision making. Information are reliable, timely, accessible, and provided in a consistent format. There are reliable information systems in place that cover all significant activities of the Bank. These systems, including those that hold and use data in an electronic form, are secure, monitored independently and supported by adequate contingency arrangements. For an effective internal control system, there are effective channels of communication to ensure that all staffs completely understand and adhere to policies and procedures affecting their duties and responsibilities as well as that other relevant information are reaching the appropriate personnel.

E. Monitoring Activities And Correcting Deficiencies

The overall effectiveness of the Bank's internal control is monitored on an ongoing basis. Monitoring of key risks is the part of the daily activities of the Bank as well as periodic evaluations by the business lines and internal audit. There is an effective and comprehensive internal audit of the internal control system carried out by outsourced audit firm M/s M.R. Associates. The internal audit function, as part of the monitoring of the system of internal controls, reports directly to the Audit Committee and the Board through the Member Secretary of the Audit Committee. Internal control deficiencies, whether identified by business line, internal audit, or other control personnel, are reported in a timely manner to the appropriate management level and addressed promptly. Material internal control deficiencies are reported to senior management and the Board of Directors.

F. Internal Audit Team

An effective and comprehensive internal audit of the internal control system is carried out by operationally independent, appropriately trained and competent staffs from the audit firm M.R. Associates. The firm and its staffs engaged in the internal audit are responsible to adhere with the Internal Audit policies, procedures and annual audit plan as directed by the Audit Committee or the Board. Internal Audit reports are periodically presented to the Audit Committee and the decisions and findings of audit are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures through Audit Committee.

Following Are The Major Activities Performed For Establishing And Maintaining Effective Internal Control System In The Bank:

- Performed Risk Based Branch and Departments Audits,
- Reviewed Investment (as required by NRB),
- Reviewed Capital Adequacy (as required by NRB)
- Reviewed Quarterly Financial Statement,
- Reviewed Base Rate and Interest Spread on monthly basis,
- Reported Major audit issues to BOD along with quarterly financial statement,
- Performed Gold Audit of all the branches having the gold loan facility, on need basis.
- Performed Special Audit and Surprise Audit on need basis,

- Performed Offsite Monitoring of Departments & Branches,
- Reviewed yearly Compliance Audit of AML/CFT Policy,
- Reviewed INR transaction on half yearly basis,
- Performed Labor Audit,
- Reviewed other as per the requirement of manuals, policies, etc.,
- Performed other tasks such as coordinating Statutory Auditors, NRB Inspection Team, etc as well as banking operations are as per the requirement.

Branches And Departments Covered During The Course of Internal Audit FY 2020/21 (2077-78)

S.no.	Branches	Audit Days
1	Dillibazar	11
2	Koteshwor	8
3	Boudha	8
4	Pokhara	6
5	Dhangadhi	5
6	Nepalgunj	7
7	Simalchour	3
8	Attariya	3
9	Hospital chowk	2
10	Mahendranagar	3
11	Beni	3
12	Sanoshree	5
13	Mohnyal	3
14	Baglung	3
15	Surkhet	4
16	Badhaiyataal	2
17	Bhume	1
18	Kohalpur	3
19	Bhotewodar	2
20	Jajarkot	3
21	Jitpur	2
22	Bhumahi	3
23	Kamaladi	5
24	Chabahil	4
25	Biratnagar	8
26	Butwal	7
27	Kupondole	5
28	Siddharthanagar	6
29	Kanchanbari	3
30	Itahari	6
31	Chhahara	2
32	Maitidevi	5
33	Naya Baneshwor	4
34	Dharan	4
35	Ghorahi	6
36	Bhojpur	3
37	Kumaripati	8
38	Newroad	8
39	Banglachuli	2
40	Jhimruk	1
41	Gaighat	3
42	Damak	3
43	Birtamod	6
44	Birgunj	8
45	Haldibari	3
46	Pathlaiya	4
47	Hetauda	5
48	Sinamangal	3
49	Tandi	5
50	Thapathali	4
51	Manahari	3
52	Gwarko	4
53	Thimi	4
54	Kuleshwor	7
55	Bhaktapur	4
56	Thahiti	4
57	Mahaboudha	4
58	Durbarmarg	6
59	Janakpur	7
60	Bardibas	7
61	Vidyapatti Chowk	5
62	Banepa	3
63	Jaleshwor	5
64	Ramgopalpur	5
65	Thankot	4
66	Aurahi	5
67	Narayanghat	6
68	Gaushala	7
69	Lambagar	3

70	Mnagar Dhanusha	4
71	Kohlabi	4
72	Sindhuli	4
73	Nijgadh	4
74	Kalanki	5
75	Kirtipur	5
76	Kapan	7
77	Narayangopal Chowk	4
78	Samakhusi	4
79	Devighat	3
80	Bhaisepati	5
81	Nayabazar	4

S.N	Departments	Audit Days
1	Corporate, Infrastructure, SME	15
2	Consumer Banking & Credit Card	7
3	Trade Administration [LC, Gtee]	12
4	Compliance Department	3
5	Finance Department	7
6	Risk Department	3
7	Recovery Department	2
8	Demat and ASBA	6
9	Card	-
10	Remittance	-
11	E-banking/ M-banking	-
12	Human Resource Department	4
13	Treasury Department	3
14	Branchless Banking	1
15	Central Clearing	2
16	General Service Department	4
17	Legal and Share	2
18	Grievance Handling	1
19	Research & Development	1
20	Corporate Communication	1

03 Sustainbility Reporting

Overview

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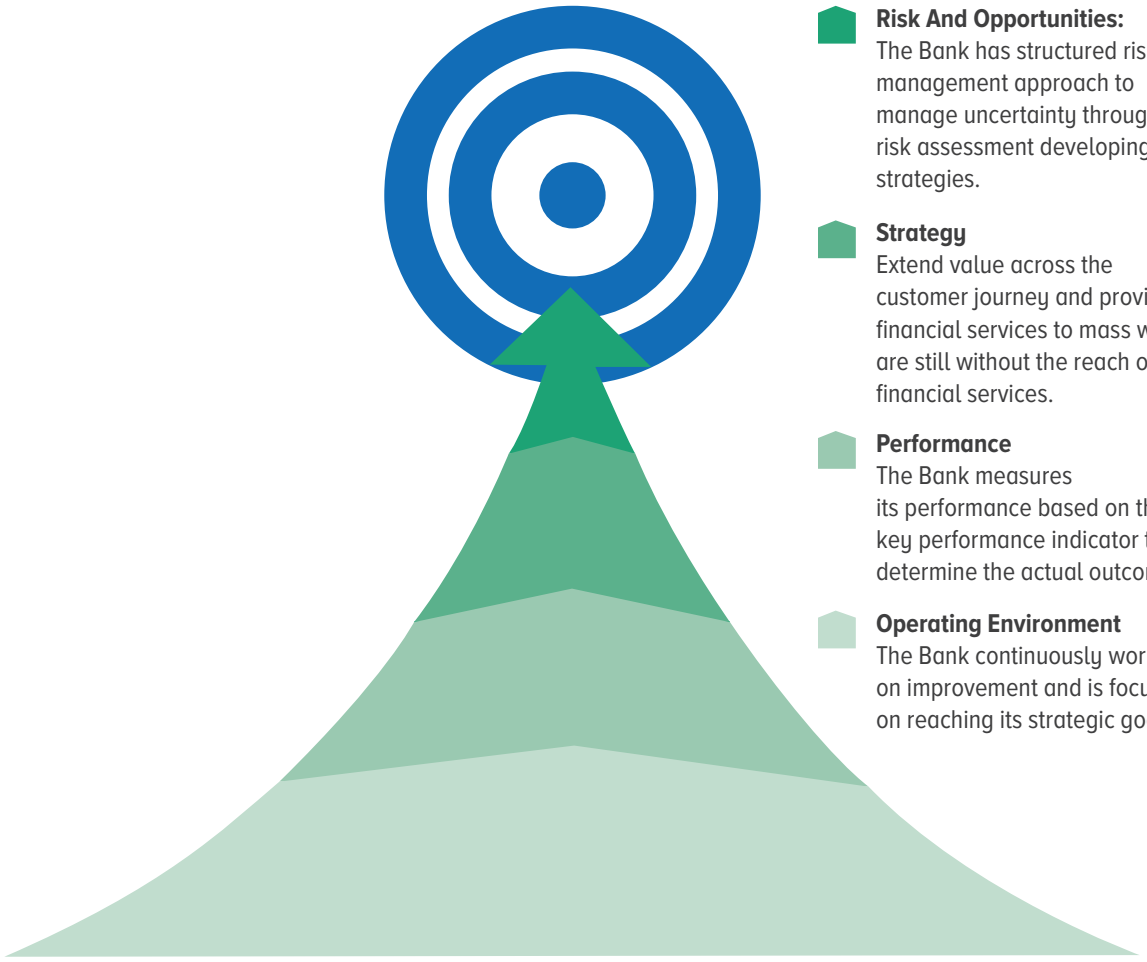
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3.1 BUSINESS MODEL

Value Creation History

The main purpose of the Bank's business is to deliver sustainable returns for its shareholders and build a better bank for its customers. The Bank follows proactive approach to understand how the Bank's business is evolving, determine how these changes are impacting the capacity of Bank's value creation and take action to safeguard the interest of its stakeholders.

The Bank's Business Model also requires to invest in and develop human capital for business growth through professional networks of, key aspects of its social and relationship capital-as well as its intellectual capital, to continuously innovate its offerings and improve its process efficiencies ultimately adding up on its ability to be responsive in a timely fashion to add to its ability to be responsive and timely. In process, the Bank ensure its business activities are aligned with its core values and guided by its governance framework, and also that its strategies and risk mitigation efforts are in line and responsive to pressures from external environment and market forces.



Risk And Opportunities:
The Bank has structured risk management approach to manage uncertainty through risk assessment developing strategies.

Strategy
Extend value across the customer journey and provide financial services to mass who are still without the reach of financial services.

Performance
The Bank measures its performance based on the key performance indicator to determine the actual outcome.

Operating Environment
The Bank continuously works on improvement and is focused on reaching its strategic goals.

Resources That Bank Relies On:

a. Financial Capital	The funds generated through Equity Capital, Debt Capital, Specialty Capital, Customer Deposits and other sources of funding are invested with motive to create value.
b. Human Capital	The Bank's employees are the key custodian of its business. Their competencies, capabilities and experience are the factor of its success.
c. Intellectual Capital	Knowledge, brand value, ethics, corporate culture, knowledge based intangibles, etc. are the foundation for the Bank's brand value creation.
d. Manufactured Capital	The tangible and intangible infrastructure, branches, loan facility, as well as key investment in technology and digitalization enable the Bank for value creation.
e. Social and Relationship Capital	The relationship build with the stakeholders, customers, investors, employees and commitment towards community reflects the Bank as a responsible growing corporate organization.

External Environment

a) Financial Capital

In the value creation process of the Bank, financial capital plays a focal role. Financial Capital of the Bank represents funds contributed from shareholders and the reserves built up over the years as well as funds sourced from investors in debt securities, borrowings from other Banks/creditors and deposits from customers.

Inputs Used:	Business Activities:
• Equity Capital • Debt Capital • Specialty Capital (Policy Incentives)	• Investment made on Property and Equipment is NPR 730.45 Million including the cost of Property and Equipment from acquisition former Tinau Mission Development Bank and Srijana Finance Limited.

	• Training and Development expense is NPR 2.51 Million.
Outcome/Output:	**Value Creation:**
• NPAT-NPR 1,804.34 Million • Earnings Per Share- NPR 17.35 • Net Asset Value Per Share- NPR 150.18 • CAR- 13.70%	• Economic value created for its stakeholders. • Shareholder payment of reasonable dividends and afforded opportunities for capital gains for the shareholder. • Attractive financial returns for the Bank.

b) Human Capital

The competencies, motivation and ethical work practices of the Bank's employees and service providers enable it to create commercial and sustainable development in the short, medium and long term. The Bank fosters safety and vigilance amongst its employees through a safety-oriented operational culture.

Inputs Used:	**Business Activities:**
• Total no. of employees 1,664 • 598 new employment opportunities • Investment in Training and Development is NPR 2.51 Million • Employee's Competencies	• 155 numbers of training program conducted. • Annual Appraisal/Promotion for all the employees. • Most of the training programs conducted via online due to Covid 19.
Outcome/Output:	**Value Creation:**
• Increased Employee Productivity • Career Development opportunities • Job satisfaction with remuneration packages • Work Life Balance	• Improve operational efficiencies and a safe working environment. • Development of Leadership and communication skills. • Ethical and Strategic working environment.

c) Intellectual Capital

Intellectual Capital is "Knowledge that is value to the bank". Intellectual capital for the Bank is intangible assets created by its employee's efforts and also assets such as patent, trademarks, copyrights and other results of its employee innovation and thought. Through intellectual capital, the Bank is able to quickly adapt to the changes and remain competitive in the markets.

Inputs Used:	**Business Activities:**
• Bank's brand • Information Security • IT requirements for customer service	• Expansion of IT workforce by absorbing technical specialists from the industry.

Outcome/Output:	Value Creation:
• Loyal customer base • Strengthening the brand value • Competitive advantage	• Proper information security. • Better customer services.

d) Manufactured Capital

The Bank has identified and acknowledged the importance of manufactured capital as it is essential to the Bank for sustainability and competitive advantage. The Bank has consistently invested in its manufactured capital as it believes that growth in market share and wealth creation to the shareholders is directly proportionate to the investment in capital expenditure.

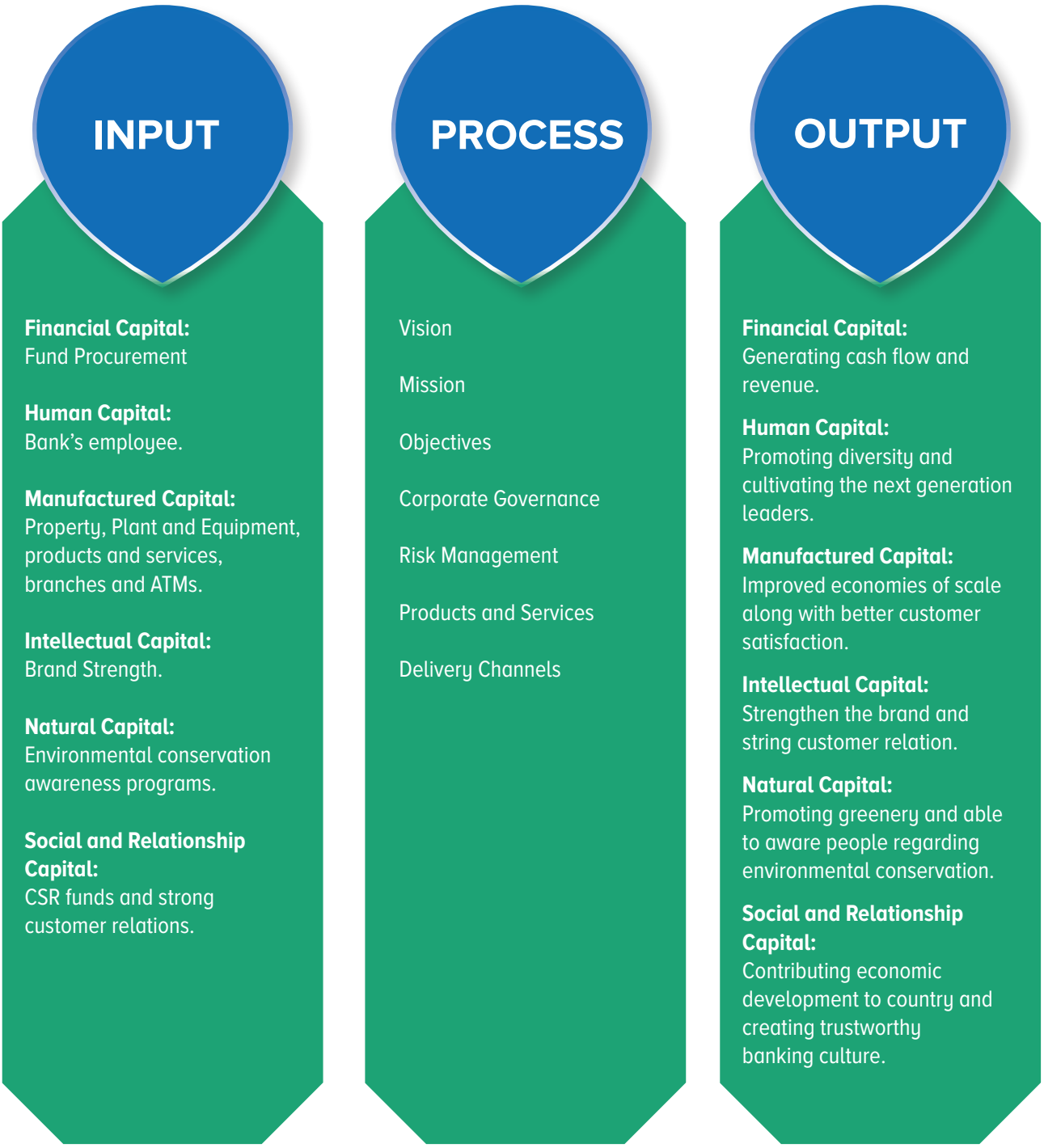
Inputs Used:	Business Activities:
• 189 number of total branches in operation • 117 number of ATMs • Bank has steadily invested in technology and accordingly acquired Citizens • Smart Banking Software and Citizens Online Banking Technology	• Installation of 24 ATMs during FY 2020/21. • Opening of 4 new Branches during the FY 2020/21. • Acquired Tinau Mission Development Bank Limited with 58 branches and 15 ATMs and Srijana Finance Limited with 21 branches and 9 ATMs during the FY 2020/21
Outcome/Output:	**Value Creation:**
• Improved Economies of scale • Increased reach of customers with better quality of service • Number of branches reached to 189 • Number of ATMs reached to 117 • Branchless Banking Locations 110 • International Remittance Tie ups 17 • Local Remittance Tie ups 26 • No of POS installed to 463	• Satisfied customers and customer base growing. • New products launched in order to provide diversified service customers, branchless banking facility. • Deprived sector loan provided for fund access to under privileged customers.

e) Social and Relationship Capital

Social and relationship capital is an integral component of the value for business. It involves the business itself, the formal and informal entities and institutions associated with it, as well as the relationships with and between employees, communities and other stakeholders. Citizens Bank International Limited is embedded in the community and the social and relationship capital is seen as the link between its business and society. The Bank has conducted activities like providing scholarship to children's and financial assistance to schools, supporting for healthcare, women empowerment activities, charities and environment friendly activities.

Inputs Used:	Business Activities:
• Corporate Social Responsibility • Long term stakeholder relationships • Innovative product offerings	• Over 352 volunteer hours spent on CSR projects. • Total 26 projects implemented. • NPR 1,604,149 investments on sustainable development projects. • NPR 12,095.87 Million Under deprived sector lending
Outcome/Output:	**Value Creation:**
• Contributing economic development to the country • Creation of trustworthy banking culture • 22,068 facilitated through deprived sector lending	• CSR initiatives, educational, healthcare support, disaster aid. • Enhancing financial access to the marginalized population.

Summarized Diagrammatical Presentation:



3.2 CORPORATE SOCIAL RESPONSIBILITY (CSR)

From its range of accessible banking and financing facilities to its Corporate Social Responsibility, Citizens Bank International Ltd. has always been committed to serving the needs of the society and takes on the responsibility of addressing them. For us, CSR extends to much more than just charity or philanthropy; it is one of our very main objectives. At Citizens Bank, CSR is a solemn commitment made to various stakeholders and to the larger community. Citizens Bank genuinely cares about the needs and expectations of our stakeholders and actively works as a partner-in-progress for the community and the country. Our broader goal is to enrich the lives of the people of Nepal and set paradigms to uplift the lesser-fortunate, especially the ones living in poverty and destitute, or differently abled people across the country.

Since its inception, Citizens Bank has taken a proactive approach to its involvement in social, environmental and welfare activities. The Bank has made significant contributions to the sectors of education, health, sports, and culture throughout the country aimed at economic and social development, with a dedication to promoting sustainable economic development and social progress.

Citizens Bank measures expectation of stakeholders in the following ways:

Entity	Expectation	Way Of Communication	How We Measure
Government	Coordinate Public Finance And Support Governmental Development Targets	Submit NRB Reports Guided By Internal Policy	Lend To Priority Sector, Deprived Sector Timely Submission Of Reports To Government Authorities
Regulatory Authorities	Compliance with laws, regulation and conduct fair operation to maintain stable financial system	Submit daily, weekly, monthly and others reports	Adhere with compliance and conduct honest operations by improving corporate governance, and strengthening internal control
Shareholders	Good market value	AGM Annual and Quarterly reports	Robust operation, profitability enhancement and steady dividends
Customers	Quality and simplified financial products and services tailor-made to cater to the needs of the customer	Customer service desk Notice and complaint box Informative social media	Enhance service quality by focusing on customer satisfaction and protecting consumer rights and interests Timely dissemination of information
Employees	Good career planning and growth opportunities	Education and training	Enhance employee training and improve employee compensation and incentive
Community	Focus on community development and support	Public interest activities Donations Collaboration with social causes	Conducting volunteering activities, supporting disadvantaged people, and actively engaging in public interest activities

Focus areas of our CSR activities that involves Community

The Bank emphasizes on the following CSR activities:

a. Education and health
b. Management during natural disaster
c. Environment conservation
d. Cultural conservation and promotion
e. Infrastructural development
f. Programs for the enhancement of standard of living

g. Employment generation to marginalized community
h. Financial literacy programs
i. Customer protection
j. Development/ conservation of literature, arts and music.

Citizens Bank has organized or participated in various events to fulfil its responsibilities towards the society, for which the Bank has segregated more than 1% of its net profit in Corporate Social Responsibility Fund in compliance to NRB guidelines. The Bank has spent NPR 17,425,159.60 in the FY 2020/21. Similarly, the Bank intends to lead the sustainable energy revolution in Nepal by embracing green energy, implementing solar systems to power its operations and facilities.

Province/ Sector	Prov 1	Madhesh Pradesh	Bagmati	Gandaki	Lumbini	Karnali	Sudur Paschim	Total
Health	2,054,499.51	2,274,499.51	3,301,980.71	913,110.90	4,969,888.80	1,907,486.17	532,684.00	15,954,149.60
Society	30,000.00	45,010.00	80,000.00					155,010.00
Education			50,000.00					50,000.00
Financial Literacy	80,703.00	80,703.00	128,527.00	35,868.00	191,296.00	26,901.00	21,002.00	565,000.00
Culture			600,000.00		101,000.00			701,000.00
Total	**2,165,202.51**	**2,400,212.51**	**4,160,507.71**	**948,978.90**	**5,262,184.80**	**1,934,387.17**	**553,686.00**	**17,425,159.60**

Supporting Healthcare

Since 2021, the COVID-19 pandemic has been a constant presence in our lives, effecting health as well as economy. Rapidly adapting to the needs of the pandemic, Citizens Bank has been providing financial assistance to its stakeholders to fight with the virus. The Bank has spent approximately NPR 15.9 million to finance accessories and equipment to combat with COVID such as sanitizers, masks, gloves, disinfectants, thermal guns, face shields etc. The Bank also provided helicopter services to rescue its staff and provided medication in Kathmandu.

Others

On the society and culture front, Citizens Bank provided financial assistance to various temples for preservation and maintainance. Similarly, to educate the people about banking and finance management, the Bank developed a financial literacy in Dohari version so that people living in rural areas of the country; who also enjoy Dohari can understand the basic terms and gain a little if not much about finance management.



Financial assistance to Shree Bhrikuti Secondary School, Mohanyal



Financial assistance to Purwanchal Gyan Chakshyu

3.3 BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES



The Bank has developed a robust and stringent anti-corruption policy that implements necessary and effective internal control mechanisms and strengthens functions of risk management, with an aim to prevent bribery and corruption in the regular operations of the Bank. In consideration of Nepal Rastra Bank's guidelines on maintaining a good corporate governance in the banking industry, all the members of the Board of the Bank, as well as the employees, are committed to the code of ethics as prescribed by NRB.

The Board has comprehensively discussed the current scenarios and outlooks of the anti-corruption policies, measures and ethics of the financial industry and has amended the AML/CFT Policy of the Bank vide meeting no. 204 to ensure that the Bank follows the best standards of measures against corruptions and unethical practices. The move has also been taken to attain the sound operations of the Bank's business and ascertain that the ethical standards of the Bank are not compromised. Further, the quarterly reports presented on AML/CFT Compliance have also been reviewed by the Risk Management Committee of the Bank which provided a strong platform for the Bank to understand its current strengths and also explore the future actions to be taken in this arena. The Bank has also formulated the Board of Director's Self Assessment Policy and the Board of Director's Conflict of Interest Management Policy, etc. which aligns with the standards of business ethics and anti-corruption measures adopted by the Bank.

In pursuant to section 6 of Right to Information Act 2007, which provides access to every citizen with all required banking information, the Bank has designated Mr. Rajendra Lal Shrestha, Deputy Chief Executive Officer, as the Chief Information Officer of the Bank. With relation to the given Act, the following vital information of the Bank has been relayed to our valued citizens:

- Organizational Structure of the Bank,
- Functions, duties, and powers of the Bank,
- Number of employees of the Bank and their roles and responsibilities,
- Variety and nature of services rendered by the Bank,
- Number and name of Bank's branches and their responsible officers,
- Details of fees levied and time frame required for delivery of service,
- Decision-making process and key responsible persons involved,
- Designated authority to hear appeal against decision,
- Description of functions performed,
- Name and designation of Chief Information Officer,
- List of Acts, Rules, Bye Laws or Guidelines,
- Updated description of income, expenditures and financial transactions,
- Other particulars as prescribed by the laws.

In line with the Directives no: 6 of Unified Directives issued by Nepal Rastra Bank, even though the Directors delegate authorities to employees with their course of actions, the ultimate responsibility and accountability of the work of such employees rests with the Director itself. So to avoid any unscrupulous activities being conducted inside the Bank, the records of any incidents and actions taken against the employees are presented in the meeting of the Board of Directors. The Bank also obtains and submits the details of the self-declaration to NRB, made by its Directors with regards to themselves and also submits the details of the registration/record book prepared by itself with regards to its Directors. Further, on completion of the fiscal year, the Bank updates the detail of assets held in the name of the Directors, the Chief Executive Officer and the Officer level staff's along with their families and also with

the details of loans availed by them from the Bank and different other banks and financial institutions.

The chief of respective departments undertake the responsibility to instruct and receive information from the subordinate staff on the matters relating to the Code of Conduct. The concerned department chief then submits the reports as to the breach of discipline or rules made by the employees, to the Human Resource Department and makes such report available to the supervision team of NRB in the course of the inspection.

The Bank has come up with a strong Whistle Blower Guidelines that enables all employees to raise concern against any malpractice such as immoral, unethical conduct, fraud, corruption, potential infractions of the Code of Conduct of the Bank and alike. For this, two reporting officers have been assigned, wherein the Chairman has been assigned for dealing matters relating to the Executive Committee members and the Chief Executive Officer has been assigned for dealing matters relating to other staff's. Proper communication channels and operational modalities have been designed and implemented so that a timely, prudent and cautious approach is taken to evade all possible losses and negativities arising out from the footprints of such events.

3.4 RISK MANAGEMENT



As a banking institution regulated by Nepal Rastra Bank (NRB), the Bank is operating in an extremely competitive and volatile environment. Therefore, it is imperative to be proactive in the Bank's business strategy in order to adopt quickly to changing risk dynamics. The Banks are always faced with different types of risks that may have a potentially negative effect on their business. Risk-taking is an inherent element of banking and, indeed, profits are in part the reward for successful risk-taking in business. Sound risk management system senable banks to take risks knowingly, reduce risks where appropriate and strive to prepare for a future, which by its nature cannot be predicted.

The Bank has the structured risk management approach in managing uncertainty through risk assessment, developing strategies to manage it, and mitigation of risk using managerial services. The Bank's strategies include transferring the risk to another party, avoiding the risk, reducing the negative effect of the risk, and accepting some or all of the consequences of a particular risk.

The Bank follows the portfolio approach for the risk management. The Bank's proactive approach is aligned with the overall strategy of the Bank through an explicit risk appetite statement & explicit risk limit. The Bank has defined accountability for each risk and does not allow a risk to remain without an "owner". The Bank follows the qualitative measures to address the issues between risk takers to risk managers, customer, compliance risk, operational risks, money laundering, control and assurance profiles.

The Bank maintains a risk register as a repository of materials of risk and controls. It covers the gamut of risks. The Bank is well aware of the amount of capital that would be absorbed in the event that each of the risks identified were to be materialized and has opted different strategies for the mitigation and control of the risk including risk sharing.

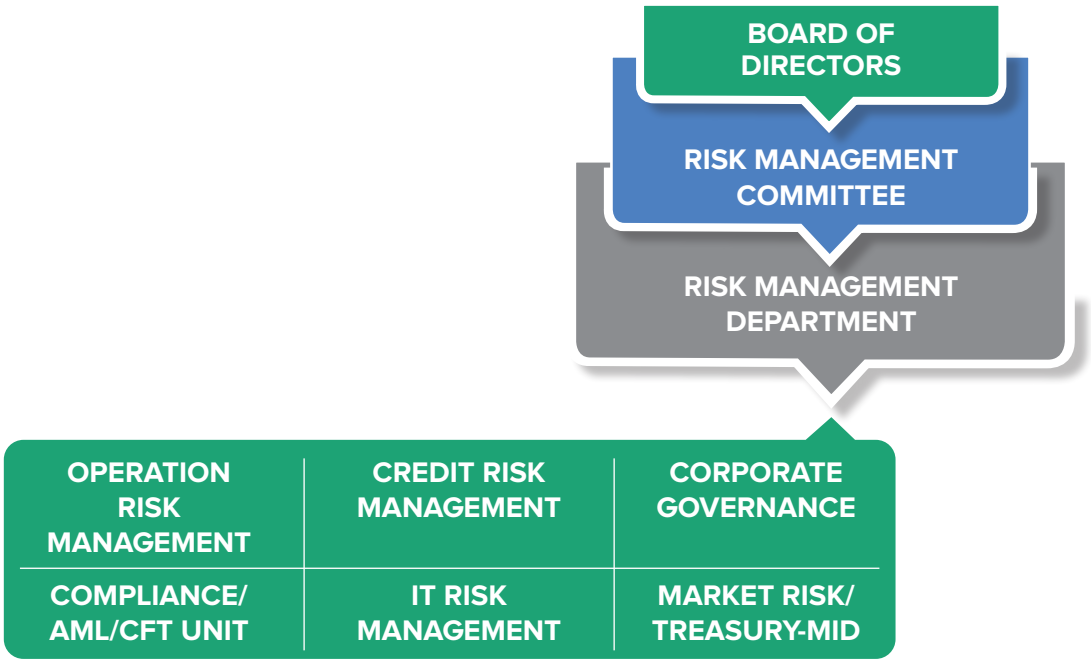
The Bank has also brought into effect "Risk Management Framework" in order to minimize the risks as far as possible. The Bank has clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting, and control. The Bank has a well-constituted organizational structure defining clearly roles and responsibilities of individuals involved in risk-taking as well as managing it.

Risk Management At The Bank

The Bank, in addition to risk management functions for various risk categories, has set up a Risk Management Department to look after effective implementation of approved policies, procedures, regulator's directives, audit issues and decisions of management. For overall risk monitoring, a Risk Management Committee has been formed for reporting to BOD. The Risk Management Committee consists of five members in total i.e. three BOD members, Chief Risk Officer and Chief Operating Officer for review of risks associated with credit, operation, market, IT, corporate governance and compliance risk. There is an effective management information system that ensures the flow of information from operational level to top management and a system to address any exceptions observed. There is an explicit procedure regarding measures to be taken to address such deviations.

The risk management framework has a mechanism to ensure an ongoing review of systems, policies, and procedures for risk management and procedure to adopt changes. The results of such review should be properly documented and reported to the Board for consideration and approval.

Risk Governance Structure



Specific Methodologies For Risk Identification and Management

A) Credit Risk

Credit risk refers to the risk of default on a debt that may arise from a borrower failing to make required payments. At the first level, the risks are borne by the lender. These include lost principal and interest, disruption to cash flows, and increased collection cost.

Risk Identification	Risk Management
The Bank has credit policy and investment policy in place, separate risk management committee and a separate credit risk department for both, corporate credit banking unit/SME and consumer banking unit including fast track loan. Credit Risk Department consists of skilled manpower to analyze risks in different credit functions separately.	Delegated authority, additional documentation and IT system driven controls and laid down procedures are in place to mitigate risk further.
Loans are originated at the lower level and evaluated based on credit policy of the Bank and respective loan policy. Credit appraisal is done by risk owner acting within risk management policies and framework. Branch credit committees help strengthen credit evaluation process, who then recommend the credit	Risk Management Committee discusses about Single Obligor exposure, product wise loan exposure, sector wise loan exposure and strategy for financing Working Capital loans exclusively secured by Current Assets and/or insufficient real estate collateral (in addition to current assets).
	Inherent credit risks are addressed through better safety margin, additional collateral backup, lower exposure and deposit of borrower in the Bank.

facilities to higher approval level with the BOD being the highest authority to approve credit facilities that are of the highest value of exposure.	Credit risk department measures and tracks status of credit portfolio, conducted in order to detect any signs of deterioration in financial health to the borrower. Comprehensive management information reports are prepared regularly and submitted to senior management. Review of credit portfolio in order to realize possible correlations between them and the environmental factors.
HHI measurement is used for Sector wise loans to know about the portfolio concentration in various sectors of loan. The result obtained is submitted to RMC meeting for information, update and needful initiatives.	The continuous review process at branch level in order to identify any post disbursement problem and immediate action is taken by recovery officers, if any. As last resort, legal recovery action is taken in order to reduce negative impact.
The maximum risk exposure that can be absorbed under Credit Risk is being calculated on a quarterly basis and submitted to RMC for information and update. As per ICAAP, the Bank shall maintain capital headroom of 0.5%. (i.e. 11.50% as CAR)	Risk Management Committee discusses strategically regarding Sector wise loans and it's portfolio concentration which further is submitted to the Board.

B) Market Risk

Market risk refers to the possible losses to the Bank that could arise from the changes in market variables like interest rate,exchange rates, equity prices and commodity prices. In managing the market risk, the Bank uses a variety of quantitative methods to assess the Bank's market risk exposures, portfolio performance and impact on earnings.

Risk Identification	Risk Management
Market risks are discussed in Assets Liabilities Management Committee (ALCO) and within respective division level on the open position on a daily basis. In-depth knowledge of the market and movement in variables are obtained in order to control limits for the open position and monthly reports prepared. The open position is assessed on daily basis and risk exposure calculated for allocation of required capital in line.	Overview of current interest rate environment and monitoring of movement of key interest position and maturity gap analysisis prepared considering interest rate sensitive assets and liabilities. Interest rate risk indicators are periodically reviewed. The Bank's rate indices are compared in line with the market average of industry expert's rate indices of similar instruments with similar characteristics.
With the BASEL provision; ALCO ensures jobs are inline with policies and procedures and suggests necessary steps to address risk on interest rate, exchange rate movement and equity price changes. Possible financial impact due to change in market conditions are assessed periodically and actions taken accordingly. The departments are well	Overview of current interest rate environment and monitoring of movement of key interest position and maturity gap analysis is prepared considering interest rate sensitive assets and liabilities. Interest rate risk indicators are periodically reviewed. The Bank's rate indices are compared in line with the market average of industry expert's rate indices of similar instruments with similar characteristics.

equipped with advanced dealing platform and information technology.	Interest rates are altered in line with key policy rate of Central Bank and interest rate spread is maintained accordingly as per Central Bank's directions. Lending rates are adjusted according to change in market rates in order to mitigate the risk of falling interest rate margins. (lending rates are based on base rate)
Value at risk (VaR) is also used as a tool for risk associated with Foreign exchange risk and equity risk.	Measurement of exchange rate shocks, measurement of exposure on proprietary derivative transaction, measurement of exposure on non–proprietary derivative transaction, measurement of interest rate shock, measurement of equity price shocks as required by Market Risk Management Policy which are discussed in Risk Management Committee meeting.
Stress testing is a risk management tool used to evaluate the potential impact on a Bank of a specific event and/or movement of a set of financial variables. Various risks in the banking businesses are mainly credit, market, operational and liquidity risks. Own scenario of stress testing report is prepared and submitted to RMC at least quarterly where assumptions and its impact on CAR, NPL ratio and liquidity ratio are calculated. (Assumptions of stress testing is reviewed yearly)	Value at risk (VaR) as a tool for risk associated with foreign exchange risk and equity risk is presented to RMC which further is forwarded to the Board for further discussions and recommendations.
	Analyzed and evaluated Stress testing is presented to RMC, which further is forwarded to the Board for further discussions and recommendations.
The Impact of Monetary Policy in the Bank is analyzed which further is submitted to RMC.	The Impact of Monetary Policy is presented to the RMC which further is submitted to the Board for further discussions and recommendations.

C) Liquidity Risk

Liquidity risk is the risk arising from the Bank's potential inability to meet all payment obligations when they become due or only being able to meet those obligations at excessive costs. Liquidity risk arises when the cushion provided by the liquid assets are not sufficient enough to meet the obligations.

Risk Identification	Risk Management
A negative trend or significantly increased risk in any area or product line.	Treasury department monitors daily liquidity requirement and manages and controls the overall liquidity position of the Bank. The Bank analyzes and reviews Capital Adequacy as per the risk assets, internal capital adequacy assessment plan (ICAAP), etc.
Concentrations of either assets or liabilities.	
Deterioration in quality of credit portfolio.	
A decline in earnings performance or position.	

Rapid asset growth funded by volatile large deposit.	Treasury front office manages overall liquidity of the Bank. It also ensures that the Cash Reserve Ratio (CRR) is maintained within NRB directives. It also deals with treasury bills and bonds and manages the lending/ borrowing of currency (local/ foreign) with the local and international bank and financial institutions within the approved limit. These functions help in the analysis of maturity gap to determine the liquidity position of the Bank. As per the results of gap analysis, the Bank prepares future plan to manage the deficit or surplus liquidity as per the requirement of funds. While raising short- term funds, treasury negotiates for favorable rates to reduce interest costs, at the same time encouraging longer tenor deposits rather than short-term deposits. Also, in order to reduce liquidity risk to an acceptable level, the Bank also maintains adequate unutilized facilities as a safety cushion to honor future cash outflow commitments.
A large size off-balance sheet exposure.	Moreover, the Bank regularly projects future cash flows in certain stress scenarios and thus determines the level of liquid assets required. There is appropriate stress testing done regularly for the management of the liquidity risk.
Deteriorating third-party evaluation (negative rating about the Bank and negative publicity.	Risk Management Committee discusses about liquidity risk tolerance limit as per the Bank's Risk Management Framework.
Unwarranted competitive pricing that potentially stresses the Bank.	

D) Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may result in a financial loss and reputation risk to the Bank. Operational risk includes the internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, damages to physical assets, business disruption and system failure and execution, delivery and process management.

Risk identification	Risk management
The factor of operational risk can be identified in the external as well as internal environment. The first step is to clearly identify the risk events, after which appropriate combination of qualitative or	The adequate focus is placed on the staff of the Bank in order to avoid mistakes due to insufficient knowledge or practices. The Bank staffs are required to attain the necessary skills through various

quantitative techniques is used to evaluate the magnitude of consequences due to the occurrence of such events. Key risk indicators and audit finding are mostly used to assess operational risk of the Bank.	programs such as the orientation of the Bank's systems and processes on the job and putting them under the directs supervision of experienced staffs before being allowed to work independently. Their developments are pushed further with conduction of skill development and skill enhancement programs, seminars and workshops on a periodic basis.
The Internal Audit Department conducts the audit review of operation processes and reports to the Board level Audit Committee. The Bank then regularly monitors faults or operation failures and responds to them with solutions and enhancements to internal procedures.	Each transaction goes through a check and balance concept where one individual conducts the transaction and the other checks the transaction in order to capture any abnormalities. The deviations are promptly addressed in the lower level as well as centrally through the use of the integrated system.
The Bank implements sound internal control system through instigating the Bank's internal control framework in order to manage operational risk. The security aspects of the Bank are examined by the IT Division in line with IT Policy of the Bank . Moreover, the Bank's system is audited regularly and safety and security standards are improved through suggestions received from the audit department.	For the effective management of operational risk, the Bank has constituted an Operational Risk Management Committee (ORMC) headed by Chief Risk Officer. The ORMC which supports RMC is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The key functions of ORM Care: • Establish clear lines of management responsibility, accountability and reporting in such a manner that they are distinct to avoid conflict of interest. • Review all operational risk associated events and suggest process improvements and mitigants.
The Operational Risk Management Committee oversees any operational risk with the help of adequate access to daily reports, operation procedures and recommendations to correct any faults, if any, in system and procedures. Further, a separate reporting line is maintained in order to preserve the independence of check and balance reporting of daily functions of the Bank.	Review recent risk event in other Banks and elsewhere as availed in public domain and suggest key control required from operational risk perspectives.
The Bank has prepared a guideline on Key Risk Indicator (KRI), Key Performance Indicator (KPI) and Key Control Effectiveness Indicator (KCEI) which should be identified by the respective departments/ branches and to prepare the report quarterly.	Review operational loss database as per Operational Risk Management Framework of the Bank & thoroughly discuss in RMC meeting.
	The prepared guideline on Key Risk Indicator (KRI), Key Performance Indicator (KPI) and Key Control Effectiveness Indicator (KCEI) under pre-implementation testing phase.

E) Strategic Risk

Strategic risk is a material risk that may arise from failure to execute strategy, failure to position the Bank strategically, or ineffective response to material negative plan deviations caused by external or internal factors. Strategic risk includes human resource risk, financial risk, structural resource risk, physical resource risk and relationship risk.

Risk Identification	Risk Management
The Bank ensures that the short term and medium term strategies align with the long-term vision and mission of the institution. This is done through regular meeting at higher levels where there is sharing of knowledge, experience and ideas in order to discuss the Bank's future plans and prospects. The achievements of budgetary targets are reviewed periodically by senior management and any major deviations are further studied in detail and corrective actions are planned in order to avoid same circumstances in the future.	The Bank follows a well-designed strategic decision-making process in order to make decisions regarding market segments, business activities, investments in special industries and geographical locations. As per general norms, the Bank focuses on feasibility, profitability and achievability of any major strategic decisions which is practiced in all of the Bank's aspects.
Deposit Forecasting of coming years is calculated using linear regression and weighted average which reflects whether the forecasted method is within the budget estimated.	The calculated Deposit Forecasting report of coming years based on linear regression and weighted average is presented to RMC, which further is put up to the Board for further discussions and recommendations.

F) Compliance Risk

Compliance Risk is the current or prospective risk to earnings and capital arising from violations or non- compliance with laws, rules, regulations, agreement, prescribed practices and ethical standards and can lead to fines, damages, and/or the voiding of contract and can diminish the Bank's reputation.

Risk Identification	Risk Management
The Bank has Risk Register in place for all the departments encompassing all their crucial functions that needs to be complied with without fail which are reviewed, revised and updated as required.	The Bank has Risk Register in place for all the departments encompassing all their crucial functions that needs to be complied with without fail which is monitored on real time, daily and monthly basis. The risk reports are reported to the RMC periodically.

G) AML/CFT Risk

The Bank being the hub of all financial transactions, is under the constant risk of Anti-Money Laundering and CFT as well as other compliance risks, where the Bank has to handle each and every transaction delicately as not to cause hardships to any of the Bank's customers, nor let any of the suspicious transactions route/ pass through the Bank's system.

Risk Identification	Risk Management
The Bank ensures that the transactions are well monitored and any transactions routed/passed are as per policies/guidelines of the Bank and reported to concerned authorities with in as time prescribed.	The Bank monitors such transactions and ensures the compliance of the entire regulatory, statutory requirements, applicable international practices and internal policy documents of the bank. The risk and reports are further discussed in Board through AML/ CFT Committee.

H) IT Risk

The Bank may face the risk of IT and system frauds. The frauds and errors that arise out from the system and conducted through the computer system/IT infrastructure or with the misuse of such systems. The recent developments in the IT has proven to be the technological advancement for business support, however, it also has equally increased the associated IT risk.

Risk Identification	Risk Management
The Bank ensures the use of the updated systems and continuously monitors its transactions using advanced firewall technologies monitors the network activities and the deviations and/ or malicious programs that has entered into the system or has been attempting to enter the banking network. The risks are identified during the risk assessment and various types of Information System (IS) Audits conducted periodically from independent reputed agencies.	The Bank has placed the updated IT system and also checks for the regular updates to ensure that the banking system is being protected from malicious threats and backdoors. The Bank has formed the IT Risk Department along with various committees such as IT Steering Committee, Risk Management Committee (RMC) to review IT related and other risks associated with it.
IT risk is working under Risk Management Department and various IT related issues especially the security and associated risks are identified and informed to the Risk Management committee (RMC) through the Management.	The Bank has implemented SWIFT Sanctions Screening system to secure and to comply transaction screening requirements from AML/ CFT perspectives.The Bank has also implemented two factor authentications in SWIFT System. The SWIFT system is also running in the isolated system.
IT Risk has presented various reports such as Vulnerability Assessment (VA) of various systems and applications of the Bank, policies and guidelines related with IT and security.	The IT system is tested using different technological tests on a regular basis and the report is presented to RMC for further discussions and recommendations. The Bank has adopted the updated IT Policy and Control Procedure, Risk Management Policy and

various procedures developed by Risk Management Department and other concerned departments. Major issues through the study and analyzed reports are shared with BOD members through the Committee meetings from Risk Management Department and other concerned departments on a regular basis.

Disclosure Of Risk Reporting

The Bank recognizes the importance of risk management and has accordingly invested in processes, people and management structure. Overall risk management function of the Bank is supervised by Risk Management Committee, Anti Money Laundering Committee, Internal Audit Committee and Human Resource Compensation Committee constituting of the Board of Directors and senior executives. Risk Management Committee reviews the asset quality at frequent intervals, Anti Money Laundering Committee ensures effective operations of AML functions and Internal Audit Committee provides assurance on the internal control systems of the Bank in place. The human capital is managed by Human Resource Compensation Committee represented by BOD members and senior executives. There is Assets and Liabilities Management Committee (ALCO) represented by senior level executives of the Bank to monitor the interest rate risk, liquidity risk, foreign exchange risk, market risk, etc. Authority, responsibility and accountability have been fixed to the executives of the Bank. Product policies and programs are duly approved prior to launch of any new product and are reviewed regularly.

Credit risk management department analyses the inherent risk in a particular product. As such the Bank has drawn a clear demarcation between the Credit Business function and the Risk Management function. A lending process completes once it under goes through both of these functions, one business generating and the other risk monitoring and controlling. The Bank has standard credit policies guidelines that define the Bank's credit policies, risk-mitigating measures and single obligor limit.

Credit risk mitigants used by the Bank are deposits of the borrower within the Bank and cash margin applying a supervisory haircut of 20% for capital adequacy. Such mitigants have minimum impact on the overall capital adequacy of the Bank.

S.No.	Risk	Factors	Mitigants	Monitored By
1	**Credit Risk**		Independent and ongoing credit quality review	Board of Directors
		Counter Party Risk	Limiting credit exposures	Risk Management Committee (Board Level Committee)
		Concentration Risk	Problem credit management system	Credit Risk Management Department
		Securitization Risk	Diversification of risk assets portfolio among several sectors and sub-sectors of the economy over a large number of customers	Compliance Department
			Deposits of borrower in bank, cash margin and additional collateral at individual level	NRB Inspection Team
			Proper valuation, storage, maintenance and insurance of collateral	Internal Audit Department
				Board of Directors
2.	**Market Risk**		Selective and momentary hedging	Organizational Structure
		Interest Rate Risk	Stress testing/Simulation of market condition	Risk Management Committee
		Equality Risk in Banking Book	Gap Analysis	Assets and Liabilities Management Committee (ALCO)
		Commodity Price Risk	Limiting trading activity of instruments in the different market	Internal Audit Department
		Credit Spread Risk	Regular review of risk management	Treasury Department processes
		Foreign Exchange Risk	Regular review of Risk Tolerance and appetite limit	Treasury Middle Office

S.No.	Risk	Factors	Mitigants	Monitored By
			Measurement of equity price shocks	
			Measurement of interest rate shocks	
			Measurement of Exchange Rate shocks	
			Value at Risk calculation for Equity Risk analysis	
			Value at Risk calculation for Foreign Exchange Risk analysis	
			Interest rate related risk monitoring	
			Appropriate Composition of assets and liabilities	
		A negative trend or significantly increased risk in any area or product line	Diversification and stable source of fund	
3.	**Liquidity Risk**	Deterioration in the quality of credit portfolio	Access to inter-bank market	Board of Directors
		Concentrations of either assets or liabilities	Contingency funding plan for a crisis situation	Assets and Liabilities Management Committee (ALCO)
		Rapid assets growth funded by highly volatile large deposits	Regular Stress Testing	Treasury Department
		A large size of off-balance sheet exposures	Cushion of liquid assets held	Treasury Middle Office
		Deteriorating third-party evaluation (negative Rating) about the Bank and negative publicity	Consistent analysis using liquidity ratio	Internal Audit Department
			Review of Deposit Mix Concentration	
			Appropriate Foreign Currency Liquidity Management policies	
			Well defined documentation and updated process, manuals and policies	

S.No.	Risk	Factors	Mitigants	Monitored By
4.	**Operational Risk**	Inadequate internal control system	Effective operational risk management framework	
		Inadequate management of information system	Periodic evaluation based on internal and external changes	Board of Directors
		Corporate Governance	Regular assessment of risk through use of established Key Risk Indicators (KRI)	Risk Management Committee
		Inadequate safeguarding of physical assets	Reinforce organizational ethics	Operational Risk Management Committee
		Unforeseen unfavorable external events	Appropriate segregation of duties and control	Audit Committee
		System failure	Adequate insurance coverage	Internal Audit Department
		Legal Risk	Scenario analysis using bottom-up approach	Line management
		Internal and External Fraud	Effective Operation Risk Management Framework	
			Effective Operation Risk Management Policy	
			Regular assessment of risk through maintenance of Operation loss database	
			Continuous development and upgrading of strategy information and communication systems	
5.	**Strategic Risk**	Inappropriate choice and unclear strategy	In-depth study of the subject matters	
		Failure to properly execute strategy	Regular performance review to align with long-term goals	Board of Directors
		Inability to respond to abrupt changes or fast moving conditions	Use of integrated Decision Support System (DSS)	Other Sub-committees
		Incompatible strategy goals and resources deployed	Market and competitor analysis	Internal Audit Department

S.No.	Risk	Factors	Mitigants	Monitored By
		Undertaking of unsuccessful acquisitions or mergers	Good corporate governance, business ethics, staff code of conduct, maintaining good relationships with stakeholders etc	
6.	**Compliance Risk**	Non- Compliance of Acts, Rules, Guidelines, Directives, Agreements and Standards	Maintenance of Compliance Risk Register	Line Management Compliance Department
7.	**AML/CFT Risk**	Risk of money laundering and terrorists financing transaction pass through Bank's system	Sanction Screening prior to establishment of Relationship and Batch Screening on regular basis	AML/CFT Comittee
			Customer due diligence on regular interval	
			Transaction monitoring Suspicious Transaction Reporting	
8.	**IT Risk**	Frauds and errors arising from computers and IT infrastructure misuse from outside and within the Bank	Use of updated and genuine softwares and hardwares	IT department
			Annual Information System Audit	Audit Committee
			Regular Drills to check robustness of Business Continuity Plans, Firewalls, etc.	IT Department

Risk Overview

S.No.	Particulars	Maximum Risk Tolerance Unit As Per Regulator	Position As On Mid July 15 2021
1	**Credit Risk**		
a	Capital Adequacy Ratio	Minimum 11%	13.70%%
b	Non-Performing Loan Ratio	5%	1.64%
c	Real Estate Loan	25%	4.40%
d	Single/group borrower limit	25% of core capital	16.33%
2	**Liquidity Risk**		
a	Maximum Single depositor concentration	10%	5.95%
b	Institutional Deposit concentration	50%	30.73%
c	SLR (Statutory Liquidity Ratio)	Minimum 10%	22.17%
d	Credit to Deposit Ratio (CCD Ratio)	85%	77.42%
e	Liquidity Ratio	Minimum 20%	26.36%
f	Cash Reserve Ratio	3% of weekly Average deposit of two weeks ago	3.71%
g	Average Interest Spread	4.40%	3.59%
3	**Market Risk**		
a	FCY Open Position	30% of Core Capital	2.26%
b	Proprietary Derivative Transaction	30% of Core Capital	27.99%
3 (i)	**Interest Rate Shocks**		**Impact on Total Cost in NPR Million**
	Deposits Interest rate change (+,-) by 1 % on an average		3.92
	Deposits Interest rate change (+,-) by 1.5 % on an average		5.87
	Deposits Interest rate change (+,-) by 2 % on an average		7.83
	Loan Interest rate change (+,-) by 1 % on an average		3.39
	Loan Interest rate change (+,-) by 1.5 % on an average		5.08
	Loan Interest rate change (+,-) by 2 % on an average		6.77
3 (ii)	**Exchange Rate Shocks**		**Impact on Total Cost in NPR Million**
	Appreciation of currency exchange rate by 5%		(7.77)
	Depreciation of currency exchange rate by 5%		7.77
3 (iii)	**Equity Price Shocks**		**Impact on Total Cost in NPR Million**
	Fall in Equity Price by 25%		(108.81)
	Fall in Equity Price by 50%		(217.61)

Structural Liquidity Report

The Bank analyses the assets and liabilities funding gap through Statement of Structural Liquidity which shows the assets and liabilities funding gap in various time buckets. All the sources of funds and assets have been allocated in time buckets as per their contractual net amount and percentage. The negative gap indicates that the liquidity needs to be managed and vice versa.

The Bank's overall funding strategy is to develop a diversified funding base (both geographically and by type) and maintain access to a variety of alternative funding sources, to provide protection against unexpected fluctuations, while minimizing the cost of funding.

Statement Of Structural Liquidity

S.No.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	Assets						
1.	Cash Balance	5,061.55	-	-	-	-	5,061.55
2.	Balance with Banks & FIs	7,205.10	-	-	-	-	7,205.10
3.	Investment in Foreign Banks	-	59.60	262.24	286.08	2,264.80	2,872.72
4.	Call Money	879.52	-	-	-	-	879.52
5.	Government Securities	3,000.17	1,396.96	534.55	89.05	15,912.76	20,933.49
6.	Nepal Rastra Bank Bonds	-	-	-	-	-	-
7.	Inter Bank & FI Lending	22.68	-	33.38	-	1,907.20	1,963.25
8.	Loans & Advances	30,704.99	18,580.39	13,644.21	6,625.57	55,608.49	125,163.67
9.	Interest Receivable	33.03	14.24	4.77	0.79	185.34	238.18
10.	Reverse Repo	-	-	-	-	-	-
11.	Acceptance Receivables	-	-	-	-	-	-
12.	Payment to be made for facilities under s.no 20,21 & 22	12,644.37	6,889.40	3,938.60	5,146.52	4,427.77	33,046.68
13.	Others	2,621.03	141.15			4,244.97	7,007.15
	Total Assets (A)	**62,172.45**	**27,081.75**	**18,417.74**	**12,148.02**	**84,551.33**	**204,371.33**
	Liabilities						
14.	Current Deposits	1,742.66	-	-	-	5,848.89	7,591.55
15.	Saving Deposits (Including Call)	17,607.52	-	-	-	39,196.13	56,803.65
16.	Fixed Deposits	24,236.20	16,550.95	12,672.23	13,755.48	11,393.34	78,608.21
17.	Debentures	-	-	-	-	2,476.08	2,476.08
18.	Borrowings:	403.47	21.72	40.60	10.99	1,128.79	1,605.56
(a)	Call/Short Notice	-	-	-	-	-	-
(b)	Inter-bank/ Financial Institutions	400.00	-	-	-	-	400.00
(c)	Refinance	3.47	21.72	40.60	10.99	1128.79	1,205.56
(d)	Others	-	-	-	-	-	-
19.	Other Liabilities and Provisions	2,128.12	-	-	-	-	2,128.12
	(a) Sundry Creditors	116.59	-	-	-	-	116.59

	(b) Bills Payable	197.64	-	-	-	-	197.64
	(c) Interest Payable	140.37	-	-	-	-	140.37
	(d) Provisions	30.48	-	-	-	-	30.48
	(e) Others	1,643.06	-	-	-	-	1,643.06
20.	Acceptance Liabiltiies	1,468.45	417.91	123.70	12.62	244.50	2,267.18
21.	Irrecvocable Loan Commitment	2,468.35	3,085.44	2,468.35	4,319.62	-	12,341.78
22.	Letter of Credit/Guarantee	8,707.57	3,386.05	1,346.55	814.29	4,183.27	18,437.72
23.	Repo						
24.	Payment to be made for facilities under S.No 11						
25.	Others	624.89	227.59	160.79	78.70	21,019.47	22,111.46
	Total Liabilities (B)	**59,307.25**	**23,689.66**	**16,812.22**	**18,991.69**	**85,490.48**	**204,371.33**
	Net Financial Assets (A-B)	**2,785.20**	**3,392.08**	**1,605.52**	**(6,843.69)**	**(939.14)**	**0.00**
	Cumulative Net Financial Assets	**2,397.58**	**6,177.29**	**7,782.81**	**939.14**	**-**	**0.00**

Although, current accounts are repayable on demand, savings accounts at short notice and term deposits on maturity, the Bank's broad base of customers-numerically and by deposit or type-helps protect against unexpected fluctuations in balances. A portion of such accounts form a stable funding base for the Bank's operations and liquidity needs as they are never withdrawn and renewed on contractual maturity.

The Assets And Liabilities Of The Bank Has Been Allocated On Different Time Buckets As Under:

	Heads Of Account	Classification Into Maturity Bands	
A	**Inflows**		
1.	Capital, Reserve & Surplus		Over 1 year
2.	Deposits		
	Current		
	Volatile		
	Core*	15%	1-30 days
		85%	Over 1 year
	Saving		
	Volatile		
	Core*	10%	1-30 days
		90%	Over 1 year
	Call		
	Term		Respective Residual Maturity Bands
	Margin		
3.	Borrowings		Respective Residual Maturity Bands
	Inter-Bank		
	Refinance		
4.	Other Liabilities		1-30 Days
5.	LLP		Respective Residual Maturity Bands
B.	**Outflows**		
1.	Cash		1-30 days
2.	Balances with NRB & Other Banks		1-30 days

	Heads Of Account		Classification Into Maturity Bands
3.	Placement with Banks		Respective Residual Maturity Bands
4.	Investment		Respective Residual Maturity Bands
	Government Securities		
	Shares		Above 1 year
5.	Loans and Advances (Performing)		Respective Residual Maturity Bands
	Bills Purchased and discounted		
	Cash Credit/ Overdraft/Working Capital		
	Term Loans		
6.	Non-Performing Assets (Net of provisions)		
	Sub-standard		Over 1 year
	Doubtful and Loss		Over 1 year
7.	Fixed Assets		Over 1 year
8.	Other Assets		1-30 days

The Bank has well defined Contingency Funding Plan for managing short term and long term liquidity risk. During the year FY 2020/21, no liquidity risk-triggering event was identified. However, Cash Reserve Ratio position of the Bank has been managed through inter bank borrowing and liquidity position of the Bank through collection of deposit i.e. current, call and saving including fixed deposit.

3.5 BANK'S CONTRIBUTION & RESPONSIBILITIES TO EMPLOYEES



As of mid-July 2021, there are 1664 employees working for the Bank. During the fiscal year, the Bank had appointed 598 new employees, whereas, 71 employees had resigned from the Bank's services. Out of the total employees, 720 (43.27 percent) are female employees. The Bank has been continuously providing training and development programs to its employees in order to enhance employee performance, boost employee productivity, reduce employee turnover, and improve company culture which further shall add to the smooth and efficient banking services to its valued customers.

The Bank seeks engagement with employees at all levels to bring out their talent, loyalty, motivate them and drive individual and garner collective performance. The Bank organizes walkathon, blood donation program, interbank futsal tournament, intra bank cricket tournament and other programs and events on the occasion of anniversary of the Bank for creating high level of employee engagement.

Strategic Priorities	Performance Highlights
Invest strategically in employee growth through training and development programs in line with the Bank's long term goals.	Revised remuneration packages of employees based on their performance. Incentive package to motivate for optimum employee performance and recognition of outstanding performer through reward system.
Benchmark employee compensation packages to attract and retain the best talent.	Organized programs for 598 new recruits. Continued on the job training for staff at departmental and branch levels. Intensive online training due to global COVID-19 pandemic.
Foster employee diversity and promote equal opportunities.	Reduced staff turnover by retaining staff with measures such as performance-based pay, adequate promotions and instilling best staff cultures.
Support employee well-being through work-life balance, welfare and health and safety measures.	

Recruitment:

The Bank's recruitment process follows a stictly structured and competitive procedure with clear criteria with regards to job descriptions, qualifications, experience and aptitudes, where the selection is made solely based on merits. Furthermore, in order to support the local communities where the branches operate, the Bank recruits employees within the local area. This not only increases the bonds and sense of responsibilities, but also brings local knowledge to the Bank which ultimately escalates the quality of service being provided. Even though this still proves to be a strong challenge to the Bank, our aim of being the best in the business is only asserted by the policy.

In addition, the Bank provides adequate induction programs in order to deliver and educate the new recruits about the culture, values, goals and code of ethics of the Bank. It includes orientation programs that basically include knowledge and concepts regarding all the departments and the employees' specific job responsibilities as well.

Employee Diversity:

The Bank exhibits its commitment towards equal opportunities to a greater diversity of employees, irrespective of ethnicity, gender, culture and other socio-economic prejudices by focusing on addressing these barriers that may exist between the employees, at the same time, promoting a work culture that alleviates any conflict arising from varied outlooks. Moreover, the Bank's recruitment policy is set on the principle of equal opportunities in order to attract the best talent from varied cultures and backgrounds and therefore form a multi-skilled workforce. Furthermore, the Bank can confidently assure that the remuneration, incentives, benefits and promotion are not subject to any form of discrimination. This is further demonstrated by the fact that during the year, the Bank did not record any incidents of discernment towards employees and if any may occur in the future, there are already existing measures and procedures in place to address such issues.

Remuneration and Rewards:

The remuneration packages of the Bank are aligned with the industry norms and certain intra industry benchmarks, while also considering the current status of the country's economy. The package normally includes basic pay, allowances, incentives, and bonus which are all subject to job responsibility of the individual employee and the performance of the individual employee and as a team as well. The packages are reviewed every two years to ascertain that the pay matches the quality of service provided by the employee and that they are in line with the current economy and industry norms. Moreover, as ascertained above, the remuneration policy is not biased against any social impartiality. Apart from regular remuneration package, the Bank provides leave fare allowance, 1-2 months' salary as additional perk to staff completing five years of service depending on the profit of the Bank. Similarly, employees completing 10 years of service are rewarded with gold medal as a part of employee recognition. Likewise, quarterly performance incentive is provided to staff who achieve the segment wise target for deposit, loan and cross selling. Further, the Bank also provides reward on individual/ department/brand basis who depict outstanding performance during a period.

Staff Facilities:

Besides regular salary, allowances and provident fund, the Bank also provides compensation package for the staff which includes auto loan, home loan, credit card facility, uniform facility and other advances which are periodically reviewed. The Bank also provides leave facilities, gratuity, additional employee retirement fund depending on the profit of the Bank, which includes salary of 1-2 months. The Bank has provided loan facilities to 658 staffs (45.13 percent of total permanent staffs).

Amount In NPR

Particulars	2020/21	2019/20
Staff Auto Loan	63,273,882	54,110,742
Staff Home Loan	1,439,560,949	969,062,536
Revolving Salary Advance	144,845,630	61,184,445
Credit Card		
Total	**1,647,680,461**	**1,084,357,723**

Leave facilities:

Particulars	2020/21
Annual Leave allowed (including 10 days forced leave)	30
Sick Leave allowed	12
Casual Leave allowed	9
Maternity Leave allowed	60
Paternity Leave allowed	15
Other Leave (Obsequies)	15

Performance Evaluation

The Bank always aims to improve and encourage high performance, not only on the individual level, but as a team as well. In order to support such policy, the Bank has in place a well-structured but challenging process to evaluate employee performance on an annual basis. This encourages constant communication between the higher level and lower level employees and motivates the staff by enabling effective succession planning, career mapping and structured and focused training. Performance evaluation is assessed through certain criteria, such as pre-agreed operational targets, Compliance and behavioral attributes, where high achievers are rewarded for their strengths, while remedies and support are provided to others to address their weaknesses.



Training and Development

The Bank has invested to provide adequate training and development program to its employees. The Bank believes that the employees are the core strength of the

Bank, where they play a very significant role in the success of the Bank. Therefore, the employees are periodically provided with training opportunities in order to develop the necessary skills to upgrade and update themselves in order to compete in this dynamic industry. The focus is provided such that long-term goals of the employees and the Bank are in line with each other. The structured, pragmatic and challenging training plans have enabled the Bank to extract maximum benefits from the available employees, thus, providing maximum utilization of human resources with minimum diversions. The employees are further encouraged to share their knowledge/skills with fellow colleagues to strengthen the technical expertise at hand. Moreover, on the job training at relevant positions across the branches and departments are a significant portion of the Bank's training plans. Furthermore, employees in specific departments are provided with precise technical knowledge to help them nurture in the specific field of knowledge.



Training Conducted (2020/21)

S.no.	Particulars	No. Of Training
1.	Outside Training	121
2.	Province-wise Training	27
3.	Inhouse Training	7
4.	On the Job Training	4
5.	Orientation	7
6.	India Training	10
7.	Omega Certficate	1
8.	Online Training	19
	Total	**196**

S.no.	Particulars	Staffs Benefited
1	Province 1	79
2	Madhesh Pradesh	139
3	Bagmati	528
4	Gandaki	40
5	Lumbini	85
6	Karnali	28
7	Sudur Paschim	37
	Total	**936**

Employee Turnover and Retention

The Bank aims to maintain minimum staff turnover rate by providing a platform for the employees to develop their careers by helping them develop their skills and enhance their well-being as individuals and collectively as a team. This is further addressed by the Bank as there is constant interaction with the employees in areas such as grievance handling, amendments in the job description and structured job rotations. Moreover, the employees are not only provided with new opportunities, remuneration packages and benefits, but are also further encouraged to balance work life with their social responsibilities so that no employee feels tied down to work all the time.

Succession Planning

Succession planning as a continuous process in the Bank is supported by the annual performance evaluation system which helps to identify employees displaying the necessary skills to take it to the next level such as leadership and management skills. In order to endow the future leaders of the Bank, the employees are mentored and trained by the current leaders through on the job training and structured routine program. This ensures a smooth transition for the employees between current job and responsibilities and potential future positions.

Employee Well-Being

Employee well-being at the Bank is seen as an opportunity for the employees to live a well-balanced life between work and home and for the Bank to maintain higher productivity level, lower job absenteeism and control staff turnover. The Bank has in place a well-established and flexible leave system to give employees enough independence in order to give adequate time to their personal lives. This, in turn, helps the Bank in improving employee's efficiency at work through work-life balance.

Measure Of Employee Well-Being Through Staff Expenses

Amount In NPR

Particulars	2020/21	2019/20
Salary	366,469,642	296,210,812
Allowance	311,434,229	273,284,746
Gratuity Expense	40,240,440	33,421,845
Provident Fund	36,498,424	29,386,946
Uniform	-	7,176,892
Training and Development	2,505,795	11,033,072
Leave Encashment	(103,362)	28,298,267
Medical	3,838,199	3,540,481
Insurance	-	-
Employee Incentive	-	-
Finance Expense under NFRS	141,767,227	37,707,724
Employee Bonus	287,300,433	175,317,535
Other Expense Related to staff	39,802,236	38,113,914
Total	**1,229,753,262**	**933,492,233**

Health and Safety

The Bank being a family cares for its employees' health and safety in addition to the development of their skills and knowledge. Therefore, the Bank has in place reasonable measures to ensure health and safety of the employees at the workplace which includes comprehensive medical and accidental insurance policy. Furthermore, the Bank also focuses on the quality of the workspace to ensure physical safety of the employees in the workplace. The Bank complies with best practices and is equipped with necessary safety measures in order to safeguard employees and the Bank's infrastructures from fire, system failures and other work hazards. Moreover, the branches are also equipped with first aid kits for immediate response to any mishaps.

Grievance handling

The Bank encourages staff to express themselves to immediate line managers in areas of complaints, feedback and other issues. The Bank maintains policies and practices where the supervisors are suggested to address the employees' grievances under the guidance of the HR department. If this proactive method is not sufficient, the employees have the option to initiate an independent formal process that the Bank has already put in place.

Staff composition

The Bank's staff consists of competent individuals of various age groups, corporate titles and contractual status. The Bank focuses on equal opportunities to all and is unbiased towards genders.

Key Human Resource Indicator

A) Employee Mix On The Basis Of Date Of Joining

Joining date From start of Bank	No. of staff	% of staff
2020/21	588	35.34
2019/20	266	15.99
2018/19	198	11.90
2017/18	173	10.40
2016/17	94	5.65
2015/16	77	4.63
2014/15	67	4.03
2013/14	72	4.33
2012/13	12	0.72
2011/12	13	0.78
2010/11	42	2.52
2009/10	24	1.44
2008/09	15	0.90
2007/08	7	0.42
2006/07	16	0.96
Total	**1664**	**100%**

a) On The Basis of Date of Joining



B) Employee Mix On The Basis Of Gender

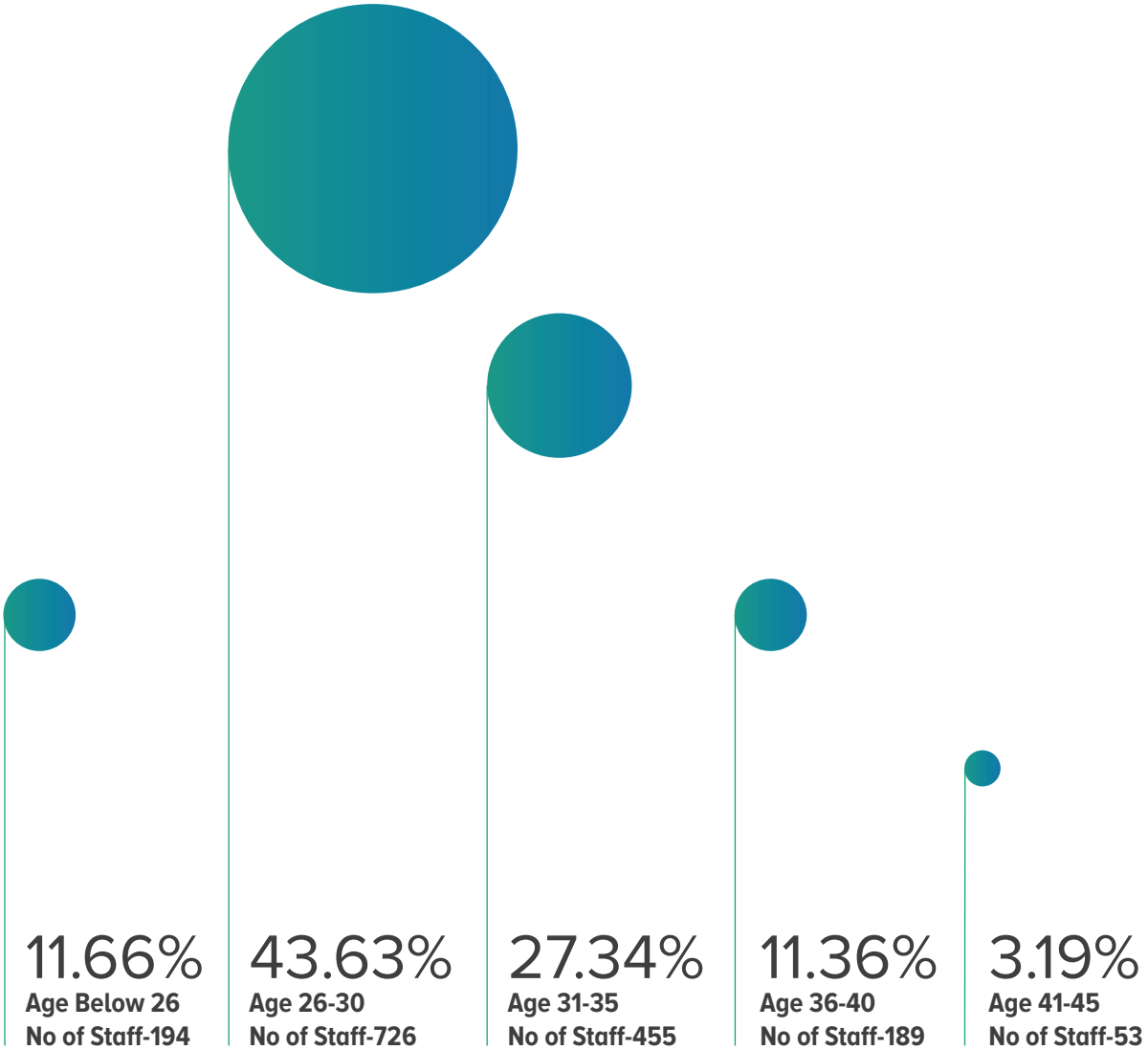


720
Female



944
Male

C) Employee Mix On The Basis Of Age



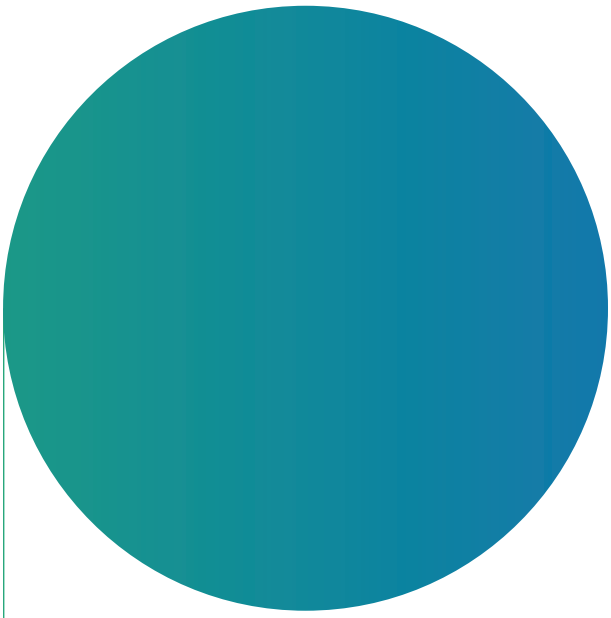
11.66%
Age Below 26
No of Staff-194

43.63%
Age 26-30
No of Staff-726

27.34%
Age 31-35
No of Staff-455

11.36%
Age 36-40
No of Staff-189

3.19%
Age 41-45
No of Staff-53



1.62%
Age 46-50
No of Staff-27

0.48%
Age 51-55
No ofStaff-8

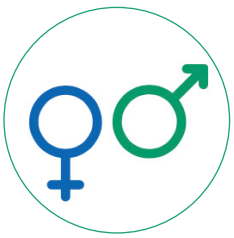
0.72%
Age Above 55
No. of Staff-12

100%
Total No. Staff
No of Staff-1664

D) Employee Mix On The Basis Of Marital Status



890 (53.49%)
Married Employees



774 (46.51%)
Single Employees

E) Employee Mix On The Basis Of Branch Per Province And Staff Per Province

1 Branch 27 Employees 189

2 Branch 27 Employees 202

3 Branch 46 Employees 704

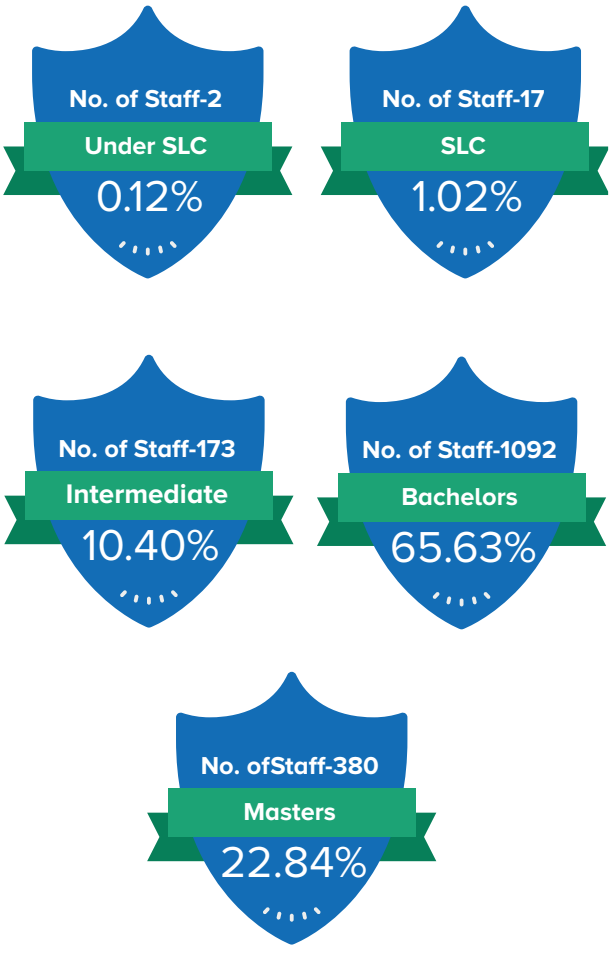
4 Branch 12 Employees 61

5 Branch 62 Employees 418

6 Branch 9 Employees 49

7 Branch 7 Employees 41

F) Employee Mix On The Basis Of Academic And Professional Educations



Particulars	No of Staff	%
Under SLC	2	0.12
SLC	17	1.02
Intermediate	173	10.40
Bachelors	1,092	65.63
Masters	380	22.84
Total	**1,664**	**100.00**

G) Employee Mix On The Basis Of Major Experience

18.50%
Banking-credit
No. of staff-308

75.72%
Banking-Operation
No. of Staff-1,260

1.86%
Accounts & Finance
No. of Staff-31

0.36%
Treasury
No. of Staff-6

0.54%
International Banking (Including Letter of Credit etc)
No. of Staff-9

3.02%
Support
No. of Staff-50

H) Employee Mix On The Basis Of Nature Of Employment

Particulars	No of Staff
Banking Credit	308
Operations	1,260
Accounts and Finance	31
Treasury	6
International Banking (Letter of Credit)	9
Microfinance Unit	50
Total	**1,664**



I) Employee Mix On The Basis Of Major Experience

Reconciliation of Staff movement during the year

No. of staff at the start of the year	**1,137**
Less:	
No. of Staff left during the year due to resignation	69
No. of Staff left during the year due to disciplinary actions	0
No. of Staff left during the year due to completion of service tenure	0
No. of Staff left due to other reasons during the year (like death, permanent disability)	2
Add:	
New Recruit during the year	75
Staff Addition during Merger & Acquisition during the year	523
No. of Staff at the end of the Year	**1,664**

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4.1 ECONOMIC INDICATORS AND OUTLOOK



Economic Growth Rate And Government Expenditures

Central Bureau of Statistics has estimated the Gross Domestic Product growth of 4.01 percent for 2020/21 compared to -2.09 percent growth in the previous year.

Gross domestic saving to GDP stands 6.60 percent in 2020/21 from 6.35 percent in the previous year. Ratio of gross fixed capital formation and gross national saving to GDP stands at 27.26 percent and 31.40 percent respectively in the review year as compared to 28.43 percent and 32.61 percent in the previous year.

The federal government has presented a budget of NPR 1647.57 Billion for the 2021/22, which is 38.61 percent of GDP. The share of current expenditure, capital expenditure and financing expenditure in the total budget is 41.2 percent, 22.7 percent and 12.6 percent respectively.

The province governments have presented total budget of NPR 386.72 Billion for 2021/22, which is 9.06 percent of GDP. In the previous year, province governments had presented total budget of NPR 264.21 Billion.

Share Market

NEPSE index increased by 111.64 percent to 2,883.4 points in mid-July 2021 from 1362.4 points in the corresponding period of the previous year. Stock market capitalization in mid-July 2021 stood at NPR 4,010.96 Billion compared to NPR 1,792.76 Billion in mid-July 2020. Market capitalization to GDP ratio increased from 47.6 percent in mid-July 2020 to 94.0 percent in mid-July 2021.

Consumer Price Inflation

The annual average consumer price inflation stood at 3.60 percent in 2020/21 compared to 6.15 percent in the previous year.

In the terms of ecological regions, the Kathmandu Valley witnessed annual average inflation at 3.33 percent followed by Terai region at 3.68 percent, Hilly region at 3.87 percent and Mountain Region at 2.87 percent in the review year. The inflation rate was 4.91 percent in the Mountain region, 5.10 percent in Hilly region, 6.29 percent in Terai region and 6.96 percent in Kathmandu valley in the previous year.

Wholesale price inflation

The y-o-y wholesale price inflation stood at 7.61 percent in 2020/21 compared to 6.87 percent a year ago.

Balance of Payment (Bop)

The current account remained at deficit of NPR 333.67 Billion in the review year compared to a deficit of 33.76 Billion in the previous year.

Similarly, the Overall BOP recorded surplus of NPR 1.23 Billion in the review year compared to a surplus of Rs.282.41 billion in the previous year.

In the review year, Nepal received capital transfer of NPR 15.26 Billion and Net Foreign Direct Investment (FDI) inflow of NPR 19.51 Billion. In the previous year, capital transfer and FDI inflows were NPR 14.21 Billion and NPR 19.48 Billion respectively.

Liquidity management

In the review year 2020/21, NPR 438.28 Billion liquidity was injected through open market operations. Under this provision, NRB injected liquidity of NPR 67.94 Billion from repo auction and NPR 370.34 Billion liquidity was availed through Standing Liquidity Facility (SLF).

In the review year, the NRB injected net liquidity of NPR 428.54 Billion through the net purchase of USD 3.62 Billion from foreign exchange market. Net liquidity of NPR 492.24 Billion was injected through the net purchase of USD 4.21 Billion in the previous year.

In the review year, the NRB mopped up NPR 303.29 Billion through open market operations. In the previous year, NPR 78 Billion liquidity was mopped up.

NRB purchased Indian currency (INR) equivalent to NPR 535.23 Billion through the sale of USD 4.54 Billion in the review year. INR equivalent to NPR 442.13 Billion was purchased through the sale of USD 3.82 Billion in the previous year.

Inter-bank transaction a standing liqiidity facility

In the review year, inter-bank transactions of commercial banks stood at NPR 1,782.96 Billion and those of other financial institutions (excluding transactions among commercial banks) amounted to NPR 213.62 Billion. Such transactions were NPR 1,501.45 Billion and NPR 129.40 Billion respectively in the previous year. In the review year, commercial banks and financial institutions used the Standing Liquidity Facility (SLF) of NPR 370.34 Billion.

Interest rates

The weighted average 91-day Treasury Bill rate increased to 4.55 percent in mid-July 2020/21 from 1.27 percent a year ago. The weighted average inter-bank transaction rate among commercial banks that was 0.35 percent a year ago, increased to 4.12 percent in the review period.

Weighted average interest rate spread between deposit and lending rates of commercial banks decreased to 3.78 percent in the review month from 4.10 percent a year ago. Likewise, the average base rate of commercial banks decreased to 6.86 percent in the review month from 8.50 percent a year ago.

Deposit Mobilization

Deposits at Banks and Financial Institutions (BFIs) increased by 21.40 percent in the review year compared to an increase of 18.70 percent in the previous year. The share of demand, saving, and fixed deposits in total deposits stands at 10.4 percent, 34.2 percent and 47.0 percent respectively in mid-July 2021. This was 10.0 percent, 31.90 percent and 48.6 percent in the previous year.

Loans and advances

Credit to the private sectors from BFIs increased by 27.30 percent in the review year compared to a growth of 12.0 percent in the previous year. In the review year, private sector credit from commercial banks increased by 27.80 percent whereas credit from development banks and finance companies increased by 30.5 percent and 6.3 percent respectively.

Indicators reflected the decrease in economic growth due to lockdown called by Government to encumber the spread of COVID 19.

Price of Oil and Gold in The International Market and Exchange Rate Movement

The price of oil (Brent Crude Oil) in the international market increased by 69.50 percent to USD 74.53 per barrel in mid-July 2021 from USD 43.96 per barrel a year ago. The price of gold increased by 1.10 percent

to USD 1,823.75 per ounce in mid-July, 2021, from USD 1,804.60 per ounce a year ago.

Nepalese currency vis-à-vis the US dollar appreciated by 1.1 percent in mid-July, 2021 from the level of mid- July 2020. It had depreciated 9.10 percent in the previous year. The buying exchange rate per US dollar stood at NPR 119.04 in mid-July, 2021 compared to NPR 120.37 in mid-July, 2020.

Review of Financial Market of The Country

As a result of the merger and acquisition drive, the total number of BFI licensed by NRB stands 133 in mid-July, 2021 from 155 a year ago. In mid-July, 2020, the total number of commercial banks stood at 27, development banks at 18, finance companies at 17, microfinance development banks at 70 and 1 infrastructure development bank. The total number of BFI's branches reached 10,683 in mid-July, 2021 from 9,765 a year ago. The number of BFIs involved in merger and acquisition has been increasing after the introduction of merger/ acquisition policy aimed at consolidating financial sector. 229 BFIs (including 'D' class) were involved in merger and acquisition since NRB introduced the regulatory procedure regarding merger and acquisition. Out of which, the license of 171 BFI was revoked thereby forming 58 BFIs.

International Market Review International Investment Position (IIP)

The International Investment Position (IIP) is the summary statement of Foreign Assets and Liabilities of a country. The IIP shows that foreign assets and liabilities of Nepal stood at NPR 1481.12 Billion and NPR 1395.04 Billion respectively in the mid-July 2020. Accordingly, the IIP remained in surplus by NPR 86.08 Billion as at mid- July, 2021. Such surplus was NPR 248.67 Billion in mid- July, 2020.

Export and Import Price Index

The annual average unit value export price index based on customs data increased by 5.3 percent, while import price index increased by 8.9 percent in the review year. Consequently, the Terms of Trade (TOT) index decreased by 3.4 percent compared to increase of 2.6 percent in the corresponding period of the previous year.

The export-import ratio increased to 9.2 percent in the review year. This implies the size of import is almost 9.2 times larger than the size of export in the review year. The export-import ratio was 8.2 percent in the previous year.

Workers' Remittances

The workers' remittance inflows increased by 9.8 percent to NPR 961.05 Billion in the review year compared to a decrease of 0.5 percent in the previous year. The net transfer receipt increased by 9.1 percent to NPR 1,071.35 Billion in the review year. Such receipt had decreased by 1.5 percent in the previous year.

The number of workers going abroad for foreign employment (except renew entry) has been falling. The number of Nepalese workers seeking foreign employment further fell by 62.8 percent in 2020/21 compared to a decline of 20.5 percent in the previous year.

4.2 DIRECTOR'S REPORT

Respected Shareholders,

On behalf of the Board of Directors, I would like to welcome all the shareholders for the fifteenth Annual General Meeting (AGM) of Citizens Bank International Limited. Taking this gracious opportunity, I would like to present for approval by the respected meeting; the Consolidated Statement of Financial Position of the Bank with its Subsidiaries, Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Cash Flows and other financial statements as on July 15, 2021 (Ashadh 31, 2078) of the FY 2020/21. Also, on behalf of the Board of Directors, I would like to present to the respected meeting, the major indicators of Banking sectors followed by a review of the Bank's performance in the last Fiscal Year and the future programs of the Bank

1. Financial And Banking Sector Indicators (FY 2020/21)

Gross Domestic Production:

As per the initial prediction of Central Bureau of Statistics, the Gross Domestic Product (GDP) is estimated to grow at 4.01 percent in the FY 2020/21. The GDP grew at -2.09 percent in the previous year. For the period under review, agricultural sector production increased by 2.64 percent, industrial sector by 5.05 percent and service sector production increased by 4.43 percent as compared to the increment of the previous year by 2.23 percent, -3.69 percent and -3.97 percent respectively. The share of industrial sector stands at 13.11 percent of total GDP whereas the share of service sector stands at 61.06 percent and the agriculture sector stands at 25.83 percent of total GDP. The number of Nepalese going for foreign employment on the basis of final labor approval has decreased by 62.8 percent in FY 2020/21 as compared to last year. Such number had decreased by 20.5 percent in the corresponding period of the previous year.

Interest Rates:

Compared to the previous fiscal year, the weighted average interest rate on 91-day treasury bills and the weighted average interest rate on interBank transactions has increased in FY 2020/21 The weighted average 91-day treasury bills rate has remained 4.55 percent in mid-June to mid-July 2021, which was 1.27 percent a year ago. The weighted average inter-bank

transaction rate among commercial banks, which was 0.35 percent a year ago, increased to 4.12 percent during mid-June to mid-July 2021. The average inter-bank rate of BFIs which is considered as an operating target of monetary policy, stood 4.14 percent in the review month (mid-June to mid-July) of 2021.

The average base rate of commercial banks decreased to 6.86 percent in the review month (mid- June to mid-July) of 2021 from 8.50 percent a year ago. Weighted average deposit rate and lending rate of commercial banks stood at 4.65 percent and 8.43 percent respectively in the review month. Such rates were 6.01 percent and 10.11 percent respectively a year ago

Deposit Mobilization:

Deposits in Banks and financial institutions increased by 21.4 percent during the review period. Such deposits had increased by 18.7 percent in the previous year. The share of current, savings and time deposits in the total deposits of Banks and financial institutions during the review year was 10.4 percent, 34.2 percent and 47.0 percent respectively. Such share was 10 percent, 31.9 percent and 48.6 percent respectively in the corresponding period of the previous year.

Credit Disbursement:

Loans to the private sector from Banks and financial institutions increased by 27.3 percent in FY 2020/21. Such loans had increased by 12.0 percent in the previous year. Amongst the disbursement of loans to private sector, credit from commercial Banks increased by 27.8 percent, credit from finance companies increased by 6.3 percent and credit from development Banks decreased by 30.5 percent.

In the review year 2020/21, credit to agriculture sector increased by 43.6 percent, credit to industrial manufacturing sector increased by 20.6 percent, credit to construction sector increased by 18.4 percent, credit to transport, communication and public services sector increased by 20.4 percent, credit to wholesale and retail trade sector increased by 26.2 percent and services sector increased by 20.9 percent.

In FY 2020/21, 66.1 percent of the total disbursed loans by Banks and financial institutions were secured against the collateral of land and building and 12.7 percent against the collateral of current assets. In the corresponding period of the previous year, the ratio of such collateral was 65.7 percent and 13.0 percent respectively.

During the review year, term loans from Banks increased by 29.7 per cent, overdraft loans by 29.8 per cent, trust receipts (import loans) by 48.7 per cent, demand and working capital loans by 25.4 per cent, real estate loans (including personal housing loans) by 15.8 per cent, margin nature loans increased by 110.8 percent and hire purchase loans decreased by 7.7 percent.

Regarding The Effects of Covid-19:

The Covid 19 pandemic has caused a humanitarian crisis as well as an economic crisis around the world. Covid 19 has affected the labour market and remittance inflows around the world. Due to the general decline in remittance inflows along with the return of workers from major foreign-employed countries, this has affected the resource mobilization of the Banking sector and the external sector balance.

The pandemic not only affected Tourism, Transportation, Entertainment and Banking industry, it has heavily affected Big and Medium sized Business along with cottage industries, micro industries/retail shops, and small industries. The negative impact of covid-19 on majority of economic sector has directly

impacted on the stability of Banking sector as well. The Covid 19 pandemic has had a major impact on the country's revenue mobilization and capital expenditure, as well as in credit disbursement of Banking sector.

To manage the impact of Covid 19 on the economy, monetary policy has been issued to emphasize economic recovery, maintain price and external sector stability and facilitate credit management and access to the most affected areas from Covid 19 to mobilize economic activities and create financial resources for entrepreneurship growth and employment.

2. Synopsis Of Financial Performance Of The Bank

The financial statements for the Fiscal Year 2020/21 have been prepared as per Nepal Financial Reporting Standard on the basis of the principle of generally accepted accounting policies. As per the review period and financial statements of the previous Fiscal Year 2018/19, the comparative financial position of this Bank is as under:

Ratios	FY 2020/21	FY 2019/20	Increase or (Decrease)
Capital Adequacy Ratio	13.70%	15.14%	-1.44%
Statement of Financial Position	**FY 2020/21**	**FY 2019/20**	**Increase Or (Decrease)**
Total Assets	168,329,050	110,550,682	52.26%
Deposits	143,003,413	92,185,132	55.13%
Loans & Advances	123,626,884	81,283,394	52.09%
Investment	22,797,515	12,104,974	88.33%
General Reserves	6,311,099	4,323,779	45.96%
Statement of profit or loss	**FY 2020/21**	**FY 2019/20**	**Increase or (Decrease)**
Net Interest Income	3,650,398	2,884,754	26.54%
Non- Operating Interest Income	1,527,379	1,133,368	34.76%
Operating Expenses	2,198,037	1,709,251	28.60%
Operating Profit	2,455,266	1,500,867	63.59%
Net Profit	1,804,341	1,198,505	50.55%

Capital structure:

At the end of FY 2019/20, the paid up capital of the Bank was NPR. 9,089,817,290. During the FY 2020/21, the Bank has acquired Tinau Mission Development Bank Ltd., a Class B Financial Institution and Srijana Finance Ltd., a Class C Financial Institution with a share swap ratio of 1:0.96 and 1:0.95 respectively by issuing share capital of NPR 1,845,038,240 and NPR 914,882,202 issued the bonus share amount of NPR 727,185,383 after which the capital of the Bank stood at NPR 12,576,923,115 at the end of FY 2020/21.

Capital Adequacy:

The capital adequacy ratio stood at 13.70 percent at the end of FY 2020/21 in comparison to 15.14 percent at the end of FY 2019/20.

Total Assets:

At the end of the Fiscal Year 2020/21, the total assets stood at NPR 168.33 billion which is an increment of 52.26 percent, in comparison to NPR 110.55 billion at the end of FY 2019/20.

Deposit Collection:

The total deposit collection of the Bank for the

FY 2020/21 stood at NPR 143.34 billion which has increased by 55.13 percent, in comparison to the previous year, where the total deposit collection was NPR 92.18 billion.

Out of the total deposits, deposits from the customers have reached to NPR 140.63 billion while the deposits from banks and financial institutions stood at NPR 2.63 billion. The Bank's deposits have increased by NPR 17.86 billion and NPR 8.57 billion respectively after the acquisition of Tinau Mission Development Bank Ltd and Srijana Finance Limited. In Bank's total deposit, Fixed Deposit acounted for 54.97 percent, saving deposit accounted for 30.45 percent, call deposit accounted for 9.14 percent current deposit accounted for 4.94 percent and remaining as other deposits.

Loans And Advances:

In FY 2019/20, the Bank has disbursed loans and advances of NPR 81.28 billion which is increased by 52.09 percent to NPR 123.62 billion in FY 2020/21 out of which NPR 120.34 billion has been disbursed to customers while NPR 3.27 billion has been disbursed to Banks and financial institutions. Loans and advances of the Bank has increased by NPR 15.25 billion and NPR 7.15 billion respectively after the acquisition of Tinau Mission Development Bank Limited and Srijana Finance Limited during the FY 2020/21. Out of the total loan disbursement in FY 2020/21, 4.40 percent was in real estate sector, 6.23 percent in housing sector, 4.54 percent in margin lending, 13.43 percent in overdraft loan and 71.41 percent in other loans. Out of the total credit investment made in the FY 2020/21, the Bank has invested 35.52 percent in the priority sector, of which 13.62 percent has been invested in the agriculture sector. By mid-July of FY 2020/21, the Bank has approved a total limit of NPR 19.45 billion from which it has contributed to the development of hydropower sector by disbursing NPR 7.19 billion. The Bank has invested in various hydropower projects with a capacity of about 487.741 MW. Similarly, the Bank has disbursed a total of 6,149 numbers of small and medium enterprises loans in FY 2020/21 totaling of NPR 19.68 billion while the total loan disbursed under the agro based fast track loans was 10,489 in numbers totaling to NPR 5.57 billion.

In addition, the Bank has adopted the policy of One Zone One Product with the objective of further contributing to the agri business. As per the policy, the Bank has invested a total of NPR 12.40 billion in 1,564 projects of agricultural sector. Similarly, a total of NPR 4.33 billion Loan has been disbursed to 3,081 customers from different sectors under the Procedure of "Interest Subsidy for Concessional Loans, 2076" issued by Nepal Rastra Bank in FY 2020/21.

Total Investment:

By mid-July of FY 2020/21, the Bank has invested total of NPR 22.78 billion in various sectors. Out of the total investment, NPR 20.91 billion which amounts to 91.76 percent of the total investment has been invested in Treasury bill and development bond issued by Nepal government while NPR 1.98 billion which is 4.82 percent of the total investment has been invested in equity shares of various organized institution. Similarly, NPR 167.24 million and NPR 16.00 million has been invested in subsidiary and associates companies respectively.

Net Interest Income:

In FY 2019/20, the net interest income of the Bank was NPR 2.88 billion; Whereas in FY 2020/21, it increased by 26.54 percent to NPR. 3.65 billion.

Non- Interest Income:

In FY 2019/20, the non-interest income of the Bank was NPR 1.13 billion whereas; it increased by 34.76 percent to NPR 1.52 billion in 2020/21

Operating Expenses:

In FY 2019/20, the total operating expenses of the Bank was NPR 1.70 billion which in FY 2020/21 increased by 28.60 percent to NPR 2.19 billion due to expenses related to branch network growth such as house rent, security expenses, and connectivity expenses, among others

Operating Profit:

In FY 2019/20, the operating profit of the Bank was NPR 1.50 billion which in FY 2020/21 increased by 63.59 percent to NPR 2.45 billion

Net Profit:

In FY 2019/20, the net profit of the Bank was NPR. 1.19 billion. Whereas, in FY 2020/21, the net profit of the Bank increased by 50.55 percent to NPR 1.80 in comparison to previous year. Despite of adverse effects of COVID-19 on the world and the country's economy, the challenges brought in the operation of the Bank and Financial Institutions; Bank is able to increase the profitability significantly in 2020/21.

3. Synopsis Of Financial Performance of Subsidiary Company: CBIL Capital Limited

The Bank has invested 58.60% in the subsidiary company CBIL Capital Limited i.e. a total NPR 117,204,000 out of total capital of NPR 200 million. The main objectives of the company is to provide merchant banking services, portfolio management services, services relating to management of mutual funds, share registration services, etc. In FY 2020/21, CBIL Capital Limited's net profit stood at NPR. 57,251,000.

Similarly, the Bank has invested NPR 300 million (NPR 150 million each) in Citizens Mutual Fund 1 and Citizens Mutual Fund 2 managed by CBIL Capital Limited and promoted by Citizens Bank International Limited. In FY 2020/21, both of the schemes operated under Citizens Mutual Fund (Citizens Mutual Fund 1 and Citizens Mutual Fund 2) has distributed 40 percent each cash dividend to unit holders.

4. Synopsis of Financial Performance of Subsidiary Company:

Cbil Securities Limited

The Bank has invested NPR 50 million which is 100 percent in subsidiary company, CBIL Securities Limited. The main objective of the company is to provide services for buying and selling securities, and services to depository members, etc. CBIL Securities Limited is currently in the process of seeking approval from the Nepal Stock Exchange Limited to start operations. In FY 2020/21, the net profit of CBIL Securities Limited was NPR. 3,031,000.

5. Branch Network Expansion

In compliance with Unified Directives issued by Nepal Rastra Bank and with a policy of expanding the business of the Bank; the Bank has opened 4 branches during the FY 2020/21. The Bank has established Lahan branch in Lahan Municipality of Siraha District and Garuda branch in Garuda Municipality of Rautahat District in Province 2; Tulsipur Branch in Tulsipur Metropolitan city of of Dang in Lumbini province and Gamgadhi branch in Chhayanath Rara Municipality of Mugu District in Karnali province. With the acquisition of Tinau Mission Development Bank Limited, additional 58 branches have been added in the network of the Bank where 5 branches are added in Bagmati Province, 5 branches in Gandaki Province and 48 branches in Lumbini province. Further, with acquisition of Srijana Finance Ltd. additional 21 branches have been added in the network of the Bank where 14 branches are in Province 1 and 7 branches are in Province 2. The total number of branches has reached 189 with the addition of these 58 branches from Tinau Mission Development Bank Limited

and 21 Branches from Srijana Finance Limited along with the existing branches of the Bank

6. Information Technology

The Bank has been providing mobile Banking services, internet Banking, ABBS etc. based on information technology as per the desire of the customers. The Bank has been providing services to the customers from the viewpoint of timely improvement and development in information technology by using FINACLE Core Banking Software. The Bank has ensured the prompt continuity of the business by further strengthening and consolidating the existing Disaster Recovery Site, in case of disasters In addition, customers have been provided the facility to apply for loan, open an account and update KYC through the Bank's website. In the coming days, the Bank has taken the policy of implementing the latest developments in the field of information technology as per the need of the customers.

7. Digital Banking

The Bank has been providing ATM and POS services keeping in view of convenience of the customers. In this regard, the Bank has connected 24 more ATMs and 147 new units of POS during the FY 2020/21. Additional 15 and 9 ATMs have been added after the acquisition of Tinau Mission Development Bank Limited and Srijana Finance Limited respectively. With this, the total number of ATM has reached 123 and the total number of POS has reached 463. This year, Bank has launched Visa Contactless Card service. This card service is based on the Near Field Communication (NFC) hence; it can be used on NFC or TAP and PAY service providing POS machines. With the introduction of such digital products, Bank believes that customers would get convenient service.

With an aim to provide digital service to its customers, Bank has been providing Mobile Banking and Internet Banking Service. At the end of 2020/21, mobile Banking users have reached to 357,020 while Internet Banking users have reached to 26,760.

Bank is planning to upgrade its mobile Banking service in Bank XP (Omni Channel) in this fiscal year. With addition of this service, customers can now operate their mobile Banking from both their mobile and web portal of the Bank. Bank believes that with this service customers can access many of their Banking services without visiting branch.

8. Remittance transaction

During the FY 2020/21, the Bank has catered to total inward remittance of USD 18.58 million, earning an income of NPR 26.87 million. In the process of making remittance transactions more effective, the Bank has been expanding remittance transactions by entering into agreements with various remittance companies both inside and outside of the country. In this process, the Bank has entered into additional remittance agreements with UPT Money Transfer-Turkey, UNO Money Transfer-USA, Hamro Remit-Australia and Esewa Money Transfer - Nepal. The agreement made with these agents has helped the customers of the Bank to collect funds sent from different countries of the world; through a widespread network of all the branches of the Bank and through more than ten thousand subsidiary representatives located all across the country. Hence, in the coming days, along with making the remittance business highly profitable, the Bank has aimed to expand and grow the remittance business by entering into agreement with more number of potential exchange companies located at different countries of the world.

9. Expansion of Other Banking Facility

During the FY 2020/21, the Bank has expanded its branchless Banking services in Panchami Bazar Chisopani and Bhalutar Bazar of Ilam

District, Chovar of Kathmandu District, Lalpatta of Udaypur District, Taranga of Surkhet, and Kalimati Bazar of Jajarkot District after getting the approval from Nepal Rastra Bank. So far, the Bank has been providing branchless Banking services from 110 branchless Banking units. The Bank has been providing useful services such as deposit collection, payment, fund transfer, payment of mobile phones bills and other services through its BLB networks.

Similarly, as per the agreement between the Bank and the National Reconstruction Authority relating to the distribution of subsidy for reconstruction of personal homes destroyed by the powerful earthquake, the Bank has been distributing the subsidy amount through its 10 branches (Manahari, Charikot, Beni, Hetauda, Bhojpur, Hariharpurgadhi, Kirtipur, Thapathali, Sindhuli and Banepa) located in earthquake affected areas in 7 districts i.e. Dolakha, Kavre, Makwanpur, Bhojpur, Myagdi, Kathmandu and Sindhuli. Hence, with an aim to assist Nepal Government for the distribution of subsidy for earthquake victims, the Bank has provided subsidy amount to 11,596 beneficiaries in several installments.

10. Corporate Governance and Compliance

Complying with the Unified Directive issued by Nepal Rastra Bank and assimilating with aim of sustainable development goals of Nepal, the Bank has been conducting various programs under its Corporate Social Responsibility Program since its inception to bring positive changes in the social, economic, cultural, educational field and amongst others. Continuing with the same zeal, during the FY 2020/21, the Bank has provided NPR 16.0 million for health, NPR 0.7 million for culture preservation, NPR 1.51 million for social development, NPR 0.565 million for financial awareness and NPR 0.050 million for education totaling of NPR 17.425 million to various organizations.

11. Human Resource

The Bank has formed a Recruitment Committee under the coordination of Deputy Chief Executive Officer, with Chief Credit Officer, Chief Operating Officer as members and Head Human Resource Department as member secretary.

By the end of FY 2020/21, the Bank has a total workforce of 1,664 staffs. A total of 598 new staffs were hired/appointed, whereas a total of 71 staffs resigned from the Bank's service during the review period. Out of the total staffs, 720 are female i.e. 43.27 percent of the total workforce.

With the aim of achieving the business goals by providing excellent and speedy Banking services to the customers, the Bank has strived to increase the efficiency of its manpower, by providing training programs to almost all of its staffs, in the topics related to Credit Risk Analysis, Cash/Teller and Negotiable Instruments, Operation Risk Management, AML/CFT, sales strategies, Compliance function in Banks, Cyber threat for Payment Industries, Environmental and Social Risk Management for Financial Institutions, Attacking and Defending Active Director-Advance Edition Bootcamp, HR Analytics, Management of Large Branches in Metro and Urban areas, Developing Internal Sales Culture for Banking Products and Services from the experts inside and outside of the country.

Also, 7 staffs have been enrolled under the Omega Certification Course and 493 staffs are provided AML Certification Course. The Bank has spent a total of NPR 6.279 million for enhancing the efficiency of human resource. In addition, the Bank has taken the policy of providing maximum necessary trainings in the coming year through online in the current scenario of Covid-19.

12. Contribution To The Government Exchequer

During the FY 2020/21, the Bank has deposited NPR 1.48 billion with Inland Revenue Office that comprises of NPR 689.41 million as Tax Deducted at Source against various payments made by the Bank and NPR 800 million as Advance Income Tax of the Bank.

13. Internal Control System

The Bank has adopted the policy of implementing a strong internal control system in order to cater to the credit risks, market risks, operational risks and other risks inherent in the Banking business. In relation to this, the Bank has formulated and implemented necessary rules, regulations and policies in every area of Banking transactions. The Bank has also constituted an independent Internal Audit Department governed by the BOD's Audit Committee, which is involved in reviewing whether the Banking operational works and procedures have been conducted complying with existing laws. Bank has entered into an agreement with M.R. Associates Chartered Accountants for providing Internal Audit Department service.

Similarly, the Bank has formulated Risk Management Committee that is accountable to the Board of Directors, the members of which are involved in the regular supervision of risks relating to Banking transaction and providing appropriate suggestions to the Board of Directors. The Committee has been effectively working on the same. Likewise, separate Credit Risk Department has also been constituted for minimizing credit risks. Similarly, for analysis of compliance of the Bank as a whole, determining the level of risk of all the customers of the Bank and for monitoring and resolving any weakness observed while complying to given standards, Anti-Money Laundering Committee has been formed in the Bank.

In addition, internal policies, rules and guidelines have been issued and implemented to manage the operations related to various departments. Different committees of the Bank are operational, including Executive Committee comprising executive team who are involved in effective and timely decision making process at management levels; Asset Liability Management Committee (ALCO) comprising managerial level members who are involved in managing balance sheet based on risk and return analysis and managing the interest risk and liquidity risk of the Bank strategically; IT Steering Committee comprising members who are involved in the development and timely up-gradation of information and technology systems required for daily works, investments, operations and strategic planning; Operational Risk Management Committee comprising of members under Chief Risk Officer, who are involved in establishing inter-departmental coordination and conducting timely investigation of the day-to-day operations of the Bank for minimizing the operational risk and Purchase Committee comprising of members who are involved in calling bidders for arrangement of logistics required for daily operations of Bank and making recommendations to the Chief Executive Officer for the purchase of logistics and others.

14. Corporate Governance and Compliance

Maintaining a higher level of Corporate Governance has always been of great importance for the Bank. The Bank has its own objectives, policies, internal control system, and code of conduct of employees placed for an effective implementation of the Corporate Governance. Codes of conduct of directors and employees have been planned and implemented by the Bank. The Bank has always remained active in strengthening the Corporate Governance by maintaining transparency in the functions of BOD and other members. Furthermore, the Bank has been complying with all the policies and directives

issued by NRB and other related authorities issued on regular basis and shall strive to comply in the coming days as well.

15. Changes In Board Of Directors And Its Reasons

During the review period, Mr. Anil Gyawali has been appointed as Independent Director from 362nd meeting of Board of Directors with effective from (15th June, 2021) after acceptance of voluntary resignation of Mr. Sudesh Khaling Rai, existing Independent Director on March 22, 2021

16. Changes In Management And Its Reasons

Mr. Bodh Raj Devkota, Deputy Chief Executive Officer on March 12, 2021 and Mrs. Umang Sharma, Assistant Chief Executive Officer of the Bank on May 16, 2021 has voluntarily resigned from the service of the Bank. Further, Mr. Sumit Babu Khatri has been appointed as the officiating Deputy Chief Executive Officer from July 16, 2021.

17. Other Commitees

As per the provision of Unified Directives and Section 26 and Section 27 of the Bank and Financial Institutions Act, 2017; the Board of Directors on its accountability has formed Audit Committee, Risk Management Committee, Human Resource Compensation Committee and Anti- Money Laundering Committee.
Likewise, the Bank has formed Merger and Acquisition Committee, Digital Transformation Committee, Budget Committee, Land and Building Purchase Committee, and Policy Review Committee as per Section 26 of Bank and Financial Institutions Act, 2017 and Unified Directive No 06/077(7)(1)(b) issued by Nepal Rastra Bank. Land and Building Purchase Committee and Budget Committee have been dismissed.

Audit Committee:

The committee comprised of Mrs. Sita Karki- Director as coordinator, Mr. Sajan Sharma - Director as member and Head of Internal Audit Department as Member. The committee gives necessary directions to the management after having thorough discussions on the assessment of the Bank's financial status, internal control system, audit program and findings.

During the FY 2020/21, meeting of the Audit Committee was held 15 times and total meeting allowance of NPR 330,000 has been paid. In the meeting, the Committee reviewed the Bank's entire financial condition, internal controls, audit plan and observations and comments pointed out in the audit report presented by both the internal and external auditor, directed the management to take the corrective actions, reviewed the implementation of the comments mentioned in the audit report of NRB, whereby the issues were also recorded and informed to the Board of Directors, supported the management for the preparation of a true and fair Annual Financial Statement of the Bank, reviewed adherence to the regularity, economy, relevance, effectiveness in the Bank's operations and provided necessary suggestions to the Board of Directors. The committee also reviewed the Quarterly Financial Statements of the Bank and reported it to the Board of Directors.

Risk Management Committee:

The committee comprised of Mr. Prakash Chandra Mainali - Director as coordinator, Mr. Prabal Jung Pandey- Director, Chief Operating Officer as members and Chief of Risk Officer as Member Secretary.

During the FY 2020/21, the meeting of the Risk Management Committee was held for 8 times and total meeting allowance of NPR 264,000 has been paid. The Committee has been involved in tracing all forms of risks that might affect the performance of the Bank. Committee

is mainly focused in the management of risk in terms of Credit, Market, Operations, Liquidity, Compliance, IT and other risks. In relation to risk management, the Committee has been providing special attention in minimizing risk relating to credit risks, market risks, operational risks, liquidity risks, compliance risks, IT risks and other risks. The Bank has a separate credit risk unit for credit risk management which falls under Risk Management Committee of the Bank.

Various reports are discussed in the Risk Management Committee, including quarterly ICAAP report and extensive analysis and discussion on ALCO Minutes. Detailed discussions on the risk-taking capacity of the bank, analysis of existing conditions of compliance and periodic revision and alterations in various policies and procedures are held under the Committee. Detailed analysis and discussions were held in the Committee with the reports submitted to the Committee relating to Delegation of Authority, Level of Operation In-Charge, Monetary Policy, NRB Inspection, HHI Measures for Concentration Risk, Quarterly AML/CFT report, Credit Portfolio Analysis, Interest Spread and Yield, Incident Reporting and Standard Procedure of Risk Register, Internet Banking Penetration Testing, IT Network Attack Log (FIREWALL), Vulnerability Assessment (VA) of Active Directory of Citizens Bank International Ltd., Vulnerability Assessment of Fone-Loan System, Geo-Location CHINA Block in the Firewall, HR, Inventory and fixed assets web Application Vulnerability Assessment.

Human Resource Compensation Committee:

The Human Resource Compensation Committee has been formed comprising of Mr Bijay Dhoj Karki - Director as coordinator, Mr. Anil Gyawali - Director as member, Chief Executive Officer and Chief Finance Officer as members and the Head of Human Resource Department as Member Secretary. Earlier, it comprised of Mr Bijay Dhoj Karki –Director as coordinator, Sudesh Khaling Rai –Director, CEO and CFO as member and Head of Human Resource Department as Member Secretary till March 22, 2021. The function duties and power of the Committee have been defined as per NRB Directives.

During the FY 2020/21, the meeting of the Committee was held 7 times and total meeting allowance of NPR 121,000 has been paid. The Committee has reviewed the employee service facilities and implemented the revised Human Resource Management Policy.

The Committee has also recommended for revising the organizational structure with effective from 16th July, 2021 and the staff requirements for FY 2020/21. Similarly, the committee has reviewed and amended various facilities of the employees. Further, it has reviewed the various facilities of employees and made amendment in vehicle facility and structure of recruitment committee. Similarly, it has also approved “Guidelines for Board of Directors” and “Employee Training and Capacity Development Guidelines” along with review amendment in the residential facility provided to the Branch Managers and Province Managers.

Anti Money Laundering Committee:

The Anti-Money Laundering Committee has been formed comprising of Mr Sajan Sharma - Director as coordinator, Mrs. Sita Karki (K.C) - Director as member, Chief Risk Officer- as member and Head of Anti Money Laundering Department as member secretary. The function duties and power of the Committee have been defined as per NRB Directive.

A total of 5 meetings were held of the Anti-Money Laundering Committee during the FY 2020/21 and total meeting allowance of NPR 110,000 has been paid. The Committee

analyses the overall status of compliance of the Bank, assess the risk level of all its customers, provided appropriate direction to management to properly monitor and resolve weaknesses observed relating to AML/CFT compliance issues and held regular discussions relating to the quarterly AML/CFT compliance report.

Merger And Acquisition Sub Committee:

Abiding with the provision of section 5 (3 kha) and rules and regulations of Merger and Acquisition Bylaws 2073 issued by Nepal Rastra Bank, the Bank has formed Merger and Acquisition Committee in coordination with Non-Executive Director. The committee comprises of Mr. Prabal Jung Pandey as coordinator, along with Directors Mr. Bijay Dhoj Karki and Mr. Prakash Chandra Mainali as members and Chief Executive Officer - Mr. Ganesh Raj Pokharel as a member secretary of the Committee.

The meeting of the Merger and Acquisition Committee was held for 15 times during the FY 2020/21 and total meeting allowance of NPR 374,000 has been paid. The committee had completed the task relating to identification of suitable Banks and financial institutions for mergers and acquisitions and after preparation of strategic plan for merger and acquisitions of the Bank, started joint operation with “B” class, Tinau Mission Development Bank Ltd from March 27, 2021 and “C” class Srijana Finance from July 10, 2021 after their acquisition.

Digital Tranformation Sub Committee:

As per the NRB Directives 6/077-Directive no. 7 (kha) related to corporate governance issued by Nepal Rastra Bank, the Bank formed Digital Transformation Committee in coordination with Director Mr Sajan Sharma along with Director Mr Anil Gyawali as member, Assistant Chief Executive Officer as member and Cheif Information Technology Officer as member secretary for the period of 6 months from the date of first committee meeting. After completion of tenure, additional 6 months was added and committee revived on coordination of Mr. Sajan Sharma, Director.

The meeting of the Digital Transformation Committee was held for 5 times during the FY 2020/21 and total meeting allowance of NPR 99,000 has been paid. The committee had completed the task of identifying short-term and long-term goals of the Bank for the purpose of digital conversion. The committee has processed forward implementation of SIEM for making electronic transactions more secure and Call Center for effectively handling customers’ queries. Further, the committee planned to manage risk related to online transactions such as term account renewal, credit account details, green pin, chat bot ,fast track account opening and with suggestion obtained through customer and implement and transform banking servi ces to modern digital technologies.

Budget Sub Committee:

Bank has formed Budget Sub Committee in coordination with Director Mr Prabal Jung Pandey along with Director Mr Sajan Sharma as member, Chief Executive Officer as member secretary and Mr. Manohar Das Mool as Advisor.

The meeting of Budget Sub Committee was held 2 times during FY 2020/21 and total meeting allowance of NPR 66,000 has been paid. The committee has recommended Budget, Programs and Policies for approval to Board of Directors for FY 2020/21. Due to completion of Term of Reference (TOR) of this committee, it has been dissolved now.

Land And Building Purchase Sub Committee:

The Land and Building Purchase Sub Committee has been formed comprising of Mr Prakash Chandra Mainali - Director as coordinator, Mr.

Sajan Sharma - Director as member, Deputy Chief Executive Officer as Member Secretary. The committee recommends to Board of Directors in case the Bank needs to purchase the land and buildings.

The meeting of Land and Building Purchase Sub Committee was held 1 time during FY 2020/21 and total meeting allowance of NPR 22,000 has been paid. This committee has been dissolved as per the board meeting no. 358 dated March 22, 2021.

Policy Review Sub Committee:

The Policy Review Sub Committee has been formed comprising of Mr Sudesh Khaling Rai –Director as coordinator, Mr. Prabal Jung Pandey –Director as member and Chief Operating Officer as Member, Chief Risk Officer as Member and Head of Legal Department as Member Secretary till March 22, 2021. After that, the committee has been reformed comprising of Mr Anil Gyawali - Director as coordinator, Mr. Prabal Jung Pandey - Director and Chief Operating Officer as Member and Chief Risk Officer as Member Secretary. The committee analyzes all the policies of the bank and provides suggestions to Board of Directors if any improvements or amendments are required in the policies.
The meeting of Policy Review Sub Committee was held 4 times during FY 2020/21 and total meeting allowance of NPR 88,000 has been paid. The committee has approved the TOR presented after necessary discussion on it. Similarly, the committee has reviewed the policies related to credit such as Credit Policy Guideline, Assets Writing Strategy, Internal Risk Grading Procedure, Risk Based Pricing Policy, Credit Application Completion Guideline, Credit Risk Assessment Guideline, Credit Recovery and Risk Management. Similarly, Treasury Department and Human Resource Department related policies such as Asset Liability Management Policy, Market Risk Management Policy, Liquidity Risk Management Policy, Interest Rate Risk Management Policy, Contingency Funding Plan and Human Resource Management Policy are also reviewed by the committee.

18. Major Factors Affecting Banking Transaction

The major risks that might affect the business of the Bank are listed below:

a. Risks of regular operation of Bank and security and well-being of employees due to prevailing pandemic COVID-19.

b. Risks due to change in economic conditions of the country.

c. Potential risks arising due to change in Economic, Monetary and Financial policy of the country.

d. Potential risks arising due to change in policies by Nepal Government and NRB, relating to commercial banks.

e. Risks due to change in exchange rate during foreign exchange transactions.

f. Risks due to change in interest rate on deposit and credit caused due to fluctuations in liquidity and risks arising on business expansions due to shortage of investable funds.

g. Risks caused due to the shrink in the scope of deposit collection, investment and loans and advances of the Bank.

h. Risks due to untimely recovery of loans.

i. Potential risks arising in providing non-funded services such as letter of credit and bank guarantee.

j. Economical risks arising due to potential impacts in the Nepalese market caused due to recession in foreign market.

k. Risks due to fluctuations in capital markets.

l. Lack of alternative investment sector.

m. Risks arising out of negative impacts created in our economic system caused due to fluctuations in remittance income.

n. Effects due to political instability in the country.

o. Effects due to vigorous competition in the banking industry.

p. Risk due to unavailability of centralized data and sufficient technology in order to stop Money Laundering.

q. The challenge of consistently providing high return on investment when the source of income has narrowed down maintaining capital related requirements.

r. Development of Information technology and its operational risk and challenges.

19. Regarding The Effects Of Covid-19

The global outbreak of the Covid 19 pandemic has led to a decline in Banking business, non-payment of loans and interest on time, and a decline in the country's economic activity, which is expected to have a further impact in the days to come. In such a scenario, it is challenging to manage the risks of impact on the Bank's total income, increase in non-performing loans and keeping the interest spread rate intact, as well as the risk emanating out of adverse impact on the country's economy due to the Covid 19 pandemic.

Lack of investor morale, low government development expenditure, etc. are the major external problems due to Covid 19 disease. In the wake of such problems, the task of sustainably expanding the Bank's business while maintaining the quality of assets and giving a maximum return to investors is challenging.

As per the NRB direction, Loan Loss Provision for pass category loan has been maintained at 1.3 percent from 1 percent due to adverse impact of Pandemic Covid-19 on quality of Banking assets,

20. Appointment Of Auditor

The 14th Annual General Meeting of the Bank had appointed M/S K.K. Budhathoki & Associates, Chartered Accountants, for auditing books of account for FY 2020/21 and the audit has been completed by the firm. The appointment of auditor for the FY 2020/21 shall be done as per recommendation of Audit Committee.

21. Future Plans and Programs

The future plans and programs of the Bank are as under:

- In order to reduce the average interest rate on deposits, the Bank plans to introduce and mobilize new deposit schemes and increase individual deposit base subsequently decreasing the dependency on institutional deposits.
- Taking merger and acquisition as a strategic plan to increase branch network, increase individual deposits and increase the overall business of the Bank.
- Increase Non-Fund Based Transactions to increase Non-Fund Based Incomes.
- Improve the quality of the loans & advances and increase the investment in Agriculture, Energy, Tourism and Cottage and Small Scale Industries, while expanding loan portfolios.
- Further strengthening the Internal Control System and compliance of the Bank.
- Enhancement of branding and increment of business of the Bank through advertisements and business promotion programs.
- Organize more programs under Corporate Social Responsibility to show the Bank as a responsible institution towards society and hence, enhance the brand of the Bank.
- Conduct Research and Analysis to identify new areas for expansion of the business of the Bank and manage foreign exchange market and fluctuation in interest rate in a more effective way, to have a positive impact on profit of the Bank.
- Provide regular training for employees to improve their skills and attain overall development of human resources.
- Further strengthen the Corporate Governance

of the Bank.

- Further enhance the risk management system of the Bank.
- Special attention in increasing the size of transaction of Subsidiary companies of the Bank.
- Special attention in increasing loans and advances in productive sector. For this, areas having business prospects shall be prioritized for expansion of branch networks of the Bank.
- Implementation of latest technologies in digital Banking platform as deemed appropriate, keeping in mind the increased risk exhibited by such platforms.
- Implementation of latest technologies developed in the field of digital Banking as per the need considering the increasing risk aspect in this sector.

22. Audit, Statement of Financial Position and Other Statement

The Consolidated Statement of Financial Position as on July 15, 2021, Consolidated Statement of Profit or Loss for FY 2020/21, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Cash Flows, related Schedules and Auditor's Report of the Bank and its subsidiaries have been included as part of this annual report.

Distributable Profit

In the Fiscal Year 2020/21, the Bank has earned Net profit of NPR 1,804.34 million out of which, 20 percent of the Net Profit i.e. 20 percent of NPR 1,804.34 Million, amounting to NPR 360.86 Million has been transferred to General Reserve Fund, in line with Section 44 of the Bank and Financial Institutions Act (BAFIA), 2017. Similarly, in line with the Section 45 of BAFIA, 2017; the Bank has transferred NPR 16.05 Million to Exchange Fluctuation Fund. As per the Unified Directives of NRB, the Bank has separated 1 percent of total Net profit i.e. NPR 18.04 Million in the Corporate Social Responsibility Fund and the amount spent under corporate social responsibility amounting NPR 16.63 Million during the given year has been returned to distributable profit from the same reserve. Also, the Bank has separated NPR 277.77 Million in Debenture Redemption Reserve for payment of bonds issued by the Bank. Similarly 8.5% Citizens Bank Debenture has been matured and NPR 500 Million has been transferred to Capital Reserve from Debenture Redemption Reserve after returning the debenture.

In addition, as per the Unified Directive of Nepal Rastra Bank, the amount of NPR 135.34 million has been transferred from Regulatory Reserve to Retained Earnings for the regulatory reserve created on the amount of interest accrued but not realised up to previous year after deducting the amount of staff bonus and income tax on such amount. Similarly, regulatory reserve has been reversed by the amount of NPR 34.26 million for the sale of Non-Banking Assets. Likewise, Regulatory Reserve has been reserved for the Actuary income amounting NPR 16.02 million. Further, Regulatory Reserve has been created for the unrealized Bargain Purchase Gain of NPR 31.99 million. NPR 76.87 million and NPR 48.15 million created from swap ratio difference from acquisition of Tinau Mission Development Bank Ltd and Srijana Finance Ltd. respectively has been added in Capital Reserve Fund.

The Bank has proposed to distribute cash and bonus dividend for the FY 2020/21 from the total distributable amount of NPR 2.47 billion. Such total distributable amount of NPR 2.47 billion comprises remaining retained earnings of NPR 117.91 million of previous years, Capital Reserve Fund of NPR 125.02 million created from acquisition of Tinau Mission Development Bank Ltd. and Srijana Finance Ltd., NPR 50 million transferred from Debenture Redemption Reserve after maturity of 8.5% Citizens Bank Debenture and current fiscal year distributable profits of NPR 1,304.87million.

23. Other Details Required By Sec 109 (4) Of The Companies Act, 2006 Have Been Included In Schedule "A" Of This Annual Report

24. The Details Required By Rule 26(2) Of Securities Registration And Issue Regulations, 2017 Has Been Included In Schedule "B" Of This Annual Report

Note of Thanks

On behalf of the Board of Directors of the Bank, I would like to express my gratitude to all the shareholders, customers, institutions related with Nepal Government and Nepal Rastra Bank for their valuable assistance in meeting the objectives of the Bank. I would also like to thank the Chief Executive Officer, all the officers and employees of the Bank and stakeholders for their valuable contribution towards the progressive development and upliftment of the Bank. Also, I am deeply grateful to the media who have been relaying all the activities of the Bank to the public in a positive way. Finally, I would like to thank all the well-wishers who have supported the Bank directly and indirectly.

On behalf of the Board of Directors

Mr. Rajan Singh Bhandari
Chairman

4.3 COMPLIANCE STATEMENT OF APPLICABLE REPORTING AND DIRECTOR'S RESPONSIBILITY FOR ANNUAL REPORTS



Compliance Statement

The Board and all other staffs of the Bank including its branches endeavor to ensure objectivity and transparency to maintain the Bank's culture and business strategy. The accepted principles of ethical and professional conduct are duly maintained at all levels and within all the activities of the Bank.

Along with customers' satisfaction as our core concern, the Bank is committed to meet statutory and regulatory obligations. The Bank complies with Generally Accepted Accounting Principles, Nepal Financial Reporting Standards, Directives issued by Nepal Rastra Bank, Companies Act, National Legislation, Regulations issued by local authorities, guidelines issued and other prevalent laws and regulations. The Bank has depicted compliance with the same through core values and standards, high standards of integrity, governance and risks management frameworks and control works.

Director's Responsibility In Respect Of Annual Report And Financial Statements

The statement of director's responsibility should be read simultaneously with the auditor's statement of their responsibilities set out in Auditor's Report to shareholders, which provides the share holders aprecise view to distinguish the respective responsibilities of the directors and of the auditorin relation to the financial statements.

The directors are primarily responsible for the preparation of the Annual Report comprising the financial statements of the Bank, inaccordance with applicable laws and regulations. Section 108 along with Section 109 of the Companies Act, 2006 explains the responsibility of Board of Directors for the preparation of Annual Reports.

In the preparation of the financial statements, the directors undertake the responsibility of following arrangements:

- Select suitable accounting policies and then apply them consistently,
- Make reasonable judgements and estimates where necessary,
- State that financial statements comply with the Nepal Financial Reporting Standards, Directives and circulars issued by Nepal Rastra Bank, the Companies Act, other National Legislation, regulation issued by local authorities, guidelines issued and other prevalent laws and regulations, and
- Prepare the financial statements on the going concern basis with the satisfaction that the Bank has there sources to continue the business for the foresee able future; unless it is not appropriate.

The directors are responsible for keeping proper books of account, which discloses the financial position of the Bank with reasonable accuracy at anytime. Also, the directors ensure that financial statements comply with the Companies Act, 2006. Reasonable steps are taken for the prevention and detection of the fraud and other irregularities in safe guarding the assets. The responsibility for the maintenance and integrity of the corporate and financial information included on the Bank's websites also lies with the directors.

On behalf of the Board of Directors

Mr. Rajan Singh Bhandari

Chairman

4.4 ACTIVITIES OF AUDIT COMMITTEE



Audit Committee has been constituted under the chairmanship of a non-executive director. The Committee of the Board was constituted on July 10, 2007 (Ashadh 26, 2064) and was reconstituted on September 29, 2019 (Ashwin 12, 2076). The Board functions according to the regulatory provisions of NRB Unified Directives no.6 and the provisions of Sections 164 and 165 of Companies Act, 2063. Audit Committee constitutes three members in total including two directors nominated by BODand Head of Internal Auditas Member Secretary.The committee meets regularly asperits charter to discuss and over see the key issues highlighted by the Internal Audit Department.

During the reporting period July 16, 2020 to July 15, 2021 (Shrawan 1, 2077 to Ashadh 31, 2078), 16 (Sixteen) meetings were conducted. The composition and attendance of the Committee as on July 15, 2021 (Ashadh 31, 2078) is asunder:

Member Of Committee	Designation	Membership Status
Mrs. Seeta Karki (K.C.)	Director	Coordinator
Mr. Sajan Sharma	Director	Member
Mr. Ramdhan Shrestha	Assistant Chief Executive Officer	Member Secretary

Roles And Responsibilities

The Audit Committee provides directions and oversees the operations of total audit functions of the Bank including the organization, operations and quality control of internal audit, internal control weaknesses and inspection within the Bank and follow-up of the suggestions of Statutory/External Auditors of the Bank and NRB inspections. The primary purpose of the audit committee is to provide over sight of financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations which includes the following:

a. Discuss the financial statements of the institution and make sure that the disclosed financial information on the institution's operations is accurate and transparent as specified by accounting regulations and international accounting standards.

b. Establish and oversee the Interna Audit Function Approves the scope of audits, ensures the department's independency, conducts employee performance reviews and receives and reviews internal audit reports, conduct performance appraisal of head of internal audit department. Further, to approve the annual audit plan.

c. Establish adequate accounting and internal control procedures that ensure compliance with applicable laws, regulations and directives. The



committee will review and make assessment of the internal control systems. The committee oversees the implementation of proper accounting standard within the institution.

d. To review the banks financial condition, internal controls, audit program and finding so the internal audit team and instruct management to adopt corrective actions on the issues, further to recommend to the Board of directors about the actionstaken.

e. To help management to make annual report accurate and real.

f. To review the matters contained in the audit report of the external (statutor auditors and instruct the management for necessary corrective actions.

g. To review the Quarterly Financial Statements of the bank and report it to the Board of Director.

h. To ensure the Board of Directors that accounts are accurate and fair, along with frequent reviews of the adequacy of provisioning against contingencies and classified loan.

i. To review the compliance of the statutory laws, directives issued by NRB and include the same in the internal audit report.

Attendance in FY 2020/21

During the year, 16 meetings of thecommittee were held to review the various matters connected with the internal control, systems and procedures and other aspects, as required in the terms of NRB directives.

Member Of Committee	Attendance
Mrs. Seeta Karki (K.C.), Director	16
Mr. Sajan Sharma, Director	15
Mr. Ramdhan Shrestha, Assistant Chief Executive Officer-IAD	16

Major Activities Undertaken

- Discussed on financial review report for various quarters for FY 2020/21.
- Reviewed internal report of branches and departments of the Bank and made various recommendation to the mangagement.
- Discussed preliminary audit report for FY 2020/21 of the bank given by external auditor and management response thereon.
- Recommended for appointment and remuneration of external auditor for FY 2020/21 to annual general meeting of the Bank.
- Discussed on management's response to NRB inspections findings.
- Discussed on follow up of information system audit.
- Discussed on LC audit report for reporting to NRB.
- Discussed on INR compliance report of CBIL Capital Ltd. for FY 2020/21
- Approved annual internal audit plan for FY 2020/21.
- Presented budget of internal audit department for FY 2021/22 to the board for approval.
- Recommended to the board for appointment of IS auditor.

The observation and comments put forth by internal/external auditors and regulators were reported to the Board of Directors with appropriate recommendation to which, the Board of Directors provided necessary instructions to the management to regularize such observation and comments. Audit Committee ensured such instructions were duly implemented, observed and that the comments were not repeated.

Conclusion

The Committee has been performing its functions effectively and reporting to Board of Directors with necessary recommendations. The Committee is grateful to all for extending cooperation in performing its responsibilities.

4.5 ACTIVITIES OF RISK MANAGEMENT COMMITTEE



The Bank has constituted a five member Risk Management Committee (constituting of 3 BOD members including one as permanent member from Audit Committee, Chief Operating Officer and Chief Risk Officer) for review of risks associated with Credit, Operations, Market, investment and ALCO functions, concentration risk, policy risk, compliance risk and portfolio risk. The committee was constitute done December 17, 2010 (Poush 2, 2067) under Risk Management Guidelines of Nepal Rastra Bank and NRB Directives. The committee was last re-constituted on September 29, 2019 (Ashwin 12 ,2076). Mr. Prakash Chandra Mainali is the Coordinator of the committee

During the reporting period, July 16, 2020 to July 15, 2021 (Shrawan 1, 2076 to Ashadh 31, 2077), 7 (seven) meetings were conducted. The composition and attendance of the Committee as on July 15, 2020 (Ashadh 31, 2077) is as under:

Member Of Committee	Designation	Membership Status
Mr. Prakash Chandra Mainali	Director	Coordinator
Mr. Prabal Jung Pandey	Director	Member
Ms. Seeta Karki (K.C.)**	Director	Permanent Member
Mr. Paras Kumar Kafle	Chief Operating Officer	Member
Mr. Rajendra Lal Shrestha	Chief Risk Officer	Member Secretary

*** The Co-ordinator of Audit Committee as permanent member.*

Roles And Responsibilities

The Committee of the Bank is assigned with the following responsibilities:

- To appraise the Board of Directors as to the appropriateness of the existing risk identification and management system as well as suggest for development of an appropriate system.
- To review the level of risk associated with the business, risk bearing capabilities, development of strategies, policy arrangements as well as guidelines adopted towards risk management and suggest to the Board of Directors as to theirappropriateness.
- To obtain report from the management on risk management on a regular basis; discuss as to assess and evaluate the risk underexisting system, control and monitoring mechanism and submit necessary suggestions to the Board.
- To analyze and review Capital adequacy as per the risk assets, internal capital adequacy assessment plan (ICAAP), appropriateness of policies as per the business strategy, maximum level of risk the organization may assume and submit necessary recommendation, opinion to the Board.
- To suggest the Board of Directors for development of mechanism and necessary policies as may be necessary as per the appropriate practices as well as internal limits to be fixed by the organization as per the guidelines/ directives issued by Nepal Rastra Bank relating to Risk Management.
- Conduct stress testing on a regular basis and discuss the out come and on that basis submit recommendations to the Board as to the policies and procedures that are necessary for adoption in future.
- To review the authority delegation and analyze its appropriateness and submit report along with there commendation to the Board of Directors.
- To review on quarterly basis, the assets structure, mobilization status of such assets,

yield from the assets, improve/ deterioration in assets quality, as well as performance of Assets Liabilities Committee (ALCO) and submit report to the Board.

- To study the effect on to the financial institutions brought about by any problem or changes a rising in any sector of the economy and submit a report to the Board of Directors along with the suggested policies for countering such situation.

Attendance In FY 2020/21

During FY 2020/21, 8 meetings were held by Risk Management Committee and the detail of member attendance are as follows:

Member Of Committee	Attendance
Mr. Prakash Chandra Mainali, Director	8
Mr. Prabal Jung Pandey, Director	8
Ms. Seeta Karki (K.C.), Director	8
Mr. Paras Kumar Kafle, Chief Operating Officer	8
Mr. Rajendra Lal Shrestha, Chief Risk Officer	8

Major Activities Undertaken

- Reviewed Operational Risk Management Report
- Reviewed report on quarterly AML/CFT
- Reviewed Internet Banking (iBank Penetration Testing Report)
- Reviewed single borrower Limit/Group limit
- Reviewed risk management report quarterly
- Reviewed impact of amendments in unified directives, 2077
- Reviewed Operational Risk Management Framework, 2020
- Reviewed ICAAP reports for FY 2076-77
- Reviewed Level of Operations in Charge
- Assessed Vulnerability Assessment (VA) of Active Directory of Bank
- Reviewed overall credit portfolio analysis (Business unit and Branch wise sector wise, product wise loan against security of current assets only)
- Reviewed current macroeconomic and financial situation of Nepal
- Review of associated risks (Strategic risk, Reputational risks and AML/CFT Risk)
- Reviewed various risk management policies
- Discussed on summary report of Geo-Location China Block in the Firewall
- Reviewed SOP on risk register
- Reviewed overall credit portfolio analysis
- Assessed vulnerability assessment of Fone-loan system
- Discussed report of interest spread and yield
- Reviewed NRB inspection report
- Others

Conclusion

The Committee has been performing its functions effectively and reporting to Board of Directors with necessary recommendations. The Committee is grateful to all for extending cooperation in performing its responsibilities.

4.6 ACTIVITIES OF HUMAN RESOURCE COMPENSATION COMMITTEE



The Committee is constituted with the terms of reference of the committee in line with the regulatory provisions of the Nepal Rastra Bank. The Chief Executive Officer, responsible for the overall management of the Bank participates in all the deliberations and discussions, except in matters of conflict of interest.

Composition Of The Committee

Member of committee	Designation	Membership status
Mr. Bijaya Dhoj Karki	Director	Coordinator
Mr. Sudesh Khaling Rai*	Director	Member
Mr. Anil Gyawali**	Director	Member
Mr. Ganesh Raj Pokharel	Chief Executive Officer	Member
Mr. Pramesh Raj Kayastha	Chief Finance Officer	Member
Mrs. Smita Pant***	Head – Human Resource Department	Member Secretary
Mr. Narayan Raj Adhikari****	Manager-Administration	Member Secretary

** Mr. Sudesh Khaling Rai was a Member of the committee till March 10, 2021.*
*** Mr. Anil Gyawali was appointed as member of the committee with effect from June 8, 2021*
****Mrs. Smita Pant was a Member Secretary of the committee till March 10, 2021.*
***** Mr. Narayan Raj Adhikari was appointed as Member Secretary of the committee with effect from April 25, 2021.*

Roles And Responsibilities

The Committee is vested with the responsibilty to undertake and comment on the following:

- Provide necessary support to the Board of Directors in developing Employee Compensation and Benefit Determination Policy.
- Evaluate and assess the parameters of benefits and compensation package of the Bank and review the impact of changes in such benefits in the market and recommended changes from time to time.
- Review the existing compensation package including that of the Chief Executive Officer in line with the industry and the Compensation and Benefit Determination Policy and if required propose amendments in the package to the Board of Directors.
- Develop and evaluate the parameters of job description, targets and goals and assess the performance evaluation criteria.
- Develop policy and parameters related to recruitment and selection, appointment, placement, transfer, promotion, personnel development, performance evaluation, reward and punishment and recommend to the Board of Directors.
- Develop Human Resource Policy, Organization Chart and Manpower Planning along with Succession Planning and recommend it to the Board of Directors.
- Determine the design of, eligibility for and targets for, any long term performance related pay schemes operated by the Bank and subsequently, review the performance against these targets and agree any payments as proposed.
- Agree the policy for authorizing claims for expenses and ensure that all incentive plans comply with relevant legislation, codes of conduct and good remuneration practice.
- Make recommendations to the Board of Directors from time to time; of the additional/ new expertise required by the Bank and also address Succession Planning and issues related to the organizational structure.

Attendance In FY 2020/21

In FY 2020/21, 7 meetings were held and the details of the member attendance are as follows:

Member Of Committee	Attendance
Mr. Bijaya Dhoj Karki, Director	7
Mr. Sudesh Khaling, Director	4
Mr. Anil Gyawali	-
Mr. Ganesh Raj Pokharel, Chief Executive Officer	7
Mr. Pramesh Raj Kayastha, Chief Finance Officer	7
Ms. Smita Pant, Head - Human Resource Department	4
Mr. Narayan Raj Adhikari –Manager Administration	3

In The FY 2020/21, Following Agenda Were Discussed In The Committee Meeting:

- The committee discussed, amended and finalized the Guidelines for Board of Directors and Employee Training and Capacity Development Guidelines.
- The committee approved the manpower planning for FY 2078/79.
- The committee discussed, amended and finalized the Human Resource Management Policy.
- The committee discussed and finalized the Organization Structure.
- The committee discussed, amended and approved Branch Manager, Cluster Head Residence Facility.
- The committee discussed, amended and approved Annexure 8 'Vehicle Facility' of Employee Bylaws 2075.

The Committee has been performing its functions effectively and reporting to the Board of Directors with necessary recommendations. The Committee is grateful to all for extending cooperation in performing its responsibilities.

4.7 ACTIVITIES OF ANTI MONEY LAUNDERING COMMITTEE (AMLC)



Composition Of The Committee

The bank has constituted AML Committee to analyze as well as to monitor the AML/CFT related issue that arises in the bank.

The objective of this committee is to co-ordinate with various interrelated departments as well as regulatory body to oversight the AML related issues on time and to take necessary corrective actions. The committee meets regularly on a quarterly basis or as per requirement to discuss and oversee the key issues highlighted by the Compliance Department. AML Committee has been constituted under the chairmanship of a non-executive director. The Committee of the Board was constituted on August 17, 2017 (Bhadra 01, 2074).

During the reporting period from July 16, 2020 to July 15, 2021 (Shrawan 1, 2076 to Ashadh 31, 2077), 5 meetings were conducted. The composition and attendance of the Committee as on July 15, 2021 (Ashadh 31, 2078) is as under:

Member Of Committee	Designation	Membership Status
Mr. Sajan Sharma	Director	Coordinator
Mrs. Seeta Karki (K.C.)	Director	Member
Mr. Rajendra Lal Shrestha	Chief Risk and Recovery Officer	Member
Mr. Ravi Kumar Rauniyar	Executive Risk Officer	Member Secretary
Mr. Ratneshwar Lal karna*	Executive Risk Officer	Member

**Mr. Ratneshwar Lal Karna was appointed as the Member of the Committee as per the Board Decision dated May 06, 2021*

The committee is chaired by one nominated member of Board of Directors as Co-ordinator. The Committee meets minimum on a quarterly basis or as per need basis. The AMLC assists the BOD members in fulfilling its oversight responsibility over the Bank's compliance management to ensure that the Bank is within the compliance with the provisions of NRB Guidelines, Directives and Assets Money Laundering Prevention Act/rules (ALPA) and other applicable Acts.

Roles And Responsibilities

- To assess the implementation status of Asset (Money) Laundering Prevention Act, 2064, Asset (Money) Laundering Prevention Rules, 2073 and NRB Directive No. 19 and report to Board of Directors.
- To formulate and implement the Customer Acceptance Policy of the Bank.
- To present the Quarterly Review Report assessing the implementation status of Money Laundering and Terrorism Financing Related Act, Rules and Directives to Board of Director.
- To discuss and suggest to Board of Director regarding the policy and institutional reforms needed for effective CDD, ECDD and PEP information through the use of Information Technology.
- To ascertain the effectiveness of the mechanisms put in place by the Bank for AML/CFT Compliance, monitoring of unusual transactions, and reporting to concerned authorities and present to Board of Directors for discussions.
- To cause to conduct Knowledge Sharing program regarding AML/CFT to the Implementing Officer, Shareholders holding more than or equal to 2% shares of paid-up capital, Senior Management and staffs engaged directly and regularly in the work of AML/CFT.

The Committee Is Authorised To:

- Ensure the rigorous implementation of the

Board - approved framework for compliance management, including the approval of relevant policies and procedures.

- Request and receive sufficient information to satisfy it that the AML compliance is operating as intended.

In FY 2020/21, Anti Money Laundering Committee Has Held 4 Meetings And The Details Of Member Attendance Are As Follows:

Member Of Committee	Attendance
Mr. Sajan Sharma	5
Mrs. Seeta Karki (K.C.)	5
Mr. Rajendra Lal Shrestha	5
Mr. Ravi Kr. Rauniyar	5
Mr. Ratneshwar Lal karna	1

Major Agendas Discussed In Anti Money Laundering Committee (Amlc) Meeting:

- Discussed on screening, TTR and Due diligence report.
- Discussed on AML status and suggested way forward to resolve issues of erstwhile Sahayogi Vikash Bank Ltd.
- Discussed on GAP analysis of NRB directives no. 19 and Asset (Money) Laundering Prevention Act, 2064 and Asset (Money) Laundering Prevention Rule, 2073.
- Discussed on AML/CFT compliance and internal audit report .
- Discussed on AML/CFT compliance review report on quarterly basis.
- Reviewed AML/CFT compliance report of CBIL Capital Ltd.
- Discussed on workshopt program conducted by FIU.
- Reviewed annual compliance review report 2019/20.
- Reviewed Sanction Screening Policy, 2019.
- Discussed on Batch Screening.
- Discussed on discripancy of KYC information in CBS.
- Discussed on AML questioniare of the Bank.
- Discussed on compliance status report as per AML/CFT directive issued by Inland Revenue Department (IRD) against import/ sale of gold by Bank.

Evaluation Of The Committee:

An independent evaluation of the Committee was done by the Board of Directors of the Bank with regard to the effectiveness of the Committee while discharging its functions and its contribution on the overall performance of the Bank and was found to be satisfactory.

4.8 INFORMATION FOR UNDERSTANDING FINANCIAL STATEMENTS



Items of Statement of Financial Position

1.1 Cash And Cash Equivalents

It consists of the total amount of cash in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short term commitments.

1.2 Due from Nepal Rastra Bank

It consists of statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank has been presented under this account head.

1.3 Placement With Bank And Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

1.4 Derivative Financial Instruments

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

1.5 Other Trading Assets

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

1.6 Loan And Advances To Bank And Financial Institutions

It includes loan and advances provided to microfinance financial institutions as well as other bank and financial institutions. Specific impairment on loan and advance to bank and financial institutions has been deducted while presenting.

1.7 Loan And Advances To Customers

It includes sum of the outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances. Loan to employees provided according to the Employees Bye laws of the Bank has also been presented under this head.

1.8 Investment Securities

It includes investments made by the Bank under three different categories:

a. Investment securities designated at fair value through profit or loss

b. Investment securities measured at amortized cost and

c. Investment in equity measured at fair value through other comprehensive income

Investment other than those measured at amortized cost has been measure at fair value and changes in fair value has been recognized in profit or loss, or other comprehensive income as per the business model adopted by the Bank for the specific securities.

Where income from the investment is received in the form of bonus shares, the valuation of

investment has been made by increasing the number of shares only without changing in the cost of investment.

1.9 Current Tax Assets

It includes any advance payment made by the Bank towards income tax liabilities or other tax liabilities to the taxing authorities (Inland Revenue Department).

1.10 Investment In Subsidiaries

It includes those entities that are controlled by the Bank. The investment in subsidiaries has been shown in separate individual financial statement, which has been eliminated in consolidation process, so no amount has been presented under group financial statements.

1.11 Investment In Associates

It includes those entities in which the Bank has significant influence but not control over the financial and operating policies.

1.12 Investment Properties

It includes land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard. This also includes land, land and building acquired as Non-Banking Assets held by the Bank but not sold as of reporting period.

1.13 Property And Equipment

It includes all assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the Bank.

1.14 Goodwill And Intangible Assets

It includes goodwill and intangible assets like computer software both purchased and internally generated, trade mark, etc.

1.15 Deferred Tax Assets

It includes deferred tax assets recognized as per NFRS (NAS 12, Income Taxes) on temporary deductible differences, carry forward of unused tax losses, changes in tax rate, etc.

1.16 Other Assets

It Includes other tangible or intangible asset not mentioned above (1.1 to 1.15) like assets held for sale, non-banking assets (other than land or land and building), restricted deposits with central banks, accounts receivable, interest receivable, accrued income, prepayments and deposit, etc.

1.17 Due To Bank And Financial Institutions

It includes the balances in accounts maintained with the Bank by other local and foreign banks and financial institution. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution has also been presented under this head.

1.18 Due To Nepal Rastra Bank

It includes the amount payable to Nepal Rastra Bank like amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB, etc.

1.19 Derivative Financial Instruments

It includes all derivative liabilities like interest rate swap, currency swap, forward foreign exchange contract, etc. held for trading as well as risk management purposes.

1.20 Deposits From Customers

It includes all deposit accounts other than deposit from BFIs (local and foreign) and NRB.

1.21 Borrowing

It includes all domestic as well as foreign borrowing other than interbank borrowing and borrowing from Nepal Rastra Bank. It also includes borrowing from Nepal Government, borrowing from other domestic institutions, borrowing from foreign bank and financial institutions, multilateral development banks, etc.

1.22 Current Tax Liabilities

It includes liabilities recognized for the purpose of current income tax, including fees, penalties.

1.23 Provisions

A provision is recognized when as a result of a past event, the licensed institution 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 and it includes provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees, etc.

1.24 Deferred Tax Liabilities

These liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax liabilities are recognised as per requirement of NFRS (NAS 12 – Income Taxes).

1.25 Other Liabilities

Any residual liabilities not captured above (from 1.17 to 1.24) has been presented under an appropriate head. Liabilities relating to employees benefits like liabilities for defined benefit obligation gratuity and pension fund, liabilities for long- service leave, cash settled share based payment liabilities, short-term employee benefits, etc., creditors and accruals, interest payable on deposit and borrowing, unearned income, unpaid dividend, etc. have also been presented under this head.

It includes debenture, bond or other debt securities issued by the Bank.

1.27 Subordinated Liabilities

It includes such liabilities like liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors. It also includes redeemable preference share, subordinated notes issued, borrowings, etc.

Items of statement of equity

1.28 Share Capital

It includes amount of paid up share capital of the Bank. Any amount credited in share capital by issuing bonus shares utilizing the accumulated profit and reserves has also been disclosed under this heading. It also includes paid up amount of ordinary share capital and equity component of preference share capital.

1.29 Share Premium

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

1.30 Retained Earnings

The accumulated profit which has not been

distributed to shareholders and has been ploughed back in the Bank's operations and is free for distribution of dividend has been presented under this heading.

Items of Statement Of Profit or Loss

1.31 Interest Income

This includes income recognized as per NFRS (that is on accrual basis). It includes interest income on loan and advance, investment securities except on those investment securities measured at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff, etc.

1.32 Interest Expense

This includes interest expenses recognized as per NFRS (that is on accrual basis). It includes interest accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB, etc.

1.33 Fees And Commission Income

Fee income is earned for diverse ranges of services provided by the Bank to its customers. Fee income arises on the execution of a significant act completed or from provision of services like asset management, portfolio management, management advisory and service fees, etc. It also includes loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fee, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc. The fees and commission income that are integral to the effective interest rate on the financial assets are included in the measurement of the effective interest rate, which has been exempted by issue of Carve-outs by Institute of Chartered Accountants of Nepal.

1.34 Fees And Commission Expense

It includes pay-outs on account of fee and commission for services obtained by the Bank. This account head also include card related fees, guarantee commission, brokerage expenses, etc. The fees and commission expense that are integral to the effective interest rate on the financial liability are included in the measurement of the effective interest rate which has been exempted by issue of Carve-outs by Institute of Chartered Accountants of Nepal.

1.35 Net Trading Income

It comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities.

1.36 Other Operating Income

It includes receipt of all other operating income not specifically provided under the income heads above (1.31 to 1.35). This also includes foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, finance income of finance lease, etc.

1.37 Impairment Charge/ (Reversal) For Loan And Other Losses

Impairment loss recognized as per NFRS on

loan and other losses has been presented under this account head. It also includes impairment charge/ reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties, etc.

1.38 Personnel Expenses

It includes all expenses related to employees of a bank like employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, finance expense under NFRS, cash- settled share-based payments, etc.

1.39 Other Operating Expenses

It includes all operating expense other than those relating to personnel expense. It covers expenses like office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non- audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions, etc.

1.40 Depreciation And Amortization

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets has been presented under this account head.

1.41 Non-Operating Income / Expense

It includes those income and expenses that have no direct relationship with the regular operation/ transactions of the Bank. The income/ expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring, etc.

1.42 Income Tax Expense

It includes income tax on net taxable profit segregated into current tax expense and deferred tax expense/ deferred tax income.

Items of the Statement Of Other Comprehensive Income

1.43 Fair Value Reserve Relating To Investment In Equity Instruments

Net changes in fair value of equity instrument that are measured at fair value and the changes in fair value is required to be recognized in Other Comprehensive Income has been recognized and presented under this account head. The changes may be subsequently reclassified to Profit and Loss in accordance with the relevant NFRS and be deducted from the fair value reserve.

1.44 Changes In Revaluation Reserve

Changes in revalued amount of property and equipment, and intangible have been presented under this account head.

1.45 Cash Flow Hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair

value (losses) of the derivative is recognised and presented in Other Comprehensive Income. The changes may be subsequently reclassified to Profit and Loss in accordance with the relevant NFRS and be deducted from the fair value reserve.

1.46 Net Actuarial Gain/ Loss On Defined Benefit Plans

Re-measurement gain/losses arising from experience adjustments and changes in actuarial assumptions (demographic and geographical) are recognized in the period in which they occur, directly in other comprehensive income and has been be presented under this account head.

1.47 Income Tax Relating To These Items

The income tax relating to the items shown in Other Comprehensive Income has been presented under this head.

4.9 REPORT OF THE INDEPENDENT AUDITORS



KK BUDHATHOKI & ASSOCIATES
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CITIZENS BANK INTERNATIONAL LIMITED

Qualified Opinion

We have audited the accompanying separate financial statements of the Citizens Bank International Ltd (the "Bank") and the Consolidated Financial Statements of the Bank and its subsidiaries (the "Group"), which comprise the consolidated and separate statement of financial position as at Ashad 31, 2078 (July 15, 2021), and the consolidated and separate statement of profit or loss, consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and notes to the consolidated and separate financial statement.

In our opinion, except for the effects of the matters described on the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at Ashad 31, 2078 and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs) as explained in note 2.1.

Basis for Qualified Opinion

During the financial year, the Bank has acquired Tinau Mission Development Bank Ltd. and Srijana Finance Ltd. The purchase considerations have been provided in the form of equity shares of the Bank as per due diligence audit carried out for the purpose for the acquisition and merger. The Bank has followed the procedures for the business combinations as per the Merger and Acquisition Bylaws, 2073 issued by Nepal Rastra Bank(NRB). Accordingly, the resulting difference amount on share swap of the entities is transferred to Capital Reserve as per the provisions of the NRB Bylaws. The Bank has also measured identifiable assets acquired and liabilities assumed on cost basis and purchase consideration transferred at face value.

However, as per Nepal Financial Reporting Standard 3: Business Combinations and Carve-Out issued by The Institute of Chartered Accountants of Nepal dated 2077/07/25 BS, the Bank should measure the identifiable assets acquired, the liabilities assumed and consideration transferred at their acquisition date (announced book integration date) fair value (value determined by applying same basis considered for determining restated value for its adjusted net worth for the purpose of swap ratio as per NRB Merger and Acquisition Bylaws) and recognize goodwill or bargain purchase gain for the difference between net assets acquired and the consideration provided. Had the Bank applied NFRS 3 on business combination related transactions, goodwill would have been Rs, 115,973,530.15 and other component of equity-share premium would have been Rs. 364,807,520.31. Accordingly, this has resulted in understatement of the Bank's assets and other component of equity-share premium by

respective abovementioned amounts and net impact of fair values of assets acquired and liabilities assumed Rs. 20,163,545.04 is also not reflected in the financial statements.

Emphasis of Matter

We draw attention to the attached Notes No. 5.28 forming part of the consolidated and separate financial statements on the impact of uncertainties caused by COVID-19 on the business and financial results and management's assessment of the same in prevailing situation. The management is continuously evaluating the effect of the uncertainties on an ongoing basis with reference to challenges under the prevailing uncertainties.

Our opinion on the consolidated and separate financial statements is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed them are outlined below:

a. Measurement of provision for loans and advances

The process of estimating the provision for loans and advances associated with credit risk is significant and complex. The materiality of the reported amounts for the loans and advances (and impairment allowance thereof), adverse impact of COVID-19 in the financial performance of borrowers deteriorated their repaying capacity increasing risk of credit default, NRB directions to meet the COVID-19 crisis, involvement of complex calculations underpinned our basis for considering it as Key Audit Matter.

As per para 58 of NAS 39, the Bank has assessed at the end of reporting period whether there is any objective evidence that a financial assets or group of financial assets measured at amortized cost is impaired, and in case of such evidence existed, it has applied para 63 to determine the amount of impairment loss. However, as per carve out on para 58 of NAS 39, the Bank has assessed and measured impairment loss on loans and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount derived as per para 63 of NAS 39. As at Ashad 31, 2078, 72.57% of total assets of the Group consisted of loans and advances amounting Rs.122.15 billion (Note 4.7), impairment allowance for the year then ended of Rs. 3.004 billion (Note 4.7.4) being higher of impairment as per NFRS is Rs.1.60 billion and impairment loss as per norms of NRB is 3.004 billion. Significant estimates and assumptions used by the management in such calculations, their sensitivity and the basis for impairment allowance are disclosed in Notes 3.4.7 and 5.11.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as under;

- Evaluating the design of internal controls relating to implementation of circulars/ directives issued by NRB and also internal policies and procedure of the Bank.
- Examining all the large and other advances on a sample basis including review of valuation reports of the independent valuators as provided by the Bank's management.
- Reviewing the files of borrowers containing credit appraisal and other substantiating

documents selected on sample basis and assessing the assigned risk premium and appropriate action taken commensurate with the operation of such accounts.

- Relying on the audit reports of the other statutory auditors.
- Performing relevant analytical procedures.
- Test checking of interest application, levying of management fee and other charges etc.

b. Information Technology (IT) systems and controls over financial reporting

The entire preparation of financial statements is highly dependent on CBS and other supporting software and hardware controls. Adequate and appropriate IT controls are required to ensure that IT application process data are as expected, appropriate user access and changes are made in an appropriate manner. Such controls ensure mitigating the expected risk of erroneous output data. Audit outcome is dependent on the extant IT controls and systems, and accordingly the above areas are determined to be as key audit matter.

We have carried out our audit procedures with Nepal Standards on Auditing guidelines towards implementation of IT policies and procedures followed by the Bank in order to effectively monitor, control, and evaluate the IT applications and controls to ensure effective implementation of such policies and procedures. We have also relied on the report issued by the IS Auditor and obtained necessary inputs from IS experts wherever necessary.

c. Audit of Branches of Acquired Banks

Government imposed the lockdown and restrictions on travel in view of the pandemic caused by Second wave of Covid-19, consequentially we could not audit major branches of the Bank outside of valley requiring visits, which is a major task requiring lots of attention and planning to ensure sufficient audit evidence is obtained to provide necessary assurance. Further, it is implied practice that though the methodology of audit may change, the same will not have any adverse impact on obtaining sufficient audit evidence in forming an assurance opinion.

In this financial year, the bank has acquired Tinau Mission Development Bank Ltd. (TMDBL) and Srijana Finance Ltd. (SFFIL). TMDBL had 54 branches spread over 7 districts Rupandehi, East Nawalparasi, West Nawalparasi, Chitwan, Kapilwastu, Dang and Palpa, all outside the Kathmandu valley, and similarly SFFIL is operating through Head Office located at Biratnagar-7, Morang and 21 branches located in Morang, Sunsari and Saptari districts.

Since the second wave of Covid-19 was rising from early 4th quarter, to overcome travel restrictions, we sampled to audit more branches of CZBIL itself to cover the % of initial plan for coverage so that our audit team could reach and visit with less and permitted travels. In this way we overcome the chances of less coverage of the total branches on sampling. We adopted remote audit of various branches by which audit of branch could be done from another branch remotely where we could visit and view the accounts documents etc of the branch to be audited. We were able to view these documents and evidence electronically through emails and remote access to the relevant software (Finacle and others) and obtained sufficient audit evidence to form an audit opinion. In addition to this, we studied and placed reliance on the recent final audit report, preliminary audit report and various working papers of the auditors of such banks for the period of 1stShrawan 2077 to acquired dates.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report,

but does not include the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available for our review after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we will consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to request management and those charged with governance to correct the material misstatement.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statement of the Bank that give true and fair view in accordance with Nepal Financial Reporting Standards (NFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Other Matters

We did not audit the financial statements and other financial information of two subsidiaries included in the consolidated financial statements of the Group, where financial statement of CBIL Securities Limited reflects total assets of Rs 56.79 million as at Ashad 31, 2078, and total revenue, total net profit after tax, and net cash inflows of Rs3.60 million, Rs 3.03 million, and Rs 2.944 million for the year ended on that date respectively, and financial statements of CBIL Capital Limited reflects total assets of Rs. 444.86 million as at Ashad 31, 2078, and total revenue, total net profit after tax, and net cash outflows of Rs. 116.09 million, Rs. 57.25 million and 37.41 million respectively for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us by the management and our opinion on the financial statements in so far as it relates to the accounts and disclosures included in respect of these subsidiaries, are based solely on the report of the other auditor.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose for our audit.

ii. The accounts and records of the Group and the Bank has been maintained as required by law.

iii. Consolidated and separate financial statements are in agreement with the books of account maintained by the Group and the Bank.

iv. The capital fund, risk bearing fund and the provision for possible impairment of asset of the Bank are adequate as per the Directives issued by Nepal Rastra Bank.

v. In our opinion and to the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the Group and the Bank has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Group and the Bank deliberately or acted in a manner that would jeopardized the interest and security of the Group and the Bank.

vi. The operations of the Group and the Bank were within its jurisdiction.

vii. The Group and the Bank has not acted in a manner to jeopardize the interest and security of the depositors and investors,

viii. The Bank has a centralized core accounting system and details received from branches of the Bank though the statements are independently not audited, were adequate for the purpose of our audit, and

ix. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the book of accounts.



CA. Keshab Kumar Budhathoki

Proprietor

K.K. Budhathoki & Associates

Chartered Accountants

UDIN: 210925CA00437lrQfZ
Date: 2078/06/08
Place: Maharajgunj, Kathmandu

4.10 FINANCIAL STATEMENTS



Consolidated Statement of Financial Position

As on 31st Asadh, 2078 (July 15, 2021)

Amount in NPR

		Group		Bank	
	Note	Current Year	Previous Year	Current Year	Previous Year
Assests					
Cash And Cash Equivalent	4.1	11,569,823,726	10,847,179,498	11,563,041,720	10,841,972,930
Due From Nepal Rastra Bank	4.2	3,796,487,797	2,430,001,128	3,796,487,797	2,430,001,128
Placement With Bank And Financial Institutions	4.3	2,874,874,811	302,681,924	2,874,874,811	302,681,924
Derivative Financial Instruments	4.4	47,007,498	1,029,497	47,007,498	1,029,497
Other Trading Assets	4.5	759,710,994	136,860,173	596,888,937	90,624,023
Loans And Advances To B/FIs	4.6	3,247,166,953	1,534,103,548	3,247,166,953	1,534,103,548
Loans And Advances To Customers	4.7	118,912,042,288	78,976,395,245	118,192,042,288	78,976,395,245
Investment Securities	4.8	22,063,362,956	11,860,108,562	22,017,422,075	11,828,332,562
Current Tax Assets	4.9	290,071,575	155,473,891	288,457,633	142,488,502
Investment In Subsidiaries	4.10	-	-	167,204,200	167,204,200
Investment In Associates	4.11	20,865,381	34,693,285	16,000,000	18,951,500
Investment Property	4.12	141,146,454	195,532,789	141,46,454	195,532,789
Property And Equipment	4.13	2,884,155,088	2,559,426,140	2,880,204,084	2,554,050,177
Goodwill And Intangible Assets	4.14	84,644,731	76,446,802	83,562,290	75,322,689
Deferred Tax Assets	4.15	-	-	-	-
Other Assets	4.16	1,570,990,125	1,414,650,846	1,697,543,676	1,391,992,008
Total Assets		**168,262,350,376**	**110,524,583,328**	**168,329,050,416**	**110,550,682,722**
Liabilities					
Due To Bank And Financial Institutions	4.17	2,765,001,954	3,688,903,954	2,765,001,954	3,688,903,954
Due To Nepal Rastra Bank	4.18	1,205,558,824	567,577,082	1,205,558,824	567,577,082
Derivative Financial Instruments	4.19	-	-	-	-
Deposits From Customers	4.20	140,362,079,317	88,173,854,887	140,638,411,484	88,496,228,464
Borrowing	4.21	-	-	-	-
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	5,306,626	5,306,626	5,306,626	5,306,626
Deferred Tax Liabilities	4.15	222,367,651	12,937,113	217,486,290	13,613,542
Other Liabilities	4.23	2,162,416,066	1,551,825,562	2,133,181,270	1,386,951,529
Debt Securities Issued	4.24	2,476,082,261	2,974,381,302	2,476,082,261	2,974,381,302
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		**149,198,812,699**	**96,974,786,525**	**149,441,028,708**	**97,132,962,499**
Equity					
Share Capital	4.26	12,576,923,115	9,089,817,290	12,576,923,115	9,089,817,29
Share Premium		-	4,124,402	-	4,124,402
Retained Earnings		1,476,205,775	962,810,347	1,422,777,310	931,156,946
Reserves	4.27	4,899,891,092	3,397,893,748	4,888,321,283	3,392,621,587
Total Equity Attributable To Equity Holders		**18,953,019,981**	**13,454,645,786**	**18,888,021,708**	**13,417,720,224**
Non-Controlling Interest		**110,517,696**	**95,151,017**	**-**	**-**
Total Equity		**19,063,537,677**	**13,549,796,803**	**18,888,021,708**	**13,417,720,224**
Total Liabilities And Equity		**168,262,350,376**	**110,524,583,328**	**168,329,050,416**	**110,550,682,722**
Contingent Liabilities and commitment	**4.28**	**85,112,632,586**	**68,072,508,905**	**85,087,632,586**	**68,072,508,905**
Net Assets value Per share		**150.70**	**148.02**	**150.18**	**147.61**

(Pramesh Raj Kayastha)
Chief Finance Officer

(Ganesh Raj Pokharel)
Chief Executive Officer

(Rajan Singh Bhandari)
Chairman

(Prakash Chandra Mainali)
Director

(Bijaya Dhoj Karki)
Director

(Seeta Karki K.C.)
Director

(Prabal Jung Pandey)
Director

(Sajan Sharma)
Director

(Anil Gyawali)
Director

As Per Our Report Of Even Date
CA Keshab Kumar Budhathoki
Proprietor
KK Budhathoki And Associates
Chartered Accountants

Date: September 24, 2021
Place: Narayanhiti Path, Kathmandu

Consolidated Statement of Profit or Loss

For the year ended 31st Asadh, 2078 (July 15, 2021)

Amount in NPR

		Group		Bank	
Particulars	**Note**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Interest Income	4.29	10,842,983,814	9,493,209,228	10,839,534,353	9,489,525,338
Interest Expense	4.30	(7,174,864,126)	(6,584,182,162)	(7,189,136,209)	(6,604,771,721)
Net Interest Income		**3,668,119,688**	**2,909,027,066**	**3,650,398,144**	**2,884,753,617**
Fee And Commission Income	4.31	861,490,944	615,016,437	825,370,410	582,213,590
Fee And Commission Expense	4.32	(78,046,271)	(59,474,863)	(73,360,658)	(57,731,667)
Net Fee And Commission Income		783,444,673	555,541,574	752,009,752	524,481,922
Net Interest, Fee And Commission Income		**4,451,564,360**	**3,464,568,640**	**4,402,407,896**	**3,409,235,540**
Net Trading Income	4.33	483,337,716	288,341,327	418,465,532	270,838,052
Other Operating Income	4.34	156,393,782	104,680,923	153,105,306	112,446,545
Total Operating Income		**5,091,295,858**	**3,857,590,889**	**4,973,978,734**	**3,792,520,136**
Impairment (Charge)/Reversal For Loans And Other Losses	4.35	(394,036,022)	(640,133,259)	(394,036,022)	(640,133,259)
Net Operating Income		**4,697,259,836**	**3,217,457,631**	**4,579,942,712**	**3,152,386,877**
Operating Expense					
Personnel Expenses	4.36	(1,247,833,649)	(944,497,451)	(1,229,753,262)	(933,492,233)
Other Operating Expenses	4.37	(650,219,348)	(509,142,795)	(650,045,937)	(506,342,551)
Depreciation & Amortisation	4.38	(246,782,283)	(213,642,418)	(244,877,287)	(211,684,673)
Operating Profit		**2,552,424,557**	**1,550,174,968**	**2,455,266,225**	**1,500,867,421**
Non Operating Income	4.39	121,774,518	158,882,066	130,437,670	167,869,774
Non Operating Expense	4.40	-	-	-	-
Profit Before Income Tax		**2,674,199,075**	**1,709,057,035**	**2,585,703,895**	**1,668,737,196**
Income Tax Expense	4.41				
Current Tax		(799,632,950)	(476,962,449)	(780,301,891)	(469,449,326)
Deferred Tax		(6,653,820)	(3,867,197)	(1,060,939)	(783,210)
Profit (Loss) For The Period		**1,867,912,305**	**1,228,227,389**	**1,804,341,065**	**1,198,504,660**
Profit Attributable To:					
Equity Holders Of The Bank		1,844,211,453	1,219,083,658	1,804,341,065	1,198,504,660
Non-Controlling Interest		23,700,853	9,143,730	-	-
Profit For The Period		**1,867,912,305**	**1,228,227,388**	**1,804,341,065**	**1,198,504,660**
Earnings Per Share					
Basic Earnings Per Share		17.96	14.22	17.35	13.88
Diluted Earnings Per Share		17.96	14.22	17.35	13.88

(Pramesh Raj Kayastha)
Chief Finance Officer

(Ganesh Raj Pokharel)
Chief Executive Officer

(Rajan Singh Bhandari)
Chairman

(Prakash Chandra Mainali)
Director

(Bijaya Dhoj Karki)
Director

(Seeta Karki K.C.)
Director

(Prabal Jung Pandey)
Director

(Sajan Sharma)
Director

(Anil Gyawali)
Director

As Per Our Report Of Even Date
CA Keshab Kumar Budhathoki
Proprietor
KK Budhathoki And Associates
Chartered Accountants

Date: September 24, 2021
Place: Narayanhiti Path, Kathmandu

Consolidated Statement of Other Comprehensive Income

For the year ended 31st Asadh, 2078 (July 15, 2021)

Amount in NPR

	Group		Bank	
Particulars	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Profit or Loss for the Period	**1,867,912,305**	**1,228,227,388**	**1,804,341,065**	**1,198,504,660**
Other Comprehensive Income				
a) Items that will not be reclassified to profit or loss				
Gains/(losses) from investments in equity instruments measured at fair value	558,725,812	77,795,492	558,725,812	77,795,492
Gains/(losses) on revalution	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	22,777,499	(24,875,370)	22,894,467	(24,790,901)
Income tax relating to above items	(174,450,993)	(15,876,037)	(174,486,084)	(15,901,377)
Net other comprehsive income that will not be reclassified to profit or loss	**407,052,318**	**37,044,086**	**407,134,196**	**37,103,214**
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)-	**-**	**-**	**-**	
Income tax relating to above items	-	-	-	-
Net other comprehsive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equity method	**-**	**-**	**-**	**-**
Comprehensive Income For The Period, Net Of Income Tax	**407,052,318**	**37,044,086**	**407,134,196**	**37,103,214**
Total Comprehensive Income For The Period	**2,274,964,623**	**1,265,271,474**	**2,211,475,261**	**1,235,607,873**
Profit Attributable To:				
Equity Holders Of The Bank	2,251,263,771	1,256,127,744	2,211,475,261	1,235,607,873
Non-Controlling Interest	23,700,853	9,143,730	-	-
Total Comprehensive Income For The Period	**2,274,964,623**	**1,265,271,474**	**2,211,475,261**	**1,235,607,873**

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Date: September 24, 2021
Place: Narayanhiti Path, Kathmandu

Consolidated Statement of Cash Flows

For the Quarter ended Asadh 2078

Amount in NPR

	Group		Bank	
Particulars	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Cash Flows From Operating Activities				
Interest Received	9,670,809,483	8,509,186,225	9,670,968,723	8,510,285,347
Fees And Other Income Received	873,765,264	639,685,724	837,658,755	607,821,628
Dividend Received	-	57,000	-	-
Receipts From Other Operating Activities	450,505,508	347,964,369	418,844,746	358,182,540
Interest Paid	(6,855,822,816)	(6,399,803,133)	(6,870,094,899)	(6,420,392,692)
Commission And Fees Paid	(73,360,658)	(57,731,667)	(73,360,658)	(57,731,667)
Cash Payment To Employees	(995,167,527)	(918,378,301)	(976,962,173)	(907,082,314)
Other Expense Paid	(646,794,293)	(487,327,955)	(642,950,531)	(484,527,712)
Operating Cash Flows Before Changes In Operating Assets And Liabilities	**2,423,934,962**	**1,633,652,262**	**2,364,103,964**	**1,606,555,130**
(Increase)/Decrease In Operating Assets				
Due From Nepal Rastra Bank	3,177,781,593	1,545,653,776	3,177,781,593	1,545,653,776
Placement With Bank And Financial Institutions	(2,572,192,886)	92,087,969	(2,572,192,886)	92,087,969
Other Trading Assets	(445,472,144)	505,897,554	(455,472,144)	505,897,554
Loan And Advances To Bank And Financial Institutions	20,350,662,315	84,875,631	20,350,662,315	84,875,631
Loans And Advances To Customers	(40,257,635,512)	(12,281,363,118)	(40,257,635,512)	(12,281,363,118)
Other Assets	(16,344,954)	295,544,223	(165,381,464)	294,472,098
Increase/(Decrease) In Operating Liabilities				
Due To Bank And Financial Institutions	(1,332,204,851)	(311,383,946)	(1,332,204,851)	(311,383,946)
Due To Nepal Rastra Bank	475,973,742	(645,009,390)	475,973,742	(645,009,390)
Deposit From Customers	26,147,378,031	10,373,180,199	26,112,327,191	10,542,751,365
Borrowings	-	-	-	-
Other Liabilities	26,186,878	(194,764,788)	161,826,116	(295,210,208)
Net Cash Flow From Operating Activities Before Tax Paid	**7,978,067,172**	**1,098,370,372**	**7,859,788,064**	**1,139,326,861**
Income Taxes Paid	(884,230,553)	(602,539,104)	(876,396,888)	(597,313,401)
Net Cash Flow From Operating Activities	**7,093,836,619**	**495,831,267**	**6,983,391,177**	**542,013,460**
Cash Flows From Investing Activities				
Purchase Of Investment Securities	(8,871,520,598)	(926,944,385)	(8,685,704,522)	(926,933,518)
Receipts From Sale Of Investment Securities	89,529,141	44,959,018	-	-
Purchase Of Property And Equipment	(137,373,998)	(349,604,455)	(137,285,912)	(348,195,446)

Particulars	Current Year	Previous Year	Current Year	Previous Year
Receipt From The Sale Of Property And Equipment	15,499,253	2,746,502	15,499,253	2,746,502
Purchase Of Intangible Assets	(33,731,701)	(7,264,170)	(33,381,401)	(6,319,490)
Receipt From The Sale Of Intangible Assets	-	-	-	-
Purchase Of Investment Properties	-	-	-	-
Receipt From The Sale Of Investment Properties	173,108,601	33,321,669	173,108,601	33,321,669
Interest Received	791,050,452	498,149,864	787,444,433	493,366,852
Dividend Received	58,144,679	14,361,992	53,895,381	12,373,159
Net Cash Used In Investing Activities	**(7,915,294,171)**	**(690,273,964)**	**(7,826,424,167)**	**(739,640,272)**
Cash Flows From Financing Activities				
Receipt From Issue Of Debt Securities	-	2,474,283,807	-	2,474,283,807
Repayment Of Debt Securities	(500,000,000)	-	(500,000,000)	-
Receipt From Issue Of Subordinated Liabilities	-	-	-	-
Repayment Of Subordinated Liabilities	-	-	-	-
Receipt From Issue Of Shares	-	43,905,624	-	43,905,624
Dividends Paid	(276,716,000)	(943,197,062)	(256,716,000)	(943,197,062)
Interest Paid	(277,441,781)	(111,551,624)	(277,441,781)	(111,551,624)
Other Receipt/Payment	(81,326,494)	(999,654)	(81,326,494)	(999,654)
Net Cash From Financing Activities	**(1,135,484,275)**	**1,462,441,091**	**(1,115,484,275)**	**1,462,441,091**
Net Increase (Decrease) In Cash				
And Cash Equivalents	(1,956,941,827)	1,267,998,391	(1,958,517,265)	1,264,814,276
Cash Inflow from acquired institution	2,679,586,055	2,836,456,192	2,679,586,055	2,836,456,192
Cash And Cash Equivalents Ashadh, 2077	10,847,179,498	6,742,724,913	10,841,972,930	6,740,702,460
Effect Of Exchange Rate Fluctuations On Cash And Cash Equivalents Held	-	-	-	-
Cash And Cash Equivalents At Asadh End 2078	**11,569,823,726**	**10,847,179,498**	**11,563,041,720**	**10,841,972,930**

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Date: September 24, 2021
Place: Narayanhiti Path, Kathmandu

Consolidated Statement of Changes in Equity

For the year ended 31st Asadh, 2078 (July 15, 2021)

	GROUP											
	Attributable to Equity Holders of the Group											
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2076	**8,371,064,773**	**46,816,126**	**1,484,944,421**	**41,009,338**	**486,287,496**	**60,856,958**	**343,854,012**	**1,267,705,675**	**410,525,314**	**12,513,064,114**	**83,670,387**	**12,596,734,501**
Adjustment of previous year	-	-	-	-	-	-	-	**477,125**	-	-	-	**477,125**
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	**1,219,083,658**	-	**1,219,083,658**	**9,143,730**	**1,228,227,388**
Other Comprehensive income, net of tax	-	-	-	-	-	**54,456,845**	-	-	**(17,412,759)**	**37,044,086**	-	**37,044,086**
Gains/(losses) from investments in equity	-	-	-	-	-	-	-	-	-	-	-	-
instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-	-
Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating	-	-	-	-	-	-	-	-	-	-	-	-
financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	-	-	**54,456,845**	-	**1,219,083,658**	**(17,412,759)**	**1,256,127,744**	**9,143,730**	**1,265,271,474**
Transfer to reserve during the year	-	-	241,909,674	17,897,978	25,607,788	-	43,905,624	(436,684,796)	107,363,731	-		-
Transfer from reserve during the year	-	-	-	-	(117,134,986)	-	-	124,006,571	(6,871,585)	-		-
Transactions with owners, directly recognised in equity												
Transferred from acquired institute, Business combination	**467,620,574**	**4,124,402**	**158,948,970**		**57,222,209**	-	-	-	**3,620,177**	-	-	-
Share issued	46,816,126	(46,816,126)	-	-	-	-	-	-	-	-		-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-		-
Bonus shares issued	204,315,817	-	-	-	-	-	-	(204,315,817)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,004,527,773)	-	(1,004,527,773)		(1,004,527,773)
Other	-	-	-	-	-	-	-	(2,934,318)	902,542	(2,031,776)	2,336,905	305,129
Total contributions by and distributions	**718,752,517**	**(42,691,724)**	**158,948,970**	-	**57,222,209**	-	-	**(1,211,777,907)**	**4,522,718**	**(315,023,218)**	**2,336,905**	**(312,686,313)**
Balance at Ashad end 2077	**9,089,817,289**	**4,124,402**	**1,885,803,066**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**962,810,347**	**498,127,420**	**13,454,645,785**	**95,151,017**	**13,549,796,803**

GROUP

Attributable to Equity Holders of the Group

	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2077	**9,089,817,289**	**4,124,402**	**1,885,803,066**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**962,810,347**	**498,127,420**	**13,454,645,785**	**95,151,017**	**13,549,796,803**
Adjustment of previous year								**(20,591,540)**		**(20,591,540)**		**(20,591,540)**
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year								**1,844,211,453**		**1,844,211,453**	**23,700,853**	**1,867,912,305**
Other Comprehensive income, net of tax						**391,108,069**		**(47,982)**	**16,026,127**	**407,086,214**	**(33,896)**	**407,052,318**
Gains/(losses) from investments in equity instruments measured at fair value						391,108,069				391,108,069		391,108,069
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-	-	-
Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**391,108,069**	**-**	**1,844,163,471**	**16,026,127**	**2,251,297,666**	**23,666,957**	**2,274,964,623**
Transfer to reserve during the year	-	-	366,593,347	16,050,721	(153,637,817)	-	-	(505,762,778)	276,756,526	-	-	-
Transfer from reserve during the year	-	-	-	-	61,847,671	(70,411,749)	-	8,564,078	(3,879,645)	(3,879,645)		(3,879,645)
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from acquired institute, Business combination- Tinau Mission	**1,845,038,240**	**-**	**217,256,300**	**-**	**77,662,746**	**9,612,946**	**-**	**25,559,368**	**77,286,261**	**2,252,415,861**	**-**	**-**
Transferred from acquired institute, Business combination- Srijana Finance	**914,882,202**	**-**	**167,089,280**	**-**	**22,277,900**	**69,483,826**	**-**	**78,088,647**	**51,754,219**	**1,303,576,073**	**-**	**-**
Share issued	-	-	-	-	-	-	-	-	-	-		-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-		-
Bonus shares issued	727,185,383	(4,124,402)	-	-	(90,879,384)	-	-	(632,181,598)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(284,414,939)	-	(284,414,939)	(8,279,580)	(292,694,519)
Other	-	-	-	-	-	-	-	(29,301)	-	(29,301)	(20,699	(50,000)
Total contributions by and distributions	**3,487,105,825**	**(4,124,402)**	**384,345,580**	**-**	**9,061,262**	**79,096,772**	**-**	**(812,977,823)**	**129,040,480**	**3,271,547,694**	**(8,300,279)**	**3,263,247,415**
Balance at Asadh end 2078	**12,576,923,114**	**-**	**2,636,741,993**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,476,205,775**	**916,070,908**	**18,953,019,981**	**110,517,695**	**19,063,537,675**

BANK

Attributable to Equity Holders of the Group

	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2076	**8,371,064,773**	**46,816,126**	**1,484,944,421**	**41,009,338**	**486,287,496**	**60,856,958**	**343,854,012**	**1,251,267,351**	**408,526,184**	**12,494,626,660**		
Adjustment of previous year	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	**1,198,504,659**	-	**1,198,504,659**	-	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	**54,456,845**	-	-	**(17,353,631)**	**37,103,214**	-	-
Gains/(losses) from investments in equity instruments	-	-	-	-	-	54,456,845	-	-	54,456,845	-	-	-
measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	(17,353,631)	(17,353,631)	-	-
Atuarial gains/(Losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	-	-	**54,456,845**	-	**1,198,504,659**	**(17,353,631)**	**1,235,607,873**	-	-
Transfer to reserve during the year	-	-	239,700,932	17,897,978	25,607,788	-	43,905,624	(434,255,179)	107,142,857	-	-	-
Transfer from reserve during the year	-	-	-	-	**(117,134,986)**	-	-	**124,006,571**	**(6,871,585)**	-	-	-
Transactions with owners, directly recognised in equity												
Transferred from acquired institute, Business combination	**467,620,574**	**4,124,402**	**158,948,970**	-	**57,222,209**	-	-	-	**3,620,177**	**691,536,331**	-	-
Share issued	46,816,126	(46,816,126)	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	204,315,817	-	-	-	-	-	-	(204,315,817)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,004,527,773)	-	(1,004,527,773)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	**718,752,517**	**(42,691,724)**	**158,948,970**	-	**57,222,209**	-	-	**(1,208,843,590)**	**3,620,177**	**(312,991,442)**		
Balance at Ashad end 2077	**9,089,817,289**	**4,124,402**	**1,883,594,323**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**931,156,946**	**495,064,002**	**13,417,720,225**		

BANK

Attributable to Equity Holders of the Group

	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-Controlling Interest	Total Equity
Balance at Shrawan 1, 2077	**9,089,817,289**	**4,124,402**	**1,883,594,323**	**58,907,316**	**451,982,508**	**115,313,803**	**387,759,636**	**931,156,946**	**495,064,002**	**13,417,720,224**		
Adjustment of previous year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,591,540)**	**-**	**(20,591,540)**		
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,804,341,065**	**-**	**1,804,341,065**		
Other Comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**	**391,108,069**	**-**	**-**	**16,026,127**	**407,134,196**		
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	391,108,069	-	-	-	391,108,069		
Gains/(losses) on revalution	-	-	-	-	-	-	-	-	-	-		
Atuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-		
Gains/(losses) on cash flow hedge									16,026,127	16,026,127		
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-		
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**391,108,069**	**-**	**1,804,341,065**	**16,026,127**	**2,211,475,261**		
Transfer to reserve during the year	-	-	360,868,213	16,050,721	(153,637,817)	-	-	(499,465,130)	276,184,012	-		
Transfer from reserve during the year	-	-	-	-	61,847,671	(70,411,749)	-	8,564,078	-	-		
Transactions with owners, directly recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,879,645)**	**(3,879,645)**		
Transferred from acquired institute, Business combination- Tinau Mission	**1,845,038,240**	**-**	**217,256,300**	**-**	**77,662,746**	**9,612,946**	**-**	**25,559,368**	**77,286,261**	**2,252,415,861**		
Transferred from acquired institute, Business combination- Srijana Finance	**914,882,202**	**-**	**167,089,280**	**-**	**22,277,900**	**69,483,826**	**-**	**78,088,647**	**51,754,219**	**1,303,576,073**		
Share issued	-	-	-	-	-	-	-	-	-	-		
Share based payments	-	-	-	-	-	-	-	-	-	-		
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-		
Bonus shares issued	727,185,383	(4,124,402)	-	-	(90,879,384)	-	-	(632,181,598)	-	-		
Cash dividend paid	-	-	-	-	-	-	-	(272,694,519)	-	(272,694,519)		
Other	-	-	-	-	-	-	-	-	-	-		
Total contributions by and distributions	**3,487,105,825**	**(4,124,402)**	**384,345,580**	**-**	**9,061,262**	**79,096,772**	**-**	**(801,228,101)**	**125,160,835**	**3,279,417,770**		
Balance at Asadh end 2078	**12,576,923,114**	**-**	**2,628,808,116**	**74,958,037**	**369,253,624**	**515,106,895**	**387,759,636**	**1,422,777,310**	**912,434,976**	**18,888,021,708**		

(Pramesh Raj Kayastha) Chief Finance Officer
(Ganesh Raj Pokharel) Chief Executive Officer
(Rajan Singh Bhandari) Chairman
(Prakash Chandra Mainali) Director
(Bijaya Dhoj Karki) Director
(Seeta Karki K.C.) Director
(Prabal Jung Pandey) Director
(Sajan Sharma) Director
(Anil Gyawali) Director

As Per Our Report Of Even Date
CA Keshab Kumar Budhathoki
Proprietor
KK Budhathoki And Associates
Chartered Accountants

Date: September 24, 2021
Place: Narayanhiti Path, Kathmandu

4.11 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended July 15, 2021 (Ashad 31, 2078)



1. Reporting Entity

Citizens Bank International Limited ('the Bank' or 'CBIL') is a public company incorporated under the Companies Act, 2006 and licensed by Nepal Rastra Bank to conduct Banking transaction as a "A" Class Commercial Bank under the Bank and Financial Institutions Act, 2017. The Bank has its Corporate Office at Narayanhiti Path, Kathmandu. The Bank received the license to commence banking operations on April 20, 2007 (Baisakh 7, 2064). The Bank's Equity Shares are listed in Nepal Stock Exchange and are trading under the code "CZBIL". The principal activities of the Bank is to provide all commercial Banking services including agency services, trade finance services, e-commerce services and trading of gold and silver, etc. to its customers through head office, branches, branchless banking units and ATMs.

The Bank acquired two "C" class financial institutions Nepal Housing & Merchant Finance Limited and People's Finance Limited during the fiscal year 2071/72. The Bank started consolidated Banking transaction from May 8, 2015 (Baisakh 25, 2072). Similarly, the Bank has acquired Premier Finance Limited and started the consolidated transaction from July 17, 2016 (Shrawan 2, 2073). During FY 2019-20, the Bank acquired "B" class financial institution "Sahayogi Vikas Bank Limited" and started joint transaction from July 04, 2020 (Ashadh 20, 2077). During current fiscal year 2020/21, the Bank acquired "B" class financial institution "Tinau Mission Development Bank" and "C" class financial institution "Srijana Finance Limited" and started joint transaction from March 27, 2021 (Chaitra 14, 2077) and July 10, 2021 (Ashad 26, 2078) respectively.

Subsidiaries

CBIL Capital Limited (the Subsidiary) and CBIL Securities Limited (the Subsidiary) are the subsidiary companies of the Bank.

CBIL Capital Limited was incorporated on January 30, 2006 (Magh 17, 2062) as public company under the Companies Act, 2006. The Bank made an equity investment in CBIL Capital Limited on March 13, 2016 (Falgun 30, 2072). The principal activities of the Subsidiary (CBIL Capital Limited) are to provide merchant/ investment banking services that include management of public offerings, portfolio management, underwriting of securities and fund management of mutual fund schemes, depository participant's service under Central Depository Service (CDS) and administration and record keeping of securities of its clients. The Bank as on date holds 58.60% controlling interest in CBIL Capital Limited.

CBIL Securities Limited was incorporated on June 11, 2019 (Jestha 28, 2076) as public company under the Companies Act, 2006. The Bank made an equity investment in CBIL Securities Limited on July 5, 2019 (Ashadh 20, 2076). The principal activities of the Subsidiary (CBIL Securities Limited) are to provide brokerage service related to securities, margin trading, investment in securities and consultancy to its clients and other related services. The Bank as on date holds 100% controlling interest in CBIL Securities Limited.

Associates

Nepal Electronic Payment Systems Limited (NEPS) is the associate of the Bank. NEPS is formulated as a consortium of seven national level commercial Banks, with aim to pool the resources of these Banks together and establish a common platform, which will be more secure, reliable and able to encompass the rapid growth of new technologies in electronic payments. The Bank as on date holds 9.09% of total share capital of NEPS.

The Bank ceases to have the significant influence over the financial and operating policies of the Nepal Clearing House Limited (NCHL) as on reporting date. So, investment on NCHL has been classified as Investment in

equity measured at FVTOCI under "Investment Securities".

The Bank, the Subsidiaries and the associate are collectively referred to as "the Group".

2. Basis of Preparation

The financial statements of the Group have been prepared on accrual basis of accounting, except the cash flow statement which is prepared, on a cash basis, using the direct method.

The financial statements comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Accounts of the Group and separate financial statements as stated above of the Bank. The significant accounting policies applied in the preparation of consolidated financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1 Statement of Compliance

The Financial Statements of the Group which comprises components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS) issued by Accounting Standards Board of Nepal, endorsed by the Institute of Chartered Accountants of Nepal and Nepal Rastra Bank and in compliance with the requirements of the Companies Act, 2006 and Generally Accepted Accounting Principles in the Banking industry in Nepal.

The Board of Directors of the Group authorized the financial statement vide its resolution dated September 24, 2021 and recommended for its approval by the Annual General Meeting of the shareholders.

2.2 Reporting Period

Reporting Period is a period from the first day of Shrawan (mid July) of any year to the last day of Ashadh (mid July) of the next year as per the Nepali calendar.

	Nepali Calendar	English Calendar
Current Year	2077/78	2020/21
Previous Year	2076/77	2019/20
Current Year Period	Shrawan 01, 2077 to Ashadh 31 , 2078	July 16, 2020 to July 15, 2021
Previous Year Period	Shrawan 01, 2076 to Ashadh 31, 2077	July 17, 2019 to July 15, 2020

2.3 Functional and Presentation Currency

The Financial Statements of the Group are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the Group operates. Financial information is presented in Nepalese Rupees. There was no change in the Group's presentation and functional currency during the year under review. The figures are rounded to nearest integer, except otherwise indicated.

2.4 Use of Estimates, Assumptions and Judgment

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent assets and liabilities) as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections
- Measurement of defined benefit obligations
- Provisions, commitments and contingencies Determination of net realizable value
- Determination of useful life of the property and equipment
- Assessment of the Group's ability to continue as going concern
- Determination of fair value of financial instruments; and property and equipment
- Impairment of financial and non-financial assets
- Assessment of current as well as deferred tax

2.5 Changes in Accounting Policies

The Group has applied its accounting policies consistently from year to year except for some comparatives have been grouped or regrouped to facilitate comparison, corrections of errors and any changes in accounting policy have been separately disclosed with detail explanation.

2.6 New Reporting Standards Issued But Effective

The Standards issued but not effective, upto the date of issuance of Group's Financial Statement is disclosed below:

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

Few carve- outs on applicable Accounting Standards as provided by the Institute of Chartered Accountants of Nepal have been used by the Bank, the quantitative and qualitative impact of the same have been disclosed in detail in Notes to the Accounts.

Further, a number of new standards and amendments to the existing standards and interpretations have been issued by International Accounting Standard Board after the pronouncements of NFRS with varying effective dates. Those become applicable when Accounting Standard

Board of Nepal incorporates them within NFRS.

2.7 Discounting

The Group calculates amortized cost of a financial assets or a financial liability using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of a financial asset or a financial to the net carrying amount of the financial asset or liability. If expected life cannot be determined reliably, then the contractual life is used.

In case where the Group assesses that the transaction amount of a financial assets or a financial liability does not represent its fair value, the related future cash flows are discounted at prevailing interest rate to determine the initial fair value.

2.8 Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable, in such cases it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.9 Previous Year's Figures

Previous year's figures have been grouped or regrouped wherever necessary to facilitate comparison.

2.10 Materiality And Gregation

In compliance with NFRS 1, Presentation of Financial Statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are material.

2.11 Going Concern

The financial statements are prepared on a going concern basis, as the management of the Bank is satisfied that the Bank has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.12 New Standards And Interpretation Not Adopted

During the current fiscal year, the Group has not applied the numbers of standards as prescribed in NFRS and used the NFRS carve- out adjustments. As a consequence, the net profit and retained earnings have been impacted.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects have been disclosed.

3.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for following material items in the statement of financial position:

- Financial assets other than measured at amortized cost are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Derivative financial instruments are measured at fair value.
- Inventories are measured at cost or net realizable value whichever is lower.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Investment property is measured at cost.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Investment securities are measured at fair value.
- Trading Assets like Bonds, Treasury Bills, Equities, etc. held for trading purpose are measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.
- Assets acquired & Liabilities assumed in a business combination are recognized at fair value.
- Any other requirements or options provided by standards.

3.2 Basis of Consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity.

In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income from the date on which control is obtained. They are de-consolidated from the date of control ceases.

The Group's Financial Statements comprise consolidation of the Financial Statements of the Group and its subsidiary in terms of the NFRS 10 – Consolidated Financial Statements.

3.2.1. Subsidiaries

Subsidiaries are the entities controlled by the Bank. The Bank controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Bank reassesses whether it has control if there are changes to one or more of the elements of control. The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Consolidated Financial Statements are prepared for the common financial year end. There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. Both of the subsidiaries of the Bank have been incorporated in Nepal.

3.2.2 Business Combination

Business combinations are accounted for using the acquisition method. As of the acquisition date, the amount of non-

controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed in the periods in which the costs are incurred and the services are received.

The Group elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.2.3 Acquisitions Of Non-Controlling Interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognized as a result of such transactions.

3.2.4 Loss Of Control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, carrying amount of non-controlling interests and the cumulative translation differences recorded in equity related to the subsidiary. Further parent's share of components previously recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss or retained earnings as appropriate. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

3.2.5. Transactions Eliminated On Consolidation

All intra group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra group transactions are eliminated on consolidation. Unrealized gains and losses resulting from transactions between the Group and subsidiary are also eliminated on consolidation to the extent of the Group's interests in the subsidiary.

3.3 Cash and Cash Equivalents

Cash and cash equivalents include cash at vault and agency bank accounts balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value.

Cash and Cash equivalent are classified as financial assets and are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 03 Statement of Cash Flows.

3.4 Financial Assets and Financial Liabilities

3.4.1 Recognition

The Group initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Group initially recognizes loans and advances, deposits; and debt securities/ subordinated

liabilities issued on the date that they are originated which is the date that the Group becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Group commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

3.4.2. Classification

i. Financial Assets

The Group classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. Financial Assets Measured At Amortized Cost

The Group classifies a financial asset measured at amortized cost if both of the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. a. Financial assets measured at fair value are further classified into two categories as below:

a. Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading purpose or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

b. Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Group makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. Financial Liabilities

The Group classifies the financial liabilities as follows:

A. Financial Liabilities At Fair Value Through Profit Or Loss

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.

B. Financial Liabilities Measured At Amortized Cost

All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

3.4.3. Measurement

Initial Measurement

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or 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 amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in Other Comprehensive Income.

3.4.4. Derecognition

i. Derecognition Of Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset, and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognized is recognized in Statement of Profit or Loss.

The Group enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

ii. Derecognition Of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

3.4.5. Determination of fair value

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

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

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

3.4.6 Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement Of Financial Position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under NFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.4.7. Impairment Of Financial Assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets

not carried at fair value through profit or loss are impaired. A financial asset 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(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter Bankruptcy, the disappearance of an active market for a security, or other 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 fair value below its cost is objective evidence of impairment.

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

Impairment of financial assets measured at amortized cost

The Group considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

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.

Impairment of loans and advances portfolios is based on the judgments in past experience of portfolio behavior. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

In case of impairment of financial assets being loans and advances, the impairment loss amount is taken as higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39 as mentioned above as per alternative given in carve out on NAS 39 Para 58.

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

Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.5 Trading Assets

Trading assets are those assets that are acquired principally for the purpose of selling in the near term, or held as part of a portfolio that is managed together for short-term profit. It includes non derivative financials assets such as government bonds, NRB bonds, domestic corporate bonds, treasury bills, equities etc. held primarily for the trading purpose. If a trading asset is a debt instrument, it is subject to the same accounting policy applied to financial assets measured at amortized cost. If a trading asset is an equity instrument, it is subject to the same accounting policy applied to financial assets measured at Fair Value through Profit or Loss.

3.6 Derivative Assets And Derivative Liabilities

Derivative assets and derivative liabilities create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risk inherent in an underlying primary financial instrument. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract.

The value of a derivative changes with the change in value of the underlying. Examples of derivative are forward, futures, options or swap contracts. The underlying could be specified interest rate, security price, commodity price, exchange rate, price index, etc.

Derivative financial instruments meet the definition of a financial instrument and are

accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss. The Group has not designated derivative as a hedging instrument in an eligible hedging relationship under NFRS 9 – "Financial Instrument" and has not applied hedge accounting.

3.7 Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date and all differences arising on non trading activities are taken to 'other operating income' in the Statement of Profit or Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date on which the fair value is determined.
Foreign currency differences arising on retranslation are recognized in the Statement of Profit or Loss.

At the annual closing, if the revaluation loss is reported, the same is charged to Statement of Profit or Loss and if revaluation profit is reported, such amount is shown as income in Statement of Profit or Loss and 25 percent of such profit is appropriated to Exchange Fluctuation Reserve through Statement of Changes in Equity as required by Bank and Financial Institutions Act, 2017.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Forward exchange contracts are valued at the forward market rates ruling on the reporting date and resulting net unrealized gains or losses are dealt with in the Statement of Profit or Loss.

3.8 Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self constructed assets includes followings:

- Cost of materials and direct labor;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.
Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any.

Neither class of the property and equipment has been measured as per revaluation model nor is their fair value measured at the reporting date.

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

Class of Assets	Useful	LifeRate of Depreciation
Building	20 years	5%
Metal Furniture	6 years	16.67%
Wooden Furniture	5 years	20%
Office Vehicles	7 years	14.29%
Computer (including Printer)	4 years	25%
Office Equipments	5 years	20%

decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.
The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

b) Capital work in progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

c) Depreciation

Property and equipments are depreciated from the date they are available for use on property on straight-line method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Leased assets under the finance lease are depreciation over the shorter of the lease term and their useful life. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

The estimated useful lives of significant items of property and equipment for current year and comparative periods

The expenses of leasehold improvements are amortized over the lease period or a maximum of 10 year period whichever is lower.

The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 year period or within the ownership period.

Assets costing less than Rs 5,000 are fully depreciated in the year of purchase. For assets purchased/sold during the year, depreciation is provided upto the date of use on pro-rata basis.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any

d) De-recognition

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

3.9 Intangible Assets

The intangible assets include software purchased by the Group. Software is measured at cost less accumulated amortization and accumulated impairment loss if any. Software is amortized on a straight line basis in profit or loss over its useful life, from the date that is available for use. The estimated useful life of software for the current and comparative periods is five year. Amortization method, useful lives and residual value are reviewed at each reporting date and adjusted if any.

The goodwill is initially measured at the difference between the purchase consideration given and the fair value of net assets acquired. Subsequent to the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is presented with intangible assets

Recognition

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

Computer Software & Licenses

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

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

Amortization of Intangible Assets

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

De-recognition of Intangible Assets

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

3.10 Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner occupied property. The Group holds investment property that has been acquired through the enforcement of security over the loans and advances.

Investment property is measured at cost. The panchakrit value of the property that has been acquired through the enforcement of security over the loans and advances have been considered as the cost of the property.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use since no future economic benefits are expected. Any gain or loss on disposal of an investment property is recognized in profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent reporting.

3.11 Income Tax

Income Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent they relate to the items recognized directly in equity or in other comprehensive income.

a) Current Tax

Current tax is the tax payable or receivable on the taxable income or loss for the year using tax rates that are enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amount and tax base of assets and liabilities; and carry forward of unused tax losses. Deferred tax is measured at the tax rate that is expected to be applied to temporary differences when they reverse, using tax rate enacted or substantially enacted at the reporting date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and appropriately adjusted to reflect the amount that is reasonably/ virtually certain to be realized.

Deferred tax asset and deferred tax liabilities are offset if all of the following conditions met:

i) if there is a legally enforceable right to offset the current tax liabilities and assets;

ii) the taxes are levied by the same authority on the same tax entity; and

iii) the entity intends to settle the current tax liabilities and assets on net basis or the tax assets and liabilities will be realized simultaneously.

3.12 Provisions and Contingent Assets/ Liabilities

The Group recognizes a provision if, as a result of past event, the Group has a present constructive or legal obligation that can be reliably measured and it is probable than an outflow of economic benefit will be required to settle the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Liabilities on account of derivative contracts are reported under Contingent Liabilities under sub- heading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements. The Forward Exchange Contract is marked to market and resulting difference is recognized in Statement of Profit or Loss. The difference payable/ receivable that arises at the time settlement of Forward Exchange Contract is recognized at the time of settlement.

3.13 Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of debt funding.

Deposits comprises of financial liabilities incurred by the Group on account of deposit amount held of the customers and other Banks and Financial Institutions.

Debt securities issued are financial liabilities instrument issued to raise fund for the Group.

Subordinated Liabilities are debt instruments issued by under the conditions of subordinate priority relative to other liabilities incurred by the Group.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

3.14 Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income, etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

a) Interest Income

As per the requirement of NFRS, interest income is recognized in profit or loss using effective interest method, except for those classified at fair value through profit or loss. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transactions cost and fees and points that are not material ie. below or equal to 1% of financial asset or liability and for financial asset or liability with tenure of upto 1 year have been recognized directly in Statement of Profit or Loss and not considered in the calculation of effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of profit or loss includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method except for loans and advances. These financial assets include investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter-bank lending, etc.
- Interest on investment securities measured at fair value is calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets are considered to be incidental to the Group's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

Interest income on Loans and Advances is recognized as per the guideline on recognition of interest income, 2019 issued by NRB.

b) Fees and Commission

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of letter of credit and guarantee are recognized as the related services are performed. When the loan commitment is not utilized to the extent of approved limit, the related commitment fees are recognized on undrawn amount on straight line basis over the period of commitment. Following bases are adopted for recognition of fees and commission:

- Commission on guarantees issued by the Group is recognized as income over the period of the guarantee, except for guarantee commission not exceeding NPR 10 thousands, which is recognized at the time of its issue.
- Commission on sight Letters of Credit (LC) issued by the Group is recognized as income at the time of issue of the LC whereas income from time LC is recognized over its period on accrual basis.
- Other fees and commission income are recognized on accrual basis.

c) Dividend Income:

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend incomes are presented in "Net Trading Income" or "Other Operating Income" based on the underlying classification of the equity instruments.

d) Net Trading Income

Trading income/ loss is recognized for all realized interest on trading assets, dividend, gain/loss on foreign exchange transaction and gain/loss on disposal of trading assets. The trading income and loss are netted off and disclosed separately in Statement of Profit or Loss.

e) Other Operating Income

Other operating income is recognized for any unrealized changes in fair value of trading assets and liabilities, dividend, gain/loss on sale of property & equipment and investment property, gain/loss on sale of gold and other operation related income.

3.15 Interest Expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in fair value

of trading assets and liabilities in net trading income.

3.16 Employee Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- profit-sharing and bonuses; and
- non-monetary benefits

b) Post Employment Benefit Plan

Post employment benefit plan includes followings:

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Group to its employees:

Employees Provident Fund

In accordance with law, all employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a pre determined rate (currently, 10% of the basic salary plus grades). Group does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Group recognizes all re-measurement gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit or loss.

The Gratuity is the defined benefit plans provided by the Group to its employees:

- **Gratuity**

Group provides for gratuity on actuarial basis covering eligible employees joining prior to Bhadra 1, 2074 and on accrual basis covering employees joining on or after Bhadra 1, 2074 as per terms of Employee Service Byelaws of the Group.

c) Other Long Term Employee Benefits

Other long term employee benefits include benefits that are not expected to be settled wholly before twelve months after end of the fiscal year in which employees render the related service.

The Group recognizes all re-measurement gains and losses including all service cost and interest cost related to other long term employee benefits are expensed in profit or loss account.
The Sick and Home Leave are the other long term employee benefit plans provided by the Group to its employees:

- **Leave Salary**

The employees of the Group are entitled to carry forward a part of their unavailed/ unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service Byelaws of the Group. The Group accounts for the liability for entire accumulated outstanding leave balance on actuarial basis.

d) Termination Benefits

Termination benefits are recognized as expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Group has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptance can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

3.17 Leased Assets

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease. When group is the lessor under finance lease, the amounts due under the leases, after deduction of unearned interest income, are included in 'Loans to & receivables from other customers', as appropriate. Interest income receivable is recognized in 'Net interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When the Group is a lessee under finance leases, the leased assets are capitalized and included in 'Property and equipment' and the corresponding liability to the lessor is included in 'Other liabilities'. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Interest expenses' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'Property and equipment' and accounts for them accordingly. Impairment losses are recognized to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When the Group is the lessee, leased assets

are not recognized on the Statement of Financial Position. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'Other operating income', respectively.

Payments made under operating lease are recognized in profit or loss on straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between the finance expense and reduction of outstanding liabilities. The finance expense is allocated to each period during the lease term so as to produce the constant periodic rate of interest on the remaining balance of liabilities.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.18 Financial Guarantees and Loan Commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor 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.

Financial guarantees and loan commitments are disclosed as contingent liabilities and not recorded in Statement of Financial Position. Liabilities arising from financial guarantees and loan commitments are settled and included in loans and advances as receivables from debtors (borrowers).

3.19 Share Capital and Reserves

a) Share Capital

The Group classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Group and distributions thereon are presented in statement of changes in equity.

The Group is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 11% for current year and the Group has maintained the required ratio.

b) Share Issue Costs

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

3.20 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Segment Reporting

The Group has identified the reportable segment as the business activities from which it earns revenues and incurs expenses whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The Bank comprises Banking, Treasury, Cards and Remittance as major business segments on the nature of products and services of the Bank. All transactions between segments are conducted on pre-determined transfer price with Corporate Office. Treasury Department acts as the fund manager of the Bank.

Segment results that have been reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The income, expenses, assets & liabilities that cannot be allocated to segments identified or those related to corporate office are unallocated. Unallocated items comprise mainly corporate assets (primarily the Bank's corporate building), head office expenses, and tax assets and liabilities that are categorized as the Banking.

3.22 Non- Current Assets Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortized while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

3.23 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value of the Cash Generating Unit's (CGU) less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, in determining fair value less costs to sell, an appropriate valuation model is used.

3.24 Events After The Reporting Period

Where necessary all material events after the reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per the NAS 10 Events after the Reporting Period.

4.12 ANNEXURES TO THE FINANCIAL STATEMENTS

For the year ended 31st Asadh, 2078 (July 15, 2021)

Amount in NPR

Cash And Cash Equivalent 4.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Cash in hand	5,068,336,677	3,067,609,317	5,061,554,671	3,062,402,749
Balances with B/FIs	1,799,045,900	1,476,217,165	1,799,045,900	1,476,217,165
Money at call and short notice	879,524,180	1,305,994,168	879,524,180	1,305,994,168
Other	3,822,916,968	4,997,358,847	3,822,916,968	4,997,358,847
Total	**11,569,823,726**	**10,847,179,498**	**11,563,041,720**	**10,841,972,930**

*Other Cash and Cash equivalents includes bank balance held with Nepal Rasta Bank over and above the statutory cash reserve ratio requirements.

Amount in NPR

Due From Nepal Rastra Bank 4.2

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Statutory balances with NRB	3,796,487,797	2,430,001,128	3,796,487,797	2,430,001,128
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	-	-	-	-
Total	**3,796,487,797**	**2,430,001,128**	**3,796,487,797**	**2,430,001,128**

Amount in NPR

Placements with Bank and Financial Instituitions 4.3

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Placement with domestic B/FIs	49,691,040	-	49,691,040	-
Placement with foreign B/FIs	2,825,183,771	302,681,924	2,825,183,771	302,681,924
Less: Allowances for impairment	-	-	-	-
Total	**2,874,874,811**	**302,681,924**	**2,874,874,811**	**302,681,924**

Amount in NPR

Derivative Financial Instruments 4.4

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	47,007,498	1,029,497	47,007,498	1,029,497
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	**47,007,498**	**1,029,497**	**47,007,498**	**1,029,497**

Amount in NPR

Other Trading Assets 4.5

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Teasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	615,100,038	136,722,818	452,277,981	90,486,668
Other	144,610,956	137,355	144,610,956	137,355
Total	**759,710,994**	**136,860,173**	**596,888,937**	**90,624,023**
Pledged	-	-	-	-
Non-pledged	759,710,994	136,860,173	596,888,937	90,624,023

Note: Other includes gold and silver in vault of the bank.

	Particulars	Group				Bank			
		Current Year		Previous Year		Current Year		Previous Year	
		Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
1.	**Investment In Quoted Equity Of The Bank**								
1.1	Soaltee Hotel Ltd 162.15 equity shares of Rs 100 each.	44,498	42,483	44,498	24,971	44,498	42,483	44,498	24,971
1.2	Nepal Life Insurance Co. Ltd. 9679.91 equity share (including 620.22 bonus shares) of Rs 100 each	12,646,230	18,575,745	1,206,962	1,260,874	12,646,230	18,575,745	1,206,962	1,260,874
1.3	Asian Life Insurance Co. Limited 0.72 equity shares of Rs 100 each	462	971	462	437	462	971	462	437
1.4	National Life Insurance Co. Ltd. 0.080 equity shares of Rs 100 each	57	92	79	48	57	92	79	480.080
1.5	Shikhar Insurance Co. Ltd. 10,695 equity shares (including 695 bonus shares) of Rs 100 each	21,967,779	20,876,630	-	-	21,967,779	20,876,630	-	-
1.6	Neco Insurance Co. Ltd. 3,465.06 equity shares (including 465.48 bonus shares) of Rs 100 each	5,191,454	4,671,465	-	252	5,191,454	4,671,465	-	252
1.7	Prabhu Insurance Ltd. 0.22 equity shares of Rs 100 each	-	-	684	5,120	-	-	684	5,120
1.8	Siddhartha Insurance Ltd. 0.48 equity share of Rs 100 each	330	512	1,105,094	737,431	330	512	1,105,094	737,431
1.9	Prudential Insurance Co. Ltd. 23.83 bonus shares	15,427	19,303	999	927	15,427	19,303	999	927
1.10	Life Insurance Co. Nepal 0.68 bonus shares	10	1,604	10	828	10	1,604	10	828
1.11	Prime Life Insurance Co. Nepal 1 equity shares of Rs 100 each	570	954	-	-	570	954	-	-
1.12	Premier Insurance Co. Ltd. 0.71 bonus shares	586	835	1,140,413	852,368	586	835	1,140,413	852,368
1.13	Reliance Life Insurance Ltd 6,275 equity shares of Rs 100 each	4,326,771	4,216,800	-	-	4,326,771	4,216,800	-	-
1.14	Surya Life Insurance Co Ltd 275 bonus shares	191,667	253,550	-	-	191,667	253,550	-	-
1.15	NLG Insurance Company Ltd. 0.32 bonus shares	126	390	111,000	729,270	126	390	111,000	729,270
1.16	Lumbini General Insurance Co. Ltd. 0.17 bonus shares	113	133	1,344	980	113	133	1,344	980
1.17	Nepal Reinsurance Co. Ltd. 2,000 equity shares of Rs 100 each	3,270,000	3,188,000	-	-	3,270,000	3,188,000	-	-

1.18	Nepal Doorsanchar Co Ltd 3,000 equity shares of Rs 100 each	4,166,490	3,942,000	-	-	4,166,490	3,942,000	-	-
1.19	Chilime Hydropower Company Limited 0.97 bonus shares	-	666	-	351	-	666	-	351
1.20	Ridi Hydropower Development Company Ltd. 111.76 equity shares(including 5.32 bonus shares) of Rs 100 each	36,089	64,372	748,818	185,509	36,089	64,372	748,818	185,509
1.21	Chhimek Laghubitta Bikas Bank Limited 1976.19 equity shares (including 0.215 bonus shares) of Rs 100 each	2,724,068	3,434,624	53,537	65,377	2,724,068	3,434,624	53,537	65,377
1.22	First Micro Finance Development Bank Ltd. 2.97 bonus shares	471	2,445	471	492	471	2,445	471	492
1.23	Deprosc Laghubitta Bittya Sanstha Limited 1.49 equity shares (including 0.2 bonus shares) of Rs 100 each	924	2,520	924	1,126	924	2,520	924	1,126
1.24	Mahuli Samudayik Laghubitta Bittya Sanstha Limited 7 equity shares of Rs 100 each	11,805	15,260	-	-	11,805	15,26	-	-
1.25	NIC Asia Laghubitta 12.22 equity shares of Rs 100 each Bittya Sanstha Limited	6,656	18,880	-	-	6,656	18,880	-	-
1.26	Swabalamban Laghubitta Bittya Sanstha Limited 0.75 equity shares of Rs 100 each	665	1,244	665	777	665	1,244	665	777
1.27	RSDC Laghubitta Bittya Sanstha Limited 1 share of Rs 100 each	726	867	-	-	726	867	-	-
1.28	Nerude Laghubita Bikas Bank Limited 1.00 equity shares(including 0.66 bonus shares) of Rs 100 each	3	1,600	1,804	151,705	3	1,600	1,804	151,705
1.29	Sana Kisan Bikas Bank Ltd 76.65 equity shares (including bonus 74 bonus shares) of Rs 100 each	4,189	125,702	274,333	430,524	4,189	125,702	274,333	430,524
1.30	Nirdhan Utthan Bank Limited 1 equity shares (including bonus shares) of Rs 100 each	461	1,604	419,982	508,058	461	1,604	419,982	508,058
1.31	NIBL Samridhi Fund I 347,782 units of Rs 10 each	3,477,820	4,994,150	-	-	3,477,820	4,994,150	-	-
1.32	NIBL Samridhi Fund II 500,000 units of Rs 10 each	5,000,000	5,405,000	-	-	5,000,000	5,405,000	-	-
1.33	NMB Hybrid Fund L-1 774,069 units of Rs 10 each	7,740,690	10,566,042	3,154,800	2,997,060	7,740,650	10,566,042	3,154,800	2,997,060

1.34	Nabil Equity Fund 857,549 units of Rs 10 each	8,575,490	12,520,215	2,252,990	2,102,040	8,575,490	12,520,215	2,252,990	2,102,040
1.35	NIBL Pragati Fund 1,233,222 units of Rs 10 each	12,332,220	18,313,347	3,424,800	2,791,212	12,332,220	18,313,347	3,424,800	2,791,212
1.36	Kumari equity fund 500,000 units of Rs 10 each	5,000,000	5,250,000	-	-	5,000,000	5,250,000	-	-
1.37	Laxmi equity fund 142,478 units of Rs 10 each	1,424,780	1,966,196	2,924,780	2,565,032	1,424,780	1,966,196	2,924,780	2,565,032
1.38	Siddhartha Equity Fund 1,506,148 units of Rs 10 each	15,061,480	21,161,379	7,800,000	7,800,000	15,061,480	21,161,379	7,800,000	7,800,000
1.39	Sanima Equity Fund 2,200,000 units of Rs 10 each	22,000,000	36,938,000	2,000,000	1,986,000	22,000,000	36,938,000	2,000,000	1,986,000
1.40	Sanima Large Cap Fund 500,000 units of Rs 10 each	5,000,000	5,250,000	-	-	5,000,000	5,250,000	-	-
1.41	Nabil Balance Fund II 100,000 units of Rs 10 each	1,000,000	1,410,000	1,000,000	990,000	1,000,000	1,410,000	1,000,000	990,000
1.42	Siddhartha Investment Growth Scheme 2 7,989,459 units of Rs 10 each	79,894,590	113,450,318	50,000,000	50,000,000	79,894,590	113,450,318	50,000,000	50,000,000
1.43	NMB 50 100,000 units of Rs 10 each	1,000,000	1,495,000	2,000,000	2,000,000	1,000,000	1,495,000	2,000,000	2,000,000
1.44	Sunrise First Mutual Fund 200,000 units of Rs 10 each	2,000,000	3,200,000	5,000,000	5,000,000	2,000,000	3,200,000	5,000,000	5,000,000
1.45	Sunrise Bluechip Fund 500,000 units of Rs 10 each	5,000,000	5,080,000	-	-	5,000,000	5,080,000	-	-
1.46	Laxmi Unnati Kosh 500,000 units of Rs 10 each	5,000,000	6,310,000	-	-	5,000,000	6,310,000	-	-
1.47	Hydroelectricity Investment and Development Co Ltd 31860 equity shares Rs 100 each.	2,896,400	14,305,140	-	-	2,896,400	14,305,140	-	-
1.48	Mero Microfinance Bittiya Sanstha Ltd. 100 equity shares Rs 100 each.	4,100	154,600	-	-	4,100	154,600	-	-
1.49	Ngadi Group Power Ltd 699 equity shares Rs 100 each.	57,900	398,430	-	-	57,900	398,430	-	-
1.50	Arun Kabeli Power Ltd 311 equity shares Rs 100 each	29,500	147,414	-	-	29,500	147,414	-	-
1.51	Global IME Samunnat Scheme I 3,797,268 units of Rs 10 each	37,972,680	77,008,595	-	-	37,972,680	77,008,595	-	-
1.52	Forward Community Microfinance Bittiya Sanstha Ltd 80 equity shares Rs 100 each.	2,600	221,600	-	-	2,600	221,600	-	-

1.53	National Microfinance Bittiya Sanstha Ltd 61 equity shares Rs 100 each.	1,900	219,783	-	-	1,900	219,783	-	-
1.54	NIC Asia Growth Fund 2,000,000 units of Rs 10 each	20,000,000	30,000,000	-	-	20,000,000	30,000,000	-	-
1.55	Prabhu Insurance Ltd.-Promoter 35,524 equity shares (including 10,381 bonus shares) of Rs 100 each	1,702,967	17,051,520	1,702,967	7,297,900	1,702,967	17,051,520	1,702,967	7,297,900
2. Investment In Quoted Equity Of The Subsidiary									
2.1	Century Commercial Bank Ltd 6 equity shares (including bonus shares) of Rs 100 each.	595	1,746	595	825	-	-	-	-
2.2	Civil Bank	-	-	328,717	227,404	-	-	-	-
2.3	Laxmi Bank Ltd 1849 equity shares of Rs 100 each.	683,364	730,355	6,077	1,463	-	-	-	-
2.4	Nepal Bank Ltd 4500 equity shares of Rs 100 each.	1,871,981	1,993,500	130,480	133,464	-	-	-	-
2.5	Nepal Investment Bank Ltd 4355 equity shares of Rs 100 each.	2,069,742	1,994,100	2	2,155	-	-	-	-
2.6	NIC ASIA Bank Ltd 6003 equity shares of Rs. 100 each	5,280,176	5,966,982	2	1,659	-	-	-	-
2.7	Prime Commercial Bank Ltd 5530 equity shares of Rs 100 each.	2,423,707	2,648,870	5,757	40,035	-	-	-	-
2.8	Standard Chartered Bank Nepal Ltd 4281 equity shares of Rs 100 each.	2,671,619	2,525,790	867	645	-	-	-	-
2.10	Agriculture Development Bank Ltd 1946 equity shares of Rs 100 each.	887,619	932,134	-	-	-	-	-	-
2.11	Global IME Bank Ltd 7100 equity shares of Rs 100 each.	3,210,510	3,131,100	-	-	-	-	-	-
2.12	Himalayan Bank Ltd 4521 equity shares of Rs 100 each.	2,550,913	2,188,164	-	-	-	-	-	-
2.13	Everest Bank Ltd 184 equity shares of Rs 100 each.	131,498	135,792	-	-	-	-	-	-
2.14	Mega Bank Ltd 3410 equity shares of Rs 100 each.	1,231,315	1,248,060	-	-	-	-	-	-
2.15	Nabil Bank Ltd 975 equity shares of Rs 100 each.	1,245,826	1,325,025	-	-	-	-	-	-
2.16	NMB Bank Ltd 7361 equity shares of Rs 100 each.	3,055,100	3,238,840	-	-	-	-	-	-
2.17	Prabhu Bank Ltd 6900 equity shares of Rs 100 each.	3,176,840	3,153,300	-	-	-	-	-	-

2.18	Siddhartha Bank Ltd 3000 equity shares of Rs 100 each.	1,420,300	1,512,000	-	-	-	-	-	-
2.19	Sanima Bank Ltd 3002 equity shares of Rs 100 each.	1,393,404	1,455,970	-	-	-	-	-	-
2.20	Kumari Bank Ltd 4423 equity shares of Rs 100 each.	1,610,992	1,640,933	-	-	-	-	-	-
2.21	Garima Bikas Bank Ltd 2546 equity shares of Rs 100 each.	1,282,467	1,385,024	-	-	-	-	-	-
2.22	Excel Develpoment Bank Ltd 450 equity shares of Rs 100 each.	371,850	384,750	-	-	-	-	-	-
2.23	Jyoti Bikas Bank Ltd 700 equity shares of Rs 100 each.	322,700	334,600	-	-	-	-	-	-
2.24	Kamana Bikas Sewa Bank Ltd 2348 equity shares of Rs 100 each.	1,221,960	1,361,840	-	-	-	-	-	-
2.25	Lumbini Bikas Bank Ltd 4423 equity shares of Rs 100 each.	2,061,692	2,098,980	-	-	-	-	-	-
2.26	Miteri Bikas Bank Ltd 300 equity shares of Rs 100 each.	176,500	175,800	-	-	-	-	-	-
2.27	Muktinath Bank Ltd 2938 equity shares of Rs 100 each.	1,818,820	1,930,266	-	-	-	-	-	-
2.28	Shine Resunga Deveopment Bank ltd 590 equity shares of Rs 100 each.	164,267	263,730	-	-	-	-	-	-
2.29	ICFC Finance ltd 1670 equity shares of Rs 100 each.	901,910	1,068,800	-	-	-	-	-	-
2.30	Shree Investment Finance Co. ltd 1600 equity shares of Rs 100 each.	643,800	782,400	-	-	-	-	-	-
2.31	Soaltee Hotel Limited 15 equity shares of Rs 100 each.	3,432	3,930	3,431	2,310	-	-	-	-
2. 32	API Hydropower Limited 66 equity shares of Rs 100 each.	29,148	26,598	27,147	4,644	-	-	-	-
2.33	Khanikhola Hydropower 16 equity shares of Rs 100 each.	1,600	4,464	1,600	784	-	-	-	-
2.34	Universal Power Company Limited (10 equity shares of Rs. 100 each)	2,890	3,150	2,890	700	-	-	-	-
2.35	Ridi Hydropower Company Limited 15(including bonus share) equity shares of Rs 100 each.	1	8,640	1	1,260	-	-	-	-
2.36	Sanima Mai Hydropower Company Limited 300 equity shares of Rs 100 each.	147,500	153,900	-	-	-	-	-	-
2.37	Sanjen Jalbidhyut Company Limited 100 equity shares of Rs 100 each.	45,200	44,900	-	-	-	-	-	-

2.38	Life Insurance Co. Nepal 212 equity shares of Rs 100 each.	374,182	496,504	639,602	582,540	-	-	-	-
2.39	National Life Insurance Co. Ltd 2460 equity shares of Rs 100 each.	2,973,111	2,831,460	103,726	66,200	-	-	-	-
2.40	Nepal Life Insurance Co. Ltd 2,701 equity shares of Rs 100 each.	5,459,594	5,183,219	493,805	505,260	-	-	-	-
2.41	Prudential Insurance Company Ltd. 50 equity shares of Rs 100 each.	40,900	40,500	-	-	-	-	-	-
2.43	Prime Life Insurance Company Ltd. 500 equity shares of Rs 100 each.	479,900	477,000	-	-	-	-	-	-
2.44	Asian Life Insurance Company Ltd. 2350 equity shares of Rs 100 each.	3,194,400	3,167,800	-	-	-	-	-	-
2.45	Neco Insurance Co.Ltd. 3008 equity shares of Rs 100 each.	4,450,508	4,054,784	-	-	-	-	-	-
2.45	Sagarmatha Insurance Co.Ltd. 2530 equity shares of Rs 100 each.	3,883,790	3,400,320	-	-	-	-	-	-
2.46	Premier Insurance Co.Ltd. 3200 equity shares of Rs 100 each.	4,108,400	3,744,000	-	-	-	-	-	-
2.47	Shikhar Insurance Co.Ltd. 1983 equity shares of Rs 100 each.	3,952,837	3,870,816	-	-	-	-	-	-
2.48	Siddhartha Insurance Co.Ltd. 3500 equity shares of Rs 100 each.	3,849,480	3,703,000	-	-	-	-	-	-
2.49	Sana Kisan Laghubitta Sanstha Ltd 2107 equity shares of Rs 100 each.	3,376,394	3,455,480	-	-	-	-	-	-
2.50	Deprosc Laghubitta Sanstha Ltd 2343 equity shares of Rs 100 each.	3,803,050	3,950,298	-	-	-	-	-	-
2.51	Forward Community Microfinance Sanstha Ltd 556 equity shares of Rs 100 each.	1,466,690	1,540,120	-	-	-	-	-	-
2.52	Nirdan Utthan Laghubitta Sanstha Ltd 3246 equity shares of Rs 100 each.	4,474,966	5,193,600	-	-	-	-	-	-
2.53	RMDC Laghubitta Sanstha Ltd 350 equity shares of Rs 100 each.	484,050	480,550	-	-	-	-	-	-
2.54	Chhimek Laghubitta Bikas Bank Ltd 2646 equity shares of Rs 100 each.	4,566,334	4,598,748	62,363	282,310	-	-	-	-
2.55	Swabalamban Lagubitta Bittiya Sanstha Ltd 2191 equity shares of Rs 100 each.	3,045,826	3,634,869	3	11,097	-	-	-	-
2.56	Shivam Cements Ltd	-	-	4,640	5,980	-	-	-	-
2.57	Nabil Equity Fund 210,777 equity shares of Rs 10 each.	2,146,542	3,077,344	2,146,543	1,966,549	-	-	-	-

2.58	NIBL Pragati Fund 74,163 units of Rs 10 each.	605,912	1,101,321	605,914	604,429	-	-	-	-
2.59	NIBL Samriddhi Fund 1 192,279 units of Rs 100 each.	2,065,888	2,761,126	2,065,889	1,903,562	-	-	-	-
2.60	NMBHF-1 293,250 units of Rs 10 each.	2,924,216	4,002,863	2,924,216	2,785,875	-	-	-	-
2.61	Sanima Equity Fund 50,000 units of Rs 10 each.	500,000	839,500	500,000	496,500	-	-	-	-
2.62	Siddhartha Equity Fund 50,000 units of Rs 10 each.	474,000	702,500	474,000	500,000	-	-	-	-
2.63	Nabil Balance Fund-II 250,000 Units of Rs 10 each	2,500,000	3,525,000	2,500,000	2,475,000	-	-	-	-
2.64	Citizens Mutual Fund-II 3,253,350 Units of Rs 10 each	32,533,500	46,034,903	32,533,500	32,533,500	-	-	-	-
3.	**Investment In Unquoted Equity**								
3.1	Banking Finance & Insurance Institute of Nepal- Pro 11000 equity shares of Rs 100 each.	1,000,001	1,100,000	1,000,000	1,100,000	-	-	-	-
	Total	**439,629,453**	**615,100,038**	**132,934,183**	**136,722,818**	**296,783,745**	**452,277,981**	**86,372,416**	**90,486,668**

Amount in NPR

Loan And Advances To B/Fis 4.6

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loans to microfinance institutions	3,279,966,619	1,549,599,543	3,279,966,619	1,549,599,543
Other	-	-		
Less: Allowances for impairment	32,799,666	15,495,995	32,799,666	15,495,995
Total	**3,247,166,953**	**1,534,103,548**	**3,247,166,953**	**1,534,103,548**

Amount in NPR

Allowances For Impairment 4.6.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Balance at Shrawan 1	**15,495,995**	**15,978,780**	**15,495,995**	**15,978,780**
Impairment loss for the year:				
Charge for the year	-	-	-	–
Recoveries/reversal	8,328,671	(857,330)	8,328,671	(857,330)
Amount written off	-	-	-	-
Other movement*	8,975,000	374,545	8,975,000	374,545
Balance at Ashadh end	**32,799,666**	**15,495,995**	**32,799,666**	**15,495,995**

** Other movement includes the amount of impairment of acquired institutions.*

Amount in NPR

Loans And Advances To Customers	Group		Bank		4.7
Loan and advances measured at amortized cost	121,883,705,827	81,009,783,197	121,883,705,827	81,009,783,197	
Less: Impairment allowances	-	-	-	-	
Collective impairment	1,652,551,625	693,659,804	1,652,551,625	693,659,804	
Individual impairment	1,319,111,914	1,339,728,148	1,319,111,914	1,339,728,148	
Net amount	**118,912,042,288**	**78,976,395,245**	**118,912,042,288**	**78,976,395,245**	
Loan and advances measured at FVTPL	-	-	-	-	
Total	**118,912,042,288**	**78,976,395,245**	**118,912,042,288**	**78,976,395,245**	

Bank has assessed and measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39. Loan Loss Provision as on Ashad end 2078 as per norms prescribed by NRB is NRs. 3,004,463,205 whereas impairment for Loan and Advances as per paragraph 63 of NAS 39 is NRs. 1,606,021,783

Amount in NPR

Analysis Of Loan And Advances- By Product	Group		Bank		4.7.1
Particulars	Current Year	Previous Year	Current Year	Previous Year	
Product					
Term loans	29,385,690,410	21,673,551,704	29,385,690,410	21,673,551,704	
Overdraft	16,598,334,401	13,904,949,271	16,598,334,401	13,904,949,271	
Trust receipt/Import loans	4,520,215,233	2,541,472,379	4,520,215,233	2,541,472,379	
Demand and other working capital loans	15,528,009,661	12,183,621,524	15,528,009,661	12,183,621,524	
Personal residential loans	7,699,488,735	5,947,116,407	7,699,488,735	5,947,116,407	
Real estate loans	5,443,269,139	5,198,579,522	5,443,269,139	5,198,579,522	
Margin lending loans	5,608,217,416	3,038,789,635	5,608,217,416	3,038,789,635	
Hire purchase loans	5,609,123,617	5,758,693,523	5,609,123,617	5,758,693,523	
Deprived sector loans	8,759,240,918	2,765,506,855	8,759,240,918	2,765,506,855	
Bills purchased	25,900,000	25,900,000	25,900,000	25,900,00	
Staff loans	956,872,581	557,016,476	956,872,581	557,016,476	
Other	21,169,427,891	6,695,613,900	21,169,427,891	6,695,613,900	
Sub total	**121,303,790,002**	**80,290,811,196**	**121,303,790,002**	**80,290,811,196**	
Interest receivable	579,915,825	718,972,002	579,915,825	718,972,002	
Grand total	**121,883,705,827**	**81,009,783,198**	**121,883,705,827**	**81,009,783,198**	

Amount in NPR

Analysis Of Loan And Advances- By Currency	Group		Bank		4.7.2
Particulars	Current Year	Previous Year	Current Year	Previous Year	
Nepalese rupee	120,245,711,941	80,678,936,624	120,245,711,941	80,678,936,624	
Indian rupee	-				
United State dollar	1,637,993,886	330,846,573	1,637,993,886	330,846,573	
Great Britain pound	-	-	-	-	
Euro	-	-	-	-	
Japenese yen		-	-	-	
Chinese yuan		-	-	-	
Other		-	-	-	
Total	**121,883,705,827**	**81,009,783,198**	**121,883,705,827**	**81,009,783,198**	

Analysis Of Loan And Advances- By Collateral 4.7.3

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Secured				
Movable/immovable assets	93,047,679,761	67,572,530,763	93,047,679,761	67,572,530,763
Gold and silver	941,903,936	483,366,419	941,903,936	483,366,419
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	2,370,456	-	2,370,456	-
Guarantee of international rated bank	-	-	-	-
Collateral of export document	5,166,000	2,511,557,574	5,166,000	2,511,557,574
Collateral of fixed deposit receipt	647,702,018	349,277,385	647,702,018	349,277,385
Collateral of Governement securities	3,531,019	-	3,531,019	-
Counter guarantee	-	-	-	-
Personal guarantee	2,526,569,505	109,836,111	2,526,569,505	109,836,111
Other collateral	24,651,481,766	9,938,975,672	24,651,481,766	9,938,975,672
Subtotal	**121,826,404,462**	**80,965,543,925**	**121,826,404,462**	**80,965,543,925**
Unsecured	57,301,365	44,239,273	57,301,365	44,239,273
Grant Total	**121,883,705,827**	**81,009,783,198**	**121,883,705,827**	**81,009,783,198**

Allowances For Impairment 4.7.4

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Specific Allowances For Impairment				
Balance at Shrawan 1	**1,339,728,148**	**687,661,853**	**1,339,728,148**	**687,661,853**
Impairment Loss For The Year				
Charge for the year	-	620,299,569	-	620,299,569
Recoveries/(reversal)during the year	(369,213,935)	-	(369,213,935)	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment Other movement*	348,597,700	31,766,726	348,597,700	31,766,726
Balance at Ashadh end	**1,319,111,914**	**1,339,728,148**	**1,319,111,914**	**1,339,728,148**
Collective allowances for impairment				
Balance at Shrawan 1	**693,659,804**	**602,363,785**	**693,659,804**	**602,363,785**
Impairment loss for the year:				
Charge/(reversal) for the year	754,921,286	20,691,019	754,921,286	20,691,019
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement*	203,970,535	70,605,000	203,970,535	70,605,000
Balance at Ashadh end	**1,652,551,625**	**693,659,804**	**1,652,551,625**	**693,659,804**
Total Allowances For Impairment	**2,971,663,539**	**2,033,387,952**	**2,971,663,539**	**2,033,387,952**

Investment Securities

Amount in NPR

4.8

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment securities measured at amortized cost	20,951,196,495	11,352,829,597	20,919,420,495	11,321,053,597
Investment in equity measured at FVTOCI	1,112,166,462	507,278,965	1,098,001,581	507,278,965
Total	**22,063,362,956**	**11,860,108,562**	**22,017,422,075**	**11,828,332,562**

Investment Securities Measured At Amortized Cost

Amount in NPR

4.8.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Debt securities	-	-	-	-
Government bonds	16,148,672,270	10,176,238,348	16,148,672,270	10,176,238,348
Government treasury bills	4,770,748,224	1,144,815,249	4,770,748,224	1,144,815,249
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	31,776,000	31,776,000	-	-
Less: specific allowances for impairment	-	-	-	-
Total	**20,951,196,495**	**11,352,829,597**	**20,919,420,495**	**11,321,053,597**

Investment In Equity Measured At Fair Value Through Other Comprehensive Income

Amount in NPR

4.8.2

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Equity instruments	-	-	-	-
Quoted equity securities	1,090,909,932	502,228,104	1,090,909,932	502,228,104
Unquoted equity securities	21,256,530	5,050,861	7,091,649	5,050,861
Total	**1,112,166,462**	**507,278,965**	**1,098,001,581**	**507,278,965**

Information Relating To Investment In Equities

4.8.3

	Particulars	Group				Bank			
		Current Year		Previous Year		Current Year		Previous Year	
		Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
1. Investment In Quoted Equity Of The Bank									
1.1	Citizens Mutual Fund-I 15,000,000 untis of Rs 10 each	150,000,000	188,700,000	150,000,000	150,900,000	150,000,000	188,700,000	150,000,000	150,900,000
1.2	Mero Microfinance Bittiya Sanstha Limited 690,000.37 Equity Shares (including bonus shares) of Rs 100 each	36,494,100	533,370,286	36,494,100	198,845,704	36,494,100	533,370,286	36,494,100	198,845,704
1.3	Citizens Mutual Fund- II 15,000,000 units of Rs 10 each	150,000,000	212,250,000	150,000,000	150,000,000	150,000,000	212,250,000	150,000,000	150,000,000
1.4	Aarambha Chautari Laghubitta Bittiya Sanstha Ltd. 40,764.33 Equity Shares (including bonus shares) of Rs 100 each	3,500,000	32,081,524	1,000,000	2,482,400	3,500,000	32,081,524	1,000,000	2,482,400
1.5	Mahuli Laghubitta Bittiya Sanstha Limited Promoter Share 49,021 Equity Shares of Rs 100 each	2,803,500	53,432,890	-	-	2,803,500	53,432,890	-	-
1.6	Nerude Laghubita Bikas Bank Limited Promoter Share 88,844.04 Equity Shares of Rs 100 each	13,866,327	71,075,232	-	-	13,866,327	71,075,232	-	-
2.	**Investment In Unquoted Equity Of The Bank**								
2.1	National Banking Institute Limited (NBI) 18,348.60 equity Shares of Rs 100 each	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860
2.2	Credit Information Bureau 47,245.69 equity Shares of Rs 100 each	378,001	1,751,289	216,001	216,001	378,001	1,751,289	216,001	216,001
2.3	Prabhu Capital Limited 30,000 Equity Shares of Rs 100 each	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000
2.4	Nepal Clearing House Limited* 89,341 Equity Shares (including bonus shares) of Rs 100 each	3,257,800	17,670,381	-	-	3,257,800	3,505,500	-	-
	Total	**362,134,588**	**1,112,166,462**	**342,544,961**	**507,278,965**	**362,134,588**	**1,098,001,581**	**342,544,961**	**507,278,965**

**The investment in Nepal Clearing House Ltd. has shown under the investment in equities as the controlling interest has been ceased*

Amount in NPR

Current Tax Assets 4.9

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current year income tax assets	1,052,340,364	647,018,240	1,050,726,422	634,032,850
Tax assets of prior periods	-	-	-	-
Current tax liabilities				
Current year income tax liabilities	762,268,789	491,544,348	762,268,789	491,544,348
Tax liabilities of prior periods	-	-	-	-
Total	**290,071,575**	**155,473,891**	**288,457,633**	**142,488,502**

Amount in NPR

Investment In Subsidiaries 4.10

Particulars	Bank	
	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	167,204,200	167,204,200
Total investment	**167,204,200**	**167,204,200**
Less: Impairment allowances	-	-
Net Carrying Amount	**167,204,20**	**167,204,200**

Amount in NPR

Investment In Quoted Subsidiaries 4.10.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment in quoted subsidiaries	-	-	-	-
Investment in unquoted subsidiaries	-	-	-	-
Total investment	**-**	**-**	**-**	**-**
Less: Impairment allowances	-	-	-	-
Net Carrying Amount	**-**	**-**	**-**	**-**

Amount in NPR

Investment In Unquoted Subsidiaries 4.10.2

Particulars	Bank			
	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
"CBIL Capital Ltd. 1,172,042 shares of Rs. 100 each"	117,204,200	117,204,200	-	-
"CBIL securities Ltd 5,00,000 of Rs 100 each"	50,000,000	50,000,000	-	-
"Previous Year				
CBIL Capital Ltd. 1,172,040 shares of Rs. 100 each"	-	-	117,204,200	117,204,200
CBIL securities Ltd 5,00,000 shares of Rs 100 each	-	-	50,000,000	50,000,000
Total	**167,204,200**	**167,204,200**	**167,204,200**	**167,204,200**

Amount in NPR

Information Relating To Subsidiaries Of The Bank

4.10.3

Particulars	Bank	
	Current Year	Previous Year
CBIL Capital Ltd.	58.60%	58.60%
CBIL Securities Ltd.	100.00%	100.00%

Non Controlling Interest Of The Subsidiaries

4.10.4

Particulars	Group
	Current Year
	CBIL Capital Ltd.
Equity interest held by NCI (%)	41.40%
Profit/(loss) allocated during the year	
Accumulated balances of NCI as on Ashadh end 2078	
Dividend paid to NCI	
	Previous Year
	CBIL Capital Ltd.
Equity interest held by NCI (%)	41.40%
Profit/(loss) allocated during the year	
Accumulated balances of NCI as on Ashadh end 2078	
Dividend paid to NCI	

Amount in NPR

Investment In Associates

4.11

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment In Quoted Associates	-	-	-	-
Investment In Unquoted Associates	20,865,381	34,693,285	16,000,000	18,951,500
Total Investment	**20,865,381**	**34,693,285**	**16,000,000**	**18,951,500**
Less: Impairment Allowances				
Net Carrying Amount	**20,865,381**	**34,693,285**	**16,000,000**	**18,951,500**

Amount in NPR

Investment In Quoted Associates

4.11.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year

Amount in NPR

Investment In Unquoted Associates 4.11.2

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
1. Nepal Clearing House Limited* 89,341 Equity Shares (including bonus shares) of Rs 100 each	-	-	2,951,500	17,116,381	-	-	2,951,500	2,951,500
2. Nepal Electronic Payment System Limited 160,000 Equity Shares of Rs 100 each	16,000,000	20,865,381	16,000,000	17,576,905	16,000,000	16,000,000	16,000,000	16,000,000
Total	**16,000,000**	**20,865,381**	**18,951,500**	**34,693,285**	**16,000,000**	**16,000,000**	**18,951,500**	**18,951,500**

**The investment in Nepal Clearing House Ltd. has shown under the investment in equities as the controlling interest has been ceased*

Information Relating To Associates Of The Bank 4.11.3

Particulars	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	Current Year	Previous Year	Current Year	Previous Year
1. Nepal Electronic Payment System Limited	-	-	9.09%	9.09%
2. Nepal Clearing House Limited	-	-	-	1.64%

Amount in NPR

Equity Value of Associates 4.11.4

Particulars	Current Year	Previous Year	Group	
			Current Year	Previous Year
1. Nepal Electronic Payment System Limited			20,865,381	17,576,905
2. Nepal Clearing House Limited			-	17,116,381
Total			**20,865,381**	**34,693,285**

Amount in NPR

Investment Property 4.12

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment Properties Measured At Fair Value				
Balance As On Shrawan 1, 2077	-	-	-	-
Addition/Disposal During The Year	-	-	-	-
Net Changes In Fair Value During The Year	-	-	-	-
Adjustment/Transfer	-	-	-	-
Net Amount	**-**	**-**	**-**	**-**
Investment Properties Measured At Cost				
Balance As On Shrawan 1, 2077	195,532,789	222,547,153	195,532,789	222,547,153
Addition/Disposal During The Year	(54,386,335)	(27,014,364)	(54,386,335)	(27,014,364)
Adjustment/Transfer	-	-	-	-
Accumulated Depreciation	-	-	-	-
Accumulated Impairment Loss	-	-	-	-
Net Amount	**141,146,454**	**195,532,789**	**141,146,454**	**195,532,789**
Total	**141,146,454**	**195,532,789**	**141,146,454**	**195,532,789**

Property And Equipment

Group

4.14

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles & Fixture	Furniture	Machinery & Others	Equipment	Total Ashadh End 2078	Total Ashadh End 2077
Cost										
As on Shrawan 1, 2076	**1,348,701,692**	**486,082,753**	**207,878,620**	**189,177,798**	**244,620,331**	**172,183,471**	**-**	**284,894,102**	**-**	**2,933,538,767**
Addition during the Year Acquisition	-	52,446,709	40,295,277	27,635,388	72,978,800	32,534,901	-	78,250,971		304,142,046
Addition from merger/ acquisition	98,800,000	-	-	5,136,319	4,086,295	5,690,786	-	18,808,598		132,521,998
Capitalization	-	-	-	-	-	-	-	-		-
Disposal during the year	-	(292,767)	(9,362,884)	(3,554,360)	(3,478,710)	(2,223,028)	-	(12,374,818)		(31,286,568)
Adjustment/Revaluation	-	422,949	(3,054,056)	(451,986)	-	(309,749)	-	(1,013,796)		(4,406,638)
Balance as on Asadh end 2077	**1,447,501,692**	**538,659,643**	**235,756,957**	**217,943,159**	**318,206,716**	**207,876,381**	**-**	**368,565,056**	**-**	**3,334,509,604**
Addition during the Year Acquisition	-	6,248,390	30,891,672	12,774,753	20,369,800	20,116,793	-	46,637,637		-
Addition from merger/ acquisition	179,400,950	20,488,735	97,608,479	35,083,131	53,514,581	73,498,865	-	133,904,774	593,499,516	
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(2,705,631)	(1,995,230)	(24,198,800)	(1,643,450)	-	(9,682,964)	(40,226,075)	-
Adjustment/Revaluation	-	(15,281,093)	(800,260)	-	-	(3,041,815)	-	(2,729,875)	(21,853,043)	-
Balance as on Asadh end 2078	**1,626,902,642**	**550,115,675**	**360,751,217**	**263,805,813**	**367,892,298**	**296,806,774**	**-**	**536,694,628**	**4,002,969,048**	**3,334,509,604**
Depreciation and Impairment										
As on Shrawan 1, 2076	**-**	**72,417,271**	**115,059,685**	**119,303,014**	**62,399,235**	**109,488,322**	**-**	**174,762,330**	**-**	**653,429,856**
Impairment for the year										
Depreciation charge for the Year	-	26,674,155	19,450,584	34,725,828	41,004,568	22,227,926	-	44,698,296	-	188,781,355

Depreciation charge for the Year of the acquired institute		-	-	42,216	19,192	31,182	-	123,634		216,225
Disposals	-	(111,298)	(7,600,696)	(3,375,774)	(917,773)	(1,931,857)	-	(7,949,049)	-	(21,886,447)
Adjustment	-	7,052	(207,993)	19,264	(82,547)	(330,125)	-	(266,097)	-	(860,446)
Balance as on Asadh end 2077	**-**	**98,987,180**	**126,701,580**	**150,714,548**	**102,422,674**	**129,485,448**	**-**	**211,369,114**	**819,680,544**	**819,680,544**
Impairment for the year										
Depreciation charge for the Year	-	27,558,434	22,032,657	36,194,943	47,019,938	28,438,967	-	59,641,824	220,886,761	
Accumulated depreciation transferred from merger/acquisition		743,531	29,377,888	22,165,510	19,429,104	25,176,056	-	52,051,030	148,943,119	
Disposals	-	-	(2,705,626)	(1,958,765)	(9,726,909)	(1,134,578)	-	(8,707,586)	(24,233,465)	
Adjustment	-	(793,194)	-	-	-	(1,605,914)	-	(813,495)	(3,212,602)	
Balance as on Asadh end 2078	**-**	**126,495,951**	**175,406,499**	**207,116,236**	**159,144,806**	**180,359,978**	**-**	**313,540,887**	**1,162,064,356**	**819,680,544**
Capital Work in Progress		36,110,516	6,697,551	-				442,323	43,250,390	
Net Book Value										
Balance as on Asadh end 2077	**1,447,501,692**	**473,711,235**	**119,613,685**	**67,228,610**	**215,784,042**	**78,390,933**	**-**	**157,195,942**	**-**	**2,559,426,140**
Balance as on Asadh end 2078	**1,626,902,642**	**459,730,240**	**192,042,269**	**56,689,578**	**208,747,492**	**116,446,796**	**-**	**223,596,065**	**2,884,155,088**	

Bank

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	EquipmentTotal & Others	Ashadh End 2078	Total Ashadh End 2077
Cost										
As on Shrawan 1, 2076	**1,348,701,692**	**486,082,753**	**206,687,579**	**187,316,166**	**240,215,064**	**170,799,103**	**-**	**283,310,852**		**2,923,113,207**
Addition during the Year										-
Acquisition	-	52,446,709	39,134,252	27,502,404	72,978,800	32,534,901		78,135,971		302,733,037
Addition from merger/ acquisition	98,800,000			5,136,319	4,086,295	5,690,786		18,808,598		132,521,998
Capitalization	-	-								-
Disposal during the year	-	(292,767)	(9,362,884)	(3,554,360)	(3,478,710)	(2,223,028)		(12,374,818)		(31,286,568)
Adjustment/Revaluation		422,949	(3,054,056)	(451,986)		(309,749)		(1,013,796)		(4,406,638)
Balance as on Asadh end 2077	**1,447,501,692**	**538,659,643**	**233,404,891**	**215,948,542**	**313,801,449**	**206,492,013**	**-**	**366,866,806**	**3,322,675,036**	**3,322,675,036**
Addition during the Year										
Acquisition	-	6,248,390	30,853,365	12,768,753	20,369,800	20,098,793		46,611,858	136,950,960	
Addition from merger/ acquisition	179,400,950	20,488,735	97,608,479	35,083,131	53,514,581	73,498,865		133,904,774	593,499,516	
Capitalization	-	-	-	-	-	-		-	-	
Disposal during the year	-		(2,705,631)	(1,995,230)	(24,198,800)	(1,643,450)		(9,682,964)	(40,226,075)	
Adjustment/Revaluation		(15,281,093)	(800,260)			(3,041,815)		(2,729,875)	(21,853,043)	
Balance as on Asadh end 2078	**1,626,902,642**	**550,115,675**	**358,360,844**	**261,805,197**	**363,487,030**	**295,404,406**	**-**	**534,970,600**	**3,991,046,394**	**3,322,675,036**
Depreciation and Impairment										
As on Shrawan 1, 2076		72,417,272	114,801,639	118,232,848	60,880,111	108,473,390		173,445,805	-	648,251,065

Impairment for the year										-
Depreciation charge for the Year		26,674,155	19,328,309	34,232,530	40,375,244	22,137,998		44,369,984		187,118,220
Depreciation charge of acquired institute				42,216	19,192	31,182		123,634		216,225
Disposals		(111,298)	(7,600,696)	(3,375,774)	(917,773)	(1,931,857)		(7,949,049)		(21,886,447)
Adjustment		7,052	(200,835)	(80,184)	-	(122,556)		(80,602)	-	(477,125)
Balance as on Asadh end 2077		**98,987,181**	**126,328,418**	**149,051,637**	**100,356,774**	**128,588,157**		**209,909,772**	**813,221,938**	**813,221,938**
Impairment for the year										
Depreciation charge for the Year		27,558,434	21,794,545	35,963,166	46,390,614	28,356,082		59,310,866	219,373,707	
Accumulated depreciation transferred from merger/acquisition	-	743,531	29,377,888	22,165,510	19,429,104	25,176,056		52,051,030	148,943,119	
Disposals		-	(2,705,626)	(1,958,765)	(9,726,909)	(1,134,578)		(8,707,586)	(24,232,669)	
Adjustment		(793,194)			-	(1,605,914)		(813,495)	(3,212,602)	
Balance as on Asadh end 2078	**-**	**126,495,952**	**174,795,225**	**205,221,548**	**156,449,582**	**179,379,802**	**-**	**311,750,588**	**1,154,092,696**	**813,221,938**
Capital Work in Progress		**36,110,516**	**6,697,551**					**442,323**	**43,250,390**	
Net Book Value										
As on Ashadh end 2077	**1,447,501,692**	**473,711,234**	**117,634,781**	**66,896,906**	**213,444,675**	**77,903,856**	**-**	**156,957,034**		**2,554,050,177**
As on Asadh end 2078	**1,626,902,642**	**459,730,239**	**190,263,170**	**56,583,650**	**207,037,448**	**116,024,604**	**-**	**223,662,335**	**2,880,204,084**	

Goodwill And Intangible Assets

Group

4.14

Particulars	Goodwill	Software		Other	Total Asadh End 2078	Total Asadh End 2077
		Purchased	Developed			
Cost						
As on Shrawan 1, 2076		138,223,810				138,223,810
Addition during the Year						
Acquisition		7,666,179				7,666,179
Capitalization						
Disposal during the year		(4,110,020)				(4,110,020)
Adjustment/Revaluation						
Balance as on Asadh end 2077		**141,779,969**				**141,779,969**
Addition during the Year						
Acquisition		27,038,936				
Addition from merger/acquisition		15,858,292				
Capitalization						
Disposal during the year		-			-	
Adjustment/Revaluation					-	
Balance as on Asadh end 2078		**184,677,198**			**184,677,198**	**141,779,969**
Amortization and Impairment						
As on Shrawan 1, 2076		44,524,500				44,524,500
Amortization charge for the Year		24,644,837			24,644,837	24,644,837
Impairment for the year						
Disposals		(3,482,040)			(3,482,040)	(3,482,040)
Adjustment		(128,130)			(128,130)	(128,130)
Balance as on Ashadh end 2077		**65,559,168**			**-**	**65,559,168**

Amortization charge for the Year			25,895,521				
Accumulated depreciation transferred from merger/acquisition				15,496,513			
Impairment for the year							
Disposals							
Adjustment							
Balance as on Ashadh end 2078			**106,951,202**			**-**	**65,559,168**
Capital Work in Progress			**6,918,734**			**6,918,734**	**-**
Net Book Value							
As on Ashadh end 2077			**76,446,802**				**76,446,802**
As on Ashadh end 2078			**84,644,731**			**84,644,731**	

Bank

Particulars	Goodwill	Software		Other	Total Asadh End 2078	Total Asadh End 2077
		Purchased	Developed			
Cost						
As on Shrawan 1, 2076		137,339,450				137,339,450
Addition during the Year						
Acquisition		6,721,499				6,721,499
Capitalization						
Disposal during the year		(4,110,020)				(4,110,020)
Adjustment/Revaluation						
Balance as on Asadh end 2077		**139,950,929**			**139,950,929**	**139,950,929**
Addition during the Year						
Acquisition		26,688,636			26,688,636	
Addition from merger/acquisition		15,858,292			15,858,292	

Capitalization							
Disposal during the year						-	
Adjustment/Revaluation						-	
Balance as on Asadh end 2078			**182,497,858**			**182,497,858**	
Amortization and Impairment							
As on Shrawan 1, 2076			43,986,052				43,986,052
Amortization charge for the Year			24,350,227				24,350,227
Impairment for the year							
Disposals			(3,482,040)				(3,482,040)
Adjustment							
Balance as on Ashadh end 2077			**64,854,240**			**64,854,240**	**64,854,240**
Amortization charge for the Year			25,503,580			25,503,580	
Accumulated depreciation transferred from merger/acquisition				15,496,513			15,496,513
Impairment for the year							
Disposals							
Adjustment						-	
Balance as on Ashadh end 2078			**105,854,333**			**105,854,333**	
Capital Work in Progress			**6,918,734**			**6,918,734**	**-**
Net Book Value							
As on Ashadh end 2077			**75,322,689**			**75,322,689**	**75,322,689**
As on Ashadh end 2078			**83,562,259**			**83,562,290**	

Deferred Tax 4.15

Particulars	Group			Bank		
	Current Year			Current Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/	Deferred Tax Assets	Deferred Tax Liabilities (Liabilities)	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporory differences on following items						
Loan and Advance to B/Fls	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(273,363,967)	(273,363,967)	-	(267,371,960)	(267,371,960)
Property & equipment	258,104	8,134,345	8,392,449	-	8,134,345	8,134,345
Employees' defined benefit plan	12,621,965	(4,778,025)	7,843,940	12,118,947	(4,778,025)	7,340,922
Lease Liabilities	16,095,684	-	16,095,684	15,746,161	-	15,746,161
Provisions	-	-	-	-	-	-
Other temporary differences	600,397	-	600,397	600,397	-	600,397
Deferred tax on temporary differences	29,576,150	(270,007,647)	(240,431,497)	28,465,505	(264,015,641)	(235,550,135)
Deferred tax on carry forward of unused tax losses	18,063,845	-	18,063,845	18,063,845	18,063,845	
Deferred tax due to changes in tax rate						
Net Deferred tax asset/(liabilities) as on year end of Asadh 2078	-	-	(222,367,651)	-	-	(217,486,290)
Deferred tax (asset)/liabilities as on Shrawan 1, 2077	-	-	12,937,113	-	-	13,613,542
Deferred tax (asset)/liabilities of Acquired institution(Tinau)	-	-	497,334	-	-	497,334
Deferred tax (asset)/liabilities of Acquired institution(Srijana)	-	-	27,828,391	-	-	27,828,391
Origination/(Reversal) during the year	-	-	181,104,813	-	-	175,547,023
Deferred tax expense/(income) recognised in profit or loss	-	-	6,653,820	-	-	1,060,939
Deferred tax expense/(income) recognised in other comprehensive income	-	-	174,450,993	-	-	174,486,084
Deferred tax expense/(income) recognised in directly in equity	-	-	-	-	-	-

Particulars	Previous Year			Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/	Deferred Tax Assets	Deferred Tax Liabilities (Liabilities)	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporory differences on following items						
Loan and Advance to B/Fls	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-

Investment properties	-	-	-	-	-	-
Investment securities	537,909	(51,098,681)	(50,560,772)	440,223	(51,098,681)	(50,658,458)
Property & equipment	(6,425,393)	-	(6,425,393)	(6,454,129)	-	(6,454,129)
Employees' defined benefit plan	13,935,972	-	13,935,972	13,682,682	-	13,682,682
Lease liabilities	8,408,221	-	8,408,221	8,111,504	-	8,111,504
Provisions	-	-	-	-	-	-
Other temporary differences	-	(7,685,609)	(7,685,609)	-	(7,685,609)	(7,685,609)
Deferred tax on temporary differences	16,456,708	(58,784,290)	(42,327,582)	15,780,280	(58,784,290)	(43,004,011)
Deferred tax on carry forward of unused tax losses	29,390,469	-	29,390,469	29,390,469	-	29,390,469
Deferred tax due to changes in tax rate	-	-	-	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Ashadh 2077	**-**	**-**	**(12,937,113)**	**-**	**-**	**(13,613,542)**
Deferred tax (asset)/liabilities as on Shrawan 1, 2076	-		(23,971,072)	-	-	(20,235,997)
Deferred tax (asset)/liabilities of Acquired institution	-	-	17,164,952	-	-	17,164,952
Origination/(Reversal) during the year	**-**	**-**	**19,743,233**	**-**	**-**	**16,684,587**
Deferred tax expense/(income) recognised in profit or loss	-	-	3,867,197	-	-	783,210
Deferred tax expense/(income) recognised in other comprehensive income	-	-	15,876,037	-	-	15,901,377
Deferred tax expense/(income) recognised in directly in equity	-	-	-	-	-	-

Amount in NPR

Other Assets 4.16

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Assets Held For Sale	-	-	-	-
Other Non Banking Assets	-	-	-	-
Bills Receivable	-	-	-	-
Accounts Receivable	693,919,305	690,992,403	821,225,930	669,017,686
Accrued Income	88,029	4,086,259	88,029	4,086,259
Prepayments And Deposit	111,063,549	121,065,899	110,730,597	120,663,657
Income Tax Deposit	40,632,766	19,005,169	40,632,766	19,005,169
Deferred Employee Expenditure	668,504,98	545,520,490	668,504,983	545,520,490
Other	56,781,493	33,980,627	56,361,371	33,698,749
Total	**1,570,990,125**	**1,414,650,846**	**1,697,543,676**	**1,391,992,008**

Notes to SFP- Liabilities

Due to Bank and Financial Institutions

Amount in NPR

4.17

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Money market deposits	-	-	-	-
Interbank borrowing	400,000,00	-	400,000,000	-
Other deposits from BFIs	2,365,001,954	3,688,903,954	2,365,001,954	3,688,903,954
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	-	-	-	-
Total	**2,765,001,954**	**3,688,903,954**	**2,765,001,954**	**3,688,903,954**

Due to Nepal Rastra Bank

Amount in NPR

4.18

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Refinance from NRB	1,205,558,824	567,577,082	1,205,558,824	567,577,082
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
Total	**1,205,558,824**	**567,577,082**	**1,205,558,824**	**567,577,082**

Derivative Financial Instruments

Amount in NPR

4.19

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Held For Trading				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contract	-	-	-	-
Others	-	-	-	-
Held For Risk Management				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contract	-	-	-	-
Other	-	-	-	-
Total	**-**	**-**	**-**	**-**

Deposits From Customers

Amount in NPR

4.20

	Group		Bank	
Institutional Customers:				
Term Deposits	39,744,885,112	34,632,861,867	39,875,985,112	34,717,861,867
Call Deposits	11,532,767,683	5,606,486,186	11,532,934,607	5,606,486,186
Current Deposits	5,788,209,978	3,840,412,273	5,933,275,22	4,077,785,851
Other	568,630,827	532,067,462	568,630,827	532,067,46
Individual Customers:				
Term Deposits	37,887,422,137	19,499,820,686	37,887,422,137	19,499,820,686
Saving Deposits	43,433,571,745	23,582,693,296	43,433,571,745	23,582,693,296
Current Deposits	1,050,080,783	400,405,750	1,050,080,783	400,405,750
Other	356,511,052	79,107,366	356,511,052	79,107,366
Total	**140,362,079,317**	**88,173,854,887**	**140,638,411,484**	**88,496,228,464**

Currency Wise Analysis Of Deposit From Customers

Amount in NPR

4.20.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Nepalese Rupee	137,862,311,717	86,646,472,678	138,138,476,960	86,968,846,256
Indian Rupee	-	-	-	-
United State Dollar	2,472,453,254	1,510,798,335	2,472,453,254	1,510,798,335
Great Britain Pound	451,569	148,653	451,569	148,653
Euro	10,935,935	7,286,325	10,935,935	7,286,325
Japenese Yen	214,309	221,617	214,309	221,617
Chinese Yuan	-	-	-	-
Other	15,879,458	8,927,277	15,879,458	8,927,277
Total	**140,362,246,241**	**88,173,854,886**	**140,638,411,484**	**88,496,228,463**

**Other Includes Currency in AED and AUD*

Borrowing

Amount in NPR

4.21

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

Particulars	Current Year	Previous Year	Current Year	Previous Year
Other Institutions	-	-	-	-
Sub total	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	

Amount in NPR

Provisions 4.22

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Provisions For Redundancy	-	-	-	-
Provision For Restructuring	-	-	-	-
Pending Legal Issues and Tax Litigation	-	-	-	-
Onerous Contracts	-	-	-	-
Other	-	-	-	-
previous year's income tax provisions	5,306,626	5,306,626	5,306,626	5,306,626
Total	**5,306,626**	**5,306,626**	**5,306,626**	**5,306,626**

Amount in NPR

Movement in Provision 4.22.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Balance At Shrawan 1	**5,306,626**	**5,306,626**	**5,306,626**	**5,306,626**
Provisions Made During The Year	-	-	-	-
Provisions Used During The Year	-	-	-	-
Provisions Reversed During The Year	-	-	-	-
Unwind Of Discount	-	-	-	-
Balance At Ashadh End	**5,306,626**	**5,306,626**	**5,306,626**	**5,306,626**

Amount in NPR

Other Liabilities 4.23

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Liability For Employees				
Defined Benefit Obligations	41,176,979	54,258,501	40,396,489	53,804,487
Liability For Long-Service Leave	896,237	390,287	-	-
Short-Term Employee Benefits	5,176,796	4,551,390	5,176,796	4,551,390
Bills Payable	197,640,685	132,763,515	197,640,685	132,763,515
Creditors And Accruals	116,593,064	25,030,952	116,593,064	25,030,952
Interest Payable On Deposit	64,976,239	23,297,842	64,976,239	23,297,842
Interest Payable On Borrowing	75,297,609	78,983,570	75,297,609	78,983,570

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Liabilities On Defered Grant Income	3,625,485	4,879,247	3,625,485	4,879,247
Unpaid Dividend	172,138,951	298,201,142	162,053,617	146,075,099
Lease Liabilities	53,652,281	30,209,974	52,487,205	29,220,919
Employee Bonus Payable	319,280,217	189,944,078	310,209,070	186,402,615]
Other	-	-	-	-
Card Payables	50,760,469	33,057,457	50,760,469	33,057,457
Unearned Comissions	111,825,221	99,536,876	111,825,221	99,536,876
Tax payable	166,676,509	146,885,676	166,414,500	145,876,322
Retention Money	7,416,962	11,765,356	7,416,962	11,765,356
Provision for Expenses	32,673,388	33,147,886	32,076,252	32,621,786
Account Payable Others	742,608,974	384,921,811	736,231,607	379,084,094
Total	**2,162,416,066**	**1,551,825,562**	**2,133,181,270**	**1,386,951,529**

Amount in NPR

Defined Benefit Obligations 4.23.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
The amounts recognised in the statement of financial position are as follows:				
Present Value Of Unfunded Obligations	41,176,978	52,794,283	40,396,489	53,804,487
Present Value Of Funded Obligations	105,590,454	73,370,973	105,590,454	73,370,973
Total Present Value Of Obligations	145,986,943	125,711,242	145,986,943	125,711,242
Fair Value Of Plan Assets	105,590,454	73,370,973	105,590,454	73,370,973
Present Value Of Net Obligations	40,396,489	52,340,269	40,396,489	52,340,269
Recognised Liability For Defined Benefit Obligations	145,986,943	125,711,242	145,986,943	125,711,242

Amount in NPR

Plan Assets 4.23.2

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Equity Securities	-	-	-	-
Government Bonds	-	-	-	-
Bank Deposit	-	-	-	-
Other	105,590,454	73,370,973	105,590,454	73,370,973
Total	**105,590,454**	**73,370,973**	**105,590,454**	**73,370,973**

Actual return on plan assets

Movement in the Present Value of Defined Benefit Obligations

Amount in NPR

4.23.3

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
At Shrawan 1	125,711,242	71,757,473	125,711,242	71,757,473
Actuarial Losses(Gain)	(19,310,804)	23,046,373	(19,310,804)	23,046,373
Benefits Paid By The Plan	(6,872,159)	(7,943,016)	(6,872,159)	(7,943,016)
Benefits Paid By The bank	(1,320,289)	-	(1,320,289)	-
Current Service Costs And Interest	47,778,953	38,850,412	47,778,953	38,850,412
Defined Benefit Obligations At Ashadh End	**145,986,943**	**126,165,256**	**145,986,943**	**125,711,242**

Movement in the Fair Value of Plan Assets

Amount in NPR

4.23.4

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Fair Value Of Plan Assets At Shrawan 1	73,370,973	66,343,987	73,370,973	66,343,987
Contributions Paid Into The Plan	27,969,464	11,285,962	27,969,464	11,285,962
Benefits Paid During The Year	(6,872,159)	(7,943,016)	(6,872,159)	(7,943,016)
Actuarial (Losses) Gains	3,583,663	(1,744,528)	3,583,663	(1,744,528)
Expected Return On Plan Assets	7,538,513	5,428,568	7,538,513	5,428,568
Fair Value Of Plan Assets At Ashadh End	**105,590,454**	**73,370,973**	**105,590,454**	**73,370,973**

Amount Recognised in Profit or Loss

Amount in NPR

4.23.5

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Costs	38,903,864	34,217,257	38,903,864	33,969,544
Interest On Obligation	8,875,432	4,880,869	8,875,432	4,880,869
Expected Return On Plan Assets	(7,538,513)	(5,428,568)	(7,538,513)	(5,428,568)
Total	**40,240,783**	**33,669,558**	**40,240,783**	**33,421,845**

**Currrent service cost includes the amount of NPR 20,673,405 on account of provision made for gratuity equivalent to 8.33% of salary for the staff joining after Bhadra 2074 as per terms of Employee Service Bylaws of the bank.vv*

Amount Recognised In Other Comprehensive Income

Amount in NPR

4.23.6

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Actuarial (Gain)/Loss	22,894,467	24,875,370	22,894,467	24,790,901
Total	**22,894,467**	**24,875,370**	**22,894,467**	**24,790,901**

Amount in NPR

Actuarial Assumptions 4.23.7

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate	9.00%	9.00%	9.00%	9.00%
Expected Return On Plan Asset	8.00%	8.00%	8.00%	8.00%
Future Salary Increase	5.00%	7.50%	5.00%	7.50%
Withdrawal Rate	8.00%	11.00%	8.00%	11.00%

Amount in NPR

Debt Securities Issued 4.24

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Debt Securities Issued Designated As At Fair Value Through Profit Or Loss	-	-	-	-
Debt Securities Issued At Amortised Cost	2,476,082,261	2,974,381,302	2,476,082,261	2,974,381,302
Total	**2,476,082,261**	**2,974,381,302**	**2,476,082,261**	**2,974,381,302**

Amount in NPR

Subordinated Liabilities 4.25

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Redeemable Preference Shares	-	-	-	-
Irredemable Cumulative Preference Shares (Liabilities Component)	-	-	-	-
Other	-	-	-	-
Total	**-**	**-**	**-**	**-**

Amount in NPR

Share Capital 4.26

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Ordinary Shares	12,576,923,115	9,089,817,290	12,576,923,115	9,089,817,290
Convertible Preference Shares (Equity Component Only)	-	-	-	-
Irredemable Preference Shares (Equity Component Only)	-	-	-	-
Perpetual Debt (Equity Component Only)	-	-	-	-
Total	**12,576,923,11**	**9,089,817,290**	**12,576,923,115**	**9,089,817,290**

Amount in NPR

Ordinary Share

4.26.1

Particulars	Bank	
	Current Year	Previous Year
Authorized Capital		
150,000,000 Ordinary shares of Rs. 100 each (Previous year 100,000,000 Ordinary shares of Rs. 100 each)	15,000,000,000	10,000,000,000
Issued capital		
125,769,231.15 Ordinary shares of Rs. 100 each (Previous Year 90,898,172.90 Ordinary Shares of Rs. 100 each)	12,576,923,115	9,089,817,290
Subscribed and paid up capital		
125,769,231.15 Ordinary shares of Rs. 100 each (Previous Year 90,898,172.90 Ordinary Shares of Rs. 100 each)	12,576,923,115	9,089,817,290
Total	**12,576,923,115**	**9,089,817,290**

Amount in NPR

Ordinary Share Ownership

4.26.2

Particulars	Group		Bank	
	Current Year		Previous Year	
	Percent	Amount	Percent	Amount
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions	4.33%	543,974,886	5.03%	457,454,798
Public	48.92%	6,153,525,061	49.00%	4,454,008,460
Other	46.75%	5,879,423,168	45.97%	4,178,354,032
Foreign ownership	**-**	**-**	**-**	**-**
Total	**100.00%**	**12,576,923,115**	**100.00%**	**9,089,817,290**

Shareholders Holding 0.5% Or More Shares

The List Of Shareholders Holding 0.5% Or More Shares Of The Bank Are As Follows: 4.26.3

	Name	Promoter Shares	Ordinary Shares	No of Shares Held	"Paid Up Value (NPR)"	% of Shareholding
1.	Citizen Investment	3,047,414.09	1,137,387.02	4,184,801.11	418,480,111	3.33
2.	Urmila Pandey	3,389,641.82	766,379.08	4,156,020.90	415,602,090	3.30
3.	Janak Bista	3,711,154.60	-	3,711,154.60	371,115,460	2.95
4.	Bijendra Joshi	1,561,590.44	434,332.90	1,995,923.34	199,592,334	1.59
5.	Manohar Das Mool	1,257,085.25	467,054.70	1,724,139.95	172,413,995	1.37
6.	Pavitra Kumar Karki	1,171,188.15	440,272.35	1,611,460.50	161,146,050	1.28
7.	Rabindra Man Singh Pradhan	1,171,188.15	435,148.22	1,606,336.37	160,633,637	1.28
8.	Sabitri Sharma	1,220,669.74	268,276.53	1,488,946.27	148,894,627	1.18
9.	Ramesh Sharma	936,956.63	336,991.77	1,273,948.40	127,394,840	1.01
10.	Soni Joshi	1,171,188.15	8,739.12	1,179,927.27	117,992,727	0.94
11.	Jagannath Gyawali	624,356.92	296,040.84	920,397.76	92,039,776	0.73
12.	Shankar Prasad Sharma	785,525.82	126,491.84	912,017.66	91,201,766	0.73
13.	Arjun Prasad Sharma	633,015.75	238,118.74	871,134.49	87,113,449	0.69
14.	Sulochan Raj Rajbhandary	624,634.75	232,083.82	856,718.56	85,671,856	0.68
15.	Narendra Kumar Deo Bhatta	624,633.64	114,821.38	739,455.02	73,945,502	0.59
16.	Ramita Bhattarai	530,941.71	149,936.49	680,878.20	68,087,820	0.54
17.	Manita Bhattarai	530,941.71	148,676.79	679,618.49	67,961,849	0.54
18.	Pratap Jung Pandey	538,750.85	119,554.80	658,305.65	65,830,565	0.52
19.	Rajesh Khadka	468,478.32	174,061.13	642,539.45	64,253,945	0.51
20.	Prem Bahadur Shrestha	622,392.23	13,682.14	636,074.37	63,607,437	0.51
21.	Anil Kumar Dhungel	624,485.91	5,000.00	629,485.91	62,948,591	0.50
22.	S R Hydro and Investment Pvt. Ltd.	622,317.70	5,900.23	628,217.93	62,821,793	0.50
	Total	**25,868,552.32**	**5,918,949.89**	**31,787,502.20**	**3,178,750,220**	**25.27**

Amount in NPR

Reserves 4.27

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Statutory General Reserve	2,636,741,993	1,885,803,066	2,628,808,117	1,883,594,323
Exchange Equilisation Reserve	74,958,036	58,907,315	74,958,036	58,907,315
Corporate Social Responsibility Reserve	18,836,798	14,934,044	18,043,411	14,713,170
Capital Redemption Reserve	277,777,778	500,000,000	277,777,778	500,000,000
Regulatory Reserve	369,253,624	451,982,508	369,253,624	451,982,508
Investment Adjustment Reserve	-	3,000,000	-	3,000,000
Capital Reserve	625,028,288	-	625,028,288	-
Assets Revaluation Reserve	387,759,636	387,759,636	387,759,636	387,759,636
Fair Value Reserve	515,106,895	115,313,803	515,106,895	115,313,803
Dividend Equalisation Reserve	-	-	-	-
Actuarial Gain	(8,374,578)	(24,400,705)	(8,414,501)	(24,440,628)
Special Reserve	-	-	-	-
Other Reserve	2,802,621	4,594,081	-	1,791,460
Total	**4,899,891,092**	**3,397,893,748**	**4,888,321,283**	**3,392,621,587**

Amount in NPR

Contingent Liabilities And Commitments 4.28

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Contingent liabilities	25,659,800,909	16,782,199,647	25,634,800,909	16,782,199,647
Undrawn and undisbursed facilities	58,410,424,846	50,572,210,694	58,410,424,846	50,572,210,694
Capital commitment	72,330,184	23,291,732	72,330,184	23,291,732
Lease Commitment	840,183,725	614,735,569	840,183,725	614,735,569
Litigation	129,892,922	80,071,263	129,892,922	80,071,263
Total	**85,112,632,586**	**68,072,508,905**	**85,087,632,586**	**68,072,508,905**

Amount in NPR

Contingent Liabilities 4.28.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Acceptance and documentary credit	8,444,239,381	5,653,272,818	8,444,239,381	5,653,272,818
Bills for collection	579,488,975	267,876,584	579,488,975	267,876,584
Forward exchange contracts	-	-	-	-
Guarantees	16,161,882,699	8,240,496,516	16,161,882,699	8,240,496,516
Underwriting commitment	25,000,000	-	-	-
Other commitments	449,189,854	2,620,553,729	449,189,854	2,620,553,729
Total	**25,659,800,909**	**16,782,199,647**	**25,634,800,909**	**16,782,199,647**

Amount in NPR

Undrawn And Undisbursed Facilities 4.28.2

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Undisbursed amount of loans	12,123,839,10	23,517,978,075	12,123,839,108	23,517,978,075
Undrawn limits of overdrafts	8,329,520,866	3,920,038,630	8,329,520,866	3,920,038,630
Undrawn limits of credit cards	288,699,605	227,595,284	288,699,605	227,595,284
Undrawn limits of letter of credit	19,779,803,789	13,297,149,599	19,779,803,789	13,297,149,599
Undrawn limits of guarantee	17,888,561,477	9,609,449,106	17,888,561,477	9,609,449,106
Total	**58,410,424,846**	**50,572,210,694**	**58,410,424,846**	**50,572,210,694**

Amount in NPR

Capital Commitments 4.28.3

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Capital commitments in relation to Property and Equipment				
Approved and contracted for	56,914,748	23,291,732	56,914,748	23,291,732
Approved but not contracted for	314,823	-	314,823	-
Sub total	**57,229,571**	**23,291,732**	**57,229,571**	**23,291,732**
Capital commitments in relation to Intangible assets				
Approved and contracted for	15,100,613	-	15,100,613	-
Approved but not contracted for	-	-	-	-
Sub total	**15,100,613**	**-**	**15,100,613**	**-**
Total	**72,330,184**	**23,291,732**	**72,330,184**	**23,291,732**

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

Amount in NPR

Lease Commitments 4.28.4

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-	-	-
Not later than 1 year	122,460,652	80,172,783	122,460,652	80,172,783
Later than 1 year but not later than 5 years	440,440,233	314,778,461	440,440,233	314,778,461
Later than 5 years	277,282,840	219,784,324	277,282,840	219,784,324
Sub total	**840,183,725**	**614,735,569**	**840,183,725**	**614,735,569**
Finance Lease Commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-	-	-
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total				
Grand total	**840,183,725**	**614,735,569**	**840,183,725**	**614,735,569**

Litigation

a. The detail of contingent liabilities on account of pending litigation of the Bank are as mentioned below:

4.28.5

Tax Assessment Order Litigation of	FY	Pending at	Amount
Citizens Bank International Limited	2063/64 (2006-07)	Supreme Court	5,528,776.49
Citizens Bank International Limited	2064/65 (2007-08)	Supreme Court	
Citizens Bank International Limited	2067/68 (2010-11)	Revenue Tribunal	2,885,729
Citizens Bank International Limited	2068/69 (2011-12)	Revenue Tribunal	8,346,517
Citizens Bank International Limited	2069/70 (2012-13)	Revenue Tribunal	12,396,901
Citizens Bank International Limited	2070/71 (2013-14	Revenue Tribunal	10,118,138
Citizens Bank International Limited	2071/72 (2014-15)	Revenue Tribunal	11,186,382
Citizens Bank International Limited	2072/73 (2015-16)	Tax Administrative Review	27,780,376
Srijana Finance Limited	2072/73 (2015-16)	Tax Administrative Review	1,009,180
People's Finance Limited	2067/68 (2010-11)	Tax Administrative Review	21,002,255
Nepal Housing and Merchant Finance Limited	2068/69 (2011-12)	Tax Administrative Review	3,446,694
Nepal Housing and Merchant			
Finance Limited	2070/71 (2013-14)	Revenue Tribunal	917,391
Nepal Housing and Merchant			
Finance Limited	2071/72 (2014-15)	Revenue Tribunal	24,330,360
Nepal Housing and Merchant			
Finance Limited	2071/72 (2014-15)	Revenue Tribunal	944,223
		Total	**129,892,922**

Financial Year 2017-18 to 2020-21

The self assessment returns filed by the Bank for financial year 2017-18 (2074-75 BS) to 2020-21 (2077-78 BS) has not yet been opened for reassessment by the Large Taxpayers Office.

B. Status Of Contingent Liabilties For Other Pending Litigations

As such, there are no other contingent liabilities that are likely to materialize against the Bank in case of other pending litigations.

Notes to SCI

Interest Income

Amount in NPR

4.29

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Cash and cash equivalent	15,868,680	107,685,595	15,868,680	107,685,595
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	26,454,533	11,873,743	26,454,533	11,873,743
Loan and advances to bank and financial institutions	163,182,472	162,037,741	163,182,472	162,037,741
Loans and advances to customers	9,620,674,586	8,642,033,423	9,620,674,586	8,642,033,423
Investment securities	790,891,212	497,050,742	787,444,433	493,366,852
Loan and advances to staff	225,909,648	72,527,984	225,909,648	72,527,984
Other	2,682	-	-	-
Total interest income	**10,842,983,814**	**9,493,209,228**	**10,839,534,353**	**9,489,525,338**

Interest Expense

Amount in NPR

4.30

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Due to bank and financial institutions	122,004,121	257,726,342	122,004,121	257,726,342
Due to Nepal Rastra Bank	18,048,344	31,105,851	18,048,344	31,105,851
Deposits from customers	6,755,466,051	6,183,798,345	6,769,738,134	6,204,387,904
Borrowing	-	-	-	-
Debt securities issued	279,345,610	111,551,624	279,345,610	111,551,624
Subordinated liabilities	-	-	-	-
Other	-	-	-	-
Total interest expense	**7,174,864,126**	**6,584,182,162**	**7,189,136,209**	**6,604,771,721**

Amount in NPR

Fees and Commission Income 4.31

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan administration fees	266,615,704	178,590,160	266,615,704	178,590,160
Service fees	96,376,462	64,118,954	96,376,462	64,118,954
Consortium fees	84,585,500	49,952,537	84,585,500	49,952,537
Commitment fees	5,997,090	8,086,095	5,997,090	8,086,095
DD/ TT/ Swift fees	16,182,910	14,584,138	16,182,910	14,584,138
Credit card/ATM issuance and renewal fees	65,152,092	50,186,065	65,152,092	50,186,065
Prepayment and swap fees	21,268,107	6,474,824	21,268,107	6,474,824
Investment banking fees	-	-	-	-
Asset management fees	37,111,090	31,792,924	-	-
Brokerage fees	-	-	-	-
Remittance fees	28,475,736	26,642,171	28,475,736	26,642,171
Commission on letter of credit	73,214,816	51,391,695	73,214,816	51,391,695
Commission on guarantee contracts issued	105,939,839	82,369,872	105,939,839	82,369,872
Commission on share underwriting/ issue	-	-	-	-
Locker rental	5,763,325	5,247,394	5,763,325	5,247,394
Other fees and commission income	25,134,219	25,019,025	26,124,775	25,019,025
Bancassurance Comm	6,273,323	7,279,333	6,273,323	7,279,333
Commission-Trade Operation	-	-	-	-
Import bills/collection commission	-	-	-	-
Demat commission	22,979,894	6,731,446	22,979,894	6,731,446
ABBS fees	-	1,930,748		1,930,748
Others	420,837	4,619,056	420,837	3,609,132
Total fees and Commission Income	**861,490,944**	**615,016,437**	**825,370,410**	**582,213,590**

Amount in NPR

Fees and Commission Expense 4.32

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
ATM management fees	5,614,450	4,063,525	5,614,450	4,063,525
VISA/Master card fees	27,232,614	14,940,195	27,232,614	14,940,195
Guarantee commission	-	-	-	-
Brokerage	1,951,069	-	776,000	-
DD/TT/Swift fees	8,018,712	7,366,859	8,018,712	7,366,859
Remittance fees and commission	3,472,475	76,388	3,472,475	3,143,949
Other fees and commission expense	31,756,952	33,027,897	28,246,408	28,217,139
Total fees and Commission Expense	**78,046,271**	**59,474,863**	**73,360,658**	**57,731,667**

Net Trading Income

Amount in NPR

4.33

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Changes in fair value of trading assets	71,091,742	31,235,949	50,792,769	19,116,485
Gain/loss on disposal of trading assets	63,156,049	20,365,133)	22,832,135	(13,203,111)
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	8,731,553	14,361,992	4,482,255	1,816,159
Gain/loss foreign exchange transaction	340,358,373	263,108,519	340,358,373	263,108,519
Other	-	-	-	-
Net trading income	**483,337,716**	**288,341,327**	**418,465,532**	**270,838,052**

Other Operating Income

Amount in NPR

4.34

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Foreign exchange revaluation gain	64,202,886	71,591,910	64,202,886	71,591,910
Gain/loss on sale of investment securities	-	-	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	49,413,126	57,000	49,413,126	10,557,000
Gain/loss on sale of property and equipment	451,312	(6,653,619)	451,312	(6,653,619)
Gain/loss on sale of investment property	17,785,990	6,307,305	17,785,990	6,307,305
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	6,642,309	5,259,903	6,642,309	5,259,903
Locker rent	-	-	-	-
Other	17,898,160	28,118,424	14,609,684	25,384,046
Total	**156,393,782**	**104,680,923**	**153,105,306**	**112,446,545**

Impairment Charge/(Reversal) For Loan And Other Losses

Amount in NPR

4.35

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	8,328,671	(857,330)	8,328,671	(857,329.61)
Impairment charge/(reversal) on loan and advances to customer	385,707,351	640,990,588	385,707,351	640,990,588
Impairment charge/(reversal) on financial Investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	**394,036,022**	**640,133,259**	**394,036,022**	**640,133,259**

Personnel Expense

Amount in NPR

4.36

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Salary	370,571,646	300,082,011	366,469,642	296,210,812
Allowances	315,520,622	276,004,011	311,434,229	273,284,746
Gratuity expense	40,582,138	33,669,558	40,240,440	33,421,845
Provident fund	36,908,624	29,763,535	36,498,424	29,386,946
Uniform	-	7,176,892	-	7,176,892
Training & development expense	2,525,840	11,062,678	2,505,795	11,033,072
Leave encashment	(103,362)	28,298,267	(103,362)	28,298,267
Medical	3,838,199	3,540,481	3,838,199	3,540,481
Insurance	-	-	-	-
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	141,767,227	37,707,724	141,767,227	37,707,724
Other expenses related to staff	39,851,136	38,361,546	39,802,236	38,113,914
Subtotal	**951,462,069**	**765,666,7031**	**942,452,829**	**758,174,698**
Employees bonus	296,371,580	178,830,747	287,300,433	175,317,535
Grand total	**1,247,833,649**	**944,497,451**	**1,229,753,262**	**933,492,233**

Amount in NPR

Other Operating Expense 4.37

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Directors' fee	4,179,000	4,113,000	3,499,000	3,528,000
Directors' expense	3,013,755	1,280,736	3,006,570	1,249,465
Auditors' remuneration	2,184,910	2,124,400	1,977,500	1,926,650
Other audit related expense	2,210,775	1,011,860	2,203,775	1,000,000
Professional and legal expense	10,138,752	8,753,451	5,195,532	1,530,851
Office administration expense	449,883,329	366,262,785	448,445,359	362,035,726
Operating lease expense	114,246,372	84,445,679	112,908,932	83,108,240
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	17,425,160	18,856,6321	17,425,160	18,856,632
Onerous lease provisions	-	-	-	-
Other	46,937,295	22,294,252	55,384,109	33,106,988
Total	**650,219,348**	**509,142,795**	**650,045,937**	**506,342,551**

Amount in NPR

Office Admistration Expense 4.37.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Water & electricity	30,918,875	24,192,060	30,772,172	24,044,307
Repair & maintenance	-	-	-	-
(a) Building	3,182,243	5,888,278	3,182,243	5,888,278
(b) Vehicle	3,225,404	5,430,160	3,225,404	5,430,160
(c) Computer & accessories	15,192,189	10,743,811	15,192,189	10,743,811
(d) Office equipment and furniture	15,371,931	11,463,430	15,315,056	11,463,430
(e) Other	1,736,425	1,827,510	1,736,425	1,802,186
Insurance	16,961,069	18,618,469	16,821,946	18,472,179
Postage,telex,telephone and fax	9,952,268	7,155,992	9,896,033	7,092,629
Printing and stationery	37,493,272	24,343,300	37,362,499	24,219,665
Newspaper,books and journals	200,692	316,419	195,204	307,517
Advertisement	32,550,588	36,590,605	32,403,726	36,336,420
Donation	-	3,390	-	-
Security expense	99,878,349	74,673,861	99,878,349	74,673,861
Deposit and loan guarantee premium	39,694,160	23,349,387	39,694,160	23,349,387
Travel allowances and expense	6,419,371	6,096,078	6,419,371	6,091,078
Entertainment	1,904,723	875,385	1,904,723	875,385
Annual /special general meeting expense	678,466	2,224,122	674,841	2,213,280

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Other	-	-	-	-
(a) Contract staff expense	55,057,514	42,922,577	55,049,514	42,922,577
(b) Fuel expense	20,332,737	17,691,365	20,183,552	17,511,592
(c) Communication expense	14,970,319	9,307,476	14,970,319	9,307,476
(d) Connectivity expense	29,743,959	23,643,780	29,743,959	23,643,780
(e) Fund transfer expense	1,169,647	1,052,183	1,169,647	1,052,183
(f) Bank charge	4,639,551	6,252,709	4,638,406	6,250,572
(g) Cleaning expense	5,795,202	5,095,880	5,795,202	5,095,880
(h) Consumable goods	2,220,421	6,504,559	2,220,421	3,248,093
(i) Others	593,955	-	-	-
Total	**449,883,329**	**366,262,785**	**448,445,359**	**362,035,726**

Depreciation & Amortisation

Amount in NPR

4.38

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Depreciation on property and equipment	220,886,762	188,997,580	219,373,707	187,334,445
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	25,895,521	24,644,837	25,503,580	24,350,227
Total	**246,782,283**	**213,642,418**	**244,877,287**	**211,684,673**

Non Operating Income

Amount in NPR

4.39

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Recovery of loan written off	97,634,113	43,369,193	97,634,113	43,369,193
Other income	24,140,405	115,512,873	32,803,557	124,500,581
Total	**121,774,518**	**158,882,066**	**130,437,670**	**167,869,774**

Non Operating Expense

Amount in NPR

4.40

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan written off	-	-	-	-
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	-	-	-	-
Total	**-**	**-**	**-**	**-**

Income Tax Expense

Amount in NPR

4.41

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current Tax Expense	799,632,950	476,962,449	780,301,891	469,449,326
Current Year	781,599,847	470,501,612	762,268,789	463,564,250
Adjustments For Prior Years	18,033,103	6,460,836	18,033,103	5,885,076
Deferred Tax Expense	6,653,820	3,867,197	1,060,939	783,210
Origination And Reversal Of Temporary Differences	6,653,820	3,867,197	1,060,939	783,210
Changes In Tax Rate	-	-	-	-
Recognition Of Previously Unrecognised Tax Losses	-	-	-	-
Total Income Tax Expense	**806,286,769**	**480,829,645**	**781,362,830**	**470,232,536**

Reconciliation of Tax Expense and Accounting Profit

Amount in NPR

4.41.1

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Profit before tax	2,670,910,599	1,705,092,194	2,585,703,895	1,668,737,195
Tax amount at tax rate of 30%	800,738,223	511,527,658	775,711,169	500,621,159
Add: Tax effect of expenses that are not deductible for tax purpose				
Capital Items Cost Upto Rs 5,000 Written Off	666,126	974,428	666,126	974,428
Unabsorbed Repairs and Maintenance	2,092,455	971,574	2,092,455	971,574
Disallowed expense	756,327	503,685	756,327	503,685
Depreciation & Amortization	8,174,203	2,463,358	8,174,203	2,463,358
Prior period expense	122,285	126,444	122,285	126,444
Deferred grant income	-	483,631	-	483,631
CSR expense	839,273	4,021,990	839,273	4,021,990
Gratuity & Leave Expense Provision	5,770,289	4,507,062	5,552,469	4,366,183
Carry forward of unabsorbed loss on shares	-	-	-	-
Bond amortization expense	570,304	285,693	570,304	285,693
Other Expenses	14,010	35,079	14,010	35,079
NFRS Lease expense	3,846,776	3,334,581	3,846,776	3,334,581
NFRS Lease income	-	68,065	-	68,065
Consumable capital goods	-			
Less: Tax effect on exempt income				
Dividend Income	(2,392,759)	(3,412,274)	(3,635,554)	(3,293,304)
Add/less: Tax effect on other items		-		-

Particulars	Current Year	Previous Year	Current Year	Previous Year
Loss/(profit) on Sale of Fixed Asset	(135,393)	1,996,086	(135,393)	1,996,086
Gratuity & Leave Expense excess contribution	-	-	-	-
Depreciation & Amortization	-	-	-	-
Recovery of Loan w/off	(29,290,234)	-	(29,290,234)	-
Carried forward of unabsorbed business loss	(11,326,623)	(11,326,623)	(11,326,623)	(11,326,623)
Deferred grant income reversal	(3,048,707)	(284,233)	(3,048,707)	(284,233)
Excesss LLP claimed over GAAP LLP	26,597,734	-	26,597,734	-
Bargain purchase gain income	-	(27,263,815)	-	(27,263,815)
Last year surrender value income	-	(1,009,065)	-	(1,009,065)
Bond issuance cost	-	(7,775,719)	-	(7,775,719)
Change in fair value of trading assets	(22,394,442)	(9,370,785)	(15,237,831)	(5,734,946)
Prior Period Error effect	18,033,103	6,460,836	18,033,103	5,885,076
Total income tax expense	**799,632,950**	**477,317,655**	**780,301,891**	**469,449,326**
Effective tax rate	**29.94%**	**27.59%**	**30.18%**	**28.13%**

Statement Of Distributable Profit Or Loss For The Year Ended July 15, 2021

Particulars	Bank	
	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	**1,804,341,065**	**1,198,504,660**
Appropriations:		
a. General reserve	(360,868,213)	(239,700,932)
b. Foreign exchange fluctuation fund	(16,050,721)	(17,897,978)
c. Capital redemption reserve	(277,777,778)	(107,142,857)
d. Corporate social responsibility fund	(1,406,235)	6,871,585
e. Employees' training fund	-	-
f. Other	3,000,000	-
Profit or (loss) before regulatory adjustment	**1,151,238,118**	**840,634,478**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	135,347,743	82,625,226
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-) /reversal (+)	-	-
.d Short loan loss provision on Non Banking Assets (-) /resersal (+)	34,263,391	99,361,497
e. Deferred tax assets recognised (-)/ reversal (+)	-	21,887,741
f. Goodwill recognised (-) / impairment of Goodwill (+)		-
g. Bargain purchase gain recognised (-)/resersal (+)	-	(90,879,384)
h. Actuarial loss recognised (-)/reversal (+)	16,026,127	(17,353,631)
i. Other (+/-)		-
- Asset Revaluation Reserve	-	*(43,905,624)*
- Unrealised Gain on trading assets measured at Fair Value Through	-	-
Profit or Loss	(31,999,445)	(4,114,252)
- Gain from investments in equity instruments measured at fair value to the extent of loss of previous year	-	-
Distributable profit or (loss)	**1,304,875,935**	**888,256,050**

Comparison of Unaudited and Audited Financial Statements for FY 2020/21

Statement of Financial Position Statement	As per Unaudited Financial Statement	As per Audited Financial	Variance		Reasons for Variance
Assets			**In amount**	**In %**	
Cash and cash equivalent	11,563,041,720	11,563,041,720	-	-	-
Due from nepal rastra bank	3,796,487,797	3,796,487,797	-	-	-
Placement with bank And financial institutions	2,874,874,811	2,874,874,811	-	-	-
Derivative financial instruments	47,007,498	47,007,498	-	-	-
Other trading assets	596,767,577	596,888,937	121,360	0.02%	Due to readjustment of trading shares
Loans and advances to b/fis	3,247,166,953	3,247,166,953	-	-	-
Loans and advances to customers	118,570,877,685	118,912,042,288	341,164,604	0.29%	Due to change in impairment provisions
Investment securities	22,017,422,075	22,017,422,075	-	-	-
Current tax assets	384,307,242	288,457,633	(95,849,608)	-24.94%	Recomputation and Re-adjustment of tax
Investment in susidiaries	167,204,200	167,204,200	-	-	-
Investment in associates	16,000,000	16,000,000	-	-	-
Investment property	141,146,454	141,146,454	-	-	-
Property and equipment	2,880,435,018	2,880,204,084	(230,934)	-0.01%	Due to change in depreciation
Goodwill and intangible assets	83,560,944	83,562,290	1,346	-	due to change in amortization
Deferred tax assets	-	-	-	-	-
Other assets	1,681,707,313	1,697,543,676	15,836,363	0.94%	Due to audit adjustments.
Total assets	**168,068,007,287**	**168,329,050,416**	**261,043,129**	**-**	**-**
Capital and liabilities					
Due to bank and Financial institutions	2,765,001,954	2,765,001,954	-	-	-
Due to nepal rastra bank	1,205,558,824	1,205,558,824	-	-	-
Derivative financial instruments	-	-	-	-	-
Deposits from customers	140,638,411,484	140,638,411,484	-	-	-
Borrowing	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
Provisions	5,306,626	5,306,626	-	-	-
Deferred tax liabilities	218,355,570	217,486,290	(869,280)	-0.40%	Due to change In deferred tax calculation
Other liabilities	2,083,371,168	2,133,181,270	49,810,102	2.39%	Due to audit adjustments.

Debt securities issued	2,476,082,261	2,476,082,261	-	-	-
Subordinated liabilities	-	-	-	-	-
Total liabilities	**149,392,087,886**	**149,441,028,708**	**48,940,822**		
Equity					
Share capital	12,576,923,115	12,576,923,115	-	-	-
Share premium	-	-	-		-
Retained earnings	1,681,073,032	1,422,777,310	258,295,723	15.36%	Due to change in net profit and Equity movement from Reserves to retained earnings
Reserves	4,417,923,253	4,888,321,283	(470,398,030)	-10.65%	Due to change in regulatory Reserves and other reserves after change in accrued interest income, deferred Tax and actuary valuation.
Total equity	**18,675,919,400**	**18,888,021,708**	**212,102,307**		**-**
Total liabilities and equity	**168,068,007,287**	**168,329,050,416**	**261,043,129**		**-**
Statement of profit or loss					
Interest income	10,797,288,468	10,839,534,353	(42,245,885)	-0.39%	Due to change in recognition of Interest income on accrual Basis.
Interest expense	(7,189,138,514)	(7,189,136,209)	(2,305)	-	due to audit adjustments
Net interest income	3,608,149,954	3,650,398,144	42,248,190	1.17%	-
Fee and commission income	825,370,410	825,370,410	-	-	-
Fee and commission expense	(73,360,658)	(73,360,658)	-	-	-
Net fee and commission income	752,009,752	752,009,752	-	0.00%	-
Net interest, fee and Commission income	4,360,159,706	4,402,407,896		0.00%	-
Net trading income	418,344,172	418,465,532	(121,360)	-0.03%	Due to audit adjustments
Other operating income	153,008,186	153,105,306	(97,120)	-0.06%	Regrouping and reclssification Of other operating income .
Total operaing income	4,931,512,064	4,973,978,734	42,466,670	0.86%	-
Impairment charge/(reversal) For loans and other losses	(723,111,256)	(394,036,022)	(329,075,234)	45.51%	Due to change in Loan loss provision.
Net operating income	4,208,400,808	4,579,942,712	371,541,903	8.83%	
Operating expense	-	-	-	-	-
Personnel expenses	(1,163,086,772)	(1,229,753,262)	66,666,490	-5.73%	Due to change in staff bonus amount.
Other operating expenses	(646,873,085)	(650,045,937)	3,172,852	-0.49%	Due to regrouping of other Operating expense.
Depreciation & amortisation	(244,917,160)	(244,877,287)	(39,872)	0.02%	Due to change in depreciation And amortization
Operating profit	**2,153,523,791**	**2,455,266,225**	**301,742,434**	**14.01%**	

Non operating income	130,432,005	130,437,670	(5,665)	0.00%	Due to audit adjustments
Non operating expense	-	-	-		
Profit before income tax	2,283,955,796	2,585,703,895	301,748,099	13.21%	
Income tax expense			-		
Current tax	(682,805,935)	(780,301,891)	97,495,957	-14.28%	Due to change in various Income and expense as stated above
Deferred tax	(2,356,397)	(1,060,939)	(1,295,458)	54.98%	Due to change in Deferred tax calculation.
Profit/ (loss) for the period	**1,598,793,465**	**1,804,341,065**	**205,547,600**	**12.86%**	
Other comprehensive income	**406,174,383**	**407,134,196**	**(959,813)**	**-0.24%**	**Due to change in fair value of Investment securities and Actuary calculation**
Total comprehensive income	**2,004,967,847**	**2,211,475,261**	**206,507,413**	**10.30%**	
Distributable profit					
Net profit/(loss) as per profit or loss	1,598,793,465	1,804,341,065	205,547,600	12.86%	Due to change in profit and Changes in appropration to Regualtory reserves.
Add/less: regulatory adjustment as Per nrb directive	(20,243,261)	(499,465,130)	479,221,869	-2367.32%	Due to change in profit and Changes in appropration to Regualtory reserves.
Free profit/(loss) after regulatory Adjustments	**1,578,550,203**	**1,304,875,935**	**(273,674,269)**	**-17.34%**	**Due to change in profit and Changes in appropration to regualtory reserves.**

Key Financial Indicators

			FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77	FY 2077/78
1.	Net Profit / Gross Income	Percent	19.36	15.41	15.20	11.28	14.59
2.	Earnings Per Share (Basic)	NPR	20.27	15.37	17.49	13.88	17.35
3.	Market Value Per Share	NPR	403	236	224	188	386
4.	Price Earnings Ratio	Times	19.88	15.36	12.81	13.55	22.25
5.	Dividend (including bonus) on Share Capital	Percent	17.00	5.26	15.00	11.00	16
6.	Cash Dividend on Share Capital	Percent	1.00	1.64	12.00	3.00	3.087
7.	Interest Income / Loans and Advances	Percent	10.55	12.93	12.22	10.85	8.00
8.	Staff Expenses / Total Operating Expenses	Percent	44.94	62.33	58.63	56.63	57.88
9.	Interest Expenses/ Total Deposits and Borrowings	Percent	6.32	8.15	7.67	6.90	4.89
10.	Foreign Exchange Gain / Total Income	Percent	3.27	3.32	2.95	3.51	3.80
11.	Staff Bonus / Total Staff Expenses	Percent	35.90	24.19	26.88	18.75	23.36
12.	Net Profit / Loans and Advances	Percent	2.43	2.36	2.22	1.45	1.44
13.	Return on Total Assets	Percent	1.80	1.72	1.74	1.19	1.29
14.	Total Credit / Deposits	Percent	91.89	92.75	88.76	89.56	87.52
15.	Total Operating Expenses / Total Assets	Percent	1.62	1.75	1.70	1.49	1.26
16.	Adequacy of Capital Fund on Risk Weighted Assets	Percent	16.88	13.84	14.37	15.14	13.70
	Core Capital	Percent	15.37	12.76	13.46	11.85	11.02
	Supplementary Capital	Percent	1.51	1.08	0.91	3.29	2.68
17.	Non-Performing Loans / Total Loans (As per NRB Directive)	Percent	2.02	1.48	1.19	1.55	1.64
18.	Weighted Average Interest Rate Spread (As per NRB Directive)	Percent	3.19	3.84	3.15	4.03	3.59
19.	Book Net Worth Per Share	NPR	136	137	149.26	147.61	150.18
20.	Number of Equity Shares (At Year End)	Nos.	69,216,897	80,332,364	83,710,648	90,898,173	125,769,231
21.	Number of Permanent Staffs	Nos.	684	844	955	1091	1458

			FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77	FY 2077/78
22.	Return on Equity	Percent	14.72	12.10	12.45	9.25	11.17
23.	Dividend Pay Out Ratio	Percent	6.40	0.34	0.86	0.79	0.92
24.	Earnings Yield	Percent	6.43	6.51	6.70	7.38	5.76
25.	Dividend Yield	Percent	4.22	2.23	7.81	5.85	4.15
26.	Cost to Operating Income Ratio	Percent	40.44	41.48	43.90	45.69	55.08
27.	Total Assets to Shareholder' Fund	Times	6.97	7.07	7.21	8.24	8.91
28.	Shareholders' Fund to Total Liability including Contingent Liability	Percent	10.95	12.03	15.34	7.97	10.79
29.	Base Rate	Percent	11.17	11.78	10.52	9.04	7.55
30.	CCD Ratio as per NRB Directives	Percent	78.63	77.87	76.79	70.63	77.42
31.	Number of Branches	Nos.	60	78	81	109	189
32.	Number of ATMs	Nos.	57	70	78	99	117
33.	Net Profit per staff	NPR	1,581,377	1,462,208	1,532,166	1,098,538	1,237,458
34.	Per employee staff cost	NPR	642,581	928,979	942,664	857,245	843,438
35.	Diluted Earnings Per Share	NPR	20.36	15.37	17.49	13.88	17.35

Note: *Ratios of FY 2073/74 are as per previous GAAP report and ratios of FY 2074/75, 2075/76, 2076/77 and 2077/78 are as per NFRS complied financial statements unless otherwise indicated*

05 Information and Disclosures to Shareholders

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5.1 DISCLOSURES AND ADDITIONAL NOTES

5.1 Risk Management

Information presented hereunder is as per disclosure requirements of the Capital Adequacy Framework issued by NRB. Disclosures are in respect of the stand-alone capital adequacy of the Bank.

1. Overview of Risk: Risk refers to the chance of financial and reputational losses due to random changes (uncertainty) in underlying risk factors. It is the discipline which makes us identify, measure, mitigate and control the risks and returns arising from various portfolios and transactions in order to design optimal business strategies.

2. Bank recognizes the importance of Risk Management and has accordingly invested in processes, people and a management structure. Overall risk management function of the Bank is supervised by Risk Management Committee and Internal Audit Committee represented by BOD members and Senior Executives. Risk Management Committee reviews the asset quality at frequent intervals and Internal Audit Committee provides assurance that the internal control systems of the Bank are in place. The human capital is also managed by Human Resource Management and Compensation Committee represented by BOD members and Senior Executives. There is Assets and Liabilities Management Committee (ALCO) represented by Senior Executives of the Bank to monitor the interest rate risk, liquidity risk, exchange risk, market risk, etc. Authority, responsibility and accountability has been fixed to the executives of the Bank. Product policies and programs are duly approved before any new product launches and are reviewed regularly.

3. Credit Risk Management Department analyzes the inherent risks in a particular product. As such the Bank has drawn a clear demarcation between the Credit Business Unit (CBU) and the Risk Management Unit (RMU). A lending process completes once it undergoes both of these units, one business generating the other risk monitoring and controlling. The Bank has standard Credit Policies Guidelines that define the Bank's credit policies, risk mitigating measures and the single obligor limit.

4. Credit risk mitigants used by the Bank are deposit of the borrower within the Bank, cash margin and deposit with other banks and financial

institutions applying supervisory haircut of 20% for capital adequacy. Such mitigants have minimum impact on the overall capital adequacy of the Bank.

Earlier, credit risk can be associated with interbank transactions, foreign transactions and other types of transactions happening outside the Bank. If the transaction at one end is successful but unsuccessful at the other end, loss occurs. If the transaction at one end is settled but there are delays in settlement at the other end, there might be lost investment opportunities.

5. Credit risk: Credit risk is the potential that a Bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Credit risk is most likely caused by loans, acceptances, interbank transactions, trade financing, foreign exchange transactions, financial futures, swaps, bonds, equities, options, and in the extension of commitments and guarantees, and the settlement of transactions. In simple words, if a person borrows loan from a Bank and is not able to repay the loan because of inadequate income, loss in business, death, unwillingness or any other reasons, the Bank faces credit risk. Hence, to minimize the credit risk on the Bank's end, the rate of interest will be higher for borrowers if they are associated with high credit risk. Factors like unsteady income, low credit score, employment type, collateral assets and others determine the credit risk associated with a borrower. As stated

6. Market Risk: Market risk is the risk of losses in the Bank's trading book due to changes in equity prices, interest rates, credit spreads, foreign-exchange rates, commodity prices, and other indicators whose values are set in a public market. It is the risk of losses in on- or off-balance sheet positions that arise from movement in market prices.

Market risk has been divided into 4 types depending on the potential cause of the risk.

- Interest rate risk: Potential losses due to fluctuations in interest rate
- Equity risk: Potential losses due to fluctuations in stock price
- Currency risk: Potential losses due to international currency exchange rates (closely associated with settlement risk)
- Commodity risk: Potential losses due to fluctuations in prices of agricultural, industrial and energy commodities like wheat, copper and natural gas respectively.

7. Operational risk: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic and reputation risk. Operational risk can widely occur in banks due to human errors or mistakes.

Operational Risk is the risk of negative effects on the financial result and capital of the Bank caused by omissions in the work of employees, inadequate internal procedures and processes, inadequate management of information and other systems, and unforeseeable external events.

Risk events are associated with people; process and technology involved with the product and may be recognized by:

i) Experience of past events
ii) Judgments
iii) Linked events such as loss from market/credit risks
iv) Intuition
v) Regulatory requirement of recognition of specified events
vi) Breaches in systems and procedures

8. Liquidity Risk: Liquidity risk is the risk that a Bank may be unable to meet short term financial demands. This usually occurs due

to the inability to convert a security or hard asset to cash without a loss of capital and/ or income in the process. Bank scrutinizes to determine whether it can meet its debt obligations without realizing great losses. Bank faces strict compliance requirements and stress tests that indicate their financial stability.

In other words, liquidity is crucial to the ongoing viability of the Bank. The capital positions can have a telling effect on Bank's ability to obtain liquidity, especially in a crisis. Each Bank must have adequate systems for measuring, monitoring and controlling liquidity risk. Bank evaluates the adequacy of capital given the liquidity profile and the liquidity of the markets in which it operates. Bank makes use of stress testing to determine their liquidity needs and the adequacy of capital.

5.2 Capital Management

Qualitative Disclosures

In compliance with the regulatory requirement of increasing the capital base as prescribed by the Central Bank, the Bank is comfortable in meeting the minimum capital requirements and is strongly positioned to meet the performance benchmarks.

Quantitative Disclosures

a.Tier 1 Capital (Core Capital) (CET1 +AT1)	Amount in NPR
Common Equity Tier 1 (CET 1)	**16,607,874,984**
Paid up Equity Share Capital	12,576,923,115
Equity Share Premium	-
Proposed Bonus Equity Shares	-
Statutory General Reserves	2,628,808,117
Retained Earnings	1,422,777,310
Un-audited current year cumulative profit/ (loss)	
Capital Redemption Reserve	277,777,778
Capital Adjustment Reserve	
Dividend Equalization Reserves	-
Bargain Purchase Gain	-
Other Free Reserve	-
Less: Goodwill	-
Less: Intangible assets	(83,562,290)
Less: Deferred tax Asset	-
Less: Fictitious Assets	-
Less: Investment in equity in licensed Financial Institutions	-
Less: Investment in equity in institutions with financial interests	(167,204,200)
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	(39,230,344)
Less: Cash Flow Hedge	-
Less: Defined Benefit Pension Assets	-
Less: Un recognized Defined Benefit Pension Liabilities	-
Less: Negative Balance of Reserve Account	(8,414,501)
Less: Other deductions	-
Adjustment Under Pillar Ii	**-**
Less: Shortfall in Provision (6.4 a 1)	-
Less: Loans and Facilities extended to Related Parties and Restricted Lending (6.4 a 2)	-
Additional Tier 1 (AT1)	-
Perpetual Non Cumulative Preference Share Capital	-

Perpetual Debt Instruments	-
Stock Premium	-
Tier 1 Capital (Core Capital) (CET1 +AT1)	16,607,874,984

b. Tier 2 Capital and a breakdown of its components

Tier 2 Capital (Supplementary Capital)	Amount in NPR
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	2,500,000,000
Hybrid Capital Instruments	-
Stock Premium	-
General Loan Loss Provision	1,466,293,197
Exchange Equalization Reserve	74,958,036
Investment Adjustment Reserve	-
Assets Revaluation Reserve	-
Other Reserves	-
Supplementary Capital (Tier 2)	4,041,251,234

c. Detailed Information about the Subordinated Term Debt with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds.

10.25% Citizens Bank Bond, 2086 Outstanding Amount	Amount in NPR
Outstanding Amount	2,500,000,000
Maturity Date	Chaitra 2086
Amount raised during the year	-
Amount eligible for Tier 2 Capital Fund (net of redemption reserve)	2,500,000,000

Risk Weighted Exposures

g. Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

Risk Weighted Exposure	Amount in NPR
Risk Weighted Exposure for Credit Risk	141,825,077,204
Risk Weighted Exposure for Operational Risk	4,732,588,162
Risk Weighted Exposure for Market Risk	173,244,831
Add: 3% of RWE as Supervisory Haircut	1,097,452,801
Add: 2% of Operational Risk as Supervisory Haircut	2,934,618,204
Total Risk Weighted Exposures (after Bank's adjustments of Pillar II)	150,762,981,202

h. Risk weighted exposures under each 11 categories of Credit Risk

Risk Weighted Exposure	Amount in NPR
Categories of Credit Risk	
Claims On Government And Central Bank	-
Claims On Other Official Entities	-
Claims On Banks	2,775,605,898
Claims on Corporate And Securities Firms	59,641,534,455
Claims On Regulatory Retail Portfolio	25,817,348,655
Claims Secured By Residential Properties	3,673,469,223
Claims Secured By Commercial Real Estate	6,789,151,495
Past Due Claims	4,919,376,739
High Risk Claims	14,981,005,669
Other Assets	8,635,301,962
Off Balance Sheet Items	14,592,283,108
Total Credit Risk Weighted Exposures	141,825,077,204

i. Total Risk Weighted Exposure calculation table:

Risk Weighted Exposure	Amount in NPR
Credit Risk exposure	141,825,077,204
Operational Risk Exposure	4,732,588,162
Market Risk Exposure	173,244,831
Adjustments under Pillar II	
Add: 3% of RWE as Supervisory Haircut	1,097,452,801
Add: 2% of Operational Risk as Supervisory Haircut	2,934,618,204
Total Risk Weighted Exposures	**150,762,981,202**
Total Core Capital (CET1 +AT1)	16,607,874,984
Total Capital Fund (Tier 1 and Tier 2)	20,649,126,218
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**11.02%**
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**11.02%**
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**13.70%**

j. Amount of Non-Performing Assets as per regulatory classification

Particulars	Gross Amount	Provision	Net Amount
Rescheduled/ Restructured	499,114	62,389	436,724
Sub Standard	686,410,744	151,295,537	535,115,206
Doubtful	284,614,008	125,371,873	159,242,135
Loss	1,052,545,777	1,042,382,114	10,163,663
Total	**2,024,069,643**	**1,319,111,914**	**704,957,729**

k. Ratio of Non Performing Assets as per regulatory classification

Description	Amount in NPR
Total NPL to Total Loans & Advances	1.64%
Net NPL to Net Loans & Advances	0.58%

l. Movement of Non Performing Assets as per regulatory classification

Amount in NPR

Particulars	Previous Year	Current Year	Change
Rescheduled/ Restructured	-	499,114	100%
Sub Standard	63,137,483	686,410,744	987.17%
Doubtful	487,130,008	284,614,008	-41.57%
Loss	710,394,405	1,052,545,777	48.16%
Total	**1,260,661,896**	**2,024,069,643**	**60.56%**

m. Write off of Loans and Interest Suspense

Amount in NPR

Particulars	Previous Year	Current Year	Change
Loan written off	-	-	-
Interest Suspense written off	126,444,014	43,829,743	-65.33%

n. Movements in Loan Loss Provision and Interest Suspense

Amount in NPR

Particulars	Previous Year	Current Year	Change	
			Amount	%
Loan Loss Provision	2,048,883,948	3,004,463,205	955,579,257	46.64
Interest Suspense	1388,982,964	1,305,000,977	-99,454,640	-7.16

o. Details of Additional Loan Loss Provision as per regulatory classification

Amount in NPR

Particulars	Previous Year	Current Year	Additional Provision in Current Year	Change in %
Pass Loan	709,155,800	1,466,293,197	757,338,542	106.79
Watch List	376,994,012	219,058,094	(157,935,918)	-41.89
Rescheduled/ Restructured	-	62,389	62,389	100
Sub Standard	11,940,752	151,295,537	139,354,785	1167.05
Doubtful	240,792,138	125,371,873	(115,420,265)	-47.93
Loss	710,001,247	1,042,382,114	332,380,867	46.81
Additional				
Total	**2,048,883,949**	**3,004,463,205**	**955,780,400**	**46.65**

p. Segregation of Investments Portfolio

Particulars	Amount in NPR
Investment securities measured at amortized cost	20,919,420,495
Investment in equity measured at FVTOCI	1,098,001,581
Trading Assets	596,888,937
Total	**22,614,311,012**

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

The current paid up capital of the Bank and Reserve & Surplus are sufficient to cover the current and future activities of the Bank for a year.

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

The Bank has Subordinated Debt of 2,500,000 10.25% Citizens Bank Bond, 2086, the main features of which are as under:

Name	10.25% Citizens Bank Bond, 2086
Amount	NPR 2,500,000,000
Interest Rate	10.25% per annum (before tax) payable quarterly
Type	Unsecured and Redeemable at Maturity No call / convertible feature
Numbers of Debentures	2,500,000 (Twenty Five Hundred Thousand Only)
Face Value	NPR 1,000
Priority to to the debenture holders	At the time of liquidation, priority of Debenture Holders payment will be after the depositors and secured creditors.
Listing	Listed with Nepal Stock Exchange

5.3 Classification of Financial Assets and Financial Liabilities

The fair values of the financial instruments of the group are done by referring to externally quoted prices or observable/ unobservable pricing inputs in accordance with the following hierarchy:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

This fair value may differ from the actual amount that may be received or paid on settlement, realization or maturity of those financial instruments.

Following tables demonstrates the valuation hierarchy wise fair values of financial instruments of the Group:

Amount in NPR

	Bank				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Derivative Financial Instruments								
Forward Exchange Contract	-	47,007,498	-	47,007,498	-	47,007,498	-	47,007,498
Other Trading Assets								
Quoted Equities	452,277,981	-	-	452,277,981	615,100,038	-	-	615,100,038
Unquoted Equities	-	-	-	-	-	-	-	-
Others	-	-	144,610,956	144,610,956	-	-	144,610,956	144,610,956
Investment Securities								
Investment securities measured at amortized cost								
Treasury Bills	-	-	4,770,748,224	4,770,748,224	-	-	4,770,748,224	4,770,748,224
Government Securities	-	-	16,148,672,270	16,148,672,270	-	-	16,148,672,270	16,148,672,270
Others	-	-	-	-	-	-	31,776,000	31,776,000
Investment in equity measured at FVTOCI								
Quoted Equities	400,950,000	689,959,932		1,090,909,932	400,950,000	689,959,932		1,090,909,932
Unquoted Equities	-	-	7,091,649	7,091,649	-	-	21,256,530	21,256,530
Total	**853,227,981**	**736,967,430**	**21,071,123,100**	**22,661,318,510**	**1,016,050,038**	**736,967,430**	**21,117,063,981**	**22,870,081,448**
Financial Liabilities	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

***Investments made in promoter shares of Prabhu Insurance Limited, Mero Micro finance Laghubitta Bittiya Sanstha Limited, Aarambha Chautari Laghubitta Bittiya Sanstha Limited, Mahuli Laghubitta Bittiya Sanstha Limited and Nerude Laghubitta Bittiya Sanstha Limited has been valued at 50% of price of ordinary share.*

Financial Assets and Liabilities not carried at Fair Value

There are financial assets and liabilities that are not measured at fair value due to lack of observable pricing inputs or external quoted price and their carrying amount best represents and approximates the fair value or the settlement value.

Following tables demonstrates the financial assets and liabilities of the Group not carried at fair value:

Financial Assets	Bank	Group
Cash and cash equivalents	11,563,041,720	11,569,823,726
Due from Nepal Rastra Bank	3,796,487,797	3,796,487,797
Placement With Bank And		
Financial Institutions	2,874,874,811	2,874,874,811
Loans And Advances To B/FIs	3,247,166,953	3,247,166,953
Loans And Advances To Customers	118,912,042,288	118,912,042,288
Other Assets	1,022,755,479	902,485,142
Total	**141,416,369,048**	**141,302,880,717**
Due To Bank and Financial Institutions	2,765,001,954	2,765,001,954
Due To Nepal Rastra Bank	1,205,558,824	1,205,558,824
Deposits From Customers	140,638,411,484	140,362,079,317
Other Liabilities	2,133,181,270	2,162,416,066
Debt Securities Issued	2,476,082,261	2,476,082,261
Total	**149,218,235,793**	**148,971,138,422**

5.4 Operating Segment Information

1. General Information

A. Factors that management used to identify the entity's reportable segments

The Bank has identified the reportable segment as the business activities from which it earns revenues and incurs expenses, including revenues and expenses that relating to transactions with any of the Group's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.
The Bank comprises the following major business segments on the nature of products and services of the Bank:

- Banking,
- Treasury,
- Cards, and
- Remittance

Segment results that have been reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

B. Factors that management used to identify the entity's reportable segments

I Banking

This segment includes all existing branches. The major product and service of this segment is loans and deposits. The segment generates its revenue from its interest on loan and major expense comprises the interest expense.

II Treasury

This segment primarily includes the investments in securities, bonds, treasury bills and dealing in

the foreign currencies and gold, silvers, etc. The segment generates its revenue from the interest on bonds, debentures, income from sale of gold, gain on foreign exchange and gain on the revaluation of investments, etc.

III Cards

This segment introduces new innovation on digital banking and transactional banking. Introduction of credit card, debit card, E-com Card etc are its major products and the segment generates its revenue from the registration fee, application charge, annual maintenance charge, commission from agents, etc.

IV Remittance

This segment collects remittances from abroad through various agencies and transfers to the customers after collecting the charges/commission. Major source of income is commission received from the agents for the collection and distribution to the customers.

2. Information about profit or loss, assets and liabilities

S. No.	Particulars	Banking	Treasury	Card	Remittance	Total
(a)	Revenues from external customers	760,662	338	35,703	15,656	812,359
(b)	Expenses to external customers	(33,695)	(8,803)	(27,233)	(3,473)	(73,203)
(c)	Intersegment Revenues	-	-	-	-	-
(d)	Net Revenue (a)	726,968	(8,465)	8,470	12,184	739,156
(e)	Interest Revenue	9,998,034	829,768	11,733	-	10,839,534
(f)	Interest Expense	(6,838,155)	(350,981)	-	-	(7,189,136)
(g)	Net Interest Revenue (b)	3,159,879	478,786	11,733	-	3,650,398
(h)	Other Income	48,309	508,067	103	6,687	563,166
	(i) Depreciation and amortization	(127,239)	(720)	(1,694)	(132)	(129,785)
(j)	Other Expenses	(1,050,985)	(7,673)	(12,638)	(3,188)	(1,074,483)
(k)	Segment Profit	2,756,932	969,995	5,974	15,551	3,748,453
(l)	Entity's Interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
(m)	Other material non-cash item	-	-	-	-	-
(n)	Impairment of Assets	(394,237)	-	-	-	(394,237)
(o)	**Segment Assets**	**148,826,022**	**4,606,711**	**67,591**	**23,840**	**153,524,164**
(p)	**Segment Liabilities**	**144,047,946**	**4,189,716**	**61,903**	**8,289**	**148,307,854**

Notes having brief description for above items are provided below:

a. Revenues from external customers:

Revenue from external customers have been segregated according to the nature of segment.

b. Expenses to external customers:

Expenses to external customers have been segregated according to the nature of segment.

c. Intersegment revenues:

Bank accounts for intersegment revenue as per predetermined inter branch transaction rate.

d. Net Revenue:

Net revenue is Revenue from external customers less Expenses to External customers.

e. Interest revenue:

Interest revenue has been presented separately for revenue from loans and advances and interest income from investments.

f. Interest expense:

Interest expense has been apportioned on the basis of fund used by the segment.

g. Net Interest revenue:

Net Interest Revenue is Interest revenue less interest expenses

h. Other income:

Income other than income from regular operations.

i. Depreciation and amortization:

Depreciation and amortization have been segmented according to the usage of the assets by the segments.

j. Other expenses:

Expenses other than direct operational expenses

k. Segment profit:

Net profit derived from segments other than allocated to specific segments

l. Entity's interest in the profit or loss of associates accounted for using equity method: Separately disclosed in notes

m. Other material non-cash item:

Bank does not have any non-cash assets.

n. Impairment of assets:

Impairment has been allocated to specific segments.

o. Segment Assets:

Allocated in accordance with usage of the of assets

p. Segment Liabilities:

Allocated in accordance with incurrence of the liabilities of related segment.

3. Measurement of operating segment profit or loss, assets and liabilities

Basis of accounting for any transactions between reportable segments

The intersegment revenue has been distributed between segments on the basis of pre- determined sharing ratio determined on the basis of resources used of the service providing segment and the segment to which the product or service belongs to. Such revenues are included in core revenue of the segment as allocation of revenue and not included in intersegment revenue. No any other notional intersegment pricing has been done.

b. Nature of any differences between the measurements of the reportable segments profits or losses and the entity's profit or loss before income tax Not Applicable

c. Nature of any differences between the measurements of the reportable segments assets and the entity's assets.Not Applicable

d. Nature of any changes from prior periods in the measurement methods used to determine reported segments profit or loss and the effect, if any, and Not Applicable

e. Nature and effect of any asymmetrical allocations to reportable segments

There are no asymmetrical allocations to reportable segments. The incomes, expenses, assets and liabilities that are not identifiable to particular segment have not been allocated. The unallocated items comprise mainly corporate assets (primarily the Bank's corporate building), head office expenses, share capital, General reserves and tax assets and liabilities and prepaid expenses and provision for expenses.

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

a)

Revenue	Amount in NPR '000
Total revenues for reportable segments	4,389,555
Other revenues	563,166
Elimination of intersegment revenues	-
Entity's revenue	4,952,721

b)

Profit or loss	Amount in NPR '000
Total profit or loss for reportable segments	3,748,453
Other profit or loss	(394,036)
Elimination of intersegment profits	-
Unallocated amounts	(768,713)
Profit before income tax	2,585,704

c)

Assets	Amount in NPR'000
Total assets for reportable segments	153,524,164
Other assets	-
Unallocated amounts	14,804,887
Entity's assets	168,329,050

d)

Liabilities	Amount in NPR '000
Total liabilities for reportable segments	148,307,854
Other liabilities	-
Unallocated liabilities	1,133,175
Entity's Liabilities	149,441,029

5. Information about products and services

Revenue from each type of product and services described in point no. 1(a) above:

S.N.	Particulars	Amount in NPR '000
(a)	Banking	3,886,847
(b)	Treasury	470,321
(c)	Card	20,203
(d)	Remittance	12,184
	Total	**4,389,555**

6. Information about geographical areas

The operations of the Bank could be segmented on the basis of geographical presence in each of the Provinces. However, the Province wise results do not constitute major role in the decision making process of the management.

7. Information about major customers

No any single external customer revenue amounts to 10 percent or more of the Bank's revenue.

5.5 Share Options and Share Based Payment

The Bank has not issued share options and share based payments during the reporting period.

5.6 Contingent Liabilities and Commitment

Contingent liabilities are given in Note 4.28 of Statement of Financial Position.

5.7 Related Party Disclosure

5.7.1 Related Party Disclosure of the Bank

The related parties of the Bank which meets the definition of related parties as defined in "NAS 16 Related Party Disclosures" are as follows:

i. Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility

of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Bank includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the Bank. The name of the key management personnel who were holding various positions in the office during the year were as follows:

Name of the Key Management Personnel	Post
Mr. Rajan Singh Bhandari	BOD Chairman
Mr. Prakash Chandra Mainali	Director
Mr. Bijaya Dhoj Karki	Director
Mrs. Seeta Karki K.C.	Director
Mr. Prabal Jung Pandey	Director
Mr. Sajan Sharma	Director
Mr. Anil Gyawali	Professional Director
Mr. Sudesh Khaling Rai*	Professional Director
Mr. Ganesh Raj Pokharel	Chief Executive Officer
Mr. Bodh Raj Devkota**	Deputy Chief Executive Officer
Mr. Sumit Babu Khatri	Officiating Deputy Chief Executive Officer
Mr. Ramdhan Shrestha	Assistant Chief Executive Officer
Mr. Paras Kumar Kafle	Assistant Chief Executive Officer
Mr. Rajendra Lal Shrestha	Assistant Chief Executive Officer/Company
Ms. Umang Sharma***	Assistant Chief Executive Officer
Mr. Sanjeeb Kumar Shrestha	Chief Information Technology Officer
Mr. Pramesh Raj Kayastha	Chief Finance Officer

*Mr. Sudesh Khaling resigned w.e.f Chaitra 9, 2077

** Mr. Bodh Raj Devkota resigned w.e.f Falgun 29, 2077

*** Ms. Umang Sharma resigned w.e.f Jestha 2, 2078

ii. Subsidiary Company	Shareholding %
Name and percentage of shareholding in Subsidiary Company is as below:	
CBIL Capital Limited	58.60%
CBIL Securities Limited	100%
iii. Associate Companies	**Shareholding %**
Nepal Electronic Payment Systems Limited	9.09%
iv. Fund Sponsor	
Citizens Mutual Fund- I	
Citizens Mutual Fund- II	

i Compensation to Key Management Personnel –
The members of Board of Directors are entitled to meeting allowances and other facilities as per AOA approved by AGM. Salary and allowances are provided to Chief Executive Officer (CEO) and other member of Key Management Personnel (KMP). Salary, Allowances and other facilities provided to the Chief Executive Officer is based on the contract entered by the Bank with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management from time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP.

The details relating to compensation paid and expenses incurred to key management personnel (directors only) were as follows:

Particulars	Current Year (NPR)
Meeting Fees	3,499,000
Other Board Facility	822,194
Other Expenses	2,184,378
Total	**6,505,570**

The details relating to compensation paid to key management personnel (CEO only)were as follows:

Particulars	Current Year (NPR)
Short term employee benefits	18,439,647
Post- employment benefits*	840,000
Other long term benefits**	-
Total	**19,279,647**

The details relating to compensation paid to key management personnel other than directors and CEO were as follows:

Particulars	Current Year (NPR)
Short term employee benefits	32,322,854
Post- employment benefits*	1,120,094
Other long term benefits**	-
Total	**33,442,948**

*Post- employment benefits include Provident Fund and Gratuity.

Provident Fund is deposited in an independent institution and Gratuity is provided for as per actuarial valuation against which investment is made in an independent planned asset.

**Other long term employment benefit includes Home Leave and Sick

Leave encashment over and above the accumulation limit set as per Employee Byelaws of the Bank.

*** KMP also gets accidental and medical insurance, vehicle, fuel, lunch and mobile facilities as per Employee Byelaws of the Bank.

ii. Transaction with Subsidiary CBIL Capital Limited

The Bank has made strategic investment to broaden the scope of service and source of income by investing in share capital of CBIL Capital Limited which is the subsidiary company of the Bank. The Bank holds 58.60 % controlling interest in the subsidiary. The Bank has also nominated three directors from among the higher-level employees of the Bank, one of whom is the Chairman of CBIL Capital Limited.

The subsidiary is engaged in Merchant Banking Services.

1. The Bank has entered into a Management Service Agreement (MSA) with Subsidiary for providing management services. Provisions laid in MSA are in line with arms-length principle.

2. An agreement has been made between the Bank and the Subsidiary Company to provide following facilities to Subsidiary Company by the Bank for a monthly fee of NPR 600,000 which has expired on 18th March, 2021:

a) The Bank has the right to appoint the CEO of CBIL Capital Limited.

b) The Bank provides technical assistance required for Computer hardware, software and network maintenance.

c) Internal audit team of the Bank will handle all internal audit works of the subsidiary and will submit quarterly report to its Audit Committee.

d) Bank has also agreed to provide legal consultancy and vehicle facility to the Subsidiary Company.

e) The Bank also provides investment management services through the Bank's branch network.

3. Similarly, Bank has rented its building located in Dillibazaar, Kathmandu to the Subsidiary Company with the agreement to pay Monthly Rent of NPR 110,000 till Magh 2076 which was revised from Falgun 2076 with monthly rent of NPR 90,750 which will be increased by 10% in every 2 year.

4. All receipt and payment transactions entered into by the Bank with Subsidiary were made net of TDS. TDS has been duly deposited at Tax Office.

5. CBIL Capital Ltd holds deposit accounts with the Bank which has a balance of NPR 220,060,243 as on 31st Ashadh, 2078.

6. The overall transactions with the Subsidiary included in Financial Statements of the Bank has been tabulated below:

Particulars	NPR
Statement of Profit or Loss	
Rental Income	1,197,900
Management Fee income	4,877,419
Server & Database Rental Income	2,410,833

Dividend Income	11,134,399
Fees and Commission	177,000
Total Income	19,797,551
Interest Paid to Subsidiary	10,666,064
RTS fee to Subsidiary	990,556
Total Expenses	**11,656,620**
Statement of Financial Position	
Deposit of Subsidiary	220,060,243
Dividend Payable to Shareholders of the Bank held on behalf of the Bank by the subsidiary	137,244,146

The following table summarizes the financial information of CBIL Capital Limited in its own financial statements:

Particulars	NPR
Non- Current Assets	101,809,414
Current Assets	343,060,099
Non- Current Liabilities	896,237
Current Liabilities	177,008,780
Net Assets Attributable to Share Holders	**266,964,497**
Revenue	116,098,799
Profit from Continuing Operations	57,251,341
Other Comprehensive Income	(81,878)
Total Comprehensive Income	**57,169,463**

CBIL Securities Limited

The Bank has made strategic investment to broaden the scope of service and source of income by investing in share capital of CBIL Securities Limited which is the subsidiary company of the Bank. The Bank holds 100 % controlling interest in the subsidiary. Similarly, the Bank has deputed ACEO of the Bank as the Chairman of the subsidiary and 3 Senior level staffs of the Bank has been deputed as directors of the subsidiary.

The subsidiary is engaged in Securities Brokerage Services.

1. An agreement has been made between the Bank and the Subsidiary Company to provide following facilities to Subsidiary Company by the Bank:

a) Bank has nominated its ACEO as a Chairman and 3 senior level staffs as the directors of the subsidiary company.

2. Similarly, Bank has rented out its building located in Kupondole, Lalitpur to the Subsidiary Company with the agreement to pay Monthly Rent of NPR 60,000 which will be increased by 10% in every 2 year, effective from the date of commencement of operation of CBIL Securities Limited.

3. All receipt and payment transactions entered into by the Bank with Subsidiary were made net of TDS. TDS has been duly deposited at Tax Office.

4. CBIL Securities Ltd holds a deposit account with the Bank which has a balance of NPR 56,271,924 as on 31st Ashadh 2078.

5. The overall transactions with the Subsidiary included in Financial Statements of the Bank has been tabulated below:

Particulars	NPR
Statement of Profit or Loss	
Total Income -	
Interest Paid to Subsidiary (Net of Tax)	3,606,018
Total Expenses	**3,606,018**
Statement of Financial Position	
Deposit of Subsidiary	56,271,924

The following table summarizes the financial information of CBIL Securities in its own financial statements:

Particulars	NPR
Non- Current Assets	-
Current Assets	56,781,881
Non- Current Liabilities	-
Current Liabilities	56,500

Net Assets Attributable to Share Holders	**56,725,381**
Revenue	3,606,018
Profit from Continuing Operations	3,031,423
Other Comprehensive Income	-
Total Comprehensive Income	**3,031,423**

iii. Transaction with Associates

Investments in Associates have been reported in the statement of financial position of the group and are initially recognized at cost and subsequently accounted for using the equity method. Similarly, the Bank has accounted for investments in associates at cost in separate financial statements.

The Bank has significant influence, but not control, over the financial and operating policies of the company even if the Manager of the Bank is the representative director on behalf of the Bank in the company.

Nepal Electronic Payment Systems Limited (NEPS)

NEPS is formulated as a consortium of seven national level commercial Banks, with aim to pool the resources of these Banks together and establish a common platform, which will be more secure, reliable and able to encompass the rapid growth of new technologies in electronic payments.

Executive Member Mr. Sanjeeb Kumar Shrestha is the Board member in NEPS. The Bank holds investment of Rs. 16,000,000 in share capital of NEPS which comes to 9.09 % of the total capital of NEPS. Agreement has been entered by the Bank with NEPS for availing services related to debit cards and credit cards for which Bank makes the payment at an arm's leng The aggregate amounts of the transactions during the year from the relevant related party at the year end are summarized below:

Particulars	NPR
Payments made towards transaction fees	13,270,482

The investment in NEPS has been accounted for at cost in separate financial statement of the bank and as per equity method in consolidated financial statement.

iv. Transaction with Citizens Mutual Fund- I

The Bank is the shareholder holding substantial interest and the sponsor of the Citizens Mutual Fund- I under the Citizens Mutual Fund (the Fund) registered with Securities Board of Nepal (SEBON) under the Mutual Fund Regulation 2067 as a close ended, equity oriented fund.

The Scheme started its operation on 20th Falgun 2074 with the maturity period of 7 years (i.e. up to 19th Falgun 2081). It was listed in Nepal Stock Exchange on 3rd Baisakh 2075.

The Bank has invested NPR 150,000,000 in Citizens Mutual Fund- I which has been marked to market and disclosed in Investment measured at Fair Value through Other Comprehensive Income.

The Scheme has Bank Balance of NPR 154,100,597/- as on Balance Sheet date with the Bank.

v. Transaction with Citizens Mutual Fund- II

The Bank is the shareholder holding substantial interest and the sponsor of the Citizens Mutual Fund- II under the Citizens Mutual Fund (the Fund) registered with Securities Board of Nepal (SEBON) under the Mutual Fund Regulation 2067 as a close ended, equity oriented fund.

The Scheme started its operation on Ashadh 22, 2076 with the maturity period of 7 years (i.e. up to Ashadh 21, 2083).

The Bank has invested NPR 150,000,000 in Citizens Mutual Fund- II

The Scheme has Bank Balance of NPR 97,430,411/- as on Balance Sheet date with the Bank

5.7.2 Related Party Disclosure of the Subsidiary

i. Key Management Personnel (KMP)

The name of the key management personnel who were holding various positions in the office during the year were as follows:

a) CBIL Capital Limited

Name of the Key Management Personnel	Post
Mr. Paras Kumar Kafle	Chairman
Mr. Rajendra Lal Shrestha	Board Member
Mr. Pramesh Raj Kayastha	Board Member
Mr. Topa Ram Pandit	Board Member
Mr. Prajwal Jung Pandey	Board Member (Independent Director)
Ms. Rita Subedi	Board Member (Independent Director)

The details relating to compensation paid to key management personnel (directors only) were as follows:

Particulars	Current Year (NPR)
Meeting Fees	680,000
Total	**680,000**

The details relating to compensation paid to key management personnel (CEO only) were as follows:

Particulars	Current Year (NPR)
Short term employee benefits	3,367,773
Post- employment benefits	113,400
Other long term benefits	-
Total	**3,481,173**

ii. Parent Company

During the fiscal year following receipts and payments were made to/ from the Parent Company Citizens Bank International Limited by CBIL Capital Limited:

Particulars	Total Amount NPR
Office Rental Expenses	1,197,900
Technical Fee Paid	4,877,419
Server & Database Rental Expenses	2,410,833
D-mat Expense	177,000
Total Expenses	**8,663,152**
Interest Received on Deposits	10,666,064
Share Registrar Fees Received	990,556
Total Income	**11,656,620**

Outstanding balance of transaction done on behalf of the parent company Citizen Bank International Ltd:

Citizens Bank International Ltd.	Total Amount NPR
Dividend Payable to shareholders	137,244,146
RTS Sharing payable	-
Total	**132,143,494**

During the fiscal year following receipts and payments were made to/ from the Parent Company Citizens Bank International Limited by CBIL Securities Limited:

Citizens Bank International Ltd.	Total Amount NPR
Office Rental Expenses	-
Interest on Loan against FDR	-
Total Expenses	-
Interest Received on Deposits	3,606,018
Total Income	**3,606,018**

5.8 Merger and Acquisition

In the current fiscal year FY 2077/78, the Bank has acquired "B" class Financial Institution licensed by NRB, Tinau Mission Development Limited with due approval from Special General Meeting of the Bank and from Nepal Rastra Bank and started the joint transaction from 14th Chaitra 2077. For acquisition, the Bank has issued 18,450,382.39 number of equity shares at swap ratio of 100:96 (96 shares of Citizens Bank International Limited for every 100 shares of Tinau Mission Development Limited). The difference between paid up capitals due to swap ratio of 100:96 amounting to NPR 76,876,593 has been recognized as Capital Reserve.

Similarly, during the current fiscal year FY 2077/78, the Bank has acquired "C" class Financial Institution licensed by NRB, Srijana Finance Limited with due approval from Special General Meeting of the Bank and from Nepal Rastra Bank and started the joint transaction from 26th Ashadh 2078. For acquisition, the Bank has issued 9,148,822.02 number of equity shares at swap ratio of 100:95 (95 shares of Citizens Bank International Limited for every 100 shares of Srijana Finance Limited). The difference between paid up capitals due to swap ratio of 100:95 amounting to NPR 48,151,694 has been recognized as Capital Reserve.

5.9 Additional disclosures of non consolidated entities

The Bank has no any unconsolidated entities during the reporting period.

5.10 Operational Lease Expenses

The details of Actual Lease Liability and Future Minimum Lease Payments of the Bank are tabulated below:

Actual Lease Liability	2077/78(NPR)
Less than one year	113,177,083
Between one to five years	451,785,443
More than five years	327,708,404
Total	**892,670,931**
Future lease Expense	**2077/78(NPR)**
Less than one year	122,460,652
Between one to five years	440,440,233
More than five years	277,282,840
Total	**840,183,725**

5.11 Detail of Loans and Advances

Particulars	To Customers	To BFIs
Loans and Advances	120,346,917,421	3,279,966,619
Interest Receivables on Loans and Advances	579,915,825	-
Staff Loans and Advances	956,872,581	-
Interest Receivables on Staff Loans and Advances	-	-
Total Loans and Advances [a]	**121,883,705,827**	**3,279,966,619**
Impairment Provision Charge		
Individual Impairment	**-**	**-**
Collective Impairment	**-**	**-**
i. Total Impairment as per NAS 39	**1,606,021,783**	**-**
Individual Impairment (Specific Provision)	454,809,945	-
Collective Impairment (General Loan Loss Provision)	1,151,211,838	-
ii. Impairment as per norms of NRB in loan loss provision	**2,971,663,539**	**32,799,666**
Collective Impairment	1,652,551,625	32,799,666
Individual Impairment	1,319,111,914	-

Particulars	To Customers	To BFIs
Impairment charge for the year, higher of i. and ii. [b]	**2,971,663,539**	**32,799,666**
Net Loans and Advances [a-b]	**118,912,042,288**	**3,247,166,953**

Impairment calculation as per NAS 39

The Bank has considered evidence of impairment for loans and advances measured at amortized cost at both specific asset and collective level. The Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant and that are found not impaired individually are assessed collectively.

The Bank has covered 25.34% of total loans and advances to customers and BFIs (in terms of principal outstanding) for individual impairment assessment. The Bank believes that coverage to this extent provides adequate assurance on the reliability of impairment assessment of gross loans and advances.

The Bank has then grouped loans and advances made to customers into different portfolios based on the general product type so as to achieve similarity in credit risk and repayment characteristics among loan accounts grouped within a given portfolio for collective assessment of impairment. The groupings done are Home Loans, Short Term Loans, Long Term Loans, Personal Loans and Vehicle Loans.

The Bank has considered overdue movement trend of past 7 years and current year data and loss given default rate from the data since inception of the Bank for deriving loss rate in collective impairment of loans and advances.

Impairment as per norms of NRB in loan loss provision

The Bank has provided for impairment provision as per norms of NRB in loan loss provision as given in NRB Directive no. 2 on the basis of overdue period of principal and interest. Additional criteria include personal guarantee loans, security shortfalls, blacklisting of borrowers, rescheduled loans, etc.

5.12 Staff Loans and Advances and Employee Benefits included in Loans and Advances to Customers of the Bank

Presented in financial statements under Loans and Advances to Customers are staff loans and advances extended in line with the Employee Byelaws of the Bank. Eligibility criteria for availing staff loans are directly linked to the period of service under permanent payroll of the Bank as per the Employee Byelaws of the Bank.

The carrying amount as at the balance sheet date was as under:

Amount in NPR

Particulars	2077/78	2076/77
Staff Vehicle Loan	59,433,041	51,551,252
Staff Home Loan	743,470,327	436,596,787
Employee Advances	149,007,014	65,351,114
Credit Card Receivable	4,962,199	3,517,324
Total	**956,872,581**	**557,016,476**

5.13 Investment Property

The details of Investment property of the Bank are as follows:

Amount in NPR

Particulars	2077/78	2076/77
Investment Properties Measured At Cost		
Balance as on Shrawan 1st	195,532,789	222,547,153
Addition During The Year	100,936,276	-
Disposal During The Year	(155,322,611)	(27,014,364)
Total	**141,146,454**	**195,532,789**

5.14 Liability For Long-Service Leave

The detail of liability for long- service leave recognized in Other Liabilities in Statement of Financial Position is as follows:

Amount in NPR

	Group		Bank	
Particulars	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Present Value Of Unfunded Obligations	-	-	-	-
Present Value Of Funded Obligations	119,872,396	119,743,408	119,872,396	119,743,408
Total Present Value Of Obligations	119,872,396	119,743,408	119,872,396	119,743,408
Fair Value Of Plan Assets	135,799,146	127,938,956	135,799,146	127,938,956
Present Value Of Net Obligations	(15,926,750)	(8,195,548)	(15,926,750)	(8,195,548)
Recognized Liability For Defined Benefit Obligations	119,872,396	119,743,408	119,872,396	119,743,408

Amount in NPR

Plan Assets	Group		Bank	
Plan assets comprise	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Equity Securities	-	-	-	-
Government Bonds	-	-	-	-
Bank Deposit	-	-	-	-
Other	135,799,146	127,938,956	135,799,146	127,938,956
Total	**135,799,146**	**127,938,956**	**135,799,146**	**127,938,956**

Movement in the Present Value of Defined Benefit Obligations

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligations At Shrawan 1, 2077	119,743,408	99,829,156	119,743,408	99,829,156
Actuarial Losses	(23,262,524)	18,054	(23,262,524)	18,054
Benefits Paid By The Plan	(16,418,571)	(13,567,075)	(16,418,571)	(13,567,075)
Current Service Costs And Interest	39,810,083	33,463,273	39,810,083	33,463,273
Defined Benefit Obligations At Ashad End 2078	**119,872,396**	**119,743,408**	**119,872,396**	**119,743,408**

Movement in the Fair Value of Plan Assets

Amount in NPR

Particulars	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Fair Value Of Plan Assets At Shrawan 1, 2077	127,938,956	97,476,298	127,938,956	97,476,298
Contributions Paid Into The Plan	7,627,840	38,846,673	7,627,840	38,846,673
Benefits Paid During The Year	(16,418,571)	(13,567,075)	(16,418,571)	(13,567,075)
Actuarial (Losses) Gains	5,531,998	(1,529,678)	5,531,998	(1,529,678)
Expected Return On Plan Assets	11,118,923	6,712,738	11,118,923	6,712,738
Fair Value Of Plan Assets At Ashad End 2078	**135,799,146**	**127,938,956**	**135,799,146**	**127,938,956**
Current Service Costs	29,772,012.00	26,019,624	29,772,012	26,019,624
Interest On Obligation	10,038,071.00	7,443,649	10,038,071	7,443,649
Actuarial (Gain)/ Losses	(28,794,522.00)	1,547,732	(28,794,522)	1,547,732
Expected Return On Plan Assets	(11,118,923.00)	(6,712,738)	(11,118,923)	(6,712,738)
Total	**(103,362.00)**	**28,298,267**	**(103,362)**	**28,298,267**

5.15 Taxation

Status of Tax Assessment in the current fiscal year, the tax assessment of the Bank of FY 2073/74 (2016/17) is under progress by Large Taxpayers Office (LTO). The Bank has filed for appeal in Revenue Tribunal against tax assessment of FY 2067/68 (2010/11), FY 2068/69 (2011/12), FY 2069/70 (2012/13), FY 2070/71 (2013/14) and FY 2071/72 (2074/15) against additional income tax demand. Bank has filed for appeal in Revenue Tribunal against tax assessment of acquired institution, Nepal Housing and Merchant Finance of FY 2070/71 & 2071/72. Similarly, tax assessment of acquired institution, People's Finance Limited of FY 2067/68 (2010/11) is under Administrative Review and Nepal Housing and Merchant Finance Limited of FY 2068/69 (2011/12)is under Administrative Review & tax assessment of FY 2072/73 is under Administrative Review. Tax assessment of Srijana Finance is under Administrative Review of FY 2072/73 (2015-16)

Similarly, in case of FY 2063/64 (2006/07 and 2064/65 (2007/08), the Bank has filed for petition with Supreme Court which is yet to be decided.

The Bank has disclosed the disputed tax amount as contingent liability on Schedule 4.28.5

The self assessment returns filed by the Bank for FY 2074/75 (2017/18) to 2076/77 (2019/20), has not yet been opened for reassessment by the LTO.

Current Year Tax

Current year tax liability has been recognized on net profit at the rate of 30% after required adjustment to arrive at taxable profit.
Reconciliation between current year tax liability and current tax based on net profit of the book has been given in Note 4.41.1.

Deferred Tax

Deferred tax is computed at 30% of the temporary differences between accounting base and tax base. Deferred tax assets/ liabilities and the calculation of deferred taxes are given in Note 4.15 of Statement of Financial Position.

5.16 Statutory Reserves and Funds

The reserves of the Bank include statutory reserves and funds set aside for specific purpose as per Banks and Financial Institutions Act, 2073 and NRB Directives. The various reserves and funds are as below:

i. General Reserve

General Reserve is created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 20% of the net profit earned during the year until the reserve is twice the paid up share capital of the Bank after which 10% of the net profit earned during the year shall be set aside as General Reserve. During the year, the Bank has transferred NPR 360,868,213/- to General Reserve from Retained Earnings.
Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank.

ii. Exchange Fluctuation Reserve Fund

Exchange Fluctuation Reserve is the reserve created as per Section 45 of the Banks and Financial Institutions Act 2073 equivalent to 25% of the foreign exchange gain realized on the translation of foreign currency to the reporting currency during the year other than Indian Rupees. During the current year, the Bank has transferred NPR 16,050,721 to Exchange Fluctuation Reserve from Retained Earning.
The balance of exchange fluctuation reserve fund after transfer from retained earnings during current year is NPR 74,958,036. Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank other than to set off revaluation loss incurred, if any during the year.

iii. Investment Adjustment Reserve

Investment adjustment Reserve has been created as per the regulatory requirement of NRB Directive no 8. During the current year, Investment Adjustment Reserve of NPR 3,000,000, created for the investment made on equity share of Prabhu Capital Ltd has been transferred to Retained Earning as the Bank has disposed the investment on equity share of Prabhu Capital during the current fiscal year.

iv. Bond Redemption Reserve

The Bank has issued Subordinated Debt of 500,000 8.5% Citizens Bank Bond, 2077 of NPR 500,000,000 as per NRB approval dated 2070/09/01. During the current fiscal year, 8.5% Citizens Bank Bond 2077 of NPR 500,000,000 has matured and the Bank has transferred the amount of NPR 500,000,000 accumulated on Capital Redemption Reserve to Capital Reserve as per NRB Directives.
The Bank has issued another Subordinated Debt of 10.25% Citizens Bank Bond, 2086 of NPR 2,500,000,000 during FY 2076/77 as per NRB approval dated 2076/06/30. As per NRB Directive 2076(16) (5), Capital Redemption Reserve is to be created on proportionate basis over the year except for the issuance year and payment year. So, the Bank has set aside amount of NPR 277,777,778 to

Capital Redemption Reserve during FY 2077/78 for 10.25% Citizens Bank Bond 2086.

v. Employees Training Cost and Employees Capacity Development Fund

Employees training cost of ~~NPR 2,399,396 has~~ been incurred during the current year. As per NRB Directive 06/2077, 3% of salary & allowance expense of the previous year is to be incurred on training and development of staffs. However, such provision is not applicable for FY 2077/78 as per NRB circular no Bai. Bi.Ni.Ni./Niti/Paripatra/kakhaga/1/078/79. Hence, employees' capacity development fund has not been created during the year.

vi. Corporate Social Responsibility (CSR) Fund

During the year, the Bank has expensed ~~NPR~~ 17,425,160 on CSR activities. The sum of NPR 16,637,176 i.e, expense of current year to the extent of CSR Fund accumulated till previous year including the fund transferred from acquired institutions has been transferred from CSR fund to retained earnings in the current year.

Similarly, additional CSR Fund of NPR 18,043,410 has been created as per NRB Directive No. 06/2077. The fund so created shall be used for CSR activities of the Bank in the next fiscal year as per Corporate Social Responsibility Manual of the Bank.

The total movement of Bond Redemption Reserve, Corporate Social Responsibility Fund, Investment Adjustment Reserve and Employee Training Cost and Employees Capacity Development Fund reflected in totality in Statement of Changes in Equity under Other Reserve are as follows:

FY	Interest Receivable	Short Loan Loss Provision	Short Provision for possible loss on Investment	Short Provision on NBA	Deferred Tax Asset	Goodwill	Gain on Bargain Purchase Gain	Actuarial Loss Recognized	Fair Value Loss Recognized on OCI	Other (Unrealized gain on trading assets)	Total
2074/75	210,137,516	-	-	287,547,060	-	-	291,445,773	-	6,300,000	-	795,430,349
2075/76	26,279,833			(64,999,907)	20,235,997		(291,445,773)	7,086,997	(6,300,000)		(309,142,853)
2076/77 (Acquired Inst.)	55,570,464	-	-	-	1,651,744	-	-	-	-	-	57,222,209
2076/77	(82,625,226)	-	-	(99,361,497)	(21,887,741)	-	90,879,384	17,353,631	-	4,114,252	(91,527,197)
2077/78 (Acquired Inst.)	99,940,646	-	-	-	-	-	-	-	-	70,411,749	170,352,394
2077/78	(135,347,743)	-	-	(34,263,391)	-	-	(90,879,384)	(16,026,127)	-	23,435,367	(253,081,278)
Total	**173,955,490**	**-**	**-**	**88,922,266**	**-**	**-**	**-**	**8,414,501**	**-**	**97,961,368**	**369,253,624**

vii. Regulatory Reserve

The regulatory reserve has been created of NPR 360,012,045 upto the current year as per NRB Directive 4(3) (ka). The detail of regulatory reserve created in the current year is given in the Statement of Distributable Profit or Loss.

As per the NRB circular no. Bai.Bi.Ni.Bi/Niti/Paripatra/kakhaga/1/078/79, BFIs are not required to transfer to the regulatory reserve for the interest income recognized on accrual basis and recovered within 15th Bhadra 2078. Accordingly, the Bank has recovered interest income of NPR 303,796,001 after Ashad end 2078 till 15th Bhadra 2078 for which no regulatory reserve has been created.

Out of total interest accrued of NPR 1,305,464,435 as on Ashad End 2078, amount of NPR 579,915,825 has been recognized as income on Accrual Basis as per "Guideline on Recognition of Interest Income, 2019" issued by Nepal Rastra Bank and NPR 135,347,743 has been transferred to Retained Earnings from Regulatory Reserve during FY 2077/78.

The detail of movement of Regulatory Reserves of the Bank since FY 2074-75 till FY 2077-78 is summarized as below:

Other Reserve	CSR Reserve	Bond Redemption Reserve	Investment Adjustment Reserve	Capital Reserve	Actuarial Gain Reserve	Staff Training Reserve	Total
Balance as on Shrawan 1, 2077	**14,713,170**	**500,000,000**	**3,000,000**	**-**	**(24,440,628)**	**1,791,460**	**495,064,002**
Other comprehensive income, net of tax							
Actuarial gains/ (losses) on defined benefit plans	-	-	-	-	16,026,127	-	16,026,127
Transfer from acquired institution	1,924,006	-	-	125,028,288	-	2,088,185	129,040,479
Transfer to Reserve	18,043,411	277,777,778	-	500,000,000	-	-	795,821,189
Transfer from Reserve	16,637,176)	(500,000,000)	(3,000,000)	-	-	(3,879,645)	(523,516,821)
Balance as on Ashadh 31, 2078	**18,043,411**	**277,777,778**	**-**	**625,028,288**	**(8,414,501)**	**-**	**912,434,976**
Transfer from acquired institution	1,924,006	-	-	125,028,288	-	2,088,185	129,040,479
Transfer to Reserve	18,043,411	277,777,778	-	500,000,000	-	-	795,821,189
Transfer from Reserve	16,637,176)	(500,000,000)	(3,000,000)	-	-	(3,879,645)	(523,516,821)
Balance as on Ashadh 31, 2078	**18,043,411**	**277,777,778**	**-**	**625,028,288**	**(8,414,501)**	**-**	**912,434,976**

The detail of movement of Reserves of the Bank is summarized as below:

Movement in Reserves of the Bank	Opening Balance	Transfer from Acquired Institution	Transfer from Reserves	Transfer to Reserve	Other Reserve Movement	Closing Balance
Statutory General Reserve	1,883,594,323	384,345,580	-	360,868,213	-	2,628,808,116
Exchange Equalization Reserve	58,907,316	-	-	16,050,721	-	74,958,037
Corporate Social Responsibility Reserve	14,713,170	1,924,006	(16,637,176)	18,043,411	-	18,043,411
Capital Redemption Reserve	500,000,000	-	(500,000,000)	277,777,778	-	277,777,778
Regulatory Reserve	451,982,508	99,940,646	(185,637,261)	31,999,445	(29,031,713)	369,253,624
Investment Adjustment Reserve	3,000,000	-	(3,000,000)	-	-	-
Assets Revaluation Reserve	387,759,636	-	-	-	-	387,759,636
Fair Value Reserve Dividend	115,313,803	79,096,772	(70,411,749)	391,108,069	-	515,106,895

Movement in Reserves of the Bank	Opening Balance	Transfer from Acquired Institution	Transfer from Reserves	Transfer to Reserve	Other Reserve Movement	Closing Balance
Equalization Reserve	-	-	-	-	-	-
Actuarial Gain	(24,440,628)	-	-	16,026,127	-	(8,414,501)
Capital Reserve	-	125,028,288		500,000,000	-	625,028,288
Special Reserve	-	-	-	-	-	-
Other Reserve	1,791,460	2,088,185	(3,879,645)	-	-	-
Total	**3,392,621,588**	**692,423,477**	**(779,565,831)**	**1,611,873,764**	**(29,031,713)**	**4,888,321,283**

5.17 Share Premium

The Bank does not have any share premium as at the reporting date.

5.18 Proposed Bonus Share

The Board of Directors of the Bank has proposed 12.913 percent bonus share on paid up share capital of the Bank subject to approval from Nepal Rastra Bank and ratification of Annual General Meeting of the shareholders of the Bank.

5.19 Proposed Dividend

The Board of Directors of the Bank has proposed Cash Dividend of 3.087 percent on paid up share capital of the Bank subject to approval from Nepal Rastra Bank and ratification of Annual General Meeting of the shareholders of the Bank.

5.20 Provision for Bonus to Employees

Provision for staff bonus has been made as per Bonus Act 2030, calculated at 10% of net profit before bonus. For the FY 2077/78, the Bank has made provision of NPR. 287,300,433 towards Staff Bonus.

5.21 Non- Deliverable Forward (NDF) Contract

Liabilities on account of derivative contracts entered into by the Bank are reported under Contingent Liabilities under sub- heading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements. The Forward Exchange Contract is marked to market and resulting difference is recognized in Statement of Profit or Loss.

The unsettled proprietary NDF contract of USD 49.94 million has been marked to market at exchange rate of INR/USD = 74.5187 as on reporting date.

5.22 Earnings Per Share

Basic Earnings Per Share

Earnings per share, also called net income per share, is a market prospect ratio that measures the amount of net income/ loss earned per share of stock outstanding. In other words, this is the amount of money each share of stock would receive if all of the profits were distributed to the outstanding shares at the end of the year. It is calculated by dividing profit or loss attributable to ordinary equity holders by the average number of ordinary shares outstanding during the period.

The earnings attributable to the ordinary equity holders consists of the earnings of the Bank after deduction of all expenses, tax expense and preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

The calculation of basic earnings per share of the Bank has been based on the profit/ loss attributable to ordinary shareholders and weighted average number of shares outstanding as tabulated below:

Particulars	2077/78	2076/77
Profit attributable to ordinary shareholders NPR	1,804,341,065	1,198,504,659
Weighted average number of ordinary shares	103,981,906	86,375,705
Basic Earnings Per Share NPR	17.35	13.88
Restated Basic Earnings Per Share NPR	-	-

Weighted average number of ordinary shares calculation

FY 2077/78	Nos. of Shares	Shares Outstanding	Portion of the year	Weighted Average Shares
Opening Balance	90,898,173	90,898,173	1.0000	90,898,173
Bonus Share of FY 2076/77	7,271,854	98,170,027	1.0000	7,271,854
New Share Issued (Share issued to erstwhile Tinau Mission Shareholders)	18,450,382	116,620,409	0.3068	5,661,487
New Share Issued (Share issued to erstwhile Srijana Finance Shareholders)	9,148,822	125,769,231	0.0164	150,392
	125,769,231	**-**	**-**	**103,981,906**

FY 2076/77	Nos. of Shares	Shares Outstanding	Portion of the year	Weighted Average Shares
Opening Balance	83,710,648	83,710,648	1.0000	83,710,648
Bonus Share of FY 2075/76	2,511,319	86,221,967	1.0000	2,511,319
New Share Issued	4,676,206	90,898,173	0.0329	153,738
	90,898,173	**-**	**-**	**86,375,705**

Diluted Earnings Per Share

Diluted shares are the shares that would be outstanding if all possible sources of conversion, such as convertible bonds and stock options, were exercised. Specific financial figures in terms of fully diluted shares outstanding are reported to allow investors to properly assess the Bank's financial situation.

There are no dilutive shares during the year of the Bank and the Subsidiary.

5.23 Interim Financial Statements

The Interim Financial Statements of the Group have been prepared and published on quarterly basis as per NFRS and NRB Directive no 4 in compliance of statutory and legal requirement within the time frame prescribed.

5.24 Age-wise particulars of reconciliation pending items (1 year, 1-3 years, and above 3 years) in agency accounts of the Bank

i. Inter Branch Account

There is no un-reconciled transaction in Inter branch Accounts of the Bank as on year end FY 2076/77.

ii. Nepal Rastra Bank

NPR in '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below	-	25,592.30	1,244.31	-
1 - 3 months	972.00	5,608.21	-	-
3 - 6 months	-	1,840.28	46.56	-
6 - 12 months	-	936.11	-	-
1 - 2 years	-	435.32	-	-
Total	**972.00**	**34,412.22**	**1,290.87**	**-**

iii. Local Financial Institutions

NPR in '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below	24.36	1,288.66	3,648.02	1,562.75
1 - 3 months	291.63	-	0.53	5.00
3 - 6 months	-	-	0.20	-
6 - 12 months	-	-	1.40	-
1 - 2 years	2.02	-	3.23	-
Total	**318.01**	**1,288.66**	**3,653.37**	**1,567.75**

iv. Foreign Bank

NPR in '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below	-	45,423.97	647,235.71	93,799.74
1 - 3 months	-	-	-	-
3 - 6 months	-	3.45	-	-
6 - 12 months	-	218.49	-	-
1 - 2 years	-	1,668.26	-	-
Total	**-**	**47,314.17**	**647,235.71**	**93,799.74**

5.25. NFRS Carve- Outs Adjustments

During the current fiscal year, the Group has not applied the numbers of standards as prescribed in NFRS and used the NFRS carve- out adjustments. As a consequence, the net profit and retained earnings have been impacted.

The impacts of each carve- out adjustment done and the affected financial statement line items have been summarized as follows wherever quantifiable or described otherwise:

5.25.1 NAS 39: Recognition and Measurement (Incurred Loss Model measure the Impairment Loss on Loans and Advances)

NAS 39 Para 58 requires an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss.

However, as per carve out on NAS 39 Para 58, the Bank has assessed and measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

The incurred credit loss model used by the Bank in impairment testing of loans and advances in general is based on historic data sets from the past seven years and it automatically assume an effect of significant increase in credit risk in the event of a delay of payment dues.

The impacts of the application of carve- out in the current year financials is as under:

	Amount in NPR
Gross Loans and Advances (To customers and BFIs)	123,626,884,040
Impairment Loss as per NFRS	1,606,021,783
Impairment Loss as per norms of NRB	3,004,463,205

The higher of two above i.e.;

NPR 3,004,463,205/- has been taken into account for impairment loss on loan and advances in the preparation of consolidated financial reports

5.26. Details of Refinance Loan and Business Continuity Loan

The Bank has provided the Refinance Loan and Business Continuity Loan. Details of such loan as on Ashad end 2078 is as follows:

Particulars	No. Of Customers	Amount (NRs)
Refinance Loan	189	1,118,971,866
Business Continuity Loan	2	8,400,000

5.27. Details of Subsidized Loan

The Bank has provided the Subsidized Loan. Details of such loan as on Ashad end 2078 is as follows:

Particulars	No. Of Customers	Amount (NRs)
Subsidized Loan	2,866	4,333,691,969

5.28 Impact of COVID- 19 on the Bank

The second wave of COVID-19 pandemic has developed rapidly from early 4th quarter of current fiscal year. The resulting impact of the virus on the operations and measures taken by governments to contain the virus has negatively affected the Bank's result in the reporting period. The currently known impacts of COVID-19 on the Banks are:

- Regular operations of the branches and departments have been hampered due to lockdown and COVID 19 cases within the Bank.
- The risk of staffs being affected by COVID 19.
- The stringent recovery measures of the defaulting borrowers have been postponed.

COVID- 19 developments indicate mass default in loan and advances covenants by borrowers in near future which is major income earning assets of the Bank. There is likelihood of staffs being affected by the COVID- 19 and service of the Bank being disrupted.

In response to these matters, the Bank has taken the following actions:

- The Bank has assessed the impact of COVID 19 in lending portfolio of the Bank and categorized the lending portfolio as per the impact of COVID 19 in Category A-High Risk, Category B-medium Risk and Category C-Lower Risk.
- The Bank shall not aggressively lend during the distressed period and be selective in lending with proper risk assessment.
- The Banks shall closely monitor the loan accounts where there has been default or there is possibility of default. The utmost focus shall be on recovery of the overdue amount.
- Rescheduling and restructuring of loan shall be done in case of requirement on case to case basis within the regulatory provision.
- In case of requirement of bail out, Short Term Loan/ Medium Term Loan for financing immediate working capital/ cash requirement shall be given.
- Further, necessary privileges shall be granted to the distressed borrowers impacted by COVID 19 in line with circulars and directives issued by Nepal Rastra bank from time to time.
- The Bank has a robust Business Continuity Plan in place in order to provide all essential services of the Bank to customers safely and minimize impact of COVID- 19 in the Bank's functioning, if any staffs are found to be affected.

The details of relaxation provided to the customer and Accrued Interest received after Ashad end till 15th Bhadra 2078 along with additional provision of 0.3% on pass loan portfolio is as follows:

S. NO.	Particulars	As on Ashadh end 2078	
		No of Customers	Amount (NRs.)
1	Accrued Interest Received after Asadh end 2078 till 15 Bhadra 2078	20,848	303,796,001
2	Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	NA	338,375,353
3	Extension of Moratorium Period of Loan provided to industry or project under construction	11	1,079,394,483
4	Restructured/Rescheduled Loan with 5% Loan Loss Provision	548	1,735,374,635
5	Enhancement of Working Capital Loan by 20% to COVID affected borrowers	-	-
6	Enhancement of Term Loan by 10% to COVID affected borrowers	415	424,278,709
7	Expiry Date of Additional 20% working capital loan (COVID Loan) extended for up to 1 year with 5% provisioning	-	-
8	Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning	217	164,133,3689
9	Time Extension provided for repayment of Principal and interest for up to 2 years as per clause 41 of NRB Directive	620	1,894,045,503

The Bank's actions are expected to be sufficient to mitigate the financial and operational uncertainty brought by temporary phenomenon of COVID 19 and expect the sanctions imposed by the government will soon be eased with passage of time and economic activities will soon return to normalcy as people learn to cure and cope up with COVID- 19.

5.29 Table Of Assets And Liabilities According To The Liquidity Position

Particulars	1-7days	8-30 days	31-90 days	91-180 days	181-270 days	271-365 day	More than 1 year	Total
Assets								
Cash Balance		5,061,554,671						5,061,554,671
Balance with Banks & FIs	7,205,100,933							7,205,100,933
Investment in Foreign Banks	-	-	-	59,600,000	262,240,000	286,080,000	2,264,800,000	2,872,720,000
Call Money	879,524,180							879,524,180
Government Securities	239,283,680	-	2,760,885,370	1,396,963,772	534,545,700	89,052,416	15,912,763,631	20,933,494,569
Nepal Rastra Bank Bonds	-							-
Inter Bank & FI Lending	-	12,426,600	10,251,200	-	33,376,000	-	1,907,200,000	1,963,253,800
Loans & Advances	748,015,490	11,412,327,202	18,544,647,343	18,580,395,594	13,644,215,652	6,625,579,098	55,608,492,021	125,163,672,401
Interest Receivable	2,661,087	8,248,321	22,122,720	14,244,038	4,769,628	793,767	185,337,100	238,176,660
Reverse Repo								-
Acceptance Receivable								-
Payments under S.No. 20,21 & 22	4,768,041,985	1,666,173,507	6,210,161,603	6,889,405,084	3,938,601,367	5,146,524,433	4,427,774,368	33,046,682,347
Others	1,688,678,788	643,896,435	288,457,633	141,146,454		-	4,244,972,154	7,007,151,464
Total (A)	**20,592,860,813**	**13,743,072,064**	**27,836,525,869**	**27,081,754,942**	**18,417,748,347**	**12,148,029,714**	**84,551,339,274**	**204,371,331,025**
Liabilities								
Current Deposits	1,742,656,931						5,848,894,417	**7,591,551,347**
Saving Deposits (including call)	8,772,591,281	4,417,461,637	4,417,470,914	-	-	-	39,196,131,010	**56,803,654,842**
Fixed Deposits	2,952,721,550	7,090,333,663	14,193,148,227	16,550,952,341	12,672,226,258	13,755,483,744	11,393,341,466	**78,608,207,249**
Debentures/Bonds			-				2,476,082,261	**2,476,082,261**
Borrowings		400,000,000	3,465,000	21,717,000	40,603,824	10,986,000	1,128,787,000	1,605,558,824

Call/Short Notice								-
Inter-bank/Financial Institutions	400,000,000	-	-	-	-		-	**400,000,000**
Refinance	-	-	3,465,000	21,717,000	40,603,824	10,986,000	1,128,787,000	**1,205,558,824**
Others								-
Other Liabilities and Provisions	**2,128,128,484**	**-**	**-**	**-**	**-**	**-**	**-**	**2,128,128,484**
Sundry Creditors	116,593,064							**116,593,064**
Bills Payable	197,640,685							**197,640,685**
Interest Payable	140,273,848	-	-	-	-	-	-	**140,273,848**
Provisions	32,076,252							**32,076,252**
Others	1,641,544,635							**1,641,544,635**
Acceptance Liabilities	230,970,207	359,249,528	878,232,159	417,911,937	123,699,798	12,616,117	244,502,036	**2,267,181,782**
Irrevocable Loan Commitment	1,234,178,056	617,089,028	617,089,028	3,085,445,140	2,468,356,112	4,319,623,196	-	**12,341,780,561**
Letter of Credit/Guarantee	3,302,893,722	689,834,951	4,714,840,416	3,386,048,007	1,346,545,457	814,285,120	4,183,272,332	**18,437,720,004**
Repo								-
Payable under s.no.11	-	-	-	-	-	-	-	-
Others	234,537,316	145,094,851	245,264,750	227,592,394	160,795,160	78,703,819	21,019,477,381	**22,111,465,671**
Total (B)	**20,998,677,547**	**13,319,063,658**	**25,069,510,495**	**23,689,666,820**	**16,812,226,609**	**18,991,697,996**	**85,490,487,902**	**204,371,331,025**
Net Financial Assets (A-B)	**(405,816,733)**	**424,008,406**	**2,767,015,374**	**3,392,088,123**	**1,605,521,738**	**(6,843,668,282)**	**(939,148,626)**	**-**
Cumulative Net Financial Assets	**(405,816,733)**	**18,191,673**	**2,785,207,048**	**6,177,295,170**	**7,782,816,908**	**939,148,626**	**-**	

5.2 INFORMATION ABOUT ANNUAL GENERAL MEETING



Information About Annual General Meeting

As decided by the 380th BOD meeting held on October 11, 2021; 15th Annual General Meeting (AGM) of the Bank will be held on following date, place and time:

Date : November 2, 2021 (Kartik 16, 2078), Tuesday

Place : Corporate Office, Narayanhithi path, Durbarmarg, Kathmandu (through webinar)

Time : 4:00 PM

Following agendas will be discussed at the Annual General Meeting:

A. Ordinary resolution

1. To approve Director's Reports of FY 2020/21 after deliberation.

2. To discuss and approve the Consolidated Statement of Financial Position as of July 15, 2021, Consolidated Statement of Profit or Loss for the period July 16, 2020 to July 15, 2021 and Consolidated Statement of Cash Flows of the Bank and Bank's subsidiary company, for the year ended thereon, together with Auditor's report.

3. To approve cash dividend of NPR 388,256,807.24 (includes tax on dividend) which is 3.087 percent of paid-up capital as proposed by the Board of Directors.

4. To appoint auditor for the FY 2021/22 (2078/79) and to fix the auditor's remuneration as per Section 111 of Companies Act 2006; (M/s. KK Budhathoki & Associates, Chartered Accountants is eligible for re-appointment as per Section 111 (3) of Companies Act 2006).

5. To elect 2 (two) Directors position from Group "B" of ordinary shareholders representing on Board of Director as per the Article of Association of the bank.

B. Special resolution

1. To approve the allocation of bonus share equivalent to NPR 1,624,050,891.20 (12.913 percent of paid up capital) as proposed by Board of Directors.

2. Delegation of authority to Board of Directors of the Bank for merger or acquisition of Citizens Bank International Limited and other appropriate Bank and Financial Institutions or to seek for foreign strategic partnership and if appropriate to conduct the valuation of movable and immovable assets and liabilities by appointing national or international certified valuator and to enter into primary and final agreement in relation to Merger or Acquisition and to complete necessary procedures for the same.

3. To approve amendments to the Memorandum of Association (MOA) of the Bank as follows: (Ka) To amend Memorandum of Association (MOA) (Ka-1) To increase issued capital and paid of capital of the Bank.

4. Delegation of authority to the Board of Directors for making necessary adjustments in the Memorandum of Association (MOA) and Articles of Association (AOA) of the Bank in case any instructions is received from the approving authority during approval of amendments of the MOA and AOA.

C. Others

Other information regarding AGM:

1. Shareholders register book will be closed for one day on October 8, 2021 (Ashoj 22, 2078). If the name of the shareholders is registered in shareholders register book located in the Bank's share registrar CBIL Capital Limited, Batule Ghar, Dillibazar, Kathmandu because of the transactions conducted in Share Stock Exchange till October 7, 2021 (Ashoj 21, 2078), then such shareholders can participate in the AGM and is entitled to receive bonus share and cash dividend.

2. Shareholders interested in participating in AGM shall bring either share certificate or details of DEMAT account and documents proving his identity or its copy along with them.

3. Shareholders who are interested in participating in AGM are requested to participate through webinar. Shareholders attendance register will be made available at 2:00 P.M. onwards for the purpose of signing.

4. Shareholders interested in appointing a proxy for attending AGM, shall fill the proxy form in the format prescribed by the Companies Act and shall submit the form at least 48 hours before AGM (i.e. within 4:00 P.M on October 31, 2021 (Mangsir 28, 2077) to the main office of the Bank at Narayanhitipath, Kathmandu. No one other than shareholders of the Bank shall be appointed as a proxy. More than one person cannot be appointed as proxy by dividing shares or by division through any means. If done so, then proxy shall be cancelled.

5. If any shareholder wants to replace the previously appointed proxy, then he shall submit a separate letter along with proxy form stating that the previously appointed proxy shall be cancelled and new proxy shall be given accreditation and such information shall be submitted at least 48 hours before AGM. If any shareholder, who has appointed proxy, presents himself in AGM, then the appointed proxy shall be automatically cancelled.

6. Shareholders whose name has been recorded in shareholders register book as mentioned in point no. 1 shall only be entitled to receive bonus share and dividend amount.

7. If two or more shareholders jointly hold shares, then representative appointed by such partners or the partner whose name appears first in the serial order in the shareholders register shall only be entitled to take part in AGM.

8. If any shareholder is juvenile or insane, then the person who is registered as his guardian in the shareholders register shall be entitled to take part, vote or appoint a proxy in the AGM.

9. The program about Bank's Directors election shall be published on October 22, 2021 at registered office of the bank, Narayanhitipath by Office of Election Committee.

10. For any queries regarding AGM, you are requested to contact the head office of the Bank, within office hours.

11. You are requested not to carry any bags while attending AGM, for the security reasons. If required, security guards can conduct the security check. Therefore, you are requested to cooperate with the security check.

12. AGM will be held in reference to the probable effect and risk of Covid 19 adopting the full security measures prescribed by the Government. Shareholders are requested to make attendance 24 hours before AGM through mobile number 9851032254 or 9851012345 for the purpose of participation through webinar.

Note: *As per Companies Act, 2006, shareholders can inspect and obtain a copy of Annual Financial Report, Director's Report and Auditor's Report from the head office of the Bank, located at Narayanhiti Path or from the Bank's share registrar CBIL Capital Limited, Dillibazar, Kathmandu. For detail information, you can visit the Bank's website: www.ctznbank.com.*

By Order from Board of Directors

Company Secretary

5.3 PROPOSED AMENDMENTS IN MEMORANDUM OF ASSOCIATION (MOA)

Amendments in section 5 (kha), and 5 (ga) of Memorandum of Association

S.No	Related Topics	Prevailing Arrangement	Proposed Amendment	Reasons
1	Capital Composition of the bank	5. Capital Composition of the Bank	5. Capital Composition of the Bank	
		5(kha). The total issued capital of the Bank will be NPR 12,576,923,114 (In words: Twelve Billion Five Hundred Seventy Six Million Nine Hundred Twenty Three Thousand One Hundred Fourteen Only). Such capital consists of 125,769,231.11 numbers of ordinary shares of NPR 100 each. The minimum issued capital of the Bank will be NPR 12,576,923,114 *(In words: Twelve Billion Five Hundred Seventy Six Million Nine Hundred Twenty Three Thousand One Hundred and Fourteen Only).*	5(kha). The total issued capital of the Bank will be NPR 14,200,974,006 (In words: Fourteen Billion Two Hundred Million Nine Hundred Seventy Four Thousand and Six Only). Such capital consists of 14,200,974.06 numbers of ordinary shares of NPR 100 each. The minimum paid up capital of the Bank will be NPR 14,200,974,006 *(In words: Fourteen Billion Two Hundred Million Nine Hundred Seventy Four Thousand and Six Only).*	The proposed 12.913% bonus dividend from the Board of Directors of NPR 1,624,050,891.10 (In words: One Billion Six Hundred Twenty Four Million Fifty Thousand Eight Hundred Ninety One and Paisa Ten Only) led to increase in total issued and paid up capital.
		5(ga). The minimum paid up capital of the Bank will be NPR 12,576,923,114 (In words: Twelve Billion Five Hundred Seventy Six Million Nine Hundred Twenty Three Thousand One Hundred and Fourteen Only)	5(ga). The minimum paid up capital of the Bank will be NPR 14,200,974,006 (In words: Fourteen Billion Two Hundred Million Nine Hundred Seventy Four Thousand and Six Only).	

5.4 INFORMATION TO SHAREHOLDERS

Shareholders Communication

The Bank recognizes the need for keeping its members and stakeholders informed of the events of their interests through present means of communication. The Bank regularly communicates all the appropriate and relevant information to shareholders, customers and the general public through print media (national daily) and electronically through the Bank's official website, http://ctznbank.com/. The detailed information on Annual General Meeting including ordinary agendas and special agendas to be discussed in the meeting is published in the national daily newspapers, 21 days prior to the date of Annual General Meeting as per the requirement of the Companies Act. The financial results of the Bank are submitted to the stock exchanges, where the securities of the Bank are listed, immediately after the conclusion of the Board Meeting approving the same. The results are also published in at least one national daily newspaper circulating in the whole or substantially the whole of Nepal. The Bank furnishes results to the shareholders on yearly basis.

Over the years, the timeliness of conducting Annual General Meeting (AGM) shows how enthusiastic the Bank is to communicate the information and reports to the shareholders.

Equally, the Bank has been publishing an interim financial report within the stipulated time of 30 days as prescribed by the Securities Board of Nepal. The Bank also publishes Basel-III Disclosures as prescribed by point 7.4(b) of Capital Adequacy Framework, 2007 (updated July, 2008) under Directive 1 of NRB Unified Directives on the Bank's website on a timely basis.

Dividend Payment, Bonus Share Distribution, And Tax Implication

As per section 88(2) read with Section 92(1) (a) of Income Tax Act, 2002, the tax on dividend distributed by the Bank is subject to final withholding tax (Tax Deduction at Source, TDS) at the rate of 5%. Similarly, distribution of bonus share is deemed a distribution of dividend as per section 53(1) (b) of Income Tax Act, 2002.

Similarly, Section 47A (5) of Income Tax Act, 2002 has provided a tax exemption on the dividend paid by the Financial Institutions that

have merged or acquired another Financial Institutions to the shareholders that existed as on date of such migration/ acquisition.

Uncollected cash dividend after five years is transferred to Investor's Protection Fund, as per the provision of Companies Act. The fund is being operated by Office of Company Registrar, Nepal Government. Investors may lodge their mandate with Bank's Registrar & Share Transfer Agent i.e. CBIL Capital Ltd., Dillibazar, Kathmandu, Nepal.

S.NO.	Fiscal Year	Amount
1	2011/12	3,813,896.00
2	2012/13	7,325,255.25
3	2013/14	2,962,600.00
4	2014/15	1,791,409.70

Complaint Handling Of Investors

As part of its commitment to improve quality and customer service, the Bank encourages to receive feedbacks on the service provided to investors for proper funds management. The Bank aims to create and maintain among its employees, senior management and directors (the "directors" or "Board of directors"), a culture of treating all investors fairly and diligently. Thus, the Bank handles all complaints from investors who invest in funds for which the Bank acts as Management Company in a professional, correct and prompt manner and in accordance with its internal instruction. In order to ensure a consistent and efficient investor-oriented approach for shares registration service, the Bank has appointed CBIL Capital Limited for:

- Maintaining the shareholder's list of the Bank.
- Safe keeping deposit & withdrawal of securities certificates & transfer of ownership / rights in dematerialized form.
- Registration of transfer (NaamSaari) of shares.
- Delivery of share certificate to the stock exchange after transfer of the share in the name of the buyer.
- Distribution of remaining bonus shares, cash dividend, IPO share certificate
- Assisting the company for preparation/ conduct of the Annual General Meeting / Extraordinary General Meeting / Special General Meeting.

Procedure For The Shareholder Complaints/Enquires

A. Contact To Registrar

The Bank has appointed CBIL Capital Limited as its Registrars and Share Transfer Agent (RTA) with a mandate to process transfer of Shares / Bonds, dividend / interest payments, recording of Shareholders' requests, solution of investors' grievances amongst other activities connected with the issue of Shares / Bonds. Shareholders / investors who wish to lodge Complaints / enquiries shall at first instance contact the registrar, CBIL Capital Limited. Upon the receipt of complaint / enquiries, Registrar shall either address within the timeline as per our agreement with them. They are also bound to provide with relevant details of such complaints to the Bank.

The Investors may lodge their transfer deed / requests / complaints with the RTA at following address:

CBIL Capital Limited
Registrar to Share Division Batule Ghar, Dillibazar – 33 Kathmandu, Nepal
Phone: (977-1) 4517723 / 4517457 / 4518664 / 4521235
Fax: (977-1) 4239306
E Mail: info@cbilcapital.com

B. Contact Chief Information Officer

If the registrar is unable to satisfactorily address the enquiries and resolve the complaints, then shareholder may contact the office of the Chief Information Officer of the Bank.

Address of the chief information officer

Mr. Rajendra Lal Shrestha

Deputy Chief Executive Officer/

Chief Information Officer

Citizens Bank International Limited

P.O.Box: 19681, Narayanhiti Path,

Kathmandu, Nepal

Toll-Free N0.: 977-1-6600166667

Tel: 977-1-4427842/4427843

Fax: 977-1-4427044

Email: info@ctznbank.com

URL: www.ctznbank.com

C. Contact online

Investors can lodge the complaints and inquiries via online complaint handling. The reporting and resolution process for investors and shareholders are same as the Bank follows with valued customers.

5.5 CAPITAL STRUCTURE OF THE BANK



Details Of Our Share Capital And Share Distribution

Amount in NPR Million

Particulars	2020/21	2019/20	2018/19
Paid-up Share Capital at the end of the year	12,576.92	9,089.82	8,371.06
Less: Share Issued	2,759.92	467.63	46.38
Less: Bonus Shares Issued	727.18	251.13	291.44
Paid-up Share Capital at the beginning of the year	9,089.82	8,371.06	8,033.24

Amount in NPR Million

Holder	FY 2020/21		FY 2019/20		FY 2018/19	
	Amount %	Holding	Amount %	Holding	Amount %	Holding
Institutional Promoter Shares	543.97	4.33%	457.46	5.03%	444,13	5.31%
Individual Promoter Shares	5,879.42	46.75%	4,178.35	45.97%	3,825.11	45.69%
Public Shareholder	6,153.53	48.92%	4,454.01	49.00%	4,101.82	49.00%
Total	**12,576.92**	**100.00%**	**9,089.82**	**100.00%**	**8,371.06**	**100.00%**

Particulars	FY 2020/21	FY 2019/20	FY 2018/19
No. of Shareholder Holding 0.5 % or more shares	22	30	34
% of Holding	25.27%	37.67%	41.87%

Details Of Shares Held By Directors And Executive Members

Member Of Committee	Designation	No. Of Shares Held As On FY End Of 2020/21
Rajan Singh Bhandari (Chandra Investment Pvt. Ltd.)	Chairman	358,594 Promotor Share 293,184 Ordinary Share
Prakash Chandra Mainali	Director	859 Ordinary Share
Bijaya Dhoj Karki	Director	232 Ordinary Share
Seeta Karki (K.c)	Director	5,126 Ordinary Share
Prabal Jung Pandey	Director	1,937 Promotor Share
Sajan Sharma	Director	60,391 Promotor Share
Anil Gyawali	Professional Director	-
Ganesh Raj Pokharel	CEO	234,242 Promotor Share 131,538 Ordinary Share
Sumit Babu Khatri	Officiating Dceo	-
Paras Kumar Kafle	ACEO	18,204 Ordinary Share
Rajendra Lal Shrestha	ACEO	-
Ramdhan Shrestha	ACEO	359,169 Promotor Share 36,730 Ordinary Share
Sanjeeb Kumar Shrestha	CITO	22,285 Ordinary Share
Pramesh Raj Kayastha	CFO	-

5.6 DISCLOSURES OF INFORMATION UNDER SECTION 109(4) OF COMPANIES ACT, 2006

a) Business Review Of The Previous Year

This has been disclosed in detail in Director's Report.

b) Any Impact Caused To The Business Of The Company Due To National And International Condition, Risk That May Arise From Fluctuation In Exchange Rate In Course Of Foreign Exchange Transactions, Economic Risks Of Affecting Nepalese Market As An Impact Of Recession In The International Market

Devaluation of Nepalese currency in comparison to foreign currency on account of fluctuating foreign exchange rate has resulted in increase in the price of raw materials used for manufacturing and industrial purpose and has subsequently reduced production. Similarly, international recession might decrease tourism and remittance affecting the entire banking sector. Economic depression on International market due to Covid-19 as well as fear arising due to Covid-19 will have a direct impact on tourism, remittance and import, which will subsequently affect the Banking sector.

c) Current Year's Achievement Till The Preparation Of The Director's Report And Board Of Directors' View On Future Activities Of The Company

As per the Current Year Financial Report of September 23, 2021, there has been increase in total deposit by NPR 3,367,957,319.92 and the total deposit is NPR 146,371,370,758.04. For loan & advances, there has been increase in loan by NPR 4,882,602,453.06 and Loan & Advances is NPR 128,509,486,493.32.

The future program and plan has been provided in director's report.

d) Industrial And Professional Relations Of The Company

The Bank maintains sound and cordial relationship with all its stakeholders related to industrial and professional sectors.

e) Changes In The Board Of Directors And The Reason Thereof

This has been discussed under the heading "Change in Board of Directors and its Reason" in Director's Report.

f) Main Factors That Affect Business Activities

1. Risks that have arose due to Covid 19 pandemic has negative impact in the day-to-day operations of the Bank and associated risks to the health of staffs and precautions & preventions related to that.

2. Risks that may arise due to change in economic state of affairs of the country.

3. Risks that may arise due to change in financial, monetary and economic policy of the country.

4. Risks that may arise due to change in policy relating to Commercial Banks by Nepal Government or Nepal Rastra Bank.

5. Risks that may arise from change in the exchange rate in course of foreign exchange transactions.

6. Risks arising from changes in the interest rate of loans & advances and deposits and risks relating to business growth due to liquidity crunch in the market.

7. Risks relating to deposit collection and loans and advances increment due to absence of suitable market.

8. Risks arising from non-recovery of loans & advances on time.

9. Possible risks that may arise while providing non-funded services such as issuing LC and Guarantee.

10. Economic risks affecting Nepalese market due to recession in the international market.

11. Risks that may arise due to fluctuations in the capital market.

12. Risks arising from lack of alternative investment sectors.

13. Risks arising from negative impact in economy due to fluctuation in remittance income.

14. Effects due to unstable political affairs of the country.

15. Effects due to immense competition in banking sector.

16. Risks arising due to absence of centralized data system and adequate technology for minimizing money laundering.

17. Risks related to providing high returns to shareholders due to effect of new standards in capital at the time of narrow income source

18. Operational Risks arising from development of information technology.

g) Any Remarks And Observation Stated In The Independent Auditors' Report And Board Of Directors' Response Thereon

The auditor of the Bank stated that the accounting for the merger was done in accordance with the Merger and Acquisition Bylaws, 2073 issued by the Nepal Rastra Bank instead of according to the carve out on Nepal Financial Reporting Standard (NFRS-3) "Business Coordination" issued by the Institute of Chartered Accountants of Nepal as Banks and financial institutions are required to comply with the provisions of Nepal Rastra Bank. Apart from this, there are no other material remarks.

h) Amount Recommended For Distribution Of Dividend

From the distributable profit of FY 2020/21, bonus share of 12.913 Percent (i.e. NPR 1,624,050,891.10) and cash dividend of 3.087 percent (i.e. NPR 388,256,807.24) of paid-up capital of NPR 12,576,923,115 as of mid-July, 2021 has been recommended for distribution as dividend.

i) Details Of Shares Forfeited (Number Of Shares, Face Value, Amount Received By The Company Prior To Forfeiture, Amount Received By The Company After Putting Such Forfeited Shares Into Subscription And Amount Refunded On Account Of Forfeited Shares)

The Bank has not forfeited any shares.

j) Review Of The Progress Made By The Company And Its Subsidiary(S) In The Previous Fiscal Year And The Position Of The Same At The End Of That Fiscal Year

The review of the progress made by the Company and its subsidiary CBIL Capital Limited & CBIL Securities Limited in the previous fiscal year and the position of the same at the end of that fiscal year is reflected through Consolidated Financial Statements. The synopsis of the same is also presented in Director's Report.

k) Major transactions completed by the company and its subsidiary company in the financial year and any material changes that have taken place in transactions of the company during that period

The major transactions of the Bank and the subsidiary CBIL Capital Limited & CBIL Securities Limited having investment of NPR 50,000,000 for the period of 2020/21 have been clarified in the Consolidated Financial Statements and Audit Report.

l) Disclosures Made By The Substantial Shareholders Of The Company To The Company In The Previous Financial Year

No such information has been received.

m) Details Of Shareholding Taken By The Directors And Officers Of The Company In The Previous Financial Year And In The Event Of Their Involvement In Share Transaction Of The Company, Details Of Information Received By The Company From Them In That Respect

Details Of Shareholding Taken By The Directores Are As Follows:

S.No.	Position	Name	Shareholding Pattern	Total Shares
1	Chairman	Mr. Rajan Singh Bhandari (Chandra Investment Pvt. Ltd.)	Promoter	3,58,594.23 (Promoter) 2,93,184.9 (Ordinary)
2	Director	Mr. Prakash Chandra Mainali	Public	859.79
3	Director	Mr. Bijaya Dhoj Karki	Public	232.81
4	Director	Mrs. Seeta Karki (K.C.)	Public	5,126.43
5	Director	Mr. Prabal Jung Pandey	Promoter	1,937.76
6	Director	Mr. Sajan Sharma	Promoter	60,391
7	Independent Director	Mr. Sudesh Khaling Rai*	Independent Director	-
8	Independent Director	Mr. Anil Gyawali*	Independent Director	-

** Mr Sudesh Khaling Rai has resigned on 9th Chaitra 2077.*

** Mr Anil Gyawali has been appointed as Director on 1st Ashadh 2078.*

n) Information Provided On Personal Interest Of Board Of Directors And The Irrelative (Nearest Kin) Regarding Contractor Agreement Done With The Company During Previous Financial Year

The Bank has not received any such information.

o) Buyback Of Share By The Company, Reason Thereof For Buyback, And Number Of Shares Bought Back, Face Value Of Share And Amount Paid During The Buyback

The Bank has not bought back any shares.

p) Information On Existence/Non-Existence Of Internal Control System And Its Detail

The Bank has the following policies, procedures, and mechanism in place to ensure Internal Control System:

1. Financial Bye laws, Employee Byelaws, Loan Write-Off policy, Credit Policy Guidelines and other operational policies, procedures and guidelines for Operational process.

2. Independent Internal Audit Department has been formed.

3. A system has been developed for regular supervision of internal control system by Audit Committee.

4. All efforts are made to ensure that the Bank adheres to good corporate governance.

5. Credit risk management department has been formed which is separate from credit business line to minimize the risk on credits.

6. Formation of Organizational Structure of Risk Management & AML/CFT Compliance Department, who will be responsible to Risk Management Committee & AML/CFT Committee in order to minimize Operational & AML/CFT risk.

q) Details Of Total Management Expenses Incurred During The Previous Financial Year

S.no.	Praticulars	Amount (Npr)
1	Staff Expenses	1,229,753,262
2	Office operating expenses	594,923,224

r) Name List Of Members In The Audit Committee, Remuneration, Allowance And Benefits They Have Received, Details Of The Functions Performed By That Committee, And Details Of Suggestions, If Any, Made By That Committee

S.No.	Name	Overall Designation	Position Held
1	Mrs. Seeta Karki (K.C.)	Director	Coordinator
2	Mr. Sajan Sharma,	Director	Member
3	Mr. Ram Dhan Shrestha	Head of Internal Audit Department	Member Secretary

2. Apart from sitting fees, no any remuneration or facilities are provided to Audit Committee members.

3. The committee meeting was held 15 times during the FY 2020/21.

4. As per the prevailing law, the Audit Committee has reviewed overall financial status, internal controls, audit plans as well as given instructions for taking corrective action as per the query/remarks of the internal auditor and external auditor. The Audit Committee had also reviewed and ensured that any remarks pointed out by Regulation & Supervision Department of NRB has been complied with as well as this information were provided to the Board of Directors, assisted the management in preparation of Financial report in true and fair way, analyzed whether the operation of the Bank has been carried out in continuous, economical, relevant, influential way & informed the same to the Board of Directors, reviewed the quarterly financial and presented to the Board.

s) Dues Payable To The Company By Any Director, Md, Ceo, Substantial Shareholder (Holding Share More Than 1%) Or Their Relatives Or Firms Or Institutions In Which They Have Their Involvement

The Bank has no such dues.

t) remuneration, allowances, and benefits paid to director, MD, CEO and Other Officials

S.no.	Position	Director (NPR)	Chief Executive Officer (NPR)	Other Executive Officer (NPR)
1	Sitting Fees	3,499,000*		
2	Remuneration and Allowances			
a)	Salary		8,400,000	12,117,259
b)	Allowances		3,000,000	7,929,586
c)	Dashain allowances		950,000	1,859,705
d)	Provident fund contribution		840,000	1,120,094
	Gross remuneration and allowances		**13,190,000**	**23,026,644**
	less: Income Tax		**6,533,173**	**8,984,304**
	Net remuneration and allowances		**6,656,827**	**14,042,340**
3	Bonus	-	As per prevailing Bonus Act	
4	Telephone/Mobile	243,871	As per contract with the bank	As per Employee Bye laws of the Bank
5	Fuel	415,742		
6	Newspaper	162,57		
7	Vehicle facility	No	Yes	
8	Accommodation facility	No	No	
9	Insurance	No	Yes	

**Including sitting fees of different committees of NPR 1,551,000*

Notes:

1. Vehicle facility is provided to CEO along with the driver, fuel, and repair and maintenance. Other executive level officers are provided vehicle facilities along with fuel as per Employee Bye laws of the Bank.

2. There is the provision of accidental insurance, medical insurance as per rules of the Bank to all staffs including CEO. Similarly, there is also medical insurance facility for their dependent family members.

3. There is the provision of payment of mobile expenses of CEO and other executive level officers by the Bank as per rules.

4. Chairman of the Bank is provided with vehicle facility for official purpose.

u) Uncollected dividend by the shareholder

Dividend declared to the shareholders but not collected till the end of the reported fiscal year 2020/21 are as follows:-

S.no.	Financial Year	Amount (NPR)
1	FY 2008/09	261,425
2	FY 2009/10	510,608
3	FY 2010/11	704,638
4	FY 2011/12	1,653,092

5	FY 2012/13	2,315,323
6	FY 2013/14	2,779,660
7	FY 2014/15	1,243,314
8	FY 2015/16	18,623,419
9	FY 2016/17	18,407,771
10	FY 2017/18	10,103,073
11	FY2018/19	64,122,852
12	FY 2019/20	26,305,032
13	FY 2009/10- Nepal Housing and Merchant Finance Limited	149,340
14	FY 2010/11- Nepal Housing And Merchant Finance Limited	31,324
15	FY 2003/04 and FY 2004/05- People's Finance Limited	12,470
16	FY 2009/10- People's Finance Limited	19,236
17	FY 2006/07- Premier Finance Limited	67,120
18	FY 2009/10 - Premier Finance Limited	742,693
19	FY 2012/13- Sahayogi Vikash Bank Limited	1,065
20	FY 2015/16- Sahayogi Vikash Bank Limited	597,052
21	FY 2017/18- Sahayogi Vikash Bank Limited	2,847,348
22	FY 2018/19- Sahayogi Vikash Bank Limited	3,809,562
23	FY 2016/17- Sahayogi Vikash Bank Limited	3,234,582
24	FY 2017/18- Acquired Nepal Community Development Bank Ltd of Tinau Mission Development Bank	2,270,869
25	FY 2017/18- Srijana Finance Limited	1,240,745

v) Information On Asset Bought Or Sold As Per Section 141

Not applicable

w) Details Of Related Party Transactions As Per Section 175 (Transactions Between Associated Companies)

The details of related party transactions have been disclosed in the clause no. 5.7 in the annual financial statements of the Bank.

x) Any Other Details To Be Disclosed In The Report From The Directors In Accordance With The Companies Act, 2006 Or Other Prevailing Laws

Not applicable

y) Any Other Pertinent Details

Not applicable

5.7 DISCLOSURES OF INFORMATION UNDER REGULATION 26(2) OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2017

1) Director's Report

Report presented separately in annual report.

2) Auditor's Report

Report presented separately in annual report.

3) Audited Financial Statement

Report presented separately in annual report.

4) Legal Proceedings:

a. A law-suit filed by or against the Bank during the period:

In fiscal year 2020/21, 3 law-suits have been filed by the Bank and 51 law-suits have been filed against the Bank.

b. A law-suit filed by or against the promoters or director of the Bank involving statutory regulations or criminal offence:

No such information has been received.

c. A law-suit, if any, filed against the promoters and director for committing economic crimes:

No such information has been received.

5) Analysis of Stock Performance of the Bank:

a. Management's view on stock performance of the Bank in the Stock Exchange:

Despite of the fluctuation in the share transaction of the organized institution in the stock market of the country, the Bank has satisfactory share transaction.

b. High, low and closing price of the stocks of the Bank during each quarter of the preceding year along with total volume of trading of the shares and number of days traded:

The same is as follows:

Details	MID-OCT 2020 (NPR)	MID-JAN 2021 (NPR)	MID-APR 2021 (NPR)	MID-JUL 2021 (NPR)
High Price	231	312	333	417
Low Price	190	212	272	214
Closing Price	215	295	326	386
Total volume of trading of shares	3,458,741	10,184,014	9,526,510	13,175,838
Total days Traded	**64**	**58**	**60**	**65**

6) Problems and Challenges:

a. Internal Problems and Challenges:

Increasing the profit of the Bank has become challenging due to internal problems in present scenario such as increase/ decrease in interest rate, increase in operating expenses, income versatility, increase in nonperforming loans, identification of investment opportunities and increase in operational risk with the increase in transactions and branches. Similarly, there is a risk of employees getting infected conducting regular banking transaction due to second phase of COVID-19.

b. External Problems and Challenges:

In the current context, non-payment of loans and interest on time, and a decline in the country's economy, due to the Covid 19 pandemic has led to a decline in banking business and is expected to have a further impact in the days to come.

It is challenging to manage the high competition in interest rates in lending and deposit, increase in non- performing loans and provide good returns to the shareholders keeping the interest spread rate intact, as well as the risk of adverse impact on the country's economy due to the pandemic. Similarly, in the current situation, the entire business has been affected adversely and substantial increase in compliance cost has affected the overall net profit and distributable profit of the Bank, which may have effect in dividend distribution as well. In the face of such challenges, intense competition in the banking sector, lack of skilled manpower in the banking Sector, new types of challenges in the field of information technology, lack of investor morale due to pandemic, low government development expenditure, etc. are the major external problems. In the current situation, it is challenging to expand the business of the Bank in a sustainable manner and give a fair return to the investors while maintaining the quality of assets.

c. Strategy

The strategy of the Bank is to provide financial services to the mass that are still without the reach of financial services by ways of expanding branches in local as well as rural and inaccessible areas. Likewise, the Bank aims to provide easy and quick customer oriented service in order to strengthen the relation with various business institutions and individual customers, strengthen the overall risk management system, taking up of cost control measures, and focus on providing quality service to the customers by the modernization of Core Banking System (CBS) of the Bank. Similarly, the Bank has also adopted a policy for providing banking services by minimizing the risks posed by Covid-19. In addition, Bank shall also adopt a policy of recovering non performing loan and overdue interest for increasing distributable profit of the Bank.

7) Corporate Governance:

a. In order to manage the internal control system of the Bank for the prosperity of Corporate Governance, as directed by NRB; the Bank has in place adequate Internal Audit Department, Compliance Department and Corporate Governance Unit. The Audit Committee of the Bank is proactive on implementing the suggestions and instructions of auditors and regulators a. In order to manage the internal control system of the Bank for the prosperity of Corporate Governance, as directed by NRB; the Bank has in place adequate Internal Audit Department, Compliance Department and Corporate Governance Unit. The Audit Committee of the Bank is proactive on implementing the suggestions and instructions of auditors and regulators.

b. The Bank has formed Risk Management Department to minimize operational risk as well as to systematize the core functions. For minimizing and managing credit risk, the Credit Risk Department and Credit Department are treated as separate functional units. Similarly, in order to systematize the operation of departmental works, various internal policies, rules and regulations has been formed and implemented. In order to execute the transaction in robust way, several management committees like Executive Committee; Assets Liabilities Management Committee (ALCO) has been formed.

c. The Board of Director and management remains alert and committed towards shareholders, general depositors, and preservation of interest of every stakeholders and corporate governance.

8) Details On Deviation Of 20 Percent Or More In The Bank's Audited Financials In Comparison To Financial Projected In Prospectus:

The projected financial statement in prospectus issued by the Bank, for issue of subordinated debenture of 2,500,000 units of 10.25% Citizens Bank Bond 2077 of NPR 1000 each amounting to NPR 2,500,000,000 to general public is based upon the assumption of increase in the business of banking industry. However, actual performance was adversely affected by Covid 19 pandemic situation; thus causing the Financial Statement items to deviate by more than 20% than that of projected.

Statement Of Financial Position Of FY 2020/21

NPR In Thousand

STATEMENT OF FINANCIAL POSITION	AUDITED FINANCIALS (NPR)	PROJECTED FINANCIALS (NPR)	FY 2020/21 DIFFERENCE (%)	REASON FOR DEVIATION ABOVE 20%
Cash and Cash Equivalent	11,563,042	7,930,000	45.81%	Due to regular banking transactions
Due from Nepal Rastra Bank	3,796,488	5,084,930	-25.34%	Due to regular banking transactions
Placement with Bank And Financial Institutions	2,874,875	2,000,000	43.74%	Due to regular banking transactions
Derivative Financial Instruments	47,007	29,360	60.11%	Due to regular banking transactions
Other Trading Assets	596,889	82,060	627.38%	Due to Merger and acquisition and regular banking transactions
Loans and Advances to B/FIs	3,247,167	2,194,660	47.96%	Due to Merger and acquisition and regular banking transactions
Loans and Advances to Customers	118,912,042	87,905,010	35.27%	Due to Merger and acquisition and regular banking transactions
Investment Securities	22,017,422	9,890,490	122.61%	Due to regular banking transactions
Current Tax Assets	288,458	105,000	174.72%	Due to regular banking transactions
Investment in Subsidiaries	167,204	167,200	0.00%	-
Investment in Associates	16,000	17,950	-10.86%	-
Investment Property	141,146	112,550	25.41%	Investment property not disposed off as projected
Property and Equipment	2,880,204	2,470,070	16.60%	
Goodwill and Intangible Assets	83,562	52,590	58.89%	Due to Merger and acquisition
Deferred Tax Assets	-	-	-	-

Other Assets	1,697,544	2,648,440	-35.90%	Due to Merger and acquisition and regular banking transactions
Total Assets	**168,329,050**	**120,690,310**	**39.47%**	Due to Bank And Financial Institutions
Due to Bank and Financial Institutions	2,765,002	6,627,620	-58.28%	Due to regular banking transactions
Due to Nepal Rastra Bank	1,205,559	1,603,650	-24.82%	Due to regular banking transactions
Derivative Financial Instruments	-	-	-	-
Deposits From Customers	140,638,411	93,005,640	51.21%	Due to Merger and acquisition and regular banking transactions
Borrowing	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	-	5,307	100%	Due to regular banking transactions
Deferred Tax Liabilities	-	217,486	100%	Due to regular banking transactions
Other Liabilities	2,210,900	2,133,181	-3.52%	
Debt Securities Issued	2,991,570	2,476,082	-17.23%	
Subordinated Liabilities	-	-	-	
Total Liabilities	106,439,380	149,441,029	40.40%	
Share Capital	9,268,850	12,576,923	35.69%	Due to merger and acquisition and Bonus share distribution of FY 2076-77
Share Premium	-	-	-	-
Retained Earnings	1,086,110	1,422,777	31.00%	Due to Merger and acquisition and regular banking transactions
Reserves	3,895,970	4,888,321	25.47%	Due to Merger and acquisition and regular banking transactions
Total Equity Attributable To Equity Holders	14,250,930	18,888,022	32.54%	-
Total Liabilities And Equity	168,329,050	120,690,310	39.47%	-

Statement Of Profit Or Loss Of FY 2020/21

NPR In Thousand

STATEMENT OF PROFIT OR LOSS	AUDITED FINANCIALS (NPR)	PROJECTED FINANCIALS (NPR)	FY 2020/21 DIFFERENCE (%)	REASON FOR DEVIATION ABOVE 20%
Interest Income	10,839,534	10,778,660	0.56%	
Interest Expense	(7,189,136)	(7,594,970)	-5.34%	
Net Interest Income	3,650,398	3,182,690	14.70%	
Fees and Commission Income	825,370	1,297,210	-36.37%	Due to impact of Covid-19
Fees and Commission Expense	(73,361)	(110,070)	-33.35%	Due to regular banking transactions
Net Fees and Commission Income	752,010	1,187,140	-36.65%	Due to readjustment of above
Net Interest, Fees And Commission Income	4,402,408	4,369,830	0.75%	Due to readjustment of above
Net Trading Income	418,466	192,830	117.01%	Due to regular banking transactions
Other Operating Income	153,105	106,620	43.60%	Due to regular banking transactions
Total Operating Income	4,973,979	4,669,280	6.53%	
Impairment (Charge)/Reversal For Loans And Other Losses	(394,036)	(149,980)	162.73%	Due to impact of Covid-19
Net Operating Income	4,579,943	4,519,300	1.34%	Due to readjustment of above
Operating Expense				
Personnel Expenses	(1,229,753)	(1,225,120)	0.38%	
Other Operating Expenses	(650,046)	(654,120)	-0.62%	
Depreciation & Amortization	(244,877)	(184,300)	32.87%	Due to merger and acqusition
Operating Profit	2,455,266	2,455,760	-0.02%	
Non Operating Income	130,438	25,000	421.75%	Due to regular banking transactions
Non Operating Expense	-	-	-	
Profit Before Income Tax	2,585,704	2,480,760	4.23%	
Income Tax Expense	-	-	-	
Current Tax	(780,302)	(744,230)	4.85%	
Deferred Tax	(1,061)	-	-	
Profit (Loss) For The Period	**1,804,341**	**1,736,530**	**3.90%**	

5.8 INTERIM FINANCIAL REPORTING

		Q I	Q II	Q III	Q IV
S.N.	Particulars	As On Mid Oct, 2020	As On Mid Jan, 2021	As On Mid Apr, 2021	As On Mid July, 2021
	Total Assets	**119,079,792,837**	**128,298,270,127**	**154,590,255,034**	**168,068,007,286**
4.1	Cash and Cash Equivalent	8,645,639,286	7,108,331,244	9,930,508,234	11,563,041,720
4.2	Due from Nepal Rastra Bank	2,772,392,410	3,016,680,764	3,156,222,203	3,796,487,797
4.3	Placement with Bank and Financial Institutions	3,287,876,123	4,128,999,805	3,067,651,689	2,874,874,811
4.4	Derivative Financial Instruments	37,534,687	59,329,500	-	47007497
4.5	Other Trading Assets	111,477,630	265,249,859	238,055,982	596,767,577
4.6	Loans and Advances to B/FIs	1,736,569,654	2,171,847,677	3,765,387,455	3,247,166,953
4.7	Loans and Advances to Customers	82,648,623,766	87,875,853,698	108,922,213,092	118,570,877,683
4.8	Investment Securities	15,121,408,222	18,455,615,036	20,347,182,357	22,017,422,075
4.9	Current Tax Assets	-	21,584,167	89880730.11	384,307,242
4.10	Investment in Subsidiaries	167,204,200	167,204,200	167,204,200	167,204,200
4.11	Investment in Associates	18,951,500	18,951,500	19,157,800	16,000,000
4.12	Investment Property	177,374,958	278,311,235	145,582,001	141,146,454
4.13	Property and Equipment	2,540,645,074	2,473,349,575	2,809,473,674	2,880,435,018
4.14	Goodwill and Intangible Assets	74,037,527	66,468,390	76,826,357	83,560,944
4.15	Deferred Tax Assets	-	-	-	-
4.16	Other Assets	1,740,057,799	2,190,493,477	1,854,909,259	1,681,707,313
	Total Liabilities	**105,136,129,728**	**114,166,417,272**	**137,462,153,754**	**149,392,087,884**
4.17	Due To Bank And Financial Institutions	2,342,909,307	3,830,427,976.53	4,509,576,905.69	2,765,001,954.00
4.18	Due To Nepal Rastra Bank	30,940,454	133,850,000.00	1,205,558,824.00	1,205,558,824.00
4.19	Derivative Financial Instruments	-	-	118,780.35	-
4.20	Deposits From Customers	97,940,621,561	105,178,566,994.48	127,148,765,049.63	140,638,411,484.33
4.21	Borrowing	-	-	-	-
4.9	Current Tax Liabilities	70,351,349	-	-	-
4.22	Provisions	5,307,266	5,306,625.63	5,306,625.63	5,306,625.63
4.15	Deferred Tax Liabilities	18,049,874	60,404,463.23	126,895,016.57	218,355,570.33
4.23	Other Liabilities	1,753,218,606	2,482,607,435.99	1,990,290,116.54	2,083,371,165.61
4.24	Debt Securities Issued	2,974,731,311	2,475,253,775.69	2,475,642,435.47	2,476,082,260.57
4.25	Subordinated Liabilities	-	-	-	-

	Equity	**13,943,663,110**	**12,168,874,945**	**17,128,101,280**	**18,675,919,401**
4.26	Share Capital	9,089,817,290	9,817,002,672.86	11,662,040,912	12,576,923,115
	Share Premium	4,124,402	-	-	-
	Retained Earnings	943,723,137	876,778,127.32	1,374,965,850	1,681,073,033
4.27	Reserves	3,905,998,281	3,438,072,055.48	4,091,094,517	4,417,923,253
	Total Liabilities And Equity	**119,079,792,837**	**14,131,852,856**	**154,590,255,034**	**168,068,007,285**
4.29	Interest Income	2,580,333,419.83	5,061,536,161	7,679,040,201	10,797,288,468
4.30	Interest Expense	(1,741,160,902.61)	(3,445,372,453)	(5,138,219,317)	(7,189,138,514)
	Net Interest Income	**839,172,517.22**	**1,616,163,708**	**2,540,820,884**	**3,608,149,954**
4.31	Fee and Commission Income	179,786,486.15	370,015,689	608,373,473	825,370,410
4.32	Fee and Commission Expense	(9,436,985.05)	(26,511,601)	(50,086,447)	(73,360,658)
	Net Fee and Commission Income	**170,349,501.10**	**343,504,089**	**558,287,026**	**752,009,752**
	Net Interest, Fee and Commission Income	**1,009,522,018.32**	**1,959,667,797**	**3,099,107,911**	**4,360,159,706**
4.33	Net Trading Income	147,010,867.94	196,732,223	356,541,937	418,344,172
4.34	Other Operating Income	25,879,635.12	113,268,822	116,919,207	153,008,186
	Total Operating Income	**1,182,412,521.38**	**2,269,668,842**	**3,572,569,055**	**4,931,512,064**
4.35	Impairment (Charge)/Reversal for Loans and Other Losses	25,155,722.40	(167,176,265)	(100,965,503)	(723,111,256)
	Net Operating Income Operating Expense	**1,207,568,243.78**	**2,102,492,578**	**3,471,603,552**	**4,208,400,808**
4.36	Personnel Expenses	(289,335,672.29)	(559,547,550)	(892,297,496)	(1,163,086,772)
4.37	Other Operating Expenses	(127,970,923.06)	(267,855,052)	(436,577,120)	(646,873,085)
4.38	Depreciation & Amortisation	(57,185,836.45)	(112,999,030)	(172,026,891)	(244,917,160)
	Operating Profit	**733,075,811.98**	**1,162,090,945**	**1,970,702,045**	**2,153,523,791**
4.39	Non Operating Income	3,483,228.39	113,947,213	219,893,501	130,432,005
4.4	Non Operating Expense	-	-	-	-
	Profit Before Income Tax	**736,559,040.37**	**1,276,038,159**	**2,190,595,546**	**2,283,955,796**
4.41	**Income Tax Expense**				
	Current Tax	**(220,967,712.11)**	**(400,844,550)**	**(645,254,921)**	**(682,805,934)**
	Deferred Tax	**-**	**-**	**-**	**(2,356,397)**
	Profit for the period	**515,591,328.26**	**875,193,609**	**1,545,340,625**	**1,598,793,465**

5.9 SHARE MARKET INFORMATION

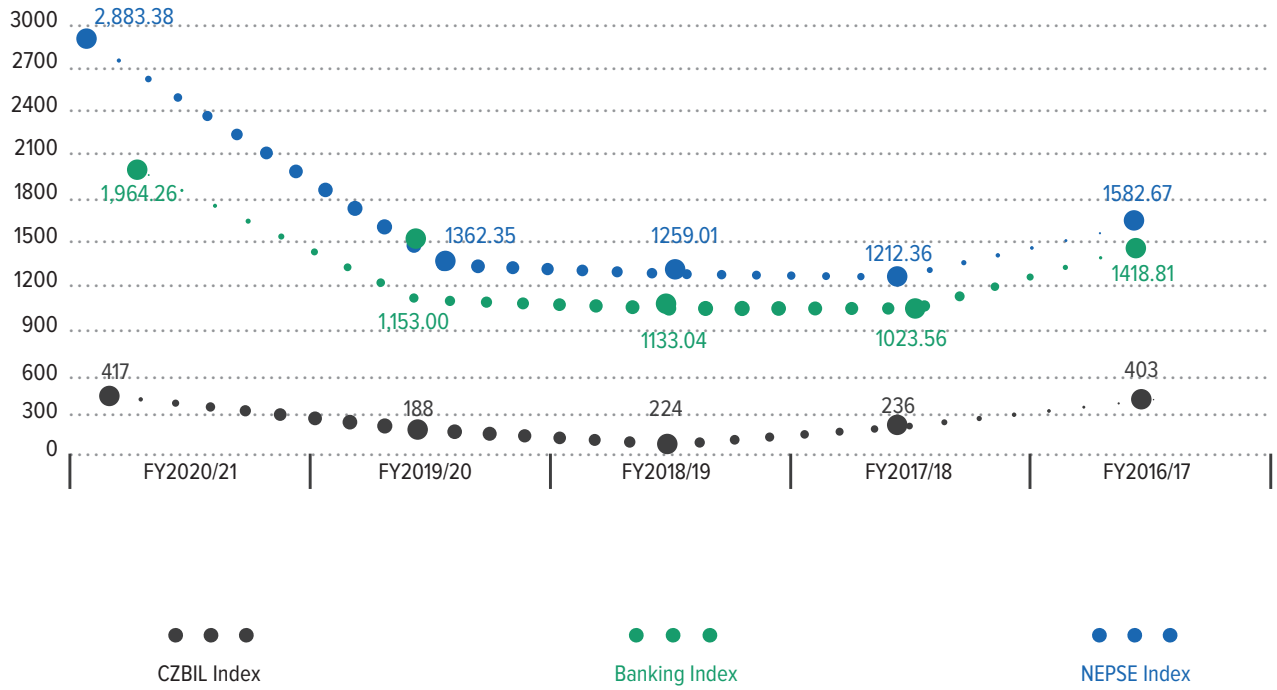


Stock Symbol

The Bank's shares are traded on the Nepal Stock Exchange Ltd. (NEPSE) with stock symbol "CZBIL" for ordinary shares and "CZBILP" for promoter shares.

Particulars	Symbol	Year End 2020/21 Closing Price NPR
Ordinary Shares	CZBIL	417
Promoter Shares	CZBILP	204

Particulars	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
CZBIL Index	417	188	224	236	403
Banking Index	1,964.26	1,153.00	1,133.04	1,023.56	1,418.81
NEPSE Index	2,883.38	1,362.35	1,259.01	1,212.36	1,582.67



5.10 WHAT DOES CREDIT RATING AGENCY (ICRA NEPAL) THINK ABOUT US?

During the review year, ICRA Nepal after the due consideration of the recent developments of the Bank and also considering the protective elements, has reaffirmed the rating of Bond to "[ICRANP] LBBB+" (pronounced ICRA NP L Triple B Plus) same as that rated on May 2017 for the Subordinated Bond Program of NPR 500 million (8.5% Citizens Bank Bond 2021). ICRA Nepal has also reaffirmed the rating of "[ICRANP] LBBB+" (pronounced ICRA NP L Triple B Plus) to the NPR 2500 million Subordinated Bond. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

Furthermore, ICRA Nepal has also reaffirmed the issuer rating of "[ICRA NP-IR] BBB+" (pronounced ICRA NP Issuer Rating triple B Plus) to the Bank which signifies that the Bank carries higher than the average credit risk. This rating of ICRA Nepal is an opinion on the general credit worthiness of the Bank and not on any particular debt instrument.

The ratings factor in the bank's the bank's ability to control its delinquency levels, asset quality and solvency position and improve its mix/cost of deposits and reduce the portfolio concentration. The rating also considered Bank's stance in attaining sustainable portfolio growth, while maintaining adequate profitability amid the regulatory changes.

The Bank has gradually increased its presence in the country with 111 branches and 110 ATMs as of mid-October 2020. The bank has an experienced board of directors and a senior management team, which remain positives for steady and diversified growth as well as asset quality, going forward.

Particulars	October 2019
Rating for Subordinated Bonds	ICRA Nepal has reaffirmed the rating of "[ICRANP] LBBB+" (pronounced ICRA NP L Triple B Plus) to the Subordinated Bonds of Citizens Bank International Limited.
Meaning	Instruments with [ICRANP] LBBB+ rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
General Issuer Rating	ICRA Nepal reaffirmed the rating of [ICRANP-IR] BBB+ (pronounced ICRA NP Issuer Rating Triple B Plus) of the Bank.
Meaning	[ICRANP-IR] BBB+ indicates the moderate credit quality rating i.e. higher than average credit risk.
Market Share – Credit	2.81% in terms of credit portfolio in Nepal's commercial banking system as on mid-July, 2020.
Factors for Positive Rating	Franchise expansion (111 branches and 110 ATMs spread across Nepal) as as of mid-October 2020.
	Adequate capitalization (CRAR of 14.38% as of mid-July, 2020).
	Credit portfolio growth (standalone) of ~19% as of FY2020 against ~16% recorded in the industry.
	Experienced board of directors and a senior management team.
	CZBIL's earnings profile remained adequate with the return on assets (RoA) of 1.11% and the return on net worth (RoNW) of ~9% in FY2020, though the same were lower than the industry average (1.35% and ~12%, respectively).
Constraints on Rating	Rise in non-performing loans (NPLs) to 1.46% in mid-July 2020 from 1.13% as of mid-July 2019 (last rating).
	Cost of deposits at 7.80% in FY2020 remained higher than the industry average of 6.39% over the same period.
	Credit portfolio remains concentrated among the top 20 borrowers accounting to 26% of total credit and 160% of the tier-I capital as of July 2020.
	The Bank's (CASA) deposit remains lower at ~31% compared to ~42% in the industry as of mid-July 2020.

Citizens Bank International Limited: Ratings reaffirmed

November 23, 2020

Summary of rated facilities/instruments

Facility/Instrument	Amount	Rating Action (November 2020)
Subordinated Debenture Programme*	NPR 2,500 Million	[ICRANP] LBBB+; reaffirmed
Subordinated Debenture Programme*	NPR 500 Million	[ICRANP] LBBB+; reaffirmed
Issuer Rating	NA	[ICRANP-IR] BBB+; reaffirmed

** Instrument details are provided in Annexure-1*

Rating action

ICRA Nepal has reaffirmed the issuer rating of **[ICRANP-IR] BBB+** (pronounced ICRA NP issuer rating triple B plus) assigned to Citizen Bank International Limited (CZBIL). The sign of + (plus) or – (minus) appended to the rating symbols indicate their relative position within the rating categories concerned. Issuers with this rating are of moderate credit quality as they carry a moderate credit risk. The rating is only an opinion on the general credit worthiness of the rated entity and not specific to a particular debt instrument.

ICRA Nepal has also reaffirmed the rating of **[ICRANP] LBBB+** (pronounced ICRA NP L triple B plus) assigned to the subordinated debenture programmes of CZBIL. Instruments with this rating are considered to have a moderate degree of safety regarding the timely servicing of financial obligations.

Rationale

The ratings reaffirmation continues to derive comfort from CZBIL's adequate track record (since 2007) in the industry and its experienced board/management team. The ratings also factor in the bank's low NPA levels and adequate solvency profile despite the recent build-up of delinquencies largely due to regulatory forbearance by the Central Bank, allowing deferral in interest/principal repayment as a part of the Covid-19 relief measures to borrowers. The ratings action also derives comfort from the bank's comfortable capitalisation profile (CRAR ~14%, tier-I capital ~11% as of mid-October 2020), which is expected to cushion against probable credit shocks in the current uncertain economic environment. ICRA Nepal also positively notes the bank's adequate market share, supported by healthy credit growth (~25%[1] in FY2020 against ~16% in the commercial banking industry). The ratings also consider the adequate profitability indicators of the bank, supported by comfortable net interest margins (NIMs as a percentage of the average total assets [ATA]). CZBIL's comfortable capitalisation, experienced board/management team, comfortable credit-to-deposit ratio adjusted for the core capital (CCD of ~71% as of mid-July 2020) and a comfortable liquidity position augur well for its growth prospects.

Nonetheless, the ratings remain constrained by the evolving impact of the Covid-19 pandemic on the economy, which is likely to impact the repayment capability of borrowers with a concomitant impact on the credit profile of the banking system. Although the NPA level of CZBIL has been comforted by the regulatory relaxation accorded to the borrowers (through moratorium on principal/interest payment), the delinquencies level of CZBIL has increased significantly in the recent quarters (0+ days delinquencies of ~32% as of mid-July 2020). The ability of the bank to manage its assets quality, once the moratorium ends, will remain essential for its incremental NPA levels and solvency position. The rating concerns also emanate from the bank's low proportion of stable/ low-cost current and savings accounts (CASA), resulting in relatively higher cost of funds vis-à-vis the industry average, which continues to impact its competitive positioning vis-à-vis the industry leaders. The bank's relatively high credit concentration among the top accounts also remains a concern (~26% among the top 20 customers as of mid-July 2020) along with relatively higher exposure towards vulnerable sectors[2].

Going forward, the bank's ability to control its delinquency levels, asset quality and solvency position and improve its mix/cost of deposits and reduce the portfolio concentration would remain the key rating drivers. Also, its stance in

1 Supported by acquisition of class B development bank (Sahayogi Bikas Bank) in July 2020. Standalone credit growth of CZBIL for FY2020 stood at ~19%.

2 Sectors such as real estate, personal hire purchase loan, mining loans and margin based share loans which are vulnerable to change in asset valuation and regulation changes.

attaining sustainable portfolio growth, while maintaining adequate profitability amid the regulatory changes would remain a key rating monitorable.

Key rating drivers

Credit Strengths

Adequate track record and branch network; experienced board/management – CZBIL has an adequate track record in the industry, having started its operations in 2007. The bank has gradually increased its presence in the country with 111 branches and 110 ATMs as of mid-October 2020. The bank has an experienced board of directors and a senior management team, which remain positives for steady and diversified growth as well as asset quality, going forward.

Comfortable capitalisation profile – CZBIL's reported a capital to risk-weighted assets ratio (CRAR) of 14.38% and tier-I capital of 11.26% as of mid-October 2020 (15.56% and 12.29%, respectively as of mid-July-2020), which remain adequate against the minimum regulatory requirement of 11% and 8.5%, respectively, as per the prevailing BASEL-III norms by the NRB. Given CZBIL's moderate growth and fair rate of internal capital generation, the capitalisation levels are expected to remain adequate. Adequate capitalisation also provides comfort against the probable slippages that could arise given the difficult economic condition created by the Covid-19 pandemic.

Moderate credit growth (standalone) – The bank reported a credit portfolio growth (standalone) of ~19% as of FY2020 against ~16% recorded in the industry. The overall credit grew by ~25% in FY2020, aided by the acquisition of a Class B bank. The growth was impacted by the Covid-19 induced lockdown in the last four months of the fiscal year, however, the same was aided to an extent by the acquisition of a development bank. The bank's portfolio mix remains dominated by large corporate loans (~51% as of mid-July 2020), followed by retail loans (~32%), SME loans (~12%) and deprived sector loans (~5%).

Adequate profitability despite moderation caused by increased credit provisioning – CZBIL's earnings profile remained adequate with the return on assets (RoA) of 1.11% and the return on net worth (RoNW) of ~9% in FY2020, though the same were lower than the industry average (1.35% and ~12%, respectively). These were supported by its NIMs of 2.87%. Its profitability was supported by a gradual decline in operating expense ratio (1.70% in FY2020) despite being dragged by elevated credit provisioning expense (0.68% of ATA in FY2020 against -0.16% in FY2019) on account of a spike in delinquencies, triggered by the Covid-19 pandemic. The profitability indicators have registered a marginal improvement in Q1 FY2021, supported to some extent by the recovery of the delinquencies and a decline in credit provisioning expense. Going forward, the bank's ability to maintain adequate NIMs and manage the asset quality would have strong bearings on its profitability profile.

Credit Challenges

Rising stress over asset quality – The bank's asset quality has witnessed increased stress in the recent periods with the non-performing loans (NPLs) rising to 1.46% in mid-July 2020 from 1.13% as of mid-July 2019 (last rating). The bank's overall delinquencies also increased to ~32% as of mid-July 2020 before moderating to ~23% as of mid-October 2020 (from ~7% as of mid-July 2019), which increases the concerns over its asset quality. CZBIL's ability to reduce the delinquency/NPLs would remain a key rating factor. Any major slippages, leading to a depletion in capitalisation levels, could have a bearing on the ratings assigned. Going forward, the asset quality of the banking sector, including CZBIL, is expected to witness some moderation due to a decline in the repayment capability of the borrowers amid the ongoing pandemic.

Lower CASA and relatively high cost of deposit – The portion of bank's CASA deposits remains lower at ~31% compared to ~42% in the industry as of mid-July 2020. Hence, its cost of deposits at 7.80% in FY2020 remained higher than the industry average of 6.39% over the same period. This has affected the competitive positioning of the bank in the "base rate plus" lending regime practised in the industry. It has also suppressed the bank's profitability as the lending yields are decided by

the market forces. Improving the deposits mix and cost would remain essential for the bank's long-term competitive positioning in the industry.

High credit concentration and higher exposure towards vulnerable sectors – As of mid-July 2020, the bank's top-20 credit concentration stood at ~26% of the total credit and 160% of the tier-I capital (24% and 138%, respectively as of mid-July-2019). Also, the bank's credit concentration towards the vulnerable sectors (viz. real estate, margin lending and hire purchase loan) remains high, which could raise asset quality concerns over the longer term. Going forward, the ability of the bank to reduce and diversify the portfolio concentration would remain under focus.

Analytical approach: For arriving at the ratings, ICRA Nepal has applied its rating methodology as indicated below.

Links to applicable criteria:

Bank Rating Methodology

Issuer Rating Methodology

Bank Profile

Citizens Bank International Limited (CZBIL) started its commercial operations on April 20, 2007 as a Class A commercial bank. The Narayanhiti, Kathmandu-based bank is primarily promoted by individuals from different backgrounds along with a few institutions (including Citizen Investment Trust with a 4.26% stake). As of mid-July 2020, CZBIL's promoter, public shareholding ratio stood at ~51:49. The bank's equity shares are listed on the Nepal Stock Exchange.

CZBIL's network of 111 branches and 110 ATMs, as of mid-July 2020, helps it to have a diversified presence in the country. The bank's market share stood at 2.54% in terms of deposit base, and 2.81% in terms of the total advances of the commercial bank industry, as of mid-July 2020. CZBIL reported a profit after tax of NPR 1,116 million in FY2020 (provisional; ~24% YoY decline) over an asset base of NPR 110,464 million and NPR 516 million in Q1 FY2021 over an asset base of NPR 119,080. As of mid-October 2020, CZBIL's CRAR stood at 14.38% and gross NPL at 1.43%. In terms of technology, the bank has implemented Finacle across all its branches.

Key financial indicators

Year Ended	Mid-July 2018 (Audited)	Mid-July 2019 (Audited)	Mid-July 2020 (Unaudited)	Mid-Oct 2020 (Unaudited)
Operating ratios				
Yield on average advances	12.77%	13.16%	11.91%	11.54%
Cost of deposits	8.24%	8.32%	7.80%	7.14%
Net interest margin/ATA	3.11%	3.20%	2.87%	2.92%
Non-interest income/ATA	1.10%	1.07%	1.07%	1.21%
Operating expenses/ATA	1.78%	1.83%	1.70%	1.65%
Credit provisions/ATA	0.12%	-0.16%	0.68%	-0.09%
PAT/ATA	1.72%	1.74%	1.11%	1.80%
PAT/net-worth	12.10%	12.45%	8.63%	15.11%
Gross NPAs	1.48%	1.19%	1.46%	1.43%
Capitalisation ratios				
Capital adequacy ratio	13.84%	14.37%	15.56%	14.38%
Net NPAs/net worth	0.53%	1.23%	2.25%	2.03%
Liquidity ratios				
Total liquid assets/total liability	21.40%	23.06%	23.00%	25.05%
Total advances/total deposits	93.95%	91.47%	91.17%	86.16%

Annexure 1- Instrument details

Instrument	Amount	Maturity	Rating Action (November 2020)
10.25% Citizens Bank Bond– 2086	NPR 2,500 Million	April 11, 2030	[ICRANP] LBBB+; reaffirmed
8.50% Citizens Bank Bond– 2077	NPR 500 Million	January 13, 2021	[ICRANP] LBBB+; reaffirmed

For further details please contact:

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About ICRA Nepal Limited

ICRA Nepal Limited, the first credit rating agency of Nepal, is a subsidiary of ICRA Limited (ICRA) of India. It was licensed by the Securities Board of Nepal (SEBON) on October 3, 2012. ICRA Nepal is supported by ICRA Limited through a technical support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, and technical and analytical skill augmentation.

Our parent company, ICRA Limited, was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies.

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5.11 DISCLOSURES OF INFORMATION AS PER SECTON 5 (3) OF RIGHT TO INFORMATION ACT, 2007 AND RULE 3 OF RIGHT TO INFORMATION RULES, 2009

1) Nature And Formation Of The Entity:

Citizens Bank International Limited is "A" class National Level Commercial Bank established in accordance with Companies Act, 2006 operated under Bank and Financial Institutions Act, 2017.

2) Functions, Duties And Powers Of The Entity:

The functions, power and duties of the Bank is as specified by Bank and Financial Institutions Act, 2017, directives published by Nepal Rastra Bank and other related acts.

3) Number Of Employees And Performance Detail Of Employees Of The Entity:

The total number of employees of the Bank is 1664 staffs, including 1458 permanent staffs and 206 staffs on a contract basis and performance detail of employees are as specified by the Bank's Management. Name of the management team along with their job responsibility can be observed in website, https://www.ctznbank.com/about-us/executive-teams.

4) Service Provided By The Entity:

The Bank has been providing all the banking services that can be provided by "A" class Commercial Banks, in accordance with Bank and Financial Institutions Act, 2017 and directives published by Nepal Rastra Bank.

5) Branch And Authorized Person Of The Entity Providing Services:

The details of branch offering service along with the authorized personnel are available at the Bank's website https://www.ctznbank.com/branches.

6) Time And Amount Required To Obtain Service:

The detail of various service provided by the Bank and fees regarding such service are available at the website https://www.ctznbank.com/interest-rate/fees-and-commission.

7) Procedure Of Taking Decision And Person Authorized To Do So:

Required authority has been delegated to different level of officers of the Bank. For other day to day operation, the final decision makers are Chief Executive Officer and Board of Directors.

8) Officer To Handle Complaints Of The Decision Made:

There is the arrangement of Grievance Handling Officer to handle the complaints and grievances. All the detail regarding the proceedings can be observed through the Bank's website https://www.ctznbank.com/grievance- handling.

9) Detail of the work completed:

The Bank has been carrying out all the banking transactions that "A" class Commercial Banks can operate in accordance with Bank and Financial Institutions Act, 2017. Any new activity performed by the Bank is informed to the public through press release. Such detail is available at the Bank's website https://www.ctznbank.com/notice.

10) Name And Designation Of Information Officer And Chief Executive Officer:

The detail of Chief Information Officer of the Bank is provided below:

Mr. Rajendra Lal Shrestha

Deputy Chief Executive Officer

The detail regarding Chief Executive Officer of the Bank is provided below:

Mr. Ganesh Raj Pokharel

Chief Executive Officer

11) List Of Act, Rules, Regulations And Directives:

The Bank is conducting its day to day operation under the Rule, Regulations and Directives mentioned below:

- Bank and Financial Institutions Act, 2017, Companies Act, 2006, and other related Acts, Directives and Regulations
- Nepal Rastra Bank Act, 2002 and Unified Directives, Circulars and Information released accordingly
- Memorandum of Association (MOA) and Articles of Association (AOA) of the Bank
- Employees Bye laws
- Financial Bye Laws
- Loan write-off policy, etc.

12) Periodic Details Of Income, Expenses And Other Financial Transactions:

The periodic information of the Bank regarding income, expenses and other financial transactions are published quarterly in national daily newspaper. Similarly, all such periodic details are published in website of the Bank under Reports & Disclosure section.

13) Detail Regarding The Program Or Project Operated By The Entity In Previous Fiscal Year If Any:

No

14)

The website of the Bank is www.ctznbank.com

15) Details Of Foreign Assistance, Loans, Grant And Technical Assistance And Agreement Entered By The Entity:

No

16) Program Operated By The Entity And Progress Report Regarding Same:

Progress detail of programs conducted by the Bank can be observed in the Bank's website https://www.ctznbank.com

17) List Of Notice Classified And Protected The Entity And Time Specified For Protection

No

18) Application Related Tot Demand Of Information From The Entity And Details Of Information Provided Over It:

The Bank has provided information as demanded by regulatory authorities and except that, information demanded by the general public has also been provided by the Bank as per the rules.

19 Detail Of Information Of The Entity Published Or To Be Published:

Annual Report of the Bank are published in the form of book and published in the website too. Similarly, financial statements of the Bank are published quarterly on different national daily newspaper along with the website of the Bank.

5.12 FINANCIAL CALENDAR

24 July 2020
46.76 lakh units listed in NEPSE for trading after acquisition of Sahayogi Vikas Bank Ltd.

24 October 2020
1st Quarterly Unaudited Result Publication for FY 2020/21

05 November 2020
BOD proposed 3% cash dividend and 8% bonus shares as dividend for FY 2019/20

25 November 2020
Book Closure date for AGM of FY 2019/20

05 December 2020
AGM Conducted for FY 2019/20

07 January 2021
Entered into Final Acquisition Agreement with Tinau Mission Development Bank

21 January 2021
2nd Quarterly Unaudited Result Publication for FY 2020/21

27 January 2021
Listing of 8% bonus shares for FY 2019/20

28 January 2021
SGM conducted for acquisition of Tinau Mission Development Bank

27 March 2021
Commenced joint operation after acquiring Tinau Mission Development Bank

20 April 2021
3rd Quarterly Unaudited Result Publication for FY 2020/21

25 May 2021
Entered into Final Acquisition Agreement with Srijana Finance

10 June 2021
SGM conducted for acquisition of Srijana Finance

14 June 2021
18,450,382.39 shares listed after acquisition of Tinau Mission Development Bank

10 July 2021
Commenced joint operation after acquiring Srijana Finance Ltd

5.13 VALUE ADDED STATEMENT

Value Added Statement depicts wealth created by the Bank and how is that wealth distributed among various stakeholders. The various stakeholders comprise of the employees, shareholders, government, creditors and the wealth that is retained in the business. In the year 2019 Mid July, 2020 Mid July and 2021 Mid July, the Bank's net value addition was NRs. 3,713, NRs. 3,320 and NRs. 4,710 Million respectively.

Value Added Statement

Amount In NPR Million

Particulars	July 15, 2021 (Ashadh 31, 2078)	July 15, 2020 (Ashadh 31, 2077)	July 16, 2019 (Ashadh 31, 2076)
Income from Banking Services	12,236	10,453	9,409
Less: Cost of Services and Supplies	7,262	6,663	5,912
Value Added by Banking Service	4,974	3,791	3,497
Non-Banking Income	130	170	78
Provision for Loans and Advances	(394)	(640)	138
Total	**4,710**	**3,320**	**3,713**

Amount In NPR Million

Particulars	July 15, 2021 (Ashadh 31, 2078)		July 15, 2020 (Ashadh 31, 2077)		July 16, 2019 (Ashadh 31, 2076)	
	Amount	%	Amount	%	Amount	%
To Employees as Salaries and Bonus	1,230	26.11%	935	28.17%	900	24.25%
To Providers of Long Term Loans	279	5.93%	112	3.36%	43	1.16%
To Providers of Capital as Reserves	220	4.67%	199	5.98%	318	8.56%
To Providers of Capital as Dividend	1,305	27.70%	888	26.75%	1,102	29.69%
To Government as Income Tax	781	16.59%	470	14.16%	714	19.24%
To Community	17	0.37%	19	0.57%	7	0.19%
To Expansion and Growth	877	18.63%	697	21.00%	628	16.91%
Total	**4,710**	**100.00%**	**3,320**	**100.00%**	**3,713**	**100.00%**

Economic Value Added By The Bank

Economic Value added statement measures the Bank's financial performance based on the residual wealth calculated by deducting the cost of capital from its operating profit.

During the review year, the Bank has generated economic value of NPR 293.30 Million, which is 134.48% higher than as compared the previous year 2020 Mid July.

The Bank has assumed cost of capital (Economic Cost) of 8 percent, i.e. Bank rate 5 percent plus 3 percent risk premium for the year ended July 15, 2021.

Economic Value Added by the Bank

Amount In NPR Million

Particulars	July 15, 2021 (Ashadh 31, 2078)	July 15, 2020 (Ashadh 31, 2077)	July 16, 2019 (Ashadh 31, 2076)
A. Shareholder's Fund	18,888.02	13,417.72	12,494.63
B. Net Profit	1,804.34	1,198.50	1,463.22
Return on Shareholder's Fund	9.55%	8.93%	11.71%
C. Economic Cost *(Bank Rate plus 3 percent risk premium)*	8%	8%	10%
D. Economic Cost (A*C)	1,511.04	1,073.42	1,249.46
E. Economic value Added (B-D)	293.30	125.09	213.76

Market Value Added By The Bank

Market Value Added (MVA) measures the difference between the market value of the Bank and the capital contributed by shareholders.

During the review year, the Bank has increased its market value addition by NPR 29,658.90 Million, which is increment of 707.89 percent.

Market Value Added Statement

Amount In NPR Million

Particulars	July 15, 2021 (Ashadh 31, 2078)	July 15, 2020 (Ashadh 31, 2077)	July 16, 2019 (Ashadh 31, 2076)
A. No. of shares	125,769,231	90,898,173	83,710,648
B. Market Price per Share	386	188	224
C. Total Market Capitalization (A*B)	48,546.92	17,088.86	18,751.19
D. Shareholder's Fund	18,888.02	13,417.72	12,494.63
E. Market Value Added (C-D)	29,658.90	3,671.14	6,256.56

06 Bank's Performance In Key Performance Indicators

Overview

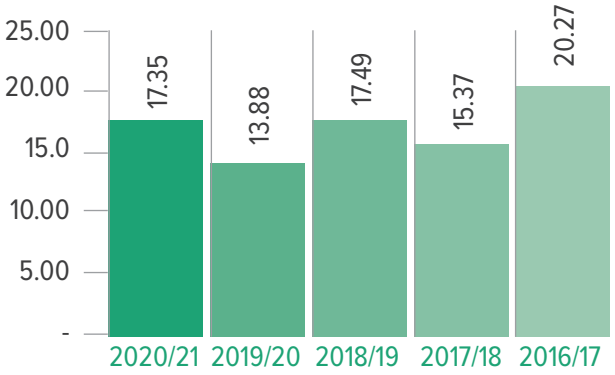
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6.2 Horizontal And Vertical Analysis 331

6.3 Trend Analysis Of Statement Of Financial Position/Profitability/Dividend/Performance & Liquidity Ratios 337

6.1 THE BANK'S PERFORMANCE IN NUMBERS

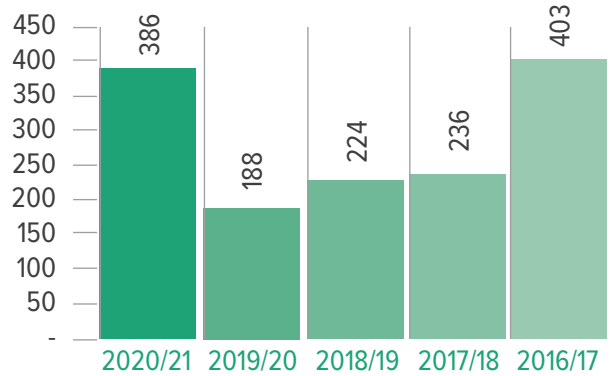
Earnings Per Share



Earnings Per Share represents total earnings of a company that belong to common shareholders, divided by the numbers of common shares outstanding.

Increase in net profit has resulted in the increment of EPS. EPS has increased by 25 % in FY 2020/21 compared to FY 2019/20 with average declination of 9.70 % over the last 5 years.

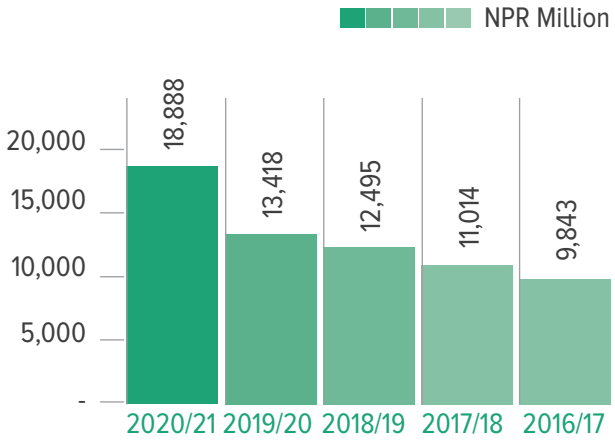
Stock Performance



Stock Performance represents the price at which the stock can be readily bought or sold in the current market place.

In FY 2020/21 the market price of share has increased by 105.32% reaching NPR 386 as compared to FY 2019/20. It has increased from NPR 403 as of FY 2016/17 to NPR 386 during the year with the average declination of 4.22 % over the last 5 years.

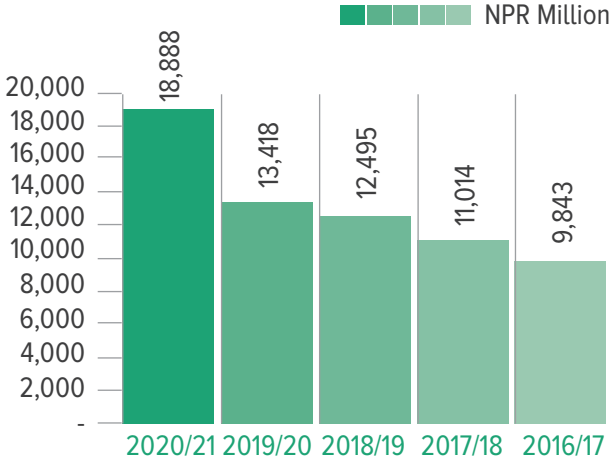
Net Assets



Net Assets represents the value of company's total assets minus total liabilities.

In FY 2020/21 Net Assets grew by 40.77% and reached NPR 18,888 Million compared to FY 2019/20 maintaining the average growth of 31.81 % over the last 5 years. This growth of net assets shows that the company has been able to increase their assets and earnings over a period of time

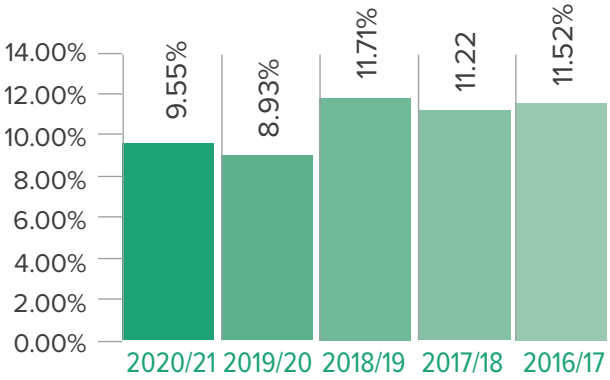
Shareholder's Fund



Shareholder's Fund represents the total assets (what the bank owns) minus the total liabilities (what the bank owes). It is the amount of equity in the company which belongs to the shareholders.

Shareholder's fund has been growing in each year which indicates the sound financial health of the company and injection of capital. Shareholder's fund in FY 2020/21 has increased by 40.77% and reached NPR 18,888 Million in compared to FY 2019/20 keeping the average growth by 31.81 % over the last 5 years.

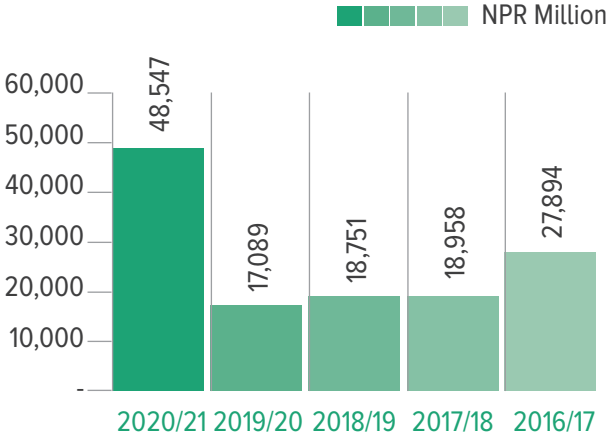
Return On Shareholder's Fund



Return on Shareholder's Fund represents the ratio of overall profitability of Bank which indicates the amount returned to the shareholders or owners as a percentage of money they have invested in the company.

The return on shareholder has increased by 6.97% in compared to FY 2020/21 with the return of 9.55% with the average decline of 11.68% over the last 5 years.

Market Capitalization

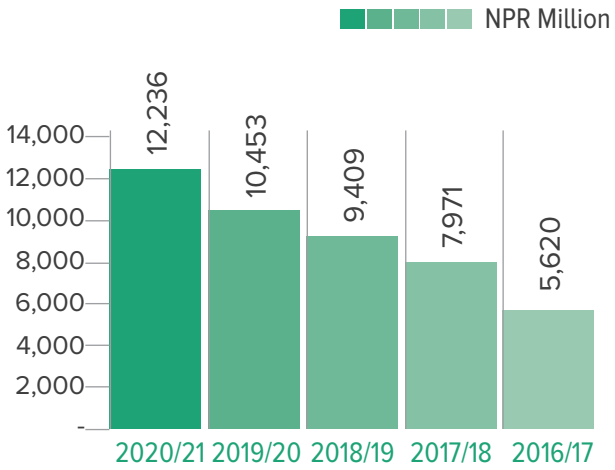


Market Capitalization represents the total market value of all the outstanding shares of the bank.

Market capitalization of the bank has increased by 184.09% and reached to NPR 48,547 million

which was NPR 17,089 Million in FY 2019/20 with the average growth of 27.06 % over the last 5 years.

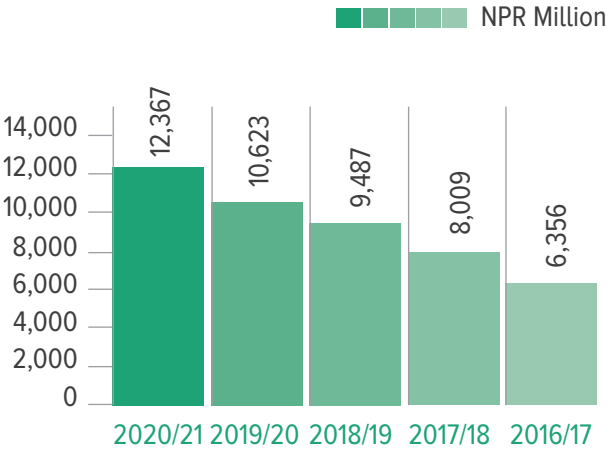
Total Operating Revenue



Total Operating Revenue represents the revenue generated from a company's primary business activities. In FY 2020/21, total operating revenue increased by 17.06% reaching NPR 12,236 Million in compared to FY 2019/20. Total operating revenue has been continuously growing with the average growth of 26.01% over the last 5 years.

The revenue has tremendously increased by 117.73% in the time of 5 years from NPR 5,620 Million in FY 2016/17 to NPR 12,236 Million in FY 2020/21. The addition of new and innovative customer services and the bank's satisfactory performance in overall department is expected to increase the revenue in the coming future.

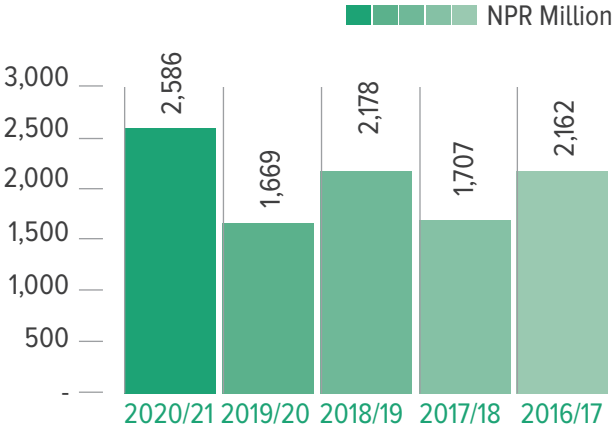
Total Revenue (Including Operating And Non Operating)



Total Revenue including operating and non-operating revenue represents all the income of the bank. In FY 2020/21 the bank total revenue increased to NPR 12,367 Million with the growth of 16.42% as compared to FY 2019/20 with the average growth of 25.51% over the last 5 years.

The bank has seen a tremendous growth of 94.57% in the time of 5 years from NPR 6,365 Million in FY 2016/17 to NPR 12,367 Million in FY 2020/21 which indicates better operating performance of the bank

Profit Berore Tax

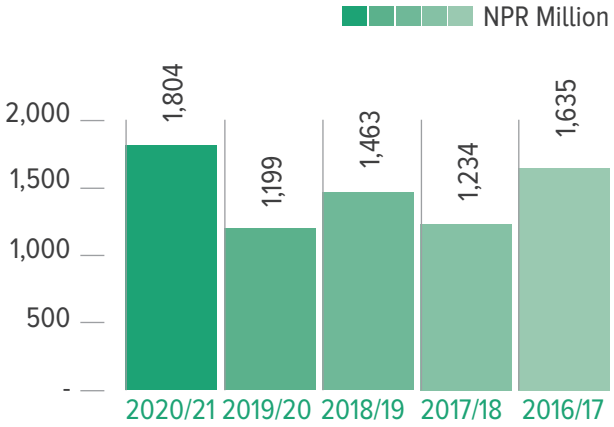


Profit before Tax represents a profitability measure that looks at a company's profit before the company has to pay corporate income tax. The chart above shows that the profit before tax in FY 2020/21 has been increased by 54.95% and reached NPR 2,586 Million in compared to

FY 2019/20. However the bank shows average growth of 15.72% over the last 5 years which reflects the sound operating performance of the bank.

There has been a growth of 19.60% in profit before tax in the time of 5 years from NPR 2,162 Million in FY 2016/17 to NPR 2,586 Million in FY 2020/21.

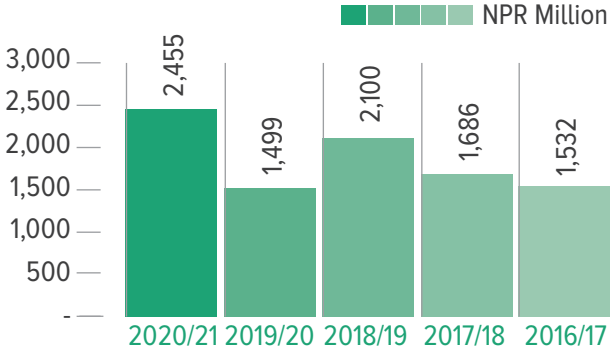
Profit After Tax



Profit after Tax represents the net amount earned by the bank after deducting all the expenses including tax related expenses from the total revenue. The profit after tax in FY 2020/21 is NPR 1,804 Million which has been increased by 50.55 % as compared to FY 2019/20 with the average growth of 15.58 % over the last 5 years reflecting the efficient performance of the bank.

There is the growth of 15.58% in profit after tax in the time of 5 years from NPR 1,635 Million in FY 2016/17 to NPR 1,804 Million in FY 2020/21.

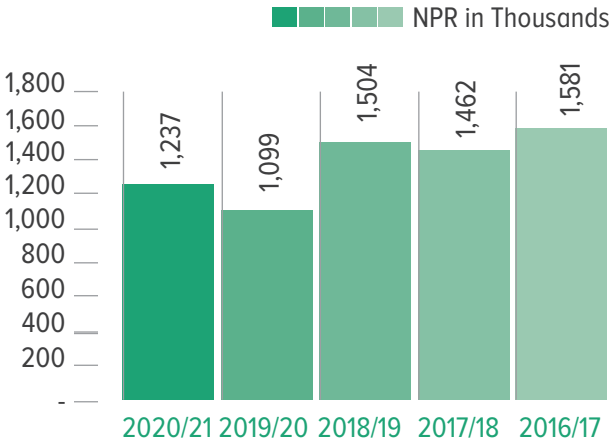
Operating Profit



Operating Profit represents the profit earned from the bank's normal core operations and doesn't include any profit earned from the bank's investment. The bank has an operating profit of NPR 2,455 Million in FY 2020/21 which has been increased by 63.97% in comparison to operating profit of NPR 1,499 million in FY 2019/20. The bank has the average growth of 21.56 % in operating profit over the period of last 5 years.

Operating profit has shown a growth of 60.27 % in the time of 5 years from NPR 1,532 Million in FY 2016/17 to NPR 2,455 Million in FY 2020/21.

Net Profit Per Staff



Net Profit per Staff represents the ratio that measures average net profit earned by the staff of the bank. The net profit per staff of the bank in FY 2020/21 is NPR 1,237,458 which has been increased by 12.65 % in compared to FY 2019/20. Over the last 5 years, the Bank has shown the average declination of 4.71 % in net profit per staff.

6.2 HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis Statement Of Financial Position

	Mid July (AMT in NPR million)					
Year Ended	2021		2020		2019	
Assets						
Cash And Cash Equivalent	11,563	171.54%	10,842	160.84%	6,741	100%
Due From Nepal Rastra Bank	3,796	146.19%	2,430	93.57%	2,597	100%
Placement With Bank And Financial Institutions	2,875	728.24%	303	76.67%	395	100%
Derivative Financial Instruments	47	106.58%	1	2.33%	44	100%
Other Trading Assets	597	105.22%	91	15.98%	567	100%
Loans And Advances To B/FIs	3,247	205.27%	1,534	96.98%	1,582	100%
Loans And Advances To Customers	118,912	189.01%	78,976	125.53%	62,912	100%
Investment Securities	22,017	203.44%	11,828	109.29%	10,823	100%
Current Tax Assets	288	1972.44%	142	974.32%	15	100%
Investment In Susidiaries	167	100.00%	167	100.00%	167	100%
Investment In Associates	16	89.13%	19	105.57%	18	100%
Investment Property	141	63.42%	196	87.86%	223	100%
Property And Equipment	2,880	125.07%	2,554	110.91%	2,303	100%
Goodwill And Intangible Assets	84	89.51%	75	80.69%	93	100%
Deferred Tax Assets	-	100.00%	-	100.00%	20	100%
Other Assets	1,698	104.64%	1,392	85.80%	1,622	100%
Total Assets	**168,329**	**186.78%**	**110,551**	**122.67%**	**90,121**	**100%**
Liabilities						
Due To Bank And Financial Institutions	2,765	70.42%	3,689	93.95%	3,927	100%
Due To Nepal Rastra Bank	1,206	99.42%	568	46.81%	1,213	100%
Derivative Financial Instruments	-	100.00%	-	100.00%	-	100%
Deposits From Customers	140,638	199.46%	88,496	125.51%	70,509	100%
Borrowing	-	100.00%	-	100.00%	-	100%
Current Tax Liabilities	-	100.00%	-	100.00%	-	100%
Provisions	5	100.00%	5	100.00%	5	100%
Deferred Tax Liabilities	217	-	14	-	-	100%
Other Liabilities	2,133	144.73%	1,387	94.10%	1,474	100%

Debt Securities Issued	2,476	496.06%	2,974	595.90%	499	100%
Subordinated Liabilities	-	100.00%	-	100.00%	-	100%
Total Liabilities	**149,441**	**192.51%**	**97,133**	**125.13%**	**77,627**	**100%**
Equity						
Share Capital	12,577	150.24%	9,090	108.59%	8,371	100%
Share Premium	-	0.00%	4	8.81%	47	100%
Retained Earnings	1,423	113.71%	931	74.42%	1,251	100%
Reserves	4,888	173.01%	3,393	120.07%	2,825	100%
Total Equity Attributable To Equity Holders	**18,888**	**151.17%**	**13,418**	**107.39%**	**12,495**	**100%**
Non-Controlling Interest	-	-	-	-	-	-
Total Equity	**18,888**	**151.17%**	**13,418**	**107.39%**	**12,495**	**100%**
Total Liabilities And Equity	**168,329**	**186.78%**	**110,551**	**122.67%**	**90,121**	**100%**

Horizontal Analysis on statement of financial positions refers to the analysis of growth of each component of statement of financial position items from the base period. Here base period is considered the mid July 2019 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and shareholders' equity are showing consistent growth over the last three years except for investment in associates and investment property.

Statement Of Profit or Loss	Mid July (AMT in NPR million)					
Year Ended	2021		2020		2019	
Interest Income	10,840	127.04%	9,490	111.22%	8,532	100%
Interest Expense	(7,189)	123.02%	(6,605)	113.02%	(5,844)	100%
Net Interest Income	**3,650**	**135.78%**	**2,885**	**107.30%**	**2,688**	**100%**
Fee And Commission Income	825	145.17%	582	102.40%	569	100%
Fee And Commission Expense	(73)	108.85%	(58)	85.66%	(67)	100%
Net Fee And Commission Income	**752**	**150.05%**	**524**	**104.65%**	**501**	**100%**
Net Interest, Fee And Commission Income	**4,402**	**138.02%**	**3,409**	**106.88%**	**3,190**	**100%**
Net Trading Income	418	150.90%	281	101.45%	277	100%
Other Operating Income	153	502.56%	100	328.58%	30	100%
Total Operating Income	**4,974**	**142.22%**	**3,791**	**108.38%**	**3,497**	**100%**
Impairment (Charge)/Reversal For Loans And Other Losses	(394)	-284.76%	(640)	-462.62%	138	100%
Net Operating Income	**4,580**	**125.97%**	**3,151**	**86.65%**	**3,636**	**100%**
Operating Expense						**100%**
Personnel Expenses	(1,230)	136.60%	(935)	103.89%	(900)	100%
Other Operating Expenses	(650)	139.90%	(505)	108.59%	(465)	100%
Depreciation & Amortisation	(245)	143.62%	(212)	124.15%	(171)	100%
Operating Profit	**2,455**	**116.90%**	**1,499**	**71.37%**	**2,100**	**100%**
Non Operating Income	130	167.69%	170	218.18%	78	100%
Non Operating Expense	-	0.00%	-	0.00%	(1)	100%
Profit Before Income Tax	**2,586**	**118.74%**	**1,669**	**76.63%**	**2,178**	**100%**
Income Tax Expense						100%
Current Tax	(780)	100.51%	(469)	60.47%	(776)	100%
Deferred Tax	(1)	-1.71%	(1)	-1.26%	62	100%
Profit(Loss) For The Period	**1,804**	**123.31%**	**1,199**	**81.91%**	**1,463**	**100%**

Horizontal Analysis on statement of profit or loss refers to the analysis of growth of each component of statement profit or loss items from the base period. Here base period is considered as mid July 2019 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income of the Bank is growing consistently. Similarly, loan loss provisions have decreased significantly resulting increase in Net profit as compared to the previous year.

Vertical Analysis

Statement Of Financial Position	Mid july (AMT in NPR million)					
Year Ended	2021		2020		2019	
Assets						
Cash And Cash Equivalent	11,563	6.87%	10,842	9.81%	6,741	7.48%
Due From Nepal Rastra Bank	3,796	2.26%	2,430	2.20%	2,597	2.88%
Placement With Bank And Financial Institutions	2,875	1.71%	303	0.27%	395	0.44%
Derivative Financial Instruments	47	0.03%	1	0.00%	44	0.05%
Other Trading Assets	597	0.35%	91	0.08%	567	0.63%
Loans And Advances To B/FIs	3,247	1.93%	1,534	1.39%	1,582	1.76%
Loans And Advances To Customers	118,912	70.64%	78,976	71.44%	62,912	69.81%
Investment Securities	22,017	13.08%	11,828	10.70%	10,823	12.01%
Current Tax Assets	288	0.17%	142	0.13%	15	0.02%
Investment In Susidiaries	167	0.10%	167	0.15%	167	0.19%
Investment In Associates	16	0.01%	19	0.02%	18	0.02%
Investment Property	141	0.08%	196	0.18%	223	0.25%
Property And Equipment	2,880	1.71%	2,554	2.31%	2,303	2.56%
Goodwill And Intangible Assets	84	0.05%	75	0.07%	93	0.10%
Deferred Tax Assets	-	0.00%	-	0.00%	20	0.02%
Other Assets	1,698	1.01%	1,392	1.26%	1,622	1.80%
Total Assets	**168,329**	**100.00%**	**110,551**	**100.00%**	**90,121**	**100.00%**
Liabilities						
Due To Bank And Financial Institutions	2,765	1.64%	3,689	3.34%	3,927	4.36%
Due To Nepal Rastra Bank	1,206	0.72%	568	0.51%	1,213	1.35%
Derivative Financial Instruments	-	0.00%	-	0.00%	-	0.00%
Deposits From Customers	140,638	83.55%	88,496	80.05%	70,509	78.24%
Borrowing	-	0.00%	-	0.00%	-	0.00%
Current Tax Liabilities	-	0.00%	-	0.00%	-	0.00%
Provisions	5	0.00%	5	0.00%	5	0.01%
Deferred Tax Liabilities	217	0.13%	14	0.01%	-	0.00%
Other Liabilities	2,133	1.27%	1,387	1.25%	1,474	1.64%
Debt Securities Issued	2,476	1.47%	2,974	2.69%	499	0.55%
Subordinated Liabilities	-	0.00%	-	0.00%	-	0.00%
Total Liabilities	**149,441**	**88.78%**	**97,133**	**87.86%**	**77,627**	**86.14%**
Equity						
Share Capital	12,577	7.47%	9,090	8.22%	8,371	9.29%

Share Premium	-	0.00%	4	0.00%	47	0.05%
Retained Earnings	1,423	0.85%	931	0.84%	1,251	1.39%
Reserves	4,888	2.90%	3,393	3.07%	2,825	3.14%
Total Equity Attributable To Equity Holders	**18,888**	**11.22%**	**13,418**	**12.14%**	**12,495**	**13.86%**
Non-Controlling Interest						
Total Equity	**18,888**	**11.22%**	**13,418**	**12.14%**	**12,495**	**13.86%**
Total Liabilities And Equity	**168,329**	**100.00%**	**110,551**	**100.00%**	**90,121**	**100.00%**

Vertical Analysis on statement of financial position refers to the components of balance sheet items as a percentage of total assets over the period. In assets side of mid July 2021, we can observe that the loans & advances to customer holds the major part. i.e 70.64 % which has been decreased as compared to last year by 0.80%.The investment in securities has been increased by 2.38% as compared to last year and holds the second highest portions i.e 13.08% of total assets in mid July 2021. Similarly, the deposit in mid July 2021 holds the major portion i.e. 83.55% out of total equity and liabilities and it has been in increasing trend as compared to last year.

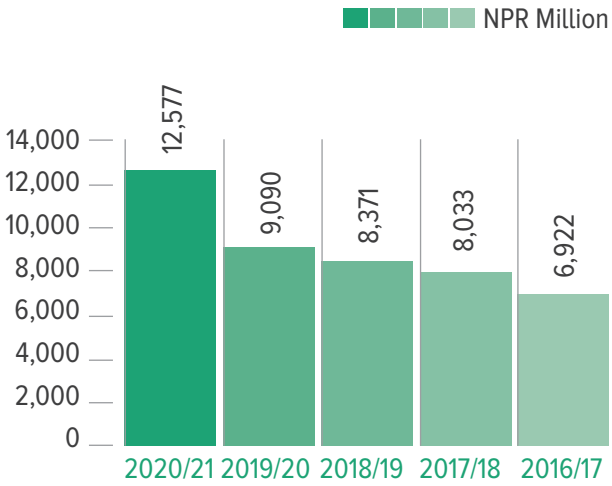
Statement Of Profit or Loss	**Mid July (AMT in NPR million)**					
Particulars	**2021**		**2020**		**2019**	
Interest Income	10,840	90.53%	9,490	95.06%	8,532	89.94%
Interest Expense	(7,189)	-60.05%	(6,605)	-66.16%	(5,844)	-61.60%
Net Interest Income	**3,650**	**30.49%**	**2,885**	**28.90%**	**2,688**	**28.34%**
Fee And Commission Income	825	6.89%	582	5.83%	569	5.99%
Fee And Commission Expense	(73)	-0.61%	(58)	-0.58%	(67)	-0.71%
Net Fee And Commission Income	**752**	**6.28%**	**524**	**5.25%**	**501**	**5.28%**
Net Interest, Fee And Commission Income	**4,402**	**36.77%**	**3,409**	**34.15%**	**3,190**	**33.62%**
Net Trading Income	418	3.50%	281	2.82%	277	2.92%
Other Operating Income	153	1.28%	100	1.00%	30	0.32%
Total Operating Income	**4,974**	**41.54%**	**3,791**	**37.97%**	**3,497**	**36.87%**
Impairment (Charge)/Reversal For Loans And Other Losses	(394)	-3.29%	(640)	-6.41%	138	1.46%
Net Operating Income	**4,580**	**38.25%**	**3,151**	**31.56%**	**3,636**	**38.33%**
Operating Expense						
Personnel Expenses	(1,230)	-10.27%	(935)	-9.37%	(900)	-9.49%
Other Operating Expenses	(650)	-5.43%	(505)	-5.05%	(465)	-4.90%
Depreciation & Amortisation	(245)	-2.05%	(212)	-2.12%	(171)	-1.80%
Operating Profit	**2,455**	**20.51%**	**1,499**	**15.02%**	**2,100**	**22.14%**
Non Operating Income	130	1.09%	170	1.70%	78	0.82%

Particulars	2021		2020		2019	
Non Operating Expense	-	0.00%	-	0.00%	(1)	-0.01%
Profit Before Income Tax	**2,586**	**21.60%**	**1,669**	**16.72%**	**2,178**	**22.96%**
Income Tax Expense						
Current Tax	(780)	-6.52%	(469)	-4.70%	(776)	-8.18%
Deferred Tax	(1)	-0.01%	(1)	-0.01%	62	0.65%
Profit(Loss) For The Period	**1,804**	**15.07%**	**1,199**	**12.01%**	**1,463**	**15.42%**

Vertical Analysis on income statement refers to the components of income statements items as percentage of total income over the periods. From the above table we can analyze that the net interest income has been increased as compared to previous year. Similarly, Operating profit and Net profit has been also increased as compared to previous figures with the decrement of Loan Loss provision as compare to previous figures.

6.3 TREND ANALYSIS OF STATEMENT OF FINANCIAL POSITION/ PROFITABILITY/ DIVIDENDS/ PERFORMANCE & LIQUIDITY RATIOS

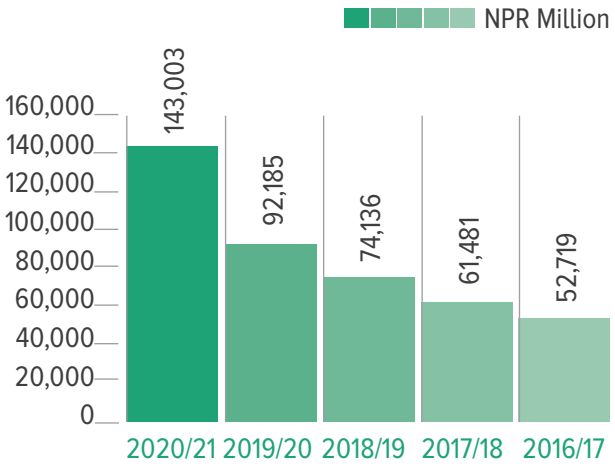
Paid Up Capital



Paid-Up Capital represents the amount of money a company has received from shareholders in exchange for shares of stock. The paid up capital is in increasing trend over the past years. The bank has maintained paid up capital of NPR 12,577 Million in FY 2020/21 increased by 33.86% as compared to previous year. The Bank has achieved average growth of 24.90 % in the paid up capital over the last 5 years.

The paid up capital of the Bank in FY 2016/17 was 6,922 Million increased by 81.69 % to NPR 12,577 Million in FY 2020/21 in time of 5 years.

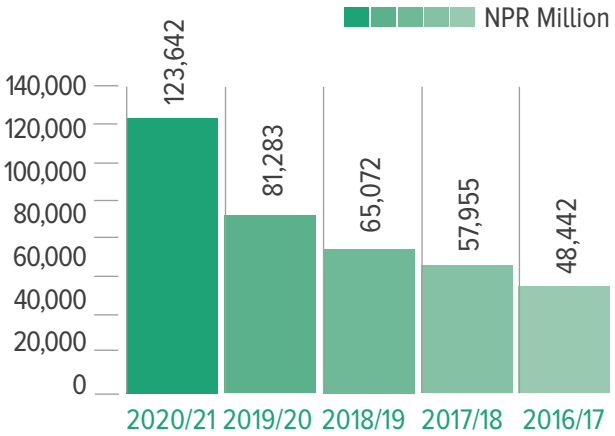
Deposits



The deposit of the Bank is in incremental trend over the last 5 years and has reached NPR 143,003 Million in FY 2020/21 with the growth of 55.13% as compared to previous year. The Bank has been able to maintain average growth rate of 25.58% over the last 5 years which shows the increasing customer satisfaction with the bank.

In time of 5 years the bank has achieved growth of 171.26% in deposits being NPR 52,719 Million in FY 2016/17 to NPR 143,003 Million in FY 2020/21.

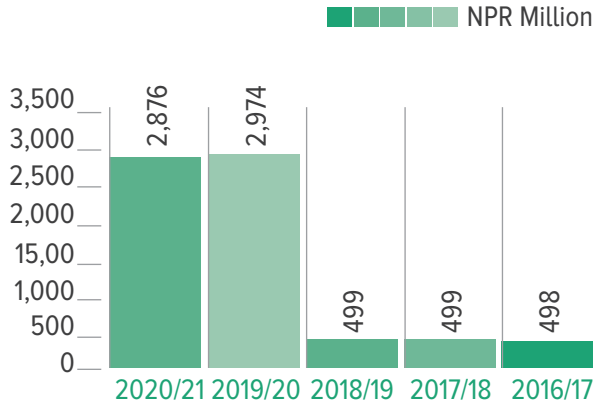
Loans and Advances



The Bank has been able to expand its loans and advances portfolio to NPR 123,642 Million in FY 2020/21 from NPR 81,283 Million in FY 2019/20 with the increment of 52.11%. The trend of loans and advances has been increasing continuously with the average growth of 25.67% over the last 5 years.

In time of 5 years the bank has achieved growth of 155.24% in loans and advances being NPR 48,442 Million in FY 2016/17 to NPR 123,642 Million in FY 2020/21.

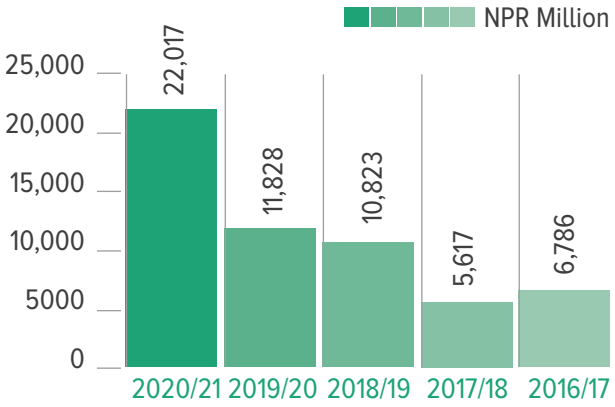
Borrowings and Debentures



Borrowings and debentures represents the amount of money borrowed by the bank at fixed or floating rate of interest with or without collateral. The balance of borrowings and debentures stand at NPR 2,876 Million in FY 2020/21 for the debentures issued in FY 2019/20 of NPR 2,500 million. The debentures are measured at amortized cost using effective interest rate method. The bond is unsecured and hence qualifies for inclusion in Tier-II capital.

The borrowings and debentures have been increased by 477.53% from NPR 498 Million in FY 2016/17 to NPR 2,876 Million in FY 2020/21.

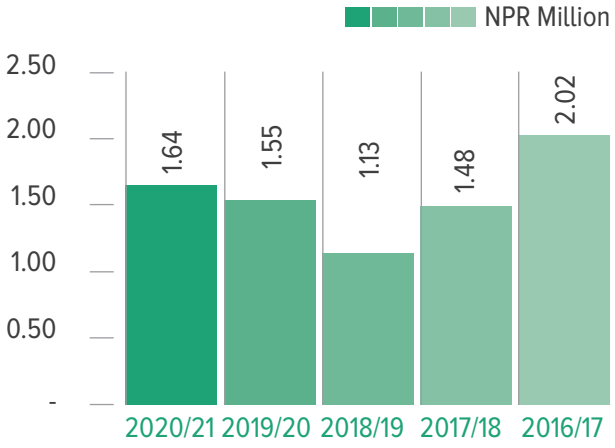
Investments



Investment has been made mostly in government securities and other short term investments so as to maintain the level of investment well above the minimum SLR requirement and to use the excess fund productively to generate revenue to the Bank. Investment has been increased by 86.14% in FY 2020/21 as compared to FY 2019/20. Investment has faced the average growth of 32.33% over the last 5 years.

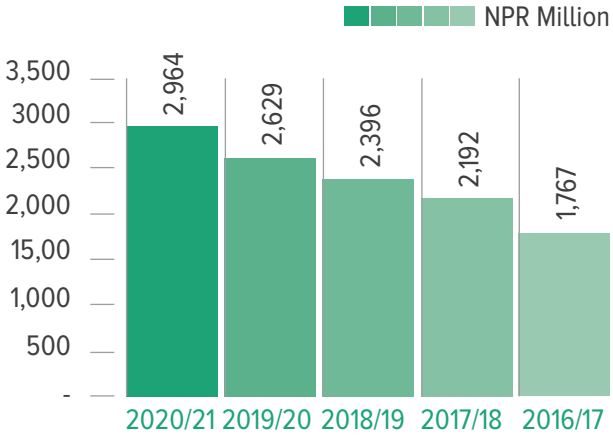
In time of 5 years the bank has achieved growth of 32.33% in investments being NPR 6,786 Million in FY 2016/17 to NPR 22,017 Million in FY 2020/21.

Non Performing Loan/ Total Loan (As Per NRB Directive)



Non-performing loan represents the default of borrower of loan in the schedule payment of principal or interest for some time. There is a fluctuation in the trend of non-performing loan to total loan and it remains at 1.64 in FY 2020/21 from 1.55 in FY 2019/20. Non-performing loan to total loan has been decreased by 18.81 % in average during the period of last 5 years.

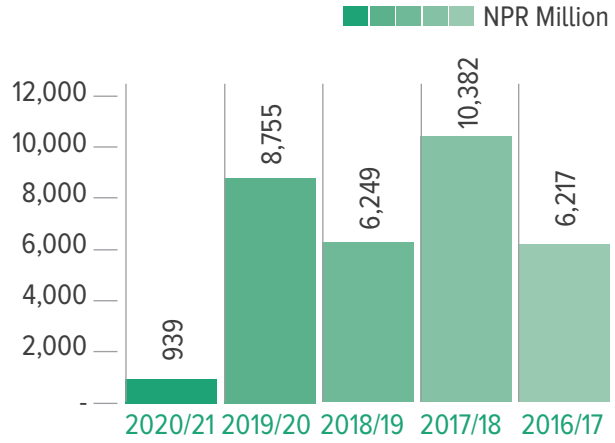
Fixed Assets



A fixed asset represents the assets of the bank that is vital to business operations and is expected to be used for more than one year. Fixed assets of the bank has been increased in FY 2020/21 by 12.72% in compared to FY 2019/20 and reached NPR 2,964 Million with the average growth of 23.06% over the last 5 years. During the last 5 years the bank has been able to increase total fixed assets including intangibles and goodwill.

The fixed assets have been increased by 67.73% in the time of 5 years from NPR 1,767 Million in FY 2016/17 to NPR 2,964 Million in FY 2020/21.

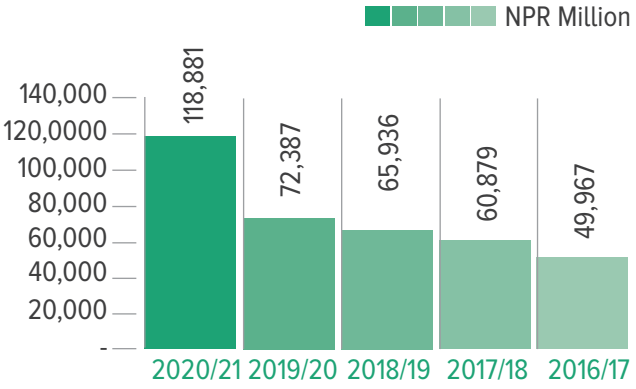
Net Current Assets



Net current Assets represent the aggregate amount of all current assets minus the aggregate amount of all current liabilities. The current assets of the Bank have reached to NPR 939 Million in FY 2020/21 with the decrease of 89.27% compared to FY 2019/20.

The net current assets has increased in time of 5 years with the change of 84.89% from NPR 6,217 Million in FY 2016/17 to NPR 939 Million in FY 2020/21 which indicates Bank has sufficient current assets to pay short term obligations.

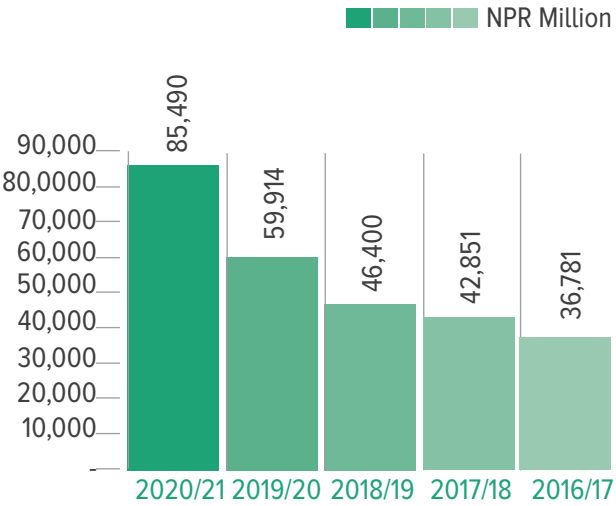
Current Liabilities



Current Liabilities represents the short term financial obligations of the bank that are due within one year. The Bank has been able to reduce the growth in the debts and obligations that are due within one year with the growth of 64.23 % in FY 2020/21 compared to FY 2019/20 with the average growth of 17.90% during last 5 years. The Bank has maintained better net current position which indicates liquidity strength and good relationship with its creditors.

The current liabilities have increased by 137.92 % in time of 5 years from NPR 49,967 Million in FY 2016/17 to NPR 118,881 Million in FY 2020/21.

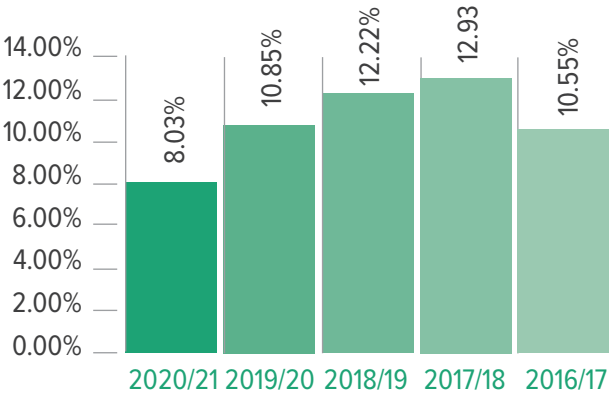
Long Term Liabilities



Long Term Liabilities represents the loans and financial obligations that are not due within one year. Long term liabilities increased by 42.69 % reaching NPR 85,490 Million in FY 2020/21 compared to previous year due to the increment in deposits from other banks and financial institutions. Due to the increase in long term liabilities of the bank, the bank has been able to maintain its liquidity position within the acceptable limit. There is the average growth of 51.46% of long term liabilities over the last 5 years.

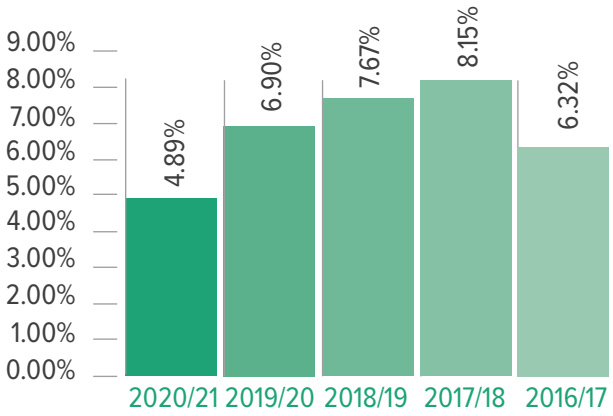
In time of 5 years the bank has seen a change of 132.43% in long term liabilities from NPR 36,781 Million in FY 2016/17 to NPR 85,490 Million in FY 2020/21.

Interest Income/Loans and Advances



Interest income to loans and advances represents the average interest income earned by the bank on its year end loans and advances. From the above graph, interest income to loans and advances is seen fluctuating over the last 5 years. There is decline of interest income to loans and advances to 8.03% in FY 2020/21 in compared to previous year with the average decline of 1.60% over last 5 years.

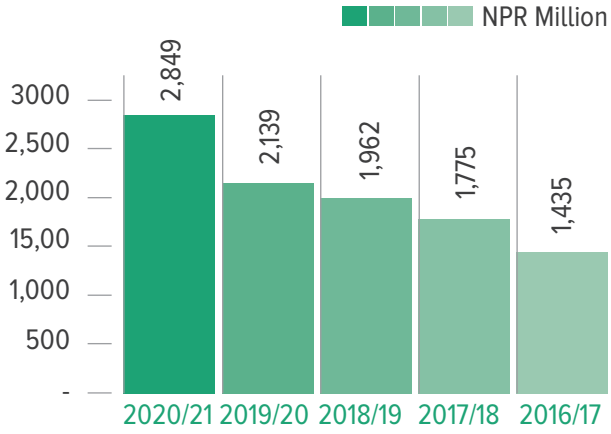
Interest Expenses/Deposits and Borrowings



Interest expense to deposits and borrowings represents the average interest paid by the bank on its year end deposits and borrowings. The interest expense to deposits and borrowings has been decreased by 29.13 % in FY 2020/21 as compared to previous year. There has been a fluctuating trend over the period of last 5 years with the average change of 5.64%.

The Bank has faced a change of 22.63% in the time of 5 years being 6.32% in FY 2016/17 to 4.89% in FY 2020/21.

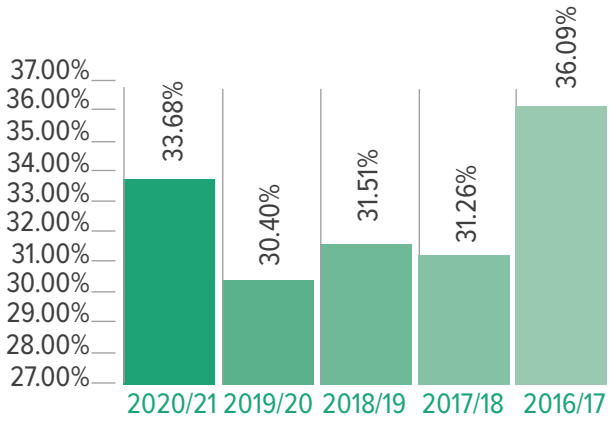
Operating Profit Before Laon Loss Provision (LLP)



The operating profit before LLP has been maintained at NPR 2,849 Million in FY 2020/21 with the increment of 33.20 % as compared to previous year. The operating profit before LLP is in incremental trend and has the average growth of 14.88% over the last 5 years. Such increment of profit is due to increase in the net interest income of the Bank and other operating incomes.

In time of 5 years the Bank has achieved the growth of 98.56% in operating profit before LLP being NPR 1,435 Million in FY 2016/17 to NPR 2,849 Million in FY 2020/21.

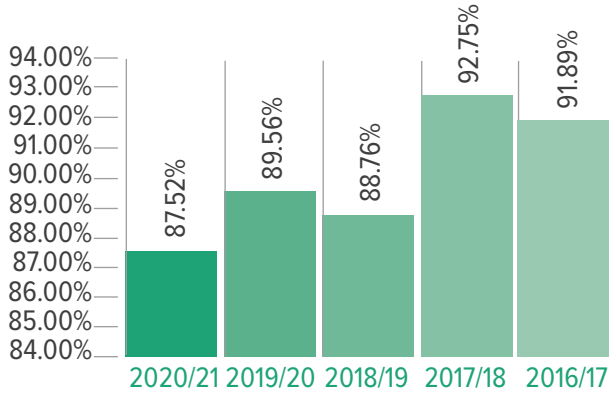
Gross Profit Ratio



Gross Profit Ratio represents the proportion of profit generated by the sales of products or services, before selling and administrative expenses. The GP ratio has increased to 33.68% in FY 2020/21 from 30.40% in FY 2019/20 with the average decline of 5.84% over the period of last 5 years.

GP ratio has declined by 6.68% in time of 5 years being 36.09% in FY 2016/17 to 33.68% in FY 2020/21.

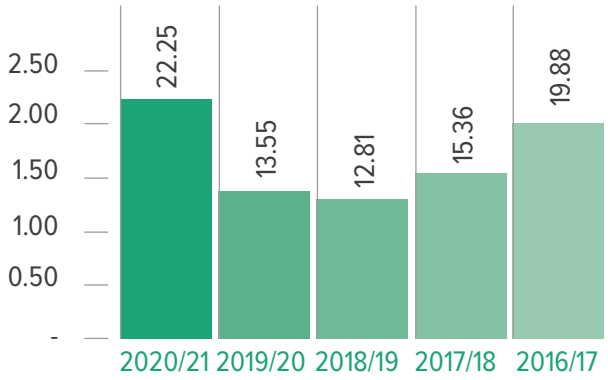
Credit To Deposit Ratio



Credit to Deposit Ratio represents the statistical method for assessing a bank's liquidity by dividing the bank's total loan by its total deposits. The ratio has been decreased to 87.52% in the FY 2020/21 in comparison to previous year which was 89.56 %.There is the average change of 0.52 % in credit to deposit ratio over the period of last 5 years.

The credit to deposit ratio has been decreased by 4.75% in a time of 5 years being 91.89 % in FY 2016/17 and 87.52 % in FY 2020/21.

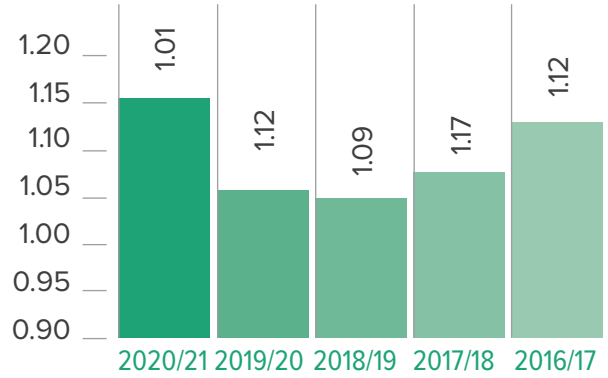
Pricing Earnings Ratio



Price Earnings Ratio represents the ratio that measures its current share price relative to its per-share price earnings. PE ratio over the period of last 5 years has been fluctuated and reached to 22.25 times increased by 64.21 % in FY 2020/21 as compared to previous year with the average growth of 6.74 % over the last 5 years.

PE ratio has been increased by 11.92% in time of 5 years from 19.88 in FY 2016/17 to 22.25 in FY 2020/21.

Current Ratio

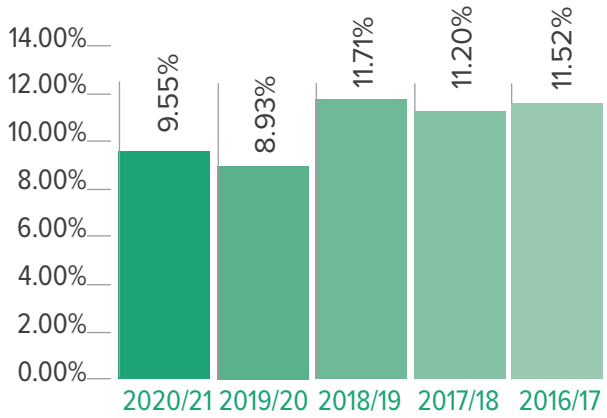


Current Ratio is a liquidity ratio that measures a company's ability to pay short term obligations or those due within one year. The Bank has maintained positive current ratio of 1.01 in FY 2020/21 decreased by 9.82% as compared to previous year. The trend of current ratio is positive over the past 5 years with average growth of 3.28% which shows the Bank's better performance and comfortable position to meet

its short term obligation.

The current ratio has been decreased by 9.82% in time of 5 years from 1.12 in FY 2016/17 to 1.01 in FY 2020/21.

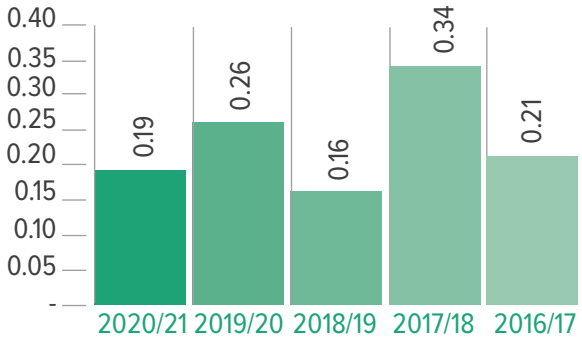
Return On Capital Employed Ratio



Return on Capital Employed represents a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed. ROCE has been maintained at 9.55% in FY 2020/21 with the increment of 6.94% as compared to previous year. Trend of return on capital employed is fluctuating. There is an average decline of 11.69 % in ROCE over the period of last 5 years.

ROCE for FY 2016/17 was 11.52% which has decreased by 17.10% in the time of 5 years reaching 9.55% for FY 2020/21.

Debt Equity Ratio



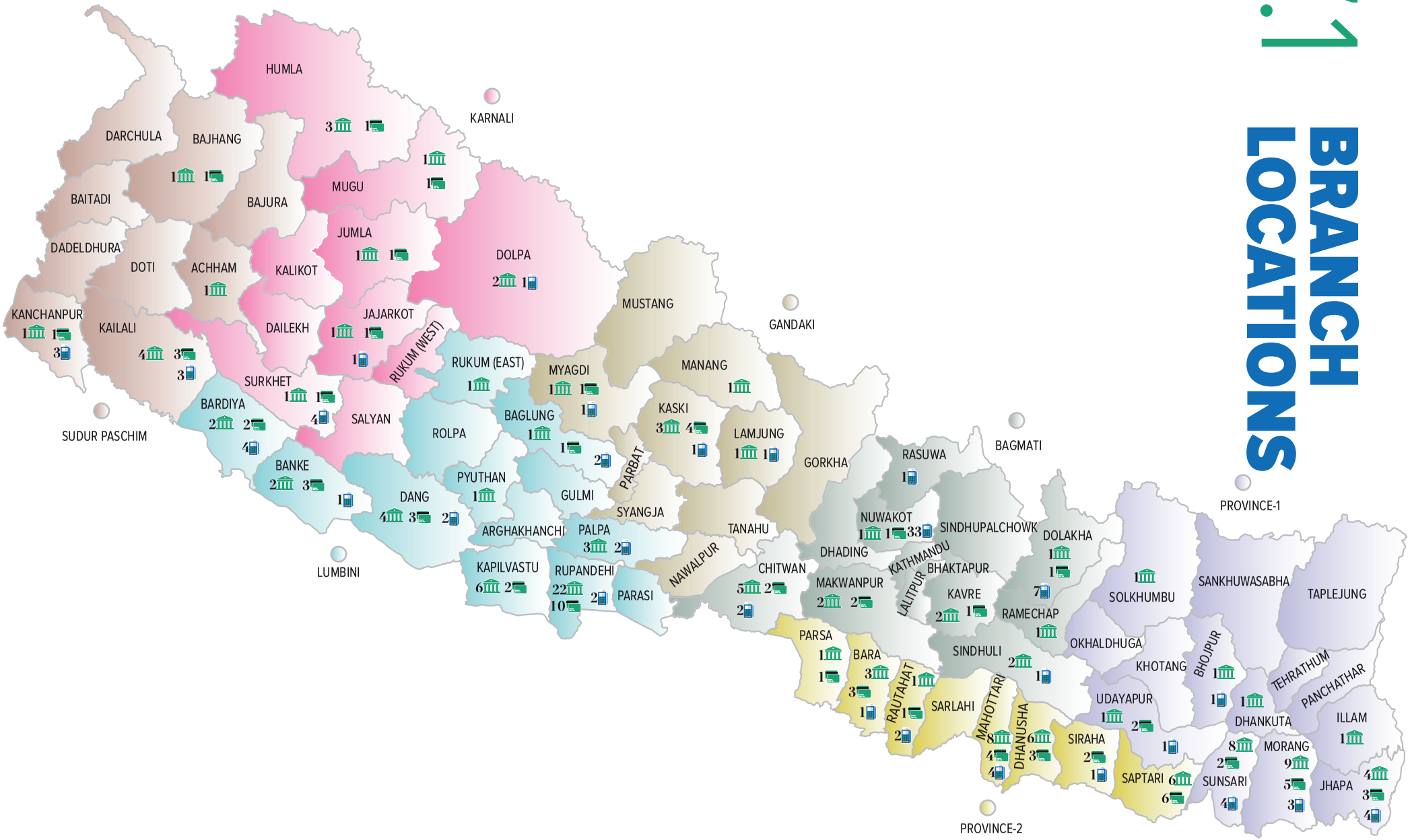
Debt Equity Ratio represents the bank's financial leverage, calculated by dividing a company's debt and financial liability by its shareholders equity. The debt equity ratio in FY 2020/21 has been decreased by 26.92% reaching to 0.19 from 0.26 than previous year. The ratio has been decreased from 0.21 in FY 2016/17 to 0.19 in FY 2020/21 with total turndown of 9.52% in time of 5 years.

07 Information About Bank's Service Networks

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7.1 BRANCH LOCATIONS



Branch Offices

Province	No. Of Branches
Province 1	27 Branches
Madhesh	27 Branches
Bagmati	45 Branches
Gandaki	12 Branches
Lumbini	62 Branches
Karnali	9 Branches
Sudur Paschim	7 Branches
Total Branches	**189 Branches**

District	No. of Branches
Bhaktapur	2
Kathmandu	23
Lalitpur	4
Total	**29**

ATMs

Province	No. Of ATM
Province 1	12
Madhesh	19
Bagmati	47
Gandaki	9
Lumbini	26
Karnali	5
Sudur Paschim	5
Total	**123**

District	No. Of ATM
Bhaktapur	3
Kathmandu	29
Lalitpur	8
Total	**40**

BLBs

Province	No. Of BLB
Province 1	17
Madhesh	7
Bagmati	61
Gandaki	4
Lumbini	9
Karnali	6
Sudur Paschim	6
Total	**110**

District	No. Of BLB
Bhaktapur	6
Kathmandu	6
Lalitpur	5
Total	**17**

Province Offices

S.n.	Province Office	District	Address	Phone No
1	Province 1	Morang	Dharan Road, Biratnagar-08, Morang	021-440501/2/3
2	Madhesh Pradesh	Parsa	Adarsh Nagar Chowk, Birgunj-11	051-5520782
3	Bagmati	Kathmandu	Batuleghar, Dillibazar	01-4430528
4	Gandaki	Kaski	Pokhara-8, Kaski	061-527083/084
5	Lumbini	Banke	Dhamboji Chowk-2, Nepalgunj	081-527471/72/73
6	Karnali	Surkhet	Surkhet	083-520850/51
7	Sudurpashchim	Kailali	Main Road, Dhangadi-4	9857011646

Province 1

1	Banigama	Morang	Banigama	021402093
2	Bhojpur	Bhojpur	Bank Road, Bhojpur-07	029-420729
3	Biratnagar	Morang	Rangeli Road, Biratnagar-9, Morang	021-450501
4	Biratnagar 2	Morang	Biratnagar, Morang	021-590025
5	Birtamod	Jhapa	Kakadvitta Road, Birtamod-5, Jhapa	023-530255
6	Chakraghatti	Sunsari	Chakraghatti, Sunsari	025-551140/41
7	Damak	Jhapa	Thana Road, Damak-11	023-582878/ 79
8	Dangihat	Jhapa	Dangihat, Damak	021-411184/85
9	Dharan	Sunsari	Puutali Line, Dharan-9	025-538801
10	Duhabi	Sunsari	Duhabi, Sunsari	025-541113/4
11	Gaighat	Udayapur	Triyuga Municipality-11, Gaighat , Udayapur	035 423330/331
12	Haldibari	Jhapa	Mangalbare Chowk-4, Jhapa	023-582878
13	Harinagara	Sunsari	Harinagara	9842428900
14	Inaruwa	Sunsari	Inaruwa	025-566440/41
15	Itahari	Sunsari	Itahari -06, Purba Line, Sunsari	025-580665
16	Kanchanbari	Morang	Rajbanshi Chowk, Morang	021-420192
17	Kanchanbari -2	Morang	Biratnagar-4, Kanchanbari Chowk	021-460633
18	Karsiya	Morang	Karsia, Morang	021-465240
19	Katahari	Morang	Katahari, Morang	021-404052/53
20	Laukahi	Sunsari	Laukahi, Sunsari	025-401070/71
21	Likhupikey	Solukhumbhu	Likhupikey -3, Solukhumbhu	9842802676
22	Mangseybung	Illam	Manseybung Rm-2, Illam,	016-201927
23	Pathari	Sunsari	Pathari, Sunsari	021-556114/5
24	Rangeli	Morang	Rangeli, Morang	021-580205

25	Salakpur	Morang	Salakpur, Morang	021-545379
26	Shahidbhumi	Dhankuta	Sahidbhumi-1, Dhankuta	01-6201845

Madhesh Province

S.n.	Branch Name	District	Address	Phone No.
1	Aurahi	Mahottari	Mahottari, Aurahi Ward No 3	044-411054
2	Bardibas	Mahottari	Aurahi Road, Bardibas-6, Mahottari	044-55044
3	Bhanu Chowk	Dhanusha	Bhanu Chowk-2, Janakpur	041-590582/83
4	Bhardaha	Saptari	Bhardah	031-440279
5	Birgunj	Parsa	Adarsha Nagar Chowk, Main Road,Birgunj-11	051-520782
6	Bodebarshain	Saptari	Bode Barsain, Saptari	031-446061/62
7	Dhanushadham	Dhanusha	Dhanushadham, Dhanusha	041-414070/71
8	Fatehpur	Saptari	Fatehpur	031-550084/85
9	Garuda	Rautahat	Garuda Municipality -4, Rautahat	055-565015/61,
10	Gaushala	Mahottari	Gaushala-1, Mahottari	044-556156/57
11	Jaleshwar	Mahottari	Mina Bazar, Jaleshwar-4, Mahottari	9852679791
12	Kolhabi	Bara	Kolhabi, Bara	053-410030/31/32
13	Kalyanpur	Siraha	Kalyanpur, Siraha	031-540018/031
14	Kanchanrup	Saptari	Kanchanrup, Saptari	031-560323/031
15	Lahan	Siraha	Lahan, Siraha	033-590019/20
16	Loharpatti	Mahottari	Loharpatti-6, Mahottari	9851313631
17	Mahendranagar (Dhanusha)	Dhanusha	Sakhuwa, Mahendranagar-1, Dhanusha	041-540473
18	Nijgadh	Bara	Nijgadh-6, Bara	053-540480/81/82
19	Pathalaiya	Bara	Pathalaiya, Pipra Simra -9, Bara	053-522189/103
20	Pato	Saptari	Pato , Saptari	9802734651
21	Pipra	Mahottari	Pipra-04, Mahottari	044-4548136
22	Rajbiraj	Saptari	Rajbiraj	031-530979
23	Ramgopalpur	Mahottari	Ramgopalpur-04, Mahottari	044-410071/72
24	Sabaila	Dhanusha	Sabaila-03, Dhanusha	041-401082
25	Samsi	Mahottari	Samsi-06, Mahottari	9802752818
26	Vidyapati Chowk	Dhanusha	Vidyapati Chowk, Janakpur -4, Dhanusha	9851040652
27	Yadukuwa	Dhanusha	Yadukuha-03, Dhanusha	041-410075/76

Bagmati Province

S.n.	Branch Name	District	Address	Phone No.
1	Banepa	Kavre	Banepa-10, Kavre	011-660967
2	Bhaisepati	Lalitpur	Bhaisepati Chowk-25, Lalitpur	01-5592709/64
3	Bhaktapur	Bhaktapur	Durbar Square Area, Khauma-15, Bhaktapur	01-6612061/654
4	Bharatpur	Chitwan	Bharatpur-7, Buddhachowk, Chitwan	056-593890
5	Bouddha	Kathmandu	Gokarneshwore, Kathmandu-6, Nepal	01-4915020
6	Chabahil	Kathmandu	Kumari Building, Chabahil -7, Kathmandu	01-4481683
7	Charikot	Dolakha	Beech Bazzar, Charikot-6, Dolakha	01-4430528
8	Devighat	Nuwakot	Devighat , Nuwakot	010-410088
9	Dillibazar	Kathmandu	Batuleghar,Dillibazar, Kathmandu-33	01-4430528
10	Durbarmarg	Kathmandu	Narayanhiti Path, Kathmandu-1	01-4427842/43
11	Gwarko	Lalitpur	Gwarko, Harati Bhawan, Lalitpur-17	01-5202458
12	Hariharpurgadi	Sindhuli	Hariharpurgadi Rm-1, Sindhuli	01- 6201846,
13	Hetauda	Makawanpur	Parijat Path, Hetauda-4, Makawanpur	057-527306
14	Jyamire	Chitwan	Kharehani-1, Chitwan	
15	Kalanki	Kathmandu	Ganesh Man Singh Marg (Near Kalanki)	01-5235234
16	Kamaladi	Kathmandu	Kamaladi, Kathmandu-28	01-4169071
17	Kapan	Kathmandu	Saraswatinagar 6, Kapan Marg,	01-4822811/812,
18	Kirtipur	Kathmandu	Naya Bazar 17, Kirtipur, Kathmandu	01-4335453/
19	Koteshwor	Kathmandu	Koteshwor, Kathmandu-32	01-4601501/10/23
20	Kuleshwor	Kathmandu	Agni Complex 14 Kathmandu	01-4671214/15
21	Kumaripati	Lalitpur	Lalitpur-20, Kumaripati, Lalitpur	01-5551040/50,
22	Kupondole	Lalitpur	Lalitpur-10, Kupondole, Lalitpur	01-5010687
23	Lambagar	Kathmandu	Lambagar, Tarkeshwor Municipality-8	01-4025828/30/55
24	Mahaboudha	Kathmandu	Wotu Gali-7, Kathmandu	01-4158536/37/38/39
25	Maitidevi	Kathmandu	Setopul, Maitidevi, Kathmandu-30	01-4523537
26	Manahari	Makawanpur	Manahari, Makawanpur	057-414118
27	Mangalpur	Chitwan	Bharatpur-15, Mangalpur, Chitwan	056-591822
28	Narayangadh	Chitwan	Lions Chowk, Bharatpur, Chitwan-3	056-598648
29	Narayan Gopal Chowk	Kathmandu	Narayan Gopal Chowk, Maharajgunj	01-4017591
30	Naya Baneshwor	Kathmandu	Naya Baneshwor-10, Kathmandu	01-4793299
31	Nayabazar	Kathmandu	V.s. Complex, Sohrakhutte, Nayabazar, Kathmandu-16	01-4388601/07
32	New Road	Kathmandu	Park Plaza Building, Khichapokhari, Newroad-22	01-4223979

33	Samakhushi	Kathmandu	Samakhusi, Kathmandu-26	01-4356557
34	Sinamangal	Kathmandu	Sinamangal-9, Kathmandu	01-4596021
35	Sindhuli	Sindhuli	Kamalamai-6, Sindhuli	047-520262
36	Sunapati	Ramechhap	Sunapati Rm-3, Ramechhap	9854028138
37	Tandi	Chitwan	Jyoti Hall Road, Bakular Tandi	056-593286/87/89
38	Temaal	Kavre	Temaal-5, Kavre	016-201926
39	Thahiti	Kathmandu	Thahiti Chowk, Thahiti-17, Kathmandu	01-5904993/92
40	Thankot	Kathmandu	Chandragiri-7, Kathmandu	01-4313036
41	Thapathali	Kathmandu	Thapathali, Kathmandu-11	01-4100578
42	Thimi	Bhaktapur	Madhyapur Thimi-6, Bhaktapur	01-6636534/ 535
43	Tokha	Kathmandu	Tokha-3, Kathmandu	01-5110429 /31/32

Gandaki Province

S.n.	Branch Name	District	Address	Phone No.
1	Amarapuri	Nawalparasi East	Amarapuri, Nawalparasi	078-417206
2	Arunkhola	Nawalparasi East	Madhyabindu-10, Arunkhola, Nawalparasi East	078-555317
3	Baglung	Baglung	Bal Mandir Road, Baglung-2	068-522992/93/94
4	Beni	Myagdi	New Road, Beni Bazar-7, Myagdi	069-521019
5	Bhotewodar	Lamjung	Bhotewodar, Lamjung	066-400151/52
6	Dharapani	Nawalparasi East	Dharapani, Nawalparasi	9860059255
7	Kawasoti	Nawalparasi East	Kawasoti-2, Kawasoti, Nawalparasi East	078-540312
8	Kolhuwa	Nawalparasi East	Devchuli-11, Dharapani, Nawalparasi East	078-401055/56
9	New Road Pokhara	Kaski	New Road, Pokhara-9, Kaski	061-527083
10	Pokhara (Hospital Chowk)	Kaski	Pokhara, Hospital Chowk	061-533118
11	Simalchaur	Kaski	Pokhara-8, Kaski	061-522271
12	Chame	Manang	Chame-5, Manang	066-440189/86

Lumbini Province

S.n.	Branch Name	District	Address	Phone No.
1	Amuwa	Rupandehi	Siyari-7, Amuwa, Rupandehi	071-501084
2	Badhaiyataal	Bardiya	Mainapokhari-6, Bardiya	84-401083/84/85
3	Banglachuli	Dang	Dang, Banglachuli -8, Kamirechaur	9849035264
4	Bansgadi	Rupandehi	Sainamaina-8, Bansgadhi, Rupandehi	071-505288
5	Bardaghat	Nawalparasi	Bardaghat-4, Nawalparasi	078-590025
6	Belatari	Nawalparasi West	Pratappur-9, Belatari, Nawalparasi West	078-419091
7	Belbas	Rupandehi	Butwal-13, Belbas, Rupandehi	071-445063
8	Bhairahawa	Rupandehi	Bhairahawa, Rupandehi	071-572004
9	Bhaluhi	Rupandehi	Devdaha-10, Bhaluhi, Rupandehi	071-403008
10	Bhumahi	Nawalparasi	Bhumahi, Nawalparasi	078-415368
11	Bhume	East Rukum	Bhume-2, Khabang Bazar, East Rukum	9801029523
12	Bhutaha	Nawalparasi West	Bardaghat-9, Bhutaha, Nawalparasi West	078-412056
13	Butwal	Rupandehi	Amarpath Line-Butwal	071-531279
14	Chapiya	Rupandehi	Siyari-4, Chhapiya, Rupandehi	071-413105
15	Chhahara	Palpa	Chhahara-1, Palpa	01-6200343
16	Drivertole	Rupandehi	Tilottama-4, Drivertorle, Rupandehi	071-414490
17	Ghorahi	Dang	New Road-11, Ghorahi, Dang	082-563307/08/09
18	Gopigunj	Nawalparasi West	Pratappur-2, Gopijung, Nawalparasi West	9841242383
19	Hospitalline	Rupandehi	Butwal-6, Hospitalline, Rupandehi	071-545205
20	Imiliya	Kapilvastu	Buddhabhumi-9, Imiliya, Kapilvastu	076-412087
21	Jhimrukh	Pyuthan	Jhimrukh-7, Pyuthan	016201843
22	Jimirebhar	Nawalparasi	Buddhabhumi-9, Imiliya, Kapilvastu	078-590025
23	Jitpur	Kapilvastu	Jitpur, Kapilvastu	076-550465
24	Kalikanagar	Rupandehi	Butwal-11, Kalikanagar, Rupandehi	071-415679
25	Kohalpur	Banke	Banke, Kohalpur Municipality Ward No. 11	081-542190
26	Kopawa	Kapilvastu	Banganga-5, Kopawa, Kapilvastu	076-693848
27	Kotihawa	Rupandehi	Tilottama-15, Kotihawa, Rupandehi	071-514182
28	Lamahi	Dang	Lamahi-5, Bazartole, Dang	082-590017
28	Maheshpur	Nawalparasi West	Palhinnadan -1, Mahespur, Nawalparasi	9857012143
30	Manigram	Rupandehi	Tilottama -5, Manigram, Rupandehi	071-561417
31	Manpakadi	Rupandehi	Suddhodhan -5, Manpakadi, Rupandehi	071-440454
32	Murgiya	Rupandehi	Sainamaina-4, Murgiya, Rupandehi	071-440454
33	Nepalgunj	Banke	Dhambouji Chowk, Nepalgunj-2 Banke	081-531771/72/73
34	Odari	Kapilvastu	Banganga -11, Odari, Kapilvastu	076-410072

35	Parasi	Nawalparasi West	Madhyabindu-3, Kolhuwa, Nawalparasi West	078-401055
36	Pipara	Kapilvastu	Banganga - 2, Pipara, Kapilvastu	076-550421
37	Prabhas	Palpa	Tansen-7, Prabhash, Palpa	075-411020
38	Ramapur	Rupandehi	Sainamaina - 6, Ramapur Colony, Rupandehi	071-505277
39	Ranibagiya	Rupandehi	Sainamaina-1, Ranibagiya, Rupandehi	071-405115
40	Sanoshree	Bardiya	Kushum Bazar, Sanoshree-03 Bardiya	084-440376/377
41	Sau. Pharsatikar	Rupandehi	Kushum Bazar, Sanoshree-03 Bardiya	071-400009
42	Semara	Rupandehi	Tilottama-7, Semara, Rupandehi	071-510099
43	Shitalnagar	Rupandehi	Devdaha-7, Shittalngar, Rupandehi	071-577910
44	Siddharthanagar	Rupandehi	Bank Road, Siddharthanagar, Bhairahawa	071-571163/64/65
45	Sukkhanagar	Rupandehi	Butwal - 8, Sukhkhhanagar, Rupandehi	071-541242
46	Sunawal	Nawalparasi West	Sunawal - 4, Sunawal, Nawalparasi West	078-570554
47	Tamnagar	Rupandehi	Butwal -12, Tamnagar, Rupandehi	075-411020
48	Tansen	Palpa	Tansen - 4, Silkhantole, Palpa	075-522404
49	Taulihawa	Kapilvastu	Kapilvastu -1, Taulihawa, Kapilvastu	076-560616
50	Tulsipur	Dang	Tulsipur, Dang	082-520109

Karnali Province

S.n.	Branch Name	District	Address	Phone
1	Dolpa	Dolpa	Dunai Bazar, Dolpa-3	087-550189/190
2	Gamgadi	Mugu	Gamgadi, Mugu	9858784800
3	Jajarkot	Jajarkot	Khalanga Bazar, Jajarkot	089-430175
4	Jumla	Jumla	Kheleunga Bazar-05, Jumla	087-520586/87,
5	Juphal	Dolpa	Juphal Thuli Bheri-7 Municipality, Dolpa	9843613711
6	Namkha	Humla	Humla, Namkha Rm Ward No 1	9858039608
7	Sarkegad	Humla	Sarkegad, Humla	9848066531
8	Simikot	Humla	Simikot-2, Mathilo Bazaar, Humla	087-680205/06
9	Surkhet	Surkhet	Jumla Road, Birendranagar -06, Surkhet	083-520835

Sudurpashchim Province

S.n.	Branch Name	District	Address	Phone No.
1	Attariya	Kailali	Godaveri-2, Mahendranagar Road, Kailali	9848630390
2	Bajhang	Bajhang	Chainpur -10, Bajhang	092-421377 / 78
3	Dhakari	Achham	Achham, Dhakari-3, Sainbazar	084-440376
4	Dhangadhi	Kailali	Main Road,Dhangadhi-4, Kailali	091-527486
5	Mahendranagar	Kanchanpur	Bheemdatta Municipality-4, Mahendranagar	099-520485/486
6	Mohanyal	Kailali	Kailali, Mohaniyal Rm Ward No 4	9848860294,
7	Sukkhad	Kailali	Sukkhad, Kailali	091-403130/31

7.2 ATM LOCATIONS



Location Inside Valley

Citizens ATM Terminal	Location
CTZN Kamaladi ATM-2	Pragya Pratisthan, Kamaladi
CTZN Bhatbhateni ATM	Bishalnagar, Bhatbhateni Supermarket
CTZN Narayanhiti ATM-1	Narayanhiti Path
CTZN Narayanhiti ATM-2	Narayanhiti Path
CTZN Himal Hospital ATM	Thirbom Sadak, Chardobato, Naxal, Kathmandu
CTZN Boudha ATM	Jorpati -3 Boudha
CTZN Newroad ATM	Park Plaza, Khichapokhari
CTZN Kumaripati ATM	Kumaripati
CTZN Gems ATM	Gems School, Dhapakhel
CTZN Koteshwar ATM	Koteshwor, Kathmandu
CTZN Kalanki ATM	Ganeshman Singh Marga, Kalanki
CTZN Thahiti ATM	Thahiti Chowk
CTZN Nayabazar ATM	V.S. Complex, Sohrakhutte
CTZN Maitidevi ATM	Setopul, Maitidevi
CTZN Global College Of Management ATM	Global College, Mid-Baneshwor
CTZN Kirtipur ATM	Panga Dobato, Nayabazaar, Kirtipur
CTZN Maharajgunj ATM	Narayangopal Chowk
CTZN Kapan ATM	Saraswatinagar, Kapan Marg
CTZN Thimi ATM	Madhyapur, Thimi
CTZN Bhaktapur ATM	Durbar Square Area Khauma, Bhaktapur
CTZN Sallaghari ATM	Sallaghari, Army School, Bhaktapur
CTZN Patan ATM	Patan Dhoka
CTZN Kupondole ATM	Kupondole
CTZN Samakhusi ATM	Samakhusi
CTZN Thapathali ATM	Thapathali
CTZN Dillibazar ATM	Batuleghar, Dillibazar
CTZN Mahaboudha ATM	Wotu, Mahaboudha, Kathmandu
CTZN Kuleshwor ATM	Kuleshwor
CTZN Star Hospital ATM	Star Hopital, Sanepa, Lalitpur
CTZN New Baneshwor ATM	Naya Baneshwor, Way To Sankhamul
CTZN V.S. Niketan ATM	Naya Baneshwor
CTZN Chabahil ATM	Kumari Building, Chabahil
CTZN Bhaisepati ATM	Bhaisipati, Kathmandu
CTZN Gwarko ATM	Gwarko, Lalitpur

CTZN Kist Medical College ATM	Kist Medical College, Imadol Marg, Gwarko, Lalitpur
CTZN Tokha ATM	Tokha Gate, Tokha, Kathmandu
CTZN Thankot ATM	Thankot, Kathmandu
CTZN Lambagar ATM	Tarkeshwor-08, Lambagar
CTZN Sinamangal ATM	Sinamangal
CTZN Kamaladi ATM-1	Kamaladi

Location Outside Valley

Citizens ATM Terminal	Location
CTZN Biratnagar ATM	Rangeli Road, Biratnagar
CTZN Birtamod ATM	Kakadvitta Road Anarmani VDC-3, Birtamod
CTZN Gaighat ATM	Gaighat, Udayapur
CTZN Gaighat ATM-2	Shree 18 No Bahini Army Adda, Bhulke, Gaighat
CTZN Itahari ATM	Dharan Road, Itahari, Sunsari
CTZN Dharan ATM	Putali Line, Dharan
CTZN Damak ATM	Thana Road, Damak
CTZN Haldibari ATM	Mangalbare Chowk, Haldibari, Jhapa
CTZN Kanchanbari ATM	Kanchanbari
CTZN Salakpur ATM	Salakpur
CTZN Biratnagar ATM-2	Sani Mandir Chowk
CTZN Pathari ATM	Pathari
CTZN Birgunj ATM	Adarsha Nagar Chowk, Birgunj
CTZN Pathalaiya	Pathalaiya, Bara
CTZN Janakpur ATM	Bhanuchowk, Janakpur
CTZN Kolhabi ATM	Kolhabi, Bara
CTZN Nijgadh ATM	Sahid Chowk
CTZN Bardibas ATM	Bardibas, Mahotari
CTZN Aaurahi ATM	Aurahi Bazar, Mahottari
CTZN Bidyapati ATM	Bidyapati Chowk
CTZN Jaleshwor ATM	Jaleshwor Chowk
CTZN Mahendranagar, Dhanusha ATM	Mahendranagar
CTZN Gaushala ATM	Gaushala
CTZN Lahan ATM	Lahan
CTZN Garuda ATM	Garuda Bajaar
CTZN Rajbiraj ATM	Gajendra Narayan Chowk
CTZN Bhardaha ATM	Bhardah

CTZN Kanchanrup ATM	Kanchanrup Bariyar
CTZN Phatepur ATM	Fattepur
CTZN Bodebarshain ATM	Bode Barsian
CTZN Pato ATM	Pato
CTZN Narayangadh ATM	Narayanghat, Chitwan
CTZN Charikot ATM	Beech Bazar, Charikot
CTZN Hetauda ATM	Parijat Path, Hetauda
CTZN Banepa ATM	Banepa, Kavre
CTZN Manahari ATM	Manahari Rural Municipality-7, Makwanpur
CTZN Tandi ATM	Jyoti Hall Road, Bakular Tandi
CTZN Devighat ATM	Devighat, Nuwakot
CTZN Pokhara ATM	New Road, Pokhara
CTZN Lakeside ATM	Lakeside, Pokhara
CTZN Beni ATM	New Road 1, Beni Bazar
CTZN Baglung ATM	Dhaulagiri Zonel Hospital Baglung
CTZN Simalchaur ATM	Simalchaur, Pokhara
CTZN Bhotewodar ATM	Bhotewodar, Dharapani
CTZN Hospital Chowk ATM	Hospital Chowk, Pokhara
CTZN Amarapuri ATM	16 No Chock
CTZN Kawasoti ATM	Nayabazar Chowk
CTZN Nepalgunj ATM	Dhambouji Chowk, Nepalgunj
CTZN Nepalgunj 2 ATM	Dhambouji Chowk, Nepalgunj
CTZN Butwal ATM	Palparoad
CTZN Ghorahi ATM	New Road -11, Ghorahi
CTZN Siddharthanagar ATM	Bank Road Siddharthanagar, Bhairahawa
CTZN Sanoshree ATM	Sanoshree-03 Kusumba Bazar
CTZN Chhahara ATM	Chhahara Bazaar, Chhahara, Palpa
CTZN Bhumahi ATM	Bhumahi Chowk, Sunwal, Bhumahi
CTZN Badhiyataal ATM	Badhaiyataal-06, Bardiya
CTZN Kohalpur ATM	Kohalpur-11, Banke
CTZN Jitpur ATM	Jeetput -4, Kapilvastu
CTZN Tulsipur ATM	Dang, Tulsipur
CTZN Kotihawa ATM	Kotihawa
CTZN Ramapur ATM	Ramapur Colony
CTZN Bhairahawa ATM	Narayansthan
CTZN Kalikanagar ATM	Kalikanagar
CTZN Shitalnagar ATM	Shitalnagar

CTZN Belbas ATM	Belbas Mainroad
CTZN Manigram ATM	Manigram
CTZN Taulihawa ATM	Gaudi Chowk, Taulihawa
CTZN Sunawal ATM	Sunwal Chauraha
CTZN Tansen ATM	Silkhan Tole
CTZN Hospitalline ATM	Hospital Line
CTZN Bardaghat ATM	Main Chowk
CTZN Lamahi ATM	Pco Road
CTZN Tirupati Mart, Sunawal ATM	Chauraha
CTZN Simikot ATM	Simkot-2, Mathilo Bazar, Humla
CTZN Surkhet ATM	Sunny Hall Line, Surkhet
CTZN Jumla ATM	Chandannath Vdc-07, Jumla
CTZN Jajarkot ATM	Khalangawa Bazar, Jajarkot
CTZN Gamgadhi ATM	Gamgadhi, Mugu
CTZN Dhangadhi ATM	Mainroad, Dhanghadi
CTZN Mahendrangar ATM	Bheemdatta Municipality 4, Mahendranagar
CTZN Bajhang ATM	Chainpur
CTZN Sukhad ATM	Bhajani Road, Sukhad
CTZN Attariya ATM	Attriya, Mahendranagar Road

7.3 REMITTANCE PARTNER NETWORKS

S. No.	International Business Partners	Business Country
1	Axis Bank Ltd, India	India
2	Doha Bank, Qatar	Qatar
3	Dollarco Exchange Company Limited, Kuwait	Kuwait
4	Redha Ai Ansari Exchange, UAE	UAE
5	Alfa Exchange, UAE	UAE
6	Al Ansari Exchange, UAE	UAE
7	Al Dahab Exchange, UAE	UAE
8	Al Ahalia Money Exchange Bureau, UAE	UAE
9	World Remit Limited, UK	Worldwide
10	Aussie Forex Pty Ltd, Australia	Australia
11	Aftab Currency Exnchange, UK	UK
12	Small World Financial Services, UK	Europe
13	Xpress Money Services, UK	Worldwide
14	Placid NK Corporations, USA	Malaysia & USA
15	Epay Global Ltd, China	Hong Kong & China
16	ATL Money Transfer (Agpaytech Ltd), UK	Europe
17	Lumbini Group Pte. Ltd, Australia	Australia
18	Royal Nepal Investment Group Pty Ltd (Nepal Money Express)	Australia
19	Subhida UK Ltd (IME London), UK	UK
20	Millennings Pte Ltd, Singapore	Singapore
21	Hamro Remit, Australia	Australia
22	UPT Money Transfer, Turkey	Turkey
23	Omnex Group (Uno Money Transfer), USA	USA

S.N	Local Partner
1	Ramro Remit Pvt. Ltd
2	Boom Remittance Pvt. Ltd.
3	Overseas Remit Pvt. Ltd.
4	IPAY Reliable Remittance P.Ltd
5	GME Remit Pvt. Ltd
6	Sewa Remit Pvt. Ltd
7	Samsara Money Transfer
8	Easy Link Remittance Co. Pvt Ltd
9	Nepal Remit Int. P. Ltd
10	JME Remit Co. P. Ltd
11	C.G Money Remit Pvt Ltd
12	Nepal Investment Bank Ltd
13	United Remit P. Ltd
14	C.G Finco P. Ltd
15	City Express Money Transfer
16	Batas Associates P. Ltd.
17	Prabhu Money Transfer
18	IME Limited
19	Panos Remit Pvt. Ltd.
20	Muktinath Bikas Bank Ltd.
21	Cash Way Money Transfer Pvt. Ltd.
22	BhatBhateni Money Transfer Pvt. Ltd.
23	Remit to Nepal Pvt. Ltd.
24	Lalit Money Transfer P Ltd
25	Max Money Transfer P Ltd
26	Esewa Money Transfer P Ltd

7.4 BRANCHLESS BANKING LOCATIONS (BLB)

S.N	Branch Name	BLB Located District	BLB Located VDC/Municipality	Location Name
1	Biratnagar Branch	Morang	Dhanapalthan Rural Municipality-11216-Morang	Katahari
2	Biratnagar Branch	Morang	Budhiganga Rural Municipality-11213-Morang	Tankisinwari
3	Biratnagar Branch	Morang	Katahari Rural Municipality-11215-Morang	Karsiya
4	Pokhara Branch	Kaski	Pokhara Metropolitian City-40504-Kaski	Armala
5	Nepalgunj Branch	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Bholagaudi
6	Nepalgunj Branch	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Maina Pokhar
7	Nepalgunj Branch	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Sitalbazar
8	Nepalgunj Branch	Banke	Badhaiyatal Rural Municipality-51208-Bardiya	Mahadevpuri
9	Narayanghat Branch	Chitwan	Bharatpur Metropolitian City-31304-Chitawan	Gunjanagar
10	Narayanghat Branch	Chitwan	Bharatpur Metropolitian City-31304-Chitawan	Meghauli
11	Kalanki Branch	Kathmandu	Nagarjun Municipality-30607-Kathmandu	Ramkot
12	Butwal Branch	Rupandehi	Sainamaina Municipality-50803-Rupandehi	Rani Bagiya
13	Butwal Branch	Rupandehi	Devdaha Municipality-50801-Rupandehi	Kerwani
14	Dhangadhi Branch	Kailali	Godawari Municipality-70803-Kailali	Godavari
15	Dhangadhi Branch	Kailali	Ghodaghodi Municipality-70805-Kailali	Pahalwanpur
16	Dhangadhi Branch	Kailali	Patam Municipality-70409-Baitadi	Khodpe
17	Nayabazar Branch	Kathmandu	Tarakeshwor Rural Municipality-30507-Nuwakot	Tinpiple
18	Nayabazar Branch	Kathmandu	Tarakeshwor Rural Municipality-30507-Nuwakot	Kavresthali
19	Birtamod Branch	Jhapa	Gauriganj Rural Municipality-11109-Jhapa	Gaurigunj
20	Birtamod Branch	Jhapa	Buddhashanti Rural Municipality-11102-Jhapa	Bahundagi
21	Birtamod Branch	Jhapa	Arjundhara Municipality-11103-Jhapa	Sanishchare
22	Birtamod Branch	Jhapa	Shivasatakshi Municipality-11105-Jhapa	Shivgunj
23	Ghorahi Branch	Dang	Tulsipur Sub-Metropolitian City-51003-Dang	Dudrash
24	Gaighat Branch	Udayapur	Chaudandigadhi Municipality-11402-Udayapur	Beltar
25	Gaighat Branch	Udayapur	Katari Municipality-11407-Udayapur	Katari
26	Kirtipur Branch	Kathmandu	Kirtipur Municipality-30609-Kathmandu	Machhegaun

S.N	Branch Name	BLB Located District	BLB Located VDC/Municipality	Location Name
27	Kirtipur Branch	Kathmandu	Kirtipur Municipality-30609-Kathmandu	Chalnakhel
28	Mahendranagar Branch	Kanchanpur	Beldandi Rural Municipality-70909-Kanchanpur	Beldandi
29	Mahendranagar Branch	Kanchanpur	Bhimdatta Municipality-70904-Kanchanpur	Dodhara
30	Mahendranagar Branch	Kanchanpur	Bhimdatta Municipality-70904-Kanchanpur	Bramhadev
31	Tokha Branch	Kathmandu	Tokha Municipality-30605-Kathmandu	Zhor
32	Pathlaiya Branch	Bara	Jitpur Simara Sub-Metropolitian City-20703-Bara	Piluwa
33	Charikot Branch	Dolkha	Baitedhar Rural Municipality-30104-Dolakha	Maina Pokhari
34	Charikot Branch	Dolkha	Baitedhar Rural Municipality-30104-Dolakha	Namdu
35	Charikot Branch	Dolkha	Bhimeshwor Municipality-30109-Dolakha	Boche
36	Charikot Branch	Dolkha	Tamakoshi Rural Municipality-30106-Dolakha	Sahare
37	Charikot Branch	Dolkha	Shailung Rural Municipality-30108-Dolakha	Sailung
38	Charikot Branch	Dolkha	Bhimeshwor Municipality-30109-Dolakha	Susma Chyamawoti
39	Charikot Branch	Dolkha	Shailung Rural Municipality-30108-Dolakha	Magadeurali
40	Dharan	Sunsari	Barahachhetra Municipality-11302-Sunsari	Chatara
41	Itahari Branch	Sunsari	Itahari Sub-Metropolitian City-11306-Sunsari	Khanar
42	Itahari Branch	Sunsari	Itahari Sub-Metropolitian City-11306-Sunsari	Tarhara
43	Bhaktapur Branch	Bhaktapur	Suryabinayak Municipality-30704-Bhaktapur	Sipadol
44	Bhaktapur Branch	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Chhaling
45	Bhaktapur Branch	Bhaktapur	Banepa Municipality-30904-Kavrepalanchok	Sanga
46	Bhaktapur Branch	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Changu Narayan
47	Bhaktapur Branch	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Tathli
48	Bhaktapur Branch	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Nagarkot
49	Janakpur Branch	Mahottari	Matihani Municipality-20414-Mahottari	Matiyani
50	Janakpur Branch	Mahottari	Laxminiya Rural Municipality-20306-Dhanusa	Laxminiya Bazar
51	Kupondole Branch	Lalitpur	Godawari Municipality-30803-Lalitpur	Lele/Tika Bhairab
52	Kupondole Branch	Lalitpur	Mahalaxmi Municipality-30801-Lalitpur	Tika Thali
53	Kupondole Branch	Lalitpur	Lalitpur Metropolitian City-30802-Lalitpur	Dhapakhel
54	Surkhet Branch	Surkhet	Bheriganga Municipality-61005-Surkhet	Chinchu
55	Surkhet Branch	Surkhet	Gurbhakot Municipality-61004-Surkhet	Mehalkuna
56	Surkhet Branch	Surkhet	Panchapuri Municipality-61008-Surkhet	Babiyachaur
57	Gaushala Branch	Mahottari	Aurahi Rural Municipality-20216-Siraha	Aurahi
58	Gaushala Branch	Mahottari	Ram Gopalpur Municipality-20408-Mahottari	Ramgopalpur
59	Baglung Branch	Baglung	Galkot Municipality-41108-Baglung	Hatiya
60	Baglung Branch	Baglung	Kathekhola Rural Municipality-41102-Baglung	Kanthekhola
61	Dolpa	Dolpa	Thulibheri Municipality-60106-Dolpa	Juphal

S.N	Branch Name	BLB Located District	BLB Located VDC/Municipality	Location Name
62	Samakhusi	Nuwakot	Kakani Rural Municipality-30512-Nuwakot	Okharpauwa
63	Samakhusi	Nuwakot	Kakani Rural Municipality-30512-Nuwakot	Kakani
64	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Battar
65	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Charghare
66	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Chaughada
67	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Gerkhu
68	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Samundratar
69	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Sundaradevi
70	Samakhusi	Nuwakot	Kispang Rural Municipality-30505-Nuwakot	Fikuri
71	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Tupche
72	Samakhusi	Nuwakot	Tarakeshwor Rural Municipality-30507-Nuwakot	Gorshyang
73	Samakhusi	Nuwakot	Myagang Rural Municipality-30506-Nuwakot	Deurali
74	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Bidur
75	Samakhusi	Nuwakot	Kispang Rural Municipality-30505-Nuwakot	Mankamana
76	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Khadgabhanjyang
77	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Duipipal
78	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Thanapati
79	Samakhusi	Nuwakot	Suryagadhi Rural Municipality-30503-Nuwakot	Ganesthan
80	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Thansing
81	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Balkumari
82	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Kharanitar
83	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Khanigaun
84	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Ralukadevi
85	Samakhusi	Nuwakot	Suryagadhi Rural Municipality-30503-Nuwakot	Bageshwori
86	Samakhusi	Nuwakot	Tarakeshwor Municipality-30606-Kathmandu	Budhasing
87	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Rautbesi
88	Samakhusi	Nuwakot	Panchakanya Rural Municipality-30510-Nuwakot	Thaprek
89	Samakhusi	Nuwakot	Shivapuri Rural Municipality-30511-Nuwakot	Sunkhani
90	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Belkot
91	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Jiling
92	Samakhusi	Nuwakot	Tarakeshwor Municipality-30606-Kathmandu	Taruka
93	Samakhusi	Nuwakot	Panchakanya Rural Municipality-30510-Nuwakot	Kabilash
94	Bhaisepati	Lalitpur	Lalitpur Metropolitian City-30802-Lalitpur	Khokana
95	Nepalgunj Branch	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Jamuni
96	Itahari Branch	Sunsari	Inaruwa Municipality-11309-Sunsari	Laukahi

S.N	Branch Name	BLB Located District	BLB Located VDC/Municipality	Location Name
97	Ghorahi Branch	Dang	Gadhawa Rural Municipality-51009-Dang	Gadhawa
98	Samakhusi	Rasuwa	Uttargaya Rural Municipality-30303-Rasuwa	Laharepouwa
99	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Narjamandap
100	Beni Branch	Myagdi	Dhawalagiri Rural Municipality-40403-Myagdi	Takam
101	Kolhabi	Rautahat	Phatuwa Bijayapur Municipality-20603-Rautahat	Bijaypur
102	Banepa	Sindhuli	Sunkoshi Rural Municipality-31106-Sindhuli	Khalte
103	Bhojpur	Bhojpur	Bhojpur Municipality-10604-Bhojpur	Helaucha
104	Kolhabi	Rautahat	Phatuwa Bijayapur Municipality-20603-Rautahat	Santapur Do.
105	Kirtipur	Lalitpur	Kirtipur Municipality-30609-Kathmandu	Chovar
106	Mangseybung	Illam	Mangsebung Rural Municipality-11006-Ilam	Panchami Bazzar
107	Jajarkot	Jajarkot	Nalagad Municipality-60707-Jajarkot	Kalimati Bazzar
108	Surkhet	Surkhet	Barahatal Rural Municipality-61007-Surkhet	Taranga
109	Gaighat	Gaighat	Triyuga Municipality-11403-Udayapur	Lalpatta
110	Mangseybung	Illam	Mangsebung Rural Municipality-11006-Ilam	Bhalutar Bazzar

7.5 CORRESPONDENT BANKS

Foreign Banks

Bank Name	Address	Account No.	Swift Code
Standard Chartered Bank	Kolkata 19, NS Road G/F Kolkata, West Bengal, India	222-05350212	SCBLINBBXXX
HDFC Bank	Senapati Bapat Marg Mumbai, India	006-00390000544	HDFCINBBXXX
Standard Chartered Bank	1095, 6th Avenue #37 New York, NY 10036, USA	3582-021189-001	SCBLUS33XXX
Mashreq Bank	255, 5th Avenue New York, NY 10016, USA	70008505	MSHQUS33XXX
KB Kookmin Bank	#9-1 Namdaemunro 2-Ga, Jung-Gu Seoul, South Korea	8258USD010	CZNBKRSEXXX
Standard Chartered Bank	London EC2V 7SB London, United Kingdom	0001255115201	SCBLGB2LXXX
Standard Chartered Bank	B0486 Frankfurt am Main Germany	50006503	SCBLDEFXXX
Standard Chartered Bank	Plot#1 Shahajalal Ave Dhaka 1230, Bangladesh	15 1111678 01	SCBLBDDXXX
Standard Chartered Bank	2 Chome-11-1 Nagatacho, Chiyoda Tokyo 100-0014, Japan	23760321110	SCBLJPJTXXX
State Bank Of India	Australia Square, Level 31, Suite 02 264, George Street, Sydney NSW 2000	30113019220001.00	SBINAU2XXX
Axis Bank India	Axis House, Corporate Office 8 Floor, C-2 Wadia International Centre, P.B Marg, Worli, Mumbai, India	918020048434038	AXISINBBFIC
Doha Bank India	Sakhar Bhavan, Ground Floor, Plot No 230, Block No 3, Backbay Reclamation, Nariman Point, Mumbai, India	0602300010000295	DOHBINBB
Mashreq Bank	Mashreq Bank Headquarters , Plot No. 345, Umniyati Street (O Al Asayel Street) Burj Khalifa Community Po Box 1250, Dubai, UAE	019030000543	BOMLAEADFTC
Aktif Yatırım Bankası A.ş.	Büyükdere Caddesi No: 163 Zincirlikuyu Şişli 34394 Istanbul . 0212 340 80 00 F. 0212 340 88 79	9566718	CAYTTRISXX

Local Banks

Bank Name	Address	Account No.	Swift Code
Machhapuchre Bank	Lazimpat, Kathmandu	160 15240 399780 43	MBLNNPKA
Nepal Investment Bank	Durbarmarg,Kathmandu	00101010058663	NIBLNPKT
Nepal Investment Bank	Durbarmarg,Kathmandu	00101010285513	NIBLNPKT
Nepal Investment Bank	Durbarmarg,Kathmandu	01201020258180	NIBLNPKT
Sunrise Bank	Gairidhara,Kathmandu	00101010285513	SRBLNPKA
Sunrise Bank	Gairidhara,Kathmandu	00101010285506	SRBLNPKA
Sunrise Bank	Gairidhara,Kathmandu	00210283686013	SRBLNPKA
NCC Bank	Bagbazar,Kathmandu	003000215791C	NBOCNPKA
Global IME Bank	Kantipath,Kathmandu	0101010005272	GLBBNPKA
Kumari Bank	Putalisadak, Kathmandu	0141524030680017	KMBLNPKA
Himalayan Bank	Kamaladi,Kathmandu	001 0154689 0032	HIMANPKA
Everest Bank	New Baneshwor,Kathmandu	00100105001270	EVBLNPKA
Nabil Bank	Durbarmarg,Kathmandu	1701017500202	NARBNPKA
Siddhartha Bank	Hattisar,Kathmandu	115490432	SIDDNPKA
Siddhartha Bank	Hattisar,Kathmandu	115490446	SIDDNPKA
Nepal Investment Bank	Janakpur	01401040253543	NIBLNPKT
Rastriya Banijya Bank Ltd.	Jaleswor	127000239701	RBBANPKA
Bank of Kathmandu Ltd.	Butwal	010300001484524	BOKLNPKA
Century Commercial Bank Ltd.	Narayangarh	0040000294CA	CCBNNPKA
Century Commercial Bank Ltd.	Kolhuwa	0350000611CA	CCBNNPKA
Global Ime Bank Ltd.	Butwal	J301010000024	GLBBNPKA
Himalayan Bank Ltd.	Butwal	01701567520023	HIMANPKA
Kumari Bank Ltd.	Drivertole	0690033607700001	KMBLNPKA
Kumari Bank Ltd.	Kopawa	0950059297700001	KMBLNPKA
Laxmi Bank Ltd.	Butwal	02011000207	LXBLNPKA
Machhapuchre Bank Ltd.	Taulihawa	1260020034300021	MBLNNPKA
Nabil Bank Ltd.	Butwal	1001017500390	NARBNPKA
Nepal Investment Bank Ltd.	Butwal	00901030002375	NIBLNPKT
NMB Bank Ltd.	Imiliya	0440005271600062	NMBBNPKA
Prabhu Bank Ltd.	Arunkhola	0720066592100025	PRVUNPKA
Rastriya Banijaya Bank Ltd.	Butwal	312000251701	RBBANPKA
Sanima Bank Ltd.	Butwal	022010510000001	SNMANPKA
Siddhartha Bank Ltd.	Maheshpur	01215157820	SIDDNPKA

Bank Name	Address	Account No.	Swift Code
Everest Bank Ltd	Biratnagar	00800105200705	EVBLNPKA
Siddhartha Bank Ltd	Biratnagar	00315096593	SIDDNPKA
Prabhu Bank Ltd	Biratnagar	0060075175000051	PRVUNPKA
Nepal SBI Bank	Biratnagar	18525240200666	NSBINPKA

Citizens Bank International Limited
Narayanhiti Path, Kathmandu-44600
Tel: 01-4427842/43/24
Fax: 01-4427044

Support Center 01-5970068 or
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