Citizens Bank

INNOVATING TO DELIVER A NEW ERA OF SERVICE



ANNUAL REPORT 2021-2022



The Bank has been continuously delivering its service with excellence since last seventeen years with a clear strategy and priorities. The Bank's focus to instill good governance aligning with business needs of the customers has led to steady progress over the years. The Bank's continuous approach and innovation to deliver new era of service has led to diversify the business with a healthy growth in different parameters including business, experience, human capital, social and intellectual capital, reflecting a good momentum in business. The Bank aims to develop a digital banking platform to its customers transforming to a sustainable digital economy in the days ahead. The Bank looks forward to provide better service complying with regulatory obligations, managing risk and improving financial wellbeing of its customers and communities.

Citizens Bank

ABOUT THE REPORT

The Bank is proud to present an Integrated Annual Report for the fourth 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, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079) 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 2022 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 governance 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, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079).

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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Citizens
Bank
International Ltd.
YOURPARTNER FOR PROGRESS

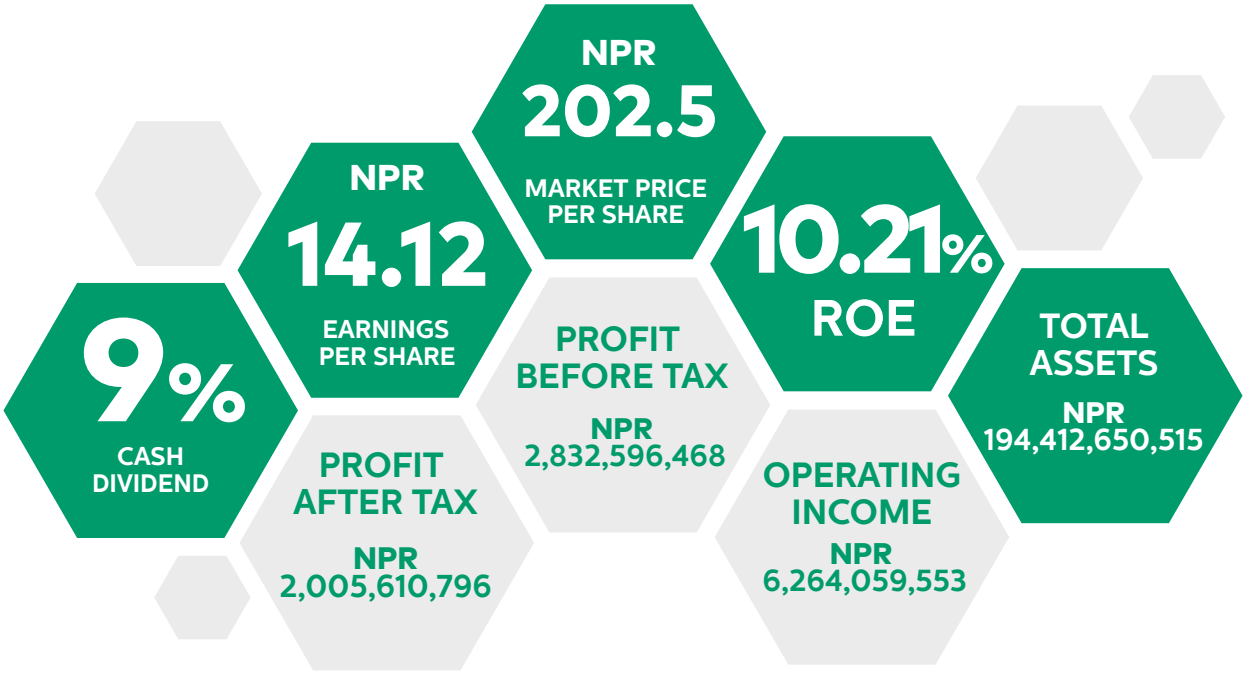
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ABOUT THE BANK

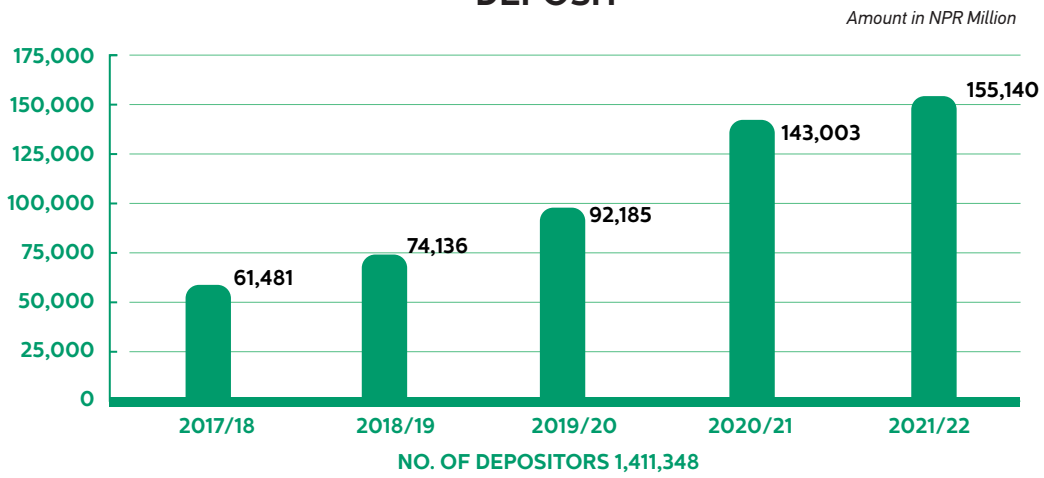
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CITIZENS BANK AT A GLANCE

FINANCIAL HIGHLIGHTS

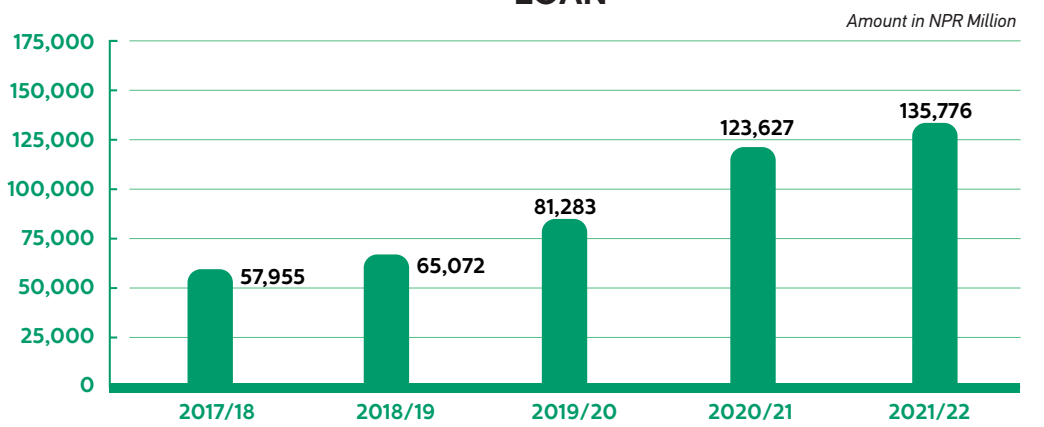


DEPOSIT

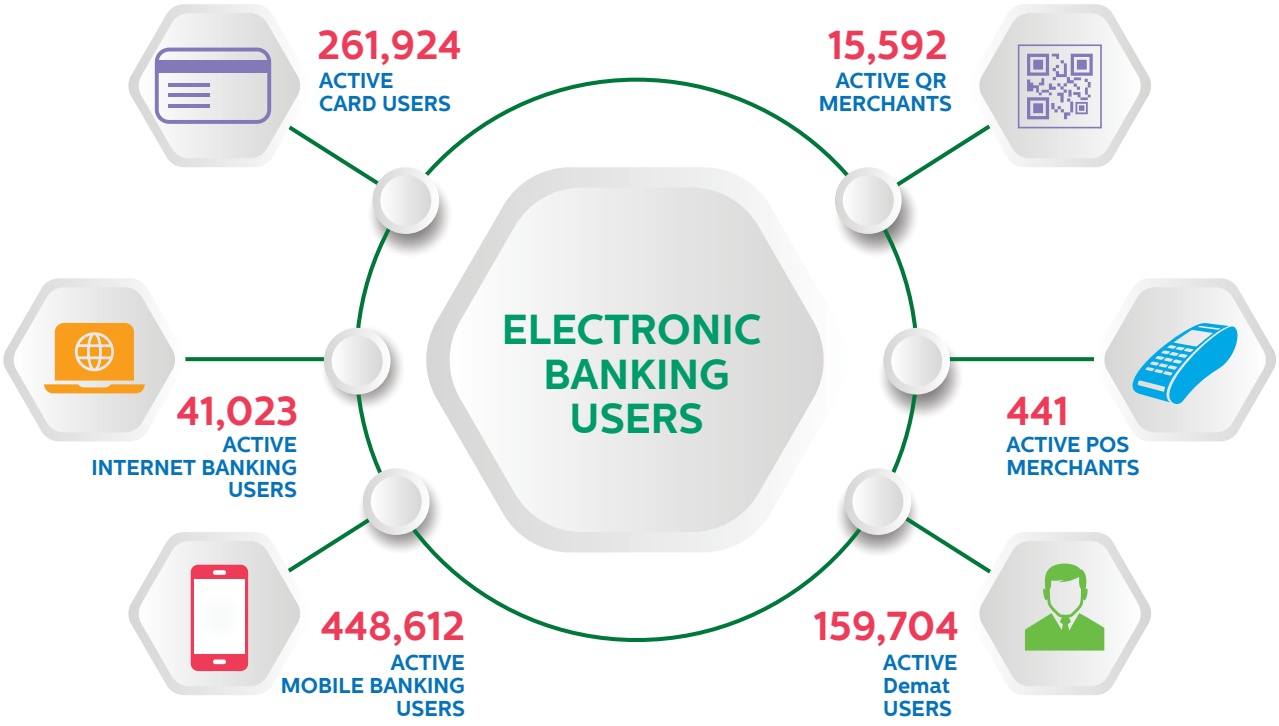


NO. OF DEPOSITORS 1,411,348

LOAN



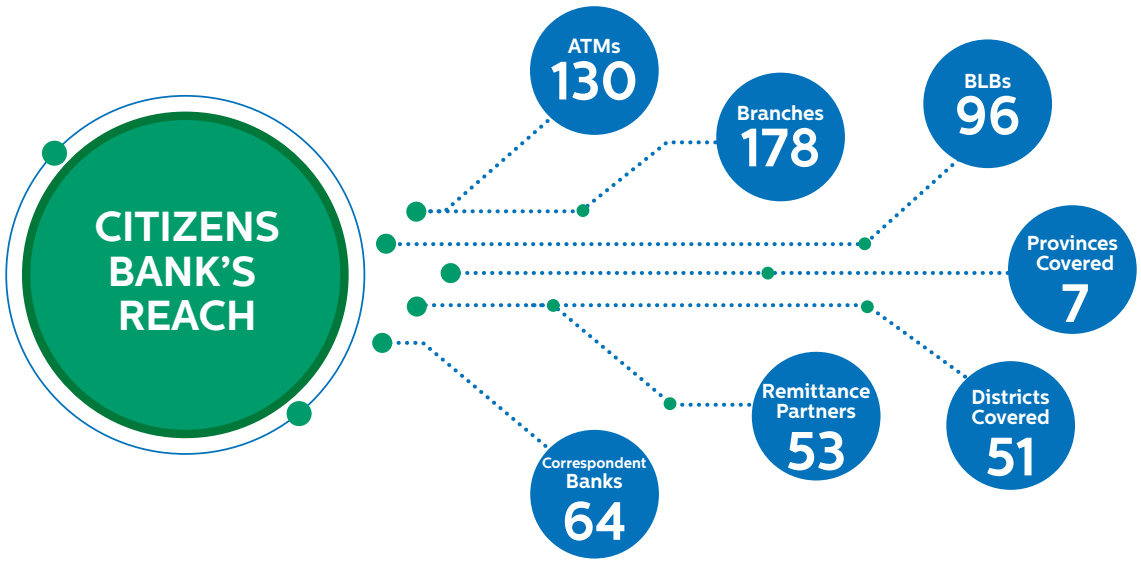
NO. OF BORROWERS 60,482



EMPLOYEE STRENGTH, TRAINING AND DEVELOPMENTS



No. of Trainings	211
No. of Attendees	1,641
Training Expenses	NPR 10,156,804



KEY RATIOS AND OTHER INFORMATION

PROFITABILITY/ DIVIDENDS/ PERFORMANCE AND LIQUIDITY RATIOS

	GROUP			BANK		
PARTICULARS	FY 2021/22	FY 2020/21	CHANGE %	FY 2021/22	FY 2020/21	CHANGE %
Net Interest Income Ratio (%)	31.39	33.83	-7.21%	31.27	33.68	-7.15%
Profit Before Tax (NPR)	2,858,396,617	2,674,199,075	6.89%	2,832,596,467	2,585,703,895	9.55%
PE Ratio (times)		-	-	14.34	22.24	64.17%
Capital Adequacy Ratio (%)				12.69	13.70	-9.51%
Return on Capital Employed (%)	9.94	9.86	0.86%	10.21	11.17	-8.59%
Debt Equity Ratio (times)				0.75	0.22	240.91%

BUSINESS RATIOS/ INFORMATION

	GROUP			BANK		
PARTICULARS	FY 2021/22	FY 2020/21	CHANGE %	FY 2021/22	FY 2020/21	CHANGE %
Statutory Liquidity Ratio (%)	-	-	-	18.01	22.17	-18.76%
Return on Average Assets (%)	1.04	1.34	-22.39%	1.11	1.29	-14.22%
Cost to Operating Income Ratio (%)	47.80	43.22	10.59%	47.93%	55.08%	-12.98%
Net Asset Value per Share (NPR)	142.96	151.58	-5.68%	143.72	150.18	-4.30%
Profit per Employee (NPR)	1,153,319	1,281,147	-9.98%	1,140,848	1,237,545	-7.81%
CRR (%)	-	-	-	3.29	3.71	-11.32%
Dividend Cover Ratio (times)	-	-	-	0.64	0.92	-30.43%
Non Performing Loan to Total Loan (%)	-	-	-	2.22	1.64	35.37%

DETAIL OF CREDIT CONCENTRATION

PRODUCT WISE

PRODUCT	AMOUNT IN NPR MILLION	PERCENTAGE
Term Loan	31,884	23.48%
Overdraft	19,289	14.21%
Trust Receipt Loan/ Import Loan	1,074	0.79%
Demand & Other Working Capital Loan	19,893	14.65%
Home Loan	9,021	6.64%
Real Estate Loan	4,864	3.58%
Margin Loan	4,075	3.00%
Hire Purchase Loan	5,471	4.03%
Deprived Sector Loan	15,102	11.12%
Bills Purchased	25	0.02%
Others	25,080	18.47%
TOTAL	**135,776**	**100.00%**

SECTOR/ INDUSTRY WISE

SECTOR/ INDUSTRY	AMOUNT IN NPR MILLION	PERCENTAGE
Agricultural & Forest Related	12,770	9.41%
Fishery	380	0.28%
Mining	1,226	0.90%
Agriculture, Forestry & Beverage Production Related	4,622	3.40%
Non Food Production Related	13,376	9.85%
Construction	7,001	5.16%
Power, Gas, Water	8,459	6.23%
Metal Products, Machinery & Electronic Equipment & Assemblage	714	0.53%

Transport, Communication and Public Utilities	2,495	1.84%
Wholesaler & Retailer	27,124	19.98%
Finance, Insurance & Real Estate	7,852	5.78%
Hotel or Restaurant	2,748	2.02%
Other Services	6,744	4.97%
Consumption Loans	34,129	25.14%
Local Government	-	0.00%
Others	6,135	4.52%
TOTAL	**135,776**	**100.00%**

DISCLOSURE OF NON PERFORMING ASSETS

MOVEMENT IN NON PERFORMING ASSETS

Amount in NPR

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR	CHANGE %
Rescheduled/ Restructured	499114	293,250	-41%
Sub Standard	686,410,744	1,671,232,196	143%
Doubtful	284,614,008	316,052,880	11%
Loss	1,052,545,777	1,024,748,161	-3%
TOTAL	**2,024,069,643**	**3,012,326,487**	**49%**

MOVEMENT OF PROVISION MADE AGAINST LOANS

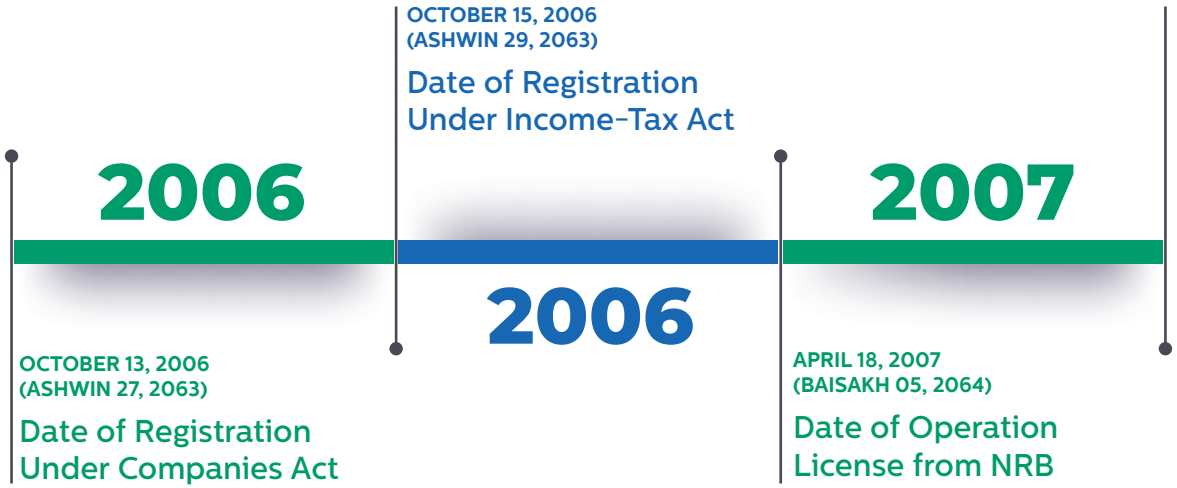
Amount in NPR

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR	ADDITIONAL PROVISION IN CURRENT YEAR	CHANGE %
Pass Loan	1,466,293,197	1,457,218,149	(9,075,048)	-0.62%
Watchlist	219,058,094	584,102,042	365,043,948	166.64%
Rescheduled/ Restructured	62,389	36,656	(25,733)	-41.25%
Sub Standard	151,295,537	394,942,297	243,646,760	161.04%
Doubtful	125,371,873	133,149,039	7,777,166	6.20%
Loss	1,042,382,114	987,435,471	(54,946,643)	-5.27%
Additional	-	-	-	-
TOTAL	**3,004,463,204**	**3,556,883,655**	**552,420,451**	**18.39%**

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 1758 staffs including 1599 permanent staffs and 159 staffs on a contract basis working with various Departments and Branches across the country.

The Bank's milestone dates are as follows:



The shareholding pattern of the Bank is as follows:



OWNERSHIP STRUCTURE

Foreign ownership: NIL || Local ownership: 100%

Local Ownership:
General Public: 48.92% || Promoters: 51.08%

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 strives 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.

OBJECTIVE 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.

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.



The Bank follows four fold of applying its core values as follows:

CORE VALUES



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 the required 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

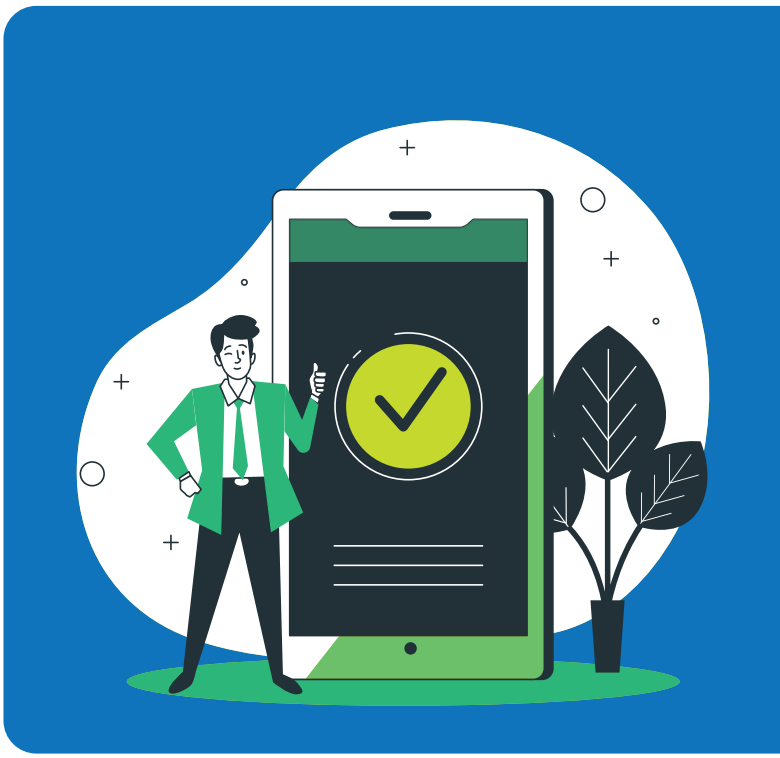
- Always keep the client's interest first
- Work with colleagues to deliver the best of the Bank to every client
- Listen to what the client is saying and their needs

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



CITIZENS BANK'S JOURNEY

2006/07
- Incorporation and commencement of operation
- Introduction of SMEs Lending

2007/08
- Branches set up inside and outside valley
- Initiated ABBS facilities and Internet Banking
- Agreement pact signed for remittance service
- Introduced SCT Debit Card facility

2008/09
- Issuance of Initial Public Offerings
- Enlistment of shares in NEPSE
- Started paying out dividend for the first time

2009/10
- Lead first consortium financing
- Profit after tax increased by 102.02%
- Mr. Rajan Singh Bhandari, then CEO, awarded with Manager of the year, 2009 by Management Association of Nepal (MAN)

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
- Stared 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

2014/15
- Step towards expansion; Acquisition of two 'C' class Finance companies
- Staff strength surpassed 500 numbers
- Setup 50th branch at Mahaboudha, Kathmandu
- Introduced Share DeMAT facility

2015/16
- Introduced Credit Card Facility
- Bancassurance agreement signed with Life Insurance Corporation Nepal Ltd.
- Investment made in Subsidiary Company CBIL Capital Ltd.

2016/17

- Awarded as the 'Best Bank in Public Sector' by Asia Banking, Financial Services & Insurance Excellence Awards, 2016
- Mr. Rajan Singh Bhandari, then CEO, awarded with 'CEO of the Year' by Asia Banking, Financial Services & Insurance Excellence Awards, 2016
- Introduced EMV based Card

2017/18

- Started Mero Share Services
- Launched Point of Sale (PoS) Service
- Launched C-ASBA Service

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
- Collaborated with Mastercard to provide ease access to national and international Master card users targeting Visit Nepal, 2020
- Issued 10.25% Citizens Bank Bond, 2086 worth NPR 2.5 Billion
- Launched Citizens Samrakshit Bachat and Citizens Talab Bachat Khata
- Acquired ersetwhile Sahayogi Vikas Bank Ltd. and commenced Joint transaction

2020/21

- 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

2021/22

- Launched omnichannel digital banking platform to allow its clients to get digital banking services both via MoBanking and web-portal
- Introduced privilege counters at 6 branches to provide specialized services to its high valued customers
- Began cardless withdrawal service for customers to withdraw cash from ATM terminals using bank's MoBanking service
- Inaugurated Customer Support Center with an attempt for quick hearing of customer complaints
- Launched E-KYC service where customers no longer need to visit the branch for KYC up-gradation
- Launched mobile application based remittance service
- Revamps Bank's website with number of online application features where customers can easily start and halt number of services without visiting the branch
- Brought KIOSK into operation
- Launched E-Cash (withdraw cash from counter without cheque) and E-voucher (paperless voucher) systems
- Started Card Personalization Service (self card printing)

FINANCIAL HIGHLIGHTS OF FY 2021/22

PARTICULAR	INDICATORS	2021/22	2020/21	CHANGE (%)
OPERATING RESULTS				
Net Fee and Commission Income	NPR Million	869.07	752.01	15.57%
Net Interest Income	NPR Million	4,993.49	3,650.40	36.79%
Other Operating Income	NPR Million	177.23	153.11	15.75%
Profit Before Taxation (PBT)	NPR Million	2,832.60	2,585.70	9.55%
Profit After Taxation (PAT)	NPR Million	2,005.61	1,804.34	11.15%
FINANCIAL POSITION				
Loans and Advances to Customer	NPR Million	131,344.33	118,912.04	10.46%
Loans and Advances to B/FIs	NPR Million	3,299.92	3,247.17	1.62%
Deposits from Customers	NPR Million	152,801.49	140,638.41	8.65%
Due to Bank and Financial Institutions	NPR Million	4,063.05	2,765.00	46.95%
Total Equity	NPR Million	20,409.29	18,888.02	8.05%
SHARE INFORMATION				
Market Price per Share	NPR	202.50	386.00	-47.54%
Earning per Share (EPS)	NPR	14.12	17.35	-18.60%
Book Net Worth per Share	NPR	143.72	150.18	-4.30%
Earnings Yield	Percent	6.97	5.76	21.01%
Dividend Yield	Percent	4.44	4.15	7.10%
Dividend Payout Ratio	Percent	0.64	0.92	-30.89%
Dividend (Including bonus) on Share Capital	Percent	9.00	16.00	-43.75%
Cash Dividend on Share Capital	Percent	9.00	3.09	191.55%
Total Assets to Shareholder's Fund	Times	9.53	8.91	6.94%
Shareholder's Fund to Total Liability including Contingent Liability	Percent	7.21	7.45	-3.22%
STATUTORY RATIOS				
Adequacy of Capital Fund on Risk Weighted Assets	Percent	12.69	13.70	-7.37%
Core Capital	Percent	10.45	11.02	-5.17%
Supplementary Capital	Percent	2.24	2.68	-16.42%
Price Earning Ratio	Times	14.34	22.24	-35.54%
CD Ratio as per NRB Directives	Percent	85.20	77.42	10.05%
OTHER RATIOS				
Return on Assets (ROA)	Percent	1.11	1.29	-13.95%
Return on Equity (ROE)	Percent	10.21	11.17	-8.59%
Cost to Operating Ratio	Percent	47.93	55.08	-12.98%
Non-Performing Loan/ Total Loans (As per NRB Directive)	Percent	2.22	1.64	35.37%
Weighted Average Interest Rate Spread (As per NRB Directive)	Percent	4.25	3.59	18.38%

NON FINANCIAL HIGHLIGHTS OF FY 2021/22

PARTICULAR	INDICATORS	2021/22	2020/21
INTELLECTUAL CAPITAL			
Issuer Rating	ICRA Rating	[ICRANP-IR] BBB+	[ICRANP-IR] BBB+
Bond Rating	ICRA Rating	[ICRANP] LBBB+	[ICRANP] LBBB+
MANUFACTURED CAPITAL			
Total Branches	Number	178	189
No. of ATMs	Number	130	117
Investment in Property, Plant and Equipment	NPR Million	3,901.05	2,963.77
HUMAN CAPITAL			
Total No. of employees	Number	1,758	1,458
Employees Hired	Number	273	559
Training Programs carried out	Number	211	155
Investment in Training and Development Programs	NPR Million	10.15	2.50
Staff Remuneration and Benefits	NPR Million	1,785.43	1,229.75
Net Profit per Staff	NPR Million	1.14	1.24
Per Employee Staff Cost	NPR Million	1.01	0.84
SOCIAL AND RELATIONSHIP CAPITAL			
CSR Expense	NPR Million	9.13	17.43
Staff Volunteered hours	Hours	372	372

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.

ASSOCIATES:
The Bank holds 9.09% of share capital of Nepal Electronic Payment Systems Limited (NEPS) and 6.90% of share capital of Mero Microfinance Laghubitta Sanstha Ltd.

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

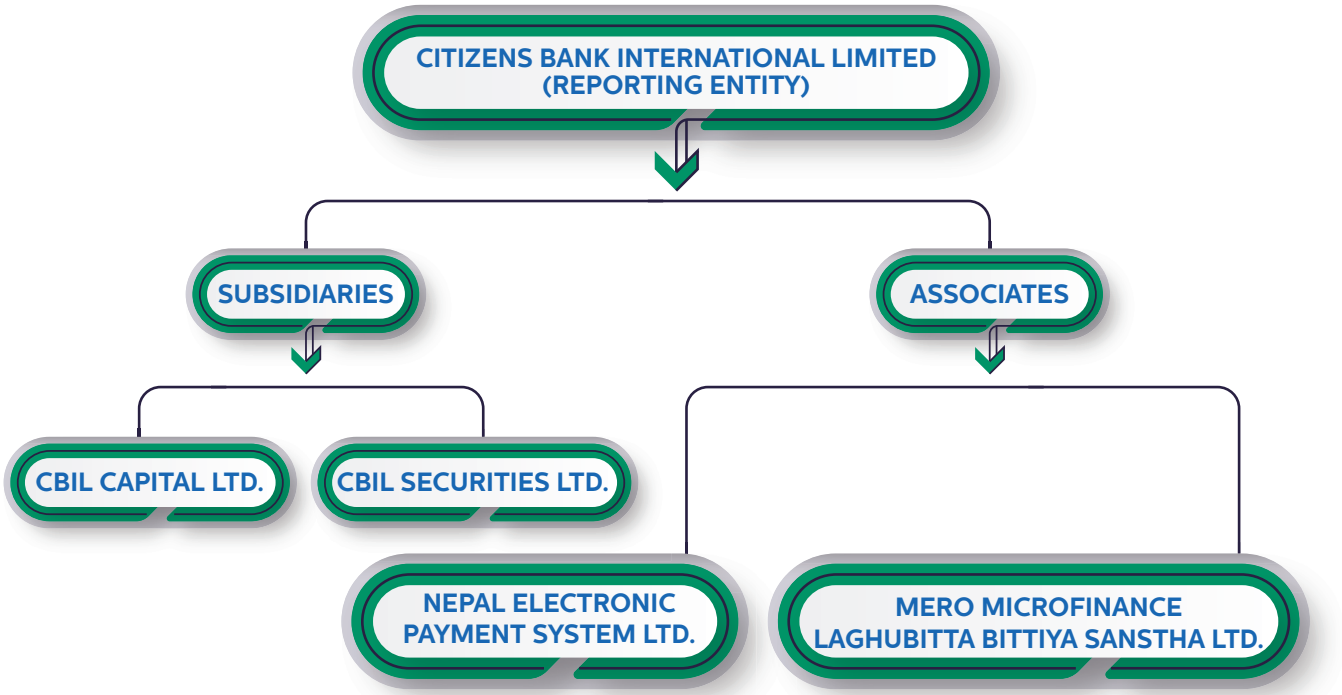
FUTHER ACQUISITION:
The Bank acquired 'Sahayogi Vikas Bank Limited' and started consolidated transacation from July 4, 2020.

FURTHER ACQUISITION:
The Bank acquired "Tinau Mission Development Bank Limited" & "Srijana Finance Limited" and started consolidated transactions from March 26, 2021 & July 10, 2021 respectively.



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 300,000.
  - 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 110,000 up to Feb 13, 2020 and thereafter NPR 90,750 per month with 10% increment in every 2 years.
- CBIL Capital holds deposit accounts with the Bank which has a balance of NPR 215,642,933 as on July 16, 2022.

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.
- CBIL Securities Limited holds deposit accounts with the Bank which has a balance of NPR 59,920,767 as on July 16, 2022.

ASSOCIATES

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.

B) Mero Microfinance Laghubitta Bittiya Sanstha Ltd.

Mero Microfinance Laghubitta Bittiya Sanstha Ltd is a "D" licensed national level financial institution from NRB.

Mr. Sumit Babu Khatri, senior DCEO and executive management team member of the Bank is also the Board Member in Mero Microfinance Laghubitta Bittiya Sanstha Ltd. As on date Bank holds 6.90% of total capital of Mero Microfinance Laghubitta Bittiya Sanstha Ltd.

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. 189 for detail of Related Parties.

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
27. Citizens Privilege Saving Account
28. Citizens International Remittance Saving Account
29. Remittance IPO Saving Account

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



DESCRIPTION OF SOME OF DEPOSIT PRODUCTS ARE BELOW:

1. Citizens Matribhumi Bachat Khata

The primary beneficiaries for Citizens Matribhumi Bachat are Nepalese Citizens residing in foreign countries. Those who are in the process of going abroad for foreign employment can also enjoy this deposit product subject to presentation of a valid Visa.

Features of the product:

- Online Account Opening Facility.
- Minimum Balance NPR 100.
- 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 primary beneficiaries for "Citizens Bidhyarthi Bachat" are Nepalese students with minimum age of 18 years and maximum age of 50 years having a valid student's identity card.

Features of the product:

- Minimum Balance NPR 100.
- 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 Sharedhani BachatKhata

The Bank offers Citizens "Sharedhani Bachat Khata" for the shareholders of the Bank with a minimum balance of NPR 100 only.

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 Mahila Bachat Khata

The Bank offers "Citizens Mahila Bachat Khata" for Nepalese woman with age above 16 years.

Features of the product:

- 50% discount on Locker Fee.
- Min Balance NPR 500.
- 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.

5. Citizens Muna Bachat Khata

Citizens Muna Bachat Khata is primarily for the minors (below the age of 16 years) facilitated by the guardians.

Features of the product:

- Minimum Balance NPR 100.
- 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.

6. Citizens Senior Citizens Savings

The Bank has offered Citizens Senior Citizens Savings account for the senior citizens for the age group equal to or above 55 years.

Features of the product:

- Interest rate 6.42% p.a.
- Quarterly Interest Payment.
- Personalized banking via citizens privilege Banking Facility.
- Free internet banking.
- 50% discount locker key deposit.
- Free debit card facility for 1st year.
- Free IPS (Fund Transfer Facility)*.
- Free issuance of balance certificate.
- Free issuance of cheque book.
- Free stop payment facility.
- Free ABBS (Any Branch Banking Service).
- Better rate in FCY exchange.

**For first year only.*

7. Citizens Recurring Deposit

The Bank offers Citizens Recurring Deposit for Nepalese citizen. Minors can also enjoy the facility.

Features of the product:

- Loan facility up to 90% of the deposit amount.
- Interest is calculated on daily balances.
- Free Internet Banking (First year only).
- Interest Rate: 11.00% (Individual) and 9.00% (additional 0.50% for bidding).

8. Citizens Rastra Sewak Savings Account

Citizens Rastra sewak Saving is primarily for Officials of Nepal Government, Private Sector, Semi Government Bodies and Government owned Corporations / Associations / Enterprises and their immediate family members.

Features of the product:

- Minimum Balance: Zero.
- Free ABBS.
- 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.
- Payment of Interest –Quarterly Basis as per Nepalese Calendar.

9. Citizens Saral Bachat Khata

We have launched 'Citizens Saral Bachat khata', deposit product, in view of the recently launched Government campaign with slogan "Kholau 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.

Features of the product:

- Minimum balance: NPR 100 (As per the circular of Nepal Rastra Bank, NPR100 will be credited in each account from the Bank's side).
- Interest Rate – 6.42% p.a. calculated on daily balance, payable quarterly at each Nepali Calendar quarter end.
- Any Branch Banking Service (ABBS).
- Issuance of Visa Debit Card.
- Free Mobile Banking Facility (*first year only).
- De-Mat Account.
- C-ASBA service.
- Internet banking facility.
- Activation of 3-D secure for e-com transaction.
- Issuance of Cheque book.
- Other services provided by the Bank.
- Interest Rate: 6.42% p.a.

10. Citizens Bishesh Bachat Khata

The Bank has launched the deposit product "Citizen Bishesh Bachat Khata" which is suitable for every individual.

Features of the product:

- Minimum balance to open account will be NPR 100.
- Interest Rate – 6.42% p.a. calculated on daily balance, payable quarterly at each Nepali Calendar quarter end.
- Free 'Any Branch Banking Service' (ABBS).
- 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.

11. 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. Interest rate of 6.42% p.a. is provided under this scheme.

12. 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).

13. 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:

- Currency: USD, GBP, EURO and AUD.
- Interest rate p.a. – 8.25% p.a. in USD, 7.60% p.a. in AUD and 7.25% p.a. in GBP and 6.50% p.a. in EURO.
- Interest Payment Frequency: Quarterly (as per Nepalese Calendar).
- Tenor- minimum 1 year.
- 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 savings account where we are also offering 4.00% p.a.
- Free statement/interest credit advice will be sent by email on request.
- NRN ID is compulsory (For NRN).

14. Citizens Talab Bachat Khata

This saving product focused for working profession. This product shall be useful for the various corporate houses to manage the salary of their employees. Saving deposit is of top priority in the banking industry today and corporate/enterprises salary account shall be the major source to improve the savings deposit of the Bank.

Features of the product:

- Minimum Balance zero.
- Interest Rate- 8.42% p.a.
- 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 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 3,00,000.
- 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.
- 50% discount on issuance of Credit Card.
- Free Cash Withdrawal Facility from other Bank's ATM.
- Professional loan can be availed to maximum limit of NPR 1,500K for the maximum period of 5 years. Revolving OD of NPR 500K shall be within maximum limit of NPR 1,500K. Customers shall be provided with this loan facility as per the Bank's approved Product Paper.

**For first year only.*

15. Citizens Privilege Saving Account

Citizens Privilege Saving Account (CPSA) is a saving Deposit product targeted for Nepalese citizens of all age group.

Features of the product

- Interest Rate: 8.42% p.a.
- Minimum Balance: NPR 100,000.
- Free Any Branch Banking Service (ABBS).
- Free issuance of Visa Debit Card*.
- Free Mobile Banking*.
- Free De-Mat Account*.
- Free Internet Banking*.
- 100% discount on locker key deposit.
- 50% discount on annual locker fee.
- 50% discount on issuance of Credit Card*.

**For first year only.*

Furthermore, if any individual customer wishes to change their scheme to Citizens Privilege Savings Account, the charge will be waived. In addition, if any individuals wish to convert their Citizens Privilege Savings Account to another scheme, all charges and fees will be imposed in accordance with their chosen scheme.

16. Citizens International Remittance Saving Account

Citizens International Remittance Savings Account (CIRSA) is a Savings Deposit Product launched for individual deposit holders with unique and attractive feature to earn better interest. This product is specially designed for remittance receiving customers in Nepal.

Features of the product

- Interest Rate: 8.42% p.a.
- Minimum Balance: NPR 5,000.
- Free Any Branch Banking Service (ABBS).
- Free issuance of Visa Debit Card*.
- Free Mobile Banking*.
- Free De-Mat Account*.
- Free Internet Banking*.

**For first year only.*

17. Remittance IPO Saving Account

Remittance IPO Savings Account (RISA) is a new Savings Deposit Product for Nepalese Individual worker who are working abroad under foreign employment with having valid labor permit from concern government authority of Nepal. This product has been designed in reference to Securities Issuance and Allotment (Sixth Amendment) Directive dated Kartik 18, 2079 issued by Securities Board of Nepal.

Features of the product

- Interest Rate: 8.42% p.a.
- Minimum Balance: NPR 1,000.
- Free Any Branch Banking Service (ABBS).
- Free issuance of Visa Debit Card*.
- Free Mobile Banking*.
- Free De-Mat Account*.
- Free Internet Banking*.
- Mero share and C-ASBA registration service shall be provided with subject to full fill required documentation.
- Account opening via online platform.

**For first year only.*

18. Citizens Samrakshit Bachat Khata

Citizens Samrakhshit Bachat Khata is a Savings Deposit Product launched for Nepalese citizens of all age group.

Features of the product

- Minimum Balance- NPR 1,000.
- Interest Rate-7.42% p.a.
- 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 Registration Charge*.
- Free Internet Banking*.
- 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.
- 50% discount on good for payment charge.
- 50% discount on issuance of Credit Card (First Year only).
- Free Cash Withdrawal Facility from other Bank's ATM.
- Medical Insurance up to NPR 50,000 (24 hrs Hospitalization).
- Accidental Death Insurance up to NPR 5,00,000.

**For first year only.*

19. Citizens Smart Bachat Khata

It is a Savings Deposit Product launched especially for the Young Generation (Millennial) 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 zero.
- Interest Rate - 6.42% p.a.
- Free 'Any Branch Banking Service' (ABBS) up to 2 lakhs.
- Free De-Mat Account.
- Free activation of 3-D secure for e-com transaction.
- Free Cash Withdrawal Facility from other Bank's ATM.

20. Citizens Xtra Fixed Deposit

Citizens Xtra 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.

Features of the product

- Minimum Amount- NPR 100,000.
- Interest Rate on CXFD– 11.00% p.a.
- Interest Rate on RD linked with CXFD: 11.00% p.a.
- Tenure: minimum 1 Year to 5 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.


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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 Pay 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 Receipt




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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 an equipment/machine financing scheme for purchasing new or used equipment 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. Pay Day Loan

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

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BOARD OF DIRECTORS



FROM 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

FROM LEFT TO RIGHT
Bottom Row

Mr. Prabal Jung Pandey
Director

Mr. Sajan Sharma
Director

Mr. Anil Gyawali
Professional Director

DIRECTOR'S PROFILE



MR. RAJAN SINGH BHANDARI
Chairman

Mr. Rajan Singh Bhandari, aged 62 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

Land and Building Purchase Sub Committee	-Coordinator
Risk Management Committee	-Member
Merger and Acquisition Committee	-Member
Budget Sub Committee	-Member
Human Resource Compensation Committee	-Member



MR. BIJAYA DHOJ KARKI
Public Director

Mr. Bijaya Dhoj Karki successfully served for 37 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

Anti Money Laundering Committee	-Coordinator
Merger and Acquisition Committee	-Member
Land and Building Purchase Sub Committee	-Member
Budget Sub Committee	-Member



MRS. SEETA KARKI (K.C.)
Public Director

Mrs. Seeta Karki (K.C.), aged 49 years is a graduate from Tribhuvan University and has more than 17 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	-Member
Anti Money Laundering Committee	-Member



MR. PRABAL JUNG PANDEY
Director

Mr. Prabal Jung Pandey, aged 49 years is a graduate in engineering and has 22 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
Risk Management Committee	-Coordinator
Policy Review Committee	-Member



MR. SAJAN SHARMA
Director

Mr. Sajan Sharma, aged 36 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

Digital Transformation Committee	-Coordinator
Budget Sub Committee	-Coordinator
Human Resource Compensation Committee	-Coordinator
Land and Building Purchase Sub Committee	-Member
Merger and Acquisition Committee	-Member



MR. ANIL GYAWALI
Professional Director

Mr. Anil Gyawali aged 62 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 36 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

Policy Review Committee	-Coordinator
Audit Committee	-Coordinator
Digital Transformation Committee	-Member
Risk Management Committee	-Member

MANAGEMENT TEAM



FROM LEFT TO RIGHT

Top Row

Mr. Ganesh Raj Pokharel
Chief Executive Officer

Mr. Sumit Babu Khatri
Senior Deputy Chief Executive Officer

Mr. Paras Kumar Kafle
Deputy Chief Executive Officer - Operations

Mr. Rajendra Lal Shrestha
Deputy Chief Executive Officer- Risk and Compliance/ Company Secretary/ Information Officer

Mr. Sanjeeb Kumar Shrestha
Chief Information Technology Officer

FROM LEFT TO RIGHT

Middle Row

Mr. Suman Mulepati
Chief Credit Officer

Mr. Ravi Kumar Rauniyar
Chief Operating Officer (COO)/ Grievance Handling Officer

Mr. Narayan Raj Adhikari
Chief Administrative Officer/ Spokesperson

Mr. Amit Khanal
Chief Risk Officer

Bottom Row

Mr. Pramesh Raj Kayastha
Chief Finance Officer

MANAGEMENT TEAM PROFILE



Mr. Ganesh Raj Pokharel
Chief Executive Officer

Ganesh Raj Pokharel, a professional banker with more than 29 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

Assets Liabilities Management Committee	-Chairman
Deposit Review Committee	-Chairman
Executive Committee	-Coordinator
Executive Digital Transformation Committee	-Coordinator
IT Steering Committee	-Coordinator
Credit Review Committee	-Coordinator
Human Resource Compensation Committee	-Member
Merger and Acquisition Committee	-Member Secretary
Budget Committee	-Member Secretary



Mr. Sumit Babu Khatri
Senior Deputy Chief Executive Officer

Mr. Khatri, an MBA has 23 years of banking experience. He has over 19 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 eight years and has Credit and Marketing, Finance and Research/Development under his portfolio.

POSITIONS HELD DURING THE YEAR

Recruitment Committee	-Coordinator
Disclipinary Action Committee	-Coordinator
Executive Committee	-Member
Assets Liabilities Management Committee	-Member
Credit Review Committee	-Member



Mr. Paras Kumar Kafle
Deputy Chief Executive Officer- Operations

Mr. Kafle, an MBS from Tribhuvan University has over 22 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. He has led the operations of the bank as Chief Operating Officer (COO) for 7 years. Currently Bank's various departments such as Liability Marketing (Retail Banking), Central Operations, Central Administration, Information Technology and Treasury Management fall under his portfolio.

POSITIONS HELD DURING THE YEAR

Purchase Committee	-Coordinator
Branch Expansion Committee	-Coordinator
Executive Digital Transformation Committee	-Member
Executive Committee	-Member
Assets Liabilities Management Committee	-Member
IT Steering Committee	-Member
Deposit Review Committee	-Member
Recruitment Committee	-Member
Disciplinary Action Committee	-Member



Mr. Rajendra Lal Shrestha

Deputy Chief Executive Officer- Risk and Compliance/ Company Secretary/ Information Officer

Mr. Shrestha, an MBA from SIBM, Pune has 23 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, Compliance, AML/CFT, Legal and Shares. 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 is also the Information Officer and Company Secretary of the Bank. He has been heading Risk Management Department, Compliance Department and also Legal and Share Department of the Bank.

POSITIONS HELD DURING THE YEAR

Operational Risk Management Committee	-Chairman
Executive Policy Review Committee	-Coordinator
Executive Committee	-Member
Assets Liabilities Management Committee	-Member
Credit Review Committee	-Member
Recruitment Committee	-Member



Mr. Sanjeeb Kumar Shrestha

Chief Information Technology Officer

Mr. Shrestha, Master in Computer Engineering from Ukraine has over 24 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
Executive Digital Transformation Committee	-Member
IT Steering Committee	-Member
Branch Expansion Committee	-Member
IT Incident and Response Team	-Member



Mr. Suman Mulepati
Chief Credit Officer

Mr. Mulepati is a post graduate from Tribhuvan University and has about 19 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.

POSITIONS HELD DURING THE YEAR

Executive Committee	-Member
Assets Liabilities Management Committee	-Member
Credit Review Committee	-Member
Executive Policy Review Committee	-Member
Capacity Development & Training Committee	-Member



Mr. Ravi Kumar Rauniyar
Chief Operating Officer (COO)/Grievance Handling Officer

Mr. Rauniyar is associated with the Bank since Falgun 19, 2064. He has more than 26 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.

POSITIONS HELD DURING THE YEAR

IT Incident and Response Team	-Coordinator
Executive Committee	-Member
Executive Policy Review Committee	-Member
Operational Risk Management Committee	-Member
Capacity Development & Training Committee	-Member
Risk Management Committee	-Member

Mr. Narayan Raj Adhikari
Chief Administrative Officer/ Spokesperson



Mr. Adhikari, a post graduate from Tribhuvan University, has more than 18 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 Communications Department.

POSITIONS HELD DURING THE YEAR

Capacity Development & Training Committee	-Coordinator
Welfare Committee	-Coordinator
Auction Committee	-Coordinator
Executive Committee	-Member
IT Steering Committee	-Member
Branch Expansion Committee	-Member
Executive Policy Review Committee	-Member
Recruitment Committee	-Member Secretary
Disciplinary Action Committee	-Member Secretary
Purchase Committee	-Permanent Invitee

Mr. Amit Khanal
Chief Risk Officer



Mr. Khanal did Masters in Business Studies from TU and has over 18 years of experience in Banking. Mr. Khanal has been associated with Citizens Bank International Ltd for the last 14 years. He has over 12 years of experience in Credit/Marketing Department, looking after Corporate/SME and Retail loans as Relationship Manager and Head of Department. He has around 6 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.

POSITIONS HELD DURING THE YEAR

Executive Committee	Member
Credit Review Committee	Member
Capacity Development & Training Committee	Member
Risk Management Committee	Member Secretary
Anti Money Laundering Committee	Member Secretary
Executive Policy Review Committee	Member Secretary
Operational Risk Management Committee	Member Secretary



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 (Ashad 23, 2070) as Executive Finance Officer.

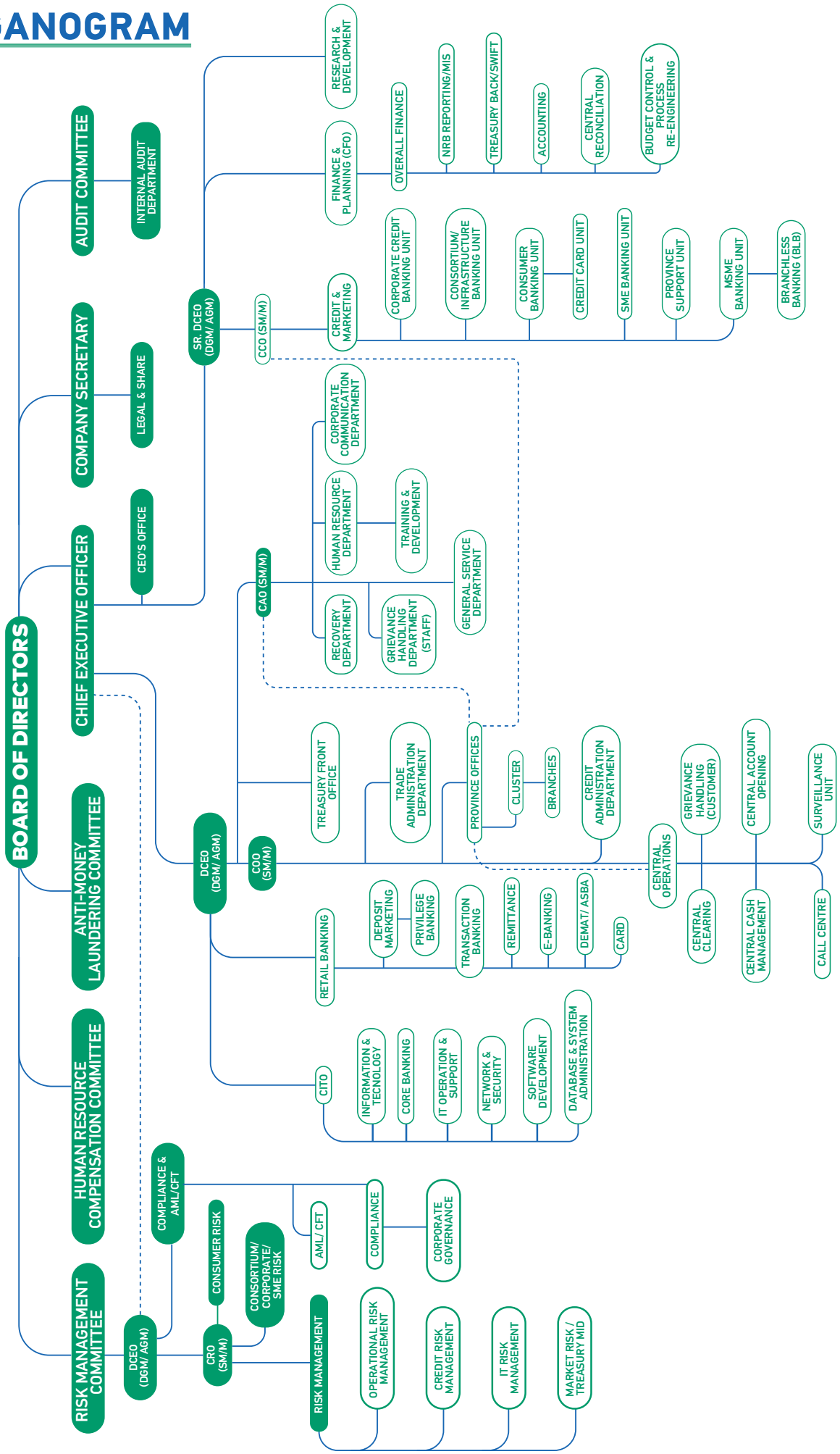
POSITIONS HELD DURING THE YEAR

Assets Liabilities Management Committee	-Member
Purchase Committee	-Member
Executive Policy Review Committee	-Member
Auction Committee	-Member
Human Resource Compensation Committee	-Member
Executive Committee	-Member Secretary

HEAD OF DEPARTMENTS

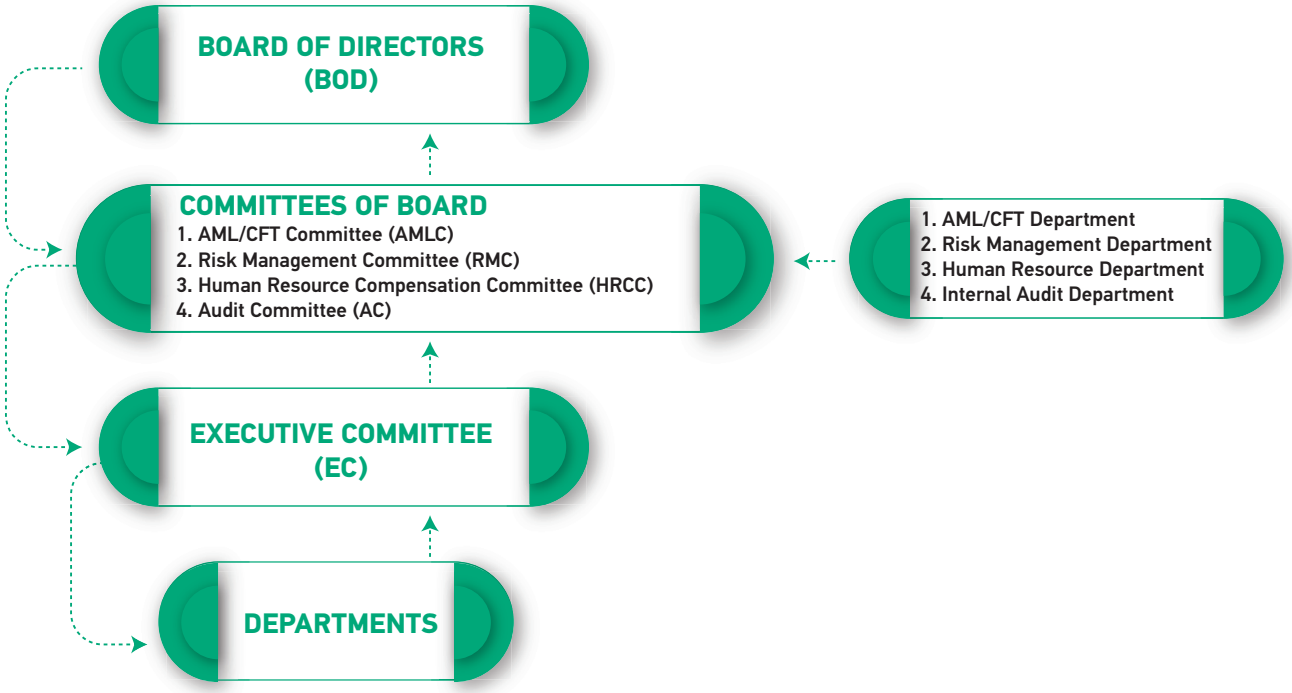
NAME OF HEAD	POSITION	DEPARTMENT
Roshan Malla	Head	Consortium/ Infrastructure Banking Unit
Roshan Manandhar	Head	Retail Banking Unit
Sanjeev Neupane	Head	Corporate Credit Banking Unit
Tulasi Raj Rijal	Head	SME Unit
Ratneshwar Lal Karna	Head	Compliance
Manisha Karn	Head	Executive Administrative Officer
Dhiraj Raj Joshi	Head	Consumer Banking Unit
Smita Pant	Head	Credit Card Unit
Sunil Moktan	Head	Credit Risk (CCBU/SME)
Anit Sapkota	Head	Internal Audit Department
Suresh Prasad Thapaliya	Head	Trade Administration Department
Angish Shrestha	Head	Treasury Department
Akanksha Basnet	Head	AML Department
Suyesh Kumar Paudel	Head	Transactional Banking Department
Bhupendra Bista	Head	Digital Banking Department
Binayak Rimal	Head	Information Technology Department
Prashant Bikram Khadgi	Head	Operations Department
Paras Bikram Thapa	Head	Deposit Marketing Department
Binay Rauniyar	Head	Credit Risk (CBU)
Hari Babu Thapa	Head	Credit Administration Department
Nabindra Napit	Head	Recovery Department
Bikas Chand	Head	Credit Risk Department (SME)
Kedar Adhikari	Head	Legal Department
Bishnu Man Shrestha	Head	Remittance Department
Dikendra Ram Kashajoo	Head	General Service Department
Bhawana Ojha	Head	Research and Development Department
Udaya Raj Keshari	Head	Card Department
Rojena Tiwari	Head	Demat/ ASBA Unit
Sujata Subedi	Incharge	Branchless Banking Unit
Subi Maharjan	Incharge	Ebanking Unit
Prabesh Aryal	Incharge	Microfinance Unit

ORGANOGRAM


BOARD OF DIRECTORS
AUDIT COMMITTEE
INTERNAL AUDIT DEPARTMENT
COMPANY SECRETARY
LEGAL & SHARE
CHIEF EXECUTIVE OFFICER
CEO'S OFFICE
ANTI-MONEY LAUNDERING COMMITTEE
HUMAN RESOURCE COMPENSATION COMMITTEE
RISK MANAGEMENT COMMITTEE
SR. DCEO (DGM/ AGM)
CCO (SM/M)
RESEARCH & DEVELOPMENT
FINANCE & PLANNING (CFO)
OVERALL FINANCE
NRB REPORTING/MIS
TREASURY BACK/SWIFT
ACCOUNTING
CENTRAL RECONCILIATION
BUDGET CONTROL & PROCESS RE-ENGINEERING
CREDIT & MARKETING
CORPORATE CREDIT BANKING UNIT
CONSORTIUM/ INFRASTRUCTURE BANKING UNIT
CONSUMER BANKING UNIT
CREDIT CARD UNIT
SME BANKING UNIT
PROVINCE SUPPORT UNIT
MSME BANKING UNIT
BRANCHLESS BANKING (BLB)
CAO (SM/M)
CORPORATE COMMUNICATION DEPARTMENT
HUMAN RESOURCE DEPARTMENT
TRAINING & DEVELOPMENT
GENERAL SERVICE DEPARTMENT
RECOVERY DEPARTMENT
GRIEVANCE HANDLING DEPARTMENT (STAFF)
DCEO (DGM/ AGM)
COO (SM/M)
TREASURY FRONT OFFICE
TRADE ADMINISTRATION DEPARTMENT
PROVINCE OFFICES
CLUSTER
BRANCHES
CREDIT ADMINISTRATION DEPARTMENT
CENTRAL OPERATIONS
GRIEVANCE HANDLING (CUSTOMER)
CENTRAL ACCOUNT OPENING
SURVEILLANCE UNIT
CENTRAL CLEARING
CENTRAL CASH MANAGEMENT
CALL CENTRE
RETAIL BANKING
DEPOSIT MARKETING
PRIVILEGE BANKING
TRANSACTION BANKING
REMITTANCE
E-BANKING
DEMAT/ ASBA
CARD
CITO
INFORMATION & TECNOLOGY
CORE BANKING
IT OPERATION & SUPPORT
NETWORK & SECURITY
SOFTWARE DEVELOPMENT
DATABASE & SYSTEM ADMINISTRATION
COMPLIANCE & AML/CFT
AML/ CFT
COMPLIANCE
CORPORATE GOVERNANCE
DCEO (DGM/ AGM)
CRO (SM/M)
CONSUMER RISK
CONSORTIUM/ CORPORATE/ SME RISK
RISK MANAGEMENT
OPERATIONAL RISK MANAGEMENT
CREDIT RISK MANAGEMENT
IT RISK MANAGEMENT
MARKET RISK / TREASURY MID

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE OF THE BANK



2. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a process that aims to meet stakeholder's aspirations and societal expectations. It is just 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 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.

Corporate Governance core 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 is aimed at meeting the requirements as per the Acts, rules, regulations and guidelines formulated by Nepal Government, Nepal Rastra Bank, Securities Exchange Board of Nepal (SEBON), Nepal Stock Exchange (NEPSE). The following policy has been adopted by the Board of Directors to assist the board in the exercise of its responsibilities. This policy is subject to future amendments or changes, where deemed necessary in light of amendments in various regulations in force for governance requirements.

CORPORATE GOVERNANCE PRINCIPLES

Bank also adopts the following sound corporate governance principles prescribed under norms of the Bank.

1. Board's overall responsibilities

The Board has the overall responsibility on approving and overseeing implementation of strategic objectives, governance framework, corporate culture and oversight of senior management.

2. Board qualifications and composition

Board members should be and remain qualified, individually and collectively and should understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the Bank's affairs.

3. Board's own structure and practices

The Board should define appropriate governance structures and practices for its own work and put in place for such practices to be followed with periodic review for ongoing effectiveness.

4. Senior management

Under the direction and oversight of the Board, senior management should carry out and manage the Bank's activities in consistent with the business strategy, risk appetite and policies approved by the Board.

5. Governance of group structures

In a group structure, the board of parent company has the overall responsibility for the group and for ensuring the establishment and operation of a clear governance framework appropriate to the structure, business and risks of the group and its entities. The board and senior management should know and understand the Bank's group organizational structure and the risks it poses.

6. Risk management function

Banks should have an effective independent risk management function, under the direction of Risk Management Committee (RMC) access to the board.

7. Risk identification, monitoring and controlling

Risks should be identified, monitored and controlled on an ongoing basis. The sophistication of the Bank's risk management and internal control infrastructure should keep pace with changes to the Bank's risk profile to the external risk landscape and in industry practice.

8. Risk communication

An effective risk governance framework requires robust communication within the Bank about the associated risks, both across the organization and through reporting to the board and senior management.

9. Compliance

The Bank's Board of Directors is responsible for overseeing the management of the Bank's compliance risk. The Board should establish a compliance function and approve the Bank's policies and process for identifying, assessing, monitoring and reporting and advising on compliance risk.

10. Internal audit

The internal audit function should provide independent assurance to the Board and should support the board and senior management in promoting an effective governance process and long-term soundness of the bank.

11. Remunerate fairly and responsibly

The remuneration structure must attract, motivate and retain high quality people in the Bank. Compensation plans should be appropriately tailored to the nature of business and the industry in which it competes. Furthermore, compensation should have both a current or short-term component and a long-term component.

12. Disclosure and transparency

The Governance of the Bank should be adequately transparent to its shareholders, depositors, other relevant stakeholders and market participants.

3. BOARD OF DIRECTORS

There are various policies and laws that govern the functioning of the board like:
a) Bank and Financial Institutions Act, 2017,
b) Nepal Rastra Bank Act, 2002,
c) Companies Act, 2006,
d) MOA and 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 policies and Bye-laws formulated by the Board govern the Senior Management and the Bank as a whole. They are:
a) Citizens bank Employee's Bye-laws,
b) MOA & AOA of the Bank,
c) Financial by-laws,
d) Code of conduct,
e) BOD Self Assessment Policy,
f) BOD Meeting Guideline,
g) Other Policies/Bye-laws as applicable.

(A) COMPOSITION OF THE BOARD/ APPOINTMENTS / CESSATION OF DIRECTORS DURING THE YEAR

In terms of Clause 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 of 5 and maximum of 7 directors.

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 Kumar Gyawali	Professional Director

(B) ANNUAL GENERAL MEETING

The 16th Annual General Meeting of shareholders of the Bank for the year F/Y 2021-22 was held on Tuesday, October 21, 2022 at Kathmandu in presence of the following directors:

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 Kumar Gyawali	Independent Director

The following are major agendas of 16th Annual General Meeting:

a) General agendas/proposals

- Discussion/approving of presented Bank's annual report 2021/22.
- Discussion/approving of presented Audited financial report 2021/22 & of subsidiary companies.
- Declaration of cash dividend.
- Appointment of auditor with remuneration for the FY 2022/23.

b) Special proposal/agendas

- Delegation of authority to the Board of Directors to take necessary decisions to merge/acquire with appropriate banks and financial institutions and also to conduct foreign strategic agreement, if required and to appoint national/ international valuator to evaluate the Bank's fixed, current assets, liabilities and transactions as well and to take initial/final decision, where felt necessary.
- Necessary amendments on MOA of the Bank.
- Delegation of authorities to Board for necessary amendments on Bank's MOA & AOA.

(C) BOARD MEETING

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), total 32 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 32 conducted Board meetings, ten (10) decisions were conducted through "Resolution by circulation (RBC)".

The details of Board Meetings held during the F/Y 2021-22 as under:

S.N.	MEETING NUMBER	DATE OF MEETING
1	369 (01/021/22)	July 16, 2021
2	370 (02/021/22)	July 29, 2021
3	371 (03/021/22)	August 15, 2021
4	372 (04/021/22)	August 17, 2021
5	(RBC) 373 (05/021/22)	September 09, 2021
6	374 (06/021/22)	September 16, 2021
7	37 5(07/021/22)	September 24, 2021
8	376 (08/021/22)	September 27, 2021
9	(RBC) 377 (09/021/22)	September 28, 2021
10	(RBC) 378 (10/021/22)	October 04, 2021

11	379 (11/021/22)	October 08, 2021
12	380 (12/021/22)	October 11, 2021
13	381 (13/021/22)	October 29, 2021
14	382 (14/021/22)	November 02, 2021
15	(RBC) 383 (15/021/22)	November 11, 2021
16	384 (16/021/22)	November 14, 2021
17	(RBC) 385 (17/021/22)	November 15, 2021
18	(RBC) 386 (18/021/22)	November 24, 2021
19	(RBC) 387 (19/021/22)	December 02, 2021
20	388 (20/021/22)	December 19, 2021
21	389 (21/021/22)	January 20, 2022
22	(RBC) 390 (22/021/22)	January 31, 2022
23	391 (23/021/22)	February 03, 2022
24	392 (24/021/22)	March 10, 2022
25	(RBC) 393 (25/021/22)	March 30, 2022
26	394 (26/021/22)	April 19, 2022
27	395 (27/021/22)	April 20, 2022
28	(RBC) 396 (28/021/22)	May 12, 2022
29	397 (29/021/22)	June 02, 2022
30	398 (30/021/22)	June 22, 2022
31	399 (31/021/22)	July 06, 2022
32	400 (32/021/22)	July 15, 2022

Major Agendas discussed in the Board meeting for F/Y 2021/22 are summarized as follows:

- Review on Bank's Annual Progress Report for F/Y 2020/21.
- Discussion on relocating/merger of existing branches and taking necessary approval from NRB.
- Discussion on converting the share capital of former Srijana Finance Ltd to Bank's share and allocation of same to shareholders.
- To register the shares (allocated to shareholders of former Srijana Finance Ltd) to SEBON and listing of such allocated Share to NEPSE and CDS & Clearing Ltd.
- Discussion on implementation status of issues raised by NRB and bank's response thereon during Onsite inspection Report related to AML/CFT.
- Discussion on conduction of knowledge sharing programme to BOD members, shareholders holding 2% or more share and to Management team related to AML/CFT as per Unified Directive 2077.
- Review and discussion on Quarterly report of Risk Management Committee.
- Approving of Financial Report of FY 2020/21, its publications and request NRB for getting approval for distribution of proposed dividend.
- Discussion on Management Response on preliminary report provided by external auditor on financial of FY 2020/21.
- Approving of the report as per sec 78 and 109 of Companies Act for FY 2020/21.
- Approving of Significant Accounting Policies of FY 2020/21.
- Discussion on taking approval from NRB to close BLB service as required.
- Approval on amendment on Employees Service Bye-laws, 2075 and informing to NRB.
- Discussion and review on Digitalization plan as received from Digital Transformation committee.
- Approving the Corporate Governance Annual Report and compliance report prepared as per sec. 20(3) of Corporate Governance Guidelines, 2074 issued by SEBON.
- Discussions and review on quaterly Unaudited Financial Report of the Bank.
- Discussion on Bank's response on the issues/concern raised by NRB inspection team.
- Discussion on listing of Bonus Shares and delegation of authority for necessary process of such listing.
- Discussion on progress report of the subsidiary company and mutual funds of the Bank.
- Discussion on getting approval from NRB to open new branches in various districts.
- Addition, Removal and Review with Amendments on the various policies, procedures, guidelines, frameworks of the Bank.
- Reformation of various board level committees of the bank.
- Approval on sale/transfer the promoter shares in line with NRB directives.
- Discussion and preparing action plan on maintaining CD ratio as required by NRB within the time frame.
- Discussion on relocation of existing Province Office and to get approval from NRB on same.
- Discussion and approving various credit as well as recovery related files (393 completed).
- Approval on transfer of shares (i.e. Promoter share) in accordance with the NRB direction.
- Discussion/approval on various agendas related to loans provided by the Bank and its recovery action/status.
- Discussion/review on budget of FY 2022/23, formation of budget subcommittee and approval of annual budget of FY 2022/23.

- Review with necessary amendment on policy/manual related to Audit.
- Discussion for procurement procedures of land and building for own branches and formation of subcommittee for same purpose.
- Discussion on depositing unclaimed dividend of FY 2015/16 to Investors Protection Fund.

(D) CODE OF CONDUCT

The Code of Conduct for Board of Directors and Senior Management Personnel comprising all Managers, Departmental Heads and for entire staffs 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 2021/22 and undertaken continued compliance of the same.

4. COMMITTEE/SUB-COMMITTEE OF DIRECTORS/EXECUTIVES

4.1. Anti Money Laundering Committee (AMLC)

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 inter related departments as well as regulatory bodies 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/AML/CFT 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).

Major Responsibilities of Anti Money Laundering Committee (AMLC)

a) To present the review report of implementation status according to Assets (Money) Laundering Prevention Act 2064, Assets (Money) Laundering Prevention Rule 2073 and NRB Directive 19 to the Board.
b) 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.
c) 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.
d) 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.
e) 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.
f) 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.
g) The detail information regarding the analysis of ML/FT 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.
h) To recommend the Board on risk management on ML/FT on regard the consequence of national and international level AML/CFT news and incidents.
i) 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.
j) To review and recommend periodic review of AML/CFT policy of the Bank to the board.
k) To ensure the proper functioning of AML/CFT system, risk management of ML/FT risk, suspicious action or transaction monitoring and necessary reporting to regulator and discourse the outcome to the Board.
l) 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.

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 7 meetings were held. The composition and attendance of the Committee as on July 16, 2022, (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Sajan Sharma°	Coordinator	4/7
Mr. Bijay Dhoj Karki°°	Coordinator	3/7
Mrs. Seeta Karki (K.C.)	Member	7/7
Mr. Amit Khanal	Member	7/7
Mr. Ratneshwar Lal Karna	Member	7/7
Mr. Ravi Kr. Rauniyar*	Member Secretary	4/7
Ms. Akanksha Basnet**	Member Secretary	3/7

**Mr. Ravi Kumar Rauniyar was transferred from AML/CFT Department.*

***Ms. Akanksha Basnet was appointed as AML/CFT Compliance Officer.*

° Mr. Sajan Sharma has resigned from Coordinator of AML/CFT Committee.

°°Mr. Bijaya Dhoj Karki was appointed as Coordinator of AML/CFT Committee.

Major agendas discussed in Anti Money Laundering Committee (AMLC) meeting:

SN	MEETING NO.	AGENDAS DISCUSSED
1	Meeting 18-2021/22	AML/CFT Compliance Review Report (4th Quarter 2020/21)
		Report on KYC Information gap in CBS and status of ECDD
		Batch Screening
		Review of AML/CFT Procedures, 2021
		Review of AML/CFT Policy, 2021
		Current Status of upcoming AML/CFT Inspection from NRB
		Feasibility of developing simplified KYC form
2	Meeting 19-2021/22	Report status on upcoming NRB Onsite Inspection on AML/CFT
		Status of Knowledge Sharing Program related with AML/CFT to Board Of Directors (BOD), Management Team and Shareholders 2% and above
		Miscellaneous
3	Meeting 20-2021/22	Management Response on Preliminary findings on NRB AML Onsite Inspection, 2078
		Miscellaneous
4	Meeting 21-2021/22	AML/CFT Compliance Review Report, 1st Quarter, 2021/22
		Management response on Final NRB AML Onsite Inspection Report, 2078
		Department response on Internal Audit Report, 2020/21
		Annual Review of Sanction Screening Policy 2021
		Review with necessary changes on AML/CFT Policy
5	Meeting 22-2021/22	Brief overview of the AML/CFT Department and TOR of AML Committee
		AML/CFT Compliance Review Report, Kartik - Mangsir 2078
		Batch Screening Report 1st Quarter 2021/22
		Current Status on Enforcement Desk Report Issued from Enforcement Unit (NRB)
6	Meeting 23-2021/22	AML/CFT Compliance Review Report, Kartik – Poush 2078
		Timeline and Strategies for compliance of Directions of NRB Inspection
		Reply on Enforcement Desk Report Issued from Enforcement Unit (NRB)
7	Meeting 24-2021/22	AML/CFT Compliance Review Report, 3rd Quarter of FY 2021/22
		Regarding Batch Screening Report of 2nd Quarter of FY 2021/22
		Report on Institutional and Sectorial Risk Assessment – Poush FY 2078/79
		Status of implementation of NRB instruction during inspection

4.2. RISK MANAGEMENT COMMITTEE

The Bank has constituted total of five members under Risk Management Committee (3 BOD members including one from Audit Committee as permanent member), Chief Risk Officer and Chief Operating 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 constituted on 17.12.2010 (02.09.2067) under Risk Management Guidelines of Nepal Rastra Bank and the NRB Directives. The committee was last re-constituted on December 19, 2021. Mr. Prabal Jung Pandey is the co-ordinator of the committee.

Major Responsibilities of the Risk Management Committee:

a) 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.
b) 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.
c) 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.
d) 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.
e) 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.
f) 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.
g) To review the authority delegation and analyze its appropriateness and submit report along with the recommendation to the Board of Directors.
h) 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.
i) 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 as situation.

Composition and attendance of Risk Management Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079) 5 (five) meetings were held. The composition and attendance of the Risk Management Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Prabal Jung Pandey, Director	Co-ordinator	5/5
Mr. Prakash Chandra Mainali, Director	Member	5/5
Mrs. Seeta Karki (K.C.), Director	Permanent Member *	2/2
Mr. Anil Kumar Gyawali, Director**	Permanent Member *	2/3
Mr. Ravi Kumar Rauniyar, Chief Operating Officer	Member	3/3
Mr. Amit Khanal, Chief Risk Officer	Member Secretary	5/5
Ms. Akanksha Basnet**	Member Secretary	3/7

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

***Mr. Anil Kumar Gyawali is the Co-ordinator of Audit Committee as permanent member from December 19, 2021.*

The committee was last re-constituted on December 19, 2021. Mr. Prabal Jung Pandey is the Co-ordinator of the committee.

The major agendas discussed in the Risk Management Committee (RMC):

- Review of Risk Management Quarterly Report (mid July 2021, mid October 2021, mid January 2022 and mid April 2022)
- Review of Policies (Operation risk management framework, Operation risk management policy and Risk management framework)
- Agendas Discussed in ORMC Meeting
- Summary of a Case Report of Common Digital M-Banking Fraud in CZBIL
- Overall credit Portfolio Analysis (Business unit and Branch wise Sector wise, Product wise, loan against security of current assets only)
- Review of Internal Limits
- Review of scope and authority of Credit Risk
- Effect on operation risk due to staff positioning/shortage
- Own Scenario of Stress Testing 2020-21
- Incident Reporting
- Associated Risks (Strategic, Reputational, AML/CFT & Legal Risk)
- Status summary of SIEM and SOC Deployment
- Review of HHI Poush 2078
- Regulatory Risk (Impact on deposit portfolio due to cap on interest rate by NRB and Extended Credit Facility (ECF) from

International Monetary Fund (IMF), comments made therein and the possible impact on banking sector)
- Impact of Counter Cycle Buffer (CCCB)
- CD Ratio Variation Chaitra 2078
- ICRA ratings analysis
- Operation Risk Assessment(ORA) Report Summary
- SIEM and SOC Effectiveness
- Others

4.3. HUMAN RESOURCE COMPENSATION COMMITTEE (HRCC)

Human Resource Compensation Committee of the Board was constituted on 25.12.2006 (10.09.2063). The committee functions according to the NRB Unified Directives.

Major Responsibilities of 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 to define 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 individuals' 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 incentive plans comply with relevant legislation, codes of conduct and good remuneration practice.
- Review the report on the operation of the 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.

Composition and attendance of Human Resource Compensation Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 4 (Four) - meetings were held. The composition and attendance of the Committee as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Bijaya Dhoj Karki, BOD*	Coordinator	2/4
Sajan Sharma, BOD	Coordinator	2/4
Anil Gyawali, BOD**	Member	2/4
Prakash Chandra Mainali, BOD	Member	2/4
Ganesh Raj Pokharel, CEO	Member	4/4
Pramesh Raj Kayastha, CFO	Member	3/4
Narayan Raj Adhikari, CAO	Member Secretary	3/4

** Mr. Bijaya Dhoj Karki was the Coordinator of the committee till December 18, 2021.*

***Mr. Anil Gyawali was the member of the committee till December 18, 2021.*

Agendas discussed in Human Resource Compensation Committee (HRCC):

- Amendment in Annexure 8 (GA) Home Loan point no (Ra).
- Amendment in Annexure 8 (GHA) Advance Salary point no (Kha).
- Approval of Salary Revision from November 17, 2021.
- Amendment in point no 3(1) of Parishramik Nirdharan Niti Mangsir, 2076.
- Amendment in point number 6 Payroll and Annexure 1 of Human Resource Management Policy January, 2021.
- Approval of Amended Human Resource Management Policy February, 2022.
- Amendment in Annexure 8 (Chha) "Citizens Bank International Limited Dirgha Sewa Samman Padak".
- Revision of Branch Categorization of existing branches of the Bank.
- Approving Manpower for FY 2022/23.

4.4. AUDIT COMMITTEE

Audit Committee has been constituted under the chairmanship of a non-executive director. The Committee of the Board was constituted on 10.07.2007 (26.03.2064) and was reconstituted on 29.09.2019 (12.06.2076). 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, 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 Responsibilities of the Audit Committee:

a. To review the Banks' financial condition, internal controls, audit program, and findings of the internal audit team and instruct management to adopt corrective actions on the issues, further to recommend to the Board of Directors about the actions taken.
b. To review the matters contained in the audit report of the external (statutory) auditors and instruct the management for necessary corrective actions.
c. To review the Banks' compliance with respects to issues quoted in NRB inspections findings and to recommend to the Board of Directors about the Compliance status of the same.
d. To help management to make annual report accurate and real.
e. 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.
f. To review the compliance of the statutory laws, directives issued by NRB and include the same in the internal audit report.
g. Establish and oversee the Internal Audit Function. Approves the scope of audits, ensures the department's independence, 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.
h. To review the activities of Bank with respect of its regularity, economical, logical, effectiveness, and give necessary suggestions to the Board of Directors.
i. To review the Quarterly financial statements of Bank and report it to the Board of Directors.
j. To carry out the activities as per the section 61 of BAFIA, 2017 and section 165 of Companies Act, 2006.

Composition and attendance of the Audit Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 14 (Fourteen) meetings from ACM 169 to ACM 182 were held. The composition and attendance of the Committee as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Anil Gyawali**	Coordinator	4
Mrs. Seeta Karki (K.C.)	Member	14
Head Internal Audit Department	Member Secretary	14

***During 2021-22, Mr. Sajan Sharma, Director, was member of the Audit Committee up to Audit Committee Meeting 178. He was present on 6 out of total 10 meetings. He was replaced by Mr. Anil Gyawali, Director, from Meeting No. 179 and afterwards.*

Major Agendas discussed in the meeting of Audit Committee:

1. Discussion on Internal Audit Report of different Branches and Departments and give instruction for improvement.
2. Discussion on Financial Review of Quarterly performance of Bank and recommendation and suggestion for improvement to Board of Directors.
3. Discussion on Management Response on External Audit comments.
4. Discussion on Management Response on Nepal Rastra Bank Inspection report.
5. Discussion on internal audit report of LC transactions and INR transactions and then reporting of same to NRB.

4.5. BUDGET COMMITTEE

Budget committee has been constituted under the coordination of Non- Executive Director with the specific purpose of budget formulation of FY 2022/23. It is a board level committee formed for reviewing the budget proposed from management and make recommendations for approval of budget to Board.

Major Responsibilities of Budget Committee

a. Decide the company's general policies and objectives;
b. Receive individual budget estimates concerning different departments/units/divisions;
c. Suggest changes, modifications in accordance with organizational objectives;
d. Approve budget which act as an authority for departmental action;

Composition and attendance of Budget Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 1 meeting was conducted. The composition and attendance of the Committee as on July 16, 2022, (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Sajan Sharma	Coordinator	1/1
Mr. Prakash Chandra Mainali	Member	1/1
Mr. Bijaya Dhoj Karki	Member	1/1
Mr. Ganesh Raj Pokharel	Member Secretary	1/1

Major agendas discussed in Budget Committee meeting:

a. The committee discussed and analyzed the budget submitted by the management for the Fiscal Year 2022/23.
b. The committee also decided to recommend the budget for 2022/23 to Board of Directors for approval.

4.6. MERGER AND ACQUISITION COMMITTEE

Merger and Acquisition Committee was formed under the coordination of non-executive director Mr. Prabal Jung Pandey for identifying suitable Banks and financial institutions for merger and acquisitions.

Major Responsibilities of Merger and Acquisition Committee

a. Identify suitable Banks and financial institutions for merger and acquisitions.
b. Make strategic plan for mergers and acquisitions.
c. Initiate Memorandum of Understanding.
d. Analyze the impact of share swap ratio and other factors related to acquisitions.
e. Fixation of joint transaction date and formulating modality of works after joint transactions.

Composition and attendance of Merger and Acquisition Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 3 meetings were conducted. The composition and attendance of the Committee as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Prabal Jung Pandey	Coordinator	3/3
Mr. Prakash Chandra Mainali	Member	3/3
Mr. Bijaya Dhoj Karki	Member	3/3
Mr. Sajan Sharma	Member	3/3

Major agendas discussed in Merger and Acquisition Committee meeting:

a. The committee discussed on current scenario of Merger and Acquisition benefits of taxation withdrawn from FY 2022/23.
b. The committee discussed and decided on sharing basic information with other BFIs to initiate acquisition talks.
c. The committee discussed and decided on meeting officials of other BFIs for acquisitions.

4.7. LAND & BUILDING PURCHASE SUB COMMITTEE

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), only 1 meeting were held. The composition and attendance of the Land and Building Sub Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Mr. Prakash Chandra Mainali	Coordinator	1/1
Mr. Bijay Dhoj Karki	Member	1/1
Mr. Sajan Sharma	Member	1/1
Mr. Narayan Raj Adhikari	Member Secretary	1/1
Mr. Ganesh Raj Pokharel	Invitee	1/1

Major agendas discussed in the Land and Building Sub Committee are stated as below:

1. Recommendation to Board of Directors regarding the Purchase Property at Dhangadi, Sudur Paschim Pradesh.

4.8. OTHER SUB-COMMITTEES (Management Level)

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

1) Executive Committee (EC)
2) Operational Risk Management Committee (ORMC)
3) Assets liabilities Management Committee (ALCO)
4) IT Steering Committee
5) Purchase Committee
6) Recruitment Committee

4.8.1. 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 all Chiefs of the Bank is the summit body that manages the Bank's operations on day to day basis. All EC members meet formally once a week and 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.

Major responsibilities of the committee:

a. Decide and monitor the Bank's strategies on a regular basis and take decisions jointly by the committee.
b. Approve and/or implement any and/ or all corporate acts within the competence of the Board.
c. Review routine works & resolve operational issues that required strategic decision making and policy intervention.
d. Review regulatory fiscal, liquidity & market level scenario changes and its impact in Bank's operation and business.
e. Review weekly progress of the Bank vis-à-vis approved budget.
f. Discuss on liaising with Regulators and Auditors.
g. Discuss on major tasks to be undertaken with major impacts in revenue and functioning, etc.

The attendance details of EC members/meetings during the FY 2021/22 are as under:

S.N	DESIGNATION	MEETING ATTENDED
1.	Ganesh Raj Pokharel, Chief Executive Officer	41/42
2.	Sumit Babu Khatri, Senior Deputy Chief Executive Officer	35/42
3.	Paras Kumar Kafle, Deputy Chief Executive Officer- Operations	40/42
4.	Rajendra Lal Shrestha, Deputy Chief Executive Officer- Risk and Compliance	39/42
5.	Sanjeeb Kumar Shrestha, Chief Information Technology Officer	41/42
6.	Akhil Devkota, Chief Operating Officer*	5/5
7.	Ravi Kumar Rauniyar, Chief Operating Officer**	25/25
8.	Suman Mulepati, Chief Credit Officer	37/42
9.	Narayan Raj Adhikari, Chief Administration Officer	40/42
10.	Amit Khanal, Chief Risk Officer	37/42
11.	Pramesh Raj Kayastha, Chief Finance Officer	40/42

** Mr. Akhil Devkota has resigned from the Bank w.e.f. August 27, 2021 (Bhadra 11, 2078).*

*** Mr. Ravi Kumar Rauniyar has been appointed as Chief Operating Officer w.e.f. December 12, 2021 (Mangsir 26, 2078).*

Major agendas and decisions made by the committee:

a. The meeting discussed and monitored weekly progress of the Bank vis-à-vis approved budget of the Bank & decided on future course of actions to achieve the budget set. Regular achievement vis-a-vis projection/budget were also presented and discussed.
b. The comments made by the auditors and the NRB inspection team were also discussed. The meeting discussed on review of the routine day to day affairs of the Bank and focused on operational issues that arose in one branch should be communicated to all and not be repeated in another branch. Instruction of the BOD to avoid repetition of same mistakes as observed during audit and inspection was decided to be monitored regularly.
c. The meeting discussed on the financials of different banks and position of the Bank among it. Likewise, movement of the market and strategies adopted by the competitors to tackle issues were also discussed. Further, the meeting discussed about the measures to be adopted by the Bank to achieve indicators and be above the industry average.
d. The meeting discussed about target achieved by the branches and staffs and decided to reward those branches and staffs achieving the target.
e. The meeting discussed on making a proper plan to take exams for staff recruitment in coordination with DCEOs and also work on staff transfers and promotions.
f. The meeting discussed on the need of Digital Transformation requirement in the Bank and expectations from Board Level Digital Transformation Committee.
g. The meeting discussed on mobilizing the staffs to decrease NPL significantly.
h. The meeting discussed on reviewing the roles and responsibilities of cluster heads PMs to increase effectiveness of province structure of the Bank.
i. The meeting discussed on recovery strategy of the Bank.
j. The meeting took update and resolved various implementation level issues encountered in new projects with significant impact on Bank's performance & operational efficiencies.
k. The meeting discussed and decided on various issues that required top level management intervention & decision and decided on various future course of actions and implementations.
l. The meeting reviewed and discussed on departmental activities & performance and align departmental functioning with the approved objectives & targets.
m. The meeting regularly reviewed and discussed on major issues increasing & posing risk to the Bank & monitored Bank's risk appetite.

4.8.2. OPERATIONAL RISK MANAGEMENT COMMITTEE

The Bank, in consonance with the fundamentals of Corporate Governance and 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 in quarterly basis and informally as and when required.

Major Responsibilities of Operational Risk Management Committee:

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

- Committee is responsible to implement operational manuals & procedures of the Bank.
- Committee is responsible to implement issues related 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.

Composition and attendance of Operational Risk Management Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 4 meetings were held. The composition and attendance of the Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

MEMBER OF COMMITTEE	DESIGNATION	MEETING ATTENDED
Deputy CEO-Risk and Compliance*	Chairman	4/4
Chief Risk Officer (CRO)	Member secretary	4/4
Chief Operating Officer	Member	1/4
Chief Compliance Officer	Member	1/4
Head of Operational Risk Management	Member	4/4
Head- Compliance Department	Member	4/4
Head-AML/CFT Department	Member	4/4
Head- Information Technology Department	Member	3/4
Head-Retail Banking	Member	0/4
Head-Transactional Banking	Member	3/4
Head-Remittance Department	Member	2/4
Head-Card Department	Member	3/4
Head-E-banking Department	Member	3/4
Head- DEMAT/ASBA Department	Member	3/4
Head- Central Operation Department	Member	4/4
Head-Credit Administration Department	Member	2/4
Head-Trade Administration Department	Member	2/4
Head -Finance Department	Member	1/4
Head- General Service Department	Member	2/4
Head-Treasury Back Office	Member	4/4
Head- Human resource Department	Member	4/4
Head-Branchless Banking Unit	Member	3/4
Head-Corporate Communication Department	Member	3/4
Head-Deposit Marketing Department	Member	0/4

**Note: Deputy CEO-Risk and Compliance is deputed as Chairman and Chief Risk Officer is deputed as Member secretary since ORMC meeting 40, 2078/79 October 01, 2021 due to the change in Organization structure w.e.f July 16, 2021.*

Major agendas discussed in ORMC meeting:

- Branch Operations related issues by Risk Management Department such as: Parking problem in bank premises of Thapathali, enquired customer database not updated in MIS, Fraud Case of debiting account via mobile banking of Birtamod Branch, Pending report of Account receivable/Account Payable Head, FD issued with 0% interest rate, Multiple accounts having same nature, IDT/OW/IW/IPS not reversed /nil at EOD, FD accounts not transferred due to LIEN mark, Unmanaged Network room with unmanaged ports, Karsiya Branch robbery case, Account Opening Process halted due to problem in Trust AML, Pictures/image/video of bank locker visualized in social media, Cash position maintained more than 6% in branches , Issue of individual FD to corporate customer, Maturity Date on RD not mentioned in uniform format, ATM connected in same network(branch network), Incident raised in Gaushala Branch due to negligence of staff, CIT cash withdrawal process, Signature/Image not uploaded in system, Monitoring of reporting of Advance payment of goods/services, Antivirus System Deployment and its license issue. Brief on BASEL on Operational Risk, Brief on Branch Operational Risk assessment, Implemented/Not-implemented status of overall ORMC agendas, Guard's placement to Branches, Training related to Fire extinguisher, Late response from departments while raising tickets or by email, Untrusted / patched software.

- Operations department related issues: Delay in Receipt of Emails at Branches and Departments, No Electricity-No Backup at Branches, Problem Being Faced in Integration Software of RTGS System, Inadequate Logistics at Branches, Delay in Repairing

of Equipment at Branches, Branch staffs more than 3 years quoted under high operation risk by Internal Audit report 2078/79.

- IT related issues such as: Regular information to IT department whenever any ISP visits, use of Helpdesk system, verify transaction before leaving branches, Circulars, Policy & Procedures to be shared via INTRANET, Avoid receiving auto generated mails, Standard field to input the PHONE Number in CBS.

- Treasury Department related issues such as: Non-compliance of taking FCY coins by branches, Branches asking for selling rate more than the limit of Foreign exchange transaction, Branches holding unsorted cash at vault of small denomination of old notes, Branches holding FCY cash for long period of time.

- Compliance related issues such as: Lack of information of block/dr.-restricted accounts, Lack of documents while reporting to authorities, Response from branches not in time, no prior review of expired policies manual guidelines, Share necessary information to avoid hassles, Update status of policies and manuals, Issue on finding out account number of our customers, Unfreeze of accounts without instruction, Unknown reasons of blocked/freezed/restricted accounts, Proactive response of BM/ E-Banking Department.

- AML/CFT related issues such as: Due Diligence and Account Review Function, KYC Pending Active Accounts in CBS Despite Pending KYC, Record of Ultimate Beneficial Owners, Entering Wrong Trans Code while making transaction, Mentioning the details of company instead of Individual Person while filling conductor details.

- Card department related issue: ATM CCTV Monitoring.

- Finance department related issues such as: Applicant charge not taken, no proper management of sufficient fund at agent level, entries of wrong amount booking under wrong Head, User log not defined in Accuity application.

- Human Resource department related issues such as: Transfer of Employees, Monitoring of Employees Performance, Grievance Handling, leave not approved in time neither response for verification timely.

4.8.3. ASSETS LIABILITIES MANAGEMENT COMMITTEE (ALCO)

ALCO manages the overall asset and liability position of the Bank. It also ensures that the asset and liability position, investment and liquidity are maintained at a desired level in compliance to NRB Directive. The ALCO is responsible for the management of capital and establishment of and compliance with policies relating to balance sheet management, capital adequacy and foreign exchange and interest rate exposure. The ALCO committee reports to CEO which is further monitored by the Risk Management Committee which further reports to the Board of Directors.

Major Responsibilities of the Assets Liabilities Management Committee:

a. Develop asset/Liability strategies: monitor and discuss the status and results of implemented asset/liability management strategies.
b. Review the results and progress in implementation of the decisions made in meetings.
c. Monitoring compliances of Nepal Rastra Bank and Boards instruction as specified in ALM Policy.
d. Monitoring various risk faced by the bank such as Liquidity risk, Credit risk, Foreign exchange risk, Operational Risk and Interest rate risk.
e. Discuss capital planning of the Bank.
f. Review the current and prospective capital levels to determine sufficiency in relation expected growth.
g. Review the current and prospective liquidity positions and monitor alternative funding sources.
h. Decide on source and mix of liabilities and on funding mixes example: Wholesale vs. retail deposits, short term vs. long term deposits, local vs. foreign currency funding etc.
i. Discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies.
j. 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.
k. Decide on desired maturity profile and mix of assets and liabilities.
l. Review maturity/ re-pricing schedules with particular attention to the maturity distribution of large deposits.
m. Evaluating market risk involved in launching new products.
n. Establish a monitoring and reporting system.
o. Determining interest rates (deposit/lending) of Bank and deciding on the future business strategy
p. Assist in pricing for new deposits/ lending products.
q. Exploring new investment opportunities.

Composition and attendance of Assets Liabilities Management Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 21 meetings were held. The composition and attendance of ALCO as on July 16, 2022 (Ashadh 32, 2079) is as under:

COMMITTEE MEMBERS	DESIGNATION	MEETING ATTENDED
Ganesh Raj Pokharel, CEO	Chairman	20
Sumit Babu Khatri, Senior Deputy CEO	Member	20
Paras Kumar Kafle, Deputy CEO- Operations	Member	20
Rajendra lal Shrestha, Deputy CEO – Risk/Compliance	Member	20
Suman Mulepati, Chief Credit Officer	Member	17
Pramesh Raj Kayastha, Chief Finance Officer	Member	19
Roshan Manandhar, Head Retail Banking	Member	20
Angish Shrestha, Head Treasury	Member Secretary	21

Major Agendas discussed in the meeting:

a. The committee reviewed of Fund position and all major ratios to meet the regulatory requirements.
b. The committee reviewed and discussed on Liquidity Position, FCY Exposure, Lending Borrowing Position, and Investment Position of the Bank.
c. The committee reviewed its limit of investments in loans and overdrafts, government securities and ensured that the risk appetite set by the policies.
d. The committee reviewed matching of maturity calendar between deposit and credit products (liquidity mismatch ladder).
e. 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.
f. The committee regularly monitored and discussed the bank net interest income and earnings.
g. To committee monitored liquidity Stress testing, reverse stress testing, Gap Analysis and Contingency funding plan.
h. 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.
i. The committee reviewed the Interest rate risk, Foreign exchange risk and Equity risk.
j. The committee reviewed all major capital projects/investments.
k. The committee conducted a review of Asset Quality, Capital and Growth.
l. 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.
m. The committee conducted a review of treasury policy, liquidity risk management, market risk management policy, contingency funding plan and credit policy.

4.8.4. IT STEERING COMMITTEE

The core objective of the 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 IT Steering Committee:

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

Composition and attendance of IT Steering Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 7 meetings were held. The composition and attendance of the Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

COMMITTEE MEMBERS	DESIGNATION	MEETING ATTENDED
Mr. Ganesh Raj Pokharel	CEO (Chairman)	7/7
Mr. Paras Kumar Kafle	DCEO (Member)	7/7
Mr. Sanjeeb Kumar Shrestha	CITO (Member)	7/7
Mr. Narayan Raj Adhikari	CAO (Member)	7/7
Mr. Roman Pradhanang	IT-Head (Member Secretary)	6/7

The major agendas discussed in the meetings are stated as below:

1. IT and Digital Banking Budget
2. IS Audit 2022 updates
3. IT Manpower Planning 2022/23
4. Oracle License Upgrade to 19C for Finacle
5. Additional licenses needed for Symantec AV
6. Status review of current year IT plans
7. Call Center Briefing and Future Go-Ahead
8. Procurement of Middleware application
9. Network Updates and requirements of Additional Network Device at DR
10. Updates on IT Projects status
11. Discussion on IT staff retention
12. DR operations
13. Status of Srijana Finance Post Migration
14. Procurement of Network Monitoring System

4.8.5. PURCHASE COMMITTEE

Purchase committee is responsible for the finalization of specification and quality of logistics, approval of tender/quotation documents, recommending for procurement of logistics and awarding of tenders costing more than NPR One Hundred Thousand to Chief Executive Officer or approving authority.

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 31 meetings were held. The composition and attendance of the Purchase Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

COMMITTEE MEMBERS	DESIGNATION	MEETING ATTENDED
Mr. Paras Kumar Kafle	Coordinator	31/31
Mr. Narayan Raj Adhikari	Permanent Invitee	28/31
Mr. Pramesh Raj Kayastha	Member	27/31
Mr. Dikendra Ram Kashajoo	Member Secretary	30/31
Ms. Sagun Shrestha	Invitee	1/31

The major agendas discussed in the Purchase Committee are stated as below:

- Procurement related to establishment of new branch at Thulo Bharyang, Thali, Budhanilkantha, Thasikhel, Dhumbarahi and Suryabinayak.
- Renovation of Birgunj building and establishment of Privilege Counter at Birgunj.
- Awarding Interior and Exterior work of Kuleshwor, Mahendranagar (Dhanusha), Baglung, Simikot, Katahari, Birtamode, Dangihat, Kapan Branch, Pipra, Haldibari, Thulo Bharyang Thali, Budhanilkantha, Narayan Gopal Chowk, Mangalpur, Thasikhel, Dhumbarahi, Suryabinayak, Badhaiyatal, Hetauda and Manahari.
- Subscription of Middleware Application
- Server Up gradation and Storage Expansion
- Procurement of SIEM and SOC Application
- Subscription of Reconciliation Software
- Digitization of Account Opening Related Documents
- Development of DEMAT management System
- Loan Subsidy Customization
- Procurement of Fortigate Firewall License, Transceiver from Juniper OEM, RAM in FINACLE core Banking Servers (DC and DR), "Centralized Managed Wi-Fi Devices", NPR Contactless Chip Debit Card and Contactless Chip Credit Card, "Bulk Email and Alert Email Service", Checkpoint Firewall 5600 License, Veeam Backup Software License, PRTG 1000 with 12-month Maintenance, MICR Cheque, Annual Diary 2022, Calendar 2079, Annual Report for the F/Y 2020/21.
- Appointment of Service provider for Independent Assessment
- Customization in the Bank's website
- Renewal of Barracuda
- Finacle Customization service
- Acquisition of Insurance Policies for BBI, Money Policy, Fixed Assets, Gold, Staff Medical and accidental coverage
- Up gradation/Replacement of ATM
- Renewal of various Subscription and Annual Maintenance Contracts
- Other Procurements costing more than NPR One Hundred Thousands.

4.8.6. RECRUITMENT COMMITTEE

Recruitment committee is formed as per Employee Bye Laws 2075, Clause No. 10 which consists of 5 members with Deputy CEO as the coordinator of the Recruitment Committee. The TOR of the committee is as per Clause No. 11 of Employee Bye laws 2075 of the Bank.

Major Responsibilities of Recruitment Committee:

1. Determine the procedure for fulfilling vacant position of the Bank.
2. Publish vacancy announcement, conduct examination and interview and recommend to appoint selected candidates to the Chief Executive Officer for fulfilling vacant position through open competition.
3. Recommend eligible staff for promotion to the Chief Executive Officer based on promotion criteria.
4. Record yearly 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.

Composition and attendance of Recruitment Committee during the reporting period:

During the reporting period July 16, 2021 to July 16, 2022 (Shrawan 1, 2078 to Ashadh 32, 2079), 81 meetings were conducted. The composition and attendance of the Recruitment Committee during the period as on July 16, 2022 (Ashadh 32, 2079) is as under:

COMMITTEE MEMBERS	DESIGNATION	MEETING ATTENDED
Mr. Sumit Babu Khatri	Coordinator	77/81
Mr. Paras Kumar Kafle	Member	77/81
Mr. Rajendra Lal Shrestha	Member	73/81
Ms. Manisha Karn	Member	76/81
Mr. Narayan Raj Adhikari	Member Secretary	79/81

Major agendas discussed in Recruitment Committee meeting.

1. Vacancy Announcements
2. Conduction of examination and interview
3. Staff Appointment
4. Staff Promotion
6. Hiring Recruitment Consultant for conducting examination for the position of TA and MT
7. Recommendation for permanent service of staff of acquired institutions.

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 noncompliance; 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 2021-22 (FY 2078-79)

SN	BRANCH NAME	WORKING DAYS
1	Biratnagar	5
2	Birtamod	5
3	Gaighat	4
4	Itahari	5
5	Dharan	3
6	Damak	4
7	Kanchanbari	4
8	Salakpur	4
9	Biratnagar 2	6
10	Dangihat	3
11	Rangeli	5
12	Pathari	4
13	Harinagara	4
14	Likhupikey	3
15	Laukahi	2
16	Inaruwa	1
17	Katahari	3
18	Chakarghati	3
19	Banigama	3
20	Birgunj	9
21	Janakpur	7
22	Gaushala	3
23	Pathlaiya	3
24	Kohalbhi	2
25	Nijgadh	2
26	Bardibas	2
27	Vidyapati Chowk	4
28	Jaleshwor	6
29	Ramgopalpur	2
30	Rajbiraj	7
31	Kanchanrup	4
32	Dhanushadham	3
33	Sabaila	3

SN	BRANCH NAME	WORKING DAYS
34	Loharpatti	3
35	Bhardaha	4
36	Kalyanpur	5
37	Phatepur	4
38	Bodebarshain	3
39	Pato	4
40	Durbarmarg	5
41	Boudha	7
42	Newroad	7
43	Kumaripati	7
44	Koteshwor	6
45	Narayanghat	6
46	Kuleshwor	7
47	Kalanki	5
48	Thahiti	5
49	Nayabazar	3
50	Maitidevi	5
51	Narayangopal Chowk	5
52	Kapan	5
53	Thimi	4
54	Charikot	4
55	Bhaktapur	5
56	Kupondole	7
57	Hetauda	6
58	Samakhusi	4
59	Thapathali	4
60	Dillibazar	5
61	Banepa	4
62	Naya Baneshwor	5
63	Chabahil	4
64	Bhainsepati	5
65	Gwarko	5

SN	BRANCH NAME	WORKING DAYS
66	Tokha	4
67	Thankot	5
68	Kamladi	4
69	Tandi	3
70	Mangalpur	4
71	Jyamire	3
72	Sunapati	3
73	Temaal	3
74	Hariharpurgadi	2
75	Sindhuli	4
76	Bharatpur	3
77	Pokhara	6
78	Simalchaur	4
79	Amarapuri	4
80	Chame	3
81	Kolhuwa	3
82	Arunkhola	3
83	Kawasoti	3
84	Dharapani	2
85	Nepalgunj	8
86	Butwal	7
87	Sunawal	5
88	Hospitalline	5
89	Ghorahi	5
90	Siddharthanagr	3
91	Sanoshree	4
92	Bhumahi	6
93	Kohalpur	5
94	Kotihawa	3
95	Bhairahawa	5
96	Shitalnagar	4

SN	BRANCH NAME	WORKING DAYS
97	Drivertole	3
98	Semara	3
99	Sau Pharsatikar	3
100	Kalikanagar	4
101	Bhaluhi	6
102	Jimirebhar	4
103	Ramapur	3
104	Chapiya	5
105	Belbas	4
106	Gopigunj	4
107	Tamnagar	3
108	Bansgadi	4
109	Taulihawa	4
110	Imiliya	2
111	Kopawa	4
112	Pipara	2
113	Murgiya	5
114	Tansen	3
115	Ranibagiya	3
116	Manigram	3
117	Sukkhanagar	3
118	Surkhet	6
119	Humla	3
120	Dunai	3
121	Juphal	2
122	Dhangadhi	7
123	Mahendranagar	6
124	Bajhang	3
125	Dhakari	3
126	Sukhad	4
	Total	**525**

SN	DEPARTMENT	WORKING DAYS
1	Corporate SME Infrastructure Department	12
2	Consumer and Credit Card Department	6
3	Finance and NRB Reporting Department	12
4	Treasury Department	7
5	Human Resource Department	8
6	General Service Department	7
7	Trade Administration Department	12
8	Recovery Department	7
9	Card, Remittance, DMAT, E/Mbanking and BLB Department	5
10	Risk Management Department	4
11	Compliance and AML CFT Department	4
12	Legal and Share Department	2
13	Central Clearing Department	4
14	Corporate Communication Department	2
15	Grievance Handling Department	1
16	Research and Policy Analysis Department	1
	Total	**94**

03

SUSTAINABILITY REPORTING

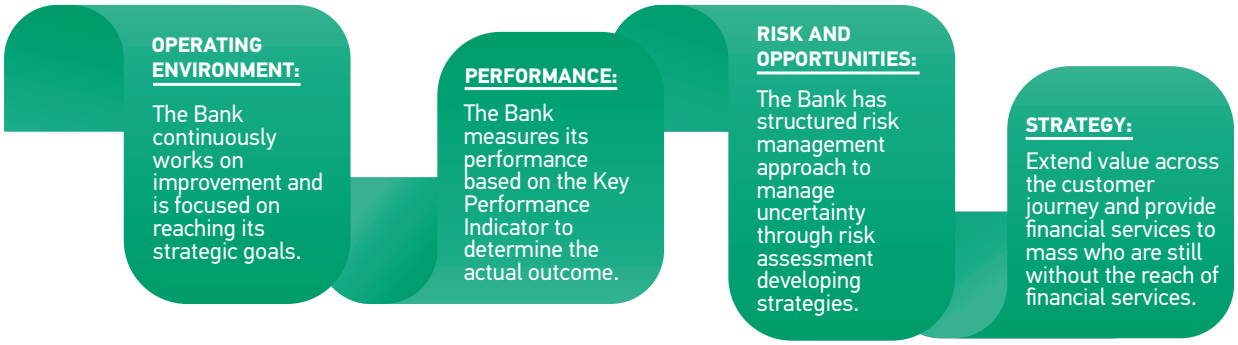
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BUSINESS MODEL

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 ensures 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.



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 1,230.37 Million. • Training and Development expense is NPR 10.16 Million.
Outcome/Output:	**Value Creation:**
• NPAT-NPR 2,005.61 Million • Earnings Per Share- NPR 14.12 • Net Asset Value Per Share- NPR 143.72 • CAR-12.69%	• 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 1,758 • 273 new employment opportunities • Investment in Training and Development is NPR 10.16 Million • Employee's Competencies	• 211 number of training program conducted. • Annual Appraisal/ Promotion for all the employees.
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.

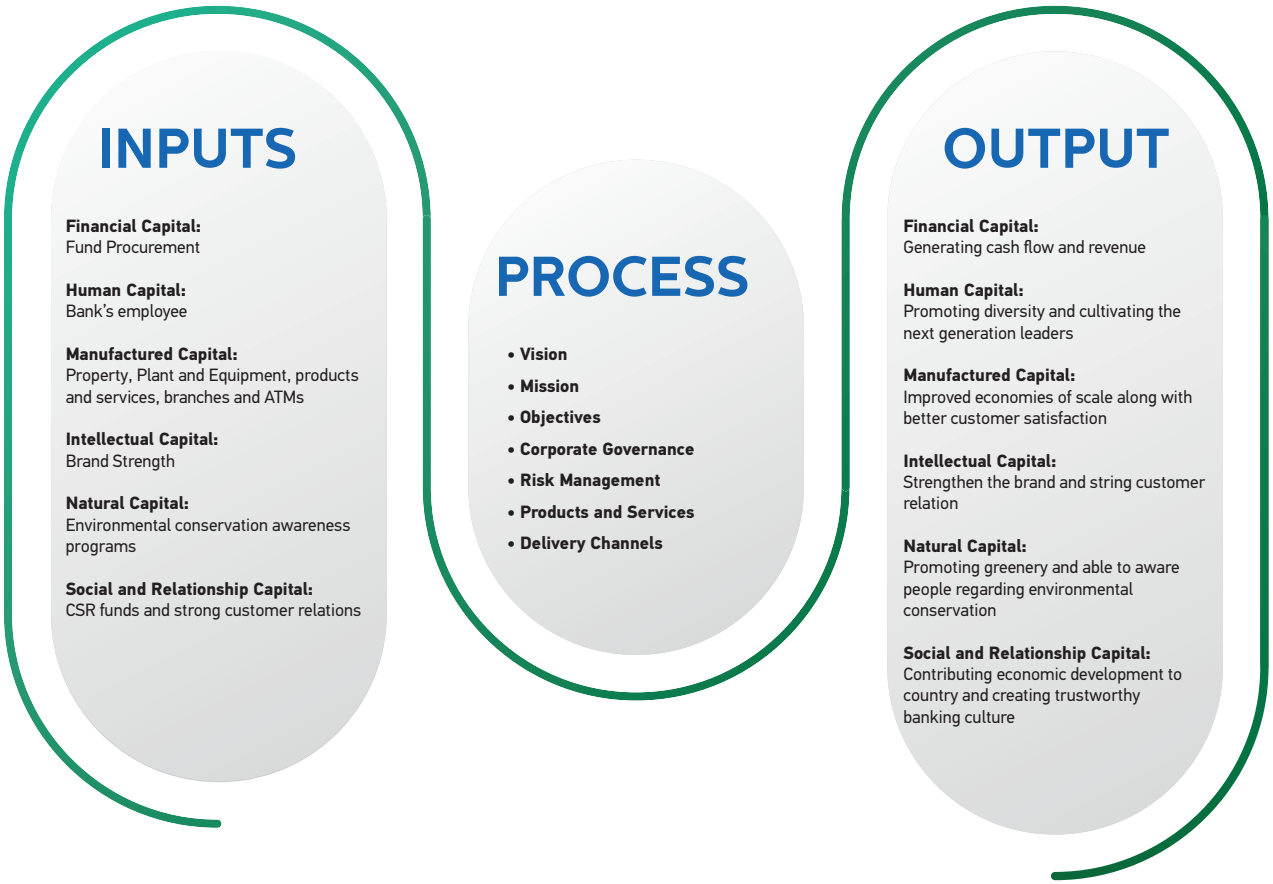
Inputs Used:	Business Activities:
• 178 Numbers of total branch in operation • 130 Numbers of ATMs	• Installation of 7 ATMs during FY 2021/22.
Outcome/Output:	**Value Creation:**
• Improved Economies of scale • Increased reach of customers with better quality of service • Number of branches reached to 178 • Number of ATMs reached to 130 • Branchless Banking Locations 97 • International Remittance Tie ups 15 • Local Remittance Tie ups 38 • No. of POS installed to 441	• 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 to 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 400 volunteer hours spent on CSR projects. • Total 28 projects implemented. • NPR 484,569 investments on sustainable development projects. • NPR 15,158.55 Million Under deprived sector lending.
Outcome/Output:	**Value Creation:**
• Contributing economic development to the country • Creation of trustworthy banking culture • 22,522 facilitated through deprived sector lending	• CSR initiatives, educational, healthcare support, disaster aid. • Enhancing financial access to the marginalized population.

SUMMARIZED DIAGRAMMATICAL PRESENTATION:



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 submitting 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 conducting honest operation by improving corporate governance, and strengthen internal control
Shareholders	Good market value	- AGM - Annual and Quarterly reports	- Robust operation, profitability enhancement and steady dividend
Customers	Quality and simplified financial products and services tailor made to cater the need of the customer	- Customer service Desk - Notice and complaint box - 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 community support	- Public interest activities - Donation - Collaboration with social cause	- Conducting volunteering activities, supporting disadvantaged people, and actively engage 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 9,126,346 in the FY 2021/22. 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	PROVINCE 1	MADHESH	BAGMATI	GANDAKI	LUMBINI	KARNALI	SUDUR PASCHIM	TOTAL	PERCENTAGE
CULTURE	-	127,525	50,000	-	-	-	-	**177,525**	**1.95**
EDUCATION	55,000	-	880,000	-	45,000	750,000	76,700	**1,806,700**	**19.80**
ENVIRONMENT	-	-	21,075	-	-	-	-	**21,075**	**0.23**
FINANCIAL LITERACY	68,630	58,630	270,980	58,630	81,230	78,680	58,630	**675,408**	**7.40**
HEALTH	723,739	723,739	943,739	723,739	723,739	773,739	773,739	**5,386,173**	**59.02**
SOCIETY	-	128,145	101,000	499,100	181,220	100,000	50,000	**1,059,465**	**11.61**
TOTAL	**847,369**	**1,038,039**	**2,266,794**	**1,281,469**	**1,031,189**	**1,702,419**	**959,069**	**9,126,346**	**100.00**
PERCENTAGE	**9.28**	**11.37**	**24.84**	**14.04**	**11.30**	**18.65**	**10.51**	**100.00**	

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 5.13 Million in FY 2021-22, to finance accessories and equipment to combat with COVID such as sanitizers, masks, gloves, disinfectants, thermal guns, face shields etc.

Others

On the society and culture front, Citizens Bank provided financial assistance to various temples for preservation and maintenance. 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.



Conducted Financial Literacy Rally on the occasion of 15th Anniversary of the Bank



Provided financial assistance to various schools, old aged homes and hospitals in Karnali Province, on the occasion of 15th Anniversary of the Bank



Conducted Financial Literacy programs in all 7 provinces of the country, on the occasion of Global Money Week- 2022



Organized Blood Donation Campaign on the occasion of 15th Anniversary of the Bank

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 strengthen 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.

INFORMATION OFFICER

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.

LEGAL AND REGULATORY REQUIREMENTS

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 staffs along with their families and also with the details of loans availed by them from the Bank and different other banks and financial institutions.

PROCEDURE OPTED BY THE BANK

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 WHISTLE BLOWER GUIDELINES

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 staffs. 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.

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 systems enable 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 avoiding the risk, transferring the risk to another party, 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 account ability 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 are positron 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.

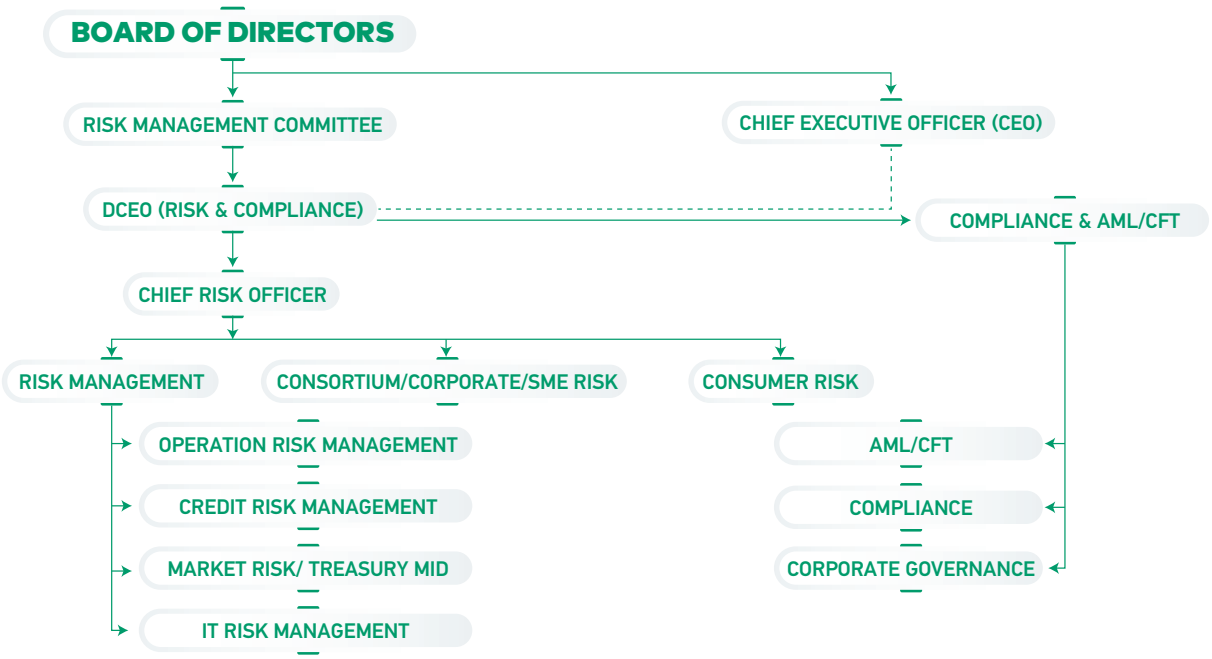
The Bank has also brought into effect "Risk Management Framework" in order to minimize the risks as far as possible. The Bank has clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting, and control. The Bank has a well-constituted 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 operation all 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 frame work 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. ▮ 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 facilities to higher approval level with the BOD being the highest authority to approve credit facilities that are of the highest value of exposure. ▮ 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 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).	▮ Delegated authority, additional documentation and IT system driven controls and laid down procedures are in place to mitigate risk further. ▮ 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. ▮ 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. ▮ 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. ▮ 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. Treasury Middle Office, an independent unit is responsible for market risk identification, analysis, measurement, monitoring and reporting directly to Chief Risk Officer (CRO) and top management for control. This unit provide risk assessment to ALCO/ RMC and is responsible for daily tracking of risk exposures, liquidity risk, market risk , individually as well as collectively.

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. ▮ With the BASEL provision; ALCO ensures jobs are in line with policies and procedures and suggests necessary steps to address risk on interest rate, exchange rate movement and equity price changes.	▮ 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. ▮ 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)

▮ Possible financial impact due to change in market conditions are assessed periodically and actions taken accordingly. The departments are well equipped with advanced dealing platform and information technology. ▮ Value at risk (VaR) is also used as a tool for risk associated with Foreign exchange risk and equity risk. ▮ 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) ▮ The Impact of Monetary Policy in the Bank is analyzed which further is submitted to RMC.	▮ 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. ▮ 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 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. ▮ 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. ▮ A large size off-balance sheet exposure. ▮ Deteriorating third-party evaluation (negative rating) about the Bank and negative publicity. ▮ Unwarranted competitive pricing that potentially stresses the Bank.	▮ 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. Treasury Middle Office also assists in monitoring and reporting of liquidity risk on regular basis to top management, ALCO and RMC as required. ▮ 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. ▮ 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. ▮ Risk Management Committee discusses about liquidity risk tolerance limit as per the Bank's Risk Management Framework.

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 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. ▮ 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. ▮ 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. ▮ 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. ▮ To address the operation related lapses in branches, Operation Risk Management Department conducts Operational Risk Assessment (ORA) of branches to identify the lever of risk in branches and rank branches into High/Medium/Low risk. ▮ An incident report is a tool that documents any event that may or may not have caused injuries to a person or damage to the organization asset. It is used to capture injuries and accidents, near miss events, property and equipment damage, health and safety issues, security breaches and workplace misconduct, frauds and attempted cases etc. ▮ New Product Development – Risk Assessment guideline is in place to ensure that all the products launched by bank go through risk assessment process to identify possible risk and impacts.	▮ 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 programs such as the orientation of the Bank's systems and processes on the job and putting them under the direct 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. ▮ 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. ▮ 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 ORMC are: • 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. • Review recent risk event in other banks and elsewhere as availed in public domain and suggest key control required from operational risk perspectives. ▮ Review operational loss database as per Operational Risk Management Framework of the Bank & thoroughly discuss in RMC meeting. ▮ Regular assessment of risk through use of established Key Risk Indicators (KRI). ▮ Based on the report of ORA necessary follow-ups is taken by Central operations as well as operation risk management department with branches for necessary improvements. ▮ Incident Reporting has been the major event tracking system in bank whereby branches and departments are required to report incidents to Central Operations as well as Operation Risk Management Department specifying the details of incident, incident occurrence date, incident discovery date, immediate actions taken, root cause analysis, Post incident review etc. ▮ To ensure that all the risk related to Processes in bank are identified, risk registers is prepared by all departments whereby risk involved in different processes are analyzed based on "likelihood" of occurring of risk and the "impact" if the risk materializes.

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.

F) Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer as a result of violations or noncompliance with the applicable laws, rules, regulations, agreement, prescribed practices and ethical standards. Non-Compliance on internal as well as external policies/ practices, applicable laws, rules may 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, compliance status of existing laws/rules/regulations for the departments encompassing all their crucial functions that needs to be complied without fail which are reviewed, revised and updated as required.	▮ The bank has developed the overall compliance status of the internal policies, procedures, guidelines, etc. as well as external audit findings, applicable laws, rules, regulations of various regulatory authorities on regular basis. The report thus prepared are reported to BOD and certified by External auditor as well.

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 could be at risk for system and IT frauds. These systems are used in the frauds and mistakes that result from the system and are carried out via computer systems, IT infrastructure, or in conjunction with them. Recent IT advancements have shown to be a technological gain for company support, but they have also raised the risk that goes along with Information Technology (IT).

RISK IDENTIFICATION	RISK MANAGEMENT
▮ The Bank makes sure to use the most recent systems and regularly monitors its transactions using cutting-edge firewall technologies. These technologies watch for network activity deviations and/or harmful programs that have entered the system or have been trying to do so. The hazards are noted during the risk assessment and numerous Information System (IS) Audits carried out on a regular basis by independent, reputable organizations.	▮ In order to secure the banking system from malicious threats and back doors, the Bank has installed an updated IT system and regularly checks for upgrades. To examine IT-related and other risks linked with it, the Bank established the IT Risk Department and many committees, including the IT Steering Committee, IT Incident Response Team (ITIRT), and Risk Management Committee (RMC).
▮ The Risk Management Department oversees IT Risk, and different IT-related concerns, particularly the security and associated risks, are found and communicated to the Risk Management committee (RMC) by the Management.	▮ The IT servers are periodically subjected to various Vulnerability Assessments (VA) test, with the results being sent to RMC for further discussion and recommendations.
▮ The Vulnerability Assessment (VA) of numerous Bank systems and applications, as well as policies, procedures, and guidelines pertaining to IT and its security, a handful of the reports that IT Risk has delivered.	▮ The new IT policy, risk management policy, and other procedures created by the risk management department and other relevant departments have all been implemented by the bank. The Risk Management Department and other relevant departments regularly discuss major issues with BOD members at Committee meetings. This is done through studies and analyzed reports.

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 undergoes 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.N	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
2	Market Risk			Board of Directors
			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 processes	Treasury Department
		Foreign Exchange Risk	Regular review of Risk Tolerance and appetite limit	Treasury Middle Office
			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	
3	Liquidity Risk	A negative trend or significantly increased risk in any area or product line	Diversification and stable source of fund	
		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	

4	Operational Risk		Well defined documentation and updated process, manuals and policies	
		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	
			Regular assessment of risk through Incident Reporting, ORA and Risk Registers	
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
		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		Automated Real Time transaction threshold	Front end staffs like Customer Service Department, Tellers, Branch Managers and Relationship Managers
		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 Committee
			Customer due diligence on regular interval	
			Transaction monitoring	
			Suspicious Transaction Reporting	

8	IT Risk		Use of updated and genuine softwares and hardwares	IT Department
		Frauds and errors arising from computers and IT infrastructure misuse from outside and within the Bank	Annual Information System Audit	Audit Committee
			Regular Drills to check robustness of Business Continuity Plans, Firewalls, etc.	IT Department

RISK OVERVIEW

S.N	PARTICULARS	MAXIMUM RISK TOLERANCE UNIT AS PER REGULATOR	POSITION AS ON MID JULY 2022
1	**Credit Risk**		
a	Capital Adequacy Ratio	Minimum 11%	12.69%
b	Non Performing Loan Ratio	5%	2.22%
c	Real Estate Loan	25%	3.58%
d	Single/group borrower limit	25% of core capital	11.88%
2	**Liquidity Risk**		
a	Maximum Single depositor concentration	10%	3.82%
b	Institutional Deposit concentration	50%	30.43%
c	SLR (Statutory Liquidity Ratio)	Minimum 12%	18.01%
d	Credit to Deposit Ratio (CCD Ratio)	90%	85.20%
e	Liquidity Ratio	Minimum 20%	25.25%
f	Cash Reserve Ratio	3% of weekly Average deposit of two weeks ago	3.29%
g	Average Interest Spread	4.40%	4.25%
3	**Market Risk**		
a	FCY Open Position	30% of Core Capital	15.37%
b	Proprietary Derivative Transaction	15% of Core Capital	14.12%
3 (i)	**Interest Rate Shocks**		**Impact on Total Cost in NPR Million**
	Deposits Interest rate change (+,-) by 1 % on an average		4.25
	Deposits Interest rate change (+,-) by 1.5 % on an average		6.38
	Deposits Interest rate change (+,-) by 2 % on an average		8.50
	Loan Interest rate change (+,-) by 1 % on an average		3.72
	Loan Interest rate change (+,-) by 1.5 % on an average		5.58
	Loan Interest rate change (+,-) by 2 % on an average		7.44
3 (ii)	**Exchange Rate Shocks**		**Impact on Total Cost in NPR Million**
	Appreciation of currency exchange rate by 5%		(6.91)
	Depreciation of currency exchange rate by 5%		6.91
3 (iii)	**Equity Price Shocks**		**Impact on Total Cost in NPR Million**
	Fall in Equity Price by 25%		(74.42)
	Fall in Equity Price by 50%		(148.84)

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

As on July 15, 2022

NPR IN MILLION

S.N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
	Assets						
1	Cash Balance	6,585.14	-	-	-	-	6,585.14
2	Balance with Banks & FIs	6,689.53	-	-	-	-	6,689.53
3	Investment in Foreign Banks	4,127.07	-	-	-	-	4,127.07
4	Call Money	5,991.14	-	-	-	-	5,991.14
5	Government Securities	576.24	2,032.25	2,914.83	1,368.21	20,183.90	27,075.43
6	Nepal Rastra Bank Bonds	-	-	-	-	-	
7	Inter Bank & FI Lending	-	-	-	-	-	
8	Loans & Advances	36,285.80	16,534.82	12,703.42	8,448.94	64,228.15	138,201.13
9	Interest Receivable	-	-	-	-	-	
10	Reverse Repo	-	-	-	-	-	
11	Acceptance Receivables	-	-	-	-	-	
12	Payment to be made for facilities under s.no 20,21 & 22	13,743.12	8,169.96	5,752.05	8,715.51	5,341.60	41,722.24
13	Others	3,569.55	208.65	-	-	5,521.89	9,300.09
	Total Assets (A)	**77,567.59**	**26,945.68**	**21,370.30**	**18,532.66**	**95,275.55**	**239,691.78**
	Liabilities						
14	Current Deposits	1,923.81	-	-	-	6,245.08	8,168.89
15	Saving Deposits (Including Call)	13,553.52	-	-	-	35,016.45	48,569.97
16	Fixed Deposits	30,334.35	20,437.33	11,855.87	11,654.96	24,118.68	98,401.19
17	Debentures	-	-	-	-	2,477.88	2,477.88
18	Borrowings:	10,924.50	1,700.11		170.15		12,794.76
	(a) Call/Short Notice	-	-	-	-	-	
	(b) Inter-bank/Financial Institutions	1,724.50	-	-	-	-	1,724.50
	(c) Refinance	-	1,700.11	-	170.15	-	1,870.26
	(d) Others	9,200.00	-	-	-	-	9,200.00
19	Other Liabilities and Provisions	3,522.07					3,522.07
	(a) Sundry Creditors	31.50	-	-	-	-	31.50
	(b) Bills Payable	152.06	-	-	-	-	152.06
	(c) Interest Payable	112.19	-	-	-	-	112.19
	(d) Provisions	27.91	-	-	-	-	27.91
	(e) Others	3,198.42	-	-	-	-	3,198.42
20	Acceptance Liabiltiies	2,343.86	644.54	97.93	72.93	61.64	3,220.90
21	Irrecvocable Loan Commitment	4,082.72	5,103.40	4,082.72	7,144.75	-	20,413.59
22	Letter of Credit/Guarantee	7,316.55	2,422.02	1,571.40	1,497.83	5,279.96	18,087.76
23	Repo	-	-	-	-	-	
24	Payment to be made for facilities under S.No 11	-	-	-	-	-	
25	Others	690.40	239.94	137.43	103.53	22,863.49	24,034.79
	Total Liabilities (B)	**74,691.77**	**30,547.33**	**17,745.36**	**20,644.15**	**96,063.18**	**239,691.78**
	Net Financial Assets (A-B)	**2,875.82**	**(3,601.65)**	**3,624.94**	**(2,111.49)**	**(787.62)**	**0.00**
	Cumulative Net Financial Assets	**392.30**	**(725.83)**	**2,899.11**	**787.62**	**0.00**	**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	15%	1-30 days
	Core*	85%	Over 1 year
	Saving		
	Volatile	10%	1-30 days
	Core*	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
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 2021/22, 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.

BANK'S CONTRIBUTION & RESPONSIBILITIES TO EMPLOYEES

As of mid-July 2022, there are 1758 employees working for the Bank. During the fiscal year, the Bank had appointed 273 new employees, whereas, 179 employees had resigned from the Bank's services. Out of the total employees, 775 (44.08 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 273 new recruits.
Foster employee diversity and promote equal opportunities	Continued on the job training for staff at departmental and branch levels. Intensive online training due to global COVID-19 pandemic.
Support employee well-being through work-life balance, welfare and health and safety measures	Reduced staff turnover by retaining staff with measures such as performance-based pay, adequate promotions and instilling best staff cultures.

RECRUITMENT

The Bank's recruitment process follows a strictly 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 staff).

AMOUNT (NPR)

PARTICULARS	2021/22	2020/21
Staff Auto Loan	71,465,639	59,433,041
Staff Home Loan	1,188,487,587	743,470,327
Revolving Salary Advance	424,887,029	149,007,014
Credit Card Receivable	8,500,443	4,962,199
TOTAL	**1,693,340,698**	**956,872,581**

LEAVE FACILITIES

PARTICULARS	NO. OF DAYS
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 (2021/22)

S.NO.	PARTICULARS	NO. OF TRAINING
1	Conference	10
2	In-House Training	57
3	Interaction	31
4	Online Training	5
5	Organization Sponsored	1
6	Outside Training	88
7	Residential Training	5
8	Seminar	2
9	Workshop	12
	TOTAL	**211**

PROVINCE-WISE STAFF BENEFITED

S.NO.	PROVINCE	NO. OF STAFF BENEFITED
1	Province 1	186
2	Madhesh Province	219
3	Bagmati Province	714
4	Gandaki Province	65
5	Lumbini Province	366
6	Karnali Province	49
7	Sudur Paschim Province	42
	TOTAL	**1641**

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 (NPR)

PARTICULARS	2021/22	2020/21
Salary	508,341,677	366,469,642
Allowance	575,395,072	311,434,229
Gratuity Expense	49,104,236	40,240,440
Provident Fund	50,772,900	36,498,424
Uniform	-	-
Training and Development	10,156,804	2,505,795
Leave Encashment	93,377,240	(103,362)
Medical	3,924,583	3,838,199
Insurance	-	-
Employee Incentive	-	-
Finance Expense under NFRS	102,816,451	141,767,227
Employee Bonus	314,732,941	287,300,433
Other Expense Related to staff	76,810,344	39,802,236
TOTAL	**1,785,432,248**	**1,229,753,262**

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.

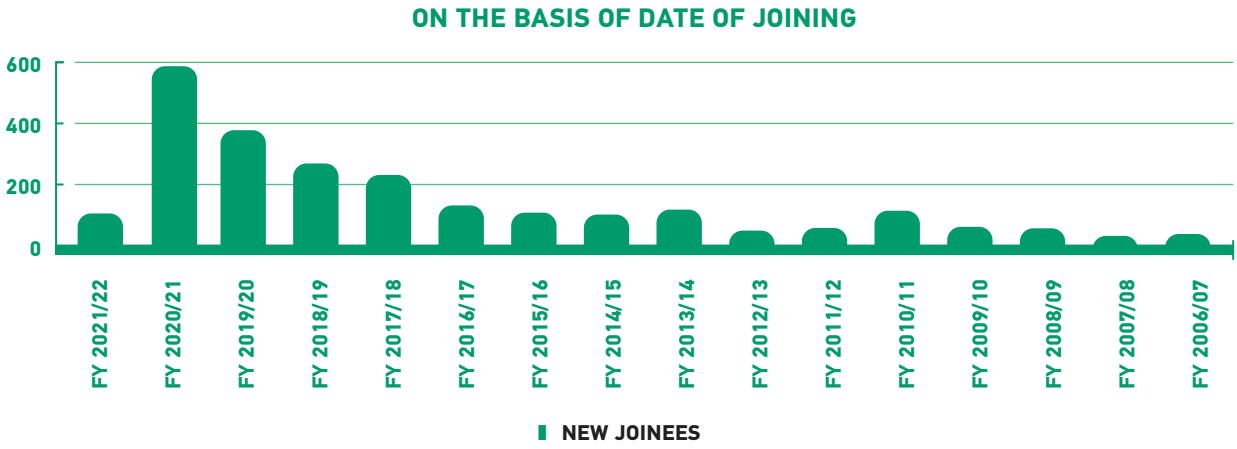
STAFF COMPOSITION

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
2021/22	94	5.35%
2020/21	588	33.45%
2019/20	266	15.13%
2018/19	198	11.26%
2017/18	173	9.84%
2016/17	94	5.35%
2015/16	77	4.38%
2014/15	67	3.81%
2013/14	72	4.10%
2012/13	12	0.68%
2011/12	13	0.74%
2010/11	42	2.39%
2009/10	24	1.37%
2008/09	15	0.85%
2007/08	7	0.40%
2006/07	16	0.90%
TOTAL	1758	100.00%





b) Employee Mix on the basis of Age



c) Employee Mix on the basis of Gender

Male
983 (55.92%)



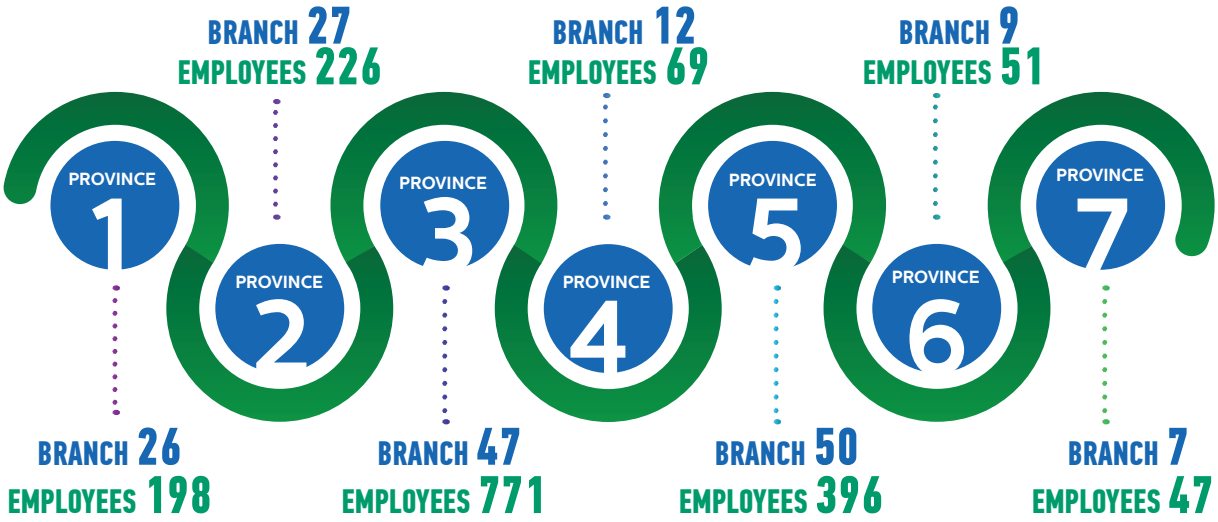
Female
775 (44.08%)

d) Employee Mix on the basis of Marital Status

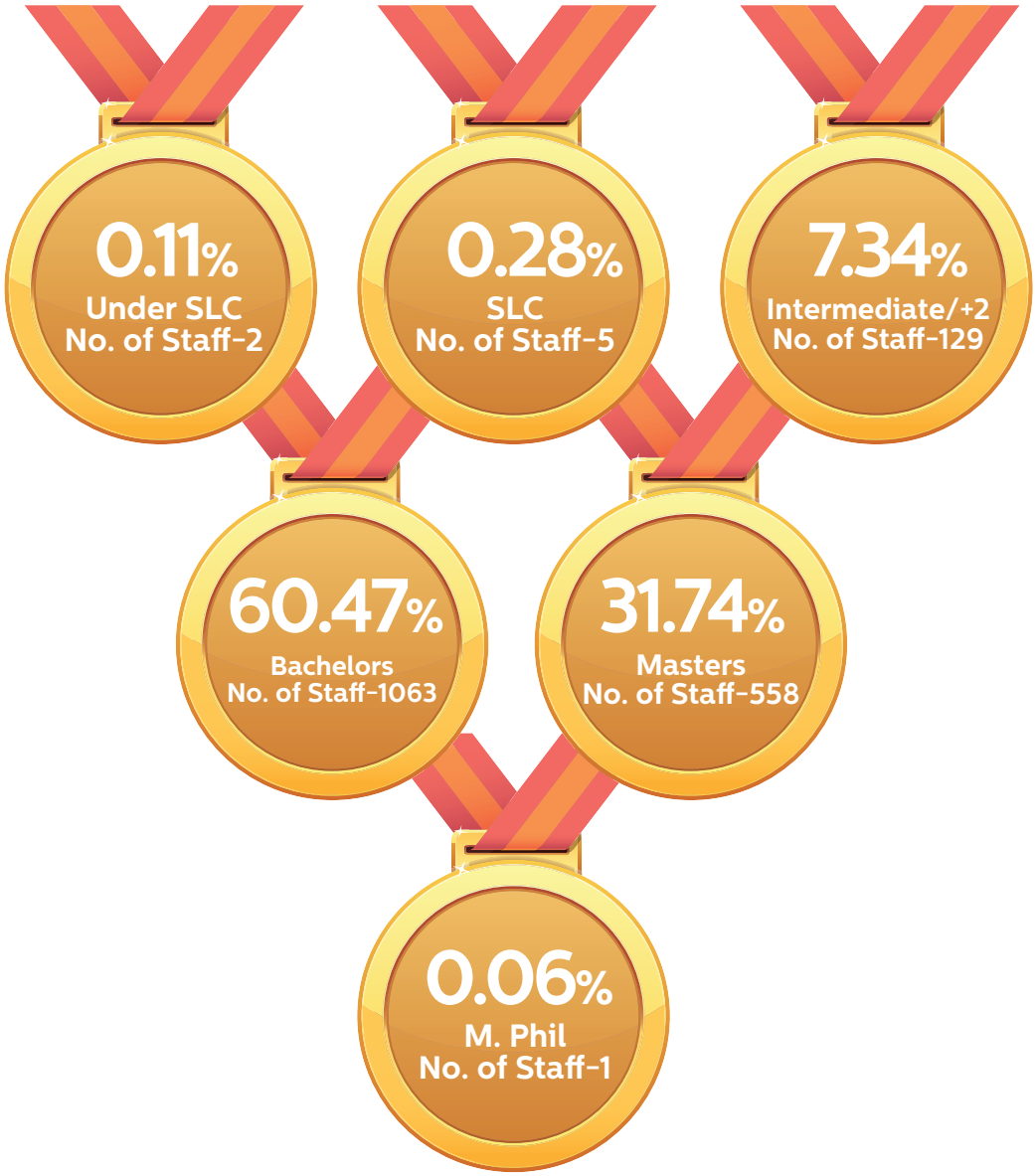
1062 (60.41%)
MARRIED EMPLOYEES

696 (39.59%)
SINGLE EMPLOYEES

e) Employee Mix on the basis of Branch per Province and Staff per Province



f) Employee Mix on the basis of Academic and Professional Educations



g) Employee Mix on the basis of Major Experience

EXPERIENCE CATEGORY	NO. OF STAFF
Accounts and Finance	28
Banking Audit	2
Banking Credit	40
Banking Operations	1508
Banking Risk	20
Compliance and AML/CFT	21
Digital Banking and IT	24
Executive	4
HR and Admin	37
International Banking (Letter of Credit)	16
Legal and Share Department	11
Research & Development	2
Retail Banking	41
Treasury	4
Total	**1758**

h) Employee Mix on the basis of Nature of Employment



1599 PERMANENT EMPLOYEES

159 CONTRACT EMPLOYEES

i) Reconciliation of Staff movement during the year

NO. OF STAFF AT THE START OF THE YEAR	1664
Less:	
No. of Staff left during the year due to resignation	176
No. of Staff left during the year due to disciplinary actions	3
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)	0
Add:	
New Recruit during the year	273
Staff Addition during Merger & Acquisition during the year	0
No. of Staff at the end of the Year	**1758**

04

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ECONOMIC INDICATORS AND OUTLOOK

ECONOMIC GROWTH RATE AND GOVERNMENT EXPENDITURES

Central Bureau of Statistics has estimated the Gross Domestic Product growth of 5.84 percent for 2021/22 compared to 4.24 percent growth in the previous year.

Gross domestic saving to GDP stands 9.27 percent in 2021/22 from 6.60 percent in the previous year. Ratio of gross fixed capital formation and gross national saving to GDP stands at 29.37 percent and 31.95 percent respectively in the review year as compared to 27.26 percent and 31.40 percent in the previous year.

The federal government has presented a budget of NPR 1,793.83 Billion for the 2022/23. The share of current expenditure, capital expenditure and financing expenditure in the total budget is 42 percent, 21.2 percent and 12.8 percent respectively.

SHARE MARKET

NEPSE index stood 2009.5 in mid-July 2022 compared to 2883.4 in mid-July 2021. Stock market capitalization in mid-July 2022 stood NPR 2869.34 Billion compared to NPR 4010.96 Billion in mid-July 2021. Number of companies listed at NEPSE reached 234 in mid-July 2022 which was 219 in mid-July 2021.

INFLATION AND PRICE LEVEL:

Consumer price inflation

The annual average consumer price inflation stood at 8.08 percent in 2021/22 compared to 4.19 percent in the previous year.

In the terms of ecological regions, the Kathmandu Valley witnessed a relatively higher annual average inflation at 5.73 percent followed by Terai region at 6.41 percent, Hilly region at 6.87 percent and Mountain Region at 6.07 percent in the review year. The inflation rate was 2.87 percent in the Mountain region, 3.87 percent in Hilly region, 3.68 percent in Terai region and 3.33 percent in Kathmandu valley in the previous year.

WHOLESALE PRICE INFLATION

The y-o-y wholesale price inflation stood at 12.74 percent in 2021/22 compared to 8.21 percent a year ago.

CURRENT ACCOUNT AND BALANCE OF PAYMENT (BOP)

The current account remained at deficit of NPR 623.33 Billion in the review year compared to a huge deficit of NPR 333.76 Billion in the previous year. Similarly, the Overall BOP recorded deficit of NPR 255.26 Billion in the review year compared to a surplus of NPR 1.23 Billion in the previous year.

In the review year, capital transfer decreased 34.5 percent to NPR 9.99 Billion and net foreign direct investment (FDI) decreased 4.9 percent to NPR 18.56 Billion. In the previous year, capital transfer and net FDI amounted to NPR 15.26 Billion and NPR 19.51 Billion respectively.

LIQUIDITY MANAGEMENT

In the review year 2021/22, NPR 9,702.41 Billion liquidity was injected of which NPR 476.39 Billion was from repo, NPR 55.92 through outright purchase and NPR 9170.11 Billion was availed through Standing Liquidity Facility (SLF).

In the review year, the NRB injected net liquidity of NPR 355.57 Billion through the net purchase of USD 2.91 Billion from foreign exchange market. Net liquidity of NPR 425.94 Billion was injected through the net purchase of USD 3.60 Billion in the previous year.

In the review year, the NRB mopped up NPR 60 Billion liquidity of which NPR 28.35 Billion was through reverse repo auction and NPR 31.65 Billion through deposit collection. In the previous year, NPR 303.29 Billion liquidity was mopped up.

NRB purchased Indian currency (INR) equivalent to NPR 595.23 Billion through the sale of USD 4.92 Billion in the review year. INR equivalent to NPR 535.23 Billion was purchased through the sale of USD 4.54 Billion in the previous year.

INTER-BANK TRANSACTION AND STANDING LIQUIDITY FACILITY

In the review year, inter-bank transactions of commercial banks stood at NPR 2,784.10 Billion and those of other financial institutions (excluding transactions among commercial banks) amounted to NPR 316.25 Billion. Such transactions were NPR 1,782.96 Billion and NPR 213.62 Billion respectively in the previous year.

INTEREST RATES

The weighted average 91-day Treasury Bill rate increased to 10.66 percent in mid-July 2021/22 from 4.55 percent a year ago. The weighted average inter-bank transaction rate among commercial banks that was 4.12 percent a year ago, increased to 6.99 percent in the review period.

Weighted average interest rate spread between deposit and lending rates of commercial banks increased to 4.21 percent in the review month from 3.78 percent a year ago. Likewise, the average base rate of commercial banks increased to 9.54 percent in the review month from 6.86 percent a year ago.

DEPOSIT MOBILIZATION

Deposits at Banks and Financial Institutions (BFIs) increased by 9 percent in the review year compared to growth of 21.4 percent in the previous year. The share of demand, saving, and fixed deposits in total deposits stands at 8.9 percent, 27.6 percent and 55.8 percent respectively in mid-July 2022. This was 10.4 percent, 34.2 percent and 47 percent in the previous year.

LOANS AND ADVANCES

Credit to the private sectors from BFIs increased by 13.1 percent in the review year compared to a growth of 27.3 percent in the previous year. In the review year, private sector credit from commercial banks increased by 12.7 percent whereas credit from development banks and finance companies increased by 13.9 percent and 29.8 percent respectively.

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 50.6 percent to USD 112.26 per barrel in mid-July 2022 from USD 74.53 per barrel a year ago. The price of gold decreased by 6.4 percent to USD 1,706.15 per ounce in mid-July, 2022, from USD 1,823.75 per ounce a year ago.

Nepalese currency vis-à-vis the US dollar depreciated by 6.64 percent in mid-July, 2022 from the level of mid- July 2021. It had appreciated 1.1 percent in the previous year. The buying exchange rate per US dollar stood at NPR 127.51 in mid-July, 2022 compared to NPR 119.04 in mid-July, 2021.

REVIEW OF FINANCIAL MARKET OF THE COUNTRY

After introduction of merger and acquisition policy aimed at strengthening financial stability, the number of BFIs involved in this process reached 245 as of mid-July 2022. Out of which, the license of 178 BFIs was revoked thereby forming 67 BFIs. The total number of BFIs licensed by NRB remained 126 in mid-July 2022. As of mid-July 2022, 26 commercial banks, 17 development banks, 17 finance companies, 65 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches reached 11,528 in mid-July 2022 from 10,683 in mid-July 2021.

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 1330.65 Billion and NPR 1588.27 Billion respectively in the mid-July 2022. Accordingly, the net IIP remained in deficit of NPR 257.62 Billion as at mid- July, 2022. Net IIP was in surplus of NPR 80.12 Billion in mid- July, 2021.

EXPORT AND IMPORT PRICE INDEX

The annual average unit value export price index based on customs data increased by 9.3 percent, while import price index increased by 21.6 percent in the review year. Consequently, the Terms of Trade (TOT) index decreased by 10.1 percent compared to decrease of 3.4 percent in the corresponding period of the previous year.

The export-import ratio increased to 10.4 percent in the review period from 9.2 percent in the previous year.

WORKERS' REMITTANCES

The workers' remittance inflows increased by 4.8 percent to NPR 1,007.31 Billion in the review year compared to increase of 9.8 percent in the previous year. The net transfer receipt increased by 4.3 percent to NPR 1,117.88 Billion in the review year. Such receipt had increased by 9.1 percent in the previous year.

The number of workers going abroad for foreign employment (except renew entry) has been increasing. The number of Nepalese workers seeking foreign employment has increased by 198.5 percent in 2021/22 compared to a decline of 46.8 percent in the previous year.



DIRECTOR'S REPORT

Respected Shareholders,

On behalf of the Board of Directors, I would like to welcome all the shareholders for the sixteenth 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 16, 2022 (Ashadh 32, 2079) of the FY 2021/22. 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 2021/22)

GROSS DOMESTIC PRODUCTION:

As per the initial prediction of Central Bureau of Statistics, the Gross Domestic Product (GDP) is estimated to grow at 5.84 percent in the FY 2021/22. The GDP grew at -4.24 percent in the previous year. For the period under review, agricultural sector production increased by 2.30 percent, industrial sector by 10.19 percent and service sector production increased by 5.93 percent as compared to the increment of the previous year by 2.64 percent, 5.05 percent and 4.43 percent respectively. The share of industrial sector stands at 14.29 percent of total GDP whereas the share of service sector stands at 61.76 percent and the agriculture sector stands at 23.95 percent of total GDP. The number of Nepalese going for foreign employment on the basis of final labor approval has increased significantly to 354,660 in FY 2021/22. It had decreased 62.8 percent in 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 2021/22. The weighted average interest rate on 91-day treasury bills stood at 10.66 percent in July 16, 2022 compared to 4.55 percent in July 15, 2021. Similarly, the weighted average interest rate on interbank transactions between commercial banks has increased to 6.99 percent in July 16, 2022 from 4.12 percent in July 15, 2021.

DEPOSIT MOBILIZATION:

Deposits in banks and financial institutions increased by 9 percent during the review period. Such deposits had increased by 21.4 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 8.9 percent, 27.6 percent and 55.8 percent respectively. Such share was 10.4 percent, 34.2 percent and 47 percent respectively in the corresponding period of the previous year.

CREDIT DISBURSEMENT:

Loans to the private sector from banks and financial institutions increased by 13.1 percent in FY 2021/22. Such loans had increased by 27.3 percent in the previous year. Amongst the disbursement of loans to private sector, credit from commercial banks increased by 12.7 percent, credit from finance companies increased by 29.8 percent and credit from development banks decreased by 13.9 percent.

In the review year 2021/22, credit to agriculture sector increased by 19.7 percent, credit to industrial manufacturing sector increased by 8 percent, credit to transport, communication and public services sector increased by 15.7 percent, credit to wholesale and retail trade sector increased by 13.3 percent and services sector increased by 8.7 percent.

In FY 2021/22, 66.4 percent of the total disbursed loans by banks and financial institutions were secured against the collateral of land and building and 12.3 percent against the collateral of current assets. In the corresponding period of the previous year, the ratio of such collateral was 66.1 percent and 12.7 percent respectively.

During the review year, term loans from banks increased by 28.4 per cent, overdraft loans by 13.3 per cent, demand and working capital loans by 15.2 per cent and real estate loans (including personal housing loans) by 17.5 per cent, However, trust receipt (import) loan decreased 61.9 percent, margin nature loan 24.3 and hire purchase loan 2.2 percent in the review year.



2. SYNOPSIS OF FINANCIAL PERFORMANCE OF THE BANK

The financial statements for the Fiscal Year 2021/22 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 2020/21, the comparative financial position of this Bank is as under:

RATIOS	FY 2021/22	FY 2020/21	INCREASE OR (DECREASE)
Capital Adequacy Ratio	12.69%	13.7%	-1.01%
STATEMENT OF FINANCIAL POSITION	**FY 2021/22**	**FY 2020/21**	**INCREASE OR (DECREASE)**
Total Assets	194,412,651	168,329,050	15.50%
Deposits	155,140,045	143,003,413	8.49%
Loans & Advances	135,776,131	123,626,884	9.83%
Investment	29,023,616	22,797,515	27.31%
General Reserves	6,208,315	6,311,099	-1.63%
STATEMENT OF PROFIT OR LOSS	**FY 2021/22**	**FY 2020/21**	**INCREASE OR (DECREASE)**
Net Interest Income	4,993,490	3,650,398	36.79%
Non- Operating Interest Income	1,522,950	1,527,379	-0.29%
Operating Expenses	3,131,423	2,198,037	42.46%
Operating Profit	2,709,253	2,455,266	10.34%
Net Profit	2,005,611	1,804,341	11.15%

CAPITAL STRUCTURE:

At the end of FY 2020/21, the paid up capital of the bank was NPR 12,576,923,115. The bank has issued bonus share of NPR 1,624,050,891 after which the capital of the Bank stood at NPR 14,200,974,006 at the end of FY 2021/22.

CAPITAL ADEQUACY:

The capital adequacy ratio stood at 12.69 percent at the end of FY 2021/22 in comparison to 13.70 percent at the end of FY 2020/21.

TOTAL ASSETS:

At the end of the Fiscal Year 2021/22, the total assets stood at NPR 194.41 Billion which is an increment of 15.50 percent, in comparison to NPR 168.33 Billion at the end of FY 2020/21.

DEPOSIT COLLECTION:

The total deposit collection of the Bank for the FY 2021/22 stood at NPR 155.14 Billion which has increased by 8.49 percent, in comparison to the previous year, where the total deposit collection was NPR 143.03 Billion.

Out of the total deposits, deposits from the customers have reached to NPR 152.81 Billion while the deposits from banks and financial institutions stood at NPR 2.33 Billion. The Bank's total deposits accounted for 4.87 percent of current deposits, 25.08 percent of savings deposits, 63.43 percent of term deposits, 6.10 percent of call deposits and remaining as other deposits.

LOANS AND ADVANCES:

In the FY 2020/21, the Bank has disbursed NPR 123.62 Billion which has increased by 9.83 percent to NPR 135.77 Billion in FY 2021/22 out of which NPR 132.43 Billion has been disbursed to customers while NPR 3.34 Billion has been disbursed to banks and financial institutions. Out of the total loan disbursement in FY 2021/22, 3.58 percent was in real estate sector, 6.64 percent in housing sector, 3.0 percent in margin lending, 14.21 percent in overdraft loan and 72.57 percent in other loans. Out of the total credit investment made in the FY 2020/21, the Bank has invested 29.04 percent in the priority sector, of which 12.16 percent has been invested in the agriculture sector. By mid-July of FY 2021/22, the Bank has approved a total limit of NPR 19.26 Billion from which it has contributed to the development of hydropower sector by disbursing NPR 8.12 Billion.

The Bank has invested in various hydropower projects with a capacity of about 487.74 MW. Similarly, the Bank has disbursed a total of 6,168 numbers of small and medium enterprises loans in FY 2021/22 totaling of NPR 22.42 Billion while the total loan disbursed under the agro based fast track loans was 9,352 totaling of NPR 5.64 Billion.

In addition, the Bank has adopted the policy of One Zone One Product with the objective of further contributing to the agro business. As per the policy, the Bank has invested a total of NPR 1.60 Billion in 1,527 projects of agricultural sector. Similarly, a total of NPR 4.83 Billion Loan has been disbursed to 3,848 customers from different sectors under the Procedure of "Interest Subsidy for Concessional Loans, 2010" issued by Nepal Rastra Bank in FY 2020/21.

TOTAL INVESTMENT:

By mid-July of FY 2021/22, 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 16.72 Million has been invested in subsidiary and associates companies respectively.

NET INTEREST INCOME:

In FY 2020/21, the net interest income of the Bank was NPR 3.65 Billion; Whereas in FY 2021/22, it is increased by 36.71 percent to NPR 4.99 Billion.

NON- INTEREST INCOME:

In FY 2020/21, the non-interest income of the Bank was NPR 1.52 Billion whereas; it increased by 34.76 percent to NPR 1.52 Billion in 2021/22.

OPERATING EXPENSES:

In FY 2020/21, the total operating expenses of the Bank was NPR 2.12 Billion which in FY 2021/22 increased by 97.37 percent to NPR 3.00 Billion due to expenses related to branch network growth such as house rent, security expenses, and connectivity expenses, among others.

OPERATING PROFIT:

In FY 2020/21, the total operating expenses of the Bank was NPR 2.45 Billion which in FY 2021/22 increased by 10.61 percent to NPR 2.71 Billion.

NET PROFIT:

In FY 2020/21, the net profit of the Bank was NPR 1.80 Billion. Whereas, in FY 2021/22, the net profit of the Bank increased by 11.67 percent to NPR 2.01 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 2021/22.

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 2021/22, CBIL Capital Limited's net loss stood at NPR 54,051,000.

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.

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 2021/22, the net profit of CBIL Securities Limited was NPR 3,332,000.

5. BRANCH NETWORK EXPANSION

With an enigma of complying with the Unified Directives issued by Nepal Rastra Bank and with a policy of expanding the business of the Bank; the Bank has opened 3 branches in province 3 during the FY 2021/22. The Bank has established Thulobharyang in Kathmandu Municipality, Thali branch in Kageswori Manahara Municipality and Suryabinayak in Suryabinayak municipality. The number of branches has reached to 175 in FY 2021/22.

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 with FINACLE Core Banking Software. The Bank has ensured the continuity of the business by further strengthening and consolidating the existing Disaster Recovery Site. In addition, customers have been provided the facility to apply for loan and open an account 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. The Bank has been providing service of E-cash, E voucher and Cardless withdrawal from ATM.

The Bank has started Smart Services Portal with the service of which the customers can now request for new card, Demat, QR, Re-pin, mero share registration and renewal, Mobile banking and internet banking request, card block etc. without visiting branch. The Bank has been also providing online account opening service to the customers. The bank has initiated KIOSK service from Head office. With this service, the customers can view their account statement, deposit cheque for clearing, print account statement etc. without any help of the employee of the Bank.

8. REMITTANCE TRANSACTION

During the FY 2021/22, the Bank has catered to total inward remittance of USD 16.1 Million, earning an income of NPR 33.1 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 2021/22, the Bank has expanded 13 branchless banking services in Jogi Gaun and Orali bazar in Bardiya, Tribhuwantar, Jargaha and Bhatauliya bazar in Nawalparasi, Murkuti in Dang, Madanpur in Nuwakot, Padoul in Mahottari, Subane of Lalitpur, Mahat and Chunwang in Rukum ,Toribaari in Udayapur and Ramdaiya Bhawadi in Dhanusha.. So far, the Bank has been providing branchless banking services from 97 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 of 2015, 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 11,835 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 2021/22, the Bank has provided NPR 5.01 Million for health, NPR 0.48 Million for culture preservation, NPR 0.43 Million for financial awareness and NPR 3.14 Million for others various sectors with total of NPR 9.13 Million to various organizations.

11. HUMAN RESOURCE

The Bank has formed a Recruitment Committee under the lead 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 2021/22, the Bank has a total workforce of 1,758. A total of 273 new staffs were hired/appointed, whereas a total of 179 employees resigned from the Bank's service during the review period. Out of the total staffs, 775 are female i.e. 44.08 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. The Bank has spent a total of NPR 10.16 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 as well through online in the current scenario of Covid-19.

12. CONTRIBUTION TO THE GOVERNMENT EXCHEQUER

During the FY 2021/22, 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.

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 and Company 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, Board members, Mr. Prakash Chandra Mainali and Mr. Bijaya Dhoj Karki have been re-appointed from 15th Annual General meeting held on November 02, 2021.

16. CHANGES IN MANAGEMENT AND ITS REASONS

During the review period, Mr. Sumit Babu Khatri has been appointed as the Senior Deputy Chief Executive Officer from July 16, 2021. Further, Mr. Paras Kumar Kafle has been appointed as Deputy Chief Executive Officer - Operations and Mr. Rajendra Lal Shrestha has been appointed as Deputy Chief Executive Officer-Risk and Compliance. Similarly, Mr. Suman Mulepati has been appointed as

Chief Credit Officer, Mr. Narayan Raj Adhikari as Chief Administrative Officer and Mr. Amit Khanal as Chief Risk officer. Further, Mr. Ravi Kumar Rauniyar has been appointed as Chief Operating Officer from Dec 12, 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 sub-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 06/075(7)(1)(b) issued by Nepal Rastra Bank. Policy Review Committee and Digital transformation committee have been dismissed.

AUDIT COMMITTEE

The committee comprised of Mrs. Seeta Karki (K.C.)- Director as coordinator, Mr. Sajan Sharma - Director as member and Head of Internal Audit Department as Member Secretary till 17th Dec 2021. After 17th Dec 2021, it was re-formed with Mr. Anil Gyawali-Director as coordinator, Mrs. Seeta Karki (K.C.) as member and Head of Internal Audit Department as Member secretary. 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 2021/22, meeting of the Audit Committee was held 14 times and total meeting allowance of NPR 242,000 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, and directed the management to take the corrective actions. Similarly, the Committee 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. The Committee has also 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

After 19th Dec 2021, the committee comprised of Mr. Prabal Jung Pandey - Director as coordinator, Mr. Prakash Chandra Mainali- Director and Mr. Anil Gyawali- Director as member, Chief Operating Officer as members and Chief of Risk Officer as Member Secretary.

The coordinator of Audit Committee acts as invitee member of Risk Management Committee and a meeting of the Committee is held at least once in three months. The functions, duties and powers of the Committee have been defined as per the directives of NRB.

During the FY 2021/22, the meeting of the Risk Management Committee was held for 5 times and total meeting allowance of NPR 154,000 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.

HUMAN RESOURCE COMPENSATION COMMITTEE

The Human Resource Compensation Committee has been formed comprising of Mr. Bijaya 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. After 19th Dec 2021 it was re-formed comprising of Mr. Sajan Sharma - Director as coordinator and Mr. Prakash Chandra Mainali –Director as member. The function duties and power of the Committee have been defined as per NRB Directives.

During the FY 2021/22, the meeting of the Committee was held for 4 times and total meeting allowance of NPR 88,000 has been paid. The Committee has reviewed the employee service facilities and implemented the revised Human Resource Management Policy.

The committee has reviewed and amended various facilities of the employees regarding home loan, salary and allowances etc.

ANTI MONEY LAUNDERING COMMITTEE

The Anti-Money laundering Committee has been formed comprising of Mr. Sajan Sharma - Director as coordinator, Mrs. Seeta Karki (K.C) - Director as member, Chief Risk Officer- as member and Head of Anti Money Laundering Department as member secretary till 19th Dec 2021. After 19th Dec 2021, it included Mr. Bijaya Dhoj Karki - Director as coordinator, Mrs. Seeta Karki (K.C) - Director as member, Chief Risk Officer and Head of Anti Money Laundering Department as members and a Compliance Officer as member secretary, in line with Clause 18 of Unified Directive no. 19 issued by NRB. The function duties and power of the Committee have been defined as per NRB Directive.

A total of 7 meetings were held of the Anti-Money Laundering Committee during the FY 2021/22 and total meeting allowance of NPR 154,000 has been paid. The Committee analyses the overall status of compliance of the Bank, assess the risk level of all its customers, assisted management in proper monitoring and resolving weaknesses observed relating to other compliance issues and held regular discussions relating to the quarterly AML/CFT compliance report.

MERGER AND ACQUISITION SUB COMMITTEE

Abiding with the 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 now comprises of Mr. Prabal Jung Pandey as coordinator, along with Directors Mr. Bijaya Dhoj

Karki, Mr. Prakash Chandra Mainali and Mr. Sajan Sharma 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 3 times during the FY 2021/22 and total meeting allowance of NPR 132,000 has been paid.

DIGITAL TRANFORMATION SUB COMMITTEE

Abiding with the instructions on good governance as per direction issued by the Nepal Rasta Bank, the Bank has formed Digital Transformation Committee in coordination with Director Mr. Sajan Sharma along with Director Mr. Anil Gyawali as member.

The meeting of the Digital Transformation Committee was held for 2 times during the FY 2021/22 and total meeting allowance of NPR 44,000 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, SIEM for making electronic transactions more secure and Call Center for effectively handling customers' queries. Further, focused to increase access to more and more customers, online transactions such as term account renewal, credit account details, green pin, chat bot, fast track account etc. obtained through customer's mobile, telephone and mail will be addressed upon receipt of request.

18. MAJOR FACTORS AFFECTING BANKING TRANSACTION

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

a. Risks due to change in economic conditions of the country.
b. Potential risks arising due to change in Economic, Monetary and Financial policy of the country.
c. Potential risks arising due to change in policies by Nepal Government and NRB, relating to commercial banks.
d. Risks due to change in exchange rate during foreign exchange transactions.
e. 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.
f. Risks caused due to the shrink in the scope of deposit collection, investment and loans and advances of the Bank.
g. Risks due to untimely recovery of loans.
h. Potential risks arising in providing non-funded services such as letter of credit and bank guarantee.
i. Economical risks arising due to potential impacts in the Nepalese market caused due to recession in foreign market.
j. Risks due to fluctuations in capital markets.
k. Lack of alternative investment sector.
l. Risks arising out of negative impacts created in our economic system caused due to fluctuations in remittance income.
m. Effects due to political instability in the country.
n. Effects due to vigorous competition in the banking industry.
o. Risk due to unavailability of centralized data and sufficient technology in order to stop Money Laundering.
p. The challenge of consistently providing high return on investment when the source of income has narrowed down maintaining capital related requirements.
q. Development of Information technology and its operational risk and challenges.

19. APPOINTMENT OF AUDITOR

The 15th Annual General Meeting of the Bank had appointed M/s K.K. Budhathoki & Associates, Chartered Accountants, for auditing books of account for FY 2021/22 and the audit has been completed by the firm. The appointment of auditor for the FY 2022/23 shall be done as per recommendation of Audit Committee.

20. FUTURE PLANS AND PROGRAMS

The future plans and programs of the Bank shall be 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.

21. AUDIT, STATEMENT OF FINANCIAL POSITION AND OTHER STATEMENT

The Consolidated Statement of Financial Position as on July 16, 2022, Consolidated Statement of Profit or Loss for FY 2021/22, 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 2021/22, the Bank has earned Net Profit of NPR 2,005.61 Million out of which, 20 percent of the Net Profit i.e. 20 percent of NPR 2,005.61 Million amounting to NPR 401.12 Million has been transferred to General Reserve Fund, in line with section 44 of the Bank and Financial Institutions Act (BAFIA). 2017. Similarly, amount required to be appropriated to Forex Revaluation Reserve according to section 45 of the same Act has not been appropriated due to Forex revaluation loss during the year. As per the Unified Directives of NRB, the Bank has separated 1 percent of total Net profit i.e. NPR 20.06 Million in the Corporate Social Responsibility Fund and the amount spent under corporate social responsibility amounting NPR 9.13 Million during the current fiscal 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.

In addition, as per the Unified Directive of Nepal Rastra Bank, the amount of NPR 11.28 Million has been transferred to Employees' Training Fund and the amount of NPR 69.54 Million has been transferred to Regulatory Reserve on the amount of interest accrued but not realized after deducting the amount of staff bonus and income tax on such amount. Similarly, the amount of NPR 42.52 Million has been transferred to Regulatory Reserve on account of Non-Banking Asset and amount of NPR 3.48 Million has been transferred from Regulatory Reserve to Retained Earnings on account of Actuary Gain during the year. Similarly, 63 percent of current year's unrealized loss of trading assets amounting NPR 97.96 Million has been transferred to Retained Earnings from Regulatory Reserve created on account of unrealized gain on trading assets up to previous year.

The Bank has proposed to distribute cash dividend from the total distributable amount of NPR 1,329.46 Million. Such distributable amount of NPR 1,329.46 Million comprises remaining retained earnings of NPR 35.58 Million from previous years and current year distributable profit of NPR 1,293.88 Million.

22. OTHER DETAILS REQUIRED BY SEC 109(4) OF THE COMPANIES ACT, 2006 HAVE BEEN INCLUDED IN SCHEDULE "A" OF THIS ANNUAL REPORT

23. THE DETAILS REQUIRED BY RULES 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 up-liftment 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 of our well-wishers who have supported the Bank directly and indirectly.

On behalf of the Board of Directors
Mr. Rajan Singh Bhandari
Chairman

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 shareholders a precise view to distinguish the respective responsibilities of the directors and of the auditor in relation to the financial statements.

The directors are primarily responsible for the preparation of the Annual Report comprising the financial statements of the Bank, in accordance 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 the resources to continue the business for the foreseeable 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 any time. 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

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 INSTITUTION

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.

1.26 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

1.27 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.

1.28 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.

1.29 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

1.30 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.

1.31 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.

1.32 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.

1.33 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.

1.34 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.

1.35 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.

1.36 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.

1.37 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.

1.38 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.

1.39 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.

1.40 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.

1.41 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 STATEMENT OF OTHER COMPREHENSIVE INCOME

1.42 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.

1.43 CHANGES IN REVALUATION RESERVE

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

1.44 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.

1.45 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.

1.46 INCOME TAX RELATING TO THESE ITEMS

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

KK BUDHATHOKI & ASSOCIATES
Chartered Accountants

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

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 32, 2079 (July 16, 2022), 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, 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 32, 2079 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 Opinion

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

Emphasis of Matter

We draw attention to the attached Notes No. 5.8 forming part of the consolidated and separate financial statements on merger and acquisition where the Bank had acquired Tinau Mission Development Bank Limited and Srijana Finance Limited in the previous fiscal year 2077/78, and it had accounted such acquired assets at book value instead of fair value at acquisition date as per applicable NFRS 3: Business Combination and carve-out issued by ICAN for the same. Therefore, audit report of the previous year 2077/78 was also qualified on this matter. Now, the Bank has adjusted this matter in current year 2078/79 as per the recent Explanatory Note on Accounting for Business Combination issued by ICAN.

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. Interest Income

The post impact of Covid-19 in current year 2078/79 led Nepalese Economy into credit crunch and alarming foreign currency reserves situation due to low remittance and high imports. This has drained out the lending capacity of most of the Banks as drastic increase of demand of the loans and deposit costs. Consequently, average lending rate and deposit rate has increased substantially than ever before. Thus, increase in the interest income and lack of investible fund of the Bank has triggered us to consider it as Key Audit Matter.

The Bank has increased its interest income to Loans and advance to 10.74% in current year 2078/79 from 8% in previous year. In other way, Loans and advance has increased by 10.46%, whereas interest income has increased by 47.31%. The abrupt increase is mainly due to interest income of portfolio of acquired Tinau Mission Development Bank Limited and Srijana Finance Limited in previous year 2077/78. The Bank has recognized interest income of Rs. 15.967 Billion during the period of 1st Shrawan 2078 to 32nd Ashad 2079.

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 recognition of interest income.
- Reviewing the files of borrowers containing credit appraisal and other substantiating documents selected on sample basis and assessing the assigned premium.

- Test checking of interest application, recalculating of interest as per the bank statement of the selected top borrowers.
- Performing relevant analytical procedures.
- Test checking of interest application, levying of management fee and other charges etc.
- Assessed the materiality of provisional amount in respect of reversal, if any.

b. 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 carve out on para 5.5 of NFRS 9, 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 measured impairment loss on such financial assets as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Further, as per the carve out on para 5.5 of NFRS 9, 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 5 of Carve out on para 5.5 of NFRS 9 issued by ICAN. As at Ashad 32, 2079, 67.63% of total assets of the Group consisted of loans and advances amounting Rs.131.276 Billion (Note 4.7), impairment allowance for the year then ended of Rs.3.513 Billion (Note 4.7.4) being higher of impairment as per NFRS is Rs.1.450 Billion and impairment loss as per norms of NRB is 3.513 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.

c. 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.

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 Capital Limited reflects total assets of Rs 484.298 Million as at Ashad 32, 2079, and total revenue, total net profit after tax, and net cash inflows of Rs 36.490 Million, (Rs 5.451 Million), and (Rs 70.251 Million) for the year ended on that date respectively, and financial statements of CBIL Securities Limited reflects total assets of Rs. 60.142 Million as at Ashad 32, 2079, and total revenue, total net profit after tax, and net cash inflows of Rs. 4.798 Million, Rs. 3.332 Million and Rs. 3.649 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 auditors whose reports have 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
Chartered Accountants
UDIN: 220922CA004370Min3

Date: September 22, 2022
Place: Maharajgunj, Kathmandu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on July 16, 2022 (Ashadh 32, 2079)

AMOUNT IN NPR

PARTICULARS	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ASSETS					
Cash and Cash Equivalents	4.1	17,893,109,366	11,569,823,726	17,892,741,270	11,563,041,720
Due from Nepal Rastra Bank	4.2	4,266,508,053	3,796,487,797	4,266,508,053	3,796,487,797
Placement with Bank and Financial Institutions	4.3	1,233,631,457	2,874,874,811	1,233,631,457	2,874,874,811
Derivative Financial Instruments	4.4	2,659,089	47,007,498	2,659,089	47,007,498
Other Trading Assets	4.5	540,740,440	759,710,994	327,340,379	596,888,937
Loans and Advances to B/FIs	4.6	3,299,919,602	3,247,166,953	3,299,919,602	3,247,166,953
Loans and Advances to Customers	4.7	131,276,827,079	118,912,042,288	131,344,327,079	118,912,042,288
Investment Securities	4.8	28,189,366,849	22,063,362,956	28,153,425,968	22,017,422,075
Current Tax Assets	4.9	346,706,648	290,071,575	348,140,704	288,457,633
Investment in Subsidiaries	4.10	-	-	167,204,200	167,204,200
Investment in Associates	4.11	165,434,787	20,865,381	375,645,491	16,000,000
Investment Property	4.12	208,645,871	141,146,454	208,645,871	141,146,454
Property and Equipment	4.13	3,711,472,312	2,884,155,088	3,704,207,328	2,880,204,084
Goodwill and Intangible Assets	4.14	197,555,516	84,644,731	196,840,188	83,562,290
Deferred Tax Assets	4.15	16,485,944	-	-	-
Other Assets	4.16	2,763,904,665	1,570,990,125	2,891,413,836	1,697,543,676
Total Assets		**194,112,967,678**	**168,262,350,377**	**194,412,650,515**	**168,329,050,416**
LIABILITIES					
Due to Bank and Financial Institutions	4.17	4,063,054,785	2,765,001,954	4,063,054,785	2,765,001,954
Due to Nepal Rastra Bank	4.18	11,070,250,868	1,205,558,824	11,070,250,868	1,205,558,824
Derivative Financial Instruments	4.19	-	-	-	-
Deposits from Customers	4.20	152,525,925,913	140,362,079,317	152,801,490,371	140,638,411,484
Borrowing	4.21	45,500,000	-	-	-
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	63,308,934	217,486,290
Other Liabilities	4.23	3,535,348,027	2,162,416,066	3,522,074,792	2,133,181,269
Debt Securities Issued	4.24	2,477,875,480	2,476,082,261	2,477,875,480	2,476,082,261
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		**173,723,261,699**	**149,198,812,699**	**174,003,361,856**	**149,441,028,708**
EQUITY					
Share Capital	4.26	14,200,974,006	12,576,923,115	14,200,974,006	12,576,923,115
Share Premium		-	-	-	-
Retained Earnings		1,378,123,153	1,476,205,775	1,329,462,003	1,422,777,310
Reserves	4.27	4,722,897,655	4,899,891,092	4,878,852,650	4,888,321,283
Total Equity Attributable to Equity Holders		**20,301,994,814**	**18,953,019,982**	**20,409,288,659**	**18,888,021,708**
Non-Controlling Interest		**87,711,165**	**110,517,696**	**-**	**-**
Total Equity		**20,389,705,979**	**19,063,537,678**	**20,409,288,659**	**18,888,021,708**
Total Liabilities and Equity		**194,112,967,678**	**168,262,350,377**	**194,412,650,515**	**168,329,050,416**
Contingent liabilities and commitment	4.28	88,691,719,440	85,112,632,586	88,666,719,440	85,087,632,586
Net assets value per share		142.96	150.70	143.72	150.18

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 Keshav Kumar Budhathoki
Proprietor
K K Budhathoki & Associates
Chartered Accountants

Date: September 22, 2022
Place: Narayanhiti Path, Kathmandu

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended July 16, 2022 (Ashadh 32, 2079)

AMOUNT IN NPR

PARTICULARS	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Interest Income	4.29	15,972,401,804	10,842,983,814	15,967,648,035	10,839,534,353
Interest Expenses	4.30	(10,959,079,993)	(7,174,864,126)	(10,974,158,052)	(7,189,136,209)
Net Interest Income		**5,013,321,811**	**3,668,119,688**	**4,993,489,983**	**3,650,398,144**
Fees and Commission Income	4.31	1,033,655,331	861,490,944	998,102,482	825,370,410
Fees and Commission Expenses	4.32	(131,216,423)	(78,046,271)	(129,036,061)	(73,360,658)
Net Fees and Commission Income		**902,438,908**	**783,444,673**	**869,066,421**	**752,009,752**
Net Interest, Fees and Commission Income		**5,915,760,719**	**4,451,564,361**	**5,862,556,404**	**4,402,407,896**
Net Trading Income	4.33	194,959,357	483,337,716	224,276,449	418,465,532
Other Operating Income	4.34	201,359,109	156,393,782	177,226,700	153,105,306
Total Operating Income		**6,312,079,185**	**5,091,295,859**	**6,264,059,553**	**4,973,978,734**
Impairment (Charge)/ Reversal for Loans and Other Losses	4.35	(552,420,450)	(394,036,022)	(552,420,450)	(394,036,022)
Net Operating Income		**5,759,658,735**	**4,697,259,837**	**5,711,639,103**	**4,579,942,712**
Operating Expenses					
Personnel Expenses	4.36	(1,796,038,272)	(1,247,833,649)	(1,785,432,248)	(1,229,753,262)
Other Operating Expenses	4.37	(805,373,694)	(650,219,348)	(803,854,246)	(650,045,937)
Depreciation & Amortisation	4.38	(415,769,240)	(246,782,283)	(413,100,077)	(244,877,287)
Operating Profit		**2,742,477,529**	**2,552,424,557**	**2,709,252,532**	**2,455,266,226**
Non Operating Income	4.39	115,919,089	121,774,518	123,343,936	130,437,670
Non Operating Expenses	4.40	-	-	-	-
Profit Before Income Tax		**2,858,396,618**	**2,674,199,075**	**2,832,596,468**	**2,585,703,896**
Income Tax Expenses	4.41				
Current Tax		(906,982,003)	(799,632,950)	(890,236,429)	(780,301,891)
Deferred Tax		76,120,659	(6,653,820)	63,250,757	(1,060,939)
Profit (Loss) for the Period		**2,027,535,274**	**1,867,912,305**	**2,005,610,796**	**1,804,341,066**
Profit Attributable To:					
Equity Holders of the Bank		2,029,792,210	1,844,211,453	2,005,610,796	1,804,341,066
Non-Controlling Interest		(2,256,937)	23,700,852		
Profit for the Period		**2,027,535,274**	**1,867,912,305**	**2,005,610,796**	**1,804,341,066**
Earnings Per Share					
Basic Earnings Per Share		14.28	17.96	14.12	17.35
Diluted Earnings Per Share		14.28	17.96	14.12	17.35

PRAMESH RAJ KAYASTHA
Chief Finance Officer

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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 Keshav Kumar Budhathoki
Proprietor
K K Budhathoki & Associates
Chartered Accountants

Date: September 22, 2022
Place: Narayanhiti Path, Kathmandu

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended July 16, 2022 (Ashadh 32, 2079)

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Profit or Loss for the Period	**2,027,535,274**	**1,867,912,305**	**2,005,610,796**	**1,804,341,066**
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	(154,107,866)	558,725,812	(336,820,152)	558,725,812
Gains/ (Losses) on Revaluation				
Actuarial Gains/ (Losses) on Defined Benefit Plans	4,734,047	22,777,499	4,968,674	22,894,467
Income Tax relating to above items	44,812,146	(174,450,993)	99,555,443	(174,486,084)
Net Other Comprehensive Income that will not be reclassified to Profit or Loss	**(104,561,673)**	**407,052,318**	**(232,296,035)**	**407,134,196**
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 Comprehensive Income that are or may be reclassified to Profit or Loss				
c) Share of Other Comprehensive Income of Associate accounted as per Equity Method				
Other Comprehensive Income for the Period, Net of Income Tax	**(104,561,673)**	**407,052,318**	**(232,296,035)**	**407,134,196**
Total Comprehensive Income for the Period	**1,922,973,601**	**2,274,964,623**	**1,773,314,761**	**2,211,475,262**
Profit Attributable to:				
Equity Holders of the Bank	1,925,230,537	2,251,263,771	1,773,314,761	2,211,475,262
Non-Controlling Interest	(2,256,936)	23,700,852	-	-
Total Comprehensive Income for the Period	**1,922,973,601**	**2,274,964,623**	**1,773,314,761**	**2,211,475,262**

PRAMESH RAJ KAYASTHA
Chief Finance Officer

GANESH RAJ POKHAREL
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Director

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Director

As per our report of even date
CA Keshav Kumar Budhathoki
Proprietor
K K Budhathoki & Associates
Chartered Accountants

Date: September 22, 2022
Place: Narayanhiti Path, Kathmandu

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended July 16, 2022 (Ashadh 32, 2079)

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest Received	14,663,786,172	9,670,809,483	14,663,831,218	9,670,968,723
Fees And Other Income Received	1,058,337,245	873,765,264	1,023,801,276	837,658,755
Dividend Received	96,298,358	-	96,298,358	-
Receipts From Other Operating Activities	422,227,808	450,505,508	432,008,078	418,844,746
Interest Paid	(10,671,271,124)	(6,855,822,816)	(10,693,172,684)	(6,870,094,899)
Commission And Fees Paid	(129,036,061)	(73,360,658)	(129,036,061)	(73,360,658)
Cash Payment To Employees	(1,660,966,758)	(995,167,527)	(1,650,126,107)	(976,962,173)
Other Expense Paid	(800,613,915)	(646,794,293)	(798,018,890)	(642,950,531)
Operating Cash Flows Before Changes In Operating Assets And Liabilities	**2,978,761,725**	**2,423,934,962**	**2,945,585,188**	**2,364,103,964**
(Increase)/Decrease In Operating Assets				
Due From Nepal Rastra Bank	(470,020,256)	3,177,781,593	(470,020,256)	3,177,781,593
Placement With Bank And Financial Institutions	1,641,243,354	(2,572,192,886)	1,641,243,354	(2,572,192,886)
Other Trading Assets	120,454,221	(445,472,144)	110,454,221	(455,472,144)
Loan And Advances To Bank And Financial Institutions	(52,752,649)	20,350,662,315	(52,752,649)	20,350,662,315
Loans And Advances To Customers	(13,153,618,863)	(40,257,635,512)	(13,221,118,863)	(40,257,635,512)
Other Assets	(1,048,478,011)	(16,344,954)	(1,049,603,993)	(165,381,464)
Increase/(Decrease) In Operating Liabilities				
Due To Bank And Financial Institutions	1,298,052,831	(1,332,204,851)	1,298,052,831	(1,332,204,851)
Due To Nepal Rastra Bank	9,864,692,044	475,973,742	9,864,692,044	475,973,742
Deposit From Customers	12,163,846,579	26,147,378,031	12,163,078,887	26,112,327,191
Borrowings	45,500,000	-	-	-
Other Liabilities	1,316,239,833	26,186,878	1,331,465,814	161,826,117
Net Cash Flow From Operating Activities Before Tax Paid	**14,703,920,808**	**7,978,067,172**	**14,561,076,578**	**7,859,788,064**
Income Taxes Paid	(972,525,818)	(884,230,553)	(958,548,338)	(876,396,888)
Net Cash Flow From Operating Activities	**13,731,394,990**	**7,093,836,619**	**13,602,528,240**	**6,983,391,177**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase Of Investment Securities	(6,889,715,927)	(8,871,520,598)	(6,729,963,129)	(8,685,704,522)
Receipts From Sale Of Investment Securities	69,018,515	89,529,141	-	-
Purchase Of Property And Equipment	(1,220,224,482)	(137,373,998)	(1,214,608,422)	(137,285,912)
Receipt From The Sale Of Property And Equipment	52,578,500	15,499,253	52,578,500	15,499,253
Purchase Of Intangible Assets	(25,943,490)	(33,731,701)	(25,943,490)	(33,381,401)
Receipt From The Sale Of Intangible Assets	-	-	-	-
Purchase Of Investment Properties	-	-	-	-
Receipt From The Sale Of Investment Properties	41,349,283	173,108,601	41,349,283	173,108,601
Interest Received	1,110,959,837	791,050,452	1,106,160,264	787,444,433
Dividend Received	162,601,090	58,144,679	149,406,480	53,895,381
Net Cash Used In Investing Activities	**(6,699,376,674)**	**(7,915,294,171)**	**(6,621,020,514)**	**(7,826,424,167)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt From Issue Of Debt Securities	-	-	-	-
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	-	-	-	-
Dividends Paid	(444,856,121)	(276,716,000)	(394,856,121)	(256,716,000)
Interest Paid	(263,775,555)	(277,441,781)	(256,952,055)	(277,441,781)
Other Receipt/Payment	(101,000)	(81,326,494)	-	(81,326,494)
Net Cash From Financing Activities	**(708,732,676)**	**(1,135,484,275)**	**(651,808,176)**	**(1,115,484,275)**
Net Increase (Decrease) In Cash And Cash Equivalents	**6,323,285,640**	**(1,956,941,827)**	**6,329,699,550**	**(1,958,517,265)**
Cash Inflow from acquired institution	-	2,679,586,055	-	2,679,586,055
Cash And Cash Equivalents At Mid July 2021	11,569,823,726	10,847,179,498	11,563,041,720	10,841,972,930

Effect Of Exchange Rate Fluctuations On Cash And Cash Equivalents Held	-	-	-	-
Cash And Cash Equivalents At Mid July 2022	**17,893,109,366**	**11,569,823,726**	**17,892,741,270**	**11,563,041,720**

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 Keshav Kumar Budhathoki
Proprietor
K K Budhathoki & Associates
Chartered Accountants

Date: September 22, 2022
Place: Narayanhiti Path, Kathmandu

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended July 16, 2022 (Ashadh 32, 2079)

AMOUNT IN NPR

PARTICULARS	GROUP											
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION RESERVE	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	OTHER RESERVES	TOTAL		
Balance at July 16, 2020	**9,089,817,290**	**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**	**13,549,796,782**
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 Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gains/ (Losses) on Defined Benefit Plans	-	-	-	-	-	-	-	-	16,026,127	16,026,127	-	16,026,127
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	-	-	-	-
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**	**-**	**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**	**-**	**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)	(3,879,645)	(3,908,946)	(20,699)	(3,929,645)
Total Contributions by and Distributions	**3,487,105,825**	**(4,124,402)**	**384,345,580**	**-**	**9,061,262**	**79,096,772**	**-**	**(812,977,823)**	**125,160,835**	**3,267,668,049**	**(8,300,279)**	**3,259,367,770**
Balance at July 15, 2021	**12,576,923,115**		**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**	**110,517,696**	**19,063,537,677**

PARTICULARS	GROUP											
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION RESERVE	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	OTHER RESERVES	TOTAL		
Balance at July 16, 2021	**12,576,923,115**		**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**	**110,517,696**	**19,063,537,677**
Adjustment of previous year	**-**	**-**	**-**	**-**	**-**	**-**	**20,133,958**	**120,706**	**115,954,305**	**136,208,969**	**-**	**136,208,969**
Comprehensive income for the year												
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,029,792,210**	**-**	**2,029,792,210**	**(2,256,937)**	**2,027,535,273**
Other Comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**	**(107,875,506)**	**-**	**(96,247)**	**3,478,072**	**(104,493,682)**	**(67,991)**	**(104,561,673)**
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(107,875,506)	-	-	-	(107,875,506)	-	(107,875,506)
Gains/(losses) on revaluation	-	-	-	-	-		-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	(96,247)	3,478,072	3,381,824	(67,991)	3,313,833
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(107,875,506)**	**-**	**2,029,695,963**	**3,478,072**	**1,925,298,528**	**(2,324,929)**	**1,922,973,600**
Transfer to reserve during the year	-	-	401,122,159	-	112,061,979	-	-	(813,166,944)	299,982,805	-		-
Transfer from reserve during the year	-	-	-	-	(101,439,440)	-	-	101,439,440	-	-		-
Transactions with owners, directly recognised in equity												
Share issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders												
Bonus shares issued	1,624,050,891	-	-	-	-	-	-	(999,022,603)	(625,028,288)	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(417,557,857)	-	(417,557,857)	(20,698,950)	(438,256,807)
Other	-	-	-	-	-	(295,282,481)	-	408,673	(101,000)	(294,974,807)	217,348	(294,757,460)
Total contributions by and distributions	1,624,050,891	-	-	-	-	(295,282,481)	-	(1,416,171,787)	(625,129,288)	(712,532,665)	(20,481,602)	(733,014,267)
Balance at July 16, 2022	**14,200,974,006**	**-**	**3,037,864,152**	**74,958,037**	**379,876,163**	**111,948,908**	**407,893,594**	**1,378,123,153**	**710,356,802**	**20,301,994,813**	**87,711,165**	**20,389,705,979**

PARTICULARS	BANK											
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION RESERVE	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	OTHER RESERVES	TOTAL		
Balance at July 16, 2020	**9,089,817,290**	**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	-	-	-	-	-	-	-	-	16,026,127	16,026,127	-	-
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**	-	**1,804,341,065**	**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												
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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,879,645)**	**(3,879,645)**	**-**	**-**
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 July 15, 2021	**12,576,923,114**	**(0)**	**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**	**-**	**-**
											-	**-**

PARTICULARS	BANK											
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	GENERAL RESERVE	EXCHANGE EQUALISATION RESERVE	REGULATORY RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	OTHER RESERVES	TOTAL		
Balance at July 16, 2021	**12,576,923,115**	**-**	**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**	**-**	**-**
Adjustment of previous year		**-**					**20,133,958**	**80,813**	**115,994,228**	**136,208,999**	**-**	**-**
Balance at July 16, 2021	**12,576,923,115**	-	**2,628,808,116**	**74,958,037**	**369,253,624**	**515,106,895**	**407,893,594**	**1,422,858,123**	**1,028,429,205**	**19,024,230,707**	-	-
Comprehensive income for the year												
Profit for the year	-	-	-	-	-		-	**2,005,610,795**	-	**2,005,610,795**	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	**(235,774,106)**	-	-	**3,478,072**	**(232,296,035)**	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(235,774,106)	-	-	-	(235,774,106)	-	-
Gains/(losses) on revaluation	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**		**-**	**-**
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-		-	-	3,478,072	3,478,072	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-		-	-	-		-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-		-	-	-	-	-	-
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(235,774,106)**	**-**	**2,005,610,795**	**3,478,072**	**1,773,314,760**	-	-
Transfer to reserve during the year	-	-	401,122,159	-	112,061,979		-	(813,166,944)	299,982,805	-	-	-
Transfer from reserve during the year	-	-	-	-	(101,439,440)		-	101,439,440	-	-	-	-
Transactions with owners, directly recognised in equity												
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-		-	-	-
Bonus shares issued	1,624,050,891	**-**	**-**	**-**	**-**	**-**	**-**	(999,022,603)	(625,028,288)	**-**	**-**	**-**
Cash dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(388,256,807)	**-**	(388,256,807)	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Total contributions by and distributions	**1,624,050,891**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,387,279,410)**	**(625,028,288)**	**(388,256,807)**	**-**	**-**
Balance at July 16, 2022	**14,200,974,006**	**-**	**3,029,930,275**	**74,958,037**	**379,876,163**	**279,332,789**	**407,893,594**	**1,329,462,003**	**706,861,793**	**20,409,288,659**	**-**	**-**

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 Keshav Kumar Budhathoki
Proprietor
K K Budhathoki & Associates
Chartered Accountants

Date: September 22, 2022
Place: Narayanhiti Path, Kathmandu

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended July 16, 2022 (Ashadh 32, 2079)

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 (Ashad 20, 2077). During 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).

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 the CBIL Capital Limited.

CBIL Securities Limited was incorporated on June 11, 2019 (Jestha 28, 2076) as public company under the Companies Act, 2063. 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 the CBIL Securities Limited.

ASSOCIATES

Nepal Electronic Payment Systems Limited (NEPS) and Mero Microfinance Laghubitta Bittiya Sanstha Limited are the associates 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 the NEPS.

Mero Microfinance Laghubitta Bittiya Sanstha Limited is "D" class Financial Institution licensed by NRB established to support and strengthens the bottom of the socio-economic pyramid by facilitating easy and responsive access to micro-finance services and enhance their business skills and grow their enterprises at optimum level. The Bank as on date holds 6.90% of total share capital of Mero Microfinance Laghubitta Bittiya Sanstha Limited.

The Bank, the Subsidiaries and the associates 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, the Consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows and the 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 22, 2022 (Ashwin 6, 2079) 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	2078/79	2021/22
Previous Year	2077/78	2020/21
Current Year Period	Shrawan 01, 2078 to Ashadh 32, 2079	July 16, 2021 to July 16, 2022
Previous Year Period	Shrawan 01, 2077 to Ashadh 31, 2078	July 16, 2020 to July 15, 2021

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 JUDGEMENT

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, plant 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 NOT EFFECTIVE

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 AGGREGATION

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 07- 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. 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 are 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 un-collectability.

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 5 of carve out on para 5.5 (Impairment) of NFRS 9 issued by ICAN as mentioned above.

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.

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 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. Right of Use is depreciated on the Straight Line Basis over the period of lease term.

The estimated useful lives of significant items of property and equipment for current year and comparative periods are as follows:

CLASS OF ASSETS	USEFUL LIFE	RATE 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%

- 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 years. 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:

a) if there is a legally enforceable right to offset the current tax liabilities and assets;
b) the taxes are levied by the same authority on the same tax entity; and
c) 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 i.e. 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 Rs 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. LEASE

Group as a Lessee

At the commencement date of lease, the Group shall recognize Right of Use asset. The cost of Right of Use asset shall comprise the amount of initial measurement of lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the lessee. Right of Use Assets shall be measured at cost less any accumulated depreciation and any accumulated impairment and adjusted for any re measurement of the lease liability. The Group shall depreciate the Right of Use Asset from the commencement date to the end of useful life of the underlying assets on the straight line basis.

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payment shall include fixed payments less any lease incentives receivable, variable lease payments, amounts expected to be payable by the Group under residual value guarantee., the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease.

Group as a Lessor

The Group shall classify each of its leases as either an operating lease or a finance lease. The lease is classified as a finance lease if the Group transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if the Group does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group shall recognize lease payments from operating leases as income on a straight-line basis over the lease term.

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.

ANNEXURES TO THE FINANCIAL STATEMENTS

As at July 16, 2022 (Ashadh 32, 2079)

CASH AND CASH EQUIVALENTS 4.1

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Cash in Hand	6,585,152,727	5,068,336,677	6,585,142,727	5,061,554,671
Balances with B/FIs	1,252,982,187	1,799,045,900	1,252,624,092	1,799,045,900
Money at Call and Short Notice	5,991,137,042	879,524,180	5,991,137,042	879,524,180
Other*	4,063,837,409	3,822,916,968	4,063,837,409	3,822,916,968
Total	**17,893,109,366**	**11,569,823,726**	**17,892,741,270**	**11,563,041,720**

* Other Cash and cash equivalents includes bank balance held with Nepal Rasta Bank over and above the statutory Cash Reserve Ratio requirement.

DUE FROM NEPAL RASTRA BANK 4.2

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory Balances with NRB	4,266,508,053	3,796,487,797	4,266,508,053	3,796,487,797
Securities purchased under Resale Agreement	-	-	-	-
Other deposit and receivable from NRB	-	-	-	-
Total	**4,266,508,053**	**3,796,487,797**	**4,266,508,053**	**3,796,487,797**

PLACEMENT WITH BANK AND FINANCIAL INSTITUTIONS 4.3

AMOUNT IN NPR

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	1,233,631,457	2,825,183,771	1,233,631,457	2,825,183,771
Less: Allowances for Impairment	-	-	-	-
Total	**1,233,631,457**	**2,874,874,811**	**1,233,631,457**	**2,874,874,811**

DERIVATIVE FINANCIAL INSTRUMENTS 4.4

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Held for Trading				
Interest Rate Swap	-	-	-	
Currency Swap	-	-	-	-
Forward Exchange Contract	2,659,089	47,007,498	2,659,089	47,007,498
Others	-	-	-	-
Held for Risk Management				
Interest Rate Swap	-	-	-	-
Currency Swap	-	-	-	-
Forward Exchange Contract	-	-	-	-
Others	-	-	-	-
Total	**2,659,089**	**47,007,498**	**2,659,089**	**47,007,498**

OTHER TRADING ASSETS 4.5

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Treasury Bills	-	-	-	-
Government Bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate Bonds	-	-	-	-
Equities	540,532,585	615,100,038	327,132,524	452,277,981
Other*	207,855	144,610,956	207,855	144,610,956
Total	**540,740,440**	**759,710,994**	**327,340,379**	**596,888,937**
Pledged	-	-	-	-
Non-Pledged	540,740,440	759,710,994	327,340,379	596,888,937

**Note: Other includes gold and silver in vault of the Bank.*

Amount in NPR

PARTICULARS	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
Other Trading Assets in Equities of the Bank	**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 0.15 equity shares (including 0.15 bonus shares) of Rs 10 each.	41	30	44,498	42,483	41	30	44,498	42,483
1.2 Nepal Life Insurance Co. Ltd. 14035.10 equity share (including 1975.402 bonus shares) of Rs 100 each	14,944,115	10,484,217	12,646,230	18,575,745	14,944,115	10,484,217	12,646,230	18,575,745
1.3 Asian Life Insurance Co. Limited 0.90 equity (including 0.90 bonus shares of Rs 100 each	462	517	462	971	462	517	462	971
1.4 National Life Insurance Co. Ltd. 0.096 equity shares of Rs 100 each	57	55	57	92	57	55	57	92
1.5 Shikhar Insurance Co. Ltd. 16,896.00 equity shares(including 694.23 bonus shares) of Rs 100 each	24,884,461	13,635,068	21,967,779	20,876,630	24,884,461	13,635,068	21,967,779	20,876,630
1.6 Neco Insurance Co. Ltd. 5,585.30equity shares (including 984.886 bonus shares) of Rs 100 each	6,306,361	3,876,199	5,191,454	4,671,465	6,306,361	3,876,199	5,191,454	4,671,465
1.7 Siddhartha Insurance Ltd. 1.00 equity share (including 1.00 bonus share of Rs 100 each	330	544	330	512	330	544	330	512
1.8 Prudential Insurance Co. Ltd. 25.50 bonus shares of Rs 100 each	15,427	8,873	15,427	19,303	15,427	8,873	15,427	19,303
1.9 Life Insurance Co. Nepal 0.82 bonus shares of Rs 100 each	10	1,163	10	1,604	10	1,163	10	1,604
1.10 Prime Life Insurance Co. Nepal 1.15 equity shares(including 0.150 bonus share) of Rs 100 each	570	654	570	954	570	654	570	954
1.11 Premier Insurance Co. Ltd. 0.7136 bonus shares of Rs 100 each	586	470	586	835	586	470	586	835
1.12 Reliance Life Insurance Ltd 8280 equity shares of Rs 100 each	5,055,046	2,773,800	4,326,771	4,216,800	5,055,046	2,773,800	4,326,771	4,216,800
1.13 Surya Life Insurance Co Ltd 460 equity share (including 310 bonus shares of Rs 100 each	258,530	177,991	191,667	253,550	258,530	177,991	191,667	253,550
1.14 NLG Insurance Company Ltd. 0.39 bonus shares of Rs 100 each	126	185	126	390	126	185	126	390
1.15 Lumbini General Insurance Co. Ltd. 0.1868 bonus shares of Rs 100 each	113	71	113	133	113	71	113	133
1.16 Nepal Reinsurance Co. Ltd. 2,830 equity shares (including 330 bonus share) of Rs 100 each	3,677,566	2,080,050	3,270,000	3,188,000	3,677,566	2,080,050	3,270,000	3,188,000

1.17 Nepal Doorsanchar Co Ltd	4,166,490	3,164,040	4,166,490	3,942,000	4,166,490	3,164,040	4,166,490	3,942,000
3,600 equity shares(including 600 bonus share) of Rs 100 each								
1.18 Chilime Hydropower Company Limited	-	425	-	666	-	425	-	666
1.04 Bonus shares of Rs 100 each								
1.19 Ridi Hydropower Development Company Ltd.	2,181	5,661	36,089	64,372	2,181	5,661	36,089	64,372
6.76 equity shares(including 5.32 bonus shares) of Rs 100 each								
1.20 Chhimek Laghubitta Bikas Bank Limited	1,646	1,668	2,724,068	3,434,624	1,646	1,668	2,724,068	3,434,624
1.52 equity shares (including 0.5376 bonus shares) of Rs 100 each								
1.21 First Micro Finance Development Bank Ltd.	183	843	471	2,445	183	843	471	2,445
1.27 bonus shares of Rs 100 each								
1.22 Deprosc Laghubitta Bittya Sanstha Limited	924	1,686	924	2,520	924	1,686	924	2,520
1.79 equity shares (including 0.50 bonus shares) of Rs 100 each								
1.23 Mahuli Samudayik Laghubitta Bittya Sanstha Limited	2,436	2,310	11,805	15,260	2,436	2,310	11,805	15,260
2 equity shares of Rs. 100 each								
1.24 NIC Asia Laghubitta Bittya Sanstha Limited	120	189	6,656	18,880	120	189	6,656	18,880
0.22 equity shares of Rs. 100 each								
1.25 Swabalamban Laghubitta Bittya Sanstha Limited	665	1,043	665	1,244	665	1,043	665	1,244
0.89 bonus shares of Rs. 100 each								
1.26 RSDC Laghubitta Bittya Sanstha Limited	726	610	726	867	726	610	726	867
1.10 equity shares (including 0.10 bonus shares of Rs. 100 each								
1.27 Nerude Laghubita Bikas Bank Limited	3	1,069	3	1,600	3	1,069	3	1,600
1.21 Equity shares of Rs. 100 each								
1.28 Sana Kisan Laghubitta Bittiya Sanstha Ltd	145	3,525	4,189	125,702	145	3,525	4,189	125,702
3.31 Equity shares of Rs. 100 each								
1.29 Nirdhan Utthan Bank Limited	105	651	461	1,604	105	651	461	1,604
0.59 equity shares of Rs 100 each								
1.30 NIBL Samridhi Fund I	-	-	3,477,820	4,994,150	-	-	3,477,820	4,994,150
1.31 NIBL Samridhi Fund II	5,000,000	4,335,000	5,000,000	5,405,000	5,000,000	4,335,000	5,000,000	5,405,000
500,000 units of Rs 10 each								
1.32 NMB Hybrid Fund L-1	7,740,690	8,669,573	7,740,690	10,566,042	7,740,690	8,669,573	7,740,690	10,566,042
774,069 units of Rs 10 each								
1.33 Nabil Equity Fund	8,575,490	8,575,490	8,575,490	12,520,215	8,575,490	8,575,490	8,575,490	12,520,215
857,549 units of Rs 10 each								
1.34 NIBL Pragati Fund	12,332,220	12,356,884	12,332,220	18,313,347	12,332,220	12,356,884	12,332,220	18,313,347
1,233,222 units of Rs 10 each								
1.35 Kumari equity fund	5,000,000	5,035,000	5,000,000	5,250,000	5,000,000	5,035,000	5,000,000	5,250,000
500,000 units of Rs 10 each								

1.36 Laxmi equity fund 142,478 units of Rs 10 each	1,424,780	1,410,532	1,424,780	1,966,196	1,424,780	1,410,532	1,424,780	1,966,196
1.37 Siddhartha Equity Fund 1,506,148 units of Rs 10 each	15,061,480	14,880,742	15,061,480	21,161,379	15,061,480	14,880,742	15,061,480	21,161,379
1.38 Sanima Equity Fund 2,200,000 units of Rs 10 each	22,000,000	28,050,000	22,000,000	36,938,000	22,000,000	28,050,000	22,000,000	36,938,000
1.39 Sanima Large Cap Fund 500,000 units of Rs 10 each	5,000,000	4,660,000	5,000,000	5,250,000	5,000,000	4,660,000	5,000,000	5,250,000
1.40 Nabil Balance Fund II 100,000 units of Rs 10 each	1,000,000	1,078,000	1,000,000	1,410,000	1,000,000	1,078,000	1,000,000	1,410,000
1.41 Siddhartha Investment Growth Scheme 2 7,989,459 units of Rs 10 each	79,894,590	78,216,804	79,894,590	113,450,318	79,894,590	78,216,804	79,894,590	113,450,318
1.42 NMB 50 100,000 units of Rs 10 each	1,000,000	1,290,000	1,000,000	1,495,000	1,000,000	1,290,000	1,000,000	1,495,000
1.43 Sunrise First Mutual Fund 200,000 units of Rs 10 each	2,000,000	2,300,000	2,000,000	3,200,000	2,000,000	2,300,000	2,000,000	3,200,000
1.44 Sunrise Bluechip Fund 500,000 units of Rs 10 each	5,000,000	4,370,000	5,000,000	5,080,000	5,000,000	4,370,000	5,000,000	5,080,000
1.45 Laxmi Unnati Kosh 500,000 units of Rs 10 each	5,000,000	4,780,000	5,000,000	6,310,000	5,000,000	4,780,000	5,000,000	6,310,000
1.46 Hydroelectricity Investment and Development Co Ltd 68,819 equity shares Rs 100 each.	6,082,500	13,763,736	2,896,400	14,305,140	6,082,500	13,763,736	2,896,400	14,305,140
1.47 Mero Microfinance Bittiya Sanstha Ltd.	-	-	4,100	154,600	-	-	4,100	154,600
1.48 Ngadi Group Power Ltd 3.00 equity shares Rs 100 each.	83	716	57,900	398,430	83	716	57,900	398,430
1.49 Arun Kabeli Power Ltd	-	-	29,500	147,414	-	-	29,500	147,414
1.50 Global IME Samunnat Scheme I 3,797,268 units of Rs 10 each	37,972,680	37,972,680	37,972,680	77,008,595	37,972,680	37,972,680	37,972,680	77,008,595
1.51 Forward Community Microfinance Bittiya Sanstha Ltd 21.60 equity shares Rs 100 each.	520	51,516	2,600	221,600	520	51,516	2,600	221,600
1.52 National Microfinance Bittiya Sanstha Ltd	-	-	1,900	219,783	-	-	1,900	219,783
1.53 NIC Asia Growth Fund 2,000,000 units of Rs 10 each	20,000,000	22,300,000	20,000,000	30,000,000	20,000,000	22,300,000	20,000,000	30,000,000
1.54 Prabhu Insurance Ltd.-Promoter 39,432.68 equity shares of Rs 100 each	1,702,967	8,438,594	1,702,967	17,051,520	1,702,967	8,438,594	1,702,967	17,051,520
1.55 RBB Mutual Fund 1 5,00,000 units of Rs 10 each	5,000,000	4,635,000			5,000,000	4,635,000		

1.56 NMB Saral Bachat Fund -E	95,000	95,000			95,000	95,000		
9500 units of Rs 10 each								
1.57 Mega Mutual Fund -1	4,363,400	3,486,357			4,363,400	3,486,357		
436340 units of Rs 10 each								
1.58 Kumari Dhanapati yojana	10,000,000	10,000,000			10,000,000	10,000,000		
1000000 units of Rs 10 each								
1.59 NIC Asia Flexi Cap Fund	10,000,000	10,000,000			10,000,000	10,000,000		
1000000 units of Rs 10 each								
1.60 Nabil Balanced Fund-3	166,800	157,292			166,800	157,292		
16680 units of Rs 10 each								
2. Investment in quoted equity of the Subsidiary								
2.1 Century Commercial Bank Ltd	595	1,281	595	1,746				
7 equity shares of Rs 100 each.								
2.2 Laxmi Bank Ltd	633,036	367,951	683,364	730,355				
1849 equity shares of Rs 100 each.								
2.3 Nepal Bank Ltd	962,566	750,364	1,871,981	1,993,500				
2518 equity shares of Rs 100 each.								
2.4 Nepal Investment Bank Ltd	1,105,015	690,855	2,069,742	1,994,100				
2607 equity shares of Rs 100 each.								
2.5 NIC ASIA Bank Ltd	5,280,176	4,178,088	5,280,176	5,966,982				
6003 equity shares of Rs. 100 each								
2.6 Prime Commercial Bank Ltd	2,015,315	1,376,940	2,423,707	2,648,870				
5196 equity shares of Rs 100 each.								
2.7 Standard Chartered Bank Nepal Ltd	2,428,797	1,696,560	2,671,619	2,525,790				
4281 equity shares of Rs 100 each.								
2.8 Agriculture Development Bank Ltd	-	-	887,619	932,134				
2.9 Global IME Bank Ltd	3,210,510	1,963,434	3,210,510	3,131,100				
7810 equity shares of Rs 100 each.								
2.10 Himalayan Bank Ltd	450,869	290,224	2,550,913	2,188,164				
970 equity shares of Rs 100 each.								
2.11 Everest Bank Ltd	124,080	80,776	131,498	135,792				
184 equity shares of Rs 100 each.								
2.12 Mega Bank Ltd	1,231,315	847,952	1,231,315	1,248,060				
3752 equity shares of Rs 100 each.								
2.13 Nabil Bank Ltd	-	-	1,245,826	1,325,025				

2.14 NMB Bank Ltd 3801 equity shares of Rs 100 each.	1,402,299	992,061	3,055,100	3,238,840				
2.15 Prabhu Bank Ltd 2200 equity shares of Rs 100 each.	904,380	455,400	3,176,840	3,153,300				
2.16 Siddhartha Bank Ltd	-	-	1,420,300	1,512,000				
2.17 Sanima Bank Ltd 3003 equity shares of Rs 100 each.	1,191,116	828,828	1,393,404	1,455,970				
2.18 Kumari Bank Ltd 4423 equity shares of Rs 100 each.	1,519,927	844,793	1,610,992	1,640,933				
2.19 Garima Bikas Bank Ltd	-	-	1,282,467	1,385,024				
2.20 Excel Develpoment Bank Ltd 488 equity shares of Rs 100 each.	271,373	159,576	371,850	384,750				
2.21 Jyoti Bikas Bank Ltd	-	-	322,700	334,600				
2.22 Kamana Sewa Bikas Bank Ltd	-	-	1,221,960	1,361,840				
2.23 Lumbini Bikas Bank Ltd 2500 equity shares of Rs 100 each.	1,273,104	852,500	2,061,692	2,098,980				
2.24 Miteri Bikas Bank Ltd	-	-	176,500	175,800				
2.25 Muktinath Bank Ltd	-	-	1,818,820	1,930,266				
2.26 Shine Resunga Deveopment Bank ltd	-	-	164,267	263,730				
2.27 ICFC Finance ltd	-	-	901,910	1,068,800				
2.28 Shree Investment Finance Co. ltd	-	-	643,800	782,400				
2.29 Soaltee Hotel Limited 15 equity shares of Rs 10 each.	3,432	3,038	3,432	3,930				
2. 30 API Hydropower Limited 6 equity shares of Rs 100 each.	2,429	1,467	29,148	26,598				
2.31 Khanikhola Hydropower Company Limited	-	-	1,600	4,464				
2.32 Universal Power Company Limited	-	-	2,890	3,150				
2.33 Ridi Hydropower Company Limited 1 equity shares of Rs 100 each.	1	838	1	8,640				
2.34 Sanima Mai Hydropower Company Limited	-	-	147,500	153,900				
2.35 Sanjen Jalbidhyut Company Limited	-	-	45,200	44,900				
2.36 Life Insurance Corporation Nepal Ltd.	-	-	374,182	496,504				
2.37 National Life Insurance Co. Ltd 100 equity shares of Rs 100 each.	101,737	57,700	2,973,111	2,831,460				
2.38 Nepal Life Insurance Co. Ltd 599 equity shares of Rs 100 each.	1,019,576	447,453	5,459,594	5,183,219				
2.39 Prudential Insurance Company Ltd.	-	-	40,900	40,500				

2.40 Prime Life Insurance Company Ltd.	1,062,600	719,785	479,900	477,000				
1265 equity shares of Rs 100 each.								
2.41 Asian Life Insurance Company Ltd.	-	-	3,194,400	3,167,800				
2.42 Neco Insurance Co.Ltd.	5,034,186	2,759,344	4,450,508	4,054,784				
3976 equity shares of Rs 100 each.								
2.43 Sagarmatha Insurance Co.Ltd.	3,828,873	2,871,000	3,883,790	3,400,320				
3300 equity shares of Rs 100 each.								
2.44 Premier Insurance Co.Ltd.	4,324,250	2,220,480	4,108,400	3,744,000				
3200 equity shares of Rs 100 each.								
2.45 Shikhar Insurance Co.Ltd.	4,514,560	2,342,721	3,952,837	3,870,816				
2903 equity shares of Rs 100 each.								
2.46 Siddhartha Insurance Co.Ltd.	4,133,051	2,361,289	3,849,480	3,703,000				
4343 equity shares of Rs 100 each.								
2.47 Sana Kisan Laghubitta Bittiya Sanstha Ltd	2,563	2,130	3,376,394	3,455,480				
2 equity shares of Rs 100 each.								
2.48 Deprosc Laghubitta Bittiya Sanstha Ltd	4,488,358	3,091,660	3,803,050	3,950,298				
3289 equity shares of Rs 100 each.								
2.49 Forward Community Microfinance Sanstha Ltd	-	-	1,466,690	1,540,120				
2.50 Nirdan Utthan Laghubitta Bittiya Sanstha Ltd	1	1,099	4,474,966	5,193,600				
1 equity shares of Rs 100 each.								
2.51 RMDC Laghubitta Sanstha Ltd	-	-	484,050	480,550				
2.52 Chhimek Laghubitta Bittiya Sanstha	4,635,173	3,702,600	4,566,334	4,598,748				
3366 equity shares of Rs 100 each.								
2.53 Swabalamban Lagubitta Bittiya Sanstha Ltd	1,644,564	1,614,389	3,045,826	3,634,869				
1381 equity shares of Rs 100 each.								
2.54 Nabil Equity Fund	-	-	2,146,542	3,077,344				
2.55 NIBL Pragati Fund	-	-	605,912	1,101,321				
2.56 NIBL Samriddhi Fund 1	-	-	2,065,888	2,761,126				
2.57 NMBHF-1	-	-	2,924,216	4,002,863				
2.58 Sanima Equity Fund	-	-	500,000	839,500				
2.59 Siddhartha Equity Fund	-	-	474,000	702,500				
2.60 Nabil Balance Fund-II	-	-	2,500,000	3,525,000				
2.61 Citizens Mutual Fund-II	32,533,500	32,923,902	32,533,500	46,034,903				
3253350 Units of Rs 10 each								
2.62 NLG Insurance Co Ltd	763,559	344,160						
720 equity shares of Rs 100 each.								

2.63 Prudential Insurance Co Ltd 53 equity shares of Rs 100 each.	40,900	18,444						
2.64 Global IME Laghubitta Sanstha Ltd 56 equity shares of Rs 100 each.	76,949	72,744						
2.65 Mero Microfinance Bittiya Sanstha Ltd 5 equity shares of Rs 100 each.	5,976	4,235						
2.66 Garima Debenture, 2085 140362 debentures of Rs 1000 each.	140,362,000	140,362,000						
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	1,000,001	1,100,000				
Total	**564,315,337**	**540,532,585**	**439,629,453**	**615,100,038**	**330,732,626**	**327,132,524**	**296,783,745**	**452,277,981**

LOANS AND ADVANCES TO B/FIS 4.6

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loans to Microfinance Institutions	3,343,383,588	3,279,966,619	3,343,383,588	3,279,966,619
Other	-	-	-	-
Less: Allowances for Impairment	43,463,987	32,799,666	43,463,987	32,799,666
Total	**3,299,919,602**	**3,247,166,953**	**3,299,919,602**	**3,247,166,953**

4.6.1 : ALLOWANCES FOR IMPAIRMENT

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance at July 16, 2021	32,799,666	15,495,995	32,799,666	15,495,995
Impairment Loss for the Year:				
Charge for the Year	10,664,320	8,328,671	10,664,320	8,328,671
Recoveries/ Reversal	-	-	-	-
Amount written off	-	-	-	-
Other Movement*	-	8,975,000	-	8,975,000
Balance at July 16, 2022	**43,463,987**	**32,799,666**	**43,463,987**	**32,799,666**

**Other movement includes the amount of impairment of acquired institutions.*

LOANS AND ADVANCES TO CUSTOMERS 4.7

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan and Advances Measured at Amortized Cost	134,790,246,748	121,883,705,827	134,857,746,748	121,883,705,827
Less: Impairment Allowances				
Collective Impairment	1,997,892,861	1,652,551,625	1,997,892,861	1,652,551,625
Individual Impairment	1,515,526,808	1,319,111,914	1,515,526,808	1,319,111,914
Net amount	**131,344,327,079**	**118,912,042,288**	**131,344,327,079**	**118,912,042,288**
Loan and Advances Measured at FVTPL	-	-	-	-
Total	**131,344,327,079**	**118,912,042,288**	**131,344,327,079**	**118,912,042,288**

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 5 of carve out on para 5.5 of NFRS 9 issued by ICAN. Loan Loss Provision as on mid july 2022 as per norms prescribed by NRB is NPR. 3,556,883,655 whereas impairment for Loan and Advances as per paragraph 5 of carve out on para 5.5 of NFRS 9 is NPR. 1,450,462,245.

4.7.1 : ANALYSIS OF LOANS AND ADVANCES - BY PRODUCT

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Product				
Term loans	31,883,897,160	29,385,690,410	31,883,897,160	29,385,690,410
Overdraft	19,288,608,919	16,598,334,401	19,288,608,919	16,598,334,401
Trust Receipt/ Import Loans	1,073,933,829	4,520,215,233	1,073,933,829	4,520,215,233
Demand and Other Working Capital Loans	19,893,127,552	15,528,009,661	19,893,127,552	15,528,009,661
Personal Residential Loans	9,020,703,370	7,699,488,735	9,020,703,370	7,699,488,735
Real Estate Loans	4,863,971,440	5,443,269,139	4,863,971,440	5,443,269,139
Margin Lending Loans	4,074,655,341	5,608,217,416	4,074,655,341	5,608,217,416
Hire Purchase Loans	5,470,925,888	5,609,123,617	5,470,925,888	5,609,123,617
Deprived Sector Loans	11,758,509,288	8,759,240,918	11,758,509,288	8,759,240,918
Bills Purchased	24,900,000	25,900,000	24,900,000	25,900,000
Staff Loans	1,693,340,697	956,872,581	1,693,340,697	956,872,581
Other	25,012,014,260	21,169,427,891	25,079,514,260	21,169,427,891
Sub total	**134,058,587,745**	**121,303,790,002**	**134,126,087,745**	**121,303,790,002**
Interest Receivable	731,659,003	579,915,825	731,659,003	579,915,825
Grand total	**134,790,246,748**	**121,883,705,827**	**134,857,746,748**	**121,883,705,827**

4.7.2 : ANALYSIS OF LOANS AND ADVANCES - BY CURRENCY

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese Rupee	134,756,020,020	120,245,711,941	134,823,520,020	120,245,711,941
Indian Rupee	-	-	-	-
United State Dollar	34,226,728	1,637,993,886	34,226,728	1,637,993,886
Great Britain Pound	-	-	-	-
Euro	-	-	-	-
Japanese Yen	-	-	-	-
Chinese Yuan	-	-	-	-
Other	-	-	-	-
Total	**134,790,246,748**	**121,883,705,827**	**134,857,746,748**	**121,883,705,827**

4.7.3 : ANALYSIS OF LOANS AND ADVANCES - BY COLLATERAL

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Secured				
Movable/ Immovable Assets	111,379,713,751	93,047,679,761	111,379,713,751	93,047,679,761
Gold and Silver	1,023,275,143	941,903,936	1,023,275,143	941,903,936
Guarantee of Domestic B/FIs	-	-	-	-
Government Guarantee	3,489,558	2,370,456	3,489,558	2,370,456
Guarantee of International Rated Bank	-	-	-	-
Collateral of Export Document	1,800,000	5,166,000	1,800,000	5,166,000
Collateral of Fixed Deposit Receipt	1,425,925,345	647,702,018	1,493,425,345	647,702,018
Collateral of Governement Securities	727,746	3,531,019	727,746	3,531,019
Counter Guarantee	890,127,042	-	890,127,042	-
Personal Guarantee	2,521,806,674	2,526,569,505	2,521,806,674	2,526,569,505
Other Collateral	17,456,662,095	24,651,481,766	17,456,662,095	24,651,481,766
Sub total	**134,703,527,355**	**121,826,404,462**	**134,771,027,355**	**121,826,404,462**
Unsecured	86,719,393	57,301,365	86,719,393	57,301,365
Grand total	**134,790,246,748**	**121,883,705,827**	**134,857,746,748**	**121,883,705,827**

4.7.4 : ALLOWANCES FOR IMPAIRMENT

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Specific Allowances for Impairment				
Balance at July 16, 2021	**1,319,111,914**	**1,339,728,148**	**1,319,111,914**	**1,339,728,148**
Impairment Loss for the Year:				
Charge for the Year	196,414,894	-	196,414,894	-
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	-	348,597,700
Balance at July 16 ,2022	**1,515,526,808**	**1,319,111,914**	**1,515,526,808**	**1,319,111,914**
Collective Allowances for Impairment				
Balance at July 16, 2021	**1,652,551,625**	**693,659,804**	**1,652,551,625**	**693,659,804**
Impairment Loss for the Year:				
Charge/ (Reversal) for the Year	345,341,236	754,921,286	345,341,236	754,921,286
Exchange Rate variance on Foreign Currency Impairment	-	-	-	-
Other Movement	-	203,970,535	-	203,970,535
Balance at July 16, 2022	**1,997,892,861**	**1,652,551,625**	**1,997,892,861**	**1,652,551,625**
Total Allowances for Impairment	**3,513,419,668**	**2,971,663,539**	**3,513,419,668**	**2,971,663,539**

** Other movement includes the amount of impairment of acquired institutions.*

INVESTMENT SECURITIES 4.8

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment Securities Measured at Amortized Cost	27,773,666,030	20,951,196,495	27,751,890,030	20,919,420,495
Investment in Equity Measured at FVTOCI	415,700,819	1,112,166,462	401,535,938	1,098,001,581
Total	**28,189,366,849**	**22,063,362,956**	**28,153,425,968**	**22,017,422,075**

4.8.1 : INVESTMENT SECURITIES MEASURED AT AMORTIZED COST

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Debt Securities	-	-	-	-
Government Bonds	20,194,274,857	16,148,672,270	20,194,274,857	16,148,672,270
Government Treasury Bills	6,881,153,407	4,770,748,224	6,881,153,407	4,770,748,224
Nepal Rastra Bank Bonds	-	-	-	-
Nepal Rastra Bank Deposits Instruments	-	-	-	-
Other	698,237,767	31,776,000	676,461,767	-
Less: Specific Allowances for Impairment	-	-	-	-
Total	**27,773,666,030**	**20,951,196,495**	**27,751,890,030**	**20,919,420,495**

4.8.2 : INVESTMENT IN EQUITY MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity Instruments	-	-	-	-
Quoted Equity Securities	394,444,289	1,090,909,932	394,444,289	1,090,909,932
Unquoted Equity Securities	21,256,530	21,256,530	7,091,649	7,091,649
Total	**415,700,819**	**1,112,166,462**	**401,535,938**	**1,098,001,581**

4.8.3 : INFORMATION RELATING TO INVESTMENT IN EQUITIES

Amount in NPR

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	132,000,000	150,000,000	188,700,000	150,000,000	132,000,000	150,000,000	188,700,000
1.2 Citizens Mutual Fund- II 15,000,000 units of Rs 10 each	150,000,000	151,800,000	150,000,000	212,250,000	150,000,000	151,800,000	150,000,000	212,250,000
1.3 Mero Microfinance Laghubitta Bittiya Sanstha Limited	-	-	36,494,100	533,370,286	-	-	36,494,100	533,370,286
1.4 Aarambha Chautari Laghubitta Bittiya Sanstha Ltd. 49,324.83 Equity Shares of Rs 100 each	3,500,000	20,348,960	3,500,000	32,081,524	3,500,000	20,348,960	3,500,000	32,081,524
1.5 Mahuli Laghubitta Bittiya Sanstha Limited Promoter Share 74,119.75 Equity Shares of Rs 100 each	2,803,500	42,804,153	2,803,500	53,432,890	2,803,500	42,804,153	2,803,500	53,432,890
1.6 Nerude Laghubita Bikas Bank Limited Promoter Share 107,934.49 Equity Shares of Rs 100 each	13,866,327	47,491,176	13,866,327	71,075,232	13,866,327	47,491,176	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 47,346 Equity Shares (including bonus shares) of Rs 100 each	378,001	1,751,289	378,001	1,751,289	378,001	1,751,289	378,001	1,751,289
2.3 Nepal Clearing House Limited 123,290.58 Equity Shares (including bonus shares) of Rs 100 each	3,257,800	17,670,381	3,257,800	17,670,381	3,257,800	3,505,500	3,257,800	3,505,500
Total	**325,640,488**	**415,700,819**	**362,134,588**	**1,112,166,462**	**325,640,488**	**401,535,938**	**362,134,588**	**1,098,001,581**

** Investment on the equity shares of Mero Microfinance Labhuitta Bittiya Sanstha Limited has been clssided under Investment In Associates on current year.*

CURRENT TAX ASSETS 4.9

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Tax Assets				
Current Year Income Tax Assets	1,259,076,370	1,052,340,364	1,247,989,940	1,050,726,422
Tax Assets of Prior Periods	-	-	-	-
Current Tax Liabilities				
Current Year Income Tax Liabilities	1,044,932,008	762,268,789	103,412,793	762,268,789
Tax Liabilities of Prior Periods	-	-	-	-
Total	**214,144,362**	**290,071,575**	**215,577,147**	**288,457,633**

INVESTMENT IN SUBSIDIARIES 4.10

Amount in NPR

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	**167,204,200**	**167,204,200**

4.10.1 : INVESTMENT IN QUOTED SUBSIDIARIES

Amount in NPR

PARTICULARS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE
Investment in Quoted Subsidiaries	-	-	-	-
Investment in Unquoted Subsidiaries	-	-	-	-
Total Investment	-	-	-	-
Less: Impairment Allowances	-	-	-	-
Net Carrying Amount	-	-	-	-

4.10.2 : INVESTMENT IN UNQUOTED SUBSIDIARIES

Amount in NPR

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**

4.10.3 : INFORMATION RELATING TO SUBSIDIARIES OF THE BANK

Amount in NPR

PARTICULARS	BANK	
	PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR
CBIL Capital Ltd.	58.60%	58.60%
CBIL Securities Ltd.	100.00%	100.00%

4.10.4 : NON CONTROLLING INTEREST OF THE SUBSIDIARIES

Amount in NPR

PARTICULARS	GROUP
	CURRENT YEAR
	CBIL Capital Ltd
Equity Interest Held by NCI (%)	41.40%
Profit/ (Loss) Allocated during the Year	(2,256,937)
Accumulated Balances of NCI as on July 16, 2022	87,711,165
Dividend Paid to NCI	20,698,950
	PREVIOUS YEAR
	CBIL Capital Ltd
Equity Interest Held by NCI (%)	41.40%
Profit/ (Loss) Allocated during the Year	23,700,853
Accumulated Balances of NCI as on July 16, 2022	110,517,696
Dividend Paid to NCI	8,279,580

INVESTMENT IN ASSOCIATES 4.11

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment in Quoted Associates	139,980,336	-	350,658,000	-
Investment in Unquoted Associates	25,454,451	20,865,381	24,987,491	16,000,000
Total Investment	**165,434,787**	**20,865,381**	**375,645,491**	**16,000,000**
Less: Impairment Allowances	-	-	-	-
Net Carrying Amount	**165,434,787**	**20,865,381**	**375,645,491**	**16,000,000**

4.11.1: INVESTMENT IN QUOTED ASSOCIATES

Amount in NPR

PARTICULARS	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
1.1 Mero Microfinance Laghubitta Bittiya Sanstha Limited	36,494,100	139,980,336	-	-	36,494,100	350,658,000	-	-
828,000 Equity Shares of Rs 100 each								
Total	**36,494,100**	**139,980,336**	**-**	**-**	**36,494,100**	**350,658,000**	**-**	**-**

4.11.2: INVESTMENT IN UNQUOTED ASSOCIATES

Amount in NPR

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 Electronic Payment System Limited	16,000,000	25,454,451	16,000,000	20,865,381	16,000,000	24,987,491	16,000,000	16,000,000
160,000 Equity Shares of Rs 100 each								
Total	**16,000,000**	**25,454,451**	**16,000,000**	**20,865,381**	**16,000,000**	**24,987,491**	**16,000,000**	**16,000,000**

4.11.3: INFORMATION RELATING TO ASSOCIATES OF THE BANK

Amount in NPR

PARTICULARS	BANK	
	PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR
1. Nepal Electronic Payment System Limited	9.09%	9.09%
2. Mero Microfinance Laghubitta Bittiya Sanstha Limited	6.90%	-

4.11.4 : EQUITY VALUE OF ASSOCIATES

Amount in NPR

PARTICULARS	GROUP	
	CURRENT YEAR	PREVIOUS YEAR
1. Nepal Electronic Payment System Limited	25,454,451	20,865,381
2. Mero Microfinance Laghubitta Bittiya Sanstha Limited	139,980,336	-
Total	**165,434,787**	**20,865,381**

INVESTMENT PROPERTY 4.12

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment Properties Measured At Fair Value				
Balance as on July 16, 2021	-	-	-	-
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 July 16, 2021	141,146,454	195,532,789	141,146,454	195,532,789
Addition/ Disposal during the Year	68,214,700	(54,386,335)	68,214,700	(54,386,335)
Adjustment/ Transfer	-	-	-	-
Accumulated Depreciation	(715,283)	-	(715,283)	-
Accumulated Impairment Loss	-	-	-	-
Net Amount	**208,645,871**	**141,146,454**	**208,645,871**	**141,146,454**
Total	**208,645,871**	**141,146,454**	**208,645,871**	**141,146,454**

PROPERTY AND EQUIPMENT

4.13

Amount in NPR

GROUP										
PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL JULY 15, 2020	TOTAL JULY 15, 2020
Cost										
As on July 16, 2020	**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	-	137,039,045
Acquired from acquisition	179,400,950	20,488,735	97,608,479	35,083,131	53,514,581	73,498,865	-	33,904,774	-	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 July 15, 2021	**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**	**4,002,969,048**
Addition during the Year										
Acquisition	6,901,647	84,693,378	45,272,706	37,167,651	99,739,800	30,300,144	-	931,912,361	1,235,987,687	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(25,281,246)	(2,861,526)	(34,927,268)	(8,213,748)	-	(8,965,394)	(80,249,183)	-
Adjustment/Revaluation	43,508,000	(14,745,204)	(457,906)	23,865	-	(269,130)	-	(1,032,980)	27,026,645	-
Balance as on July 16, 2022	**1,677,312,289**	**620,063,850**	**380,284,770**	**298,135,803**	**432,704,830**	**318,624,040**	**-**	**1,458,608,615**	**5,185,734,197**	**4,002,969,048**
Depreciation and Impairment										
As on July 16, 2020	**-**	**98,987,180**	**126,701,580**	**150,714,548**	**102,422,674**	**129,485,448**	**-**	**211,369,114**	**-**	**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
Depreciation charge for the Year of acquired institute	-	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 July 15, 2021	**-**	**126,495,951**	**175,406,499**	**207,116,236**	**159,144,806**	**180,359,978**	**-**	**313,540,887**	**1,162,064,356**	**1,162,064,356**
Impairment for the year										
Depreciation charge for the Year	-	30,417,172	31,266,456	32,230,009	56,691,381	36,308,161	-	199,113,844	386,027,023	-
Disposals	-	-	(17,653,831)	(2,833,545)	(22,505,535)	(5,901,537)	-	(7,574,431)	(56,468,880)	-
Adjustment	-	-	(114,261)	(1,343)	-	16,933	-	17,859	(80,813)	-
Balance as on July 16, 2022	**-**	**156,913,122**	**188,904,862**	**236,511,356**	**193,330,652**	**210,783,535**	**-**	**505,098,159**	**1,491,541,686**	**1,162,064,356**
Capital Work in Progress	**-**	**182,213**	**16,456,900**	**-**	**-**	**-**	**-**	**640,710**	**17,279,822**	**43,250,396**
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as on July 15, 2021	**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**
Balance as on July 16, 2022	**1,677,312,289**	**463,332,940**	**207,836,808**	**61,624,448**	**239,374,177**	**107,840,505**	**-**	**954,151,166**	**3,711,472,312**	**-**

BANK										
PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL JULY 15, 2020	TOTAL JULY 15, 2022
Cost										
As on July 16, 2020	**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**
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
Acquired from business combination	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 July 15, 2021	**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**	**3,991,046,394**
Addition during the Year										
Acquisition	6,901,647	84,693,378	45,261,858	36,986,551	99,739,800	30,192,116	-	926,596,276	1,230,371,626	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	(25,281,246)	(2,861,526)	(34,927,268)	(8,213,748)	-	(8,965,394)	(80,249,183)	-
Adjustment/Revaluation	43,508,000	(14,745,204)	(457,906)	23,865	-	(269,130)	-	(1,032,980)	27,026,645	-
Balance as on July 16, 2022	**1,677,312,289**	**620,063,850**	**377,883,549**	**295,954,087**	**428,299,562**	**317,113,644**	**-**	**1,451,568,501**	**5,168,195,482**	**3,991,046,394**
Depreciation and Impairment										
As on July 16, 2020	**-**	**98,987,181**	**126,328,418**	**149,051,637**	**100,356,774**	**128,588,157**	**-**	**209,909,772**	**-**	**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
Depreciation charge of acuquired institute	-	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 July 15, 2021	**-**	**126,495,952**	**174,795,225**	**205,221,548**	**156,449,582**	**179,379,802**	**-**	**311,750,588**	**1,154,092,696**	**1,154,092,696**
Impairment for the year										
Depreciation charge for the Year	-	30,417,172	31,026,207	32,129,227	56,060,333	36,199,793	-	197,892,241	383,724,974	-
Disposals	-	-	(17,653,831)	(2,833,545)	(22,505,535)	(5,901,537)	-	(7,574,431)	(56,468,880)	-
Adjustment	-	-	(114,261)	(1,343)	-	16,933	-	17,859	(80,813)	-
Balance as on July 16, 2022	**-**	**156,913,124**	**188,053,339**	**234,515,887**	**190,004,380**	**209,694,991**	**-**	**502,086,257**	**1,481,267,977**	**1,154,092,696**
Capital Work in Progress	**-**	**182,213**	**16,456,900**	**-**	**-**	**-**	**-**	**640,710**	**17,279,822**	**43,250,386**
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As on July 15, 2021	**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**
As on July 16, 2022	**1,677,312,289**	**463,332,939**	**206,287,109**	**61,438,201**	**238,295,182**	**107,418,653**	**-**	**950,122,955**	**3,704,207,328**	**-**

GOODWILL AND INTANGIBLE ASSETS 4.14

Amount in NPR

GROUP						
PARTICULARS	GOODWILL	SOFTWARE		OTHER	TOTAL JULY 16, 2022	TOTAL JULY 15, 2021
		PURCHASED	DEVELOPED			
Cost						
As on July 16, 2020	**-**	**141,779,969**	**-**	**-**	**-**	**141,779,969**
Addition during the Year						
Acquisition	-	27,038,936	-	-	-	27,038,936
Addition from merger/acquisition	-	15,858,292	-	-	-	15,858,292
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on July 15, 2021	**-**	**184,677,198**	**-**	**-**	**184,677,198**	**184,677,198**
Addition during the Year						
Acquisition	-	19,220,908	-	-	19,220,908	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	(184,755)	-	-	(184,755)	-
Adjustment/Revaluation	115,994,228	-	-	-	115,994,228	-
Balance as on July 16, 2022	**115,994,228**	**203,713,351**	**-**	**-**	**319,707,579**	**184,677,198**
Amortization and Impairment						
As on July 16, 2020	**-**	**65,559,168**	**-**	**-**	**65,559,168**	**65,559,168**
Amortization charge for the Year	-	25,895,521	-	-	25,895,521	25,895,521
Impairment for the year						
Accumulated depreciation transferred from merger/acquisition	-	15,496,513		-	15,496,513	15,496,513
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as on July 15, 2021	**-**	**106,951,202**	**-**	**-**	**106,951,202**	**106,951,202**
Amortization charge for the Year	-	29,026,934	-	-	29,026,934	-
Impairment for the year						
Disposals	-	(153,755)	-	-	(153,755)	-
Adjustment	-	-	-	-	-	-
Balance as on July 16, 2022	**-**	**135,824,381**	**-**	**-**	**135,824,381**	**106,951,202**
Capital Work in Progress	**-**	**13,672,317**	**-**	**-**	**13,672,317**	**6,918,734**
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**
As on July 15, 2021	**-**	**84,644,731**	**-**	**-**	**-**	**84,644,731**
As on July 16, 2022	**115,994,228**	**81,561,287**	**-**	**-**	**197,555,516**	**-**

PARTICULARS	BANK					
	GOODWILL	SOFTWARE		OTHER	TOTAL JULY 16, 2022	TOTAL JULY 15, 2021
		PURCHASED	DEVELOPED			
Cost						
As on July 16, 2020	**-**	**139,950,929**	**-**	**-**	**-**	**139,950,929**
Addition during the Year						
Acquisition	-	26,688,636	-	-	-	26,688,636
Acquisition from business combination	-	15,858,292	-	-	-	15,858,292
Capitalization	-	-	-	-	-	-
Disposal during the year	**-**	**-**	**-**	**-**	**-**	**-**
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on July 15, 2021	**-**	**182,497,858**	**-**	**-**	**182,497,858**	**182,497,858**
Addition during the Year						
Acquisition	**-**	**19,220,908**	**-**	**-**	**19,220,908**	**-**
Capitalization	-	-	-	-	-	-
Disposal during the year	-	(184,755)	-	-	(184,755)	-
Adjustment/Revaluation	115,994,228	-	-	-	115,994,228	-
Balance as on July 16, 2022	**115,994,228**	**201,534,011**	**-**	**-**	**317,528,239**	**-**
Amortization and Impairment						
As on July 16, 2020	**-**	**64,854,240**	**-**	**-**	**-**	**64,854,240**
Amortization charge for the Year	-	25,503,580	-	-	-	25,503,580
Amortization charge of acquired institute	-	15,496,513	-	-	-	15,496,513
Impairment for the year						
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as on July 15, 2021	**-**	**105,854,333**	**-**	**-**	**105,854,333**	**105,854,333**
Amortization charge for the Year	-	28,659,820	-	-	28,659,820	-
Impairment for the year						
Disposals	-	(153,785)	-	-	(153,785)	-
Adjustment	-	-	-	-	-	-
Balance as on July 16, 2022	**-**	**134,360,368**	**-**	**-**	**134,360,368**	**-**
Capital Work in Progress	**-**	**13,672,317**	**-**	**-**	**13,672,317**	**6,918,765**
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**
As on July 15, 2021	**-**	**83,562,290**	**-**	**-**	**-**	**83,562,290**
As on July 16, 2022	**115,994,228**	**80,845,959**	**-**	**-**	**196,840,188**	**-**

DEFERRED TAX 4.15

Amount in NPR

PARTICULARS	GROUP			BANK		
	CURRENT YEAR			CURRENT YEAR		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
Deferred Tax on Temporory Differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	6,054,878	(46,898,074)	(40,843,196)	-	(118,634,023)	(118,634,023)
Property & equipment	419,966	(213,997,117)	(213,577,151)	-	(213,997,117)	(213,997,117)
Employees' defined benefit plan	20,821,285	-	20,821,285	20,550,145	-	20,550,145
Lease Liabilities	236,609,164	-	236,609,164	235,296,218	-	235,296,218
Provisions	-	-	-	-	-	-
Other temporary differences	4,443,921	-	4,443,921	4,443,921	-	4,443,921
Deferred tax on temporary differences	**268,349,212**	**(260,895,191)**	**7,454,0 21**	**260,290,283**	**(332,631,140)**	**(72,340,857)**
Deferred tax on carry forward of unused tax losses	9,031,923	-	9,031,923	9,031,923	-	9,031,923
Deferred tax due to changes in tax rate	-	-	-	-	-	-
Net Deferred tax asset/ (liabilities) as on year end of Mid July, 2022	**-**	**-**	**16,485,944**	**-**	**-**	**(63,308,934)**
Deferred tax (asset)/liabilities as on July 16, 2021	-	-	222,367,651	-	-	217,486,295
Origination/(Reversal) during the year	**-**	**-**	**(238,853,595)**	**-**	**-**	**(154,177,361)**
Deferred tax expense/(income) recognised in profit or loss	**-**	**-**	**(76,120,654)**	**-**	**-**	**(63,250,757)**
Deferred tax expense/ (income) recognised in other comprehensive income	**-**	**-**	**(44,812,146)**	**-**	**-**	**(99,555,443)**
Deferred tax expense/(income) recognised in directly in equity	**-**	**-**	**(117,920,796)**	**-**	**-**	**8,628,839**

PARTICULARS	GROUP			BANK		
	PREVIOUS YEAR			PREVIOUS YEAR		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
Deferred Tax on Temporory Differences on following items						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(273,363,967)	(273,363,967)	-	(267,371,960)	(267,371,960)
Property & equipment	8,392,449	-	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	**37,710,495**	**(278,141,992)**	**(240,431,497)**	**36,599,850**	**(272,149,985)**	**(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 Mid July, 2020	**-**	**-**	**(222,367,651)**	**-**	**-**	**(217,486,290)**
Deferred tax (asset)/liabilities as on July 16, 2020	-	-	12,937,113	-	-	13,613,542
Deferred tax (asset)/liabilities of Acquired institution	-	-	28,325,725	-	-	28,325,725
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	**-**	**-**	**-**	**-**	**-**	**-**

OTHER ASSETS 4.16

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Assets Held for Sale	-	-	-	-
Other Non Banking Assets	-	-	-	-
Bills Receivable	-	-	-	-
Accounts Receivable	1,443,695,260	693,919,305	1,577,260,701	821,225,930
Accrued Income	1,537,440	88,029	1,537,440	88,029
Prepayments and Deposit	121,904,370	111,063,549	121,435,515	110,730,597
Income Tax Deposit	47,211,766	40,632,766	47,211,766	40,632,766
Deferred Employee Expenditure	1,098,836,893	668,504,983	1,098,836,893	668,504,983
Other	50,718,935	56,781,493	45,131,522	56,361,371
Total	**2,763,904,665**	**1,570,990,125**	**2,891,413,837**	**1,697,543,676**

DUE TO BANK AND FINANCIAL INSTITUTIONS 4.17

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Money Market Deposits	-	-	-	-
Interbank Borrowing	1,724,500,000	400,000,000	1,724,500,000	400,000,000
Other Deposits from B/FIs	2,338,554,785	2,365,001,954	2,338,554,785	2,365,001,954
Settlement and Clearing Accounts	-	-	-	-
Other Deposits from B/FIs	-	-	-	-
Total	**4,063,054,785**	**2,765,001,954**	**4,063,054,785**	**2,765,001,954**

DUE TO NEPAL RASTRA BANK 4.18

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Refinance from NRB	1,870,250,868	1,205,558,824	1,870,250,868	1,205,558,824
Standing Liquidity Facility	9,200,000,000	-	9,200,000,000	-
Lender of Last Resort Facility from NRB	-	-	-	-
Securities Sold under Repurchase Agreements	-	-	-	-
Other Payable to NRB	-	-	-	-
Total	**11,070,250,868**	**1,205,558,824**	**11,070,250,868**	**1,205,558,824**

DERIVATIVE FINANCIAL INSTRUMENTS 4.19

Amount in NPR

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 4.20

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Institutional Customers:				
Term Deposits	46,335,500,429	39,744,885,112	46,470,421,196	39,875,985,112
Call Deposits	7,475,807,639	11,532,676,683	7,475,807,639	11,532,934,607
Current Deposits	6,530,730,508	5,788,209,978	6,671,373,441	5,933,275,221
Other	924,856,861	568,630,827	924,856,861	568,630,827
Individual Customers:				
Term Deposits	51,620,768,192	37,887,422,137	51,620,768,192	37,887,422,137
Saving Deposits	38,804,046,268	43,433,571,745	38,804,046,268	43,433,571,745
Current Deposits	757,976,217	1,050,080,783	757,976,217	1,050,080,783
Other	76,240,557	356,511,052	76,240,557	356,511,052
Total	**152,525,926,671**	**140,362,079,317**	**152,801,490,371**	**140,638,411,484**

4.20.1: CURRENCY WISE ANALYSIS OF DEPOSIT FROM CUSTOMERS

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese Rupee	146,769,173,355	137,862,144,793	147,044,737,813	138,138,476,960
Indian Rupee	-	-	-	-
United State Dollar	5,749,497,194	2,472,453,254	5,749,497,194	2,472,453,254
Great Britain Pound	641,703	451,569	641,703	451,569
Euro	5,635,486	10,935,935	5,635,486	10,935,935
Japanese Yen	181,718	214,309	181,718	214,309
Chinese Yuan	-	-	-	-
Other	796,457	15,879,458	796,457	15,879,458
Total	**152,525,925,913**	**140,362,079,317**	**152,801,490,371**	**140,638,411,484**

BORROWING 4.21

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	45,500,000	-	-	-
Sub total	**45,500,000**	-	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	-	-	-	-
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	-	-	-	-
Total	**45,500,000**	-	-	-

PROVISIONS 4.22

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Provisions for Redundancy	-	-	-	-
Provisions for Restructuring	-	-	-	-
Pending Legal Issues and Tax Litigation	-	-	-	-
Onerous Contracts	-	-	-	-
Other - Previous Year's Income Tax Provision	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**

4.22.1 : MOVEMENT IN PROVISION

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance At July 16, 2021	**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 July 16, 2022	**5,306,626**	**5,306,626**	**5,306,626**	**5,306,626**

OTHER LIABILITIES 4.23

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability for Employees Defined Benefit Obligations	66,002,754	41,176,979	66,002,086	40,396,489
Liability for Long-Service Leave	3,401,528	896,237	2,498,397	-
Short-Term Employee Benefits	5,050,849	5,176,796	5,038,621	5,176,796
Bills Payable	152,060,182	197,640,685	152,060,182	197,640,685
Creditors and Accruals	31,524,110	116,593,064	31,500,111	116,593,064
Interest Payable on Deposit	18,336,715	64,976,239	18,336,715	64,976,239
Interest Payable on Borrowing	93,852,458	75,297,609	93,852,458	75,297,609
Liabilities on Deferred Grant Income	2,386,434	3,625,485	2,386,434	3,625,485
Unpaid Dividend	146,373,242	172,138,951	155,454,304	162,053,617
Lease Liabilities	788,697,212	53,652,281	784,320,725	52,487,205
Employee Bonus Payable	314,732,941	319,280,217	314,732,941	310,209,070
Other				
Card Payables	96,748,134	50,760,469	96,748,134	50,760,469
Unearned Commissions	137,524,015	111,825,221	137,524,015	111,825,221
Tax Payable	158,760,376	166,676,509	158,513,181	166,414,500
Retention Money	11,959,438	7,416,962	11,959,438	7,416,962
Provision for Expenses	28,559,292	32,673,388	27,906,365	32,076,252
Account Payable Others	1,479,378,347	742,608,974	1,463,240,687	736,231,606
Total	**3,535,348,028**	**2,162,416,066**	**3,522,074,793**	**2,133,181,269**

4.23.1 : DEFINED BENEFIT OBLIGATIONS

The amounts recognized in the Statement of Financial Position are as follows:

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Present Value of Unfunded Obligations	66,002,754	41,176,978	66,002,086	40,396,489
Present Value of Funded Obligations	119,632,735	105,590,454	119,632,735	105,590,454
Total Present Value of Obligations	185,634,821	145,986,943	185,634,821	145,986,943
Fair Value of Plan Assets	119,632,735	105,590,454	119,632,735	105,590,454
Present Value of Net Obligations	66,002,086	40,396,489	66,002,086	40,396,489
Recognised Liability for Defined Benefit Obligations	185,634,821	145,986,943	185,634,821	145,986,943

4.23.2 : PLAN ASSETS

Amount in NPR

PLAN ASSETS COMPRISE	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity Securities	-	-	-	-
Government Bonds	-	-	-	-
Bank Deposit	-	-	-	-
Other	119,632,735	105,590,454	119,632,735	105,590,454
Total	**119,632,735**	**105,590,454**	**119,632,735**	**105,590,454**

4.23.3 : 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 July 16, 2021	145,986,943	125,711,242	145,986,943	125,711,242
Actuarial Losses (Gain)	(7,952,534)	(19,310,804)	(7,952,534)	(19,310,804)
Benefits Paid by the Plan	(6,057,224)	(6,872,159)	(6,057,224)	(6,872,159)
Benefits Paid by the Bank	(5,273,698)	(1,320,289)	(5,273,698)	(1,320,289)
Current Service Costs and Interest	58,931,334	47,778,953	58,931,334	47,778,953
Defined Benefit Obligations at July 16, 2022	**185,634,821**	**145,986,943**	**185,634,821**	**145,986,943**

4.23.4 : 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 July 16, 2021	105,590,454	73,370,973	105,590,454	73,370,973
Contributions Paid into the Plan	13,256,267	27,969,464	13,256,267	27,969,464
Benefits Paid during The Year	(6,057,224)	(6,872,159)	(6,057,224)	(6,872,159)
Actuarial (Losses) Gains	(2,983,860)	3,583,663	(2,983,860)	3,583,663
Expected Return on Plan Assets	9,827,098	7,538,513	9,827,098	7,538,513
Fair Value Of Plan Assets at July 16, 2022	**119,632,735**	**105,590,454**	**119,632,735**	**105,590,454**

4.23.5 : AMOUNT RECOGNIZED IN PROFIT OR LOSS

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Service Costs	49,936,166	38,903,864	49,936,166	38,903,864
Interest on Obligation	8,995,168	8,875,432	8,995,168	8,875,432
Expected Return on Plan Assets	(9,827,098)	(7,538,513)	(9,827,098)	(7,538,513)
Total	**49,104,236**	**40,240,783**	**49,104,236**	**40,240,783**

4.23.6 : AMOUNT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Actuarial (Gain)/ Loss	4,968,674	22,894,467	4,968,674	22,894,467
Total	**4,968,674**	**22,894,467**	**4,968,674**	**22,894,467**

4.23.7 : ACTUARIAL ASSUMPTIONS

Amount in NPR

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	9.00%	8.00%	9.00%	8.00%
Future Salary Increase	5.00%	5.00%	5.00%	5.00%
Withdrawal Rate	8.00%	8.00%	8.00%	8.00%

DEBT SECURITIES ISSUED 4.24

Amount in NPR

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	2,477,875,480	2,476,082,261	2,477,875,480	2,476,082,261
Total	**2,477,875,480**	**2,476,082,261**	**2,477,875,480**	**2,476,082,261**

SUBORDINATED LIABILITIES 4.25

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Redeemable Preference Shares	-	-	-	-
Irredemable Cumulative Preference Shares (Liabilities Component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

SHARE CAPITAL 4.26

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Ordinary Shares	14,200,974,006	12,576,923,115	14,200,974,006	12,576,923,115
Convertible Preference Shares (Equity Component Only)	-	-	-	-
Irredemable Preference Shares (Equity Component Only)	-	-	-	-
Perpetual Debt (Equity Component Only)	-	-	-	-
Total	**14,200,974,006**	**12,576,923,115**	**14,200,974,006**	**12,576,923,115**

4.26.1 : ORDINARY SHARES

Amount in NPR

PARTICULARS	BANK	
	CURRENT YEAR	PREVIOUS YEAR
Authorized Capital		
150,000,000 Ordinary shares of Rs. 100 each	15,000,000,000	15,000,000,000
(Previous year 150,000,000 Ordinary shares of Rs. 100 each)		
Issued capital		
142,009,740.06 Ordinary shares of Rs. 100 each	14,200,974,006	
(Previous Year 125,769,231.15 Ordinary shares of Rs. 100 each)		12,576,923,115
Subscribed and paid up capital		
142,009,740.06 Ordinary shares of Rs. 100 each	14,200,974,006	
(Previous Year 125,769,231.15 Ordinary shares of Rs. 100 each)		12,576,923,115
Total	**14,200,974,006**	**12,576,923,115**

4.26.2 : ORDINARY SHARE OWNERSHIP

Amount in NPR

PARTICULARS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
Domestic ownership				
Nepal Government	-	-	-	-
"A" Class Licensed Institutions	-	-	-	-
Other Licensed Intitutions	-	-	-	-
Other Institutions	4.33%	614,218,011	4.33%	543,974,886
Public	48.92%	6,948,145,861	48.92%	6,153,525,061
Other	46.75%	6,638,610,134	46.75%	5,879,423,168
Foreign Ownership	-	-	-	-
Total	**100.00%**	**14,200,974,006**	**100.00%**	**12,576,923,115**

4.26.3: SHAREHOLDERS HOLDING 0.5% OR MORE SHARES

Amount in NPR

NAME	PROMOTER SHARES	ORDINARY SHARES	NO OF SHARES HELD	PAID UP VALUE (NPR)	% OF SHAREHOLDING
1. Citizen Investment Trust	3,440,924.93	1,318,201.98	4,759,126.91	475,912,690.96	3.35
2. Urmila Pandey	3,827,344.33	865,341.17	4,692,685.51	469,268,550.77	3.30
3. Janak Bista	4,190,373.87	-	4,190,373.87	419,037,387.05	2.95
4. Bijendra Joshi	1,763,237.72	490,418.06	2,253,655.78	225,365,578.08	1.59
5. Manohar Das Mool	1,419,411.95	527,365.21	1,946,777.16	194,677,715.69	1.37
6. Pavitra Kumar Karki	1,322,423.01	497,124.46	1,819,547.47	181,954,747.18	1.28
7. Rabindra Man Singh Pradhan	1,322,423.01	491,338.66	1,813,761.67	181,376,167	1.28
8. Sabitri Sharma	1,378,294.12	302,918.92	1,681,213.05	168,121,304.73	1.18
9. Ramesh Sharma	1,057,945.31	381,943.33	1,439,888.63	143,988,863.24	1.01
10. Soni Joshi	1,322,423.01	9,867.60	1,332,290.61	133,229,060.88	0.94
11. Arjun Prasad Sharma	882,831.27	316,464.65	1,199,295.92	119,929,591.63	0.84
12. Jagannath Gyawali	704,979.77	334,268.43	1,039,248.20	103,924,819.80	0.73
13. Shankar Prasad Sharma	886,960.32	142,825.66	1,029,785.98	102,978,597.57	0.73
14. Sulochan Raj Rajbhandary	705,293.47	262,052.67	967,346.14	96,734,614.00	0.68
15. Narendra Kumar Deo Bhatta	705,292.22	129,648.20	834,940.43	83,494,042.51	0.59
16. Ramita Bhattarai	599,501.90	169,297.70	768,799.61	76,879,960.90	0.54
17. Manita Bhattarai	599,501.90	167,875.34	767,377.24	76,737,724.04	0.54
18. Pratap Jung Pandey	608,319.44	134,992.84	743,312.28	74,331,228.32	0.52
19. Rajesh Khadka	528,972.65	196,537.55	725,510.20	72,551,020.09	0.51
20. Prem Bahadur Shrestha	702,761.38	15,496.91	718,258.29	71,825,828.76	0.51
21. Ram Prasad Shrestha	535,697.62	175,664.33	711,361.95	71,136,195.05	0.50
22. Anil Kumar Dhungel	705,125.42	5,645.65	710,771.07	71,077,106.76	0.50
23. S R Hydro And Investment Pvt. Ltd.	702,677.23	6,662.12	709,339.35	70,933,935.05	0.50
Total	**29,912,715.87**	**6,941,951.43**	**36,854,667.30**	**3,685,466,730.04**	**25.95**

RESERVES 4.27

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory General Reserve	3,037,864,152	2,636,741,993	3,029,930,276	2,628,808,117
Exchange Equilisation Reserve	74,958,036	74,958,036	74,958,036	74,958,036
Corporate Social Responsibility Reserve	29,665,561	18,836,798	28,973,173	18,043,411
Capital Redemption Reserve	555,555,556	277,777,778	555,555,556	277,777,778
Regulatory Reserve	379,876,163	369,253,624	379,876,163	369,253,624
Investment Adjustment Reserve	-	-	-	-
Capital Reserve	-	625,028,288	-	625,028,288
Assets Revaluation Reserve	407,893,594	387,759,636	407,893,594	387,759,636
Fair Value Reserve	111,948,908	515,106,895	279,332,789	515,106,895
Dividend Equalisation Reserve	-	-	-	-
Actuarial Gain	(4,936,429)	(8,374,578)	(4,936,429)	(8,414,501)
Special Reserve	-	-	-	-
Other Reserve	130,072,115	2,802,621	127,269,493	-
Total	**4,722,897,655**	**4,899,891,092**	**4,878,852,650**	**4,888,321,283**

CONTINGENT LIABILITIES AND COMMITMENTS 4.28

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Contingent Liabilities	27,316,584,329	25,659,800,909	27,291,584,329	25,634,800,909
Undrawn and Undisbursed Facilities	60,137,173,239	58,410,424,846	60,137,173,239	58,410,424,846
Capital Commitment	37,913,000	72,330,184	37,913,000	72,330,184
Lease Commitment	1,028,748,730	840,183,725	1,028,748,730	840,183,725
Litigation	171,300,143	129,892,922	171,300,143	129,892,922
Total	**88,691,719,440**	**85,112,632,586**	**88,666,719,440**	**85,087,632,586**

4.28.1: CONTINGENT LIABILITIES

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Acceptance and Documentary Credit	7,113,617,123	8,444,239,381	7,113,617,123	8,444,239,381
Bills for Collection	1,103,691,169	579,488,975	1,103,691,169	579,488,975
Forward Exchange Contracts	-	-	-	-
Guarantees	18,762,307,703	16,161,882,699	18,762,307,703	16,161,882,699
Underwriting Commitment	-	25,000,000	-	-
Other Commitments	336,968,334	449,189,854	311,968,334	449,189,854
Total	**27,316,584,329**	**25,659,800,909**	**27,291,584,329**	**25,634,800,909**

4.28.2: UNDRAWN AND UNDISBURSED FACILITIES

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Undisbursed Amount of Loans	15,083,449,836	12,123,839,108	15,083,449,836	12,123,839,108
Undrawn Limits of Overdrafts	5,029,647,227	8,329,520,866	5,029,647,227	8,329,520,866
Undrawn Limits of Credit Cards	300,361,928	288,699,605	300,361,928	288,699,605
Undrawn Limits of Letter of Credit	23,683,353,621	19,779,803,789	23,683,353,621	19,779,803,789
Undrawn Limits of Guarantee	16,040,360,627	17,888,561,477	16,040,360,627	17,888,561,477
Total	**60,137,173,239**	**58,410,424,846**	**60,137,173,239**	**58,410,424,846**

4.28.3: CAPITAL COMMITMENTS

Capital Expenditures are approved by relevant authority of the Bank but provision has not been made in Financial Statements.

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Capital Commitments in relation to Property and Equipment				
Approved and Contracted for	34,305,588	56,914,748	34,305,588	56,914,748
Approved but not Contracted for	-	314,823	-	314,823
Sub total	**34,305,588**	**57,229,571**	**34,305,588**	**57,229,571**
Capital Commitments in relation to Intangible Assets				
Approved and Contracted for	3,607,412	15,100,613	3,607,412	15,100,613
Approved but not Contracted for	-	-	-	-
Sub total	**3,607,412**	**15,100,613**	**3,607,412**	**15,100,613**
Total	**37,913,000**	**72,330,184**	**37,913,000**	**72,330,184**

4.28.4: LEASE COMMITMENTS

Amount in NPR

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	140,332,761	122,460,652	140,332,761	122,460,652
Later than 1 year but not later than 5 years	524,587,199	440,440,233	524,587,199	440,440,233
Later than 5 years	363,828,770	277,282,840	363,828,770	277,282,840
Sub total	**1,028,748,730**	**840,183,725**	**1,028,748,730**	**840,183,725**
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	**1,028,748,730**	**840,183,725**	**1,028,748,730**	**840,183,725**

4.28.5: LITIGATION

The detail of contingent liabilities on account of pending litigation of the Bank are as mentioned below:

a. Status of Contingent Liabilities for Tax Litigation cases pending as on on July 16, 2022

TAX ASSESSMENT ORDER LITIGATION OF	FY	PENDING AT	AMOUNT
Citizens Bank International Limited	2006-07 (2063/64)	Supreme Court	5,528,776.00
Citizens Bank International Limited	2007-08 (2064/65)	Supreme Court	
Citizens Bank International Limited	2010-11 (2067/68)	Revenue Tribunal	2,885,729
Citizens Bank International Limited	2011-12 (2068/69)	Revenue Tribunal	8,346,517
Citizens Bank International Limited	2012-13 (2069/70)	Revenue Tribunal	12,396,901
Citizens Bank International Limited	2013-14 (2070/71)	Revenue Tribunal	10,118,138
Citizens Bank International Limited	2014-15 (2071/72)	Revenue Tribunal	11,186,382
Citizens Bank International Limited	2015-16 (2072/73)	Revenue Tribunal	27,780,376
Citizens Bank International Limited	2016-17 (2073/74)	Tax Administrative Review	42,066,361
People's Finance Limited	2010-11 (2067/68)	Tax Administrative Review	21,002,255
Nepal Housing and Merchant Finance Limited	2011-12 (2068/69)	Tax Administrative Review	3,446,694
Nepal Housing and Merchant Finance Limited	2014-15 (2071/72)	Revenue Tribunal	24,330,360
Nepal Housing and Merchant Finance Limited	2014-15 (2071/72)	Revenue Tribunal	944,223
Sahayogi Bikash Bank Limited	2016-17 (2073/74)	Tax Administrative Review	258,251
Srijana Finance Limited	2015-16 (2072/73)	Tax Administrative Review	1,009,180
Total			**171,300,143**

Financial Year 2018-19 to 2020-21

The self assessment returns filed by the Bank for Financial Year 2016/17 (2073/74) to 2018/19 (2075/76) 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 n o other contingent liabilities that are likely to materialize against the Bank in case of other pending litigations.

INTEREST INCOME 4.29

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Cash and Cash Equivalents	97,877,645	15,868,680	89,457,960	15,868,680
Due from Nepal Rastra Bank	-	-	-	-
Placement with Bank and Financial Institutions	7,665,035	26,454,533	7,665,035	26,454,533
Loan and Advances to Bank and Financial Institutions	316,209,011	163,182,472	316,209,011	163,182,472
Loan and Advances to Customers	14,197,416,581	9,620,674,586	14,201,541,381	9,620,674,586
Investment Securities	1,106,619,148	790,891,212	1,106,160,264	787,444,433
Loan and Advances to Staff	246,614,384	225,909,648	246,614,384	225,909,648
Other	-	2,682	-	-
Total Interest Income	**15,972,401,804**	**10,842,983,814**	**15,967,648,035**	**10,839,534,353**

INTEREST EXPENSES 4.30

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due to Bank and Financial Institutions	95,626,072	122,004,121	92,927,372	122,004,121
Due to Nepal Rastra Bank	445,328,250	18,048,344	445,328,250	18,048,344
Deposits from Customers	10,109,055,628	6,755,466,051	10,126,832,387	6,769,738,134
Borrowing	-	-	-	-
Debt Securities Issued	258,745,274	279,345,610	258,745,274	279,345,610
Subordinated Liabilities	-	-	-	-
Other	50,324,769	-	50,324,769	-
Total Interest Expense	**10,959,079,993**	**7,174,864,126**	**10,974,158,052**	**7,189,136,209**

FEES AND COMMISSION INCOME 4.31

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan administration fees	245,297,019	266,615,704	245,297,019	266,615,704
Service fees	167,204,602	96,376,462	167,204,602	96,376,462
Consortium fees	71,101,191	84,585,500	71,101,191	84,585,500
Commitment fees	3,659,335	5,997,090	3,659,335	5,997,090
DD/ TT/ Swift fees	21,242,635	16,182,910	21,242,635	16,182,910
Credit card/ATM issuance and renewal fees	123,698,701	65,152,092	123,698,701	65,152,092
Prepayment and swap fees	5,196,305	21,268,107	5,196,305	21,268,107
Investment banking fees	-	-	-	-
Asset management fees	30,483,316	37,111,090	-	-
Brokerage fees	-	-	-	-
Remittance fees	43,023,325	28,475,736	43,023,325	28,475,736
Commission on letter of credit	89,211,414	73,214,816	89,211,414	73,214,816
Commission on guarantee contracts issued	134,673,457	105,939,839	134,673,457	105,939,839
Commission on share underwriting/ issue	1,500,000	-	-	-
Locker rental	7,717,917	5,763,325	7,717,917	5,763,325
Other fees and commission income				
Bancassurance Commission	5,224,247	6,273,323	5,224,247	6,273,323
Demat commission	41,912,689	22,979,894	41,331,711	22,979,894
Credit Line Issuance Commission	12,659,877	11,394,137	12,659,877	11,394,137
Bills Collection Commission	2,782,482	2,636,844	2,782,482	2,636,844
Others	27,066,820	11,524,075	24,078,266	12,514,631
Total Fees and Commission Income	**1,033,655,331**	**861,490,944**	**998,102,482**	**825,370,410**

FEES AND COMMISSION EXPENSES 4.32

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ATM Management Fees	7,046,838	5,614,450	7,046,838	5,614,450
VISA/ Master Card Fees	54,733,836	27,232,614	54,733,836	27,232,614
Guarantee Commission	-	-	-	-
Brokerage	365,365	1,951,069	50,288	776,000
DD/ TT/ Swift Fees	6,810,108	8,018,712	6,810,108	8,018,712
Remittance Fees and Commission	4,450,862	3,472,475	4,450,862	3,472,475
Other Fees and Commission Expenses	57,809,414	31,756,952	55,944,128	28,246,408
Total Fees and Commission Expenses	**131,216,423**	**78,046,271**	**129,036,061**	**73,360,658**

NET TRADING INCOME 4.33

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Changes in Fair Value of Trading Assets	(199,250,616)	71,091,742	(159,094,337)	50,792,769
Gain/ Loss on Disposal of Trading Assets	1,476,114	63,156,049	3,831,537	22,832,135
Interest Income on Trading Assets	-	-	-	-
Dividend Income on Trading Assets	109,492,969	8,731,553	96,298,358	4,482,255
Gain/ Loss Foreign Exchange Transaction	283,240,890	340,358,373	283,240,890	340,358,373
Other	-	-	-	-
Net Trading Income	**194,959,357**	**483,337,716**	**224,276,449**	**418,465,532**

OTHER OPERATING INCOME 4.34

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Foreign Exchange Revaluation Gain	(4,513,340)	64,202,886	(4,513,340)	64,202,886
Gain/ Loss on Sale of Investment Securities	-	-	-	-
Fair Value Gain/ Loss on Investment Properties	-	-	-	-
Dividend on Equity Instruments	149,406,480	49,413,126	149,406,480	49,413,126
Gain/ Loss on Sale of Property and Equipment	4,433	451,312	4,433	451,312
Gain/ Loss on Sale of Investment Property	9,288,002	17,785,990	9,288,002	17,785,990
Operating Lease Income	-	-	-	-
Gain/ Loss on Sale of Gold and Silver	9,172,965	6,642,309	9,172,965	6,642,309
Locker Rent	-	-	-	-
Other	38,000,568	17,898,160	13,868,160	14,609,684
Total	**201,359,109**	**156,393,782**	**177,226,700**	**153,105,306**

IMPAIRMENT CHARGE/ (REVERSAL) FOR LOAN AND OTHER LOSSES 4.35

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Impairment Charge/ (Reversal) on Loan and Advances to B/FIs	10,664,320	8,328,671	10,664,320	8,328,671
Impairment Charge/ (Reversal) on Loan and Advances to Customer	541,756,130	385,707,351	541,756,130	385,707,351
Impairment Charge/ (Reversal) on Financial Investment	-	-	-	-
Impairment Charge/ (Reversal) on Placement with Bank 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	**552,420,450**	**394,036,022**	**552,420,450**	**394,036,022**

PERSONNEL EXPENSES 4.36

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Salary	513,212,676	370,571,646	508,341,677	366,469,642
Allowances	579,884,380	315,520,622	575,395,072	311,434,229
Gratuity Expenses	49,509,991	40,582,138	49,104,236	40,240,440
Provident Fund	51,260,000	36,908,624	50,772,900	36,498,424
Uniform	-	-	-	-
Training & Development expenses	10,228,860	2,525,840	10,156,804	2,505,795
Leave encashment	93,649,873	(103,362)	93,377,240	(103,362)
Medical	3,924,583	3,838,199	3,924,583	3,838,199
Insurance	-	-	-	-
Employees incentive	-	-	-	-
Cash-Settled Share-Based Payments	-	-	-	-
Pension Expense	-	-	-	-
Finance Expense under NFRS	102,816,451	141,767,227	102,816,451	141,767,227
Other Expenses Related to Staff	76,818,517	39,851,136	76,810,344	39,802,236
Sub total	**1,481,305,331**	**951,462,069**	**1,470,699,308**	**942,452,829**
Employees Bonus	314,732,941	296,371,580	314,732,941	287,300,433
Grand total	**1,796,038,272**	**1,247,833,649**	**1,785,432,248**	**1,229,753,262**

OTHER OPERATING EXPENSES 4.37

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Directors' Fee	3,216,000	4,179,000	2,541,000	3,499,000
Directors' Expenses	1,214,176	3,013,755	1,178,315	3,006,570
Auditors' Remuneration	2,408,595	2,184,910	2,175,250	1,977,500
Other Audit Related Expenses	2,195,180	2,210,775	2,184,750	2,203,775
Professional and Legal Expenses	8,056,463	10,138,752	8,033,863	5,195,532
Office Administration Expenses	704,827,839	449,883,329	703,071,981	448,445,359
Operating Lease Expenses	4,515,920	114,246,372	4,515,920	112,908,932
Operating Expense of Investment Properties	-	-	-	-
Corporate Social Responsibility Expenses	9,126,345	17,425,160	9,126,345	17,425,160
Onerous Lease Provisions	-	-	-	-
Other	69,813,175	46,937,295	71,026,821	55,384,109
Total	**805,373,694**	**650,219,348**	**803,854,246**	**650,045,937**

OFFICE ADMINISTRATION EXPENSE 4.37.1

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Water & electricity	45,435,157	30,918,875	45,236,703	30,772,172
Repair & maintenance				
(a) Building	4,530,438	3,182,243	4,530,438	3,182,243
(b) Vehicle	6,195,316	3,225,404	6,195,316	3,225,404
(c) Computer & accessories	19,668,818	15,192,189	19,288,767	15,192,189
(d) Office equipment and furniture	23,545,982	15,371,931	23,530,082	15,315,056
(e) Other	3,562,008	1,736,425	3,562,008	1,736,425
Insurance	35,275,974	16,961,069	35,056,497	16,821,946
Postage,telex,telephone and fax	12,015,963	9,952,268	11,955,786	9,896,033
Printing and stationery	43,566,768	37,493,272	43,337,561	37,362,499
Newspaper,books and journals	210,637	200,692	202,536	195,204
Advertisement	32,825,670	32,550,588	32,668,536	32,403,726
Donation	-	-	-	-
Security expense	154,105,542	99,878,349	154,105,542	99,878,349

Deposit and loan guarantee premium	88,233,711	39,694,160	88,233,711	39,694,160
Travel allowances and expense	14,760,803	6,419,371	14,752,803	6,419,371
Entertainment	1,135,846	1,904,723	1,135,846	1,904,723
Annual /special general meeting expense	567,147	678,466	558,147	674,841
Other				
(a) Contract staff expense	87,561,649	55,057,514	87,561,649	55,049,514
(b) Fuel expense	43,428,884	20,332,737	43,126,169	20,183,552
(c) Communication expense	27,189,591	14,970,319	27,189,591	14,970,319
(d) Connectivity expense	36,335,956	29,743,959	36,335,956	29,743,959
(e) Fund transfer expense	1,328,502	1,169,647	1,328,502	1,169,647
(f) Bank charge	12,599,765	4,639,551	12,432,122	4,638,406
(g) Cleaning expense	7,102,054	5,795,202	7,102,054	5,795,202
(h) Consumable goods	3,645,660	2,220,421	3,645,660	2,220,421
(i) Others	-	593,955	-	-
Total	**704,827,839**	**449,883,329**	**703,071,981**	**448,445,359**

DEPRECIATION & AMORTIZATION 4.38

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Depreciation on Property and Equipment	386,027,023	220,886,762	383,724,973	219,373,707
Depreciation on Investment Property	715,283	-	715,283	-
Amortisation of Intangible Assets	29,026,934	25,895,521	28,659,820	25,503,580
Total	**415,769,240**	**246,782,283**	**413,100,077**	**244,877,287**

NON OPERATING INCOME 4.39

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Recovery of Loan Written Off	51,958,954	97,634,113	51,958,954	97,634,113
Other income	63,960,135	24,140,405	71,384,982	32,803,557
Total	**115,919,089**	**121,774,518**	**123,343,936**	**130,437,670**

NON OPERATING EXPENSES 4.40

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan Written Off	-	-	-	-
Redundancy Provision	-	-	-	-
Expense of Restructuring	-	-	-	-
Other Expenses	-	-	-	-
Total	**-**	**-**	**-**	**-**

INCOME TAX EXPENSES 4.41

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Tax Expenses	**906,982,003**	**799,632,950**	**890,236,429**	**780,301,891**
Current Year	912,369,722	781,599,847	899,849,236	762,268,789
Adjustments for Prior Years	(5,387,719)	18,033,103	(9,612,807)	18,033,103
Deferred Tax Expenses	**(76,120,659)**	**6,653,820**	**(63,250,757)**	**1,060,939**
Origination and Reversal of Temporary Differences	(76,120,659)	6,653,820	(63,250,757)	1,060,939
Changes in Tax Rate	-	-	-	-
Recognition of Previously Unrecognised Tax Losses	-	-	-	-
Total Income Tax Expenses	**830,861,344**	**806,286,769**	**826,985,672**	**781,362,830**

4.41.1: RECONCILIATION OF TAX EXPENSES AND ACCOUNTING PROFIT

Amount in NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Profit before tax	**2,834,352,114**	**2,670,910,599**	**2,832,596,467**	**2,585,703,895**
Tax amount at tax rate of 30%	850,305,634	800,738,223	849,778,940	775,711,169
Add: Tax effect of expenses that are not deductible for tax purpose				
Capital Items Cost Upto Rs 5,000 Written Off	1,093,698	666,126	1,093,698	666,126
Unabsorbed Repairs and Maintenance	3,287,989	2,092,455	3,287,989	2,092,455
Disallowed expense	2,249,659	756,327	2,249,659	756,327
Depreciation & Amortization	44,377,901	8,174,203	44,377,901	8,174,203
Prior period expense	844,373	122,285	844,373	122,285
CSR expense	2,707,904	839,273	2,707,904	839,273
Gratuity & Leave Expense Provision	10,722,945	5,770,289	10,722,945	5,552,469
Bond Amortization	545,838	570,304	545,838	570,304
Other Expenses	-	14,010	-	14,010
NFRS Lease expense	15,097,431	3,846,776	15,097,431	3,846,776
Staff Bonus Relating to Final Withholding Income	893,249	-	893,249	-
Interest income reduced by Bonus accrued payable to staff of Home Loan as per Actuary Report	82,699	-	82,699	-
Interest Income on Plan Assets	2,626,805	-	2,626,805	-
Less: Tax effect on exempt income				
Dividend Income	(8,986,858)	(2,392,759)	(8,932,495)	(3,635,554)
Add/less: Tax effect on other items				
Loss/(profit) on Sale of Fixed Asset	(1,330)	(135,393)	(1,330)	(135,393)
Recovery of Loan w/off	(15,587,686)	(29,290,234)	(15,587,686)	(29,290,234)
Carried forward of unabsorbed business loss	(9,031,923)	(11,326,623)	(9,031,923)	(11,326,623)
Deferred grant income reversal	(371,715)	(3,048,707)	(371,715)	(3,048,707)
Excesss LLP claimed over GAAP LLP	7,200,625	26,597,734	7,200,625	26,597,734
Expense Claimed on Actual Expense	(39,684,932)	-	(39,684,932)	-
Recversal of Excess lease expense booked on SLM Basis	(15,746,161)	-	(15,746,161)	-
NFRS Lease income	(32,878)	-	(32,878)	-
Change in fair value of trading assets	59,775,185	(22,394,442)	47,728,301	(15,237,831)
Prior Period Error effect	(5,387,719)	18,033,103	(9,612,807)	18,033,103
Total income tax expense	**906,980,731**	**799,632,950**	**890,236,429**	**780,301,891**
Effective tax rate	**32.00%**	**29.94%**	**31.43%**	**30.18%**

CITIZENS BANK INTERNATIONAL LIMITED

Statement of Distributable Profit or Loss

For the year ended July 16, 2022 (Ashadh 32, 2079)

Amount in NPR

PARTICULARS	BANK	
	CURRENT YEAR	PREVIOUS YEAR
Opening Retained Earning	1,422,777,310	910,565,406.24
Add: Adjustment	80,813	-
Add: T/f from acquired Institutions	-	112,212,093
Less: Bonus Share Issued and Cash Dividend Paid	(1,387,279,410)	(904,876,124)
NET PROFIT OR (LOSS) AS PER STATEMENT OF PROFIT OR LOSS	**2,005,610,796**	**1,804,341,066**
APPROPRIATIONS:		
a. General Reserve	(401,122,159)	(360,868,213)
b. Foreign Exchange Fluctuation Fund	-	(16,050,721)
c. Capital Redemption Reserve	(277,777,778)	(277,777,778)
d. Corporate Social Responsibility Fund	(10,929,763)	(1,406,235)
e. Employees' Training Fund	(11,275,265)	-
f. Other	-	3,000,000
PROFIT OR (LOSS) BEFORE REGULATORY ADJUSTMENT	**1,304,505,831**	**1,151,238,119**
REGULATORY ADJUSTMENT :		
a. Interest receivable (-)/previous accrued interest received (+)	(69,537,348)	135,347,743
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 (-)/reserval (+)	(42,524,633)	34,263,391
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reserval (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	3,478,072	16,026,127
i. Other (+/-)		
- Unrealised Gain on trading assets measured at Fair Value Through Profit or Loss	97,961,368	(31,999,445)
Distributable Profit or (Loss)	**1,329,462,003**	**1,422,777,310**

CITIZENS BANK INTERNATIONAL LIMITED

Comparison of Unaudited and Audited Financial Statements as of FY 2021-22 (2078/79)

Amount in NPR

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
ASSETS					
Cash And Cash Equivalents	17,892,741,270	17,892,741,270	-	0.00%	
Due from Nepal Rastra Bank	4,266,508,053	4,266,508,053	-	0.00%	
Placement with Bank and Financial Institutions	1,233,631,457	1,233,631,457	-	0.00%	
Derivative Financial Instruments	2,659,089	2,659,089	-	0.00%	
Other Trading Assets	327,340,379	327,340,379	-	-	
Loan and Advances to B/FIs	3,309,949,752	3,299,919,602	(10,030,150)	-0.30%	Due to change in Loan Loss Provision
Loan and Advances to Customers	131,612,478,514	131,344,327,079	(268,151,435)	-0.20%	Due to change in Loan Loss Provision
Investment Securities	28,504,083,968	28,153,425,968	(350,658,000)	-1.23%	Due to change in classification of investment to Associate
Current Tax Assets	239,792,186	348,140,704	108,348,518	45.18%	Recomputation and readjustment of tax liability
Investment in Subsidiaries	167,204,200	167,204,200	-	0.00%	
Investment in Associates	16,000,000	375,645,491	359,645,491	2247.78%	Due to change in classification of investment from Investment security
Investment Property	209,361,154	208,645,871	(715,283)	-0.34%	Due to calculation of depreciation
Property and Equipment	3,683,396,791	3,704,207,328	20,810,537	0.56%	Due to change in classification of WIP and depreciation adjustment
Goodwill and Intangible Assets	210,779,942	196,840,188	(13,939,754)	-6.61%	Due to change in classification of WIP
Deferred Tax Assets	-	-	-	0.00%	
Other Assets	2,886,241,333	2,891,413,837	5,172,504	0.18%	Due to Audit adjustments
Total Assets	**194,562,168,088**	**194,412,650,515**	**(149,517,573)**		
CAPITAL AND LIABILITIES					
Due to Bank and Financial Institutions	4,066,447,767	4,063,054,785	(3,392,984)	-0.08%	
Due to Nepal Rastra Bank	11,070,250,868	11,070,250,868	-	0.00%	
Derivative Financial Instruments	-	-	-	0.00%	
Deposits from Customers	152,798,097,387	152,801,490,371	3,392,984	0.08%	Readjutment of deposit
Borrowing	-	-	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	5,306,626	5,306,626	-	0.00%	
Deferred Tax Liabilities	55,533,758	63,308,934	7,775,176	14.00%	Due to change in deferred tax calculation
Other Liabilities	3,442,171,059	3,522,074,793	79,903,734	2.32%	Due to Audit adjustments
Debt Securities Issued	2,477,875,480	2,477,875,480	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
Total Liabilities	**173,915,682,944**	**174,003,361,8545**	**87,678,911**	**0.05%**	

EQUITY					
Share Capital	14,200,974,006	14,200,974,006	-	0.00%	
Share Premium	136,128,186	-	(136,128,186)	-100.00%	Reclassified to other reserve
Retained Earnings	1,460,143,832	1,329,462,003	(130,681,829)	-8.95%	Due to change in net profit and equity movement from reserves to retained earnings
Reserves	4,849,239,119	4,878,852,650	29,613,531	0.61%	Due to change in regulatory reserves and other reserves after change in accrued interest income and actuary valuation
Total Equity	**20,646,485,143**	**20,409,288,659**	**(237,196,484)**	**-1%**	
Total Liabilities and Equity	**194,562,168,088**	**194,412,650,515**	**(149,517,573)**		
STATEMENT OF PROFIT OR LOSS					
Interest Income	16,095,433,370	15,967,648,035	(127,785,335)	-0.79%	Change in recognition of interest income on accrual basis and interest adjustment
Interest Expenses	(10,974,158,052)	(10,974,158,052)	-	0.00%	
Net Interest Income	**5,121,275,317**	**4,993,489,981**	**(127,785,336)**	**-2.50%**	**Due to above mentioned adjustment**
Fees and Commission Income	998,102,982	998,102,482	(500)	0.00%	Due to Audit adjustments
Fees and Commission Expenses	(129,028,763)	(129,036,061)	(7,298)	0.01%	Due to Audit adjustments
Net Fees and Commission Income	**869,074,219**	**869,066,421**	**(7,798)**	**0.00%**	**Due to above mentioned adjustment**
Net Interest, Fee and Commission Income	**5,990,349,536**	**5,862,556,402**	**(127,793,134)**	**-2.13%**	**Due to above mentioned adjustment**
Net Trading Income	224,276,449	224,276,449	-	0.00%	Due to interhead income adjstment
Other Operating Income	177,049,700	177,226,700	177,000	0.10%	Due to audit adjustment
Total Operating Income	**6,391,675,686**	**6,264,059,552**	**(127,616,134)**	**-2.00%**	**Due to above mentioned adjustment**
Impairment Charge/ (Reversal) for Loans and Other Losses	(309,908,605)	(552,420,450)	(242,511,845)	78.25%	Due to change in loan loss provision
Net Operating Income	**6,081,767,081**	**5,711,639,102**	**(370,127,979)**	**-6.09%**	
Operating Expenses					
Personnel Expenses	(1,800,920,154)	(1,785,432,248)	15,487,906	-0.86%	Due to change in staff bonus amount
Other Operating Expenses	(802,626,497)	(803,854,246)	(1,227,749)	0.15%	Due to regrouping of other operating expense
Depreciation & Amortization	(410,545,924)	(413,100,077)	(2,554,153)	0.62%	Due to change in depreciation workings of Right of Use Assets and Investment Property
Operating Profit	**3,067,674,506**	**2,709,252,531**	**(358,421,975)**	**-11.68%**	
Non Operating Income	123,234,344	123,343,936	109,592	0.09%	Due to audit adjustment
Non Operating Expenses	-	-	-	0.00%	
Profit Before Income Tax	**3,190,908,850**	**2,832,596,467**	**(358,312,383)**	**-11.23%**	
Income Tax Expenses					
Current Tax	(998,584,947)	(890,236,429)	108,348,518	-10.85%	Due to change in various income and expense as stated above
Deferred Tax	58,847,222	63,250,757	4,403,535	7.48%	Due to change in calculation of deferred tax liability
Profit/ (Loss) for the Period	2,251,171,125	2,005,610,795	(245,560,330)	-10.91%	
Other Comprehensive Income	(240,579,068)	(232,296,035)	8,283,033	-3.44%	Due to change in fair value of investment securities and actuary calculation

Total Comprehensive Income	**2,010,592,057**	**1,773,314,760**	**(237,277,297)**	**-11.80%**	
Distributable Profit					
Net Profit/ (Loss) as per Profit or Loss	2,251,171,125	2,005,610,795	(245,560,330)	-10.91%	Due to change in profit and changes in appropration to regualtory reserves
Add/ Less: Regulatory Adjustment as per NRB Directive	(826,525,192)	(711,727,504)	114,797,689	-13.89%	
Free Profit/ (Loss) after Regulatory Adjustments	**1,424,645,933**	**1,293,883,291**	**(130,762,642)**	**-9.18%**	

5. 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 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.

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 person A 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. Similarly, if you do not pay your credit card bill, the bank faces a 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 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.

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) Judgements
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 they can meet their debt obligations without realizing great losses. Institutions face 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 make 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 AND A BREAKDOWN OF ITS COMPONENTS

TIER 1 CAPITAL (CORE CAPITAL) (CET1 + AT1)	AMOUNT IN NPR
Common Equity Tier 1 (CET 1)	**18,708,825,007**
Paid up Equity Share Capital	14,200,974,006
Equity Share Premium	-
Proposed Bonus Equity Shares	-
Statutory General Reserves	3,029,930,276
Retained Earnings	1,329,462,003
Un-audited current year cumulative profit/ (loss)	
Capital Redemption Reserve	555,555,556
Capital Adjustment Reserve	
Dividend Equalization Reserves	-
Bargain Purchase Gain	-
Other Free Reserve	-
Less: Goodwill	(115,994,228)
Less: Intangible Assets	(80,845,959)
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	(38,116,016)
Less: Cash Flow Hedge	-
Less: Defined Benefit Pension Assets	-
Less: Unrecognized Defined Benefit Pension Liabilities	-
Less: Negative Balance of Reserve Account	(4,936,429)
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)	**18,708,825,007**

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	1,422,766,235
Exchange Equalization Reserve	74,958,036
Investment Adjustment Reserve	-
Assets Revaluation Reserve	-
Other Reserves	-
Supplementary Capital (Tier 2)	**3,997,724,271**

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	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

D. DEDUCTION FROM CAPITAL

The Bank has deducted the following items in calculation of Tier 1 Capital:

- NPR 115.99 Million Goodwill
- NPR 80.85 Million Intangible Assets.
- NPR 167.20 Million invested in equity capital of subsidiary company. Out of NPR 167.20 Million, NPR 117.20 Million is invested in CBIL Capital Limited and NPR 50 Million is invested in CBIL Securities Limited.
- NPR 38.12 Million for unutilized portion of land and building for more than 2 years from the date of acquisition/purchase.
- NPR 4.94 Million Negative Balance of Reserve account.

E. TOTAL QUALIFYING CAPITAL

DESCRIPTION	AMOUNT IN NPR
Common Equity Tier 1 Capital (CET 1)	18,708,825,007
Tier 1 Capital	18,708,825,007
Tier 2 Capital	3,997,724,271
Total Capital Fund (Tier 1 and Tier 2)	**22,706,549,279**
Risk Weighted Exposures	**178,986,220,571**

F. CAPITAL ADEQUACY RATIO

DESCRIPTION	AMOUNT IN NPR
Leverage Ratio	7.69%
Common Equity Tier 1 Capital to Total Risk Weighted Exposures Ratio	10.45%
Tier 1 Capital to Total Risk Weighted Exposures Ratio	10.45%
Total Capital to Total Risk Weighted Exposures Ratio	12.69%

RISK WEIGHTED EXPOSURES

G. RISK WEIGHTED EXPOSURES FOR CREDIT RISK, MARKET RISK AND OPERATIONAL RISK

RISK WEIGHTED EXPOSURES	AMOUNT IN NPR
Risk Weighted Exposure for Credit Risk	167,128,273,531
Risk Weighted Exposure for Operational Risk	5,404,297,508
Risk Weighted Exposure for Market Risk	1,328,534,933
Add: 2% of RWE as Supervisory Haircut	1,647,892,479
Add: 4% of Operational Risk as Supervisory Haircut	3,477,222,119
Total Risk Weighted Exposures (after Bank's adjustments of Pillar II)	**178,986,220,571**

H. RISK WEIGHTED EXPOSURES UNDER EACH 11 CATEGORIES OF CREDIT RISK

RISK WEIGHTED EXPOSURES	AMOUNT IN NPR
Categories of Credit Risk	
Claims on Government and Central Bank	-
Claims on Other Official Entities	-
Claims on Banks	4,409,616,313
Claims on Corporate and Securities Firms	66,750,248,144
Claims on Regulatory Retail Portfolio	22,401,754,881
Claims secured by Residential Properties	6,033,591,930
Claims secured by Commercial Real Estate	4,445,944,994
Past Due Claims	6,895,217,455
High Risk Claims	24,260,718,260
Other Assets	10,421,651,474
Off Balance Sheet Items	21,509,530,079
Total Credit Risk Weighted Exposures	**167,128,273,531**

I. TOTAL RISK WEIGHTED EXPOSURE CALCULATION TABLE

RISK WEIGHTED EXPOSURES	AMOUNT IN NPR
Credit Risk Exposure	167,128,273,531
Operational Risk Exposure	5,404,297,508
Market Risk Exposure	1,328,534,933
Adjustments under Pillar II	
Add: 2% of RWE as Supervisory Haircut	1,647,892,479
Add: 4% of Operational Risk as Supervisory Haircut	3,477,222,119
Total Risk Weighted Exposures	**178,986,220,571**
Total Core Capital (CET1 + AT1)	18,708,825,007
Total Capital Fund (Tier 1 and Tier 2)	22,706,549,279
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**10.45%**
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**10.45%**
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	**12.69%**

J. AMOUNT OF NON-PERFORMING ASSETS AS PER REGULATORY CLASSIFICATION

AMOUNT IN NPR

PARTICULARS	GROSS AMOUNT	PROVISION	NET AMOUNT
Rescheduled / Restructured	293,250	36,656	256,593
Sub Standard	1,671,232,196	394,942,297	1,276,289,899
Doubtful	316,052,880	133,149,039	182,903,841
Loss	1,024,748,161	987,435,471	37,312,690
Total	**3,012,326,487**	**1,515,563,464**	**1,496,763,023**

K. RATIO OF NON PERFORMING ASSETS AS PER REGULATORY CLASSIFICATION

PARTICULARS	PERCENTAGE
Total NPL to Total Loans & Advances	2.22%
Net NPL to Net Loans & Advances	1.13%

L. MOVEMENT OF NON PERFORMING ASSETS AS PER REGULATORY CLASSIFICATION

AMOUNT IN NPR

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR	CHANGE
Rescheduled / Restructured	499,114	293,250	-41.25%
Sub Standard	686,410,744	1,671,232,196	143.47%
Doubtful	284,614,008	316,052,880	11.05%
Loss	1,052,545,777	1,024,748,161	-2.64%
Total	**2,024,069,643**	**3,012,326,487**	**48.83%**

M. WRITE OFF OF LOANS AND INTEREST SUSPENSE

AMOUNT IN NPR

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR	CHANGE
Loan written off	-	-	-
Interest Suspense written off	43,829,743	154,070,839	71.55%

N. MOVEMENTS IN LOAN LOSS PROVISION AND INTEREST SUSPENSE

AMOUNT IN NPR

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR	CHANGE	
			AMOUNT	%
Loan Loss Provision	3,004,463,205	3,556,883,655	552,420,450	18.39%
Interest Suspense	1,305,000,977	1,417,533,132	112,532,155	8.62%

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	1,466,293,197	1,457,218,149	(9,075,048)	-0.62%
Watchlist	219,058,094	584,102,042	365,043,948	166.64%
Rescheduled / Restructured	62,389	36,656	(25,733)	-41.25%
Sub Standard	151,295,537	394,942,297	243,646,760	161.04%
Doubtful	125,371,873	133,149,039	7,777,166	6.20%
Loss	1,042,382,114	987,435,471	(54,946,643)	-5.27%
Additional	-	-	-	-
Total	**3,004,463,205**	**3,556,883,655**	**552,420,451**	**18.39%**

P. SEGREGATION OF INVESTMENTS PORTFOLIO

PARTICULARS	AMOUNT IN NPR
Investment securities measured at amortized cost	27,751,890,030
Investment in equity measured at FVTOCI	401,535,938
Trading Assets	327,340,379
Total	**28,480,766,347**

Q. SUMMARY OF THE BANK'S INTERNAL APPROACH TO ASSESS THE ADEQUACY OF ITS CAPITAL TO SUPPORT CURRENT AND FUTURE ACTIVITIES, IF APPLICABLE

TThe 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
Maturity Period	10 Years
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders 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 table demonstrates the valuation hierarchy wise fair values of financial instruments of the Group:

AMOUNT IN NPR

Financial Assets	Bank				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments								
Forward Exchange Contract	-	2,659,089	-	**2,659,089**	-	2,659,089	-	**2,659,089**
Other Trading Assets								
Quoted Equities	327,132,524	-	-	**327,132,524**	540,532,585	-	-	**540,532,585**
Unquoted Equities	-	-	-		-	-	-	**-**
Others	-	-	-		-	-	-	**-**
Investment Securities								

Investment securities measured at amortized cost								
Treasury Bills	-	-	6,881,153,407	**6,881,153,407**	-	-	6,881,153,407	**6,881,153,407**
Government Securities	-	-	20,194,274,857	**20,194,274,857**	-	-	20,194,274,857	**20,194,274,857**
Others	-	-	676,461,767	**676,461,767**	-	-	698,237,767	**698,237,767**
Investment in equity measured at FVTOCI								
Quoted Equities	283,800,000	110,644,289	-	**394,444,289**	283,800,000	110,644,289	-	**394,444,289**
Unquoted Equities	-	-	7,091,649	**7,091,649**	-	-	7,091,649	**7,091,649**
Total	**610,932,524**	**113,303,379**	**27,758,981,679**	**28,483,217,582**	**824,332,585**	**113,303,379**	**27,780,757,672**	**28,718,393,643**
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 table demonstrates the financial assets and liabilities of the Group not carried at fair value:

AMOUNT IN NPR

FINANCIAL ASSETS	BANK	GROUP
Cash and cash equivalents	17,892,741,270	17,893,109,366
Due from Nepal Rastra Bank	4,266,508,053	4,266,508,053
Placement With Bank And Financial Institutions	1,233,631,457	1,233,631,457
Loans And Advances To B/FIs	3,299,919,602	3,299,919,602
Loans And Advances To Customers	131,344,327,079	131,276,827,079
Other Assets	2,891,413,837	2,763,904,665
Total	**160,928,541,298**	**160,733,900,221**

FINANCIAL LIABILITIES	BANK	GROUP
Due To Bank And Financial Institutions	4,063,054,785	4,063,054,785
Due To Nepal Rastra Bank	11,070,250,868	11,070,250,868
Deposits From Customers	152,801,490,371	152,525,925,913
Other Liabilities	3,522,074,793	3,535,348,028
Debt Securities Issued	2,477,875,480	2,477,875,480
Total	**173,934,746,296**	**173,672,455,074**

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

AMOUNT IN NPR '000

S.N.	PARTICULARS	BANKING	TREASURY	CARD	REMITTANCE	TOTAL
(a)	Revenues from External Customers	873,365	362	78,323	21,045	973,094
(b)	Expenses to External Customers	(62,211)	(6,863)	(55,023)	(4,451)	(128,549)
(c)	Intersegment Revenues	-	-	-	-	-
(d)	**Net Revenue**	**811,153**	**(6,502)**	**23,299**	**16,594**	**844,545**
(e)	Interest Revenue	14,749,657	1,203,283	14,708	-	15,967,648
(f)	Interest Expense	(10,184,068)	(739,765)	-	-	(10,923,833)
(g)	**Net Interest Revenue (b)**	**4,565,588**	**463,518**	**14,708**	**-**	**5,043,815**
(h)	Other Income	52,994	329,768	293	6,540	389,595
(i)	Depreciation and Amortization	(174,418)	(688)	(1,757)	(98)	(176,961)
(j)	Other Expenses	(1,581,545)	(12,746)	(26,023)	(3,619)	(1,623,933)
(k)	**Segment Profit**	**3,673,772**	**773,351**	**10,521**	**19,416**	**4,477,060**
(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	(552,420)				(552,420)
(o)	**Segment Assets**	**147,225,835**	**42,138,625**	**287,848**	**11,009**	**189,663,318**
(p)	**Segment Liabilities**	**156,077,731**	**15,853,181**	**107,199**	**23,085**	**172,061,195**

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 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

a) 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	5,888,360
	Other revenues	389,595
	Elimination of intersegment revenues	-
	Entity's Revenue	**6,277,954**

(B)	PROFIT OR LOSS	AMOUNT IN NPR '000
	Total profit or loss for reportable segments	4,477,060
	Other profit or loss	(552,420)
	Elimination of intersegment profits	-
	Unallocated amounts	(1,092,043)
	Profit Before Income Tax	**2,832,596**

(C)	ASSETS	AMOUNT IN NPR '000
	Total assets for reportable segments	189,941,499
	Other assets	-
	Unallocated amounts	4,616,839
	Entity's Assets	**194,558,339**

(D)	LIABILITIES	AMOUNT IN NPR '000
	Total liabilities for reportable segments	172,061,195
	Other liabilities	-
	Unallocated liabilities	1,870,988
	Entity's Liabilities	**173,932,183**

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	5,376,742
(b)	Treasury	457,017
(c)	Card	38,007
(d)	Remittance	16,594
	Total	**5,888,360**

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 24 Related Party Disclosures" are as follows:

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 Kumar Gyawali	Professional Director
Mr. Ganesh Raj Pokharel	Chief Executive Officer
Mr. Sumit Babu Khatri	Senior Deputy Chief Executive Officer
Mr. Paras Kumar Kafle	Deputy Chief Executive Officer
Mr. Rajendra Lal Shrestha	Deputy Chief Executive Officer
Mr. Ramdhan Shrestha	Assistant Chief Executive Officer
Mr. Sanjeeb Kumar Shrestha	Chief Information Technology Officer
Mr. Ravi Kumar Rauniyar	Chief Operating Officer
Mr. Suman Mulepati	Chief Credit Officer
Mr. Narayan Raj Adhikari	Chief Administrative Officer
Mr. Amit Khanal	Chief Risk Officer
Mr. Pramesh Raj Kayastha	Chief Finance Officer

Subsidiary Company

Name and percentage of shareholding in Subsidiary Company is as below:

S.N.	PARTICULARS	SHAREHOLDING %
a.	CBIL Capital Ltd.	58.60%
b.	CBIL Securities Ltd.	100%

Associate Companies

S.N.	PARTICULARS	SHAREHOLDING %
a.	Nepal Electronic Payment Systems Ltd.	9.09%
b.	Mero Microfinance Bittiya Sansthan Ltd.	6.90%

Fund Sponsor

S.N.	PARTICULARS
a.	Citizens Mutual Fund- I
b.	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	2,541,000
Other Board Facility	852,000
Other Expenses	371,310
Total	**3,764,310**

The details relating to compensation paid to key management personnel (CEO only) were as follows:

PARTICULARS	CURRENT YEAR (NPR)
Short term employee benefits	23,050,238
Post employment benefits*	840,000
Other long term benefits**	-
Total	**23,890,238**

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	42,952,214
Post employment benefits*	1,331,394
Other long term benefits**	-
Total	**44,283,608**

* 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 300,000 is effective from July 16, 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 215,642,933 as on July 16, 2022.

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	1,227,848
Management Fee income	3,600,000
Server & Database Rental Income	2,420,000
Dividend Income	27,835,998
Interest Income	4,124,800
Other Income	177,000
Total Income	**39,385,646**
Interest Paid to Subsidiary	12,977,944
RTS fee to Subsidiary	937,500
Total Expenses	**13,915,444**
Statement of Financial Position	
Deposit of Subsidiary	215,642,933
Dividend payable to Shareholders of the Bank held on behalf of the Bank by the Subsidiary	144,580,942

The following table summarizes the financial information of CBIL Capital Limited in its own financial statements:

PARTICULARS	NPR
Non Current Assets	112,815,240
Current Assets	371,482,860
Non Current Liabilities	4,172,569

Current Liabilities	268,552,067
Net Assets Attributable to Share Holders	**211,573,464**
Revenue	29,117,676
Profit from Continuing Operations	(5,451,815)
Other Comprehensive Income	(164,239)
Total Comprehensive Income	**(5,616,054)**

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 the 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 years, 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 59,920,767 as on July 16, 2022.

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)	4,798,815
TOTAL EXPENSES	**4,798,815**
STATEMENT OF FINANCIAL POSITION	
Deposit of Subsidiary	59,920,767

The following table summarizes the financial information of CBIL Securities Ltd. in its own financial statements:

PARTICULARS	NPR
Non Current Assets	-
Current Assets	60,142,680
Non Current Liabilities	-
Current Liabilities	84,750
Net Assets Attributable to Share Holders	**60,057,930**
Revenue	4,799,573
Profit from Continuing Operations	3,332,549
Other Comprehensive Income	-
Total Comprehensive Income	**3,332,549**

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 fair value 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 NPR 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 length price.

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	21,609,372

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.

Mero Microfinance Laghubitta Bittiya Sanstha Limited

Mero Microfinance Laghubitta Bittiya Sanstha Limited is "D" class Financial Institution licensed by NRB established to support and strengthen the bottom of the socio-economic pyramid by facilitating easy and responsive access to micro-finance services and enhance their business skills and grow their enterprises at optimum level.

Senior DCEO of the Bank, Mr. Sumit Babu Khatri is the Board member in Mero Microfinance. The Bank holds investment of NPR 36,494,100 (828,000 Equity Shares) in share capital of microfinance which comes to 6.90 % of the total capital of Microfinance.

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 Interest Expense	199,065
Payments received towards Interest Income	113,149,280
Loan & Advances	1,163,283,328
Deposit	9,909,641

The investment in Mero Microfinance Laghubitta Bittiya Sanstha Ltd. has been accounted for at fair value 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 March 04, 2018 (Falgun 20, 2074) with the maturity period of 7 years (i.e. up to Falgun 19, 2081). It was listed in Nepal Stock Exchange on April 16, 2018 (Baisakh 03, 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 15,312,387 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 July 07, 2019 (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 27,271,853 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. Subash Khadka	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	675,000
Total	**675,000**

The details relating to compensation paid to key management personnel (CEO only) were as follows:

PARTICULARS	CURRENT YEAR (NPR)
Short term employee benefits	4,196,429
Post- employment benefits	96,664
Other long term benefits	99,225
Total	**4,392,318**

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	1,227,848
Technical Fee Paid	3,600,000
Server & Database Rental Expenses	2,420,000
D-mat Expense	177,000
Interest Expense on Loan	4,124,800
Total Expenses	**11,549,648**
Interest Received on Deposits	12,977,944
Share Registrar Fees Received	937,500
Total Income	**13,915,444**

Outstanding balance of transaction done on behalf of the Parent Company, Citizens Bank International Ltd.:

CITIZENS BANK INTERNATIONAL LTD.	TOTAL AMOUNT (NPR)
Dividend Payable to shareholders	144,580,942
Total	**144,580,942**

During the fiscal year, following receipts and payments were made to/ from the Parent Company, Citizens Bank International Limited by CBIL Securities Limited:

PARTICULARS	TOTAL AMOUNT (NPR)
Interest Received on Deposits	4,798,815
Total Income	**4,798,815**

5.8 MERGER AND ACQUISITION

In the previous fiscal year FY 2020/21, the Bank has acquired "B" class Financial Institution licensed by NRB, Tinau Mission Development Limited and "C" class Financial Institution licensed by NRB, Srijana Finance Limited. As a prior period of adjustment, the Bank has accounted for acquisition of erstwhile Tinau Mission Development Bank and Srijana Finance Limited by as per Explanatory Note on Accounting for Business Combination issued by ICAN as a result of which net other reserve of NPR 115,994,228 and Goodwill of NPR 115,994,228 has been booked during the year.

5.9 ADDITIONAL DISCLOSURES OF NON CONSOLIDATED ENTITIES

The Bank has no any unconsolidated entities during the reporting period.

5.10 LEASE

The Group has initially recognized the Right of Use assets at the amount of lease liability plus any initial direct costs incurred by the Group. Right of Use asset has been depreciated over the period of lease term on the Straight Line basis. Right of Use Assets shall be measured at cost less any accumulated depreciation and any accumulated impairment and adjusted for any re-measurement of the lease liability.

The carrying amount of Right of Use assets recognized is tabulated below:

RIGHT OF USE ASSETS	2021/22 (NPR)
As on July 16, 2021	-
Addition during the year	866,279,062
Depreciation Expense	(121,533,663)
Total	**744,745,399**

Right of Use assets has been presented on Equipments and Others on Schedule 4.13.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at incremental borrowing rate.

The carrying amount of lease liability is tabulated below:

LEASE LIABILITY	2021/22 (NPR)
As on July 16, 2021	-
Addition during the year	866,279,062
Interest on Liability	50,324,769
Actual payments during the year	(132,283,106)
Total	**784,320,725**

Depreciation on Right of Use Assets amounting NPR 121,533,663 and interest on lease liability amounting NPR 50,324,769 has been recognized on Profit or Loss account.

The details of future Actual Lease Payments of the Bank are tabulated below:

ACTUAL LEASE LIABILITY	2021/22 (NPR)
Less than one year	140,332,761
Between one to five years	524,587,199
More than five years	363,828,770
Total	**1,028,748,730**

5.11 DETAIL OF LOANS AND ADVANCES

AMOUNT IN NPR

PARTICULARS	TO CUSTOMERS	TO BFIS
Loans and Advances	132,432,747,048	3,343,383,588
Interest Receivables on Loans and Advances	731,659,003	-
Staff Loans and Advances	1,693,340,697	-
Interest Receivables on Staff Loans and Advances	-	-
Total Loans and Advances [a]	**134,857,746,748**	**3,343,383,588**
Impairment Provision charge		
i. Total Impairment as per NAS 39	**1,450,462,245**	**-**

Individual Impairment (Specific Provision)	461,045,863	-
Collective Impairment (General Loan Loss Provision)	989,416,383	-
ii. Impairment as per norms of NRB in loan loss provision	**3,513,419,668**	**43,463,987**
Collective Impairment	1,997,892,861	43,463,987
Individual Impairment	1,515,526,808	-
Impairment charge for the year, higher of i. and ii. [b]	**3,513,419,668**	**43,463,987**
Net Loans and Advances [a-b]	**131,344,327,079**	**3,299,919,602**

Impairment calculation as per Paragraph 5 of Carve out of NFRS 9- Impairment
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 24.45% 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	2021/22	2020/21
Staff Vehicle Loan	71,465,639	59,433,041
Staff Home Loan	1,188,487,587	743,470,327
Employee Advances	424,887,029	149,007,014
Credit Card Receivable	8,500,443	4,962,199
Total	**1,693,340,697**	**956,872,581**

5.13 INVESTMENT PROPERTY

The details of Investment property of the Bank are as follows:

AMOUNT IN NPR

PARTICULARS	2021/22	2020/21
Investment Properties Measured At Cost		
Balance as on July 16, 2021	141,146,454	195,532,789
Addition During The Year	116,410,954	100,936,276
Disposal During The Year	(48,196,254)	(155,322,611)

Accumulated Depreciation	**715,283**	
Net Amount	**208,645,871**	**141,146,454**

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

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Present Value of Unfunded Obligations	2,498,396	-	2,498,396	-
Present Value of Funded Obligations	185,188,907	119,743,408	185,188,907	119,743,408
Total Present Value of Obligations	**187,687,303**	**119,743,408**	**187,687,303**	**119,743,408**
Fair Value of Plan Assets	185,188,907	127,938,956	185,188,907	127,938,956
Present Value of Net Obligations	2,498,396	(8,195,548)	2,498,396	(8,195,548)
Recognized Liability for Defined Benefit Obligations	187,687,303	119,743,408	187,687,303	119,743,408

Plan Assets

AMOUNT IN NPR

PLAN ASSETS COMPRISE	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity Securities	-	-	-	-
Government Bonds	-	-	-	-
Bank Deposit	-	-	-	-
Other	185,188,907	127,938,956	185,188,907	127,938,956
Total	**185,188,907**	**127,938,956**	**185,188,907**	**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 July 16, 2021	119,872,396	99,829,156	119,872,396	99,829,156
Actuarial Losses (Gain)	63,117,055	18,054	63,117,055	18,054
Benefits Paid By The Plan	(34,318,350)	(13,567,075)	(34,318,350)	(13,567,075)
Current Service Costs And Interest	39,016,202	33,463,273	39,016,202	33,463,273
Defined Benefit Obligations at July 16, 2022	**187,687,303**	**119,743,408**	**187,687,303**	**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 July 16, 2021	135,799,147	127,938,956	135,799,147	127,938,956
Contributions Paid Into The Plan	74,952,093	7,627,840	74,952,093	7,627,840
Benefits Paid During The Year	(34,318,350)	(16,418,571)	(34,318,350)	(16,418,571)
Actuarial (Losses) Gains	(5,294,424)	5,531,998	(5,294,424)	5,531,998
Expected Return On Plan Assets	14,050,441	11,118,923	14,050,441	11,118,923
Fair Value of Plan Assets at July 16, 2022	**185,188,907**	**135,799,146**	**185,188,907**	**135,799,146**

Amount Recognized in Profit or Loss

AMOUNT IN NPR

PARTICULARS	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current Service Costs	29,772,012	29,772,012	29,772,012	29,772,012
Interest on Obligation	9,244,190	10,038,071	9,244,190	10,038,071
Actuarial (Gain)/ Losses	68,411,479	(28,794,522)	68,411,479	(28,794,522)
Expected Return on Plan Assets	(14,050,441)	(11,118,923)	(14,050,441)	(11,118,923)
Total	**93,377,240**	**(103,362)**	**93,377,240**	**(103,362)**

5.15 TAXATION

Status of Tax Assessment

In the current fiscal year, the tax assessment of the Bank of FY 2017/18 (2074/75) is under progress by Large Taxpayers Office (LTO).

The Bank has filed for appeal in Revenue Tribunal against tax assessment of FY 2010/11 (2067/68), FY 2011/12 (2068/69), FY 2012/13 (2069/70), FY 2013/14 (2070/71), FY 2014/15 (2071/72) and FY 2015/16 (2072/73) and filed for administrative review against tax assessment of FY 2016/17 (2073/74) 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 2014/15 (2071/72). Similarly, tax assessment of acquired institution, People's Finance Limited of FY 2010/11 (2067/68) is under Administrative Review and Nepal Housing and Merchant Finance Limited of FY 2011/12 (2068/69) is under Administrative Review & tax assessment of FY 2015/16 (2072/73) is under Administrative Review. Tax assessment of Srijana Finance is under Administrative Review of FY 2015/16 (2072/73).

Similarly, in case of FY 2006/07 (2063/64) and 2007/08 (2064/65), 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 2018/19 (2075/76) to 2020/21 (2077/78), 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 Bank and Financial Institutions Act, 2017 and NRB Directives. The various reserves and funds are as below:

i. General Reserve

General Reserve is created as per Section 44 of the Bank and Financial Institutions Act, 2017 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 401,122,159 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 Bank and Financial Institutions Act, 2017 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 not transferred any amount to Exchange Fluctuation Reserve during the year due to foreign exchange revaluation loss during the FY 2021/22.

The balance of exchange fluctuation reserve fund at the end of 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 is required to be created as per the regulatory requirement of NRB Directive no 8. During the current year, no any amount is required to be transferred to Investment Adjustment Reserve.

iv. Bond Redemption Reserve

The Bank has issued another Subordinated Debt of 10.25% Citizens Bank Bond, 2086 of NPR 2,500,000,000 during FY 2019/20 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 2021/22 for 10.25% Citizens Bank Bond, 2086.

v. Employees Training Cost and Employees Capacity Development Fund

Employees training cost of NPR 10,156,804 has been incurred during the current year. As per NRB Directive 06/2078, 3% of salary & allowance expense of the previous year is to be incurred on training and development of staffs. So, the Bank has set aside amount of NPR 11,275,265 to Employees' Capacity Development Fund during FY 2021/22.

vi. Corporate Social Responsibility (CSR) Fund

During the year, the Bank has expensed NPR 9,126,345 on CSR activities. Such amount of NPR 9,126,345 has been transferred from CSR fund to retained earnings in the current year.

Similarly, additional CSR Fund of NPR 20,056,108 has been created as per NRB Directive No. 06/2078. 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, Employee Training Cost and Employees Capacity Development Fund and other reserve arised from prior period adjustment of acquisition reflected in totality in Statement of Changes in Equity under Other Reserve are as follows:

AMOUNT IN NPR

OTHER RESERVE	CSR RESERVE	BOND REDEMPTION RESERVE	CAPITAL RESERVE	ACTUARIAL GAIN RESERVE	STAFF TRAINING RESERVE	OTHER RESERVE	TOTAL
BALANCE AS ON JULY 16, 2021	**18,043,411**	**277,777,778**	**625,028,288**	**(8,414,501)**	**-**	**-**	**912,434,976**
Other comprehensive income, net of tax							
Actuarial gains/(losses) on defined benefit plans	-	-	-	3,478,072	-	-	**3,478,072**
Transfer to Reserve	20,056,108	277,777,778	-	-	11,275,265	115,994,228	**425,103,379**
Transfer from Reserve	(9,126,345)	-	(625,028,288)	-	-	-	**(634,154,633)**
BALANCE AS ON JULY 16, 2022	**28,973,174**	**555,555,556**	**-**	**(4,936,429)**	**11,275,265**	**115,994,228**	**706,861,794**

vii. Regulatory Reserve

The regulatory reserve has been created of NPR 379,876,163 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 Directive 04/078, BFIs are not required to transfer to the regulatory reserve for the interest income recognized on accrual basis and recovered within July 31, 2022. Accordingly, the Bank has recovered interest income of NPR 345,162,439 after mid July, 2021 till July 31, 2022 for which no regulatory reserve has been created.

Out of total interest accrued as on July 16, 2022, amount of NPR 731,659,003 has been recognized as income on Accrual Basis upto July 16, 2022 as per "Guideline on Recognition of Interest Income, 2019" issued by Nepal Rastra Bank and NPR 69,537,347 has been transferred to Retained Earnings from Regulatory Reserve during FY 2021/22.

The detail of movement of Regulatory Reserves of the Bank since FY 2017-18 till FY 2021-22 is summarized as below:

AMOUNT IN NPR

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
2017-18	210,137,516	-	-	287,547,060	-	-	291,445,773	-	6,300,000	-	795,430,349
2018-19	26,279,833	-	-	(64,999,907)	20,235,997	-	(291,445,773)	7,086,997	(6,300,000)	-	(309,142,853)
2019-20 (Acquired Inst.)	55,570,464	-	-	-	1,651,744	-	-	-	-	-	57,222,209

2019-20	(82,625,226)	-	-	(99,361,497)	(21,887,741)	-	90,879,384	17,353,631	-	4,114,252	(91,527,197)
2020-21 (Acquired Inst.)	99,940,646	-	-	-	-	-	-	-	-	70,411,749	170,352,394
2020-21	(135,347,743)	-	-	(34,263,391)	-	-	(90,879,384)	(16,026,127)	-	23,435,367	(253,081,278)
2021-22	69,537,347	-	-	42,524,633	-	-	-	(3,478,072)	-	(97,961,368)	10,622,539
TOTAL	**243,492,837**	**-**	**-**	**131,446,898**	**-**	**-**	**-**	**4,936,429**	**-**	**-**	**379,876,163**

The detail of movement of Reserves of the Bank is summarized as below:

AMOUNT IN NPR

MOVEMENT IN RESERVES OF THE BANK	OPENING BALANCE	TRANSFER FROM RESERVES	TRANSFER TO RESERVES	OTHER RESERVE MOVEMENT	CLOSING BALANCE
Statutory General Reserve	2,628,808,116	401,122,159	-	-	3,029,930,276
Exchange Equalization Reserve	74,958,037	-	-	-	74,958,036
Corporate Social Responsibility Reserve	18,043,411	10,929,763	-	-	28,973,173
Capital Redemption Reserve	277,777,778	277,777,779	-	-	555,555,557
Regulatory Reserve	369,253,624	112,061,979	(101,439,440)	-	379,876,163
Investment Adjustment Reserve	-	-	-	-	-
Assets Revaluation Reserve	387,759,636	-	-	20,133,958	407,893,594
Fair Value Reserve	515,106,895	-	-	(235,774,106)	279,332,789
Dividend Equalization Reserve	-	-	-	-	-
Actuarial Gain	(8,414,501)	3,478,072	-	-	(4,936,429)
Capital Reserve	625,028,288	-	-	(625,028,288)	-
Special Reserve	-	-	-	-	-
Other Reserve	-	11,275,265	-	115,994,228	127,269,493
TOTAL	**4,888,321,283**	**816,645,017**	**(101,439,440)**	**(724,674,208)**	**4,878,852,651**

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 not proposed any bonus share during the current year.

5.19 PROPOSED DIVIDEND

The Board of Directors of the Bank has proposed Cash Dividend of 9 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 2021/22, the Bank has made provision of NPR. 314,732,941 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 21.00 Million has been marked to market at exchange rate of INR/USD = 79.8797 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:

AMOUNT IN NPR

PARTICULARS	2021/22	2020/21
Profit attributable to ordinary shareholders NPR	2,005,610,795	1,804,341,065
Weighted average number of ordinary shares	142,009,740	103,981,906
Basic Earnings Per Share NPR	**14.12**	**17.35**

Weighted average number of ordinary shares calculation

AMOUNT IN NPR

FY 2021/22	NOS. OF SHARES	TOTAL SHARES OUTSTANDING	PORTION OF THE YEAR	WEIGHTED AVERAGE NUMBER OF SHARES
Opening Balance	125,769,231	125,769,231	1.0000	125,769,231
Bonus Share of FY 2020/21	16,240,509	142,009,740	1.0000	16,240,509
TOTAL	**142,009,740**			**142,009,740**

FY 2020/21	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 2019/20	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 erst while Srijana Finance Shareholders)	9,148,822	125,769,231	0.0164	150,392
TOTAL	**125,769,231**			**103,981,906**

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 share 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 2021/22.

ii. Nepal Rastra Bank

NPR IN '000

TIME DURATION	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
1 month and below	1,849.00	-	1,239.79	-
1 - 3 months	-	-	-	-
3 - 6 months	-	290.00	-	-
6 - 12 months	-	7,899.16	-	4.80
1 - 2 years	-	189.45	-	-
Total	**1,849.00**	**8,378.61**	**1,239.79**	**4.80**

iii. Local Financial Institutions

NPR IN '000

TIME DURATION	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
1 month and below	17,882.48	4,297.79	4,030.26	880.66
1 - 3 months	156.70	131.87	7,868.24	360.02
3 - 6 months	9.20	5,186.24	15,170.83	126.56
6 - 12 months	24.28	1,083.86	198.22	31.95

1 - 2 years	11,399.73	4.88	15.64	6.40
Total	**29,472.39**	**10,704.63**	**27,283.18**	**1,405.59**

iv. Foreign Bank

NPR IN '000

TIME DURATION	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
1 month and below	-	27,556.96	555,764.93	150,746.83
1 - 3 months	-	23,698.88	2.56	-
3 - 6 months	-	145.35	3.78	-
6 - 12 months	-	684.78	1.66	4,082.68
1 - 2 years	-	3.45	-	-
Total	**-**	**52,089.42**	**555,772.93**	**154,829.51**

5.25 NFRS CARVE-OUTS ADJUSTMENTS

During the current fiscal year, the Group has not applied the numbers of standards as prescribed inNFRS 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 NFRS 9: FINANCIAL INSTRUMENTS (PARA 5.5 IMPAIRMENT: EXPECTED CREDIT LOSS MODEL TO MEASURE THE IMPAIRMENT LOSS ON LOANS AND ADVANCES)

NFRS 9 requires an entity to measure the expected credit losses of financial instruments in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

However, as per carve out on NFRS Para 5.5, 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 5 of carve out on para 5.5 of NFRS 9 issued by ICAN.

As per carve out, the Bank first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant and collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. 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 discounted at the asset's original effective interest rate. The Bank has used the formula based approaches and statistical methods to determine the impairment losses in a group of financial assets that are not individually impaired in individual assessment.

The impacts of the application of carve- out in the current year financials is as under:

Particulars	Amount in NPR
Gross Loans and Advances (To customers and BFIs)	135,776,130,636
Impairment Loss as per NFRS	1,450,462,245
Impairment Loss as per norms of NRB	3,556,883,655

The higher of two above i.e.; NPR 3,556,883,655 has been taken into account for impairment loss on loan and advances in the preparation of consolidated financial reports.

5.25.2 NFRS 9: FINANCIAL INSTRUMENTS (EFFECTIVE INTEREST RATE)

Para 5.4 of NFRS 9 requires using of effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross amount of financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use

the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

However, as per carve out on NFRS 9 Para 5.4, the Bank has not included the fees and points paid or received that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.

The Bank shall adopt the NFRS 9 Para 5, in its 2022/23 financial statements or later.

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 July 16, 2022 is as follows:

PARTICULARS	NO. OF CUSTOMERS	AMOUNT (NPR)
Refinance Loan	409	1,770,365,278
Business Continuity Loan	2	37,752,509

5.27 DETAILS OF SUBSIDIZED LOAN

The Bank has provided the Subsidized Loan. Details of such loan as on July 16, 2022 is as follows:

PARTICULARS	NO. OF CUSTOMERS	AMOUNT (NPR)
Subsidized Loan	3,848	4,838,095,736

5.28 COVID- 19 RELAXATION

The details of relaxation provided to the customer and Accrued Interest received after July 16, 2022 till July 31, 2022 along with additional provision of 0.3% on pass loan portfolio is as follows:

S.NO.	PARTICULARS	AS OF JULY 16, 2022	
		NO OF CUSTOMERS	AMOUNT (NPR)
1	Accrued Interest Received after July 16, 2022 till July 31, 2022	23,394	345,162,439
2	Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	-	336,281,111
3	Extension of Moratorium Period of Loan provided to industry or project under construction	13	1,297,575,517
4	Restructured/Rescheduled Loan with 5% Loan Loss Provision	894	1,557,963,825
5	Enhancement of Working Capital Loan by 20% to COVID affected borrowers	-	-
6	Enhancement of Term Loan by 10% to COVID affected borrowers	-	-
7	Expiry Date of Additional 20% working capital loan (COVID Loan) extended for up to 1 year with 5% provisioning	29	60,952,790
8	Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning	-	-
9	Time Extension provided for repayment of Principal and interest for up to 2 years as per clause 44(2) of NRB Directive 2.	4	148,052,561
10	Time Extension provided for repayment of Principal and interest for up to 2 years as per clause 44(1) of NRB Directive 2.	1	1,849,660

5.29 TABLE OF ASSETS AND LIABILITIES ACCORDING TO THE LIQUIDITY POSITION

AMOUNT IN NPR

PARTICULARS	1-7 DAYS	8-30 DAYS	31-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	MORE THAN 1 YEAR	TOTAL
ASSETS								
Cash Balance	6,585,142,727	-	-	-	-	-	-	6,585,142,727
Balance with Banks & FIs	6,689,530,050	-	-	-	-	-	-	6,689,530,050
Investment in Foreign Banks	409,829,366	2,743,702,841	973,538,739	-	-	-	-	4,127,070,946
Call Money	5,991,137,042	-	-	-	-	-	-	5,991,137,042
Government Securities	365,704	410,710,922	165,160,199	2,032,254,477	2,914,825,658	1,368,207,947	20,183,903,359	27,075,428,267
Nepal Rastra Bank Bonds	-	-	-	-	-	-	-	-
Inter Bank & FI Lending	-	-	-	-	-	-	-	-
Loans & Advances	3,948,947,615	9,664,259,892	22,672,591,485	16,534,822,203	12,703,418,499	8,448,938,566	64,228,152,077	138,201,130,336
Interest Receivable	-	-	-	-	-	-	-	-
Reverse Repo	-	-	-	-	-	-	-	-
Acceptance Receivable	-	-	-	-	-	-	-	-
Payments under S.No. 20,21 & 22	5,114,838,013	2,823,060,161	5,805,225,383	8,169,956,628	5,752,053,291	8,715,512,121	5,341,603,371	41,722,248,967
Others	2,891,413,839	329,999,468	348,140,704	208,645,871		-	5,521,894,910	9,300,094,793
Total (A)	**31,631,204,356**	**15,971,733,284**	**29,964,656,509**	**26,945,679,179**	**21,370,297,448**	**18,532,658,634**	**95,275,553,718**	**239,691,783,128**
LIABILITIES								
Current Deposits	1,923,807,268						6,245,081,022	8,168,888,290
Saving Deposits (including call)	7,111,649,408	3,220,929,610	3,220,936,374	-	-	-	35,016,452,085	48,569,967,477
Fixed Deposits	5,103,166,714	7,801,241,893	17,429,944,083	20,437,326,968	11,855,868,801	11,654,962,712	24,118,678,217	98,401,189,388
Debentures/Bonds	-	-	-	-	-	-	2,477,875,480	2,477,875,480
Borrowings	10,924,500,000	-	-	1,700,105,868	-	170,145,000	-	12,794,750,868
Call/Short Notice								-
Inter-bank/Financial Institutions	1,724,500,000	-	-	-	-	-	-	1,724,500,000
Refinance		-	-	1,700,105,868	-	170,145,000	-	1,870,250,868
Others	9,200,000,000	-	-	-	-	-	-	9,200,000,000
Other Liabilities and Provisions	3,522,074,793	-	-	-	-	-	-	3,522,074,793
Sundry Creditors	31,500,111	-	-	-	-	-	-	31,500,111
Bills Payable	152,060,182	-	-	-	-	-	-	152,060,182
Interest Payable	112,189,173	-	-	-	-	-	-	112,189,173
Provisions	27,906,365	-	-	-	-	-	-	27,906,365
Others	3,198,418,962	-	-	-	-	-	-	3,198,418,962
Acceptance Liabilities	129,898,555	669,498,437	1,544,459,168	644,539,919	97,933,180	72,925,710	61,642,220	3,220,897,188
Irrevocable Loan Commitment	2,041,358,217	1,020,679,109	1,020,679,109	5,103,395,543	4,082,716,435	7,144,753,760	-	20,413,582,173
Letter of Credit/Guarantee	2,943,581,241	1,132,882,615	3,240,087,106	2,422,021,166	1,571,403,676	1,497,832,651	5,279,961,151	18,087,769,607

Repo	-	-	-	-	-	-	-	-
Payable under s.no.11	-	-	-	-	-	-	-	-
Others	167,653,606	137,047,805	385,698,708	239,940,787	137,434,714	103,525,187	22,863,487,058	24,034,787,865
Total (B)	**33,867,689,802**	**13,982,279,469**	**26,841,804,548**	**30,547,330,251**	**17,745,356,805**	**20,644,145,020**	**96,063,177,233**	**239,691,783,128**
Net Financial Assets (A-B)	**(2,236,485,445)**	**1,989,453,814**	**3,122,851,961**	**(3,601,651,071)**	**3,624,940,642**	**(2,111,486,386)**	**(787,623,515)**	**-**
Cumulative Net Financial Assets	**(2,236,485,445)**	**(247,031,631)**	**2,875,820,330**	**(725,830,741)**	**2,899,109,901**	**787,623,515**	**-**	**-**

5.30 KEY FINANCIAL INDICATORS

	INDICATORS	FISCAL YEAR 2017/18	FISCAL YEAR 2018/19	FISCAL YEAR 2019/20	FISCAL YEAR 2020/21	FISCAL YEAR 2021/22
1. Net Profit / Gross Income	Percent	15.41	15.20	11.28	14.59	11.47
2. Earnings Per Share (Basic)	NPR	15.37	17.49	13.88	17.35	14.12
3. Market Value Per Share	NPR	236.00	224.00	188.00	386.00	202.50
4. Price Earnings Ratio	Times	15.36	12.81	13.55	22.24	14.34
5. Dividend (including bonus) on Share Capital	Percent	5.263	15.00	11.00	16.00	9.00
6. Cash Dividend on Share Capital	Percent	1.635	12.00	3.00	3.087	9.00
7. Interest Income / Loans and Advances	Percent	12.93	12.22	10.85	8.00	10.74
8. Staff Expenses / Total Operating Expenses	Percent	62.33	58.63	56.63	57.88	59.47
9. Interest Expenses / Total Deposits and Borrowings	Percent	8.15	7.67	6.90	4.89	6.44
10. Foreign Exchange Gain / Total Income	Percent	3.32	2.95	3.51	3.80	1.59
11. Staff Bonus / Total Staff Expenses	Percent	24.19	26.88	18.75	23.36	17.63
12 Net Profit / Loans and Advances	Percent	2.36	2.22	1.45	1.44	1.46
13. Return on Total Assets	Percent	1.72	1.62	1.08	1.29	1.11
14. Total Credit / Deposits	Percent	92.75	88.76	89.56	87.52	89.08
15. Total Operating Expenses / Total Assets	Percent	1.75	1.70	1.49	1.26	1.54
16. Adequacy of Capital Fund on Risk Weighted Assets	Percent	13.84	14.37	15.14	13.7	12.69
Core Capital	Percent	12.76	13.46	11.85	11.02	10.45
Supplementary Capital	Percent	1.08	0.91	3.29	2.68	2.24
17. Non-Performing Loans / Total Loans (As per NRB Directive)	Percent	1.48	1.13	1.55	1.64	2.22
18. Weighted Average Interest Rate Spread (As per NRB Directive)	Percent	3.84	3.15	4.03	3.59	4.25
19. Book Net Worth Per Share	NPR	137	149.26	147.61	150.18	143.72
20. Number of Equity Shares (At Year End)	Nos.	80,332,364	83,710,648	90,898,173	125,769,231	142,009,740
21. Number of Permanent Staffs	Nos.	844	955	1091	1458	1758
22. Return on Equity	Percent	11.2	11.71	8.93	11.17	10.21
23. Dividend Pay Out Ratio	Percent	0.34	0.86	0.79	0.92	0.64
24. Earnings Yield	Percent	6.51	6.7	7.38	5.76	6.97
25. Dividend Yield	Percent	2.23	7.81	5.85	4.15	4.44
26. Cost to Operating Income Ratio	Percent	41.48	43.90	45.69	55.08	47.93
27. Total Assets to Shareholder' Fund	Times	7.06	7.21	8.24	8.91	9.53
28. Shareholders' Fund to Total Liability including Contingent Liability	Percent	12.03	15.34	7.97	10.79	10.14
29. Base Rate	Percent	11.78	10.52	9.04	7.55	10.09
30. CCD Ratio as per NRB Directives	Percent	77.87	76.79	70.63	77.42	85.20
31. Number of Branches	Nos.	78	81	109	189	178
32. Number of ATMs	Nos.	70	78	99	117	130
33. Net Profit per staff	NPR	1,462,208	1,532,166	1,098,538	1,237,545	1,140,848
34. Per employee staff cost	NPR	928,979	942,664	857,245	843,452	1,015,604
35. Diluted Earnings Per Share	NPR	15.37	17.49	13.88	17.35	14.12

05

INFORMATION AND DISCLOSURES TO SHAREHOLDERS

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INFORMATION ABOUT ANNUAL GENERAL MEETING

As decided by the 404th BOD meeting held on September 28, 2022; 16th Annual General Meeting (AGM) of the Bank will be held on following date, place and time:

Date : October 21, 2022 (Kartik 4, 2079), Friday

Place : Amritbhog, Kalikasthan, Dillibazar, Kathmandu

Time : 11:00 AM

Following agendas will be discussed at the Annual General Meeting:

A. ORDINARY RESOLUTION

1. To approve Director's Reports of FY 2021/22 after deliberation.
2. To discuss and approve the Consolidated Statement of Financial Position as of July 16, 2022, Consolidated Statement of Profit or Loss for the period July 16, 2021 to July 16, 2022 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 1,278,087,660.51 (includes tax on dividend) which is 9 percent of paid-up capital as proposed by the Board of Directors.
4. To appoint auditor for the FY 2022/23 (2079/80) and to fix the auditor's remuneration as per section 61 (e) and section 63 of Bank and Financial Institutions Act, 2017; and as per Section 111 of Companies Act, 2006.

B. SPECIAL RESOLUTION

1. 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.
2. To approve amendments to the Memorandum of Association (MOA) of the Bank as follows:
   a. MOA to be amended regarding the change in capital structure of promoter and public shareholding pattern from 51:49 to 51.07:48.93, after acquisition of Srijana Finance Ltd.
3. 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 14, 2022 (Ashwin 28, 2079). 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 13, 2022 (Ashwin 27, 2079), 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 attendance register will be made available at 9:00 A.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 11:00 A.M on October 19, 2022 (Kartik 2, 2079) 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 a minor, 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. For any queries regarding AGM, you are requested to contact the head office of the Bank, within office hours.

10. 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.

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 detailed information, you can visit the Bank's website: www.ctznbank.com.*

By Order from Board of Directors
Company Secretary



PROPOSED AMENDMENTS IN MEMORANDUM OF ASSOCIATION (MOA)

Amendments in section 5(Gha), and 5(Na) 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	Due to change in capital structure after acquisition of erstwhile Srijana Finance Limited.
		5(Gha). 49.00% of the issued capital of the Bank has been allocated to general public.	5(Gha). 48.93% of the issued capital of the Bank has been allocated to general public.	
		5(Na) Promoter shareholders are categorized in group A. Share ownership of such group is 51.00%	5(Na) Promoter shareholders are categorized in group A. Share ownership of such group is 51.07%	

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	2015/16	3,039,748.78

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) 4417723 / 4417457 / 4418526 / 4421235
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 Number: 977-1-6600166667
TEL: 977-1-4427842/4427843
Fax: 977-1-4427044
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.

FINANCIAL CALENDAR

SEPTEMBER

Sep 24, 2021
BOD proposed 3.087% cash dividend and 12.913% bonus shares as dividend for FY 2020/21

OCTOBER

Oct 8, 2021
Book Closure date for AGM of FY 2020/21

NOVEMBER

Nov 1, 2021
1st Quarterly Unaudited Result Publication for FY 2021/22

Nov 2, 2021
AGM Conducted for FY 2020/21

DECEMBER

Dec 16, 2021
16,240,508.91 unit bonus shares listed in NEPSE

JANUARY

Jan 21, 2022
2nd Quarterly Unaudited Result Publication for FY 2021/22

APRIL

April 20, 2022
3rd Quarterly Unaudited Result Publication for FY 2021/22

CAPITAL STRUCTURE OF THE BANK

DETAILS OF OUR SHARE CAPITAL AND SHARE DISTRIBUTION

NPR IN MILLION

PARTICULARS	2021/22	2020/21	2019/20
Paid-up Share Capital at the end of the year	12,576.92	9,089.82	8,371.06
Less: Share Issued	1,624.05	2,759.92	467.63
Less: Bonus Shares Issued	-	727.18	251.13
Paid-up Share Capital at the beginning of the year	14,200.97	12,576.92	9,089.82

NPR IN MILLION

HOLDER	FY 2021/22		FY 2020/21		FY 2019/20	
	AMOUNT	% HOLDING	AMOUNT	% HOLDING	AMOUNT	% HOLDING
Institutional Promoter Shares	614.22	4.33%	543.97	4.33%	457.46	5.03%
Individual Promoter Shares	6,638.61	46.75%	5,879.42	46.75%	4,178.35	45.97%
Public Shareholder	6,948.15	48.92%	6,153.53	48.92%	4,454.01	49.00%
Total	**14,200.97**	**100.00%**	**12,576.92**	**100.00%**	**9,089.82**	**100.00%**

PARTICULARS	FY 2021/22	FY 2020/21	FY 2019/20
No. of Shareholder Holding 0.5 % or more shares	23	22	30
% of Holding	25.95%	25.27%	37.67%

DETAILS OF SHARES HELD BY DIRECTORS AND EXECUTIVE MEMBERS

NAME	DESIGNATION	NO. OF SHARES HELD AS ON FY END OF 2021/22
Rajan Singh Bhandari (Chandra Investment Pvt. Ltd.)	Chairman	404,899.30 Promoter Shares 118,902.96 Ordinary Shares
Prakash Chandra Mainali	Director	970.81 Ordinary Shares
Bijaya Dhoj Karki	Director	262.88 Ordinary Shares
Seeta Karki (K.C)	Director	5,788.40 Ordinary Shares
Prabal Jung Pandey	Director	2,178.98 Promoter Shares
Sajan Sharma	Director	68,189.25 Promoter Shares 1.05 Ordinary Shares
Anil Gyanwali	Professional Director	-
Ganesh Raj Pokharel	CEO	264,490.08 Promoter Shares 148,524.28 Ordinary Shares
Sumit Babu Khatri	Senior DCEO	-
Paras Kumar Kafle	DCEO	20,554.80 Ordinary Shares
Rajendra Lal Shrestha	DCEO	-
Sanjeeb Kumar Shrestha	CITO	25,162.89 Ordinary Shares
Suman Mulepati	CCO	7,567.35 Ordinary Shares
Ravi Kumar Rauniyar	COO	15,242.70 Ordinary Shares
Narayan Raj Adhikari	CAO	549.17 Ordinary Shares
Amit Khanal	CRO	100.12 Ordinary Shares
Pramesh Raj Kayastha	CFO	-

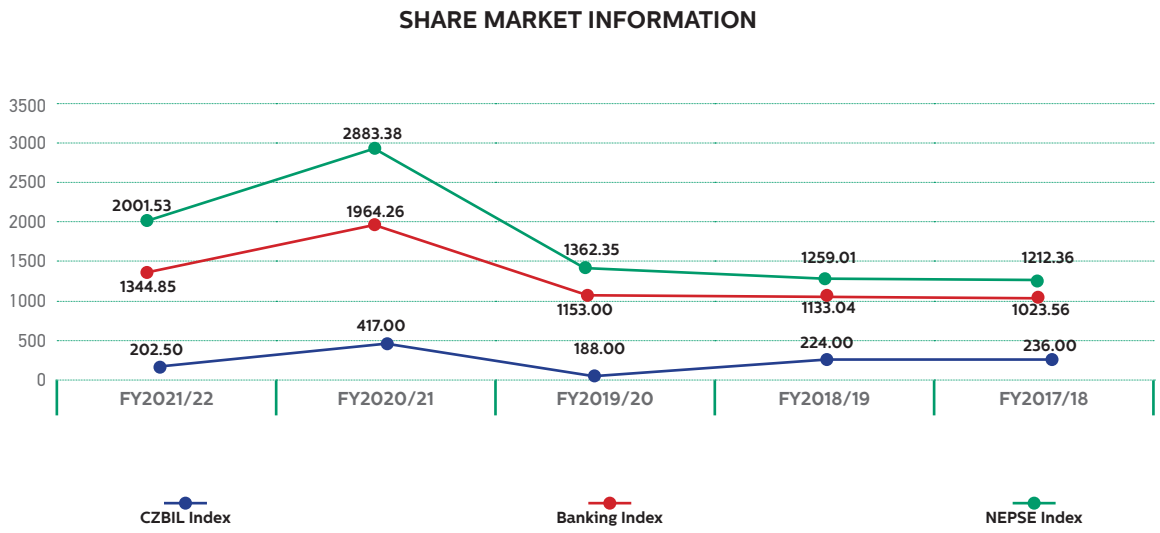
SHARE MARKET INFORMATION

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 2021/22 CLOSING PRICE NPR
Ordinary Shares	CZBIL	202.50
Promoter Shares	CZBILP	152.80

PARTICULARS	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
CZBIL Index	202.50	417.00	188.00	224.00	236.00
Banking Index	1,344.85	1,964.26	1153	113.04	1023.56
NEPSE Index	2,001.53	2,883.38	1,362.35	1259.01	1212.36



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 element, has 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. ICRA has withdrawn [ICRANP] LBBB+ (pronounced ICRA NP L triple B plus) rating assigned to the NPR 500 Million subordinated bond named "8.50% Citizens Bank Bond 2077", following the maturity of the Bond.

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 Bank has improved its market positioning through franchise expansion & acquisition of two regional bank and financial institutions (BFIs) and scale up in operations while maintaining adequate profitability and progressively improving its asset quality indicators. The ICRA has positive impressions on the Bank's Management Team and the indications of the Bank's adequate capitalization levels.

The Bank has reported CAR of 12.99% and tier-I capital of 10.51% as of mid-October 2021, remain adequate against the minimum regulatory requirement of 11% and 7% respectively, as per the prevailing BASEL-III norms implemented by the Nepal Rastra Bank. Despite the gradual moderation in recent periods, the bank's capital cushion remains relatively modest among peers. The Bank's capitalization levels are expected to remain adequate to support its growth plans, as well as to absorb any near-term slippages.

PARTICULARS	DECEMBER 2021
Rating for Subordinated Bonds	ICRA Nepal has reaffirmed the rating of "[ICRANP] LBBB+" (pronounced ICRA NP L Triple B Plus) to the Subordinated Bond 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	[ICRANP-IR] BBB+ indicates the moderate credit quality rating i.e. higher than average credit risk.
Meaning	[ICRANP-IR] BBB+ indicates the moderate credit quality rating i.e. higher than average credit risk.
Factors for Positive Rating	Franchise expansion (183 branches and 117 ATMs spread across Nepal) as as of mid-October 2021. Adequate capitalization (CRAR of 12.99% as of mid-October, 2021). Experienced board of directors and a senior management team. Increase in low cost deposit mix as compared to previous year. low-cost deposit mix (Current, savings and call accounts) increased to ~44% as on mid-October 2021, from ~39% as of mid-July 2020 CZBIL's earnings profile remained adequate with the return on assets (RoA) of 1.60% and the return on net worth (RoNW) of ~14% in Q1FY2022, as against 1.32% and ~13% respectively for the industry.
Constraints on Rating	Rise in non-performing loans (NPLs) to 1.91% as of mid-October 2021 as compared to 1.55% as of mid-July 2020. Low cost deposit mix and cost of deposit remain weaker as compared to most peers and industry average. Higher credit concentration towards vulnerable sectors (viz. real estate, margin lending and hire purchase loans) i.e. ~13%, as compared to industry average of ~10%.

Citizens Bank International Limited: Ratings reaffirmed; Rating for matured bond withdrawn

December 27, 2021

Summary of rating action

Facility/Instrument	Amount	Rating Action (December 2021)
Issuer Rating	NA	[ICRANP-IR] BBB+; reaffirmed
Subordinated bond*	NPR 2,500 million	[ICRANP] LBBB+; reaffirmed
Subordinated bond*	NPR 500 million	Rating withdrawn

** 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 Citizens Bank International Limited (CZBIL). 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. The sign of + (plus) or – (minus) appended to the rating symbols indicate their relative position within the rating categories concerned.

ICRA Nepal has also reaffirmed the rating of **[ICRANP] LBBB+** (pronounced ICRA NP L triple B plus) assigned to the NPR 2,500 million subordinated bond of CZBIL. Instruments with this rating are considered to have a moderate degree of safety regarding the timely servicing of financial obligations.

ICRA Nepal has withdrawn **[ICRANP] LBBB+** (pronounced ICRA NP L triple B plus) rating assigned to the NPR 500 million subordinated bond named "8.50% Citizens Bank Bond 2077" of CZBIL, following the maturity of the instrument.

Rationale

The ratings reaffirmation factors in the bank's adequate track record (operating since 2007) along with its experienced board/management team, and diversified branch network. The bank has been able to expand its reach, increase its market share and improve the portfolio granularity on back of recent acquisition of two regional players[1]. The ratings also factor in the bank's fair capitalisation profile with adequate cushion, both at capital to risk weighted assets ratio (CRAR) and tier-I levels, which stood at 12.99% and 10.51% respectively as of mid-October 2021 (minimum regulatory requirement of 11% and 7%). This is expected to help the bank absorb any near-term asset quality shocks, amid the evolving impact of the pandemic. The ratings also consider the bank's satisfactory profitability indicators, mainly supported by comfortable net interest margins, healthy non-interest income levels and control over operating costs.

Nonetheless, the ratings remain constrained by the gradual deterioration in the bank's asset quality indicators with an increase in the non-performing assets (NPAs) to 1.91% as of mid-October 2021 (1.23% for industry) from 1.55% as of mid-July 2020. Further, the 0+ days delinquencies still remain elevated at ~17% as of mid-July 2021 (further increased to ~20% as of mid-October 2021 due to impact of festive season), as compared to pre-pandemic levels of <10%. Any major elongation of the pandemic through new variants could further impact the bank's asset quality. Despite the uncertain economic outlook, CZBIL's pace of credit growth has also increased in recent periods with ~23% standalone growth in last two fiscals (~16% in earlier two years), higher than the industry average growth of ~21%. The rating concerns also emanate from the bank's relatively low proportion of stable/ low-cost deposits, resulting in relatively higher cost of funds vis-à-vis the industry average, which continues to impact its competitive positioning, despite slight improvement since last rating exercise. Going forward, the bank's ability to improve its delinquency/NPA levels and increase competitiveness in terms of cost of deposits would remain the key rating drivers. Also, its stance in maintaining similar or better capital cushions while attaining sustainable portfolio growth amid the regulatory changes would remain a key rating monitorable.

[1] *Tinau Mission Development Bank (TMDBL), a class B development bank operating in the country's western region was acquired in March 2021. Srijana Finance Limited (SFFIL), a class C finance company operating in the eastern region was acquired in July 2021.*

ICRA NEPAL

Key rating drivers

Credit Strengths

Adequate track record and increased reach/portfolio granularity after recent acquisitions – As of mid-October 2021, CZBIL had a wide reach of 183 branches spread across the country, sharply increased since last rating (111 branches as on mid-October 2020), on back of acquisition of two regional bank and financial institutions (BFIs). This, coupled with the bank's adequate track record in the industry (operating since 2007) and focus on the retail/SME segment, results in a fairly balanced credit portfolio with ~50% share of such loans (~44% as of mid-July 2020), the rest being large corporate loans (~42%) and deprived sector loans (~8%). The acquisition of relatively small regional players has also enabled the bank to reduce the portfolio concentration, both in terms of credit as well as the deposit. The bank's top-20 borrowers and depositors accounted for ~18% and ~24% of respective portfolio (~26% and ~32% respectively when last rated), remaining lower to most peers. The lowered deposit concentration remains a positive from the standpoint of likely liquidity fluctuations, given the recent interest rate volatility. Increased reach in regional markets is expected to aid the bank in maintaining the portfolio granularity.

Experienced board/management – CZBIL has an experienced board of directors and management team, which remain positives for steady and diversified growth of the bank. There is also an institutional investor viz. Citizen Investment Trust (state-owned retirement fund operator rated at [ICRANP-IR] A+), with ~3.3% stake. The management team comprises seasoned bankers with long experience in the Nepalese banking industry which provides comfort in terms of controlled growth going forward.

Fair capitalisation profile – CZBIL's reported CRAR of 12.99% and tier-I capital of 10.51% as of mid-October 2021, remain adequate against the minimum regulatory requirement of 11% and 7% respectively, as per the prevailing BASEL-III norms implemented by the Nepal Rastra Bank (NRB, the regulator). Despite the gradual moderation in recent periods, the bank's capital cushion remains relatively modest among peers. CZBIL's capitalisation levels are expected to remain adequate to support its growth plans, as well as to absorb any near-term slippages.

Adequate profitability – CZBIL generally has better yield on advances among the peers, given its retail/SME dominated lending portfolio, which partly offsets the impact of its relatively higher cost of deposits. The bank's net interest margins (NIMs as a percentage of the average total assets [ATA]), therefore, remain healthy at 2.80% for Q1FY2022 (2.63% for industry), acting as a key driver to its profitability profile. Further, the profitability remains supported by a relatively low operating expense (1.58% of ATA) and better non-interest income (1.34% of ATA). CZBIL reported a return on assets (RoA) of 1.60% and a return on net worth (RoNW) of ~14% for Q1FY2022 as against 1.32% and ~13% respectively for the industry. The profitability could remain supported by better economies of scale and synergistic benefits after streamlining the recent acquisitions. The bank's incremental profitability outlook would depend on its ability to lower its deposit cost, control the credit cost, further improve its operating efficiency, and enhance revenue diversification.

Credit Challenges

Increased pace of credit growth amid uncertain operating environment – Over the last two years ending mid-July 2021, the bank has registered a standalone compounded annual growth rate (CAGR) of ~23% in credit (16% in earlier two years), higher to commercial bank CAGR of ~21% during the same period. The banking industry has continued to grow its portfolio at a pace of >20% in the last few years, including the periods after the onset of the pandemic, when the economic outlook was uncertain. This is also likely to mask the asset quality impact to an extent, hence remaining a major rating concern. The pick-up in economic activities after the initial waves is yet to be normalised, while the impact of the 'Omicron' variant is to be seen.

Deteriorating asset quality and increased stress over solvency – Bank's asset quality indicators has witnessed gradual deterioration since last few years with NPAs reaching to 1.91% as of mid-October 2021 as compared to 1.55% as of mid-July 2020. The increment in NPAs was mainly on account of the stress caused by the pandemic, further exacerbated by the acquisitions of BFIs with relatively weaker underwriting norms. The bank's overall delinquencies still remain high at ~20% as of mid-October 2021, albeit moderated from ~32% as of mid-July 2020, shortly after the onset of pandemic. While the

regulatory support measures have cushioned the asset quality impact to an extent, performance of the restructured portfolio (0.5% as of mid-October 2021) and sizeable portfolio added from acquisitions (~20% of portfolio as of mid-October 2021 was added through acquisitions in last two years) remains to be seen. Nonetheless, the bank's proven track record of streamlined acquisition of weaker entities in the past provides some comfort, albeit the scale of earlier acquisitions was lower compared to the recent ones. The bank's solvency ratio (net NPA to net worth) is also currently under stress at 6.18% as of mid-October 2021 against 2.22% as of mid-July 2020. CZBIL's ability to reduce the delinquency/NPAs would remain a key rating factor. Any unexpected slippages, leading to a major depletion in capitalisation levels, could have a bearing on the ratings assigned.

Relatively high cost of deposit impacts competitiveness, despite improved mix – With increasing franchise and addition of granular deposits from acquired counterparts, the bank has improved its deposit profile in terms of low-cost deposit mix (Current, savings and call accounts) to ~44% as on mid-October 2021 (~51% for industry), from ~39% as of mid-July 2020. However, despite the improvement, CZBIL's low-cost deposit mix as well as the cost of deposits still remain weaker to most peers and the industry average (6.32% for Q1FY2022 compared to 4.98% for the industry). Improving the deposits mix and cost would remain the key drivers for competitiveness and better profitability.

Higher exposure towards vulnerable sectors – As of mid-October 2021, the bank's credit exposure towards the vulnerable sectors (viz. real estate, margin lending and hire purchase loans) at ~13%, remains high compared to the industry average of ~10%. This could raise asset quality concerns over the longer term and hence the bank's ability to reduce the portfolio concentration in such sectors 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 3.33% stake). As of mid-October 2021, 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 183 branches and 117 ATMs, as of mid-October 2021, helps it to have a diversified presence in the country. The bank's market share stood at 3.41% in terms of deposit base, and 3.32% in terms of the total advances of the commercial bank industry, as of mid-October 2021. CZBIL reported a profit after tax (PAT) of NPR 1,804 million in FY2021 (~51% YoY growth) over an asset base of NPR 168,329 million as of mid-July 2021. For Q1FY2022, the bank has reported PAT of NPR 687 million over an asset base of NPR 174,890 million as of mid-October 2021. As on the same date, CZBIL's CRAR stood at 12.99% and gross NPA at 1.91%. In terms of technology, the bank has implemented 'Finacle' across all its branches.

Key financial indicators

Year Ended	Mid-July 2019 (Audited)	Mid-July 2020 (Audited)	Mid-July 2021 (Audited)	Mid-Oct 2021 (Unaudited)
Net interest income - NPR million	2,688	2,885	3,650	1,202
Profit before tax - NPR million	2,178	1,669	2,284	982
Profit after tax - NPR million	1,463	1,199	1,804	687
Loan and advances - NPR million	64,494	80,510	122,159	131,568
Total assets - NPR million	90,121	110,551	168,329	174,890
Operating ratios				
Yield on average Advances	13.16%	11.92%	9.49%	10.08%

Year Ended	Mid-July 2019 (Audited)	Mid-July 2020 (Audited)	Mid-July 2021 (Audited)	Mid-Oct 2021 (Unaudited)
Cost of deposits	8.32%	7.80%	5.91%	6.32%
Net interest margin/ATA	3.20%	2.88%	2.62%	2.80%
Non-interest income/ATA	1.06%	1.07%	1.04%	1.34%
Operating expenses/ATA	1.83%	1.65%	1.52%	1.58%
Credit provisions/ATA	-0.16%	0.64%	0.28%	0.27%
PAT/ATA	1.74%	1.19%	1.29%	1.60%
PAT/net-worth	12.45%	9.25%	11.17%	14.34%
Gross NPAs	1.19%	1.55%	1.64%	1.91%
0+ days delinquencies	7.13%	31.51%	16.66%	20.41%
Capitalisation ratios				
Capital adequacy ratio	14.37%	15.14%	13.70%	12.99%
Tier I Capital Ratio	13.46%	11.85%	11.02%	10.51%
Net NPAs/net worth	1.23%	2.22%	3.73%	6.18%
Liquidity ratios				
Total liquid assets/total liability	23.06%	23.16%	24.00%	21.42%
Total advances/total deposits	91.47%#	90.98%#	84.17%*	87.39%*

**CD ratio as per recent NRB guideline* *#CCD ratio as per earlier NRB guidelines*

Annexure 1- Instrument details

Instrument	Amount	Maturity	Rating Action (December 2021)
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	Rating withdrawn

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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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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. Furthermore, the record breaking increase in price of crude oil as a result of war break out in Europe has impacted the purchasing power capacity of developing countries like Nepal. This has led to significant decrease in foreign currency reserves which in turn has hampered the banking business as well.

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 August 09, 2022, there has been decrease in total deposit by NPR 4.31 Billion and the total mobilized deposit is NPR 150.82 Billion. For loan & advances, there has been increase in loan by NPR 70 Million and the total mobilized Loan & Advances is NPR 135.85 Billion.

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

In the review year, Mr. Prakash Chandra Mainali and Mr. Bijaya Dhoj Karki has been duly re-elected as board member from the 15th AGM.

f) Main factors that affect business activities

1. Risks that may arise due to change in economic state of affairs of the country.
2. Risks that may arise due to change in financial, monetary and economic policy of the country.
3. Risks that may arise due to change in policy relating to Commercial Banks by Nepal Government or Nepal Rastra Bank.
4. Risks that may arise from change in the exchange rate in course of foreign exchange transactions.
5. 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.
6. Risks relating to deposit collection and loans and advances increment due to absence of suitable market.
7. Risks arising from non-recovery of loans & advances on time.
8. 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

No material remarks.

h) Amount recommended for distribution of dividend

From the distributable profit of FY 2021/22, cash dividend of 9 Percent (i.e. NPR 1,278,087,660.51) from paid-up capital of NPR 14,200,974,006 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 for the period of 2021/22 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 directors are as follows:

S.No.	Position	Name	Shareholding Pattern	Total Shares
1	Chairman	Mr. Rajan Singh Bhandari (Chandra Investment Pvt. Ltd.)	Promoter	404,899.30 (Promoter) 118,902.96 (Ordinary)
2	Director	Mr. Prakash Chandra Mainali	Public	970.81
3	Director	Mr. Bijaya Dhoj Karki	Public	262.88
4	Director	Mrs. Seeta Karki (K.C.)	Public	5,788.40
5	Director	Mr. Prabal Jung Pandey	Promoter	2,178.98
6	Director	Mr. Sajan Sharma	Promoter	68,189.25 (Promoter) 1.05 (Ordinary)
7	Independent Director	Mr. Anil Gyawali	Independent Director	-

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	1,785,432,248
2	Office operating expenses	1,216,954,323

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

1. Audit 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

The committee was reconstituted later on December 19, 2021 with following members:

S.NO.	NAME	OVERALL DESIGNATION	POSITION HELD
1	Mr. Anil Gyawali	Director	Coordinator
2	Mrs. Seeta Karki (K.C.)	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 14 times during the FY 2021/22.
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	2,541,000*	-	-
2	Remuneration and Allowances			
	a) Salary	-	8,400,000	13,400,820
	b) Allowances	-	6,000,000	11,943,805
	c) Dashain allowances	-	950,000	1,813,135
	d) Provident fund contribution	-	840,000	1,331,394
	e) Leave Fare Allowances		1,226,667	1,964,003
	f) Others		214,109	2,134,656
	Gross remuneration and allowances		**17,630,776**	**32,587,813**
	less: Income Tax		8,191,856	12,208,890
	Net remuneration and allowances		**9,438,920**	**20,378,923**
3	Bonus		As per prevailing Bonus Act	
4	Telephone/Mobile	168,000	As per contract with the bank	As per Employee Bye-laws of the Bank
5	Fuel	476,994		
6	Newspaper	252,000		
7	Vehicle facility	No	Yes	
8	Accommodation facility	No	Home loan facility as per Employee Bye-laws	
9	Insurance	No	Yes	

**Including sitting fees of different committees of NPR 902,000.*

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 2021/22 are as follows:-

S.NO.	FINANCIAL YEAR	AMOUNT (NPR)
1	FY 2008/09	259,690
2	FY 2009/10	509,408
3	FY 2010/11	703,538
4	FY 2011/12	1,649,227
5	FY 2012/13	2,309,562
6	FY 2013/14	2,771,388
7	FY 2014/15	1,241,218
8	FY 2016/17	18,407,771
9	FY 2017/18	7,529,279
10	FY 2018/19	49,878,371
11	FY2019/20	18,773,778
12	FY 2020/21	36,405,664
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	Tinau Mission Development Bank Limited	5,505,451
20	Sahayogi Vikas Bank Limited	7,255,027
21	Srijana Finance Limited	1,240,747

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.

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 2021/22, 3 law-suits have been filed by the Bank and 32 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:

Due to the high fluctuation in the share transaction of the organized institution in the stock market of the country, the Bank 's share transactions has been decreased as compared to last year.

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 2021 (NPR)	MID-JAN 2022 (NPR)	MID-APR 2022 (NPR)	MID-JUL 2022 (NPR)
High Price	444	310	317	263.30
Low Price	312	255	255.80	194
Closing Price	318	302.50	258.20	202.50
Total volume of trading of shares	13,454,420	4,231,765	2,908,464	1,873,543
Total days Traded	57	59	58	64

6) PROBLEMS AND CHALLENGES

a. Internal Problems and Challenges:

Increasing the sustainable 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 non performing loans, identification of investment opportunities and increase in operational risk with the increase in transactions and branches.

b. External Problems and Challenges:

Economic activity that has slowed down due to the corona pandemic is not normal, and as a result of the inflation caused by the conflict that has appeared in Eastern Europe, the threat of recession has appeared again in the economy of the whole world. The historical rise in the value of the US dollar in the currency market has made imports more expensive thereby exerting more pressure on foreign currency reserves. Considering this fact, the government has decided to ban imports of goods other than necessary for a time being due to which the inflation has risen thus decreasing the purchasing capacity of the people and severely affecting the whole economic transactions. Also, all the relaxations and discounts given by the NRB at the time of Covid -19 has been ended, the impact of which is expected to arrive in coming days.

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 above-mentioned reasons. 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, 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. 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.

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, 2087 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, due to liquidity crunch in the market and due to acquisition of various institutions by the bank, it was slightly affected thus causing the Financial Statement items to deviate by more than 20% than that of projected.

STATEMENT OF FINANCIAL POSITION

NPR IN THOUSAND

STATEMENT OF FINANCIAL POSITION	FY 2021/22			
	AUDITED FINANCIALS (NPR)	PROJECTED FINANCIALS (NPR)	DIFFERENCE (%)	REASON FOR DEVIATION ABOVE 20%
Assets				
Cash and Cash Equivalent	17,892,741	8,443,720	111.91%	Due to regular banking transactions
Due from Nepal Rastra Bank	4,266,508	6,106,920	-30.14%	Due to regular banking transactions
Placement with Bank And Financial Institutions	1,233,631	2,000,000	-38.32%	Due to regular banking transactions
Derivative Financial Instruments	2,659	32,300	-91.77%	Due to regular banking transactions
Other Trading Assets	327,340	90,270	262.62%	Due to Merger and acquisition and regular banking transactions
Loans and Advances to B/FIs	3,299,920	2,523,860	30.75%	Due to Merger and acquisition and regular banking transactions
Loans and Advances to Customers	131,344,327	101,077,480	29.94%	Due to Merger and acquisition and regular banking transactions
Investment Securities	28,153,426	11,441,910	146.06%	Due to regular banking transactions
Current Tax Assets	348,141	110,250	215.77%	Due to regular banking transactions
Investment in Subsidiaries	167,204	167,200	0.00%	
Investment in Associates	375,645	17,950	-1,992.73%	Due to reclassification
Investment Property	208,646	84,290	147.53%	Due to regular banking transactions
Property and Equipment	3,704,207	2,472,290	49.83%	Due to regular banking transactions
Goodwill and Intangible Assets	196,840	34,940	463.37%	Due to Merger and acquisition
Deferred Tax Assets	-	-	-	

Other Assets	4,309,640	2,891,414	-32.91%	Due to regular banking transactions
TOTAL ASSETS	**194,412,651**	**138,913,020**	**39.95%**	
Liabilities				
Due to Bank And Financial Institutions	4,063,055	7,368,040	-44.86%	Due to regular banking transactions
Due to Nepal Rastra Bank	11,070,251	1,844,200	500.27%	Due to Restructured loans and SLR received from NRB
Derivative Financial Instruments	-	-	-	
Deposits From Customers	152,801,490	107,886,540	41.63%	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	63,309	-	100%	Due to regular banking transactions
Other Liabilities	3,522,075	3,307,110	6.50%	
Debt Securities Issued	2,492,220	2,477,875	-0.58%	
Subordinated Liabilities	-	-	-	
Total Liabilities	**174,003,362**	**122,898,110**	**41.58%**	
Share Capital	14,200,974	10,288,420	38.03%	Due to merger and acquisition and Bonus share distribution of FY 2020/21
Share Premium	-	-	-	
Retained Earnings	1,329,462	1,292,580	2.85%	
Reserves	4,878,853	4,433,910	10.03%	
Total Equity Attributable To Equity Holders	**20,409,289**	**16,014,910**	**27.44%**	
Total Liabilities And Equity	**194,412,651**	**138,913,020**	**39.95%**	

STATEMENT OF PROFIT OR LOSS

NPR IN THOUSAND

STATEMENT OF PROFIT OR LOSS	FY 2021/22			
	AUDITED FINANCIALS (NPR)	PROJECTED FINANCIALS (NPR)	DIFFERENCE (%)	REASON FOR DEVIATION ABOVE 20%
Interest Income	15,967,648	12,267,560	30.16%	Due to increment in deposits
Interest Expense	(10,974,158)	(8,726,970)	25.75%	
Net Interest Income	**4,993,490**	**3,540,590**	**41.04%**	
Fees and Commission Income	998,102	1,577,350	-36.72%	Due to regular banking transactions
Fees and Commission Expense	(129,036)	(124,730)	3.45%	
Net Fees and Commission Income	**869,066**	**1,452,620**	**-40.17%**	Due to readjustment of above
Net Interest, Fees And Commission Income	**5,862,556**	**4,993,210**	**17.41%**	
Net Trading Income	224,276	211,640	5.97%	
Other Operating Income	177,227	117,660	50.63%	Due to regular banking transactions
Total Operating Income	**6,264,060**	**5,322,510**	**17.69%**	
Impairment (Charge)/Reversal For Loans And Other Losses	(552,420)	(173,840)	217.78%	Due to increment in NPA
Net Operating Income	**5,711,639**	**5,148,670**	**10.93%**	
Operating Expense				
Personnel Expenses	(1,785,432)	(1,420,550)	25.69%	Due to increment in salary and wages
Other Operating Expenses	(803,854)	(758,780)	5.94%	
Depreciation & Amortization	(413,100)	(208,350)	98.27%	Due to increment in property and equipment
Operating Profit	**2,2709,253**	**2,760,990**	**-1.87%**	
Non Operating Income	123,344	25,000	393.38%	Non operating transactions not as projected
Non Operating Expense	-	-	-	
Profit Before Income Tax	**2,832,596**	**2,785,990**	**1.67%**	
Income Tax Expense				
Current Tax	(890,236)	(835,800)	6.51%	
Deferred Tax	63,251	-	100.00%	Due to deferred tax
Profit(Loss) For The Period	**2,005,611**	**1,950,190**	**2.84%**	

INTERIM FINANCIAL REPORTING

FOR EACH QUARTER OF THE YEAR 2021-22

PARTICULARS	Q I AS ON MID OCT 2021	Q II AS ON MID JAN 2022	Q III AS ON MID APR 2022	Q IV AS ON MID JULY 2022
Assets				
Cash And Cash Equivalent	10,207,398,947	13,159,975,406	14,522,779,946	17,892,741,270
Due From Nepal Rastra Bank	4,334,428,025	4,067,391,089	4,080,479,114	4,266,508,053
Placement With Bank And Financial Institutions	1,425,155,963	1,184,070,914	857,218,158	1,233,631,457
Derivative Financial Instruments	8,719,522	35,899,312	14,985,581	2,659,089
Other Trading Assets	420,233,222	366,419,185	332,323,674	327,340,379
Loans And Advances To B/FIs	3,324,548,901	3,578,074,991	3,605,107,753	3,309,949,752
Loans And Advances To Customers	128,243,061,526	127,571,106,976	132,173,855,220	131,612,478,514
Investment Securities	21,502,247,433	20,617,291,939	22,868,383,766	28,504,083,968
Current Tax Assets	21,449,140	10,262,621	131,511,080	239,792,186
Investment In Susidiaries	167,204,200	167,204,200	167,204,200	167,204,200
Investment In Associates	16,000,000	16,000,000	16,000,000	16,000,000
Investment Property	131,039,558	131,039,558	152,278,660	209,361,154
Property And Equipment	2,830,371,131	2,869,591,755	2,885,420,336	3,683,396,791
Goodwill And Intangible Assets	76,493,863	69,778,854	65,010,803	210,779,942
Deferred Tax Assets	-	-	-	-
Other Assets	2,181,165,248	2,281,129,602	2,230,822,592	2,886,241,332
Total Assets	**174,889,516,679**	**176,125,236,403**	**184,103,380,883**	**194,562,168,088**
Liabilities				
Due To Bank And Financial Institutions	1,796,880,588	2,883,526,588	2,416,401,714	4,066,447,767
Due To Nepal Rastra Bank	3,908,678,824	7,710,926,692	12,000,105,868	11,070,250,868
Derivative Financial Instruments	-	-	-	-
Deposits From Customers	144,312,819,352	141,086,005,184	144,861,246,992	152,798,097,387
Borrowing	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	5,306,626	5,306,626	5,306,626	5,306,626
Deferred Tax Liabilities	166,334,674	186,071,121	137,662,095	55,533,758
Other Liabilities	2,766,880,909	2,110,631,462	2,302,123,117	3,442,171,059
Debt Securities Issued	2,476,548,022	2,476,956,337	2,477,375,020	2,477,875,480
Subordinated Liabilities	-	-	-	-
Total Liabilities	**155,433,448,995**	**156,459,424,011**	**164,200,221,433**	**173,915,682,945**
Equity				
Share Capital	12,576,923,115	14,200,974,006	14,200,974,006	14,200,974,006
Share Premium	-	-	-	136,128,186
Retained Earnings	1,649,917,239	745,928,568	866,752,111	1,460,143,832
Reserves	5,229,227,330	4,718,909,818	4,835,433,334	4,849,239,119
Total Equity Attributable To Equity Holders	**19,456,067,684**	**19,665,812,392**	**19,903,159,451**	**20,646,485,143**
Non-Controlling Interest	**-**	**-**	**-**	**-**
Total Equity	**19,456,067,684**	**19,665,812,392**	**19,903,159,451**	**20,646,485,143**
Total Liabilities And Equity	**174,889,516,679**	**176,125,236,403**	**184,103,380,884**	**194,562,168,088**

STATEMENT OF PROFIT AND LOSS ACCOUNT	FOR THE PERIOD ENDING MID OCT, 2021	FOR THE PERIOD ENDING MID JAN, 2022	FOR THE PERIOD ENDING MID APRIL, 2022	FOR THE PERIOD ENDING MID JULY, 2022
Interest Income	3,535,952,982	7,171,742,696	11,255,302,397	16,095,433,370
Interest Expense	(2,333,901,581)	(4,778,810,073)	(7,575,290,998)	(10,974,158,052)
Net Interest Income	**1,202,051,401**	**2,392,932,623**	**3,680,011,399**	**5,121,275,317**
Fee And Commission Income	317,951,227	533,488,581	768,467,894	998,102,982
Fee And Commission Expense	(20,767,684)	(47,994,286)	(77,162,714)	(129,028,763)
Net Fee And Commission Income	**297,183,542**	**485,494,295**	**691,305,180**	**869,074,219**
Net Interest, Fee And Commission Income	**1,499,234,944**	**2,878,426,918**	**4,371,316,579**	**5,990,349,536**
Net Trading Income	78,743,296	160,698,081	189,214,492	224,276,449
Other Operating Income	145,891,483	165,972,071	179,865,504	177,049,700
Total Operating Income	**1,723,869,722**	**3,205,097,070**	**4,740,396,575**	**6,391,675,686**
Impairment (Charge)/Reversal For Loans And Other Losses	(117,804,374)	(72,375,966)	(349,411,392)	(309,908,605)
Net Operating Income	**1,606,065,349**	**3,132,721,104**	**4,390,985,183**	**6,081,767,081**
Operating Expense				
Personnel Expenses	**(410,726,478)**	**(853,542,998)**	**(1,321,428,054)**	**(1,800,920,154)**
Other Operating Expenses	(193,868,678)	(440,774,510)	(666,270,131)	(802,626,497)
Depreciation & Amortisation	(73,699,089)	(142,527,820)	(212,836,186)	(410,545,924)
Operating Profit	**927,771,104**	**1,695,875,777**	**2,190,450,812**	**3,067,674,506**
Non Operating Income	54,228,533	60,891,002	66,746,615	123,234,344
Non Operating Expense	-	-	-	-
Profit Before Income Tax	**981,999,637**	**1,756,766,779**	**2,257,197,426**	**3,190,908,850**
Income Tax Expense				
Current Tax	(294,599,891)	(517,417,227)	(667,546,421)	(998,584,947)
Deferred Tax	-	-	-	58,847,222
Profit(Loss) For The Period	**687,399,746**	**1,239,349,552**	**1,589,651,006**	**2,251,171,125**

DISCLOSURES OF INFORMATION AS PER SECTION 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 to mobilize deposit and their payment, money transfer, project and hypothecation loans, consortium lending and providing other various types of loans, issuing letter of credit and guarantee, issuing share, debenture bond etc., doing foreign exchange transactions, doing government transactions on behalf of the Government of Nepal as per conditions specified by the Nepal Rastra Bank, buying and selling bonds issued by the Government of Nepal or the Nepal Rastra Bank, receiving remittances from abroad, etc. and any other functions as specified by Banks and Financial Institutions Act, 2017, directives published by Nepal Rastra Bank and as per Memorandum of Association (MOA) of the Bank.

3) NUMBER OF EMPLOYEES AND PERFORMANCE DETAIL OF EMPLOYEES OF THE ENTITY:

The total number of employees of the Bank is 1758 staffs 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:

Citizens Bank International Limited has been providing all banking services provided by "A" class commercial banks in accordance with the Banks and Financial Institutions Act, 2017 and the directive issued by Nepal Rastra Bank. In this context, the Bank has been providing regular banking services by collecting deposits and disbursing loans through 178 branches in 50 districts under seven provinces, as well as providing letter of credit, guarantee, remittance, debit card, credit card, prepaid card, mobile banking, internet banking, ATM, call center and other modern facilities.

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 and 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:

Name : Mr. Rajendra Lal Shrestha
Designation : Deputy Chief Executive Officer

The detail regarding Chief Executive Officer of the Bank is provided below:

Name : Mr. Ganesh Raj Pokharel
Designation : 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:

During the Previous fiscal year FY 2021/2022, the Bank has conducted regular banking transactions, annual general meeting, special general meeting for the purpose of acquisition and other Corporate Social Responsibility activities supporting different communities/ organizations at various times as per the directives of Nepal Rastra Bank and provided funds to prevention, control and treatment fund established by the Government of Nepal for the control and assistance of COVID epidemic. The Bank has organized financial by publishing and broadcasting visual materials related to aware the general public with banking services.

14) WEBSITE OF THE ENTITY IF ANY:

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:

As part of corporate social responsibility, the Bank, according to the directive of Nepal Rastra Bank, constructs physical structures for patients who come to naturopathy centers, tree planting, support to flood victims, support to community educational institutions, scholarships to poor students, support to institutions treating poor kidney patients, support for the disabled community, blood donation program, support for operation of old age homes, education, health, disaster management, environment protection, infrastructure improvement in remote areas. Detail of programs conducted by the Bank can be observed in the Bank's website https://www.ctznbank.com/csr.

17) LIST OF NOTICE CLASSIFIED AND PROTECTED BY THE ENTITY AND TIME SPECIFIED FOR PROTECTION OF SUCH NOTICE:

No.

18) APPLICATION RELATED TO 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.

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 2020 Mid July, 2021 Mid July and 2022 Mid July, the Bank's net value addition was NPR 3,320, NPR 4,710 and NPR 5,835 Million respectively.

VALUE ADDED STATEMENT

AMT IN NPR MILLION

PARTICULARS	JULY 16, 2022 (ASHADH 32, 2079)	JULY 15, 2021 (ASHADH 31, 2078)	JULY 15, 2020 (ASHADH 32, 2077)
Income from Banking Services	17,367	12,236	10,453
Less: Cost of Services and Supplies	11,103	7,262	6,663
Value Added by Banking Service	6,264	4,974	3,791
Non-Banking Income	123	130	170
Provision for Loans and Advances	(552)	(394)	(640)
Total	**5,835**	**4,710**	**3,320**

DISTRIBUTION OF VALUE ADDITION	JULY 16, 2022 (ASHADH 32, 2079)		JULY 15, 2021 (ASHADH 31, 2078)		JULY 15, 2020 (ASHADH 31, 2077)	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
To Employees as Salaries and Bonus	1,785	30.60%	1,230	26.11%	935	28.17%
To Providers of Long Term Loans	259	4.43%	279	5.93%	112	3.36%
To Providers of Capital as Reserves	453	7.76%	220	4.67%	199	5.98%
To Providers of Capital as Dividend	1,294	22.17%	1,305	27.70%	888	26.75%
To Government as Income Tax	827	14.17%	781	16.59%	470	14.16%
To Community	9	0.16%	17	0.37%	19	0.57%
To Expansion and Growth	1,208	20.70%	877	18.63%	697	21.00%
Total	**5,835**	**100.00%**	**4,710**	**100.00%**	**3,320**	**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 270.82 Million, which is 7.66% lower than as compared the previous year 2021 Mid July.

The Bank has assumed cost of capital (Economic Cost) of 8.5 percent for the year ended July 16, 2022.

Economic Value Added by the Bank

AMT IN NPR MILLION

PARTICULARS	JULY 16, 2022 (ASHADH 32, 2079)	JULY 15, 2021 (ASHADH 31, 2078)	JULY 15, 2020 (ASHADH 31, 2077)
A. Shareholder's Fund	20,409.29	18,888.02	13,417.72
B. Net Profit	2,005.61	1,804.34	1,198.50
Return on Shareholder's Fund	9.83%	9.55%	8.93%
C. Economic Cost (Bank Rate plus 3 percent risk premium)	8.50%	8%	8%
D. Economic Cost (A*C)	1,734.79	1,511.04	1,073.42
E. Economic value Added (B-D)	270.82	293.30	125.09

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 8,347.68 Million, which is 21.85% lower than previous year.

Market Value Added Statement

AMT IN NPR MILLION

PARTICULARS	JULY 16, 2022 (ASHADH 32, 2079)	JULY 15, 2021 (ASHADH 31, 2078)	JULY 15, 2020 (ASHADH 31, 2077)
A. No. of shares	142,009,740	125,769,231	90,898,173
B. Market Price per Share	202.5	386	188
C. Total Market Capitalization (A*B)	28,756.97	48,546.92	17,088.86
D. Shareholder's Fund	20,409.29	18,888.02	13,417.72
E. Market Value Added (C-D)	8,347.68	29,658.90	3,671.14

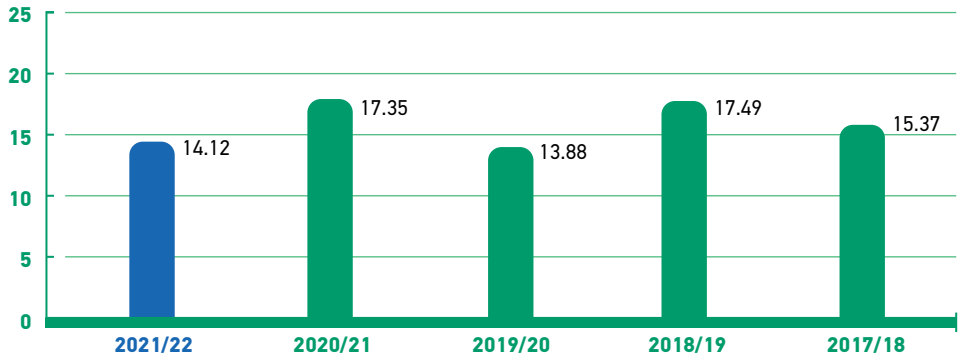
06

BANK'S PERFORMANCE IN KEY PERFORMANCE INDICATORS

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THE BANK'S PERFORMANCE IN NUMBERS

EARNINGS PER SHARE

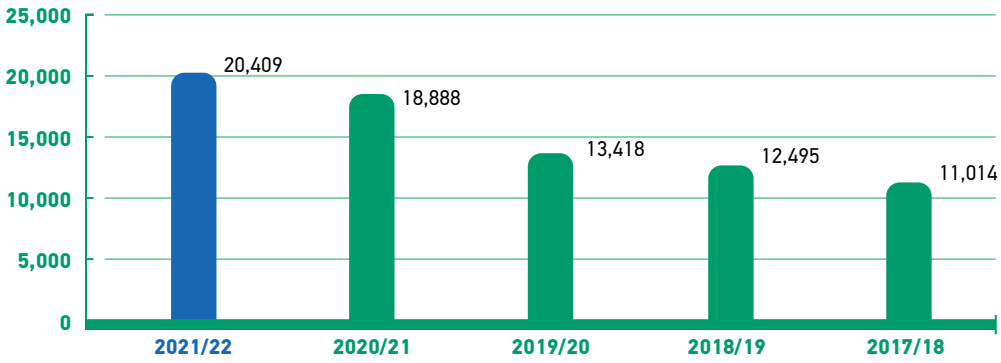


Earnings Per Share represents total earnings of a company that belong to common shareholders, dividend by the numbers of common shares outstanding.

EPS has decreased by 18.62 % in FY 2021/22 as compared to FY 2020/21 with average declination of 4.93% over the last 5 years.

NET ASSETS

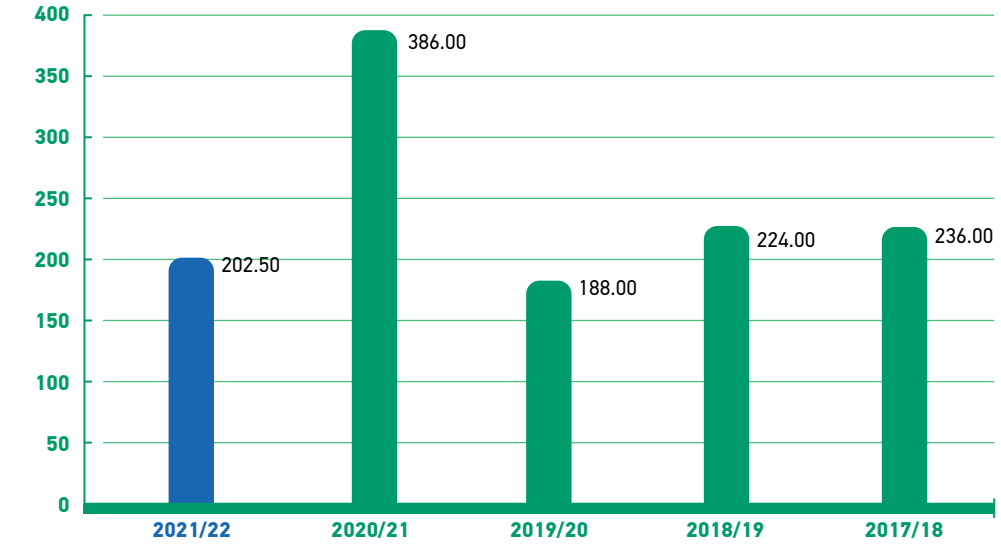
NPR IN MILLION



Net Assets represents the value of company's total assets minus total liabilities.

In FY 2021/22, net assets grew by 8.05% and reached NPR 20,409 Million compared to FY 2020/21 maintaining the average growth of 16.31% 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.

STOCK PERFORMANCE

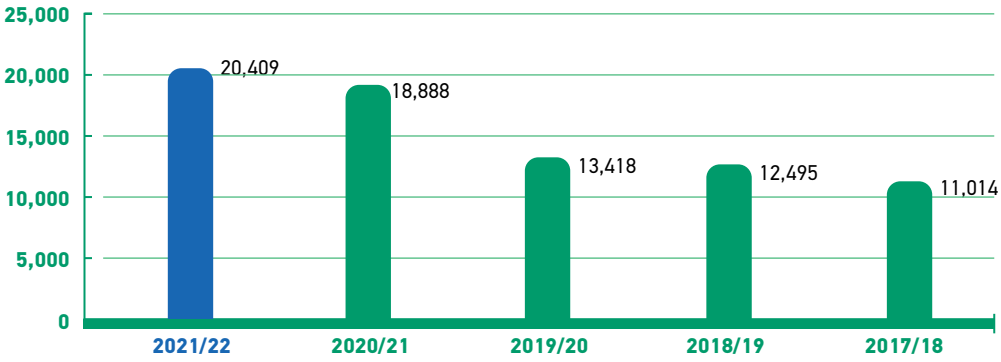


Stock Performance represents the price at which the stock can be readily bought or sold in the current market place.

In FY 2021/22, the market price of share has decreased by 47.54% reaching NPR 202.50 as compared to FY 2020/21. It has decreased from NPR 236.00 as of FY 2017/18 to NPR 202.50 during the year with the average declination 0.96% over the last 5 years.

SHAREHOLDER'S FUND

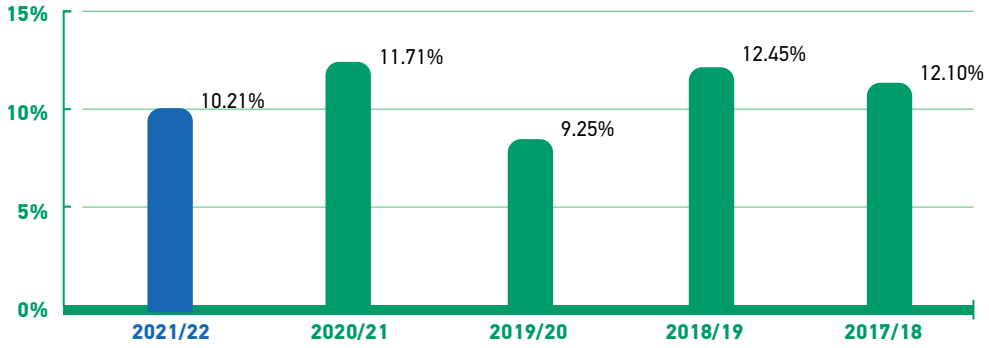
NPR IN MILLION



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 2021/22 has increased by 8.05% and reached NPR 20,409 Million in compared to FY 2020/21 keeping the average growth by 16.31% over the last 5 years.

RETURN ON SHAREHOLDER'S FUND

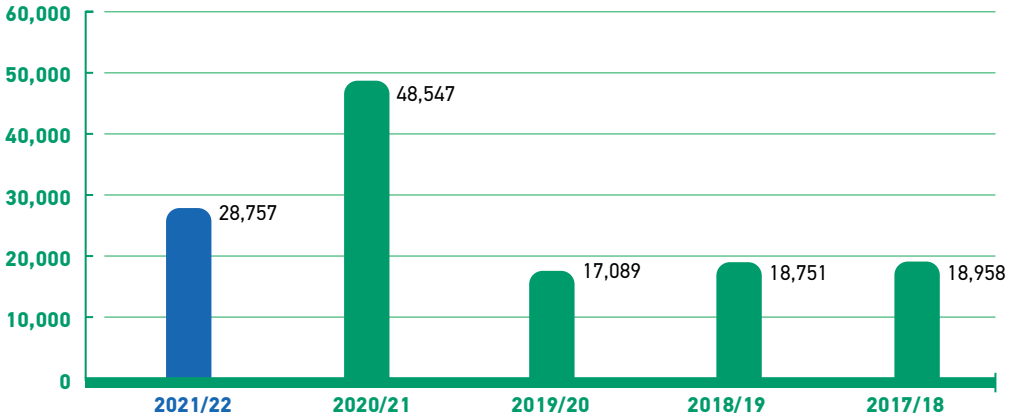


Return on Shareholder's Fund represents the ratio of overall profitability of Bank which indicates the amount returned to the shareholders or owners as a percentage of money they have invested in the company.

The return on shareholder has decreased by 12.81% in compared to FY 2020/21 with 9.83% with the average decline of 5.36% over the last 5 years.

MARKET CAPITALIZATION

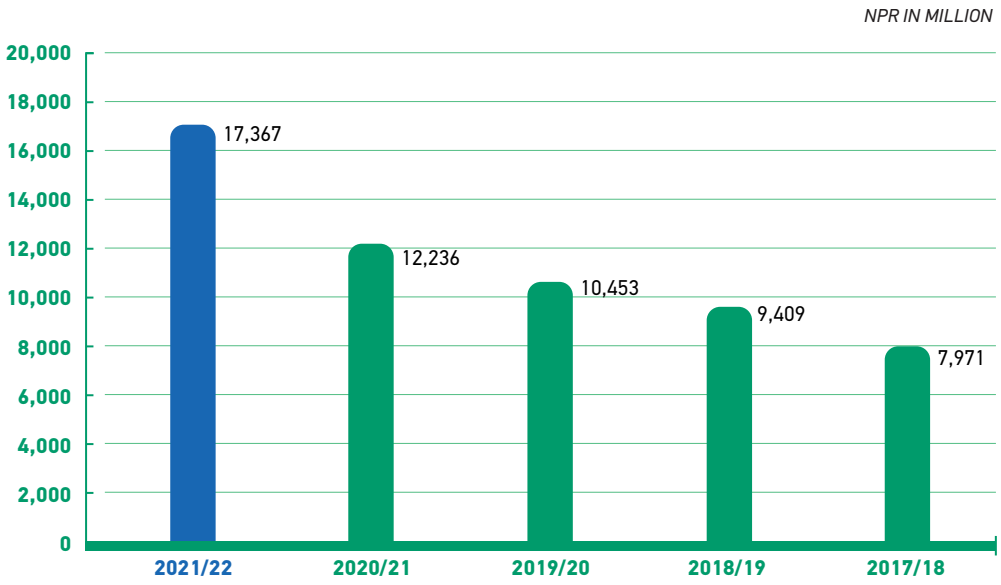
NPR IN MILLION



Market Capitalization represents the total market value of all the outstanding shares of the bank.

Market capitalization of the Bank has decreased by 40.76% and reached to NPR 28,757 Million which was NPR 48,547 Million in FY 2020/21 with the average growth of 20.27% over the last 5 years.

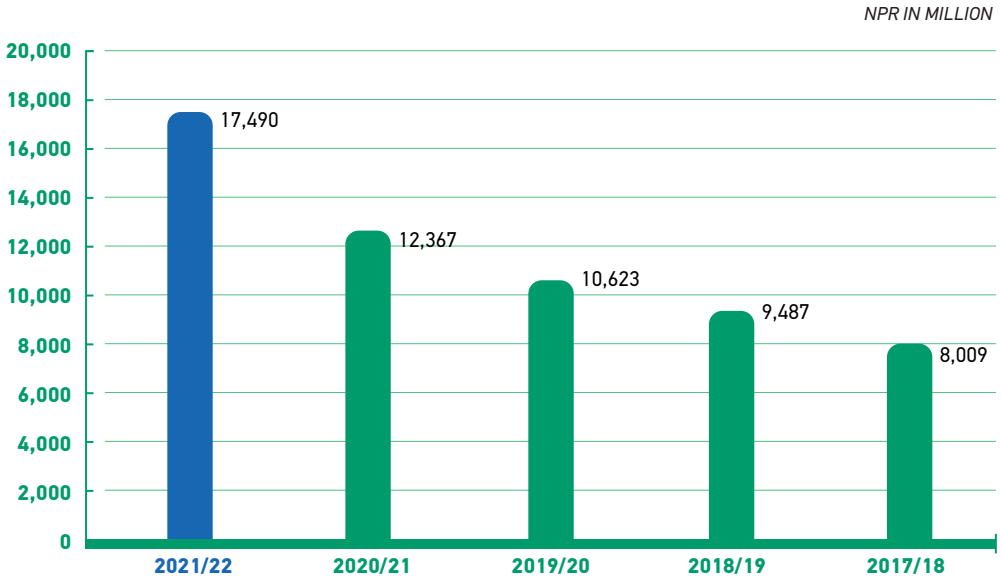
TOTAL OPERATING REVENUE



Total Operating Revenue represents the revenue generated from a company's primary business activities. In FY 2021/22, total operating revenue increased by 41.93% reaching NPR 17,367 Million in compared to FY 2020/21. Total operating revenue has been continuously growing with the average growth of 25.99% over the last 5 years.

The revenue has tremendously increased by 129.96% in the time of 5 years from NPR 7,971 Million in FY 2017/18 to NPR 17,367 Million in FY 2021/22. 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.

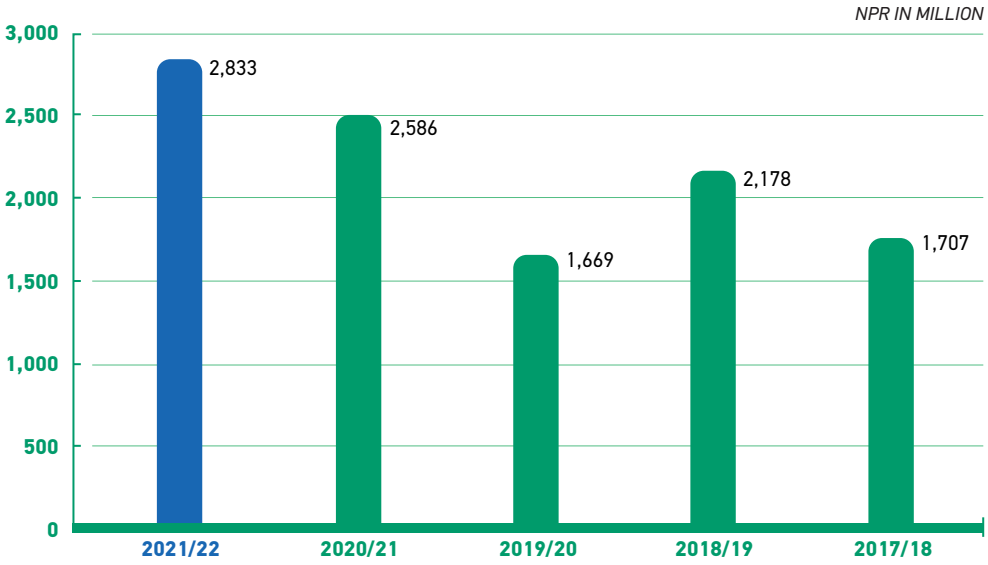
TOTAL REVENUE (INCLUDING OPERATING AND NON-OPERATING REVENUE)



Total Revenue including operating and non-operating revenue represents all the income of the bank. In FY 2021/22 the Bank's total revenue increased to NPR 17,490 Million with the growth of 41.42% as compared to FY 2020/21 with the average growth of 22.86% over the last 5 years.

The bank has seen a tremendous growth of 114.28% in the time of 5 years from NPR 8,009 Million in FY 2017/18 to NPR 17,490 Million in FY 2021/22 which indicates better operating performance of the Bank.

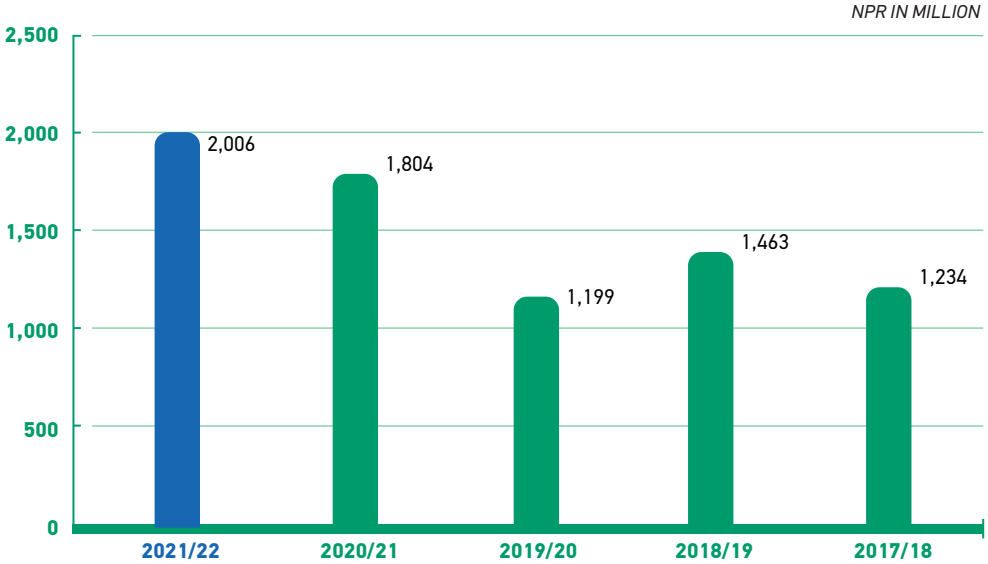
PROFIT BEFORE TAX



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 2021/22 has been increased by 9.55% and reached NPR 2,833 Million in compared to FY 2020/21. However, the bank shows average growth of 9.53% over the last 5 years which reflects the sound operating performance of the Bank.

There has been a growth of 47.67% in Profit Before Tax in the time of 5 years from NPR 1,707 Million in FY 2017/18 to NPR 2,833 Million in FY 2021/22.

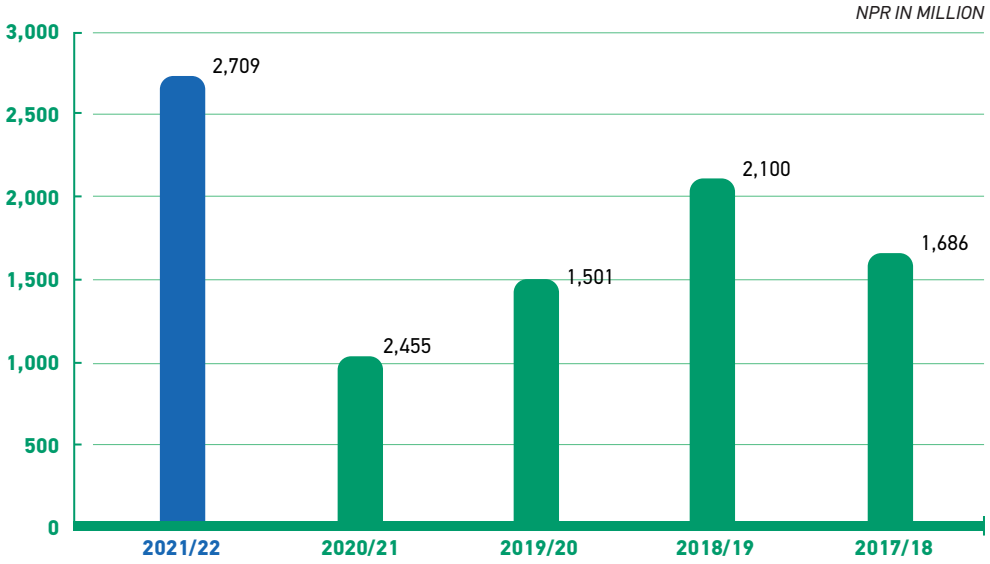
PROFIT AFTER TAX



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 2021/22 is NPR 2,006 Million which has been increased by 11.20 % as compared to FY 2020/21with the average growth of 7.53% over the last 5 years reflecting the efficient performance of the Bank.

There is a growth of 37.64% in Profit After Tax in the time of 5 years from NPR 1,234 Million in FY 2017/18 to NPR 2,006 Million in FY 2021/22.

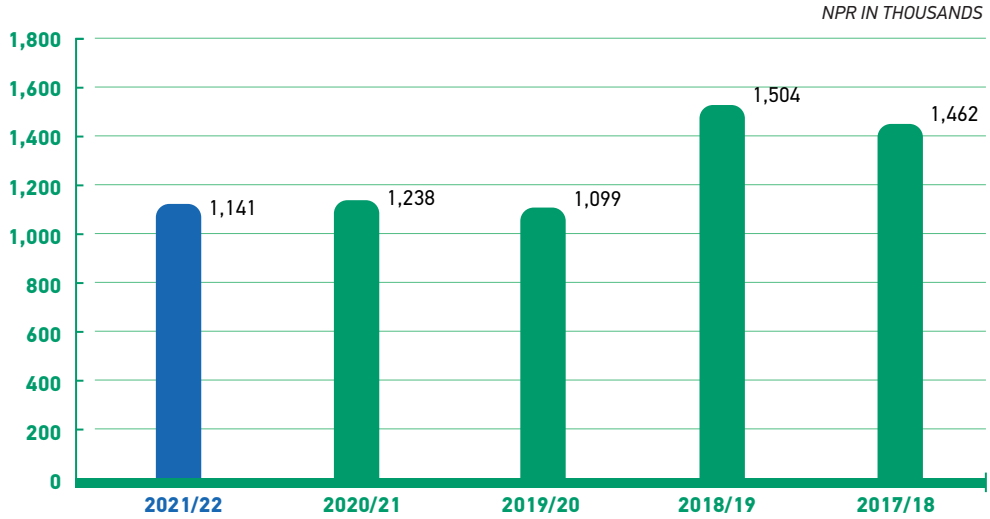
OPERATING PROFIT



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 2,709 Million in FY 2021/22 which has been increased by 10.35% in comparison to operating profit of NPR 2,455 Million in FY 2020/21. The Bank has the average growth of 16.00% in operating profit over the period of last 5 years.

Operating profit has shown a growth of 79.99% in the time of 5 years from NPR 1,686 Million in FY 2017/18 to NPR 2,709 Million in FY 2021/22.

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 2021/22 is NPR 1,141 thousands which has been decreased by 7.84 % in compared to FY 2020/21. Over the last 5 years, the Bank has shown the average declination of 5.36% in net profit per staff.

HORIZONTAL AND VERTICAL ANALYSIS

• HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

PARTICULARS	MID JULY (AMT IN NPR MILLION)					
	2022		2021		2020	
ASSETS						
Cash And Cash Equivalent	17,893	100.65%	11,563	106.65%	10,842	100%
Due From Nepal Rastra Bank	4,267	100.76%	3,796	156.21%	2,430	100%
Placement With Bank And Financial Institutions	1,234	103.07%	2,875	948.84%	303	100%
Derivative Financial Instruments	2.6591	101.66%	47	4700.00%	1	100%
Other Trading Assets	327.34	102.60%	597	656.04%	91	100%
Loans And Advances To B/Fls	3,300	101.15%	3,247	211.67%	1,534	100%
Loans And Advances To Customers	131,344	100.66%	118,912	150.57%	78,976	100%
Investment Securities	28,153	101.38%	22,017	186.14%	11,828	100%
Current Tax Assets	348.14	101.45%	288	202.82%	142	100%
Investment In Susidiaries	167.2	100.00%	167	100.00%	167	100%
Investment In Associates	375.65	118.77%	16	84.21%	19	100%
Investment Property	208.65	100.06%	141	71.94%	196	100%
Property And Equipment	3,704	100.45%	2,880	112.76%	2,554	100%
Goodwill And Intangible Assets	196.84	101.62%	84	112.00%	75	100%
Deferred Tax Assets	-	0.00%	-	0.00%	-	100%
Other Assets	2,891	101.08%	1,698	121.98%	1,392	100%
Total Assets	**194,413**	**100.76%**	**168,329**	**152.26%**	**110,551**	**100%**
LIABILITIES						
Due To Bank And Financial Institutions	4,063	100.10%	2,765	74.95%	3,689	100%
Due To Nepal Rastra Bank	11,070	118.49%	1,206	212.32%	568	100%
Derivative Financial Instruments	-	0.00%	-	0.00%	-	100%
Deposits From Customers	152,801	100.73%	140,638	158.92%	88,496	100%
Borrowing	-	0.00%	-	0.00%	-	100%
Current Tax Liabilities	-	0.00%	-	0.00%	-	100%
Provisions	5.3066	100.06%	5	100.00%	5	100%
Deferred Tax Liabilities	63.309	1.035%	217	15.5%	14	100%
Other Liabilities	3,522	101.54%	2,133	153.79%	1,387	100%
Debt Securities Issued	2,478	99.83%	2,476	83.25%	2,974	100%
Subordinated Liabilities	-	0.00%	-	0.00%	-	100%
Total Liabilities	**174,003**	**100.79%**	**149,441**	**153.85%**	**97,133**	**100%**
EQUITY						
Share Capital	14,201	100.56%	12,577	138.36%	9,090	100%
Share Premium	-	99.00%	-	0.00%	4	100%
Retained Earnings	1,329	100.43%	1,423	152.85%	931	100%
Reserves	4,879	100.44%	4,888	144.06%	3,393	100%
Total Equity Attributable To Equity Holders	**20,409**	**100.52%**	**18,888**	**140.77%**	**13,418**	**100%**
Non-Controlling Interest	-	-	-	-	-	-
Total Equity	**20,409**	**100.52%**	**18,888**	**140.77%**	**13,418**	**100%**
Total Liabilities And Equity	**194,413**	**100.76%**	**168,329**	**152.26%**	**110,551**	**100%**

Horizontal Analysis on Statement of Financial Position 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 2020 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

PARTICULARS	MID JULY (AMT IN NPR MILLION)					
	2022		2021		2020	
Interest Income	15,968	168.26%	10,840	114.23%	9,490	100%
Interest Expense	(10,974)	166.15%	(7,189)	108.84%	(6,605)	100%
Net Interest Income	**4,993**	**173.08%**	**3,650**	**126.52%**	**2,885**	**100%**
Fee And Commission Income	998	171.50%	825	141.75%	582	100%
Fee And Commission Expense	(129)	222.48%	(73)	125.86%	(58)	100%
Net Fee And Commission Income	**869**	**165.85%**	**752**	**143.51%**	**524**	**100%**
Net Interest, Fee And Commission Income	**5,863**	**171.97%**	**4,402**	**129.13%**	**3,409**	**100%**
Net Trading Income	224	79.81%	418	148.75%	281	100%
Other Operating Income	177	177.23%	153	153.00%	100	100%
Total Operating Income	**6,264**	**165.24%**	**4,974**	**131.21%**	**3,791**	**100%**
Impairment (Charge)/Reversal For Loans And Other Losses	(552)	86.32%	(394)	61.56%	(640)	100%
Net Operating Income	**5,712**	**181.26%**	**4,580**	**145.35%**	**3,151**	**100%**
Operating Expense						
Personnel Expenses	(1,785)	190.96%	(1230)	131.55%	(935)	100%
Other Operating Expenses	(804)	159.18%	(650)	128.71%	(505)	100%
Depreciation & Amortisation	(413)	194.86%	(245)	115.57%	(212)	100%
Operating Profit	**2,709**	**180.74%**	**2,455**	**163.78%**	**1,499**	**100%**
Non Operating Income	123	72.56%	130	76.47%	170	100%
Non Operating Expense	-	0.00%	-	0.00%	-	100%
Profit Before Income Tax	**2,833**	**169.72%**	**2,586**	**154.94%**	**1,669**	**100%**
Income Tax Expense	-	-	-	-	-	-
Current Tax	(890)	189.82%	(780)	166.31%	(469)	100%
Deferred Tax	63	-6325.08%	(1)	100.00%	(1)	100%
Profit(Loss) For The Period	**2,006**	**167.27%**	**1,804**	**150.46%**	**1,199**	**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 the 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

PARTICULARS	MID JULY (AMT IN NPR MILLION)					
	2022		2021		2020	
ASSETS						
Cash And Cash Equivalent	17,893	9.20%	11,563	6.87%	10,842	9.81%
Due From Nepal Rastra Bank	4,267	2.19%	3,796	2.26%	2,430	2.20%
Placement With Bank And Financial Institutions	1,234	0.63%	2875	1.71%	303	0.27%
Derivative Financial Instruments	3	0.00%	47	0.03%	1	0.00%
Other Trading Assets	327	0.17%	597	0.35%	91	0.08%
Loans And Advances To B/FIs	3,300	1.70%	3,247	1.93%	1,534	1.39%
Loans And Advances To Customers	131,344	67.56%	118,912	70.64%	78,976	71.44%
Investment Securities	28,153	14.48%	22,017	13.08%	11,828	10.70%
Current Tax Assets	348	0.18%	288	0.17%	142	0.13%
Investment In Susidiaries	167	0.09%	167	0.10%	167	0.15%
Investment In Associates	376	0.19%	16	0.01%	19	0.02%
Investment Property	209	0.11%	141	0.08%	196	0.18%
Property And Equipment	3,704	1.91%	2,880	1.71%	2,554	2.31%
Goodwill And Intangible Assets	197	0.10%	84	0.05%	75	0.07%
Deferred Tax Assets	-	0.00%	-	0.00%	-	0.00%
Other Assets	2,891	1.49%	1,698	1.01%	1,392	1.26%
Total Assets	**194,413**	**100.00%**	**168,329**	**100.00%**	**110,551**	**100.00%**

LIABILITIES						
Due To Bank And Financial Institutions	4,063	2.09%	2,765	1.64%	3,689	3.34%
Due To Nepal Rastra Bank	11,070	5.69%	1206	0.72%	568	0.51%
Derivative Financial Instruments	-	0.00%	-	0.00%	-	0.00%
Deposits From Customers	-	78.60%	140,638	83.55%	88,496	80.05%
Borrowing	-	0.00%	-	0.00%	-	0.00%
Current Tax Liabilities	-	0.00%	-	0.00%	-	0.00%
Provisions	5	0.00%	5	0.00%	5	0.00%
Deferred Tax Liabilities	63	0.03%	217	0.13%	14	0.01%
Other Liabilities	3,522	1.81%	2,133	1.27%	1,387	1.25%
Debt Securities Issued	2,478	1.27%	2,476	1.47%	2974	2.69%
Subordinated Liabilities	-	0.00%	-	0.00%	-	0.00%
Total Liabilities	**174,003**	**89.50%**	**149,441**	**88.78%**	**97,133**	**87.86%**

EQUITY						
Share Capital	14,201	7.30%	12,577	7.47%	9,090	8.22%
Share Premium	0	0.00%	-	0.00%	4	0.00%
Retained Earnings	1,329	0.68%	1423	0.85%	931	0.84%
Reserves	4,879	2.51%	4,888	2.90%	3,393	3.07%
Total Equity Attributable To Equity Holders	**20,409**	**10.50%**	**18,888**	**11.22%**	**13,418**	**12.14%**
Non-Controlling Interest	-	-	-	-	-	-
Total Equity	**20,409**	**10.50%**	**18,888**	**11.22%**	**13,418**	**12.14%**
Total Liabilities And Equity	**194,413**	**100.00%**	**168,329**	**100.00%**	**110,551**	**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 2022, we can observe that the loans & advances to customer holds the major part. i.e. 67.56% which has been decreased as compared to last year by 3.08%. The investment in securities has been increased by 1.40% as compared to last year and holds the second highest portions i.e. 14.48% of total assets in mid July 2022.Similarly, the deposit in mid July 2022 holds the major portion i.e. 78.60% out of total equity and liabilities and it has been decreased as compared to last year by 4.95%.



STATEMENT OF PROFIT OR LOSS

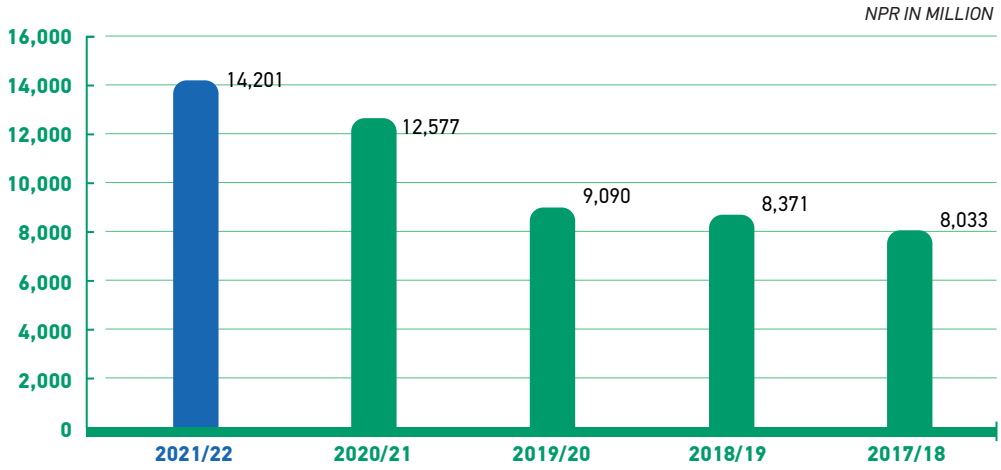
PARTICULARS	MID JULY (AMT IN NPR MILLION)					
	2022		2021		2020	
Interest Income	15,968	94.27%	10,840	90.54%	9,490	95.06%
Interest Expense	(10,974)	-64.79%	(7,189)	-60.05%	(6,605)	-66.16%
Net Interest Income	**4,993**	**29.48%**	**3,650**	**30.49%**	**2,885**	**28.90%**
Fee And Commission Income	998	5.89%	825	6.89%	582	5.83%
Fee And Commission Expense	(129)	-0.76%	(73)	-0.61%	(58)	-0.58%
Net Fee And Commission Income	**869**	**5.13%**	**752**	**6.28%**	**524**	**5.25%**
Net Interest, Fee And Commission Income	**5,863**	**34.61%**	**4,402**	**36.77%**	**3,409**	**34.15%**
Net Trading Income	224	1.32%	418	3.50%	281	2.82%
Other Operating Income	177	1.05%	153	1.28%	100	1.00%
Total Operating Income	**6,264**	**36.98%**	**4,974**	**41.54%**	**3,791**	**37.97%**
Impairment (Charge)/Reversal For Loans And Other Losses	(552)	-3.26%	(394)	-3.29%	(640)	-6.41%
Net Operating Income	**5,712**	**33.72%**	**4,580**	**38.25%**	**3,151**	**31.56%**
Operating Expense						
Personnel Expenses	(1,785)	-10.54%	(1,230)	-10.27%	(935)	-9.37%
Other Operating Expenses	(804)	-4.75%	(650)	-5.43%	(505)	-5.05%
Depreciation & Amortisation	(413)	-2.44%	(245)	-2.05%	(212)	-2.12%
Operating Profit	**2,709**	**15.99%**	**2,455**	**20.51%**	**1,499**	**15.02%**
Non Operating Income	123	0.73%	130	1.09%	170	1.70%
Non Operating Expense	-	0.00%	-	0.00%	-	0.00%
Profit Before Income Tax	**2,833**	**16.72%**	**2,586**	**21.60%**	**1,669**	**16.72%**
Income Tax Expense						
Current Tax	(890)	-5.26%	(780)	-6.52%	(469)	-4.70%
Deferred Tax	63	0.37%	(1)	-0.01%	(1)	-0.01%
Profit(Loss) For The Period	**2,006**	**11.84%**	**1,804**	**15.07%**	**1,199**	**12.01%**

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 year figures. Further, Loan Loss provision has also increased as compared 2020/21.



TREND ANALYSIS OF STATEMENT OF FINANCIAL POSITION / PROFITABILITY / DIVIDENDS / PERFORMANCE & LIQUIDITY RATIOS

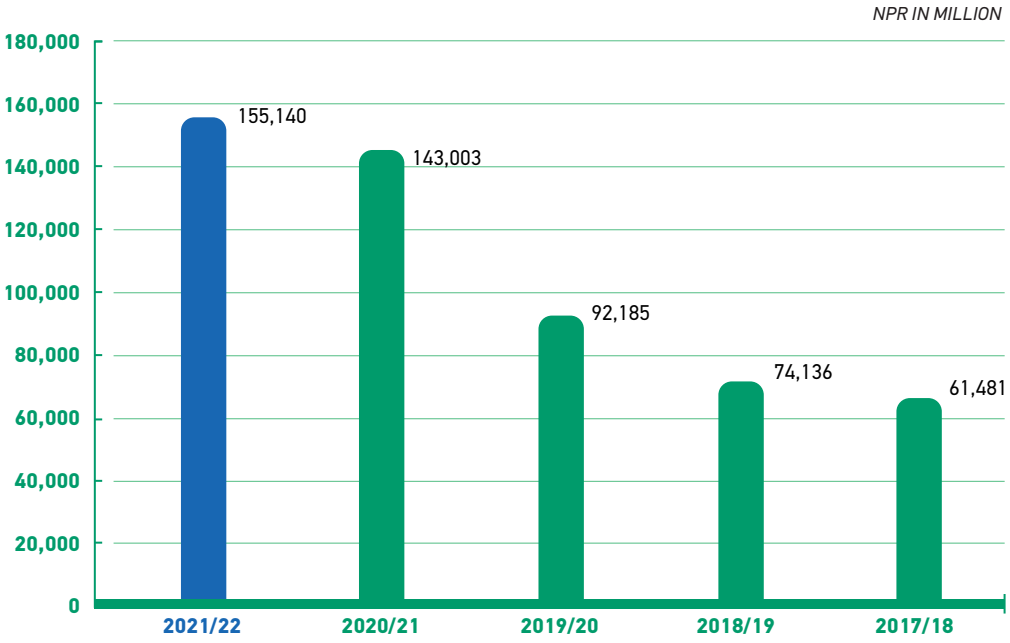
PAID UP CAPITAL



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 14,201 Million in FY 2021/22 increased by 12.91% as compared to previous year. The Bank has achieved average growth of 16.02 % in the paid up capital over the last 5 years.

The paid up capital of the Bank in FY 2017/18 was 8,033 Million increased by 80.12% to NPR 14,201 Million in FY 2021/22 in time of 5 years.

DEPOSITS

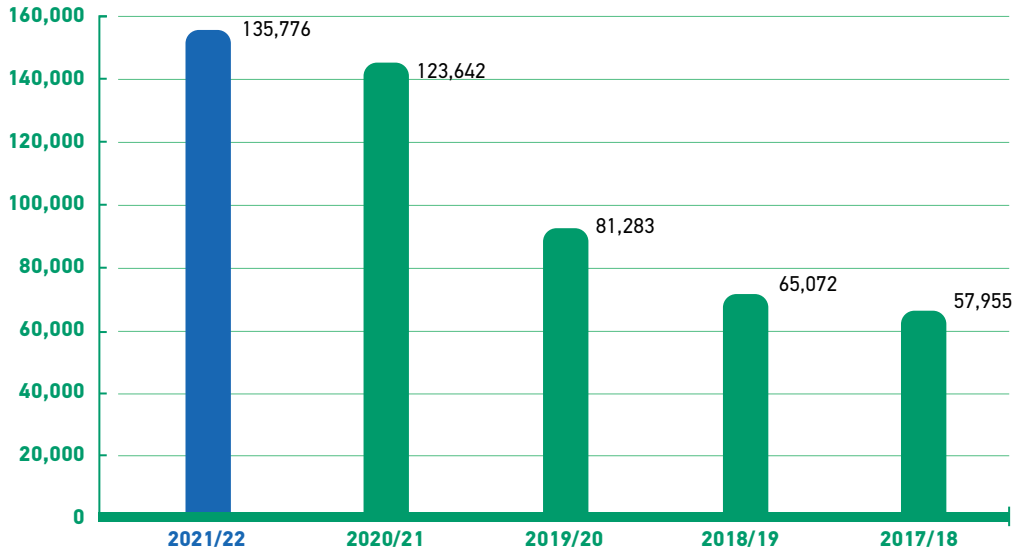


The deposit of the Bank is in incremental trend over the last 5 years and has reached NPR 155,140 Million in FY 2021/22 with the growth of 8.49% as compared to previous year. The Bank has been able to maintain average growth rate of 25.03% over the last 5 years which shows the increasing customer satisfaction with the Bank.

In time of 5 years, the Bank has achieved growth of 125.16% in deposits being NPR 61,481 Million in FY 2017/18 to NPR 155,140 Million in FY 2021/22.

LOANS AND ADVANCES

NPR IN MILLION

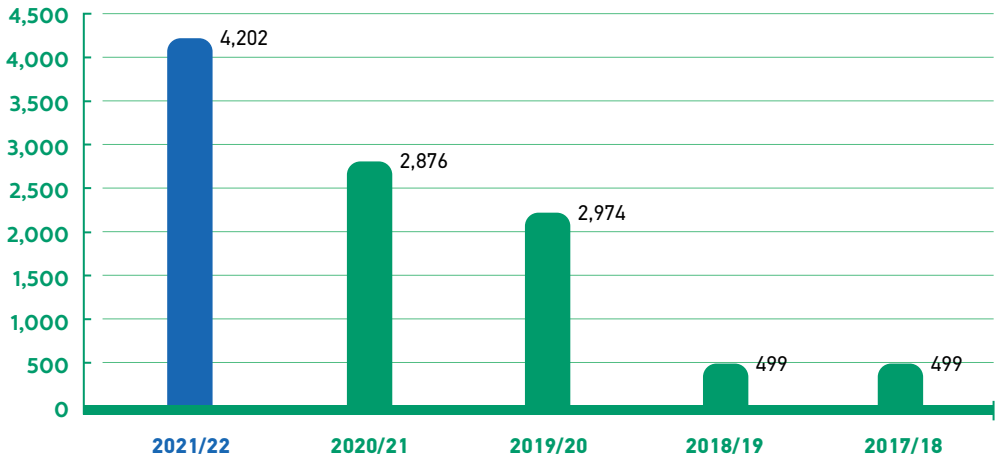


The Bank has been able to expand its loans and advances portfolio to NPR 135,776 Million in FY 2021/22 from NPR 123,642 Million in FY 2020/21 with the increment of 9.81%. The trend of loans and advances has been increasing continuously with the average growth of 23.75% over the last 5 years.

In time of 5 years, the Bank has achieved growth of 118.76% in loans and advances being NPR 57,955 Million in FY 2017/18 to NPR 135,776 Million in FY 2021/22.

BORROWINGS AND DEBENTURES

NPR IN MILLION

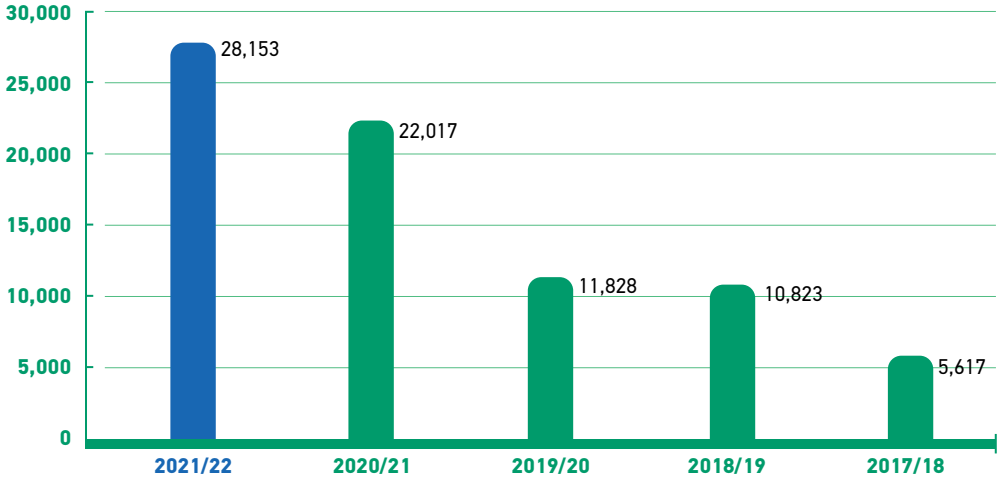


Borrowings and debentures represents the amount of money borrowed by the Bank at fixed or floating rate of interest with or without collateral. The balance of borrowings and debentures stand at NPR 4,202 Million in FY 2021/22 including the debentures issued in FY 2019/20 of NPR 2,500 Million. The debentures 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 539.00% from NPR 499 Million in FY 2017/18 to NPR 4,202 Million in FY 2021/22.

INVESTMENTS

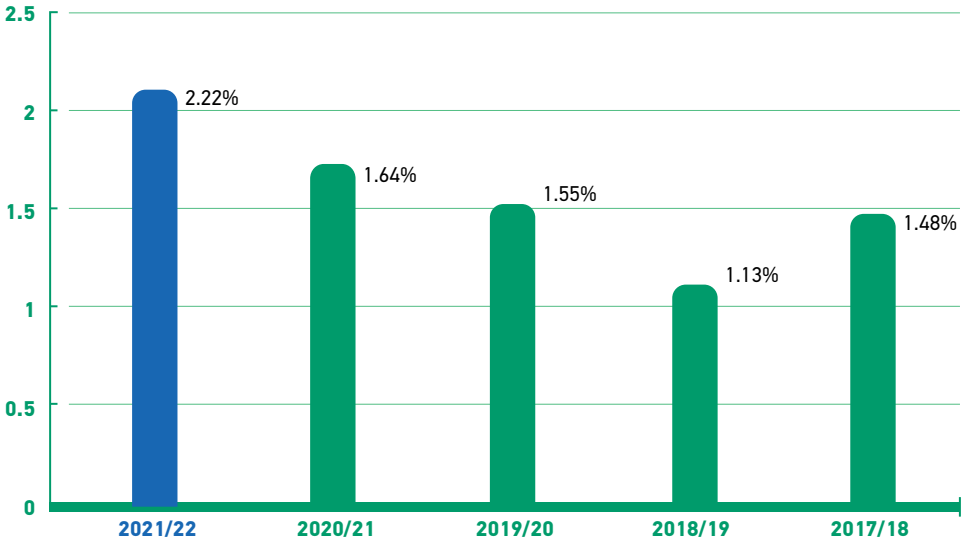
NPR IN MILLION



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 27.87% in FY 2021/22 as compared to FY 2020/21. Investment has faced the average growth of 39.75% over the last 5 years.

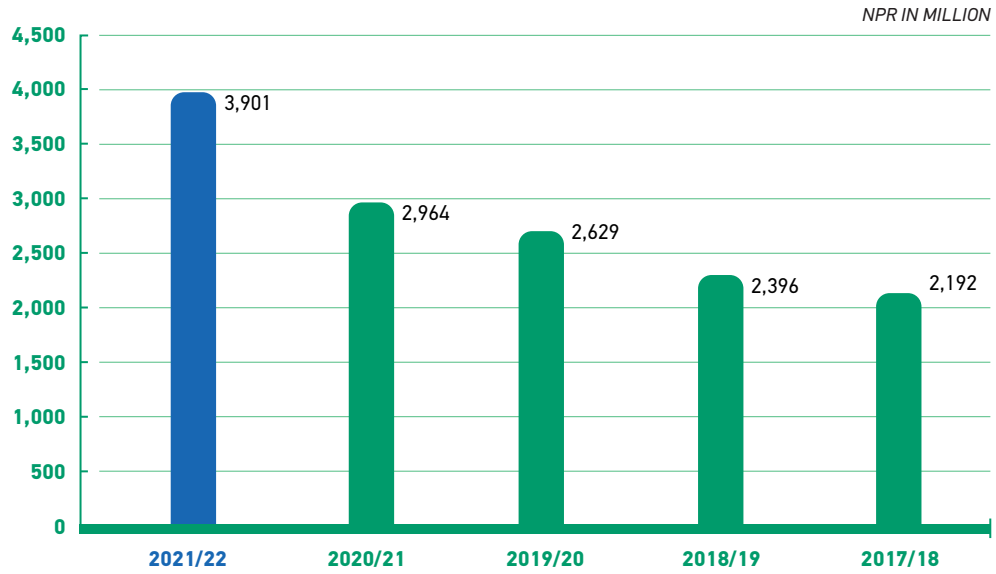
In time of 5 years, the Bank has achieved growth of 198.75% in investments being NPR 5,617 Million in FY 2017/18 to NPR 28,153 Million in FY 2021/22.

NPL TO TOTAL LOAN



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 2.22% in FY 2021/22 from 1.64% in FY 2020/21. Non-performing loan to total loan has been Increased by 5.59% in average during the period of last 5 years.

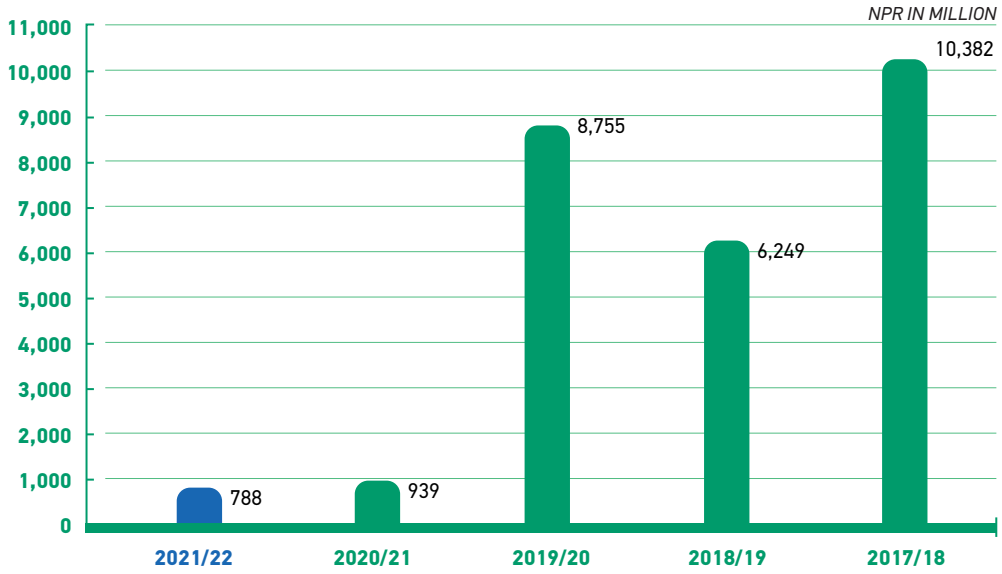
FIXED ASSETS



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 2021/22 by 31.61% in compared to FY 2020/21 and reached NPR 3,901 Million with the average growth of 17.49% 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 87.44% in the time of 5 years from NPR 2,192 Million in FY 2017/18 to NPR 3,901 Million in FY 2021/22.

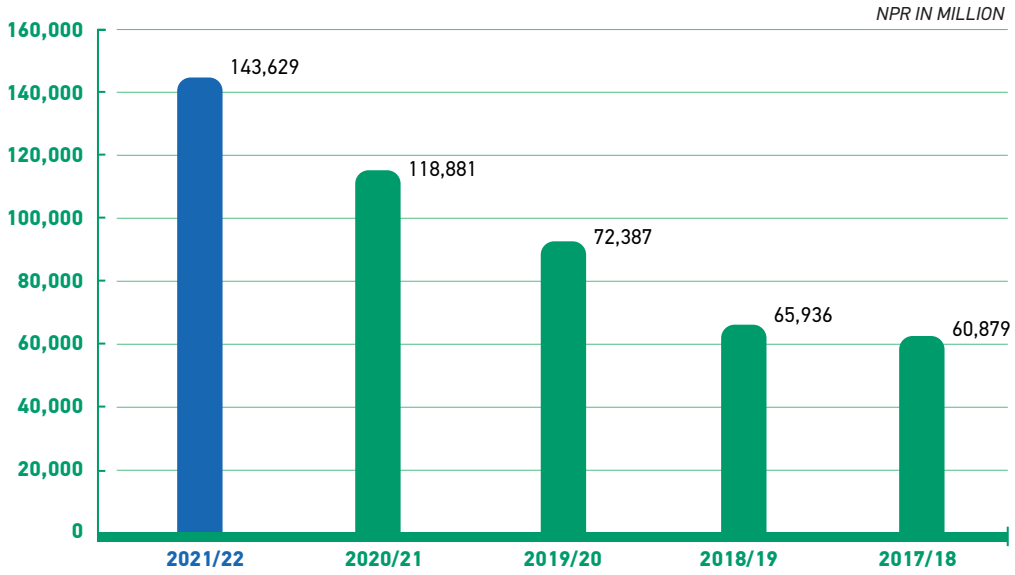
NET CURRENT ASSETS



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 788 Million in FY 2021/22 with the decrease of 16.08% compared to FY 2020/21.

Although the net current assets have decreased in time of 5 years with the change of 38.07% from NPR 10,382 Million in FY 2017/18 to NPR 788 Million in FY 2021/22 it indicates Bank has sufficient current assets to pay short term obligations.

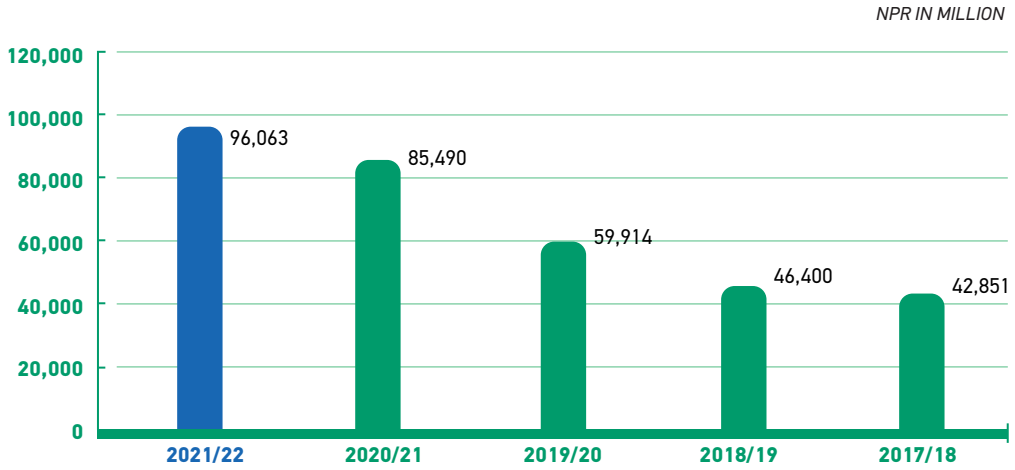
CURRENT LIABILITIES



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 20.82% in FY 2021/22 compared to FY 2020/21 with the average growth of 25% 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 124.98% in time of 5 years from NPR 60,879 Million in FY 2017/18 to NPR 143,629 Million in FY 2021/22.

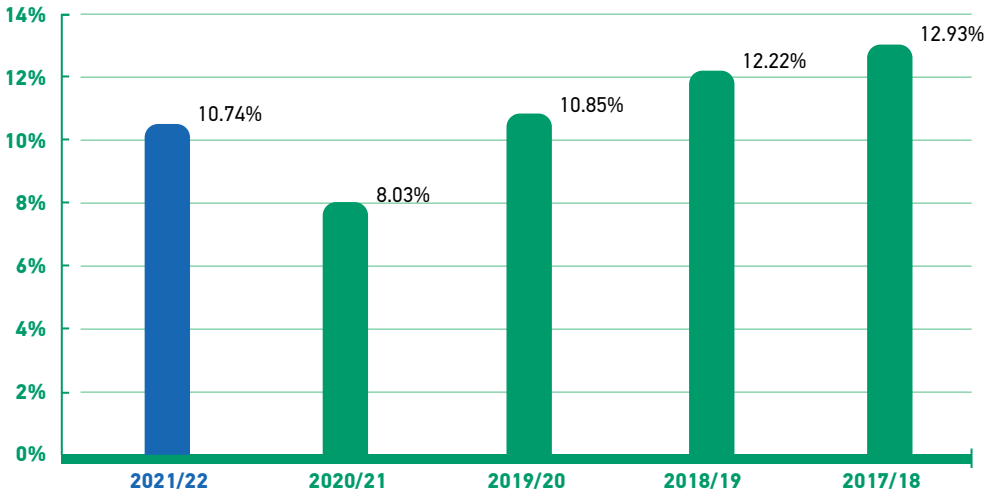
LONG TERM LIABILITIES



Long Term Liabilities represents the loans and financial obligations that are not due within one year. Long term liabilities increased by 12.37% reaching NPR 96,063 Million in FY 2021/22 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 21.79% of long term liabilities over the last 5 years.

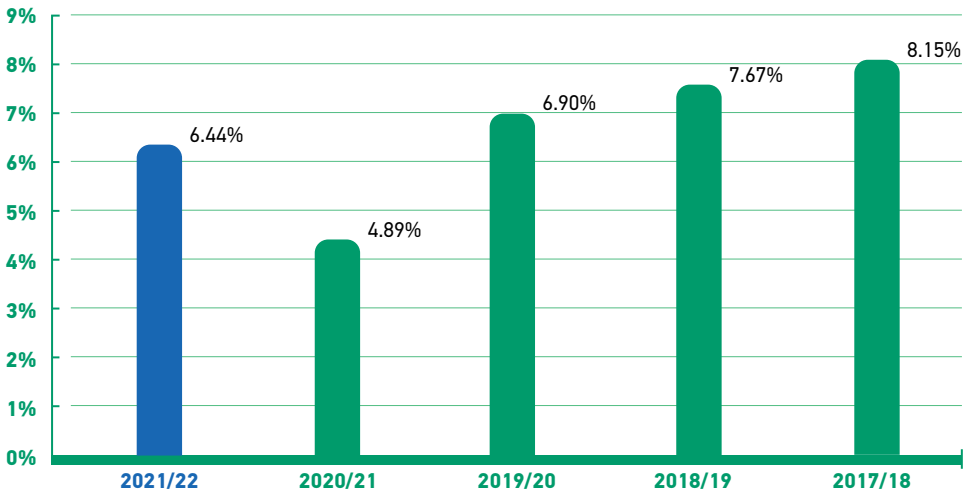
In time of 5 years, the Bank has seen a change of 108.97% in long term liabilities from NPR 42,851 Million in FY 2017/18 to NPR 96,063 Million in FY 2021/22.

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 increase in interest income to loans and advances to 10.74% in FY 2021/22 in compared to previous year with the average increment of 2.72% over last 5 years.

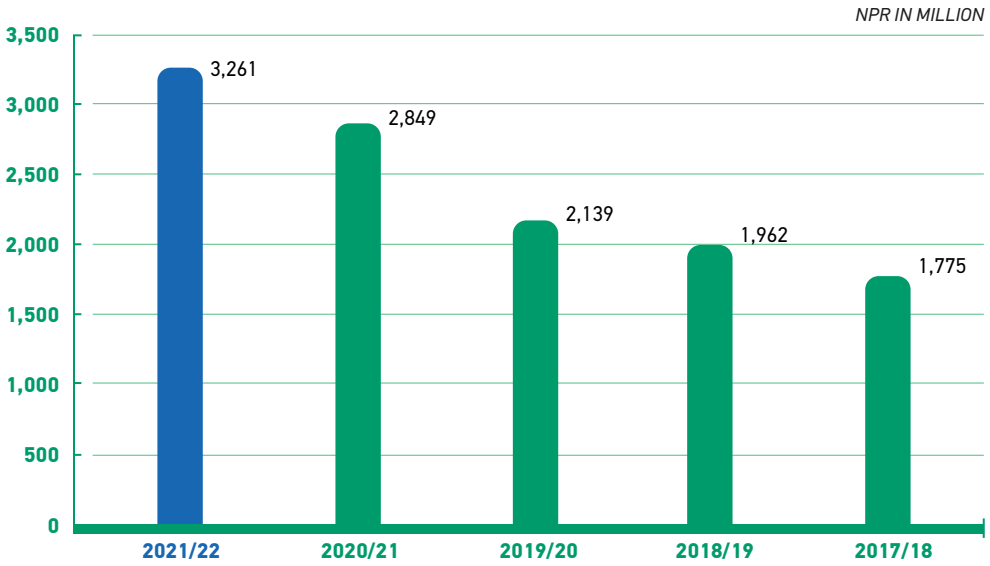
INTEREST EXPENSES / DEPOSITS AND BORROWINGS



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 increased by 31.70% in FY 2021/22 as compared to previous year. There has been a fluctuating trend over the period of last 5 years with the average increase of 3.12%.

The Bank has faced a change of 15.59% in the time of 5 years being 8.15% in FY 2017/18 to 6.44% in FY 2021/22.

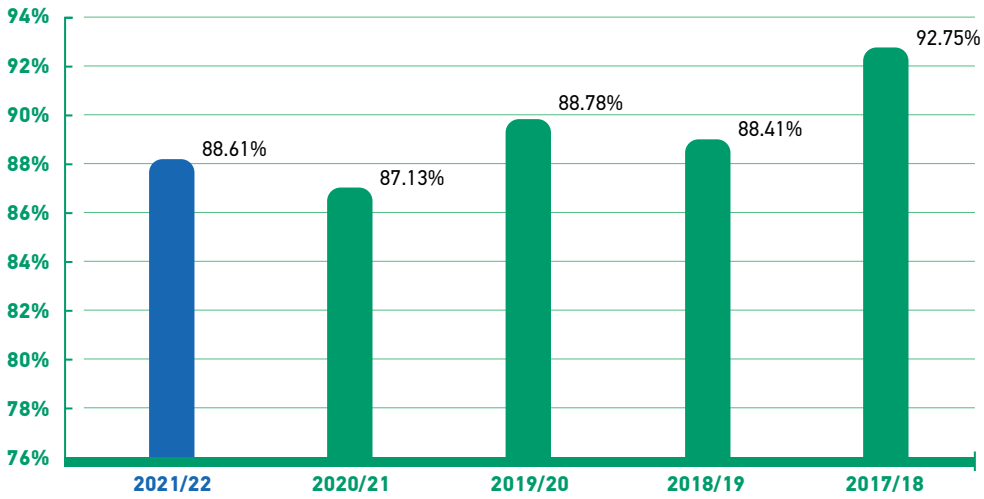
OPERATING PROFIT BEFORE LOAN LOSS PROVISION (LLP)



The operating profit before LLP has been maintained at NPR 3,261 Million in FY 2021/22 with the increment of 14.46% as compared to previous year. The operating profit before LLP is in incremental trend and has the average growth of 18.18% 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 90.90% in operating profit before LLP being NPR 1,775 Million in FY 2017/18 to NPR 3,261 Million in FY 2021/22.

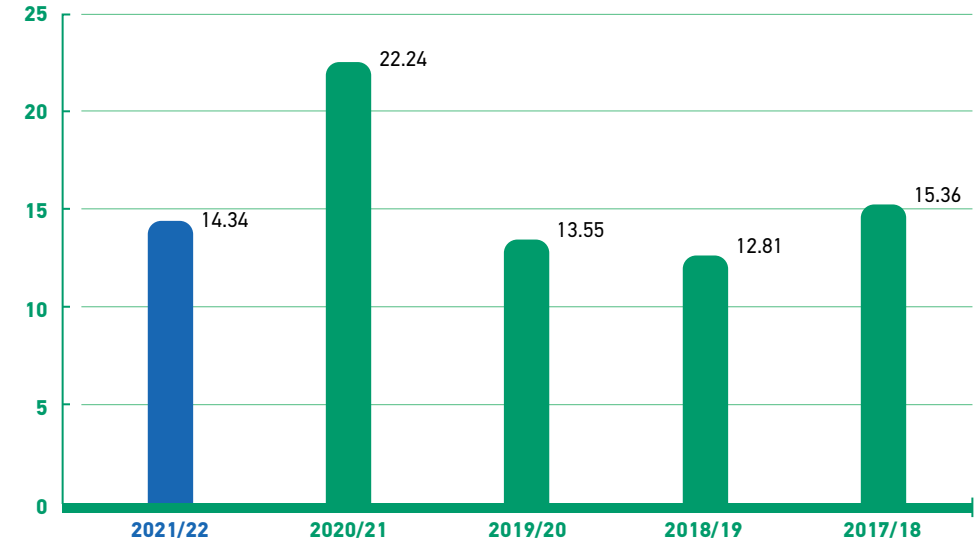
CREDIT TO DEPOSIT RATIO



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 increased to 88.61% in the FY 2021/22 in comparison to previous year which was 87.13 %. There is the average change of 1.70 % in credit to deposit ratio over the period of last 5 years.

The credit to deposit ratio has been decreased by 3.48% in a time of 5 years being 92.75 % in FY 2017/18 and 88.61 % in FY 2021/22.

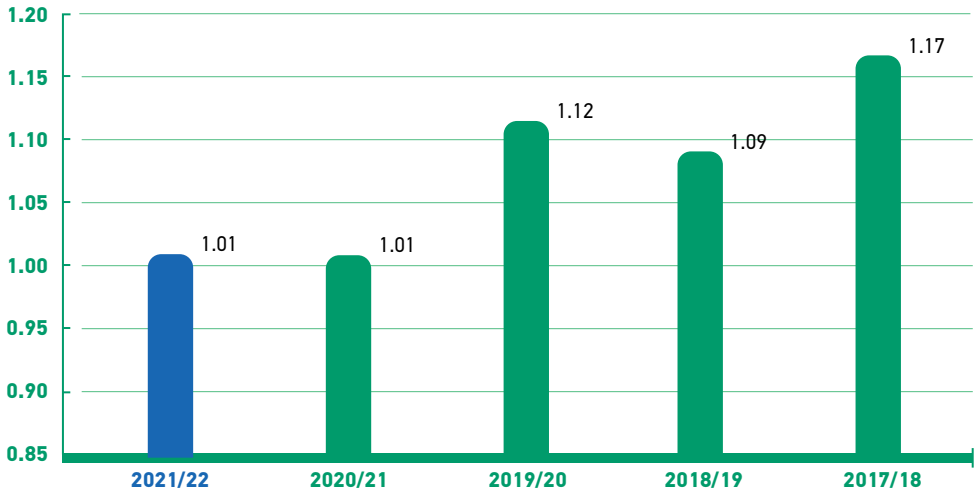
PRICE EARNINGS RATIO



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 14.34 times decreased by 35.52% in FY 2021/22 as compared to previous year with the average decline of 0.99% over the last 5 years.

PE ratio has been decreased by 4.95% in time of 5 years from 15.36 in FY 2017/18 to 14.34 in FY 2021/22.

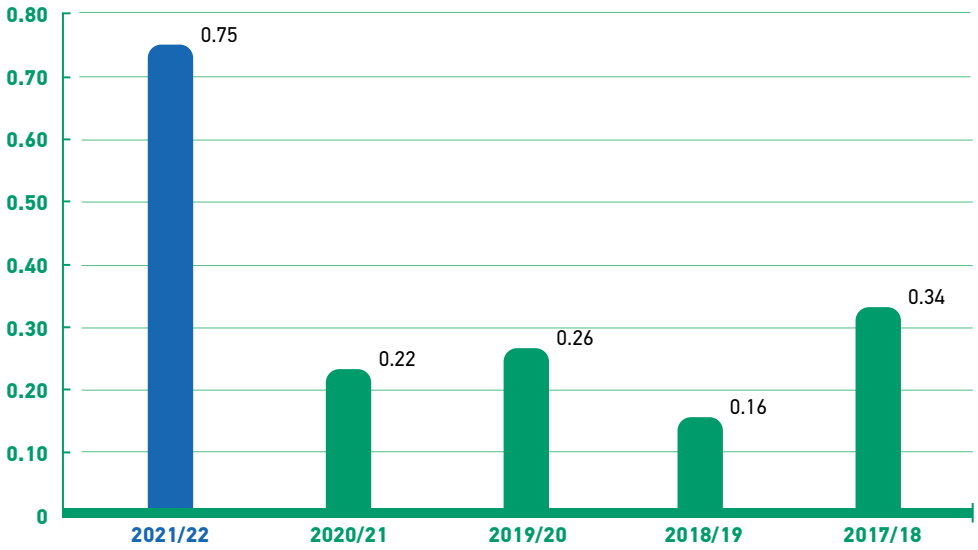
CURRENT RATIO



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 2021/22 in equal as compared to previous year. The trend of current ratio is positive over the past 5 years with average decline of 1.89%. However, the Bank is in comfortable position to meet its short term obligation.

The current ratio has been decreased by 9.44% in time of 5 years from 1.17 in FY 2017/18 to 1.01 in FY 2021/22.

DEBT EQUITY RATIO



Debt Equity Ratio represents the Bank's financial leverage, calculated by dividing a company's debt and financial liability by its shareholder's equity. The debt equity ratio in FY 2021/22 has been increased by 240.91% reaching to 0.75 times from 0.22 times than previous year.

The ratio has been increased from 0.34 times in FY 2017/18 to 0.75 times in FY 2021/22 with total average turnaround of 59.40% in time of 5 years.

07

INFORMATION ABOUT BANK'S SERVICE NETWORKS

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BRANCH LOCATIONS



PROVINCE 1
- Branches: 26
- ATMs: 13
- BLBs: 05

MADHESH
- Branches: 29
- ATMs: 21
- BLBs: 13

BAGMATI
- Branches: 49
- ATMs: 54
- BLBs: 59

GANDAKI
- Branches: 12
- ATMs: 09
- BLBs: 03

LUMBINI
- Branches: 50
- ATMs: 27
- BLBs: 06

KARNALI
- Branches: 09
- ATMs: 05
- BLBs: 08

SUDUR PASCHIM
- Branches: 07
- ATMs: 05
- BLBs: 03

KATHMANDU
BRANCHES	27
ATMs	34
BLBs	06

LALITPUR
BRANCHES	05
ATMs	09
BLBs	05

BHAKTAPUR
BRANCHES	03
ATMs	04
BLBs	05

Province Offices

S.N.	PROVINCE OFFICE	DISTRICT	ADDRESS	PHONE NO.
1	PROVINCE 1	Morang	Dharan Road, Biratnagar-07, Morang	021-440501/2/3
2	MADHESH	Parsa	Adarsh Nagar Chowk, Birgunj-06	051-552078
3	BAGMATI	Kathmandu	Batuleghar, Dillibazar, Kathmandu-31	01-4430528
4	GANDAKI	Kaski	Pokhara-8, Kaski	01-4430528
5	LUMBINI	Rupandehi	Butwal-06, Rupandehi	071-540681
6	KARNALI	Surkhet	Birendranagar-06, Surkhet	083-520850
7	SUDURPASHCHIM	Kailali	Main Road, Dhangadi-4	9857011646

Province 1

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	BANIGAMA	Morang	Netachowk, Gramthan Rural Municipality-07	021402093
2	BHOJPUR	Bhojpur	Bank Road, Bhojpur-07	029-420729
3	BIRATNAGAR	Morang	Biratnagar Municipality -01, Hanuman Road	021-528058
4	MAHENDRA CHOWK	Morang	Biratnagar Municiplaity -07, Dharan Road	021-440501
5	BIRTAMOD	Jhapa	Kakadvitta Road, Birtamod-5, Jhapa	023-540255
6	CHAKRAGHATTI	Sunsari	Barahachhetra Municipality-06	025-551140
7	DAMAK	Jhapa	Damak Municipality-06	01-4487872
8	DANGIHAT	Morang	Belbari Municipality-11, Laxminagar Marg	021-411184
9	DHARAN	Sunsari	Puutali Line, Dharan-9	025-533779
10	DUHABI	Sunsari	Duhabi -05, Sunsari	025-541113
11	GAIGHAT	Udayapur	Triyuga Municipality-11, Gaighat, Udayapur	035 421330
12	HALDIBARI	Jhapa	Mangalbare Chowk-4, Jhapa	9803502928
13	HARINAGARA	Sunsari	Harinagara Rural Municipality-04	9802734543
14	INARUWA	Sunsari	Inaruwa Municipality-01	025-561440
15	ITAHARI	Sunsari	Itahari -06, Purba Line, Sunsari	025-580665
16	KANCHANBARI	Morang	Rajbanshi Chowk, Morang-03	021-420192
17	KANCHANBARI-2	Morang	Biratnagar-4, Kanchanbari Chowk	021-460633
18	KARSIYA	Morang	Dhanapalthan Rural Municipality-04 Karsia, Morang	021-565240
19	KATAHARI	Morang	Katahari Rurak Municipality-02 , Morang	021-404052
20	LAUKAHI	Sunsari	Kpshi Rural Municipality-01 Laukahi, Sunsari	025-401070
21	LIKHUPIKEY	Solukhumbhu	Likhupikey-3, Solukhumbhu	025-580665
22	MANGSEYBUNG	Illam	Manseybung RM-2, Illam,	023-540255
23	PATHARI	Morang	Pathari-01, Morang	021-556114
24	RANGELI	Morang	Rangeli-07, Morang	021-580204
25	SALAKPUR	Morang	Sundarharaicha-08, Morang	021-545393
26	SHAHIDBHUMI	Dhankuta	Sahidbhumi-04, Dhankuta	029-420729
27	PROVINCE OFFICE	Morang	Biratnagar Metropolitan City-07, Dharan Road	021-440501

Madhesh Province

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	AURAHI	Mahottari	Mahottari, Aurahi Ward no. 1	9841464905
2	BARDIBAS	Mahottari	Bardibas-14, Mahottari	01-4169067
3	BHANU CHOWK	Dhanusha	Bhanu Chowk-2, Janakpur	041-528581
4	BHARDAHA	Saptari	Hanumannagar Kankalini Municipality-01	031-440280
5	BIRGUNJ	Parsa	Adarsha Nagar Chowk, Main Road, Birgunj-06	051-520782
6	BODEBARSHAIN	Saptari	Bode Barsain -05, Saptari	031-446061
7	DHANUSHADHAM	Dhanusha	Dhanushadham-03, Dhanusha	041-414070
8	FATEHPUR	Saptari	Saptakoshi Municiplaity-01, Saptari	031-550084
9	GARUDA	Rautahat	Garuda Municipality-4, Rautahat	055-565061
10	GAUSHALA	Mahottari	Gaushala-1, Mahottari	044-556156
11	JALESHWAR	Mahottari	Mina Bazar, Jaleshwar-4, Mahottari	044-521058
12	KOLHABI	Bara	Kolhabi-01, Bara	053-410030
13	KALYANPUR	Saptari	Khadak Municipality-07	021-540018
14	KANCHANRUP	Saptari	Kanchanrup-08, Saptari	021-560323
15	LAHAN	Siraha	Lahan-08, Siraha	033-590018
16	LOHARPATTI	Mahottari	Loharpatti-6, Mahottari	9845028342
17	MAHENDRANAGAR (DHANUSHA)	Dhanusha	Chhireshwornath-05, Dhanusha	041-540473
18	NIJGADH	Bara	Nijgadh-7, Bara	053-540480
19	PATHALAIYA	Bara	Jitpur Simara Sub metropolitan-01, Bara	053-521883
20	PATO	Saptari	Dakneshwori-05, Saptari	9802752818
21	PIPARA	Mahottari	Pipara-04, Mahottari	9854028970
22	RAJBIRAJ	Saptari	Rajbiraj-02, Saptari	031-530979
23	RAMGOPALPUR	Mahottari	Ramgopalpur-06, Mahottari	044-410072
24	SABAILA	Dhanusha	Sabaila-03, Dhanusha	041-401082
25	SAMSI	Mahottari	Samsi-06, Mahottari	9854028338
26	VIDYAPATI CHOWK	Dhanusha	Vidyapati Chowk, Janakpur-4, Dhanusha	041-590402
27	YADUKUWA	Dhanusha	Shahidnagar-03, Dhanusha	041-410075
28	BARAHATHAWA	Sarlahi	Barahathawa-06, Sarlahi	046-540523
29	KRISHNA PRANAMI CHOWK	Parsa	Krishna Pranami Chowk, Birgunj	051-591827
30	PROVINCE OFFICE	Parsa	Brigunj-06, Adarsha Nagar Chowk	051-552078

Bagmati Province

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	BANEPA	Kavre	Banepa-06, Kavre	011-660967
2	BHAISEPATI	Lalitpur	Bhaisepati Chowk-25, Lalitpur	01-5592709
3	BHAKTAPUR	Bhaktapur	Durbar Square Area, Khauma-02, Bhaktapur	01-6612061
4	BHARATPUR	Chitwan	Bharatpur-7, Buddhachowk, Chitwan	056-527550
5	BOUDDHA	Kathmandu	Kathmandu-6, Nepal	01-4915020
6	BUDHANILKANTHA	Kathmandu	Budhanilkantha-02, Kathmandu	01-662047
7	CHABAHIL	Kathmandu	Kumari Building, Chabahil-7, Kathmandu	01-4481683
8	CHARIKOT	Dolakha	Beech Bazzar, Charikot-6, Dolakha	049-421926
9	DEVIGHAT	Nuwakot	Bidur Municiplaity-05, Nuwakot	010-410087
10	DILLIBAZAR	Kathmandu	Batuleghar, Dillibazar, Kathmandu-01	01-4430528
11	DURBARMARG	Kathmandu	Narayanhiti Path, Kathmandu-1	01-4427842
12	GWARKO	Lalitpur	Gwarko, Harati Bhawan, Lalitpur-17	044-550441
13	HARIHARPURGADI	Sindhuli	Hariharpurgadi RM-02, Sindhuli	9844112165
14	HETAUDA	Makawanpur	Parijat Path, Hetauda-4, Makawanpur	057-527306
15	JYAMIRE	Chitwan	Kharehani-1, Chitwan	057-583204
16	KALANKI	Kathmandu	Ganesh Man Singh Marg (Near Kalanki), Ktm-14	01-4286534
17	KAMALADI	Kathmandu	Kamaladi, Kathmandu-09	9841433276
18	KAPAN	Kathmandu	Saraswatinagar-6, Kapan Marg,	01-4822811
19	KIRTIPUR	Kathmandu	Naya Bazar-09, Kirtipur, Kathmandu	01-4335556
20	KOTESHWOR	Kathmandu	Koteshwor, Kathmandu-30	01-4601510
21	KULESHWOR	Kathmandu	Agni Complex 14, Kathmandu	01-4281743
22	KUMARIPATI	Lalitpur	Lalitpur-03, Kumaripati, Lalitpur	01-5551020
23	KUPONDOLE	Lalitpur	Lalitpur-10, Kupondole, Lalitpur	01-5010687
24	LAMBAGAR	Kathmandu	Lambagar, Tarkeshwor Municipality-8	01-4025830
25	MAHABOUDHA	Kathmandu	Wotu Gali-24, Kathmandu	01-4158536
26	MAITIDEVI	Kathmandu	Setopul, Maitidevi, Kathmandu-30	01-4423537
27	MANAHARI	Makawanpur	Manahari -07, Makawanpur	057-414118
28	MANGALPUR	Chitwan	Bharatpur-15, Mangalpur, Chitwan	056-591822
29	NARAYANGADH	Chitwan	Lions Chowk, Bharatpur, Chitwan-3	056-571111
30	NARAYAN GOPAL CHOWK	Kathmandu	Narayan Gopal Chowk, Maharajgunj, Ktm-03	01-4017591
31	NAYA BANESHWOR	Kathmandu	Naya Baneshwor-10, Kathmandu	01-4793299
32	NAYABAZAR	Kathmandu	V.S. Complex, Sohrakhutte, Nayabazar, Kathmandu-16	01-4388601
33	NEW ROAD	Kathmandu	Park Plaza Building, Khichapokhari, Newroad-22	01-4223979
34	SAMAKHUSHI	Kathmandu	Samakhusi, Kathmandu-26	01-4356557
35	SINAMANGAL	Kathmandu	Sinamangal-9, Kathmandu	01-4496022
36	SINDHULI	Sindhuli	Kamalamai-6, Sindhuli	047-520262
37	SUNAPATI	Ramechhap	Sunapati RM-3, Ramechhap	9851145676
38	SURYABINAYAK	Bhaktapur	Suryabinayak-08	01-662047
39	TANDI	Chitwan	Ratnanagar-01, Tandi	056-593286
40	TEMAAL	Kavre	Temaal-5, Kavre	053-521813
41	THAHITI	Kathmandu	Thahiti Chowk, Thahiti-17, Kathmandu	01-4216027
42	THANKOT	Kathmandu	Chandragiri-7, Kathmandu	9841048212
43	THAPATHALI	Kathmandu	Thapathali, Kathmandu-11	01-4100578
44	THIMI	Bhaktapur	Madhyapur Thimi-6, Bhaktapur	01-6636534
45	TOKHA	Kathmandu	Tokha-3, Kathmandu	9841203159
46	THULO BHARAYANG	Kathmandu	Nagarjun Municipality -15	01-5313007
47	THALI	Kathmandu	Kageshwori Municipality -05	01-591202
48	DHUMBARAHI	Kathmandu	Dhumbarahi, Kathmandu	01-5911258
49	THASIKHEL	Lalitpur	Thasikhel, Lalitpur	01-5532007
50	PROVINCE OFFICE	Kathmandu	Kathmnandu-31, Kathamndu	01-4430528

Gandaki Province

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	AMARAPURI	Nawalparasi East	Gaindakot-15, Amarapuri, Nawalparasi	078-545206
2	ARUNKHOLA	Nawalparasi East	Madhyabindu-10, Arunkhola, Nawalparasi East	078-555317
3	BAGLUNG	Baglung	Bhimapokhara, Baglung-02	068-522992
4	BENI	Myagdi	New Road, Beni Bazar-08, Myagdi	069-521019
5	BHOTEWODAR	Lamjung	Sundarbazar-09, Lamjung	066-400151
6	CHAME	Manang	Chame-03, Manang	066-440189
7	DHARAPANI	Nawalparasi East	Devchuli Municipality-11, Nawalparasi	056-598434
8	KAWASOTI	Nawalparasi East	Kawasoti-2, Kawasoti, Nawalparasi East	078-540312
9	KOLHUWA	Nawalparasi East	Madhyabindu Municipality-03, Nawalparasi East	078-401055
10	NEW ROAD POKHARA	Kaski	New Road, Pokhara-9, Kaski	061-527083
11	POKHARA (HOSPITAL CHOWK)	Kaski	Pokhara-10, Hospital Chowk	9846210680
12	SIMALCHAUR	Kaski	Pokhara-8, Kaski	061-522271
13	PROVINCE OFFICE	Kaski	Pokhara-8, Kaski	061-527083

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	9848027339
3	BANGLACHULI	Dang	Banglachuli-03, Kamirechaur, Dang	9849035264
4	BANSGADI	Rupandehi	Sainamaina-8, Bansgadhi, Rupandehi	071-505288
5	BARDAGHAT	Nawalparasi West	Bardaghat-4, Nawalparasi west	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	Siddharthanagar-08 ,Bhairahawa, Rupandehi	071-522004
9	BHALUHI	Rupandehi	Devdaha-10, Bhaluhi, Rupandehi	071-403008
10	BHUMAHI	Nawalparasi West	Sunawal Municipality-12 Bhumahi, Nawalparasi	078-415366
11	BHUME	East Rukum	Bhume-08, Khabang Bazar, East Rukum	9800549219
12	BHUTAHA	Nawalparasi West	Bardaghat-9, Bhutaha, Nawalparasi West	078-412056
13	BUTWAL	Rupandehi	Pushpalal Park, Butwal -06	071-540681
14	CHAPIYA	Rupandehi	Siyari-4, Chhapiya, Rupandehi	071-413105
15	CHHAHARA	Palpa	Rainadevi Chhahara-04, Palpa	9857062499
16	DRIVERTOLE	Rupandehi	Tilottama-4, Drivertorle, Rupandehi	071-414490
17	GHORAHI	Dang	New Road, Ghorahi-15, Dang	082-563307
18	GOPIGUNJ	Nawalparasi West	Pratappur-2, Gopijung, Nawalparasi West	078-400063
19	HOSPITALLINE	Rupandehi	Butwal-6, Hospitalline, Rupandehi	071-545576
20	IMILIYA	Kapilvastu	Buddhabhumi-9, Imiliya, Kapilvastu	076-412087
21	JHIMRUKH	Pyuthan	Jhimrukh-05, Pyuthan	9851149485
22	JIMIREBHAR	Nawalparasi	Bardaghat-07, Nawalparasi	078-411024
23	JITPUR	Kapilvastu	Banganga-04 Jitpur, Kapilvastu	9847204511
24	KALIKANAGAR	Rupandehi	Butwal-11, Kalikanagar, Rupandehi	071-415639
25	KOHALPUR	Banke	Banke, Kohalpur Municipality Ward no. 11	081-542183
26	KOPAWA	Kapilvastu	Banganga-5, Kopawa, Kapilvastu	076-693848
27	KOTIHAWA	Rupandehi	Tilottama-15, Kotihawa, Rupandehi	071-562782
28	LAMAHI	Dang	Lamahi-5, Bazartole, Dang	082-564012
28	MAHESHPUR	Nawalparasi West	Palhinnadan-1, Mahespur, Nawalparasi	9802301729
30	MANIGRAM	Rupandehi	Tilottama-5, Manigram, Rupandehi	071-561417
31	MANPAKADI	Rupandehi	Suddhodhan-5, Manpakadi, Rupandehi	071-400008
32	MURGIYA	Rupandehi	Sainamaina-4, Murgiya, Rupandehi	071-440754

33	NEPALGUNJ	Banke	Dhambouji Chowk,Nepalgunj-2 Banke	081-527471
34	ODARI	Kapilvastu	Banganga-11, Odari, Kapilvastu	076-410071
35	PARASI	Nawalparasi West	Ramgram Municipality-05, Nawalparasi West	078-520404
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	Madhuban Municipality-08, Bardiya	084-440376
41	SAU. PHARSATIKAR	Rupandehi	Suddhodhna Municipality-04, Rupandehi	071-400009
42	SEMARA	Rupandehi	Tilottama-7, Semara, Rupandehi	071-510099
43	SHITALNAGAR	Rupandehi	Devdaha-7, Shittalngar, Rupandehi	071-577910
44	SIDDHARTHANAGAR	Rupandehi	Siddharthanagar Municipality -13, Rupandehi	071-571163
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	071-450016
48	TANSEN	Palpa	Tansen-4, Silkhantole, Palpa	075-522404
49	TAULIHAWA	Kapilvastu	Kapilvastu-1, Taulihawa, Kapilvastu	076-560616
50	TULSIPUR	Dang	Tulsipur-14, Dang	082-521380
51	PROVINCE OFFICE	Rupandehi	Butwal-06, Rupandehi	071-540681

Karnali Province

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	DOLPA	Dolpa	Dunai Bazar, Thuliveri Municipality Dolpa-3	087-550189
2	GAMGADI	Mugu	Gamgadi, Mugumakarmarg Rural Municiplaity-02	087-460344
3	JAJARKOT	Jajarkot	Bheri Malika Municipality-03, Jajarkot	089-430175
4	JUMLA	Jumla	Chandannath Municipality-05,Jumla	087-520586
5	JUPHAL	Dolpa	Juphal Thuli Bheri-7 Municipality, Dolpa	087-551089
6	NAMKHA	Humla	Humla, Namkha Ruran Municipality -04	9849669238
7	SARKEGAD	Humla	Sarkegad Municipality-04, Humla	9848339608
8	SIMIKOT	Humla	Simikot-2, Mathilo Bazaar,Humla	087-680206
9	SURKHET	Surkhet	Jumla Road, Birendranagar-06, Surkhet	083-520850
10	PROVINCE OFFICE	Surkhet	Birendranagar Municipality-06 , Surkhet	083-520850

Sudurpashchim Province

S.N.	BRANCH NAME	DISTRICT	ADDRESS	PHONE NO
1	ATTARIYA	Kailali	Godaveri-2, Mahendranagar Road, Kailali	9848630390
2	BAJHANG	Bajhang	Chainpur-10, Jayaprithvi Muncipality Bajhang	092-521377
3	DHAKARI	Achham	Achham, Dhakari-1, Sainbazar	9841649405
4	DHANGADHI	Kailali	Main Road,Dhangadhi-4, Kailali	091-527487
5	MAHENDRANAGAR	Kanchanpur	Bheemdatta Municipality-4, Mahendranagar	099-520485
6	MOHANYAL	Kailali	Kailali, Mohaniyal RM, Ward no 6	9865655555
7	SUKKHAD	Kailali	Ghodaghodi Municipality-01 Sukkhad, Kailali	091-403130
8	PROVINCE OFFICE	Kailali	Dhangadhi Municipality-01	9857011646

ATM LOCATIONS

LOCATION INSIDE VALLEY

CITIZENS ATM TERMINAL	LOCATION
CTZN KAMALADI ATM-2	PRAGYA PRATISTHAN, KAMALADI, KATHMANDU
CTZN BHATBHATENI ATM	BISHALNAGAR, BHATBHATENI SUPERMARKET, KATHMANDU
CTZN NARAYANHITI ATM-1	NARAYANHITI PATH, KATHMANDU
CTZN NARAYANHITI ATM-2	NARAYANHITI PATH, KATHMANDU
CTZN HIMAL HOSPITAL ATM	THIRBOM SADAK, CHARDOBATO, NAXAL, KATHMANDU
CTZN BOUDHA ATM	JORPATI -3 BOUDHA, KATHMANDU
CTZN NEWROAD ATM	PARK PLAZA, KHICHAPOKHARI, KATHMANDU
CTZN KUMARIPATI ATM	KUMARIPATI, LALITPUR
CTZN GEMS ATM	GEMS SCHOOL, DHAPAKHEL, LALITPUR
CTZN KOTESHWAR ATM	KOTESHWOR, KATHMANDU
CTZN KALANKI ATM	GANESHMAN SINGH MARGA, KALANKI
CTZN THAHITI ATM	THAHITI CHOWK, KATHMANDU
CTZN NAYABAZAR ATM	V.S. COMPLEX, SOHRAKHUTTE , KATHMANDU
CTZN MAITIDEVI ATM	SETOPUL, MAITIDEVI, KATHMANDU
CTZN GLOBAL COLLEGE OF MANAGEMENT ATM	GLOBAL COLLEGE, MID-BANESHWOR, KATHMANDU
CTZN KIRTIPUR ATM	PANGA DOBATO, NAYABAZAAR, KIRTIPUR, KATHMANDU
CTZN NARAYANGOPAL CHOWK ATM	NARAYANGOPAL CHOWK, KATHMANDU
CTZN KAPAN ATM	SARASWATINAGAR, KAPAN MARG, KATHMANDU
CTZN THIMI ATM	MADHYAPUR, THIMI, BHAKTAPUR
CTZN BHAKTAPUR ATM	DURBAR SQUARE AREA KHAUMA, BHAKTAPUR
CTZN SALLAGHARI ATM	SALLAGHARI, ARMY SCHOOL, BHAKTAPUR
CTZN PATAN ATM	PATAN DHOKA, LALITPUR
CTZN KUPONDOLE ATM	KUPONDOLE, LALITPUR
CTZN SAMAKHUSI ATM	SAMAKHUSI, KATHMANDU
CTZN THAPATHALI ATM	THAPATHALI, KATHMANDU
CTZN DILLIBAZAR ATM	BATULEGHAR, DILLIBAZAR, KATHMANDU
CTZN MAHABOUDHA ATM	WOTU, MAHABOUDHA, KATHMANDU
CTZN KULESHWOR ATM	KULESHWOR, KATHMANDU
CTZN STAR HOSPITAL ATM	STAR HOPITAL, SANEPA, LALITPUR
CTZN NEW BANESHWOR ATM	NAYA BANESHWOR, KATHMANDU
CTZN V.S NIKETAN ATM	MINBHAWAN, NAYA BANESHWOR, KATHMANDU
CTZN CHABAHIL ATM	KUMARI BUILDING, CHABAHIL, KATHMANDU
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, KATHMANDU
CTZN SINAMANGAL ATM	SINAMANGAL, KATHMANDU
CTZN KAMALADI ATM-1	KAMALADI, KATHMANDU
CTZN THULO BHARYANG ATM	THULOBHARYANG CHOWK, KATHMANDU
CTZN BUDHANILKANTHA ATM	CHAPALI GHUMTI, BUDHANILKHANTHA, KATHMANDU
CTZN THALI ATM	THALI, KATHMANDU
CTZN SURYABINAYAK ATM	SURYABINAYAK, BHAKTAPUR

LOCATION OUTSIDE VALLEY

CITIZENS ATM TERMINAL	LOCATION
CTZN BIRATNAGAR ATM	RANGELI ROAD, BIRATNAGAR
CTZN BIRGUNJ ATM	ADARSHA NAGAR CHOWK, BIRGUNJ
CTZN POKHARA ATM	NEW ROAD, POKHARA
CTZN LAKESIDE ATM	LAKESIDE, POKHARA
CTZN NEPALGUNJ ATM	DHAMBOUJI CHOWK, NEPALGUNJ
CTZN NEPALGUNJ 2 ATM	DHAMBOUJI CHOWK, NEPALGUNJ
CTZN NARAYANGADH ATM	NARAYANGHAT, CHITWAN
CTZN BUTWAL ATM	PALPAROAD, RUPANDEHI
CTZN DHANGADHI ATM	MAINROAD, DHANGHADI, KAILALI
CTZN BIRTAMOD ATM	KAKADVITTA ROAD ANARMANI VDC-3, BIRTAMOD, JHAPA
CTZN BENI ATM	NEW ROAD 1, BENI BAZAR, MYAGDI
CTZN GHORAHI ATM	NEW ROAD -11, GHORAHI, DANG
CTZN GAIGHAT ATM	GAIGHAT, UDAYAPUR
CTZN GAIGHAT ATM-2	SHREE 18 NO BAHINI ARMY ADDA, BHULKE, GAIGHAT, UDAYAPUR
CTZN NEPALTAR GAIGHAT ATM	NEPALTAR BAZAR, GAIGHAT, UDAYAPUR
CTZN MAHENDRANGAR ATM	BHEEMDATTA MUNICIPALITY 4, MAHENDRANAGAR, KANCHANPUR
CTZN PATHALAIYA	PATHALAIYA, BARA
CTZN SIMIKOT ATM	MATHILLO BAZAR, SIMKOT, HUMLA
CTZN CHARIKOT ATM	BEECH BAZAR, CHARIKOT, DOLAKHA
CTZN ITAHARI ATM	DHARAN ROAD, ITAHARI, SUNSARI
CTZN JANAKPUR ATM	BHANUCHOWK, JANAKPUR
CTZN SURKHET ATM	SUNNY HALL LINE, SURKHET
CTZN HETAUDA ATM	PARIJAT PATH, HETAUDA, MAKWANPUR
CTZN JUMLA ATM	CHANDANNATH VDC-07, JUMLA
CTZN JAJARKOT ATM	KHALANGAWA BAZAR, JAJARKOT
CTZN SIDDHARTHANAGAR ATM	BANK ROAD SIDDHARTHANAGAR, BHAIRAHAWA
CTZN KOLHABI ATM	KOLHABI, BARA
CTZN BAGLUNG ATM	DHAULAGIRI ZONEL HOSPITAL BAGLUNG
CTZN NIJGADH ATM	NIJGADH, BARA
CTZN BAJHANG ATM	CHAINPUR, BAJHANG
CTZN SANOSHREE ATM	SANOSHREE-03 KUSUMBA BAZAR, BARDIYA
CTZN DHARAN ATM	PUTALI LINE, DHARAN
CTZN BANEPA ATM	BANEPA, KAVRE
CTZN GAUSHALA 2 ATM	GAUSHALA, MAHOTTARI
CTZN DAMAK ATM	THANA ROAD, DAMAK, JHAPA
CTZN BARDIBAS ATM	BARDIBAS, MAHOTARI
CTZN CHHAHARA ATM	CHHAHARA BAZAAR, CHHAHARA, PALPA
CTZN BHUMAHI ATM	BHUMAHI CHOWK, SUNWAL, BHUMAHI, NAWALPARASI
CTZN MANAHARI ATM	MANAHARI RURAL MUNICIPALITY-7, MAKWANPUR
CTZN HALDIBARI ATM	MANGALBARE CHOWK, HALDIBARI, JHAPA
CTZN BADHIYATAAL ATM	BADHAIYATAAL-06, BARDIYA
CTZN AAURAHI ATM	AURAHI BAZAR, MAHOTTARI
CTZN SIMALCHAUR ATM	SIMALCHAUR, POKHARA
CTZN KOHALPUR ATM	KOHALPUR-11, BANKE
CTZN TANDI ATM	JYOTI HALL ROAD, BAKULAR TANDI, CHITWAN
CTZN BHOTEWODAR ATM	BHOTEWODAR, DHARAPANI, LAMJUNG
CTZN JITPUR ATM	JEETPUT -4, KAPILVASTU
CTZN DEVIGHAT ATM	DEVIGHAT, NUWAKOT
CTZN SUKHAD ATM	BHAJANI ROAD, SUKHAD, KAILALI
CTZN ATTARIYA ATM	ATTRIYA, MAHENDRANAGAR ROAD, KAILALI
CTZN HOSPITAL CHOWK ATM	HOSPITAL CHOWK, POKHARA

CTZN KANCHANBARI ATM	KANCHANBARI, MORANG
CTZN SALAKPUR ATM	SALAKPUR, MORANG
CTZN BIDYAPATI ATM	BIDYAPATI CHOWK, DHANUSHA
CTZN JALESHWOR ATM	JALESHWOR CHOWK, DHANUSHA
CTZN MAHENDRANAGAR DHANUSHA ATM	MAHENDRANAGAR, DHANUSHA
CTZN LAHAN ATM	LAHAN, SIRAHA
CTZN GARUDA ATM	GARUDA BAJAAR, RAUTAHAT
CTZN GAMGADHI ATM	GAMGADHI, MUGU
CTZN TULSIPUR ATM	TULSIPUR, DANG
CTZN KOTIHAWA ATM	KOTIHAWA, RUPANDEHI
CTZN BHALUHI ATM	BHALUHI CHOWK, RUPANDEHI
CTZN AMARAPURI ATM	16 No. CHOWK, AMARAPURI, NAWALPARASI EAST
CTZN RAMAPUR ATM	RAMAPUR COLONY, RUPANDEHI
CTZN BHAIRAHAWA ATM	NARAYANSTHAN, RUPANDEHI
CTZN SHITALNAGAR ATM	SHITALNAGAR, RUPANDEHI
CTZN BELBAS ATM	BELBAS MAINROAD, RUPANDEHI
CTZN TAULIHAWA ATM	GAUDI CHOWK, TAULIHAWA, KAPILBASTU
CTZN SUNAWAL ATM	SUNWAL CHAURAHA, NAWALPARASI WEST
CTZN TIRUPATI MART SUNAWAL ATM	SUNWAL CHAURAHA, NAWALPARASI WEST
CTZN TANSEN ATM	SILKHAN TOLE, PALPA
CTZN MANIGRAM ATM	MANIGRAM, RUPANDEHI
CTZN KALIKANAGAR ATM	KALIKANAGAR, RUPANDEHI
CTZN HOSPITALLINE ATM	HOSPITAL LINE, RUPANDEHI
CTZN BARDAGHAT ATM	MAIN CHOWK, NAWALPARASI WEST
CTZN KAWASOTI ATM	NAYABAZAR CHOWK, NAWALPARASI WEST
CTZN LAMAHI ATM	PCO ROAD, LAMAHI, DANG
CTZN MAHENDRA CHOWK ATM	MAHENDRA CHOWK, BIRATNAGAR
CTZN RAJBIRAJ ATM	GAJENDRA NARAYAN CHOWK, SAPTARI
CTZN BHARDAHA ATM	BHARDAH, SAPTARI
CTZN KANCHANRUP ATM	KANCHANRUP BARIYAR, SAPTARI
CTZN KALYANPUR ATM	KALYANPUR, SAPTARI
CTZN PHATEPUR ATM	FATTEPUR, SAPTARI
CTZN BODEBARSHAIN ATM	BODE BARSIAN, SAPTARI
CTZN PATO ATM	PATO, SAPTARI
CTZN PATHARI ATM	PATHARI, MORANG

REMITTANCE PARTNER NETWORKS

S.N	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 Al 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 Remitttance Pvt. 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. Pvt. Ltd.
10	JME Remit Co. Pvt. Ltd.
11	C.G Money Remit Pvt. Ltd.
12	Nepal Investment Bank Ltd.
13	United Remit Pvt. Ltd.

S.N	LOCAL PARTNER
14	C.G Finco Pvt. Ltd.
15	City Express Money Transfer
16	Batas Associates Pvt. 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 Pvt. Ltd.
25	Max Money Transfer Pvt. Ltd.
26	Esewa Money Transfer Pvt. Ltd.

BRANCHLESS BANKING LOCATIONS (BLB)

S.N	BRANCH NAME	BLB LOCATED DISTRICT	BLB LOCATED VDC/MUNICIPALITY	LOCATION NAME
1	Pokhara	Kaski	PokharaMetropolitian City-40504-Kaski	Armala
2	Nepalgunj	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Bholagaudi
3	Nepalgunj	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Maina Pokhari
4	Nepalgunj	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Seetalbazar
5	Nepalgunj	Banke	Badhaiyatal Rural Municipality-51208-Bardiya	Mahadevpuri
6	Narayanghat	Chitwan	BharatpurMetropolitian City-31304-Chitawan	Meghauli
7	Butwal	Rupandehi	Devdaha Municipality-50801-Rupandehi	Kerwani
8	Dhangadhi	Kailali	Godawari Municipality-70803-Kailali	Godavari
9	Nayabazar	Kathmandu	Tarakeshwor Rural Municipality-30507-Nuwakot	Tinpiple
10	Nayabazar	Kathmandu	Tarakeshwor Rural Municipality-30507-Nuwakot	Kavresthali
11	Birtamod	Jhapa	Buddhashanti Rural Municipality-11102-Jhapa	Bahundagi
12	Kirtipur	Kathmandu	Kirtipur Municipality-30609-Kathmandu	Machhegaun
13	Kirtipur	Kathmandu	Kirtipur Municipality-30609-Kathmandu	Chalnakhel
14	Mahendranagar	Kanchanpur	Bhimdatta Municipality-70904-Kanchanpur	Bramhadev
15	Tokha	Kathmandu	Tokha Municipality-30605-Kathmandu	Zhor
16	Pathlaiya	Bara	JitpurSimara Sub-Metropolitian City-20703-Bara	Piluwa
17	Charikot	Dolkha	Baitedhar Rural Municipality-30104-Dolakha	Namdu
18	Charikot	Dolkha	Bhimeshwor Municipality-30109-Dolakha	Boche
19	Charikot	Dolkha	Tamakoshi Rural Municipality-30106-Dolakha	Sahare
20	Charikot	Dolkha	Shailung Rural Municipality-30108-Dolakha	Sailung
21	Charikot	Dolkha	Bhimeshwor Municipality-30109-Dolakha	Susma Chyamawoti
22	Charikot	Dolkha	Shailung Rural Municipality-30108-Dolakha	Magadeurali
23	Bhaktapur	Bhaktapur	Suryabinayak Municipality-30704-Bhaktapur	Sipadol
24	Bhaktapur	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Chhaling
25	Bhaktapur	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Changu Narayan
26	Bhaktapur	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Tathli
27	Bhaktapur	Bhaktapur	Changunarayan Municipality-30701-Bhaktapur	Nagarkot
28	Janakpur	Mahottari	Matihani Municipality-20414-Mahottari	Matiyani
29	Janakpur	Mahottari	Laxminiya Rural Municipality-20306-Dhanusa	Laxminiya Bazar
30	Kupondole	Lalitpur	Godawari Municipality-30803-Lalitpur	Lele/Tika Bhairab
31	Kupondole	Lalitpur	Mahalaxmi Municipality-30801-Lalitpur	Tika Thali
32	Kupondole	Lalitpur	LalitpurMetropolitian City-30802-Lalitpur	Dhapakhel
33	Surkhet	Surkhet	Panchapuri Municipality-61008-Surkhet	Babiyachaur
34	Gaushala	Mahottari	Aurahi Rural Municipality-20216-Siraha	Aurahi
35	Baglung	Baglung	Galkot Municipality-41108-Baglung	Hatiya
36	Baglung	Baglung	Kathekhola Rural Municipality-41102-Baglung	Kanthekhola
37	Samakhusi	Nuwakot	Kakani Rural Municipality-30512-Nuwakot	Okharpauwa
38	Samakhusi	Nuwakot	Kakani Rural Municipality-30512-Nuwakot	Kakani
39	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Battar
40	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Charghare
41	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Chaughada
42	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Gerkhu

43	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Samundratar
44	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Sundaradevi
45	Samakhusi	Nuwakot	Kispang Rural Municipality-30505-Nuwakot	Fikuri
46	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Tupche
47	Samakhusi	Nuwakot	Tarakeshwor Rural Municipality-30507-Nuwakot	Gorshyang
48	Samakhusi	Nuwakot	Myagang Rural Municipality-30506-Nuwakot	Deurali
49	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Bidur
50	Samakhusi	Nuwakot	Kispang Rural Municipality-30505-Nuwakot	Mankamana
51	Samakhusi	Nuwakot	Bidur Municipality-30504-Nuwakot	Khadgabhanjyang
52	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Duipipal
53	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Thanapati
54	Samakhusi	Nuwakot	Suryagadhi Rural Municipality-30503-Nuwakot	Ganesthan
55	Samakhusi	Nuwakot	Likhu Rural Municipality-30509-Nuwakot	Thansing
56	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Balkumari
57	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Kharanitar
58	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Khanigaun
59	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Ralukadevi
60	Samakhusi	Nuwakot	Suryagadhi Rural Municipality-30503-Nuwakot	Bageshwori
61	Samakhusi	Nuwakot	Tarakeshwor Municipality-30606-Kathmandu	Budhasing
62	Samakhusi	Nuwakot	Dupcheshwor Rural Municipality-30501-Nuwakot	Rautbesi
63	Samakhusi	Nuwakot	Panchakanya Rural Municipality-30510-Nuwakot	Thaprek
64	Samakhusi	Nuwakot	Shivapuri Rural Municipality-30511-Nuwakot	Sunkhani
65	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Belkot
66	Samakhusi	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Jiling
67	Samakhusi	Nuwakot	Tarakeshwor Municipality-30606-Kathmandu	Taruka
68	Samakhusi	Nuwakot	Panchakanya Rural Municipality-30510-Nuwakot	Kabilash
69	Bhaisepati	Lalitpur	LalitpurMetropolitian City-30802-Lalitpur	Khokana
70	Nepalgunj	Bardiya	Badhaiyatal Rural Municipality-51208-Bardiya	Jamuni
71	Samakhusi	Rasuwa	Uttargaya Rural Municipality-30303-Rasuwa	Laharepouwa
72	Samakhusi	Nuwakot	Tadi Rural Municipality-30502-Nuwakot	Narjamandap
73	Beni	Myagdi	Dhawalagiri Rural Municipality-40403-Myagdi	Takam
74	Kolhabi	Rautahat	PhatuwaBijayapur Municipality-20603-Rautahat	Bijaypur
75	Banepa	Sindhuli	Sunkoshi Rural Municipality-31106-Sindhuli	Khalte
76	Bhojpur	Bhojpur	Bhojpur Municipality-10604-Bhojpur	Helaucha
77	Kolhabi	Rautahat	PhatuwaBijayapur Municipality-20603-Rautahat	Santapur Do.
78	Kirtipur	Lalitpur	Kirtipur Municipality-30609-Kathmandu	Chovar
79	Mangseybung	Illam	Mangsebung Rural Municipality-11006-Ilam	Panchami Bazzar
80	Jajarkot	Jajarkot	Nalagad Municipality-60707-Jajarkot	Kalimati Bazzar
81	Surkhet	Surkhet	Barahatal Rural Municipality-61007-Surkhet	Taranga
82	Gaighat	Gaighat	Triyuga Municipality-11403-Udayapur	Lalpatta
83	Mangseybung	Illam	Mangsebung Rural Municipality-11006-Ilam	BhalutarBazzar
84	Sanoshree	Bardiya	Barbardiya Municipality-51202-Bardiya	Jogigaun
85	Kolhuwa	Nawalparasi	Kawasoti Municipality-40806-Nawalparasi East	Tribhuwantar
86	Banglachuli	Dang	Bangalachuli Rural Municipality-51001-Dang	Murkuti
87	Bhanu Chok (Janakpur)	Mahottari	Balawa Municipality-20407-Mahottari	Padual
88	Devighat	Nuwakot	Belkotgadhi Municipality-30508-Nuwakot	Madanpur

89	Bhumahi	Nawalparasi	Sunawal Municipality-50702-Nawalparasi West	Jargha
90	Parasi	Nawalparasi	Bardaghat Municipality-50701-Nawalparasi West	Bhatauliya Bazzar
91	Thapathali	Kathmandu	Bagmati Rural Municipality-30806-Lalitpur	Subhane
92	Bhume	Rukum	Bhoome Rural Municipality-50103-Rukum East	Mahat
93	Sanoshree	Bardiya	Madhuwan Municipality-51206-Bardiya	Orali Bazzar
94	Mahendranagar, Dhanusa	Dhanusa	Chhireshwornath Municipality-20305-Dhanusa	Ramdaiya Bhawadi
95	Gaighat	Udayapur	Triyuga Municipality-11403-Udayapur	Toribari
96	Bhume	Rukum	Bhoome Rural Municipality-50103-Rukum East	Chungwang
97	Beni	Myagdi	Beni Municipality-40406-Myagdi	Singa

CORRESPONDENT BANKS

FOREIGN BANKS

STANDARD CHARTERED BANK
KOLKATA 19, NS ROAD G/F KOLKATA, WEST BENGAL, INDIA
Nostro Account No. : 22205350212
SWIFT Code: SCBLINBBXXX

HDFC BANK
SENAPATI BAPAT MARG MUMBAI, INDIA
Nostro Account No. : 00600390000544
SWIFT Code: HDFCINBBXXX

STANDARD CHARTERED BANK
1095, 6TH AVENUE #37 NEW YORK, NY 10036, USA
Nostro Account No. : 3582021189001
SWIFT Code: SCBLUS33XXX

MASHREQ BANK
255, 5TH AVENUE NEW YORK, NY 10016, USA
Nostro Account No. : 70008505
SWIFT Code: MSHQUS33XXX

KB KOOKMIN BANK
#9-1 NAMDAEMUNRO 2-GA,
JUNG-GU SEOUL, SOUTH KOREA
Nostro Account No. : 8258USD010
SWIFT Code: CZNBKRSEXXX

STANDARD CHARTERED BANK
LONDON EC2V 7SB LONDON, UNITED KINGDON
Nostro Account No. : 0001255115201
SWIFT Code: SCBLGB2LXXX

STANDARD CHARTERED BANK
B0486 FRANKFURT AM MAIN GERMANY
Nostro Account No. : 50006503
SWIFT Code: SCBLDEFXX

STANDARD CHARTERED BANK
PLOT#1 SHAHAJALAL AVE DHAKA 1230, BANGLADESH
Nostro Account No. : 15 1111678 01
SWIFT Code: SCBLBDDXXX

STANDARD CHARTERED BANK
2 CHOME-11-1 NAGATACHO,
CHIYODA TOKYO 100-0014, JAPAN
Nostro Account No. : 23760321110
SWIFT Code: SCBLJPJTXXX

STATE BANK OF INDIA
AUSTRALIA SQUARE, LEVEL 31, SUITE 02 264, GEORGE STREET SYDNEY NSW 2000
Nostro Account No. : 30113019220001
SWIFT Code: SBINAU2XXX

AXIS BANK
Axis House | Corporate Office| 8th Floor | C-2 Wadia International Centre | P.B Marg | Worli | Mumbai, India
Nostro Account No. : 918020048434038
SWIFT Code: AXISINBBFIC

DOHA BANK INDIA
Sakhar Bhavan, Ground Floor, Plot No 230, Block No III, Backbay Reclamation, Nariman Point, Mumbai, India, Maharashtra State, India
Nostro Account No. : 0602300010000295
SWIFT Code: DOHBINBBXXX

MASHREQ BANK
Mashreq Bank Headquarters , Plot No. 345, Umniyati Street (o Al Asayel Street) Burj Khalifa Community
PO Box 1250, Dubai, UAE
Nostro Account No. : 019030000543
SWIFT Code: BOMLAEADFTC

AKTIF YATIRIM BANKASI A.Ş.
Buyukdere Caddesi No: 163, Zincirlikuyu Sisli 34394, Istanbul
T. 0212 340 80 00 F. 0212 340 88 79
Nostro Account No. : 9566718
SWIFT Code: CAYTTRISXX

LOCAL BANKS

MACHHAPUCHRE BANK
Lazimpat, Kathmandu
Account No. : 160 15240 399780 43
SWIFT Code: MBLNNPKA

NEPAL INVESTMENT MEGA BANK
Durbarmarg, Kathmandu
Account No. : 00101010058663
SWIFT Code: NIBLNPKT

NEPAL INVESTMENT MEGA BANK
Putalisadak, Kathmandu
Account No. : '01201020258180
SWIFT Code: NIBLNPKT

SUNRISE BANK
Gairidhara, Kathmandu
Account No. : 00210091852017
SWIFT Code: SRBLNPKA

SUNRISE BANK
Gairidhara, Kathmandu
Account No. : 00210283686021
SWIFT Code: SRBLNPKA

SUNRISE BANK
Gairidhara, Kathmandu
Account No. : 00210283686013
SWIFT Code: SRBLNPKA

NCC BANK
Bagbazar, Kathmandu
Account No. : 003000215791C
SWIFT Code: NBOCNPKA

GLOBAL IME BANK
Kantipath, Kathmandu
Account No. : 0101010005272
SWIFT Code: GLBBNPKA

KUMARI BANK
Putalisadak, Kathmandu
Account No. : 0141524030680017
SWIFT Code: KMBLNPKA

HIMALAYAN BANK
Kamaladi, Kathmandu
Account No. : 001 0154689 0032
SWIFT Code: HIMANPKA

EVEREST BANK
New Baneshwor, Kathmandu
Account No. : 00100105001270
SWIFT Code: EVBLNPKA

NABIL BANK
Durbarmarg, Kathmandu
Account No. : 1701017500202
SWIFT Code: NARBNPKA

SIDDHARTHA BANK
Hattisar, Kathmandu
Account No. : 115490432
SWIFT Code: SIDDNPKA

SIDDHARTHA BANK
Hattisar, Kathmandu
Account No. : 115490446
SWIFT Code: SIDDNPKA

RASTRIYA BANIJYA BANK LTD.
Jaleswor
Account No. : 1270100002397001
SWIFT Code: RBBANPKA

NEPAL INVESTMENT MEGA BANK LTD.
Butwal
Account No. : 00901030002375
SWIFT Code: NIBLNPKT

NEPAL BANK LTD.
Chame
Account No. : 12800106427736000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Bhume
Account No. : 18900106585646000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Dolpa
Account No. : 08700101264228000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Jajarkot
Account No. : 07500101195791000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Beni
Account No. : 06300101163474000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Ghorahi
Account No. : 02700100276193000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Baglung
Account No. : 02200107033916000001
SWIFT Code: NEBLNPKA

RASTRIYA BANIJYA BANK LTD.
Bajhang
Account No. : 4110100005470001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Dhakari
Account No. : 426001229801
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Jumla
Account No. : 403000511001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Sanoshree
Account No. : 414000552601
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Bhojpur
Account No. : 2040100003763001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Gaighat
Account No. : 209000456201
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Humla
Account No. : 419000216001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Mahendranagar
Account No. : 4180100004704001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Naryanghat
Account No. : 1310100004955001
SWIFT Code: RBBANPKA

RASTRIYA BANIJYA BANK LTD.
Surkhet
Account No. : 408000854101
SWIFT Code: RBBANPKA

NEPAL BANK LTD.
Jhimrukh, Pyuthan
Account No. : 05200107215831000001
SWIFT Code: NEBLNPKA

NEPAL BANK LTD.
Devighat
Account No. : 02600107266138000001
SWIFT Code: NEBLNPKA

RASTRIYA BANIJYA BANK LTD.
Bhotewodar
Account No. : 3040100007055001
SWIFT Code: RBBANPKA

Citizens Bank

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