



**Machhapuchchhre Bank**

# *A Relationship of Trust*

Across Generations



**Annual Report**

FY 2024-25



A photograph of an older man with grey hair and a young boy with dark curly hair, both crouching in a lush green field. They are holding a small sapling in a black plastic pot, preparing to plant it in a hole in the ground. The man is on the left, and the boy is on the right. The background is a soft-focus landscape of rolling green hills under a bright sky.

**“Your  
Trust,  
Our  
Foundation.”**

Machhapuchchhre Bank Limited, commenced in 1998, marked a milestone as the first regional commercial bank in western Nepal and has been serving customers since 2000.

## माछापुच्छ्रे बैंक लिमिटेड प्रवेश-पत्र

शेयरधनीको नाम : .....

शेयरधनी परिचय (हितग्राही) नम्बर : .....

शेयर संख्या : .....

शेयरधनीको दस्तखत : .....

(मिति २०८२ साल असोज १० गते शुक्रबारका दिन हुने माछापुच्छ्रे बैंक लिमिटेडको सत्ताइसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र)

द्रष्टव्य : १) शेयरधनी आफैले खाली कोष्ठहरू भर्नु होला ।

२) सभा कक्षमा प्रवेश गर्न यो प्रवेश पत्र लिई आउनु होला ।

सुभाष जमरकटेल  
कम्पनी सचिव

## प्रोक्सी फाराम

श्री सञ्चालक समिति,  
माछापुच्छ्रे बैंक लिमिटेड,  
लाजिम्पाट, काठमाडौं ।

विषय : प्रतिनिधि (प्रोक्सी) नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला ..... म.न.पा/न.पा./गा.पा, वडा नं. .... बस्ने म/हामी ..... ले

त्यस बैंकको शेयरधनीको हैसियतले संवत् २०८२ साल असोज १० गते शुक्रबारका दिन हुने सत्ताइसौं वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकाले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नको लागि .....

जिल्ला ..... म.न.पा/न.पा./गा.पा. वडा नं. .... बस्ने त्यस बैंकका शेयरधनी श्री .....

...लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/छौं ।

प्रोक्सी लिनेले भर्ने

प्रतिनिधि नियुक्त भएको व्यक्तिको :

हस्ताक्षरको नमुना:

नाम:

परिचय (शेयरधनी/हितग्राही) नं.

शेयर प्रमाणपत्र नं.:

शेयर संख्या:

मिति:

प्रोक्सी दिनेले भर्ने

निवेदक :

दस्तखत:

नाम:

ठेगाना:

परिचय (शेयरधनी/हितग्राही) नं.

शेयर प्रमाणपत्र नं.:

शेयर संख्या:

मिति:

नोट : यो निवेदन साधारण सभा हुनुभन्दा कमिमा ४८ घण्टा अगावै बैंकको शेयर शाखा, सुन्धारा, माछापुच्छ्रे क्यापिटल लि. रहेको भवन, जे डि ए अफिस कम्प्लेक्स, काठमाडौंमा पेश गरी सक्नु पर्नेछ ।

# माछापुच्छ्रे बैंक लिमिटेडको

## सत्ताइसौं वार्षिक साधारण सभा बस्ने सम्बन्धी सूचना

यस बैंकको मिति २०८२/०५/१९ मा बसेको सञ्चालक समितिको ५३७ औं बैठकको निर्णयानुसार यस बैंकको सत्ताइसौं वार्षिक साधारण सभा देहायका विषयहरूमा छलफल तथा निर्णय गर्न निम्न लिखित मिति, समय र स्थानमा बस्ने भएको हुँदा कम्पनी ऐन २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा सहभागिताको लागि यो सूचना प्रकाशित गरिएको छ।

### सभा हुने मिति, समय र स्थान :

मिति : २०८२ साल असोज १० गते (तदनुसार २६ सेप्टेम्बर, २०२५) शुक्रबार।

समय : विहान ११:०० बजे।

स्थान : होटल पोखरा ग्राण्ड, पार्की, पोखरा, कास्की।

### छलफलका विषयहरू :

#### क. सामान्य प्रस्ताव :

- आर्थिक वर्ष २०८१/८२ को सञ्चालक समितिको २७ औं वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने।
- लेखापरीक्षकको प्रतिवेदन सहित बैंकको २०८२ आषाढ मसान्तको वित्तीय अवस्थाको विवरण तथा सोही मितिमा समाप्त भएको आर्थिक वर्ष २०८१/८२ को नाफा नोक्सान विवरण, अन्य विस्तृत आय विवरण, नगद प्रवाह विवरण लगायतका वार्षिक वित्तीय विवरणहरू छलफल गरी पारित गर्ने।
- यस बैंकको सहायक कम्पनीहरू "माछापुच्छ्रे क्यापिटल लिमिटेड" र "माछापुच्छ्रे सेक्युरिटीज लिमिटेड" को आर्थिक वर्ष २०८१/८२ को वित्तीय विवरणहरू सहितको बैंकको एकीकृत वित्तीय विवरण (Consolidated Financial Statement) छलफल गरी पारित गर्ने।
- कम्पनी ऐन, २०६३ को दफा १११ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ बमोजिम बैंकको लेखापरीक्षण समितिको सिफारिसमा आर्थिक वर्ष २०८२/८३ को लागि बाह्य लेखापरीक्षक नियुक्ती गर्ने र नियुक्तीका शर्त तथा पारिश्रमिक निर्धारण गर्ने। (कम्पनी ऐन २०६३ को दफा १११(३) बमोजिम बहालवाला लेखापरीक्षक श्री जी.पी.राजबाहक एण्ड कम्पनी चार्टर्ड एकाउण्टेण्ट्स पुनः नियुक्त हुन योग्य रहेको)
- सञ्चालक समितिले प्रस्ताव गरे बमोजिम शेयरधनीहरूलाई रु. ४६,४८,५४,२९०/९२ (अर्थात् चुक्ता पूँजीको ४ प्रतिशत) नगद लाभांश (बोनस शेयर तथा नगद लाभांशमा लाग्ने कर सहित) वितरण गर्न स्वीकृत गर्ने।
- सञ्चालक समितिमा सर्वसाधारण शेयरधनी समूहको तर्फबाट रिक्त रहेको सञ्चालक पदमा सञ्चालक समितिले साविक सञ्चालकको बाँकी कार्यकालसम्मको लागि गरेको सञ्चालकको नियुक्ती अनुमोदन गर्ने।

#### ख. विशेष प्रस्ताव :

- सञ्चालक समितिले प्रस्ताव गरे बमोजिम शेयरधनीहरूलाई रु. ४६,४८,५४,२९०/९२ (अर्थात् चुक्ता पूँजीको ४ प्रतिशत) बराबरको बोनस शेयर वितरण गर्न स्वीकृत गर्ने।
- सञ्चालक समितिले प्रस्ताव गरे बमोजिम प्रचलित कानुनी एवं नियमनकारी व्यवस्थाहरूको अधिनमा रही प्रति शेयर रु. १००/- का दरले रु. ३,००,००,००,०००/- (अक्षरेपी रु. तीन अर्ब) बराबरको "८.२५% माछापुच्छ्रे अविमोच्य असञ्चित अग्राधिकार शेयर" (8.25% Machhapuchchhre Perpetual Non-Cumulative Preference Share) जारी गर्ने।
- बैंकको अधिकृत पूँजी रु. १५,००,००,००,०००/- (अक्षरेपी पन्ध्र अर्ब) लाई वृद्धि गरी रु. २०,००,००,००,०००/- (अक्षरेपी बीस अर्ब) पुर्याउने र विशेष प्रस्ताव नं. १ र २ बमोजिम जारी गरिने बोनस शेयर र माछापुच्छ्रे अविमोच्य असञ्चित अग्राधिकार शेयर (Machhapuchchhre Perpetual Non-Cumulative Preference Share)को हदसम्म जारी पूँजी तथा चुक्ता पूँजी वृद्धि गर्न प्रबन्धपत्रको सम्बन्धित दफाहरू संशोधन गर्ने।
- सञ्चालक समितिको बैठकमा उपस्थित भए वापत सञ्चालकले पाउने बैठक भत्ता तथा सेवा सुविधा वृद्धि गर्ने र सोही बमोजिम बैंकको नियमावलीको सम्बन्धित दफाहरू संशोधन गर्ने।
- विशेष प्रस्ताव अनुसार प्रबन्धपत्र तथा नियमावलीमा भएका संशोधन उपर नियमनकारी निकाय वा कार्यालयबाट कुनै विषयमा थप संशोधन गर्न वा भाषिक संशोधन वा फेरबदल गर्न कुनै निर्देशन वा सुझाव प्राप्त भएमा सोही बमोजिम संशोधन गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने।

#### ग. विविध।

सञ्चालक समितिको निर्णयानुसार  
कम्पनी सचिव

## साधारण सभा सम्बन्धी थप जानकारीहरु :

- १) साधारण सभा प्रयोजनको लागि बैंकको शेयर दाखिल खारेजीको काम मिति २०८२ साल भाद्र २७ गतेका लागि बन्द रहनेछ । उक्त मितिभन्दा अगाडी नेपाल स्टक एक्स्चेन्ज लिमिटेडमा कारोवार भई सोको ७ कार्य दिन भित्र यस बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लिमिटेड रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा प्राप्त विवरणको आधारमा तथा हितग्राही खातामा कायम भएका शेयरधनीहरूले मात्र सो सभामा भाग लिन र मतदान गर्न पाउने छन् । नेपाल स्टक एक्स्चेन्जमा कारोवार भई धितोपत्र व्यवसायी (सदस्य दलाल) को Pool Account मा रहेको शेयरका आधारमा शेयरधनी कायम नहुने भएकाले उल्लेखित मिति भित्र शेयरधनीको खातामा शेयर ट्रान्सफर गर्न समेत सम्बन्धित धितोपत्र व्यवसायीहरूलाई अनुरोध गरिन्छ ।
- २) साधारण सभासँग सम्बन्धित वार्षिक आर्थिक विवरण, सञ्चालक समितिको प्रतिवेदन, लेखापरीक्षकको प्रतिवेदन र छलफलका विषयहरु यस बैंकको वेबसाइट [www.machbank.com](http://www.machbank.com)मा पनि राखिएको हुँदा त्यहाँबाट समेत हेर्न सकिने व्यहोरा अनुरोध छ ।
- ३) सभा हुने दिन सभामा उपस्थितिका लागि हाजिर पुस्तिका बिहान १०:०० बजे देखि खुल्ला रहने छ । सभामा भाग लिन आउँदा शेयरधनी महानुभावहरूले वार्षिक प्रतिवेदन पुस्तिकामा समावेश भएको प्रवेश पत्र साथमा लिई आउनु पर्नेछ । कुनै शेयरधनी महानुभावले कारणवस पुस्तिका नपाउनु भएमा आफ्नो फोटो भएको कुनै परिचयपत्र वा हितग्राही खाता (D-MAT Account) नम्बर वा BOID Statement वा कुनै एक सक्कल शेयर प्रमाणपत्र साथमा लिई आउनु हुन अनुरोध गरिन्छ ।
- ४) प्रतिनिधि (प्रोक्सी) नियुक्ती गर्न चाहने शेयरधनीहरूले आफ्नो सम्पूर्ण शेयरको प्रतिनिधि एउटै व्यक्ति हुने गरी प्रतिनिधि-पत्र (प्रोक्सी फाराम) भरी बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लिमिटेड रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा सभा शुरु हुनु भन्दा कम्तिमा ४८ घण्टा अगाडि अर्थात मिति २०८२ असोज ०८ गते विहान ११:०० बजे भित्र दर्ता गरी सक्नु पर्नेछ ।
- ५) शेयरधनीले एक भन्दा बढी व्यक्तिलाई आफ्नो शेयर विभाजन गरी वा अन्य कुनै किसिमबाट छुट्टयाई प्रतिनिधि (प्रोक्सी) नियुक्ती गर्न पाइने छैन । प्रतिनिधि (प्रोक्सी) प्रचलित कम्पनी कानूनले तोकेको ढाँचामा दिनु पर्नेछ । यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति बैंकको शेयरधनी हुनु अनिवार्य छ ।
- ६) एक जना शेयरधनीले एक भन्दा बढीलाई प्रतिनिधि (प्रोक्सी) मुकरर गरेमा प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ । प्रोक्सी नियुक्त गर्ने शेयरधनीले कुनै कारणवस त्यस्तो प्रोक्सी बदर गरी आफैँ सभामा उपस्थित भई मतदान गर्न चाहेमा सभा शुरु हुनु अगावै सो को लिखित सूचना दिनु पर्नेछ । यसरी सूचना दिई सम्बन्धित शेयरधनी आफैँ उपस्थित भएमा निजले पूर्ववत दिएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।
- ७) शेयर खरिद गरेको संगठित संस्था वा कम्पनीले बैंकको कुनै अर्को शेयरधनीलाई प्रतिनिधि (प्रोक्सी) मुकरर गर्न सक्नेछ । त्यसरी बैंकको शेयरधनीलाई प्रतिनिधि (प्रोक्सी) मुकरर नगरिएको अवस्थामा मनोनित गरेको प्रतिनिधिले निज बैंकको शेयरधनी नभएतापनि शेयरवालाको हैसियतले सभामा भाग लिन सक्नेछ । यसरी प्रतिनिधि पठाउँदा सभा शुरु हुनु भन्दा कम्तिमा ४८ घण्टा अगाडि बैंकको शेयर शाखा, माछापुच्छ्रे क्यापिटल लिमिटेड रहेको भवन, जे डि ए अफिस कम्प्लेक्स, सुन्धारा काठमाडौंमा लिखित रूपमा जानकारी दिनु हुन अनुरोध गरिन्छ ।
- ८) संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति अथवा सर्वसम्मतीबाट प्रतिनिधि नियुक्त गरिएको एक ब्यक्तिले मात्र सभामा भाग लिन पाउने छन् ।
- ९) नावालक तथा अशक्त शेयरधनीको हकमा निजको संरक्षक वा संरक्षकले तोकेको प्रतिनिधिले मतदानमा भाग लिन पाउने छ । तर संरक्षक स्वयम् शेयरधनी नभएमा अरु कसैको तर्फबाट प्रतिनिधि (प्रोक्सी) नियुक्त हुन योग्य हुने छैन ।
- १०) अन्य जानकारीको लागि बैंकको प्रधान कार्यालय, लाजिम्पाट, काठमाडौंमा सम्पर्क राख्नु हुन अनुरोध छ ।

## Timeless Trust, Incredible Innovation

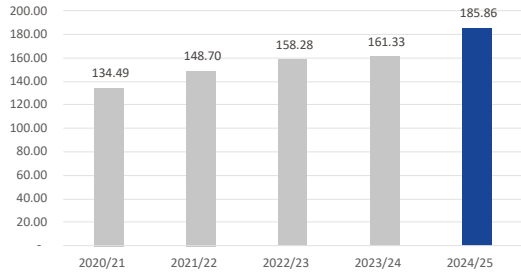
Banking is more than just transactions; it is a legacy of trust passed down through time. From the handwritten promise of a grandfather's cheque to the instant convenience of a grandson's mobile screen, we have evolved alongside the families we serve. As technology transforms, our commitment remains the same: providing every generation with effortless, leading-edge, and reliable banking solutions.



# FINANCIAL HIGHLIGHTS

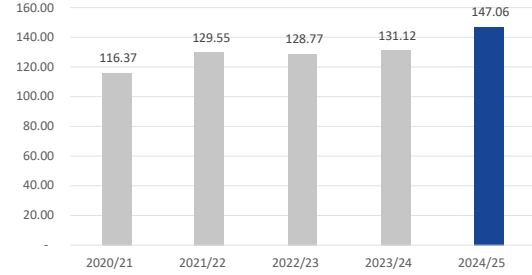
## Deposit

NPR in Billion



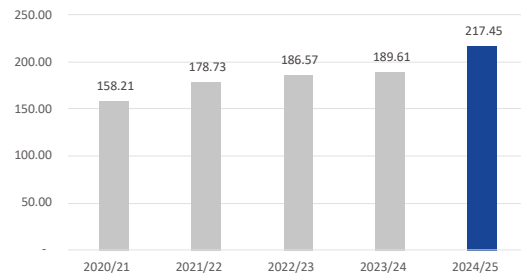
## Loan

NPR in Billion



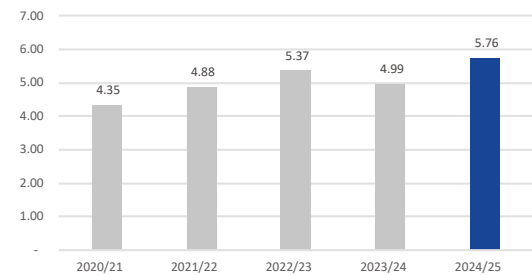
## Total Assets

NPR in Billion



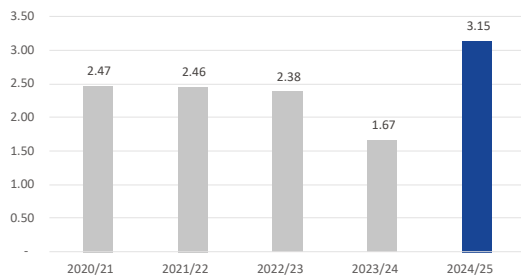
## Net Interest Income

NPR in Billion



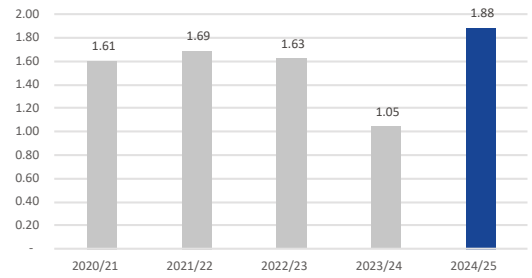
## Operating Profit

NPR in Billion

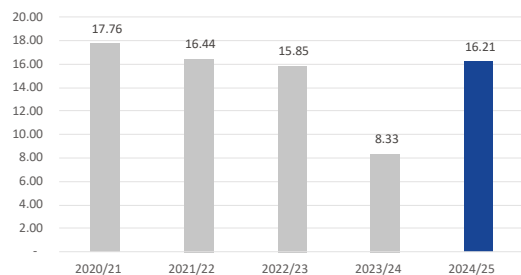


## Net profit

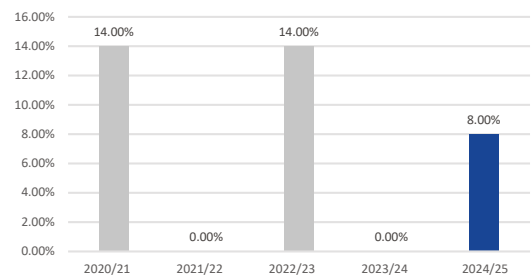
NPR in Billion



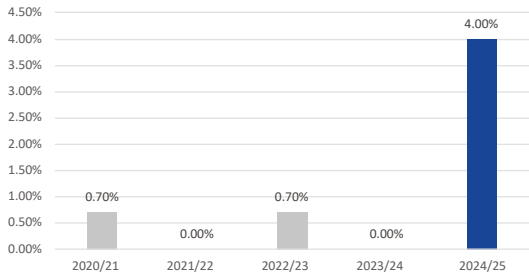
## Earnings Per Share



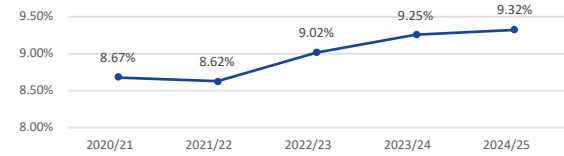
## Dividend (including bonus) on share



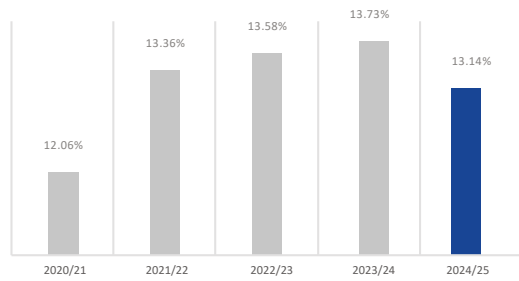
### Cash Dividend on share capital



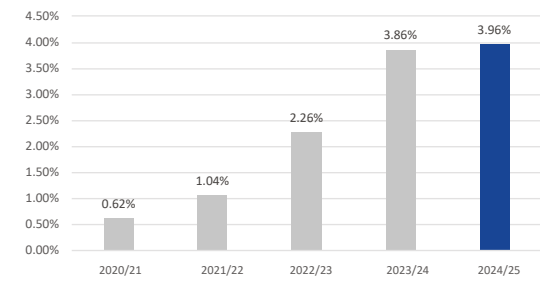
### Core Capital



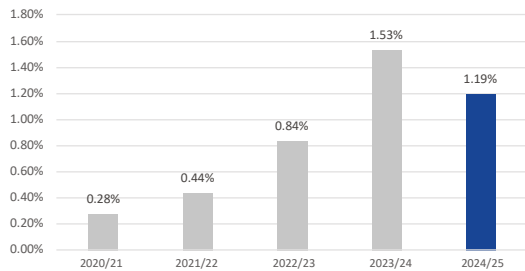
### Total Capital Fund



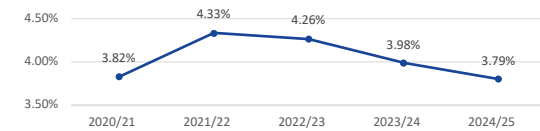
### Gross Non Performing Loans/Total Loans



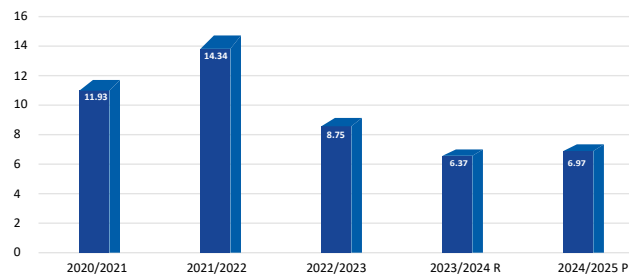
### Net Non Performing Loans/Total Loans



### Weighted Average Interest Rate Spread



### GDP Growth



R-REVISED/P-PRELIMINARY

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# Abbreviations

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<b>MBL</b>	- Machhapuchchhre Bank Limited	<b>DSL</b>	- Deprived Sector Lending
<b>NRB</b>	- Nepal Rastra Bank	<b>AML/CFT</b>	- Anti-Money Laundering / Combating the Financing of Terrorism
<b>NEPSE</b>	- Nepal Stock Exchange Limited	<b>KYC</b>	- Know Your Customer
<b>SEBON</b>	- Securities Board of Nepal	<b>STR</b>	- Suspicious Transaction Report
<b>NFRS</b>	- Nepal Financial Reporting Standards	<b>CSR</b>	- Corporate Social Responsibility
<b>IRD</b>	- Inland Revenue Department	<b>IPO</b>	- Initial Public Offering
<b>OCR</b>	- Office of Company Registrar	<b>ESG</b>	- Environmental, Social and Governance
<b>NPL</b>	- Non-Performing Loan	<b>ICAAP</b>	- Internal Capital Adequacy Assessment Process
<b>ECL</b>	- Expected Credit Loss	<b>NCHL</b>	- Nepal Clearing House Limited
<b>NBA</b>	- Non-Banking Asset	<b>AI</b>	- Artificial Intelligence
<b>CAR</b>	- Capital Adequacy Ratio	<b>ATM</b>	- Automated Teller Machine
<b>ROA</b>	- Return on Assets	<b>SDF</b>	- Standing Deposit Facility
<b>ROE</b>	- Return on Equity	<b>OLF</b>	- Overnight Liquidity Facility
<b>GDP</b>	- Gross Domestic Product	<b>QR</b>	- Quick Response
<b>BOP</b>	- Balance of Payment	<b>POS</b>	- Point of Sale
<b>CEO</b>	- Chief Executive Officer	<b>HRMS</b>	- Human Resource Management System
<b>AGM</b>	- Annual General Meeting	<b>HRM</b>	- Human Resource Management
<b>BOD</b>	- Board of Directors	<b>EIN</b>	- Employee Identity Number
<b>ALCO</b>	- Asset Liability Committee	<b>NPI</b>	- National Payment Interface
<b>BAFIA</b>	- Banks and Financial Institutions Act	<b>UPI</b>	- Unified Payment Interface
<b>FY</b>	- Fiscal Year	<b>SMS</b>	- Short Message Service
<b>NPR</b>	- Nepalese Rupees	<b>IPS</b>	- Interbank Payment System
<b>USD</b>	- United States Dollar	<b>IMF</b>	- International Monetary Fund
<b>FCY</b>	- Foreign Currency	<b>NSO</b>	- National Statistics Office
<b>LCY</b>	- Local Currency	<b>ISO</b>	- International Organization for Standardization
<b>SME</b>	- Small & Medium Enterprises		



# Annual Performance Overview and Strategic Outlook

The Fiscal Year (FY) 2024/25 marked a period of recovery for the banking industry compared to previous years. Notably, the bank successfully reduced the high Non-Performing Loan (NPL) ratios that had persisted in the past. We entered the year with ambitious strategies focused on credit expansion, mobilizing low-cost deposits, and broadening our digital ecosystem. In alignment with these goals, the bank achieved its targeted business growth, realizing significant increases in both loan and deposit portfolios.

For FY 2024/25, the bank recorded a net profit of NPR 1.883 billion. Total portfolio growth reached NPR 40.45 billion, comprised of NPR 24.52 billion in deposit growth and NPR 15.93 billion in loan expansion. Additionally, net assets grew by NPR 1.79 billion.

Looking ahead to FY 2025/26, our primary strategy centers on driving business growth while maintaining a balance across key financial indicators. The bank will prioritize recovery efforts, digital transformation, and balance sheet optimization to maximize earnings. Key initiatives include the issuance of Perpetual Non-Cumulative Preference Shares and the continued automation of internal processes to drive productivity. Furthermore, we remain committed to socio-economic development through targeted CSR initiatives, building upon our long-standing legacy of community welfare.

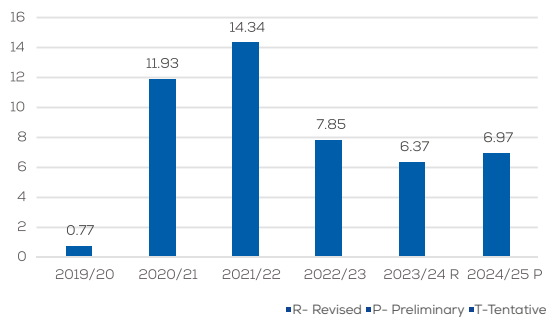


## I. Macroeconomic Review: Growth Projections and Inflationary Trends

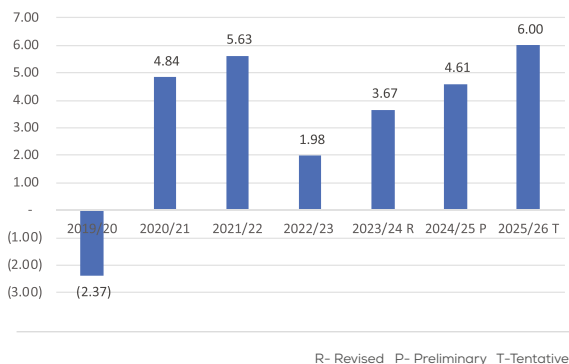
According to estimates from the National Statistics Office, Nepal's economy is projected to grow by 4.61% in FY 2024/25, a notable increase from the 3.67% growth rate recorded in FY 2023/24. This economic momentum is primarily driven by robust performance in the agricultural and service sectors.

Regarding national accounts, the ratio of gross domestic savings to GDP is positioned at 6.55%, while the gross national savings to GDP ratio stands at 36.24% for FY 2024/25. The inflationary environment has also shown signs of cooling; the annual average consumer price inflation moderated to 4.06% in FY 2024/25, down from 5.44% in the previous year.

### Nominal GDP Growth Rate



### Real GDP Growth Rate



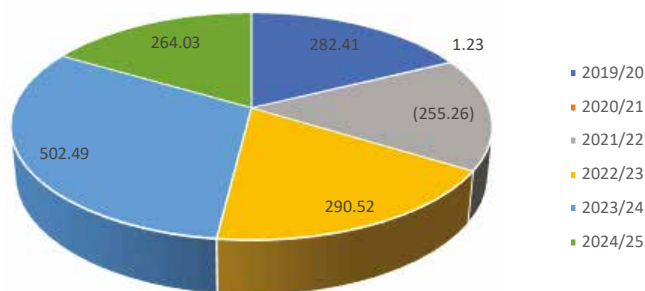
## International Trade, Remittances, and Balance of Payment Position: A Year of Robust External Growth

During the FY 2024/25, Nepal's external sector exhibited significant shifts, characterized by a substantial 81.8 percent surge in merchandise exports to Rs. 277.03 billion and a 13.3 percent increase in merchandise imports to Rs. 1,804.12 billion. Although the total trade deficit widened by 6.0 percent to Rs. 1,527.09 billion—contrasting a 1.0 percent contraction in the previous year—the export-import ratio improved remarkably to 15.4 percent from 9.6 percent in the prior year.

Remittance inflows remained a vital economic pillar, growing by 19.2 percent to reach Rs. 1,723.27 billion, which outperformed the 16.5 percent growth recorded previously. In the final month of the fiscal year alone, inflows reached Rs. 189.11 billion compared to Rs. 117.78 billion in the same period last year, while in US Dollar terms, annual remittances increased by 16.3 percent to \$12.64 billion.

The nation's financial position strengthened further as the current account registered a surplus of Rs. 409.20 billion (\$3.01 billion), a significant increase from the Rs. 221.71 billion (\$1.67 billion) surplus recorded in the previous year. Similarly, the Balance of Payments (BoP) maintained a healthy surplus of Rs. 594.54 billion (\$4.37 billion), up from Rs. 502.49 billion (\$3.77 billion) in the preceding year. By the end of the review period, gross foreign exchange reserves stood at \$19.50 billion, providing a robust liquidity cushion sufficient to cover 15.4 months of merchandise and services imports.

### BOP (In Billion)



### **Interest Rate Environment and Benchmark Trends**

By mid-July 2025, interest rate benchmarks across the banking sector showed a notable downward trend compared to the previous year. The weighted average interest rate of 91-day Treasury bills eased slightly to 2.95 percent, down from 3.00 percent in mid-July 2024. A more significant reduction was observed in the cost of borrowing and funds for commercial banks; the average base rate fell to 6.02 percent in mid-July 2025 from 8.00 percent a year earlier.

This downward trajectory was further reflected in retail rates, as the weighted average deposit rate decreased to 4.19 percent from 5.77 percent over the same period. In alignment with these shifts, the weighted average lending rate saw a substantial decline, dropping to 7.85 percent in mid-July 2025 from 9.93 percent in mid-July 2024.

### **Capital Market Review: Secondary Market Recovery and Primary Market Issuances**

The Nepalese capital market demonstrated strong bullish momentum in FY 2024/25, with the NEPSE index rising to 2,794.79 by mid-July 2025—a significant recovery from the 2,240.41 recorded in mid-July 2024. This upward trajectory in the secondary market was accompanied by a sharp expansion in

stock market capitalization, which reached Rs. 4,656.99 billion by the end of the review period, up from Rs. 3,553.68 billion a year earlier.

In the primary market, the Securities Board of Nepal (SEBON) facilitated capital formation by approving public issuances totalling Rs. 45.16 billion. This total comprised Rs. 15.41 billion in right shares, Rs. 15.20 billion in mutual funds, and Rs. 10.62 billion in debentures. Ordinary shares, including Initial Public Offerings (IPOs), accounted for Rs. 3.93 billion of the total approvals, reflecting sustained investor appetite and a diversifying range of financial instruments within the market.

### **Financial Sector Structure and Institutional Landscape**

The total number of BFIs licensed by NRB remained 107 in mid-July 2025. As of mid-July 2025, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches reached 11,526 in mid-July 2025 from 11,530 in mid-July 2024. Population per branch remained 2530 in mid-July 2025 compared to 2529 a year ago.



माध्यापुत्रे बँक  
MADHYAPUTRA BANK

# PROFILE OF THE BANK

<b>Name of the Bank</b>	: Machhapuchchhre Bank Limited
<b>Legal Form</b>	: Limited Company registered in OCR in Nepal on 16 February 1998 under the Companies Act and listed with Nepal Stock Exchange Limited.
<b>Commencement of Business</b>	: Since 2000
<b>Registered in</b>	: IRD- 21 August 2001
<b>Registered Office</b>	: MBL Tower, Lazimpat Kathmandu
<b>Telephone No</b>	: +977-1-4528556
<b>NTC Toll Free No</b>	: 1660-01-23234,
<b>NCELL Toll Free No.</b>	: 18102123234
<b>Website</b>	: <a href="http://www.machbank.com">www.machbank.com</a>
<b>Email</b>	: <a href="mailto:machbank@mbi.com.np">machbank@mbi.com.np</a>
<b>Swift Code</b>	: MBLNNPKA
<b>Chairman</b>	: Mr. Roshan K.C
<b>Chief Executive Officer</b>	: Mr. Santosh Koirala
<b>Auditor</b>	: G.P. Rajbahak & Co.
<b>Rating Agency</b>	: Care Ratings Nepal Limited
<b>Subsidiary Company</b>	: Machhapuchchhre Capital Limited Machhapuchchhre Securities Limited



  
**SUDUR PASCHIM PROVINCE**  
Branches: 12

  
**KARNALI PROVINCE**  
Branches: 5

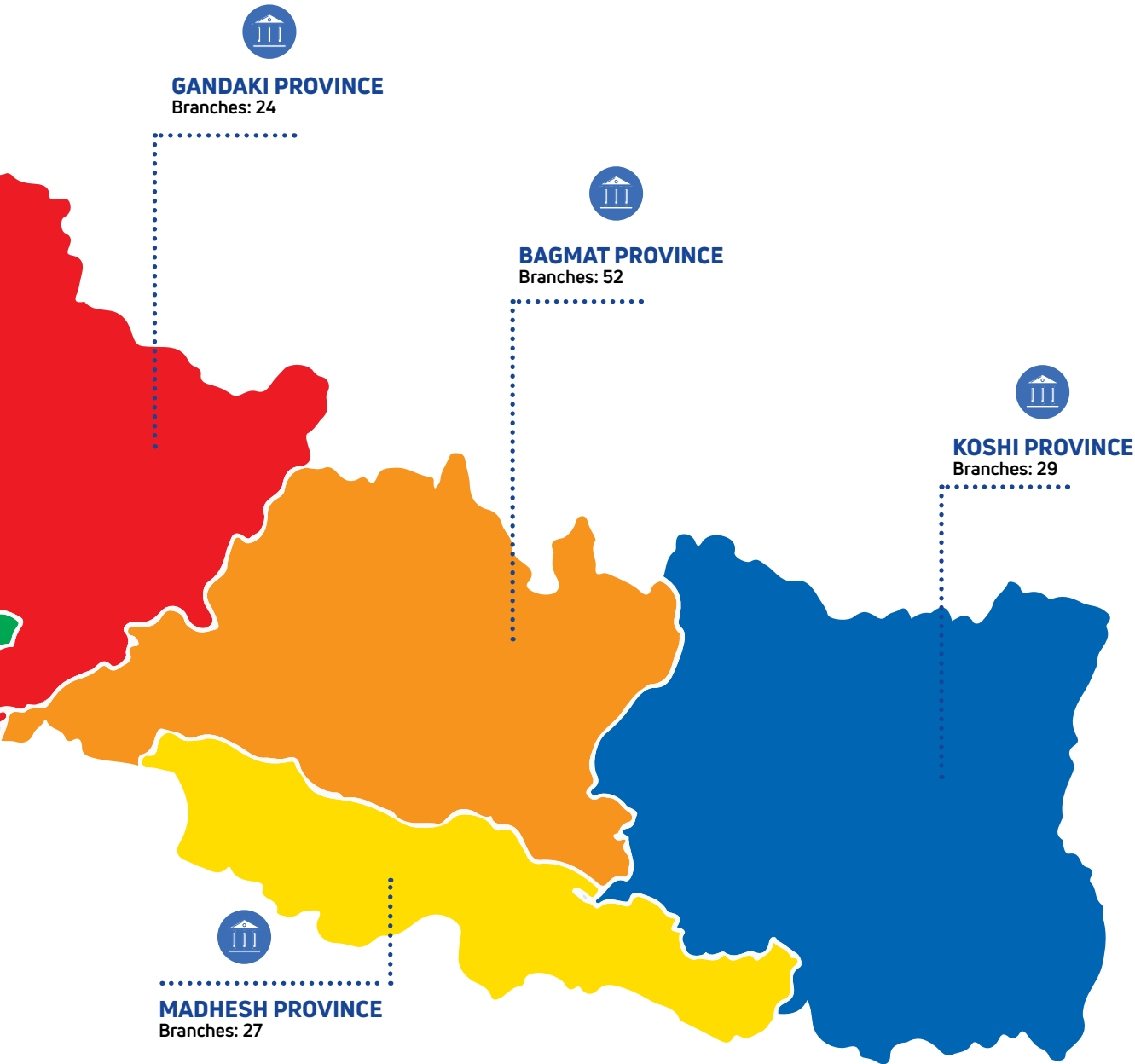
  
**LUMBINI PROVINCE**  
Branches: 16



# Geographical Presence:

# **BRANCH COVERAGE**

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# MBL's Journey !



**2025**  
Is in 25 Years of  
Operations



**2012**  
Merger with  
Standard Finance Ltd.

**2003**  
Started Operation as  
National Level



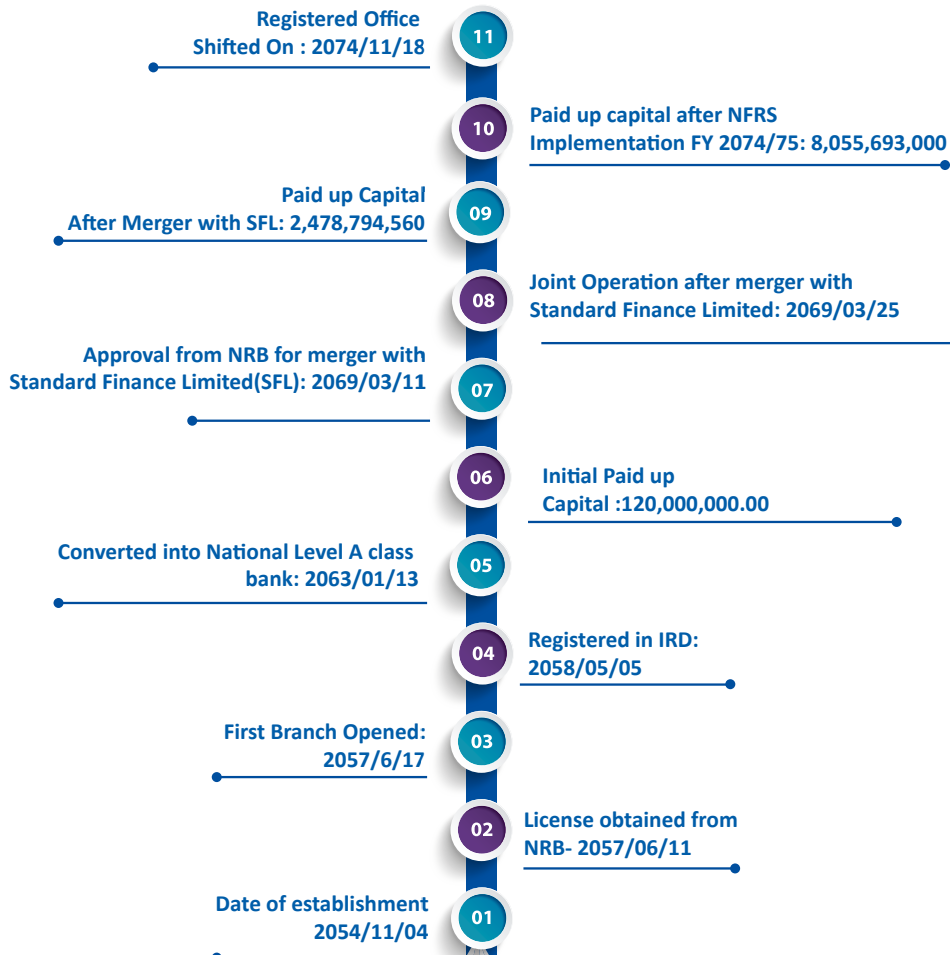
**2000**  
Started Banking Operations in  
Regional Level



**1998**  
Registered as First  
Regional Commercial Bank



# Major Milestones



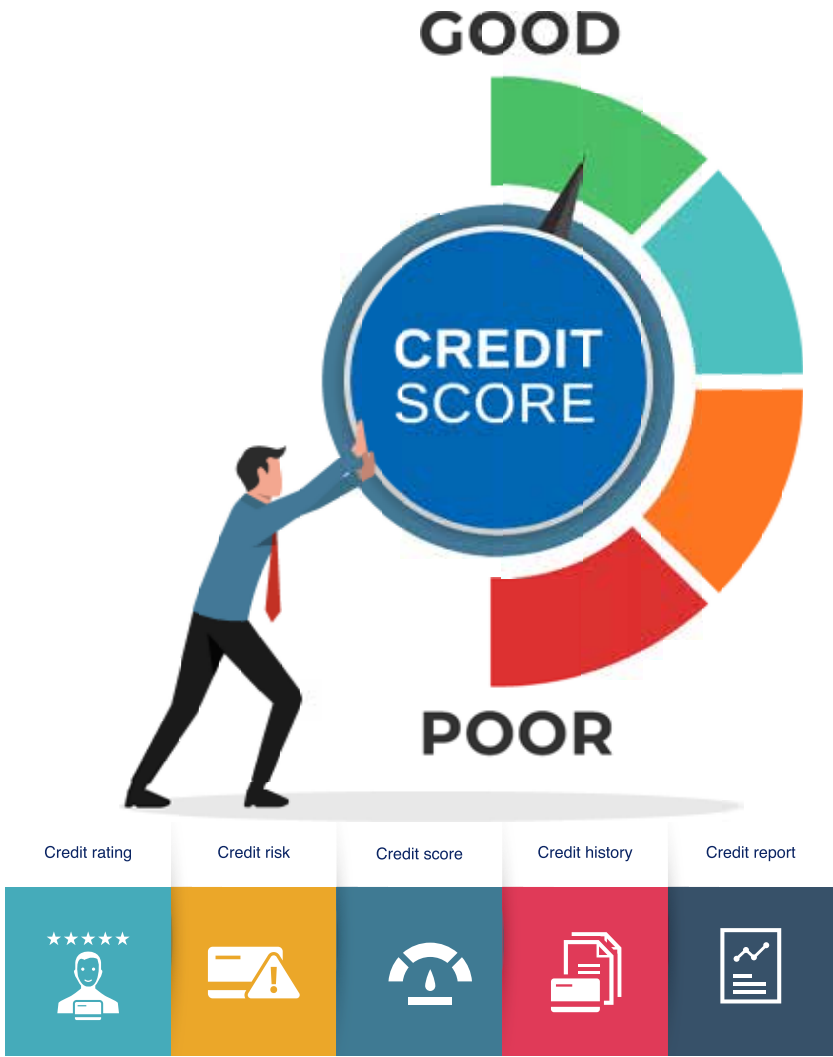
A vibrant scene in a modern garden. A man in a light blue shirt and white kurta carries a young boy on his shoulders. The boy is also in a light blue shirt and white pants, holding a petal. To the right, an elderly man in a light blue kurta, a white vest, and a patterned cap claps joyfully. The air is filled with falling yellow petals. The background shows a modern house with large windows and a garden with a small waterfall and colorful flowers.

**Trust Meets Joy**

# Credit Rating and Regulatory Compliance

In compliance with the Unified Directive and in accordance with our commitment to transparency, the Bank has secured a formal credit rating from Care Ratings Nepal Limited. This rating serves as a cornerstone of our ongoing efforts to provide investors and stakeholders with independent assurance of the Bank's stable financial position and operational sustainability.

By facilitating an objective assessment of our financial health, we further demonstrate our dedication to safeguarding stakeholder interests and maintaining the highest standards of corporate governance



## Machhapuchchhre Bank Limited

### Rating

Instrument/Facilities	Amount (Rs. Million)	Rating <sup>1</sup>	Rating Action
<b>Issuer Rating</b>	<b>NA</b>	<b>CARE-NP BBB+ (Is) [Triple B Plus (Issuer)] (Credit watch with negative implications)</b>	<b>Continues to be on credit watch with negative implications</b>

CARE Ratings Nepal Limited (CRNL) continues to place the issuer rating of 'CARE-NP BBB+ (Is)' assigned to Machhapuchchhre Bank Limited (MBL) on credit watch with negative implications. Issuers with this rating are considered to offer moderate degree of safety regarding timely servicing of financial obligations, in Nepal. Such issuers carry moderate credit risk.

### Detailed Rationale & Key Rating Drivers

The rating assigned to MBL continues to be on credit watch with negative implications factoring in sustained stress in the asset quality of the bank as on mid-January 2025, although its Gross Non-Performing Loans (GNPL) continues to remain below the industry average. MBL's reported uptick in its GNPLs in FY24 (FY refers to the twelve-month period ending mid-July), with continued trend in H1FY25 (Unaudited, H1 refers to the six-month period ending mid-January). The solvency profile of the bank as indicated by its net NPL to net worth ratio also stood at higher side i.e. ~16% as on mid-January 2025. Hence, amid near-term headwinds, stress on MBL's asset quality is likely to sustain, leading to added pressure on the bank's earnings and distributable profits, which remains a key constraint from credit perspective.

The rating, however, continues to derive strengths from the bank's long track record of operations along with experienced directors and management team, widespread geographical coverage through branches, adequate overall capitalization levels during H1FY25, moderate financial performance and improving CASA mix. The rating also factors in the concentration of the loan portfolio of the banks towards corporate advances and relatively small scale of operation of the bank amid intense competition and exposure to regulatory risk related to industry.

*Going forward, the ability of the bank to improve its asset quality while managing growth in operations, maintain adequate cushion in capital adequacy indicators from the minimum regulatory requirement levels, and manage the impact of any other regulatory changes by Nepal Rastra Bank would be the key rating sensitivities.*

### Detailed Description of the Key Rating Drivers

#### Key Rating Strengths

##### Long track record of operations along with experienced promoters and management team

With operational track record of over two decades, MBL is a professionally managed bank under the overall guidance of its Board of Directors which includes eminent businessmen/industrialists with wide experience. Mr. Roshan K.C, Chairman, is a well-known entrepreneur with multiple business ventures. Mr. K.C had already served as the Chairman of MBL from April 27, 2017 till January 4, 2019. Besides MBL, he is involved in multiple business ventures with K.C group of companies. Mr. Santosh Koirala, CEO, has an experience of more than a decade in the banking sector of Nepal in various capacities. The bank's management is further supported by an experienced team across various functions.

##### Adequate overall capitalization levels

MBL's overall capitalization levels continue to remain adequate. The bank continues to maintain adequate overall capitalization levels of 13.74% as on mid-July, 2024 (FY23: 13.58%) (against minimum regulatory requirement of 11%)

which was above industry average of 12.84% over the same period. The high overall capitalization is mainly supported by moderate core capitalization level with adequate supplementary capital base (10-year debentures of Rs. 3 Bn and Rs. 2.25 Bn issued during FY20 and FY22 respectively). Tier- I ratio of the bank improved to 9.25% as on mid-July 2024, although cushion remains on the lower side vis-à-vis industry average, as compared to 9.02% as on mid-July, 2023 (against minimum regulatory requirement of 8.5%) on account of increase in core capital base aided by accretion of profit during FY24 coupled with moderation in growth in loans and advances during FY24 as compared to earlier years. The risk weighted exposures increased by 0.39% y-o-y during FY24 while core capital increased by 3.14% supported by decent profitability during FY24. Nonetheless, the bank continues to maintain adequate cushion of 2.26% in overall CAR levels as on mid-January 2025.

Amendments made by regulator regarding suspension of 0.5% additional countercyclical buffer for FY24 and FY25 (0% countercyclical buffer applicable for FY25), along with eligibility of accrued interest receivable (AIR) on pass loans and certain interest capitalized reserve as supplementary capital from FY25 onwards has supported banks in maintaining their CAR levels to an extent. Adequate capitalization levels, particularly in core capital, helps bank's ability to absorb losses, should they materialize, especially given the increasing uncertainty surrounding credit recovery. The bank's ability to maintain adequate cushion in the capital adequacy ratios will remain critical for its solvency and growth prospect.

#### **Moderate financial performance**

During FY24, MBL reported total income of Rs. 16,599 Mn which is ~14% y-o-y decline as compared to FY23 level mainly on account of lower yield on advances during FY24. The cost of funds was on higher side during FY23 consequently resulting in higher yields on advances (interest rate spread is capped at 4% by NRB). Further, the growth in loans and advances was on lower side at ~2% y-o-y during FY24. The decline in interest was characterised by decrease in yield on advances, which decreased to 9.75% in FY24 (FY23: 12.19%). The bank's Net Interest Income (NII) declined by ~7% y-o-y during FY24. Net Interest Margin (NIM) slightly decreased to 2.65% in FY24 (FY23: 2.94%). Furthermore, the bank maintained its operating costs level and reported a reduction in the operating cost by 1.31% y-o-y in FY24. PAT moderated during FY24 to Rs. 1,045 Mn (FY23: Rs. 1,626 Mn) on account of increase in impairment charges to Rs. 1,398 Mn in FY24 (FY23: Rs. 1,148 Mn) amid increase in Non-Performing Assets (NPA). The bank's Return on Total Assets (ROTA) and Return on Net Worth (RONW) were subdued at 0.56% and 6.34% respectively in FY24 (FY23: 0.89% and 10.61% respectively).

During H1FY25, MBL's total income declined by ~17% y-o-y to Rs. 7,429 Mn (H1FY24: Rs. 8,958 Mn) majorly on decline on yields on advances as a result of reduced cost of funds. Despite the same, NII increased during H1FY25 by 7.06% as NIM improved to 2.90% in H1FY25 as compared to 2.79% in H1FY24. The bank's performance and return indicators were at similar levels in H1FY25 as reflected by net profit of Rs. 807 Mn (H1FY24: Rs. 805 Mn) and ROTA of 0.83%.

#### **Improving CASA mix**

MBL has a moderate CASA mix in its total deposit with 39.64% CASA deposits at the end of FY24 (Industry average: 36.84%), which increased from 33.99% at the end of FY23 (Industry average: 35.55%). CASA deposits in absolute amount have increased year-on-year by 18.88% to Rs. 63,952 Mn at the end of FY24, which further increased by 13.89% (over FY24 level) to Rs. 72,836 Mn at the end of H1FY25. With increase in CASA mix of the company during H1FY25 of 43.56%, the cost of funds improved to 4.82% in H1FY25 from 5.87% in FY24. Higher cost of funds vis-à-vis peers pose advantage to a bank in the "base rate plus" lending rate regime. MBL's cost of fund is comparable to its peers. Base rate of the MBL stood 7.14% during H1FY25 higher than the industry average of 6.64%.

### Key Rating Weaknesses

#### Weakened assets profile

MBL's asset quality has declined during FY24, with the GNPL ratio of 3.86% as on July 15, 2024, while the industry average GNPL ratio was 3.76%. GNPL ratio has further deteriorated to 4.54% as on January 13, 2025 vis-à-vis industry trend however lower than the industry average: 4.73% during the same period. Additionally, total delinquent loans (30+ days past due) increased to 13.79% as on mid-July 2024 from 7.34% as on mid-July 2023, which further increased to 15.55% as on mid-January, 2025. With the increase in delinquent loans in 30-90 days bucket, there is further possibility of slippages in asset quality. The bank's solvency indicators also deteriorated with Net NPL to Networth (NNPL/Networth) at 11.37%, 11.94% and 15.59% at the end of FY23, FY24 and H1FY25 respectively. Increase in NNPL/Networth (%) at the end of H1FY25 was on account of higher increase in delinquencies over 91-180 days where required mandatory loan loss provisioning is only 25%. Sustained slippages in MBL's asset quality could materially impact its overall credit risk profile and its requirement for increased provisioning, which is likely to subdue its profitability and capitalization indicators in FY25. MBL's ability to improve its asset quality via efficient recovery mechanisms will be critical from analytical perspective.

#### Concentrated advances portfolio

MBL's advances portfolio is concentrated towards corporate advances with 45.61% and 47.95% of total loans and advances at the end of FY24 and H1FY25. Deposit concentration of the top 20 institutional depositors at the end of FY24 and H1FY25 were 14.04% (FY23: 17.31%) and 11.71% respectively. Although, concentration on top twenty single borrowers on total loans and advances stood low 16.70% and 18.16% at the end of FY24 and H1FY25 respectively (FY23: 13.79%). The concentration on top 20 group borrowers remained higher at 28.23% as on mid-January, 2025 (FY24: 27.30%).

#### Intense competition and exposure to regulatory risk related to industry

Currently there are 20 Commercial Banks (as on mid-January 2025), including three major state-owned banks, operating with total 5,078 branches all over Nepal (based on monthly statistics published by NRB for mid-January 2025). MBL had 166 branches along with head office as on same date. Industry (Class A Commercial Banks) had achieved net interest income of Rs. 92,381 Mn during H1FY25, where MBL's share on net interest income was 3.06%. Intense competition in the banking industry results in a highly dynamic market with volatile market shares. Unhealthy competition in the interest rates remains a prominent challenge.

The banking industry of Nepal is exposed to changes in various regulatory measures issued by NRB from time to time. In recent times, NRB had changed to CD ratio mechanism from previous Credit to Core Capital plus Deposit (CCD) ratio measures, increased the minimum requirement of liquid assets that the BFIs must hold and implemented working capital guidelines. Cumulatively these led to muted credit growth in FY23 and FY24. NRB capped interest rate spread of commercial banks at 4% from 4.4%, which has also added to the lower profitability of banks in FY23 and FY24 apart from increased impairment. Subdued growth in loans and advances and increase in credit cost due to rising NPL levels is likely to put downward pressure on the bank's profitability indicators.

#### Industry Outlook

The major challenges currently faced by the banking sector in Nepal is centred around declining asset quality. High and rising GNPLs are leading to stressed profitability and adding downward pressure on banks' capitalization. CARs of Class A banks declined from 13.37% as on mid-July 2023 to 12.84% as on mid-July 2024 against the backdrop of deterioration in GNPL ratio from 2.98% to 3.76% over the same period. Credit expansion in Nepal took off substantially and in more aggressive manner during the pandemic era with loans & advances portfolio of Class A banks growing by a compounded

annual growth rate of 19.91% over FY20-FY22, leading to a higher proportion of unseasoned credit in their books. Introduction of contractionary policies helped check credit growth in FY23. Also, muted GDP growth in the country (real GDP growth of 2% and 3.90% in FY23 and FY24 as compared to 4.8% and 5.60% in FY21 and FY22 respectively) and lower than expected government expenditures has prolonged the difficult road to recovery for various sectors including construction, steel, cement, automobiles, retail and SME sectors. Although robust remittance inflows and revival of tourism has supported the growth in private consumption levels which coupled with softened interest rates has benefitted repayment ability among the borrowers, the impact of the same at root level consumers is yet to be seen as indicated by further rise in GPNL ratio to 4.73% as on mid-January 2025. However, relaxations have been provided by central bank through its Monetary Policy FY25 regarding suspension of additional countercyclical buffer for FY24 and FY25, inclusion of portion of accrued interest receivable on pass loan in Tier-II capital, reduction of loan loss provisioning on pass loan etc. which is likely to improve capitalization levels of bank given that non performing advances do not rise substantially from current levels.

#### **About the Bank**

Machhapuchchhre Bank Limited (MBL) is a class A commercial bank incorporated on February 16, 1998. The bank started its banking operations since 2000. As on January 13, 2025, the paid-up capital of the bank stood at Rs. 11,621 Mn with 51% of the total shares held by promoters and the remaining 49% by the general public.

# DISCLOSURE ON ISO CERTIFICATION

Machhapuchchhre Bank has proudly achieved the prestigious ISO 9001:2015 Certification, reaffirming the Bank's strong and well-structured Quality Management System (QMS). This internationally recognized certification, valid until 17 December 2027, scores the Bank's unwavering commitment to excellence in operational processes, service delivery, and customer satisfaction.

This achievement demonstrates that the Bank's internal systems, procedures, and service standards align with globally accepted benchmarks of quality, consistency, and continual improvement. It highlights Machhapuchchhre Bank's focus on operational discipline, regulatory compliance, and a culture of ongoing enhancement across all areas of operation.

Securing this certification is a testament to the collective dedication, professionalism, and hard work of the entire Machhapuchchhre Bank team. Their commitment to upholding high standards and embracing continuous improvement has been fundamental to this accomplishment.

The Bank remains committed to leveraging its Quality Management System to deliver superior banking services, strengthen stakeholder confidence, and support long-term sustainable growth.





## Certificate of Registration

This certificate has been awarded to

**Machhapuchhre Bank Limited**

Lalimpat, Kathmandu, Nepal

In recognition of the organization's Quality Management System which complies with

**ISO 9001:2015**

The scope of activities covered by this certificate is defined below

**Provision of Commercial Banking Activities**

Certificate Number: 88524/MSL/UKAS			
Date of Issue of Certification Cycle	Issue Number	Certificate Expiry Date	Certification Cycle
18 December 2018	0	17 December 2021	3
Review Date	Review Number	Original Certificate Issue Date	Scheme Number
25 November 2024	0	18 December 2018	N/A

For detailed explanation for the data fields above, refer to <http://www.urs-ukas.com/qaqa-and-resolutions>

Issued by

Mukesh Singhal | On behalf of the Scheme Manager



**Fostering a Tradition of Savings  
through Trust**



# Economic Outlook and Strategic Performance Review: FY 2024/25

According to the National Statistics Office (NSO), Nepal's GDP growth for FY 2024/25 is estimated at 3.99%. Amidst a broader recovery in the Nepalese banking industry, MBL has demonstrated significant resilience and growth. The Bank expanded its business by NPR 40.45 billion, posting a net profit of NPR 1.883 billion for FY 2024/25. Consequently, the Bank rewarded its shareholders with an 8% dividend (comprising 4% cash and 4% bonus shares).

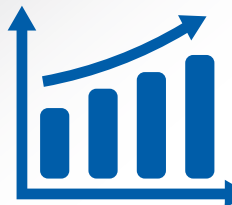
While the industry at large faced a surge in Non-Banking Assets (NBAs), MBL successfully bucked the trend by disposing of a significant volume of its NBA portfolio over the last fiscal year.

In a strategic move to strengthen risk oversight, the Bank has transitioned to the Expected Credit Loss (ECL) Model for assessing risk assets, in strict alignment with NRB guidelines. Unlike the traditional "incurred loss" approach, this forward-looking model evaluates significant shifts in credit risk to determine impairments more proactively.

MBL remains fully compliant with all regulatory benchmarks across key performance indicators. With a robust capital base, the Bank is well-positioned to fund its ambitious growth targets for the upcoming year. Furthermore, MBL continues to prioritize digital transformation, automating internal processes to drive operational efficiency and empower its workforce.



## HIGHLIGHTS OF FY 2024-25



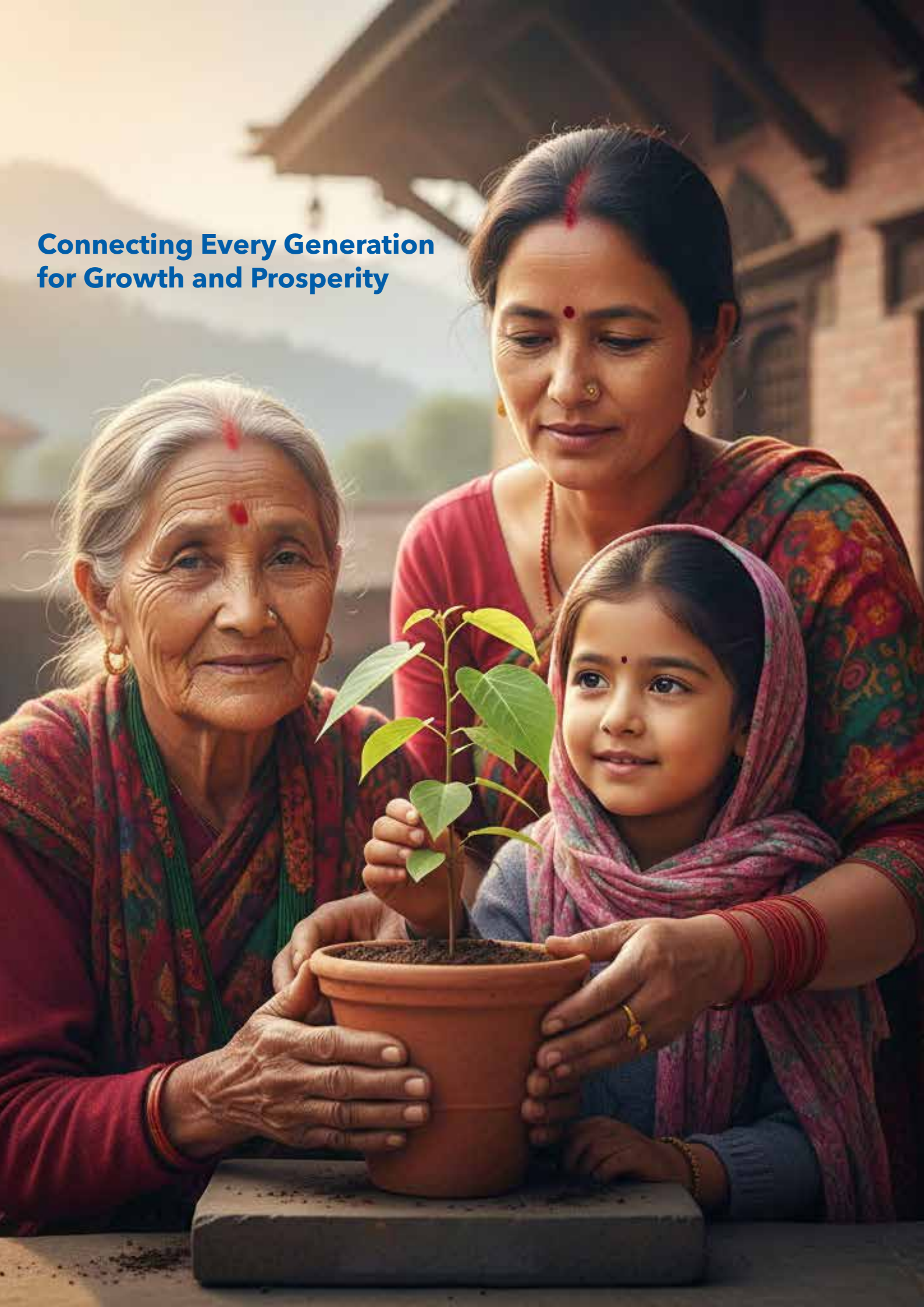
Rising Star in Best  
Asset Quality Award



1st Bank to  
Conduct AGM

IMPLEMENTATION OF NFRS  
9-Expected Credit Loss

**Connecting Every Generation  
for Growth and Prosperity**





MESSAGE FROM THE CHAIRMAN:

# 25 Years of Excellence and the Path Forward



It is a proud moment for everyone associated with Machhapuchchhre Bank as the bank completes its 25 years of remarkable operation. The Machhapuchchhre Bank family is always grateful to all stakeholders for their deep trust and sincere support throughout this incredible journey. We are here today because of the continued goodwill and support of our shareholders and dignitaries, the trust and love of our customers, the guidance of regulatory bodies, and the unwavering efforts of our entire staff. While embracing new dimensions of technology and moving towards refined services, we have remained steadfast in adhering to the policies, directives, risk management protocols, and good governance standards set by existing laws and regulatory bodies.

By harnessing the power of digitalization and promoting sustainable business practices, we aim to drive enterprise growth and contribute to the sustainable development of our economy. We remain committed to furthering our organic growth, supported by the strong fundamentals we have built over the years. Our digital platform now includes a diverse range of offerings across deposits, payments, financing, and wealth management. We shall remain adequately liquid, well-capitalized, and prepared to deliver our growth targets for the years to come.

The FY 2024/2025 was a challenging year for the entire country. Unanticipated events in the international economy had both direct and indirect impacts on every sector of the Nepalese economy. The Nepalese banking industry was similarly affected by these developing challenges, and as a member of this industry, Machhapuchchhre Bank faced its own share of hurdles from this unpredictable scenario.

Amid these challenges, the bank has prioritized increasing the quality of its loan portfolio. We have expanded credit investment in agriculture, renewable energy, and small and medium enterprises (SMEs) to support employment generation and contribute to the nation's

economy, while maintaining our commitment to providing reasonable returns to our shareholders. Notably, during the review year, the Bank successfully convened its Annual General Meeting within just 2.5 months of the fiscal year's close and presented a formal proposal for dividends.

Machhapuchchhre Bank has always aspired to collaborate with the Government of Nepal in achieving national goals. In our quest to contribute to the nation, we aim to make noteworthy contributions toward raising the living standards of the deprived sector, creating employment, increasing revenue collection, promoting a cashless economy, and enhancing financial access. The Bank has adopted a strategy aimed at providing a "complete banking facility at home." As part of this effort, we have made remarkable achievements in making banking channels easily accessible to individuals residing in remote locations. We believe in the invaluable role of customer feedback in shaping our products to better align with customer needs.

My fellow shareholders, it is with immense joy and a profound sense of accomplishment that we work on a strategy to expand new technologies and add additional features to our existing platforms. We believe our digital services will create a milestone toward a true cashless economy. These handy tools enable our customers to avail banking services from their own devices, providing them greater freedom and control over their finances.

Finally, I would like to offer my cordial appreciation to our respected shareholders, stakeholders, Board members, regulators, dedicated staff, and our valued customers and well-wishers for their significant contributions. I am confident that the bank shall continue to receive the same constructive advice and support in the future, which serves as a source of inspiration in our endeavor to take Machhapuchchhre Bank to newer heights of success.

Thank You,  
**Mr. Roshan K.C.**  
Chairman

Leading with Integrity,  
Building with Dedication



## CEO's Message : A Legacy of Resilience and Innovation

It is with immense professional pride that, in my capacity as Chief Executive Officer, I announce the inaugural declaration of dividends derived from the distributable profits of Fiscal Year 2024/25. Furthermore, I am honoured to convene this Annual General Meeting, which stands as the most efficiently organized and fastest-ever held in the history of our institution. I wish to express my deepest gratitude to the Board of Directors, our regulatory partners, auditors, and legal advisors for facilitating this milestone. I must also extend a special commendation to my colleagues, whose tireless dedication made it possible to deliver these dividends to our shareholders within such an accelerated timeframe.

At the dawn of Fiscal Year 2024/25, I stepped into my role as CEO amidst a landscape of formidable challenges. However, through proactive strategies and collective efforts, the bank has systematically overcome these obstacles. I view the substantial progress made in our financial indicators over the past year as a testament to the inherent resourcefulness and resilience of the bank. In recent years, the banking sector has been dogged by a national economic slowdown. This recessionary environment is leading to a contraction in the financial markets, complicating the path for new capital deployment and placing strain on existing investments.

Despite these MACHHAPUCHCHHRE BANK systemic headwinds, Machhapuchchhre Bank has achieved remarkable and measurable progress across all key financial benchmarks. In the previous fiscal year, we successfully realized a net profit of NPR 1.88 billion, representing a robust 80% increase over the prior period. While our operating profit stood at NPR 1.66 billion in the preceding year, we have successfully elevated that figure to NPR 3.14 billion. Additionally, the bank's interest income reached NPR 575 million, with a total distributable profit of NPR 936.3 million. As of the end of Ashad, the bank successfully mobilized deposits totaling NPR 186 billion and maintained

a credit portfolio of NPR 143 billion. Notably, we have managed our risk profile diligently, maintaining a non-performing loan (NPL) ratio of 3.96%. Beyond these financial milestones, the year was defined by significant advancements in service expansion and infrastructure.

During the review period, we prioritized the enhancement of our digital banking ecosystem, successfully broadening our market reach. We witnessed a substantial surge in the number of customers adopting mobile banking, online transactions, and other digital solutions. Even as we innovate, we remain steadfast in our commitment to personalized service, ensuring that quick, effective solutions and relationship-building remain at the heart of our operations. By developing cutting edge financial services tailored to evolving customer needs, Machhapuchchhre Bank continues to raise the bar in digital banking.

Our modus operandi extends beyond commercial expansion; we are deeply invested in the empowerment and development of local communities. During the review period, the bank was actively engaged in community-driven projects and corporate social responsibility initiatives. Our unwavering focus on robust risk management, transparency, and sustainable long-term strategies. This, of course, has solidified Machhapuchchhre Bank's reputation as a financial entity with foresight and fortitude. <sup>36</sup> The catalyst for our success remains our sophisticated leadership and high degree of professionalism. Guided by an experienced leadership team, we have charted a consistent course of progress.

To ensure the career longevity of our workforce, we conducted comprehensive internal, external, and international training programs during this period. We have invested significantly in professional development to sharpen the proficiency and productivity of our staff. Our mission transcends short-term metrics; we are building a sustainable, world-class banking institution.

With the slogan of Smart Bank, we have been providing excellent services to the customers through 1,600 employees 165 branches, 88 branchless banking, 12 extension counters, and 199 ATMs nationwide. These physical and non-physical resources are being mobilized to serve more than 16 lakhs of satisfied customers. In fact, the Bank is determined to ensure greater financial inclusivity in the country. This has led us to the country's most far-flung regions. By delivering services to the underdeveloped districts of Mugu, Jumla, Dolpa, and Darchula, we are fostering financial literacy and economic empowerment where it is needed most.

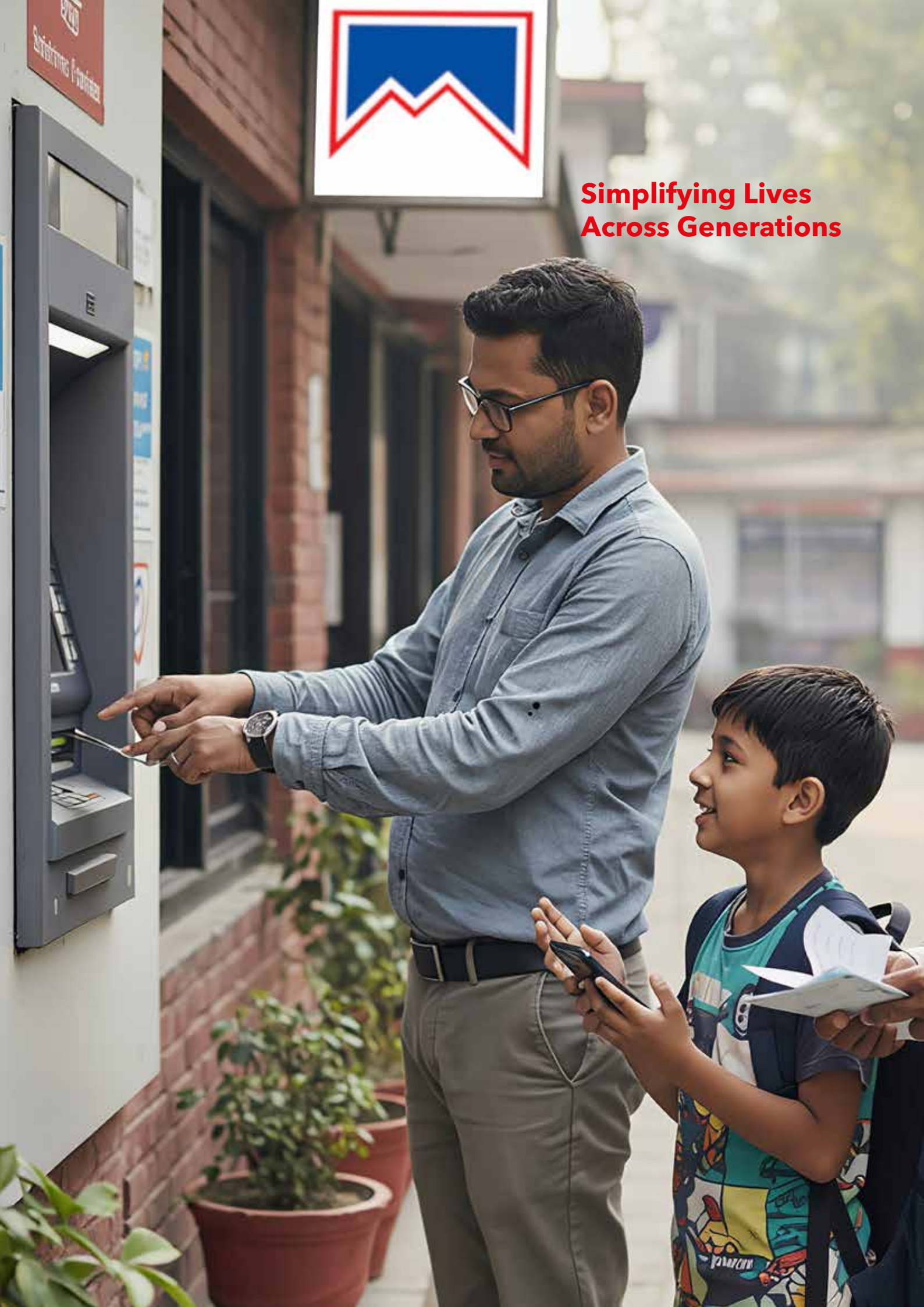
The enduring trust of our customers is the foundation of our current success, and we remain steadfast to justifying that trust through unparalleled products and services. Throughout my tenure at Machhapuchchhre Bank, I have navigated through complex and turbulent periods. From the economic repercussions of global conflicts to the unprecedented challenges of the COVID-19 pandemic, the journey to our current standing has been arduous. However, despite the fluctuations in the global and domestic economic landscape, I remain profoundly optimistic about the potential of the Nepali economy. Machhapuchchhre Bank stands ready to transform this potential into tangible growth.

We are prepared to lead investments in productive sectors, diversify our business interests, and provide critical support to small and medium enterprises (SMEs) and the agricultural sector. Leveraging on our extensive branch network, we reaffirm our commitment to supporting commerce in every corner of Nepal. We are equally dedicated towards the notion of corporate social responsibility, contributing meaningfully to the welfare of the communities we serve. Our ultimate objective is for Machhapuchchhre Bank to be the premier choice for every citizen, driving social and economic

transformation through digital innovation, financial inclusion, and professional excellence. Lastly, I wish to extend my profound gratitude to our esteemed shareholders, regulatory bodies, members of the media, our loyal customers, and our partnering financial institutions and associations for their unwavering trust and collaborative spirit. I also thank the Board of Directors and every member of our staff for their continuous support and invaluable feedback, which serve as the engine of our progress and prosperity.

**Santosh Koirala**

Chief Executive Officer



**Simplifying Lives  
Across Generations**



## **Board of Directors Profile**



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**Mr. Roshan KC**  
Chairman

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Mr. Roshan K.C. is a highly regarded and dynamic leader within Nepal's business community. With over a decade of proven success across the industrial, commercial, and trade sectors, he has made significant contributions to the nation's socio-economic development.

Mr. K.C. has served as the Chairman of MBL since November 23, 2023. His long-standing tenure with the Bank began as a Director on December 12, 2014, and includes a previous term as Chairman from April 27, 2017, to January 4, 2019. Beyond his leadership at the Bank, he is the Managing Director of the esteemed K.C. Group of Industries and holds key leadership roles in several prominent energy firms, including Sikles Hydropower Limited, Bhagwati Hydropower Development Limited, and Gandaki Hydropower Development Company Limited.

A versatile professional, Mr. K.C. holds a Master of Business Administration (MBA) and a Bachelor's degree in Civil Engineering. His technical expertise, combined with his strategic leadership, has been instrumental in enhancing the Bank's reputation and driving its long-term institutional growth.



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**Mr. Mukunda Mahat**  
Promoter Director

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Mr. Mukunda Mahat, a distinguished Chartered Accountant, brings extensive experience and profound strategic insight to his role as Director at Machhapuchchhre Bank Limited. His career is highlighted by over 30 years of dedicated service at Nepal Rastra Bank (NRB), where he held several pivotal leadership positions. His tenure at the central bank included serving as the Chief of the Financial Information Unit (FIU), as well as the Director of both the Bank Supervision and Human Resource Management Departments.

Beyond his remarkable career at NRB, Mr. Mahat previously contributed to Machhapuchchhre Bank as an Independent Director from May 29, 2020, to May 28, 2024. During this period, he played a vital role in elevating the Bank's corporate governance standards and refining its strategic objectives.

Mr. Mahat's specialized expertise in financial management, risk regulation, and institutional governance remains an invaluable asset as he continues to shape the future trajectory of Machhapuchchhre Bank.



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**Mr. Bishow Prakash Gautam**  
Public Director

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Mr. Bishow Prakash Gautam is a seasoned professional with a diverse portfolio spanning Nepal's financial, hydropower, and construction sectors. A graduate in Business Administration, he brings a wealth of practical expertise in business management and corporate governance to the Board.

Mr. Gautam has a distinguished history of leadership at Machhapuchchhre Bank Limited, having served as a Director for two consecutive terms: from January 2017 to December 2020, and again from December 2020 to January 2025 (22nd Poush 2073 to 28th Poush 2081). Throughout his tenure, he has been instrumental in fortifying governance frameworks, ensuring strict regulatory alignment, and driving the Bank's strategic initiatives.

Beyond his contributions to the banking industry, Mr. Gautam maintains an active presence in various enterprises within the hydropower and construction industries. His multifaceted background provides him with a unique perspective on cross-sectoral economic trends. Leveraging his deep understanding of financial management, risk oversight, and institutional policy, he continues to play a vital role in advancing the Bank's long-term strategic objectives.



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**Mr. Peshal Raj Pokharel**  
Independent Director

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Mr. Peshal Raj Pokharel is a seasoned professional with extensive expertise spanning banking, finance, and project management. He holds a Master's Degree in Public Administration (MPA) and a Bachelor's Degree in Law (BL) from Tribhuvan University, a combination that provides him with a robust foundation in both institutional governance and legal frameworks.

Mr. Pokharel's distinguished career includes significant leadership roles, notably as Director at Excel Development Bank Ltd. and Managing Director at both Hydro Connection Pvt. Ltd. and N.L. Gas Udhog Pvt. Ltd. Through these diverse executive positions, he has cultivated a reputation for effectively navigating complex sectoral challenges and leveraging his multifaceted experience to drive organizational success. His appointment as Independent Director brings a vital, objective perspective to the Board, further strengthening the Bank's commitment to transparency and strategic excellence.



**Mr. Anish Shah**  
Promoter Director

Mr. Anish Shah is a seasoned banking professional with over nine years of specialized expertise spanning audit, sales, portfolio management, and general banking operations. He holds a Master of Business Administration (MBA), complemented by advanced certifications in Risk-Based Internal Auditing (RBIA) from BIBM, Bangladesh, and the Legal Aspects of Credit Appraisal from NBI, Kathmandu. These credentials underpin his profound understanding of finance, business development, and regulatory compliance.

Beyond his core banking background, Mr. Shah holds directorial positions across several successful enterprises, including Sopan Pharmaceuticals Limited, Sopan Properties Limited, and Molnia Power Limited. This diverse portfolio reflects his strategic vision and his ability to apply robust business management and corporate governance principles across multiple sectors. His unique combination of technical auditing skills and entrepreneurial insight serves as a vital asset to the Bank's Board of Directors.



**Mr. Sunil Narayan Shrestha**  
Public Director

Mr. Sunil Narayan Shrestha holds a Master of Business Administration (MBA) from the University of Arkansas, USA, and possesses over 15 years of extensive banking experience. His distinguished career in the financial sector includes serving as the CEO of Nepal Express Finance Limited for over a decade, followed by a tenure as a Director of Kailash Bikash Bank Limited.

Currently, Mr. Shrestha is the Managing Director of Narayan Industrial & Trading House, a prominent conglomerate with a diverse investment portfolio spanning banking, insurance, hydropower, petroleum, trading, and hospitality. Under his astute leadership, the group has achieved significant growth, driven by his strategic vision and operational acumen.

In addition to his corporate leadership, Mr. Shrestha plays a pivotal role in the broader business ecosystem as an Executive Committee Member of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI) and a General Assembly Member of the SAARC Chamber of Commerce & Industry (SCCI). His multifaceted experience and high-level representation in regional trade bodies underscore his profound expertise in business management, corporate governance, and strategic institutional development.



**Ms. Manisha Bhandari**  
Public Director

Ms. Manisha Bhandari is a dynamic and results-driven professional who holds dual Master's degrees in Business Administration (MBA) and Rural Development. Her interdisciplinary academic background provides her with a unique perspective on both commercial strategy and sustainable community growth.

Currently, Ms. Bhandari serves as a Director at Sikles Hydropower Ltd. and as an HR Specialist at Himshree Foods Pvt. Ltd. In these roles, she has been instrumental in enhancing operational efficiency, driving organizational expansion, and fostering robust talent development programs. Her expertise lies at the intersection of human resource management, project execution, and strategic planning.

Beyond her corporate endeavors, Ms. Bhandari is deeply committed to social responsibility. She actively leads initiatives focused on empowering underrepresented communities and promoting inclusive development. Her ability to harmonize professional excellence with meaningful social impact reflects her dedication to fostering sustainable change within both the private sector and the broader community.





# Directors Report

## Dear Shareholders,

On behalf of the Board of Directors and Machhapuchchhre Bank, I extend a warm welcome to our respected shareholders, external auditors, legal advisors, the Chief Executive Officer, and our dedicated employees. Thank you for joining us at the 27th Annual General Meeting.

The trust and confidence you have placed in us to lead this Bank have been the driving force behind our commitment to its prosperity and sustainability. We assure you that we remain relentless in our pursuit of excellence, working with deep conviction to meet your expectations and uphold the faith you have invested in us.

Celebrating 27 years, Machhapuchchhre Bank has turned lessons into strength and challenges into opportunities, building a legacy defined by trust. Our priorities remain steadfast: delivering superior service through advanced technology, mobilizing capital into productive sectors, maximizing shareholder returns, and upholding the highest standards of ethical governance and regulatory compliance.

The past fiscal year was a challenging one for the banking industry. Despite pressures from declining asset quality and rising non-performing loans, Machhapuchchhre Bank has remained resilient. Through operational discipline and a clear strategic vision, we have reinforced our standing as a robust and dependable financial institution.

On behalf of the Board, I am pleased to present the Financial Statements for the year ending July 16, 2025. This report, prepared in full compliance with the Companies Act, the BAFIA, and Nepal Rastra Bank directives, outlines our performance, profit distribution, and our strategic roadmap for the future.

### **International Economic Outlook**

According to the IMF, the global economy—which was gradually recovering post-pandemic—now faces renewed challenges from rising geopolitical tensions and increasingly restrictive trade policies. Consequently, global growth is projected to slow from 3.3% in 2024 to 2.8% in 2025. Advanced economies are expected to see growth moderate from 1.8% to 1.4%, while emerging and developing economies are projected to shift from 4.3% to 3.7%. Notably, India's growth is expected to ease from 6.5% to 6.2%, and China's from 5.0% to 4.0% over the same period.

Global inflation has maintained a disinflationary trend over the past three years. The IMF projects that global consumer inflation will drop from 5.7% in 2024 to 4.3% in 2025. While advanced economies may see a slight decline from 2.6% to 2.5%, emerging and developing nations are expected to see a more significant drop from 7.7% to 5.5%. Despite this cooling, the IMF cautions that persistent geopolitical friction and trade restrictions pose upward risks to price stability.

As inflation eases, major economies have transitioned toward accommodative monetary policies. The European Central Bank (ECB) has reduced its deposit facility rate eight times since June 2024. Similarly, the Reserve Bank of India lowered its policy rate from 6.5%—a level held since early 2023—to 5.5% as of June 2025 following three targeted cuts. The People's Bank of China also reduced its one-year loan prime rate from 3.55% in mid-2023 to 3.00% by June 2025. Following suit, the U.S. Federal Reserve began lowering the federal funds rate from the 5.25–5.50% range in late 2024 and has maintained that easing stance into the current year.

### **Nepal's Economic Outlook: Performance and Projections**

The National Statistics Office (NSO) has estimated an economic growth rate of 4.61% for FY 2024/25, a notable improvement from the 3.67% recorded in the previous fiscal year. Sectoral growth estimates include 3.28% for agriculture, 4.53% for industry, and 4.21% for the services sector. Following two years of contraction, the manufacturing, construction, and wholesale/retail sub-sectors are projected to expand in 2024/25. Furthermore, the NSO reports a robust growth estimate of 4.8% for the third quarter of the current fiscal year.

The timely arrival of the monsoon is expected to bolster the production of paddy and other seasonal crops. The agricultural sector is poised for satisfactory growth, supported by government initiatives such as subsidies for improved seeds and the consistent availability of chemical fertilizers. Additionally, the pre-planting announcement of Minimum Support Prices (MSP) for crops—including paddy, maize, wheat, sugarcane, and coffee is expected to further incentivize production.

Several national pride and high-priority infrastructure projects are nearing completion, including the Nagdhunga and Siddhababa tunnels, the Kathmandu-Terai Expressway, the Pokhara-Mugling section of the Prithvi Highway, and the Bheri-Babai Multipurpose Project. The operationalization of these projects will significantly enhance industrial capacity and stimulate broader economic activity. In the energy sector, hydropower construction remains a priority, with a target of adding 1,000 MW annually over the next five years. Notably, a landmark Power Purchase Agreement led to the commencement of electricity exports to Bangladesh on June 15, 2025.

Tourist arrivals have returned to pre-pandemic levels alongside an expansion in tourism infrastructure. The full-scale operation of the

Pokhara and Lumbini International Airports is expected to further catalyze domestic and international tourism, boosting employment and creating strong forward and backward linkages across the economy. Furthermore, the 2025/26 Budget Statement introduced strategic programs to promote SMEs and facilitate IT service exports, which are expected to diversify and expand the nation's service exports.

The Government of Nepal has set an ambitious economic growth target of 6.0% for FY 2025/26. This target is supported by increased capital expenditure across all three tiers of government, ample market liquidity, and low interest rates. Coupled with ongoing reforms in investment-related legislation, these factors have created a conducive climate for growth driven by the continued development of the agriculture, service, and infrastructure sectors.

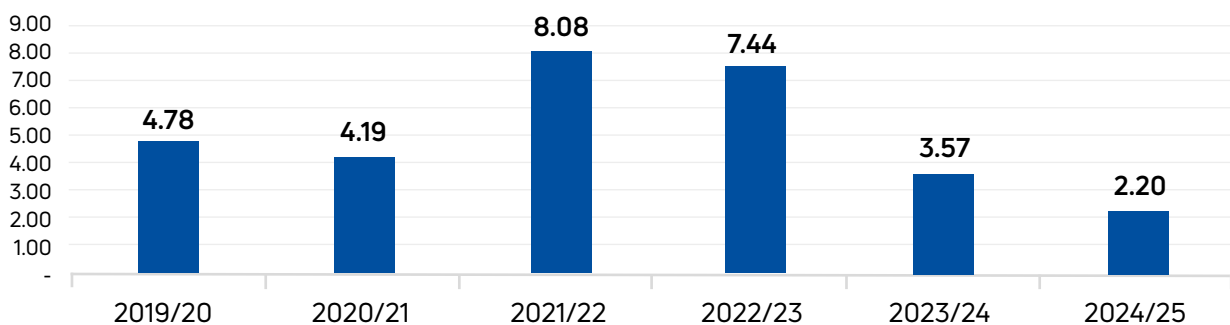
### Inflation

The annual average consumer price inflation eased to 4.06 percent in 2024/25, down from 5.44 percent in the previous year. This cooling trend was even more pronounced on a year-on-year basis, with consumer inflation standing at 2.20 percent in mid-July 2025 compared to 3.57 percent a year earlier.

This deceleration was reflected across all major categories, as the annual average food and beverage inflation moderated to 4.69 percent from the 6.47 percent recorded last year. Similarly, the non-food and services category saw its annual average inflation decrease to 3.71 percent from 4.64 percent in the prior fiscal year.

In tandem with easing price pressures, the annual average salary and wage rate index recorded a growth of 2.85 percent in 2024/25, representing a slowdown from the 5.03 percent growth observed previously. Regional data revealed varying degrees of wage growth across the country's provinces. Sudurpashchim Province recorded the highest year-on-year increase at 7.44 percent, followed by Lumbini at 3.72 percent and Karnali at 3.09 percent. More moderate gains were observed in Gandaki at 2.74 percent, Madhesh at 2.14 percent, and Bagmati at 1.98 percent, while Koshi Province saw the lowest growth in the wage index at 1.23 percent.

## Consumer Price Inflation



Source: NRB

## Foreign Trade

In FY 2024/25, merchandise exports saw a remarkable surge of 81.8%, reaching NPR 277.03 billion, a significant recovery compared to the 3.0% contraction recorded in the last year. On a destination-wise basis, exports to India witnessed a substantial increase of 117.8%, while exports to China and other countries grew by 1.6% and 6.7%, respectively. This growth was driven by higher exports of soybean oil, polyester yarn and thread, jute goods, tea, and footwear. Conversely, exports of palm oil, zinc sheets, juice, ginger, and readymade garments experienced a decline during the review period.

Merchandise imports also rose, increasing by 13.3% to NPR 1,804.12 billion, following a marginal decline of 1.2% a year ago. Imports from India, China, and other countries grew by 7.5%, 14.2%, and 31.7%, respectively. Key commodities driving this increase included crude soybean oil, transport equipment, vehicle spare parts, rice/paddy, edible oil, and sponge iron. In contrast, imports of petroleum products, aircraft spare parts, gold, chemical fertilizers, and electrical equipment saw a downward trend in the review year.

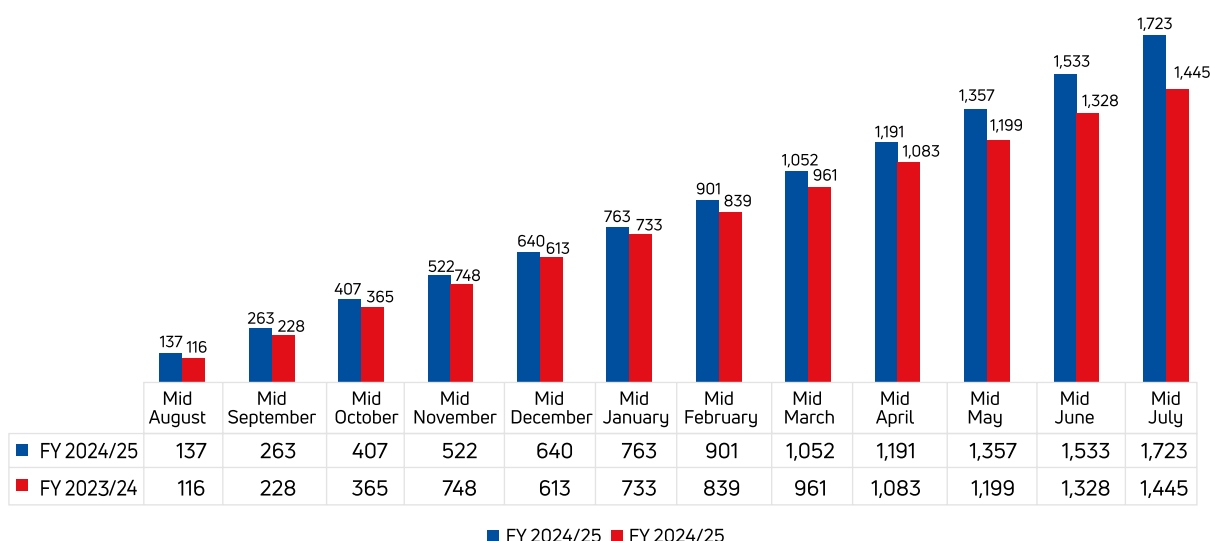
Despite the strong export performance, the total trade deficit widened by 6.0% to NPR 1,527.09 billion in 2024/25, reversing the 1.0% decrease observed the previous year. However, reflecting the surge in export volume, the export-import ratio improved significantly, rising to 15.4% in the review year from 9.6% in the last year.

## Remittance Inflow

Remittance inflows surged by 19.2% to reach NPR 1,723.27 billion in FY 2024/25, surpassing the 16.5% growth of the previous year. In US Dollar terms, inflows rose by 16.3% to \$12.64 billion. A notable peak occurred in the final month (mid-June to mid-July 2025), with inflows reaching NPR 189.11 billion, compared to NPR 117.78 billion in the same period last year.

This growth aligns with a rise in foreign employment; first-time labor approvals increased to 505,957 (up from 460,102), while re-entry approvals grew to 333,309 (up from 281,195). These trends highlight the continued importance of the migrant workforce in supporting the nation's external sector.

## Remittance (In Billion)



Source: NRB

## Foreign Exchange Reserve

Nepal's gross foreign exchange reserves saw a robust increase of 31.2%, rising to NPR 2,677.68 billion in mid-July 2025 from NPR 2,041.10 billion a year earlier. In US Dollar terms, reserves grew by 27.7%, reaching \$19.50 billion.

Regarding the composition of these assets, reserves held by the Nepal Rastra Bank increased by 30.6% to NPR 2,414.64 billion, while reserves held by other banks and financial institutions grew by 36.6% to NPR 263.04 billion. Furthermore, Indian currency continues to play a significant role in the portfolio, accounting for 23.1% of the total reserves as of mid-July 2025..

## Exchange Rate Movements

The Nepalese currency experienced a depreciation of 2.66% against the US Dollar in mid-July 2025, a slightly higher rate of decline compared to the 1.64% depreciation recorded the previous year. Reflecting this movement, the buying exchange rate per US Dollar stood at NPR 137.00 in mid-July 2025, up from NPR 133.36 in mid-July 2024.

## Deposit Collection and Loan Disbursement

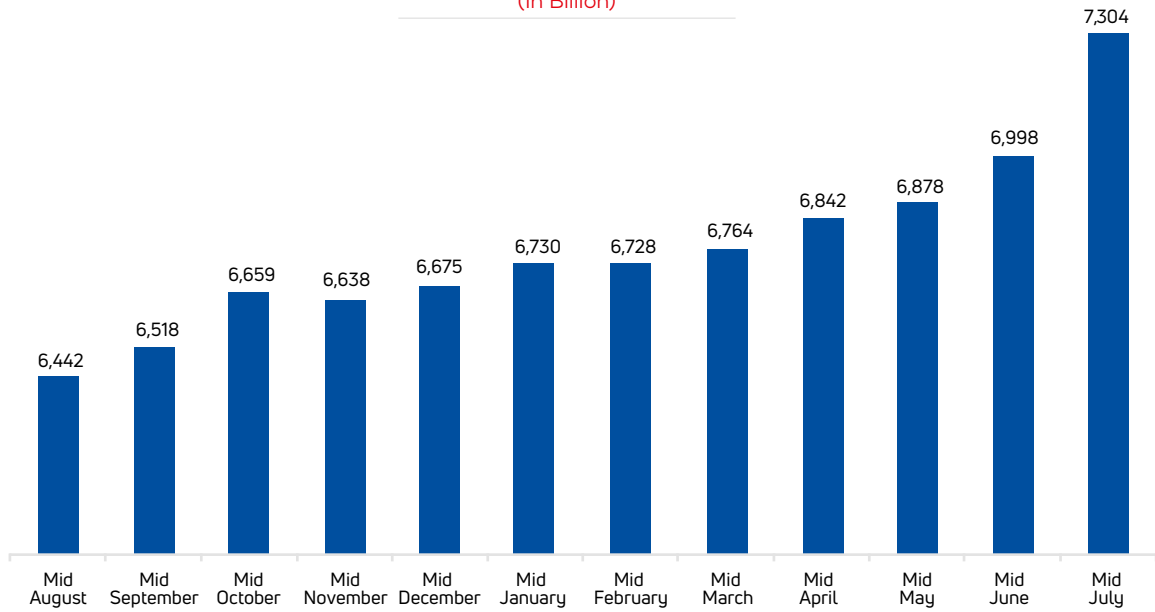
During the review year, total deposits at Banks and Financial Institutions (BFIs) grew by 12.6% (NPR 811.49 billion), compared to 13.0% (NPR 742.37 billion) in the previous year. As of mid-July 2025, the shares of demand, saving, and fixed deposits stood at 7.1%, 36.8%, and 48.3% respectively, shifting from 5.8%, 30.3%, and 56.4% a year ago. Institutional deposits accounted for 36.1% of total deposits, compared to 36.2% in mid-July 2024.

Private sector credit expanded by NPR 423.73 billion (8.4%), up from the 5.8% increase recorded previously. Credit from commercial banks, development banks, and finance companies grew by 8.6%, 6.1%, and 8.4% respectively. Sectoral growth included 15.5% for transportation and communication, 12.8% for services, 7.9% for industrial production, and 3.4% for wholesale and retail, while credit to the agriculture sector declined by 0.2%.



## Industry Deposit

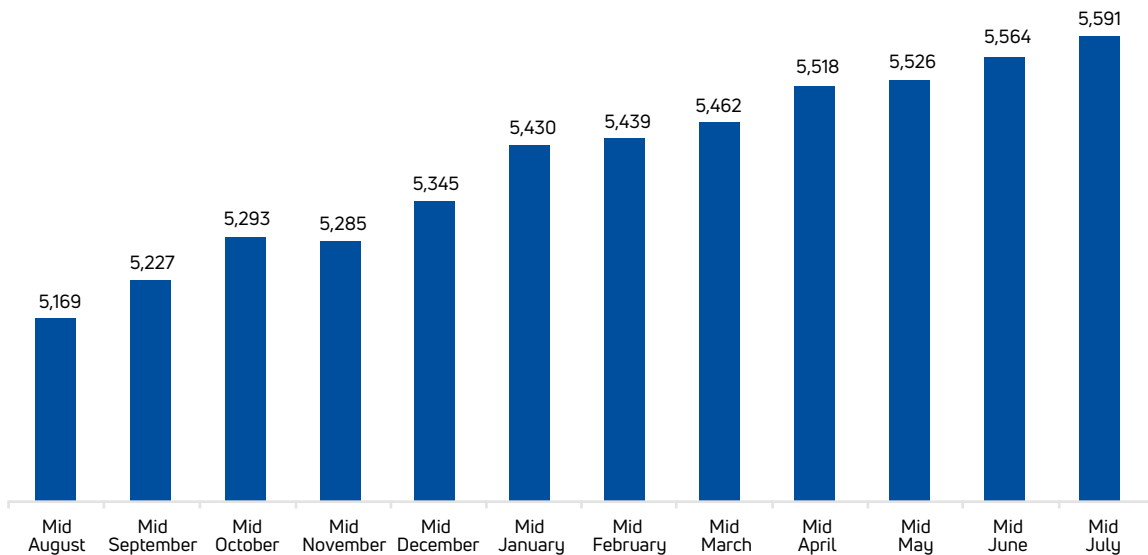
(In Billion)



Source: NRB

## Industry Loan

(In Billion)



Source: NRB

## Liquidity Management

During the review year, Nepal Rastra Bank (NRB) absorbed a total of NPR 24,651.35 billion in liquidity, primarily utilizing the Standing Deposit Facility (SDF) for NPR 21,508.40 billion and deposit collection auctions for NPR 3,142.95 billion. Conversely, the bank injected NPR 2.7 billion through the Overnight Liquidity Facility (OLF), resulting in a net liquidity absorption of NPR 24,648.65 billion—a significant increase from the NPR 3,868.84 billion absorbed in 2023/24.

Regarding foreign exchange interventions, the NRB injected NPR 787 billion through the net purchase of USD 5.83 billion. To manage currency requirements, the Bank also acquired INR equivalent to NPR 567.61 billion by selling USD 4.16 billion, compared to the NPR 535.07 billion equivalent purchased in the preceding year.

## Interest Rate

The weighted average 91-day Treasury bill rate declined slightly to 2.95 percent in the final month of 2024/25, down from 3.00 percent a year earlier. Similarly, the weighted average interbank transaction rate among depository and financial institutions (BFIs) stood at 2.96 percent, compared to 2.99 percent in the corresponding month of the previous year. Significant downward movements were observed in the average base rates, which fell to 6.02 percent for commercial banks, 8.03 percent for development banks, and 8.97 percent for finance companies, down from 8.00 percent, 9.71 percent, and 11.21 percent, respectively, a year ago.

Deposit and lending rates followed a similar downward trajectory during the review period. The weighted average deposit rates for commercial banks, development banks, and finance companies decreased to 4.19 percent, 4.88 percent, and 6.01 percent, respectively, compared to previous levels of 5.77 percent, 6.63 percent, and 7.93 percent. Furthermore, the weighted average lending rates for these institutions eased to 7.85 percent,

8.95 percent, and 10.22 percent, representing a notable reduction from the rates of 9.93 percent, 11.34 percent, and 12.55 percent recorded in the same period of the prior year.

## Financial Access

The total number of Bank and Financial Institutions (BFIs) licensed by the Nepal Rastra Bank remained stable at 107 as of mid-July 2025. This institutional landscape comprises 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions, and one infrastructure development bank.

Regarding physical reach, the total number of BFI branches stood at 11,526 in mid-July 2025, representing a marginal decrease from the 11,530 branches recorded in mid-July 2024. Consequently, the population per branch ratio shifted slightly to 2,530, compared to 2,529 individuals per branch a year earlier.

## Deposit and Credit Guarantee

The Deposit and Credit Guarantee Fund (DCGF) has significantly expanded its protective coverage for both individual savers and priority-sector borrowers. As of mid-July 2025, the Fund guaranteed NPR 1,579.05 billion in deposits across 57.14 million accounts—including current, call, savings, and fixed deposits—maintained at 55 banks and financial institutions (BFIs). This represents a notable increase from the previous year, when coverage stood at NPR 1,430.46 billion for 45.80 million account holders.

In addition to securing deposits, the DCGF bolstered its credit guarantee operations to support vital economic sectors. By mid-July 2025, the Fund guaranteed NPR 327.42 billion in loans for micro and deprived sectors, small and medium enterprises (SMEs), and agriculture (including concessional loans). This is an increase from the NPR 296.45 billion guaranteed in these categories during the same period a year ago.

## Capital Market

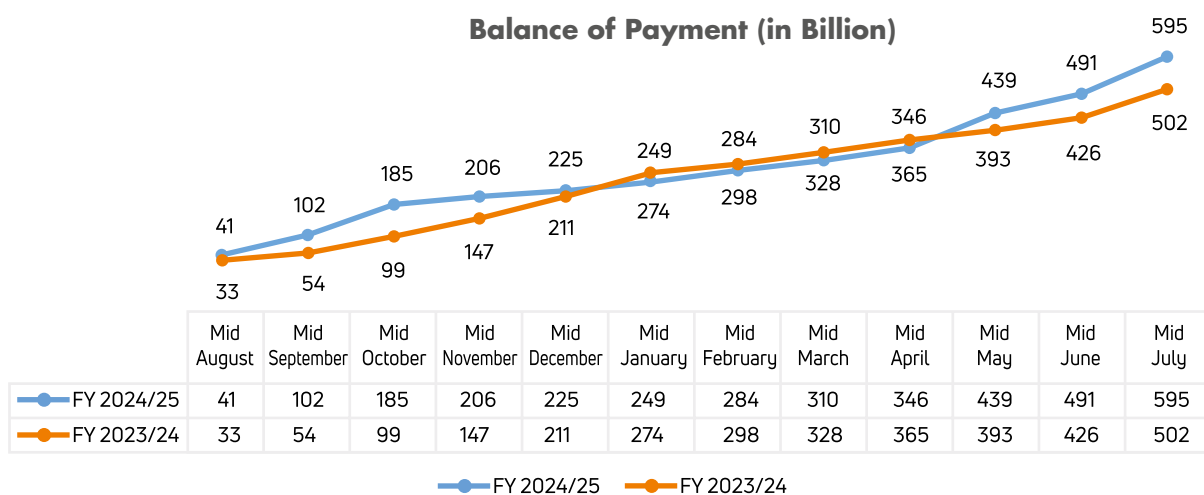
The Nepalese capital market exhibited robust growth during the review period, with the NEPSE index rising to 2,794.79 by mid-July 2025, a significant increase from 2,240.41 a year earlier. This bullish trend reflected in the total market capitalization, which surged to NPR 4,656.99 billion from NPR 3,553.68 billion in mid-July 2024. Consequently, the ratio of market capitalization to GDP expanded to 76.25 percent, up from 62.25 percent in the previous year.

As of mid-July 2025, the number of companies listed on the exchange reached 272, compared to 270 in the prior year. The listed entities include 132 banks, financial institutions (BFIs), and insurance companies; 91 hydropower companies; 23 manufacturing and processing industries; 7 hotels; 7 investment companies; 4 trading companies; and 8 others. The total paid-up value of the 8.82 billion shares listed on NEPSE stood at NPR 869.86 billion.

In terms of market composition, BFIs and insurance companies continue to dominate, accounting for 54.1 percent of the total market capitalization. Hydropower companies follow at 15.3 percent, while investment companies, manufacturing and processing industries, and trading companies hold shares of 7.7 percent, 5.4 percent, and 5.0 percent, respectively. Hotels and other miscellaneous companies account for the remaining 2.7 percent and 9.8 percent.

New listings during 2024/25 amounted to NPR 83.19 billion, primarily driven by ordinary shares (NPR 40.21 billion) and bonus shares (NPR 24.42 billion). Additionally, the Securities Board of Nepal (SEBON) approved public issuances totalling NPR 45.16 billion during the review year, with rights shares and mutual funds making up the bulk of the approved volume at NPR 15.41 billion and NPR 15.20 billion, respectively.

## Balance of Payment



(Source: Nepal Rastra Bank)

Respected Shareholders, now I would like to present the brief financial statement and other progress details of the review period of Machhapuchchhre Bank Limited.

### Glimpse of Bank Operations summary of Current Fiscal Year

The business position of the Bank till first month of Current Fiscal Year is depicted as below

(NPR. in Crore)

S.N.	HEADING	16 AUGUST, 2025	16 JULY 2025
1.	Paid Up Capital	1,262.14	1,262.14
2.	Deposit	18,285.07	18,585.58
3.	Investment	4,469.76	4,551.32
4.	Loan and Advances	14,917.68	14,705.72

Above details have been presented by accounting under NFRS.

Deposits have decreased by NPR 3 Billion (-1.62%) Whereas Loans and Advances have increased by NPR 2.11 Million (1.42%) in the first month of current fiscal year compared to Mid-July, 2025.

### Executive Business Overview: Fiscal Year 2024/25 Performance

The Bank's financial performance during the 2024/25 fiscal year was characterized by robust asset growth and a significant surge in profitability. Key indicators reflecting the Bank's operational achievements compared to the FY 2023/24 period are detailed below.

During the review period, the Bank expanded its credit portfolio, with loans and advances growing by 11.53%. This strategic expansion directly contributed to a 15.41% increase in net interest income over the previous year. Total assets also saw a healthy trajectory, rising by 14.68%.

Operational costs shifted during the year, with employee expenses (including bonuses) rising by 18.24%, while other operating expenses saw a more modest increase of 3.63%. In terms of asset quality, the non-performing loan (NPL) ratio moved slightly from 3.86% in the prior year to 3.96%. Despite this marginal uptick, the ratio remains well within international regulatory standards.

The most notable achievement of the fiscal year was the sharp rise in the bottom line, with profit after tax surging by 80.22%. This high level of profitability strengthened the Bank's capital position, resulting in a 10.48% growth in book net worth per share.

(NPR. in Million)

HEADING	16 JULY 2025	15 JULY 2024	INCREMENT (IN %)
Paid Up Capital	11,621.4	11,621.4	0.00%
Net Worth	18,907.4	17,113.7	5.20%
Deposit	185,855.8	161,334.1	15.20%
Investment	45,513.26	35,597.0	27.86%
Loans and Advances	147,057.2	131,855.6	11.53%
Interest Income	14,580.7	16,598.7	-12.16%
Interest Expense	8,824.0	1,1610.5	-24.00%
Net Interest Income	5,756.7	4,988.2	15.41%
Other Income	2,070.2	1,756.2	16.17%
Employee Expense			
(Excluding Bonus)	2,163.3	1,901.6	13.76%
Loan Loss Provision	556.7	1,398.1	-60.18%
Operating Expense	849.9	820.1	3.63%
Operating Profit	3,147.6	1,665.9	88.94%
Net Profit after tax	1,883.6	1,045.2	80.22%
Non-Performing Loan	3.96%	3.86%	2.59%
Total Assets	217,459.6	189,610.8	14.69%
Capital Adequacy	13.14%	13.73%	14.69%
Book Value per Share	162.7	147.26	10.48%
Market Price per Share	225.89	200	12.95%
Number of branches			
(including extension counter)	176	177	-0.56%
Number of ATMs	203	200	1.50%
<b>Total Employees</b>	<b>1584</b>	<b>1484</b>	<b>6.74%</b>

Details in the above table has been stated as per NFRS.

### Capital Adequacy and Regulatory Compliance

The Bank maintained a robust Capital Adequacy Ratio (CAR) of 13.14% throughout the 2024/25 fiscal year. This figure stands 2.14% above the 11% minimum requirement mandated by the regulatory authority, Nepal Rastra Bank (NRB).

This substantial buffer above the regulatory floor serves as a strong indicator of the Bank's financial resilience. Such a healthy capital position ensures the Bank is well-equipped to absorb potential operational risks while supporting future credit expansion and asset growth.

### Deposit Growth and Strategic Portfolio Realignment

During the review period, the Bank's total deposits grew by 15.20%, reaching NPR 161.33 billion. This performance outpaced the commercial banking sector's average growth rate of approximately 12.6% for the fiscal year.

In line with its strategic objectives, the Bank successfully rebalanced its deposit mix. While term deposits were reduced by 15.21%, savings deposits surged by 53.59%. This shift was driven by the introduction of enhanced services and new savings schemes launched during FY 2024/25. These initiatives resulted in the opening of 122,262 new savings accounts, bringing the Bank's total savings account base to 1,663,625 by year-end.

The Bank's Current and Savings Account (CASA) ratio saw a significant improvement, accounting for 52.34% of total deposits, up from 41% in the previous year. This transition towards low-cost deposits enhances the Bank's interest margins and overall stability.

The Bank remains fully compliant with Nepal Rastra Bank (NRB) directives, which mandate that institutional deposits must not exceed 50% of total deposits. Through targeted growth in individual accounts, the Bank has successfully maintained its personal and institutional deposit ratios within the prescribed regulatory limits.

Deposit type	In %
Individual Deposit	79.93
Institutional Deposit	20.07
<b>Total Deposit</b>	<b>100.00</b>

### Credit Portfolio and Asset Quality Review

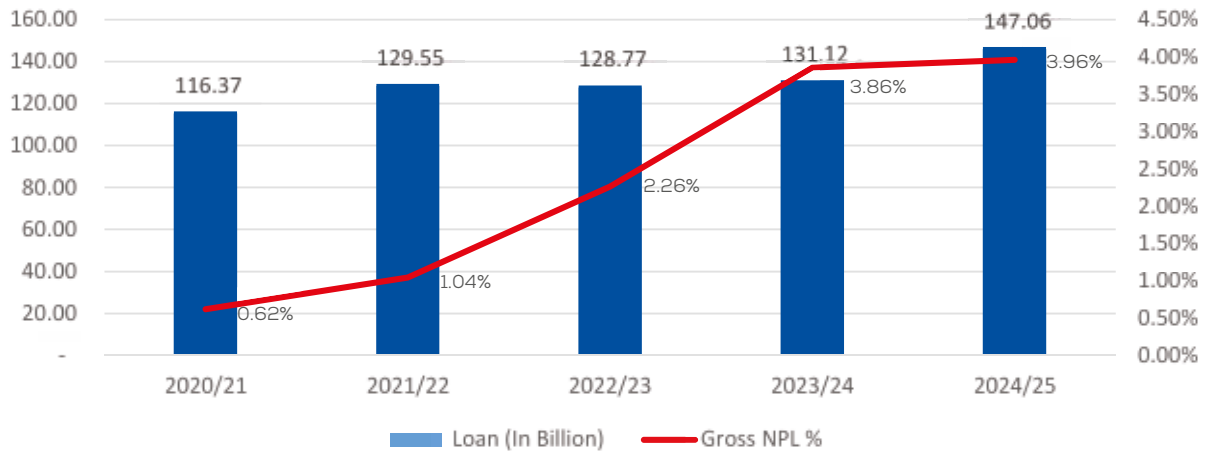
The Bank's lending operations demonstrated robust growth during the review period, with total loans and advances increasing by 11.53% to reach NPR 147 billion. This performance significantly outperformed the commercial banking sector's average credit growth of 8.4%. As a result, the Bank successfully expanded its market share, capturing 2.96% of total commercial bank loans, up from 2.87% in the previous year.

In accordance with regulatory priorities and its own investment objectives, the Bank disbursed NPR 7.13 billion in deprived sector loans. This represents 5.11% of the Bank's total loan portfolio, ensuring compliance with social lending mandates and supporting underserved communities.

To maintain a resilient balance sheet, the total loan loss provision was increased to NPR 5.96 billion, compared to NPR 5.09 billion in the previous year. During the fiscal year, the Bank wrote off NPR 556.7 million (NPR 55.67 crore) as loan loss provision expenses.

The Bank continues to prioritize the disbursement of low-risk loans to align with its long-term stability goals. To mitigate potential risks associated with credit expansion, management has implemented enhanced loan recovery processes and strengthened the overall risk management framework. These measures are designed to safeguard the Bank's asset quality as the portfolio continues to scale.

## Loan Vs NPL



### Investment Portfolio and Market Diversification

The Bank's total investment grew by 27.86% over the previous year, reaching NPR 45.51 billion during the review period. The portfolio remains highly secure, with 91.36% of funds allocated to Government Bonds, while the remaining 8.64% is distributed across other investment avenues.

To optimize fund utilization and enhance yields through diversification, the Bank has strategically expanded its investment horizon. During the review period, NPR 2,199.8 million was invested in Mutual Funds and equity shares.

The Bank's capital market strategy focuses on companies with a proven track record of providing sustainable, long-term dividends. These equity and fund investments generated a return of NPR 24.2 million in dividend income during the fiscal year.

### Interest Income

The Bank's interest income experienced a contraction during the review period, falling by 12.16% to a total of NPR 14.58 billion. This decline

was primarily driven by the lending sector, where interest income from loans dropped by 15.64% to NPR 12.15 billion. This shift can be attributed to a significant reduction in the yearly average return on loans, which fell by 2.3 percentage points to settle at 8.67%.

In contrast, interest income from other investment avenues showed slight growth, increasing by 1.63% to reach NPR 2.43 billion. This divergence highlights the impact of the broader market's softening interest rates on the Bank's core lending yield.

### Interest Expenses

During the review period, the Bank's interest expenses saw a substantial decline of 24%, falling to NPR 8.82 billion. The primary driver of this reduction was a 25.10% decrease in interest expenses on deposits, which settled at NPR 7.97 billion.

This improvement is a direct result of the Bank's strategic focus on increasing its CASA (Current and Savings Account) ratio. By launching diverse and competitive savings schemes, the Bank successfully shifted its deposit mix toward lower-cost funds.

Consequently, the yearly average interest rate on deposits dropped by 2.23 percentage points, reaching 4.75%.

Management remains confident that this strategic emphasis on high-quality, low-cost deposits will continue to improve the Bank's cost of funds in the coming periods, further strengthening overall financial stability and interest margins.

### **Net Interest Income**

Net fees and commission income remains a vital non-funded revenue stream for the Bank. This year, it earned NPR 1.28 billion from commissions and other operating income, marking an 18.16% increase over the previous year. This growth was driven by strong performance in loan processing, debit and credit card services, bancassurance, and remittances. To further bolster this contribution to net profit, the Bank introduced several new features and service amendments during the review period.

### **Net Fees and Commission Income**

Net fees and commission income from non-funded activities remains a primary revenue driver for the Bank. In the review year, it earned NPR 1.28 billion from commissions and other operating income, representing an 18.16% increase over the previous year.

This growth was fueled by significant gains in loan processing fees, debit and credit card services, bancassurance, and remittance operations. To further enhance the share of non-funded profit within the net income, the Bank introduced several service upgrades and feature amendments throughout the fiscal year.

### **Other Operating Incomes**

The Bank's other operating income decreased by 16.68% during the review period, falling to NPR 66.6 million from NPR 80 million in the previous year.

### **Staff Expenses and Human Capital Investment**

The Bank's net staff expenses increased by 18.24%, reaching NPR 2.46 billion compared to NPR 2.08 billion in the previous year. This growth is primarily attributed to the expansion of the workforce, which grew by 100 employees to reach a total of 1,584 staffs.

### **Training and Development**

Reflecting the Bank's philosophy that human resources are its most valuable asset, significant focus was placed on skill enhancement:

- **Training Expenses:** The Bank spent NPR 35.4 million on staff training and development during the review period.
- **Skill Enhancement Fund:** In compliance with Nepal Rastra Bank (NRB) directives, the Bank allocated NPR 10.8 million (representing the required 3% threshold) to the Skill Enhancement Fund.

The Bank views these outlays not as mere costs, but as strategic investments designed to bolster organizational capability, increase business volume, and drive future profitability.

### **Amortization and Depreciation**

During the review period, the Bank's amortization and depreciation expenses remained relatively stable, increasing by a marginal 0.98%. The total expense reached NPR 420.7 million, compared to NPR 416.6 million recorded in the previous fiscal year.

### **Other Operating Expenses**

The Bank's other operating income grew by 3.63%, reaching NPR 849.8 million compared to NPR 820.1 million in the previous year. Management views these current expenditures as strategic investments aimed at gradually

expanding the Bank's business footprint in the coming days. Furthermore, these outlays are expected to enhance overall work effectiveness and operational efficiency, ultimately leading to long-term cost reductions that will positively impact the Bank's financial results.

### Return on Assets

The Bank's Return on Assets (ROA) saw a significant improvement during the review period, rising to 0.87% from 0.55% in the previous year. This increase reflects a more efficient utilization of the Bank's total asset base to generate profit, signaling stronger operational performance and improved asset management across the fiscal year.

### Tax Contribution and National Revenue

The Bank made a significant contribution to the national treasury during the fiscal year through both direct and indirect tax payments, depositing a total of NPR 1,800 million into the country's revenue. This comprehensive contribution includes a withholding tax payment of NPR 911 million alongside an income tax payment of NPR 889 million. These figures underscore the Bank's commitment to fiscal responsibility and its role in supporting the nation's economic development through substantial tax contributions.

### Details of distribution of Profit/ Loss

The Bank has earned a total profit of NPR 1.88 billion in this fiscal year and the details of the profit distribution details are as follows:

	In Million	
DETAILS	CURRENT YEAR NPR	LAST YEAR NPR
Accumulated profits up to last year	(359.8)	1,448.5
Adjustment	-	(0.07)
<b>Total</b>	<b>(359.8)</b>	<b>1,447.8</b>
Transfer from Share Premium		
This year's profits	1,883.6	1,045.2
Investment Adjustment Reserve		
<b>Total</b>	<b>1,523.8</b>	<b>2,493</b>
Distributions		
General Reserve	376.7	209
Cash Dividends		71.8
Skill Enhancement Fund	18	(5.8)
Bonus Shares issued		1,364.2
Exchange Equalization Reserve	16.3	13.3
Corporate Social Responsibility Reserve	18.8	10.4
Debenture Redemption Reserve	428.6	710.3
Other	(9.2)	(26.3)
Regulatory Reserve	(254.5)	505.9
<b>Total</b>	<b>587.5</b>	<b>2,852.8</b>
<b>Accumulated Profit/ Loss</b>	<b>936.3</b>	<b>(359.8)</b>

## **Reserve Appropriations and Regulatory Compliance**

The Bank has appropriated 20% of its net profit, amounting to NPR 376.7 million, to the General Reserve. Following Nepal Rastra Bank directives, the Bank also allocated 1% of its net profit, totaling NPR 18.8 million, to the Corporate Social Responsibility (CSR) Reserve for various designated social activities. Additional appropriations include NPR 254.5 million to the Regulatory Reserve, NPR 428.6 million to the Debenture Redemption Reserve, and NPR 16.3 million to the Exchange Equalization Reserve.

## **Branch Network and Service Accessibility**

Machhapuchchhre Bank continues to provide innovative and reliable services tailored to customer needs. Currently, the Bank operates 165 branches, 199 ATMs, 11 extension counters, and 88 branchless banking units across Nepal. During the fiscal year 2024/25, the Bank prioritized enhancing service quality within its existing network over opening new locations, specifically focusing on financial inclusion in remote and rural areas.

The Bank is also strengthening its digital ecosystem by offering mobile banking, internet banking, and QR code payments to increase customer convenience. Serving more than 1.7 million customers, our institution plays a vital role in expanding financial access and literacy in Nepal. Under the slogan "Sabal, Utkrishtha and Bistaarit," the Bank successfully made its branches more efficient and customer-friendly during the review period. Looking ahead, the Bank remains committed to expanding its network in commercially feasible areas.

## **Strategic Vision and Digital Transformation**

Machhapuchchhre Bank remains steadfast in its commitment to delivering sophisticated, technology-driven financial solutions that align with both national and international regulatory

standards. The bank is currently executing a long-term roadmap to become a fully technology-friendly "Smart Bank" by 2027. This evolution focuses on enhancing financial inclusion and literacy by digitizing the entire payment ecosystem, ensuring that even unreached populations gain access to modern banking instruments.

## **Advanced Mobile Banking and Global Connectivity**

The M-Smart mobile banking platform serves as the centerpiece of the bank's digital strategy, offering a streamlined experience for local and international users. Recent enhancements allow customers residing in 39 different countries to operate their accounts using foreign mobile numbers, facilitating seamless fund transfers, utility payments, and QR transactions from abroad. Furthermore, the introduction of a specialized Dispute Management System within the app allows users to lodge and track transaction complaints digitally, significantly boosting consumer trust and institutional transparency.

## **Pioneering Payment Technologies**

The bank has secured a first-mover advantage in the Nepali market by introducing Contactless Offline "Tap and Pay" services powered by EMV standard tokenization. This technology replaces sensitive account details with secure, system-generated codes to ensure maximum privacy. Additionally, the integration of Instant Payment Voice Notification and Sound Box technology for POS and QR merchants provides real-time audio confirmation of successful transactions, eliminating the ambiguities often associated with traditional SMS alerts.

## **Cross-Border Integration and International Partnerships**

By leveraging the NPLx system and UPI network, the bank has simplified inward and outward cross-border payments between Nepal and India. The scope of international digital payments

has expanded further through collaborations with FonePay, Nepal Pay, and AliPay+, enabling merchants to accept QR payments from tourists across 12 countries. Additionally, as a designated settlement bank for WeChat Pay, Machhapuchchhre Bank has optimized the digital payment experience for Chinese tourists and local merchants alike.

### **Unified Merchant Services and Digital Lending**

To support the business community, the bank implemented a Unified Merchant Management System (MMS) that consolidates various QR and POS networks into a single, organized platform. This reduces the logistical burden of maintaining multiple payment standees. On the credit front, the bank is operationalizing digital lending facilities under Nepal Rastra Bank guidelines. These “Smart Loan” products utilize an automated process from application to approval, allowing customers and QR merchants to access instant credit through mobile banking.

### **Future Innovation and Sustainable Banking**

The bank continues to receive international recognition, including consecutive honors from VISA for excellence in POS business. Looking ahead, the strategy involves the deployment of “Smart Hubs” in major urban centers to provide self-service digital banking experiences. By integrating Artificial Intelligence (AI) and Machine Learning (ML) for data-driven financial advisory services, Machhapuchchhre Bank is moving toward a future defined by green banking, high efficiency, and a superior digital-first customer experience.

### **Philosophy of Sustainable Intermediation**

Machhapuchchhre Bank operates on the principle that the longevity of financial institutions is inextricably linked to the well-being of the human, social, and physical environment. By moving beyond simple financial intermediation, the bank actively protects the interests of all stakeholders to foster public credibility and long-term financial stability. This institutional responsibility mirrors

the duties of the government and civil society in creating a cleaner, more inclusive, and livable environment for future generations.

### **Financial Literacy and Educational Outreach**

In alignment with the priorities of Nepal Rastra Bank, the bank has significantly scaled its financial literacy initiatives. Through the flagship “Ghar-Ghar Ma Machhapuchchhre Bank” program, educational sessions were conducted across schools, colleges, and local clubs. To ensure a wider reach, these efforts were supplemented by digital campaigns and broadcasts across FM radio and social media platforms. Beyond literacy, the bank invested heavily in rural education infrastructure, including constructing sanitation facilities in Bajura and Siraha, repairing school roofs in Jhapa, and providing modern educational tools such as digital boards and RO water filters to various government schools.

### **Humanitarian Aid and Community Relief**

The bank demonstrated its agility in crisis response by contributing to the Prime Minister’s Relief Fund following the devastating floods and landslides of the recent fiscal year. Direct ground support was provided to affected families in the Kavre district through the distribution of essential survival items. This commitment to communal welfare ensures that the bank remains a reliable partner for the nation during times of natural disaster and urgent humanitarian need.

### **Healthcare Support and Infrastructure**

Improving public health outcomes remains a core pillar of the bank’s social strategy. During the review period, the bank focused on equipping medical facilities with essential technology, such as providing specialized eye-testing machines to Surkhet Eye Hospital and industrial water chillers to Mahakali Provincial Hospital. By supplying medical equipment to local health posts, the bank continues to bridge the gap in healthcare accessibility for underserved populations.

### Cultural Preservation and Religious Heritage

Recognizing the importance of Nepal's rich cultural identity, the bank provided financial and structural support for the preservation of various religious sites. Significant contributions were made to the construction of the Shree Gaihrashur Temple in Syangja and infrastructure development at the Halesi Mahadev Temple. Furthermore, the bank actively collaborated with local communities to promote and preserve major national festivals, including Indra Jatra and Mahashivaratri, ensuring these traditions remain vibrant.

### Financial Accountability and Provincial Allocation

The bank maintains a transparent and disciplined approach to its Corporate Social Responsibility (CSR) Fund. In the current fiscal year, approximately 80 percent of the allocated fund was utilized, with the remainder reserved for upcoming strategic projects. In strict adherence to Nepal Rastra Bank's consolidated guidelines, the bank ensured a balanced geographical impact by spending a minimum of 10 percent of its CSR budget in each of the country's provinces.

Details of the expenses incurred by the bank under corporate social responsibility in the last fiscal year

S. N.	PARTICULAR	AMOUNT IN NPR
1	Annual budget (1% of net profit for FY 2023/24)	10,451,992
2	Amount transferred from FY 2023/24	1,052,121
3	Total Budget (1+2)	11,504,113
4	Expenses up to Mid July 2025	9,219,945.72
	Remaining amount in CSR Fund	2,284,167.28

Province Wise Expenses under Corporate Social Responsibility during FY 2024/25

S. N.	Province	Amount in NPR	%
1.	Koshi	1,370,824	14.87%
2.	Madhesh	1,172,512	12.72%
3.	Bagmati	1,982,901	21.51%
4.	Gandaki	1,155,931	12.54%
5.	Lumbini	1,176,675	12.76%
6.	Karnali	1,160,475	12.59%
7.	Sudurpaschim	1,200,628	13.02%
	<b>Total</b>	<b>9,219,946</b>	<b>100.00%</b>

Sector Wise Expenses under Corporate Social Responsibility during FY 2024/25

S. N.	Sector	Amount in NPR
1.	Education	2,986,508.10
2.	Environmental protection	31,0000.00
3.	Financial literacy	856,615.86
4.	Health	1,575,906.25
5.	Humanitarian aid and rescue	2,739,560.00
6.	Other	1,120,355.51
	<b>Total</b>	<b>9,219,945.72</b>

### Remittance Service

Machhapuchchhre Bank Limited (MBL) provides seamless, secure, and reliable remittance solutions to the Nepalese diaspora worldwide. Operating in strict professional compliance with national and international regulations, the bank offers services through its extensive network of 165 branches and integrated digital channels. In addition to its proprietary service, "MBL REMIT," the bank collaborates with international partners across Japan, Qatar, the UK, Australia, South Korea, and the Gulf region, among others.

To ensure maximum accessibility, MBL facilitates payments through its own branches and over 20,000 partner agent locations across Nepal. We have established strategic domestic alliances with major players like Western Union, MoneyGram, IME, and Prabhu Money Transfer to streamline fund distribution. Looking ahead, MBL

is expanding its footprint into Israel, Oman, and Saudi Arabia, while aggressively transitioning toward a “Digital-First” remittance model to meet the demands of the modern global market.

## **Information Technology**

### **Digital Transformation and Service Delivery**

The Bank has consistently prioritized technological research and development to make its day-to-day operations more efficient, secure, and effective. With its digital-first approach, banking services are no longer confined to physical counters or branches; instead, they are readily accessible to customers anytime and anywhere through mobile devices and computers.

To date, the Bank has digitized and introduced a wide range of services for its customers. Digital offerings such as e-banking, ATM services, debit and credit cards, eSewa integration, IPS services, e-wallets, and mobile banking have emerged as reliable alternatives to traditional banking, making transactions more convenient, transparent, and secure. In recent years, the introduction of Self-Service Kiosks, Smart and Integrated Point-of-Sale (POS) systems, various online platforms, and digital loan services further reflects the Bank’s commitment to innovation. These initiatives have not only saved customers’ time and effort but have also strengthened their trust and deepened their relationship with the Bank.

### **Innovation and Future-Ready Digital Solutions**

Looking ahead, the Bank plans to introduce cutting-edge products and services, including a smart notification system, an artificial intelligence (AI)-based virtual assistant, digital relationship management, personalized financial advisory services, an innovative digital wallet, an open banking platform, and environmentally friendly financial solutions under the Green Finance framework. The Bank believes these initiatives will empower customers to become active participants in their financial journeys and position banking as an integral part of their everyday lifestyle rather than merely a transactional service.

## **Cybersecurity and Risk Management**

At the core of this technology-driven expansion lies a strong emphasis on cybersecurity. A multi-layered security architecture has been implemented to safeguard every transaction, data exchange, and customers’ personal information across digital platforms. Advanced firewalls, intrusion detection and prevention systems, encryption technologies, and real-time monitoring tools are in place to identify and mitigate potential cyber threats in a timely manner. Regular Vulnerability Assessment and Penetration Testing (VAPT) is also conducted to detect system weaknesses and ensure prompt corrective measures.

### **Cybersecurity Awareness and Human Vigilance**

In parallel, the Bank conducts regular training and simulation exercises to enhance cybersecurity awareness among employees, ensuring robust protection not only through technology but also through human vigilance. The Bank firmly believes that cybersecurity is not merely an institutional obligation but a fundamental pillar in building and maintaining customer trust.

### **Building a Digital Financial Ecosystem**

The Bank has already embarked on its journey toward building a comprehensive digital financial ecosystem, where every customer can access solutions tailored to their individual financial needs, goals, and lifestyles.

### **Vision for a Smart Bank**

Through continuous innovation and the delivery of high-quality, state-of-the-art services, the Bank is steadily advancing toward its vision of becoming the country’s leading smart bank.

## **Human Resource Management**

As of mid-July 2025, the bank’s workforce comprised 1,584 dedicated professionals, including 121 management-level staff and 1,463 general employees. The organization maintained a dynamic recruitment pace during the review year, appointing 223 new team members while seeing

120 departures. Notably, female representation stands at 41 percent of the total headcount, with 647 women currently employed. To ensure high morale and peak operational efficiency, the bank utilizes a performance-based evaluation system that assesses employee contributions through an objective, quantitative framework.

The bank recognizes its employees as the fundamental drivers of competitive advantage and institutional success. Consequently, the organization prioritizes career development, efficiency improvements, and comprehensive training as the pillars of its long-term strategy. To support this growth, the bank consistently invests in human capital, adhering to a policy that treats the 3 percent of total operating expenses mandate from Nepal Rastra Bank as a minimum baseline rather than a ceiling. Throughout the review period, staff benefited from a diverse range of internal, external, and international training sessions tailored to their specific roles, a commitment that will continue through ongoing participation in global seminars and workshops.

In today's increasingly competitive landscape, the bank remains focused on the critical role that skilled human resources play in organizational progress. There is a steadfast commitment to recruiting qualified, diligent, and honest professionals while providing the necessary incentives to ensure long-term retention. By continually refining professional skills and modernizing management practices, the bank aims to address evolving HR needs proactively. Furthermore, the organization places the highest priority on social security, fully guaranteeing all benefits mandated by the Government of Nepal's labour laws and social security regulations to ensure a stable and protected workforce.

### **Employee Service and Facilities Committee**

Banking is a service-oriented and risk-intensive industry that requires competent, professional human resources to ensure excellence and proper

risk mitigation. As skilled personnel form the bank's foundation, it is essential to continuously review and adapt management principles. This proactive approach ensures the bank attracts high-quality talent, maintains effective human resource operations, and supports the overall success of the business.

The bank has the following five-member Employee Services and Facilities Committee under the coordination of the Non-Executive Director:

#### **S.N. Name & Position**

1. **Director- Mr Sunil Narayan Shrestha**  
Coordinator
2. **Director- Mr. Bishow Prakash Gautam**  
Member
3. **Chief Executive Officer- Mr. Santosh Koirala**  
Member
4. **Head-Finance & Planning - Mr. Khagendra Paudel**  
Member
5. **Head- Human Resource Department- Mr. Anil Babu Adhikari**  
Member Secretary

The primary objective of the Staff Services and Facilities Committee is to formulate policies and criteria governing the bank's workforce management. The committee operates by reviewing human resource requirements and submitting comprehensive reports to the Board of Directors, detailing its decisions and strategic recommendations at periodic intervals. During the review period, the committee convened for three sessions, spanning meeting numbers 75 through 77.

#### **Deprived Sector Lending**

Under the directives of Nepal Rastra Bank, the bank provides credit to underprivileged sectors through both direct and indirect channels. Direct lending focuses on self-employment-oriented micro-enterprises identified across various branches. Under formal concessional loan procedures, the bank supports educated youth, returnee migrant workers, women entrepreneurs,

the Dalit community, and students seeking technical or vocational training. Furthermore, to bolster national production and employment, the bank offers commercial agriculture and livestock loans at subsidized interest rates, with recipients benefiting from interest subsidies of up to 6 percent. Currently, over 1,100 customers utilize these concessional services.

In the previous fiscal year, the bank entered a tripartite partnership with the National Youth Council and Api Himal Rural Municipality, Darchula, to promote youth entrepreneurship and self-reliance. This collaboration included financial literacy programs designed to encourage local participation in loan schemes. Additionally, it maintains ongoing agricultural and women's entrepreneurship loan programs in partnership with Saksham Access to Finance and Heifer International Nepal.

The bank also extends credit to the underprivileged class indirectly by collaborating with external organizations. This includes providing wholesale loan facilities to various microfinance institutions, multi-purpose cooperatives, and the Youth and Small Entrepreneur Self-Employment Fund, with the specific requirement that these funds be reinvested into underprivileged communities.

### **Corporate Governance**

The bank maintains a high priority on corporate governance, ensuring full compliance with the guidelines and circulars issued by Nepal Rastra Bank and other relevant financial authorities. Recognizing that effective governance is indispensable for long-term success, the Board of Directors and management monitor institutional integrity through a dedicated Monitoring Unit. This unit, alongside the Compliance and Corporate Governance Department, conducts regular branch visits and provides capacity-building training to ensure employees remain effective, accountable, and well-versed in governance standards.

The Board of Directors remains fully committed to the Unified Directives 2023 and all codes of conduct prescribed by the Nepal Securities Board and prevailing laws. To maintain transparency, the bank regularly publishes essential notices and information for its stakeholders. These efforts ensure that all operations are conducted fairly, responsibly, and in alignment with the regulatory landscape.

To streamline banking operations and formulate scientific strategies, various committees remain active under the provisions of Nepal Rastra Bank's directives. At the board level, these include the Audit Committee, Risk Management Committee, Employee Service and Benefits Committee, and the Anti-Money Laundering Committee. At the management level, the Executive Committee (EC), Management Committee (MC), Financial Guidance Committee, and the Asset/Liability Management Committee (ALMC) execute their duties within their respective jurisdictions. Additionally, the bank has appointed a Grievance Management Officer and a Chief Information Officer at the top management level to ensure robust communication and responsive grievance handling.

### **Internal Control System**

The Bank maintains a steadfast commitment to a robust internal control system designed to provide high-quality services to customers and maximize investor returns. This framework is specifically engineered to mitigate the inherent risks of banking, including credit, market, liquidity, and operational risks. The Board of Directors holds ultimate responsibility for reviewing the effectiveness of these controls, supported by the Risk Management Committee, the Audit Committee, and various management-level committees that ensure rigorous oversight.

To enhance the efficiency and precision of this system, the Bank has formulated and implemented over 155 policies, rules, and procedures. These guidelines allow the Board

to continuously monitor the short-term and long-term impacts of various risk factors on the institution's stability. By establishing clear protocols for risk identification, communication, and evaluation, the Bank maintains a proactive stance toward financial security.

The AML/CFT, Compliance, and Governance Departments play a critical role in these efforts, ensuring strict adherence to national laws, Nepal Rastra Bank (NRB) directives, and internal institutional regulations. These departments contribute significantly to the ongoing identification, reporting, and management of risks, thereby safeguarding the Bank's integrity and operational continuity.

### **Prevention of Assets (Money) Laundering**

For the effective control and implementation of measures against money laundering and the financing of terrorism, Machhapuchchhre Bank maintains a robust framework of policies, procedures, and practices. These are strictly aligned with the Prevention of Money Laundering Act (2064), the Prevention of Money Laundering Regulations (2073), and the various directives and circulars issued by Nepal Rastra Bank and the Financial Information Unit (FIU).

To provide strategic oversight, an AML/CFT Committee has been formed under the coordination of Bank Director Ms. Manisha Bhandari. This committee is primarily responsible for formulating and implementing essential policies and regulations in this field. All committee decisions and subsequent actions are regularly presented to the Board of Directors for review.

Operationally, the bank has established a dedicated AML/CFT Department at its head office to monitor compliance activities. Furthermore, a designated KYC/AML officer is appointed at every branch office to ensure the practical application of the Act and related directives. The bank's AML and Customer Due Diligence (CDD) policies and procedures are frequently updated

to remain in compliance with both national regulations and international best practices. Complementing these efforts is a managerial-level Management Committee on the Prevention of Money Laundering and Financing of Terrorism, comprised of senior executives who oversee day-to-day enforcement.



## Appointment of Auditor

On behalf of the Board of Directors, we extend our sincere gratitude to G.P. Rajbahak & Company, Chartered Accountants, for their diligent service following their appointment at the Bank's 26th Annual General Meeting. The firm successfully conducted a comprehensive audit of the Bank's transactions and financial records, ensuring the timely submission of their report for the 2024/25 fiscal year.

In accordance with Sections 111 and 112 of the Companies Act, 2063, and Sections 62 and 63 of the Bank and Financial Institutions Act (BAFIA), 2073, G.P. Rajbahak & Company remains eligible for re-appointment. The Board acknowledges their compliance with all statutory requirements and their continued eligibility to serve as the Bank's statutory auditors.

## Board Composition and Appointments

The Board of Directors of the Bank is composed of seven members, including three representatives from the promoter group, three from the general public, and one independent director. During the 514th Board meeting held on December 5, 2024, the Board accepted the resignation of Mr. Haribhakta Sigdel, who represented the founding shareholder Ram Janaki Investment and Petroleum Suppliers Pvt. Ltd. In the same session, Mr. Mukunda Mahat and Mr. Anish Sah were appointed to fill the vacant promoter director positions, appointments which were subsequently ratified by the 26th Annual General Meeting on January 12, 2025.

This same Annual General Meeting also saw the election of Mr. Jay Mukund Khanal, Mr. Sunil Narayan Shrestha, and Ms. Manisha Bhandari as directors representing the general shareholders. Following these elections, the 527th Board meeting on April 17, 2025, formally accepted the resignation of Mr. Jay Mukund Khanal from his role as a director for the general shareholders' group.

During the end of review period, the Board of Directors comprised the following members:

1. **Chairman Mr. Roshan K.C.**  
(On behalf of Promoter Shareholders)
2. **Director Mr. Mukunda Mahat**  
(On behalf of Promoter Shareholders)
3. **Director Mr. Peshal Raj Pokhrel**  
(Independent Director)
4. **Director Mr. Anish Shah**  
(On behalf of Promoter Shareholders)
5. **Director Mr. Sunil Narayan Shrestha**  
(On behalf of Public Shareholders)
6. **Director Ms. Manisha Bhandari**  
(On behalf of Public Shareholders)

The Bank's Board of Directors has been reconstituted following the 533rd Board meeting held on July 2, 2025, during which Mr. Bishwa Prakash Gautam was appointed to fill the vacant director position representing the general shareholders. The current composition of the Board is as follows:

1. **Chairman Mr. Roshan K.C.**  
(On behalf of Promoter Shareholders)
2. **Director Mr. Mukunda Mahat**  
(On behalf of Promoter Shareholders)
3. **Director Mr. Bishow Prakash Gautam**  
(On behalf of Public Shareholders)
4. **Director Mr. Peshal Raj Pokhrel**  
(Independent Director)
5. **Director Mr. Anish Shah**  
(On behalf of Promoter Shareholders)
6. **Director Mr. Sunil Narayan Shrestha**  
(On behalf of Public Shareholders)
7. **Director Ms. Manisha Bhandari**  
(On behalf of Public Shareholders)

## Board of Directors Meetings

The meetings of the Bank's Board of Directors are conducted regularly in strict adherence to existing statutory provisions. During the review period, a total of 25 Board meetings were held, all of which met the required quorum. The Chief Executive Officer was invited to participate in these proceedings, and notably, all decisions were reached unanimously with no dissenting opinions recorded by any director. The specific details regarding director attendance and the meeting fees received are presented below:

MEMBERS	NUMBER OF MEETINGS ATTENDED	MEETINGS ALLOWANCES (IN NPR)
Chairman Mr. Roshan KC	25	450,000
Former- Director Mr. Jay Mukunda Khanal (Up to 2025/04/17)	18	279,000
Former- Director Mr. Hari Bhakta Sigdel (Up to 2024/12/05)	6	93,000
Director Mr. Peshal Raj Pokhrel	22	341,000
Director Mr. Anish Shah (From 2024/12/05)	18	279,000
Director Mr. Bishow Prakash Gautam (Upto 2025/01/12)	13	201,500
Former Director Ms. Bandana Karki (Upto 2025/01/12)	13	201,500
Director Mr. Sunil Narayan Shrestha (From 2025/01/12)	11	170,500
Director Ms. Manisha Bhandari (From 2025/01/12)	13	186,000

The Board of Directors consistently makes strategic decisions to enhance the Bank's strength and success by addressing critical operational areas, including capital adequacy, policy formulation, corporate governance, and the management of loan, operational, and market risks. During each session, the Board reviews the implementation status of prior decisions to ensure accountability. Furthermore, the Board conducts a formal quarterly review of all decisions made in the preceding quarter. Recommendations and outcomes from the Bank's internal committees are also presented for Board deliberation and necessary action. The Board remains steadfast in its commitment to its governance roles and is fully prepared to navigate the challenges of the future.

## Audit Committee

The Audit Committee carries out its activities in accordance with the directives issued by Nepal Rastra Bank (NRB). It is responsible for reviewing the bank's financial condition, accounting practices, budget, and internal audit procedures. A primary function of the committee is to monitor and supervise the internal control system to ensure it is both appropriate and effectively implemented. Additionally, the committee regularly examines the managerial and performance outcomes of the bank's operations to guarantee full compliance with all prevailing laws.

The committee reviews audit plans and the findings submitted by both internal and external auditors, directing management to implement necessary corrective measures. It also monitors the implementation of directions or remarks provided by NRB during inspections and supervision, maintaining detailed records to keep the Board informed. To ensure financial integrity, the committee assists management in making annual and quarterly financial statements accurate and realistic. Furthermore, it evaluates bank operations for regularity, frugality, and propriety, providing strategic recommendations to the Board. The committee approves internal audit plans, reviews risk areas identified through risk-based internal audit systems, and ensures that auditors have direct access to the committee.

As per NRB Directives, the Audit Committee is chaired by a Non-Executive Director, with one additional Non-Executive Director serving as a member and the Head of the Internal Audit Department acting as the Member Secretary. The current composition is as follows:

S.N.	Name/Title/Position
1.	<b>Director Mr. Mukunda Mahat</b> Coordinator
2.	<b>Director Mr. Peshal Rj Pokharel</b> Member
3.	<b>Head of Internal Audit Department</b> Mr. Surendra Pathak Member Secretary

The Audit Committee held a total of 16 meetings in Fiscal Year 2024/25.

S.N.	MEETING NO:	Date of Meeting
1.	269	2024-07-28
2.	270	2027-08-04
3.	271	2024-09-01
4.	272	2024-09-30
5.	273	2024-10-22
6.	274	2024-12-10
7.	275	2024-12-13
8.	276	2025-01-01
9.	277	2025-01-19
10.	278	2025-02-10
11.	279	2025-03-09
12.	280	2025-03-23
13.	281	2025-04-18
14.	282	2025-06-16
15.	283	2025-07-08
16.	284	2025-07-16

### Risk Management Committee

The primary objective of this committee is to identify, monitor, and mitigate various inherent and emerging risks, including credit, market, and operational risks. Operating in accordance with the functions, duties, and responsibilities mandated by the Unified Directives of Nepal Rastra Bank (NRB), the committee submits comprehensive reports to the Board of Directors and provides strategic recommendations to the Bank's management. In alignment with these regulatory requirements, the Risk Management Committee is comprised of four members and is chaired by a Non-Executive Director as follows:

#### S.N. Name & Title/Position

1.	<b>Director Mr. Bishow Prakash Gautam</b> Coordinator
2.	<b>Director Mr. Mukunda Mahat</b> Member
3.	<b>Chief Operating Officer- Mr. Sunil Khatiwada</b> Member
4.	<b>Deputy Chief Executive Officer- Mr. Bishwambhar Neupane</b> Member Secretary

In the fiscal year 2024/25, a total of 8 meetings of the Risk Management Committee were held, from Meeting No. 118 to Meeting No. 125.

Committee on Anti-Money Laundering and Prevention of Financial Investment in Terrorist Activities

The Bank remains fully compliant with the Asset (Money) Laundering Prevention Act, 2064, as well as the associated rules, guidelines, and directives issued by Nepal Rastra Bank (NRB) regarding the prevention and control of money laundering. To ensure rigorous oversight, the Bank has formulated and implemented a robust framework of policies and procedures aimed at mitigating the risks of financial crime.

In alignment with these regulatory requirements, the Bank has established a four-member committee, chaired by a Non-Executive Director. This committee is primarily responsible for the development and execution of policy guidelines concerning the prevention of money laundering and the combating of terrorist financing (AML/CFT).

The composition of the committee is as follows:

#### S.N. Name /Position

1.	<b>Director Mr. Manisha Bhandari</b> Coordinator
2.	<b>Director Mr. Anish Shah</b> Member
3.	<b>Deputy Chief Executive Officer- Mr. Bishwambhar Neupane</b> Member
4.	<b>Enforcement Officer (AML/CFT Department)</b> Member Secretary

A separate AML/CFT Department has been established at the head office of the bank to monitor the necessary policies and activities in the field of financial investment in the prevention of money laundering and terrorist activities, and KYC/AML officers have been appointed in each branch office and the necessary instructions have been given to comply with the Anti-Money Laundering Act and directives.

In the fiscal year 2024/25, a total of 5 meetings of the Risk Management Committee were held, from Meeting No. 29 to Meeting No. 33.

### **Other Committees**

In addition to the committees mandated by the Nepal Rastra Bank (NRB) Directives and the Bank and Financial Institutions Act (BAFIA), the Board of Directors establishes specialized committees or sub-committees as required. These are formed under the coordination of a Non-Executive Director to address specific objectives, timelines, and scopes of work, such as the Merger and Acquisition Committee.

### **Information Management**

The Bank prioritizes information exchange with all shareholders and stakeholders, disseminating Annual Reports, Quarterly Reports, and service updates via various media and its website, [www.machbank.com](http://www.machbank.com). As the Annual General Meeting serves as a key forum for investor inquiries, all shareholders are encouraged to attend and discuss the Bank's progress.

### **Customer Grievance Redressal**

The Bank operates a 24-hour customer service center dedicated to addressing the needs and grievances of its customers and stakeholders. Feedback and complaints are collected through multiple channels, including telephone, email, Facebook, WhatsApp, Instagram, chatbots, and the official website, with a commitment to rapid resolution.

All inquiries are systematically categorized and routed to the relevant departments to ensure timely action. In compliance with central bank directives, the Bank has appointed a Chief Grievance Handling Officer, whose contact information is publicly available on our website to assist stakeholders both domestically and abroad. The Bank remains committed to prioritizing customer satisfaction through efficient and transparent grievance redressal.

### **Capital Structure**

As of mid-July 2025, the Bank's total paid-up capital stands at NPR 11.62 billion. To strengthen its supplementary capital, the Bank has issued debt instruments totalling NPR 5.25 billion to date. Furthermore, as part of a strategic initiative to bolster capital and expand business operations, the Bank has proposed a 4% bonus share issuance based on current paid-up capital. Additionally, subject to approval from Nepal Rastra Bank, the Bank plans to issue 8.255% MBL Perpetual Non-Cumulative Preference Shares worth NPR 3 billion.

### **Note of Thanks**

We extend our sincere gratitude to our esteemed customers for their unwavering trust and for conducting their business with us in a spirit of cordiality. We are deeply encouraged by your active support and remain determined to deliver even higher standards of quality service in the years ahead.

The Bank's strength, market position, and continued expansion are the direct results of the support, advice, and guidance provided by our shareholders. The Board of Directors expresses its heartfelt appreciation for the goodwill and confidence you have placed in us. We are committed to fulfilling our responsibilities with the utmost dignity and integrity, and we look forward to your continued inspiration as we work toward the overall development of the Bank.

We also offer our sincere thanks to the Government of Nepal and our regulatory bodies, who serve as our guiding authorities. Their support has been instrumental to our progress. Specifically, we acknowledge the Nepal Rastra Bank, Securities Board of Nepal (SEBON), Office of the Company Registrar, Nepal Stock Exchange Ltd. (NEPSE), and CDS and Clearing Ltd., along with all other supporting organizations and individuals. We

remain confident in our continued partnership with these institutions.

Finally, I wish to express special appreciation to our employees. Your hard work, dedication, and tireless efforts in serving our customers are the foundation of this Bank's success. We also extend our thanks to our External Auditors and all well-wishers for their invaluable contributions.

Thank you.

On behalf of the Board of Directors,

**Mr. Roshan K.C.**

Chairman



**Bringing Together Son,  
Father and Grandson...  
The Smart Way**



*“ Environmental protection is  
More than a duty- it is shared  
commitment. We are dedicated  
to playing our part in building a  
greener, more sustainable future ”*





# **INTEGRATED REPORT**

# SMART Bank

#GoDigital

Digital Transformation strategy of Bank envisages MBL as SMART BANK by 2027 by extensively focusing on strengthening following 10 pillars of transformation;

**1** CAPACITY

**2** INNOVATION

**3** CUSTOMER ACQUISITION /RETENTION

**4** COMPLIANT MANAGEMENT

**5** PROCESS AUTOMATION

**6** LEVERAGING TECHNOLOGY

**7** DATA ANALYTICS

**8** CUSTOMER ENGAGEMENT

**9** SAFETY & SECURITY

**10** PARTNERSHIP & COLLABORATION





<b>S</b>	Sustainable Banking
<b>M</b>	Modernization
<b>A</b>	Accountable Governance
<b>R</b>	Risk-Resilient Operations
<b>T</b>	Transparent Services

## INTRODUCTION

### MBL COMMITMENT TOWARDS ESG

We commit to protecting the environment, actively contributing to society, and upholding the highest standards of corporate governance, with zero tolerance for non-compliance.

The Bank's brand identity is closely associated with transparency, stability, and innovation. It has consistently invested in digital infrastructure, modern banking technologies, and skilled human resources to meet the evolving customer needs/aspirations and regulatory standards.

## ANNUAL INTEGRATED REPORT OF MACHHAPUCHCHHRE BANK LIMITED FOR FY 2024/25

This Integrated Report provides a comprehensive overview of Machhapuchchhre Bank Limited (MBL) for the period from 16 July 2024 to 16 July 2025. By consolidating financial, strategic, governance, and sustainability disclosures, this document offers a holistic view of our performance during FY 2024/25. Beyond regulatory compliance, it outlines our strategic roadmap and reinforces our commitment to becoming the premier 'smart bank' of choice. This report is prepared for presentation at the Bank's 27th Annual General Meeting.

## EXTERNAL ASSURANCE

During the reporting period under review, the bank received external assurance on the following reports:

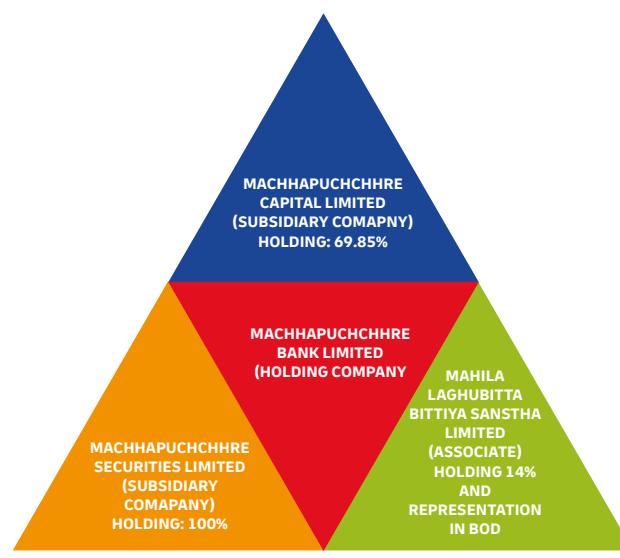
S. N.	Type of Report	External Assurance From
1.	Annual Financial Statement	
2.	Corporate Governance Report	G.P. Rajbahak & Co
3.	Section 78 report as per Companies Act	
4.	Actuarial Valuation Report	Global Risk Consultant
5.	Bank Rating	CARE Ratings Nepal Limited
6.	ISO Certification	United Registrar of Systems (URS) Nepal

## REGULATIONS FOLLOWED WHILE PUBLISHING FINANCIAL STATEMENTS

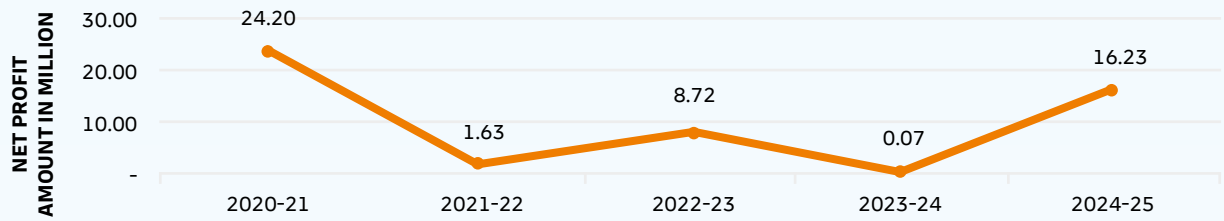
- Nepal Financial Reporting Standards
- Companies Act 2063
- Bank and Financial Institutions Act 2073
- Securities Act 2063
- Income Tax Act 2058
- Directives and circular issued by Nepal Rastra Bank

## BANK PROFILE:

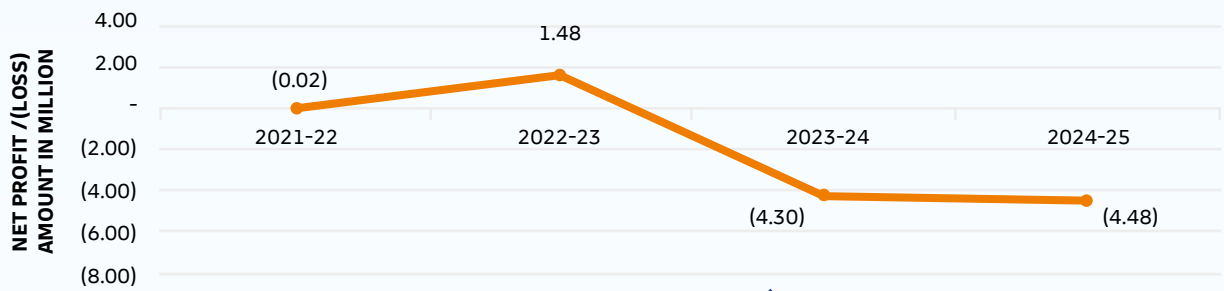
Established in 1998, Machhapuchchhre Bank Limited (MBL) holds the distinction of being the first regional commercial bank from Western Nepal, commencing operations in Pokhara in 2000. MBL is dedicated to meeting evolving customer needs by harmonizing cutting-edge technology with prudent international banking standards. Our comprehensive suite of modern services including seamless internet and mobile banking, VISA debit cards, and utility payment solutions is designed for maximum convenience. Furthermore, our commitment to accessibility is reflected in our 365 days banking and extended evening counter services.



## MACHHAPUCHCHRE CAPITAL LIMITED



## MACHHAPUCHCHRE SECURITIES LIMITED





## MISSION

To be one of the most preferred banks in Nepal, easily recognized as the bank which satisfies and cares for its customers through quality service, innovative products, professionalism and wide branch network, offering full array of financial services using modern technology along with good corporate governance practices.



## VISION

To become the bank of the first choice of the people.



## VALUES

With the objective of supporting the transition from rule based to attitude based behavior, the Bank is functioning with the following four values:



### INTEGRITY

Highest level of integrity / absolute honesty in all the business conduct and dealings with customers, staff, regulators, and other stakeholders.



### ACCESSIBILITY

Easy accessibility through traditional as well as modern means of communication.



### VALUE CREATION

For shareholders, customers, employees and the nation.



### QUALITY SERVICE

Through unmatched professionalism and excellent customer care.



### STEWARDSHIP OF RESOURCES

With the feeling of ownership and accountability.



## STRATEGY AND SERVICE DELIVERY

The Bank has solidified its brand identity through a steadfast commitment to reliability, service excellence, digital innovation, and customer-centricity. To ensure seamless accessibility for our diverse clientele, we leverage a multi-channel delivery framework:

- **Extensive Branch Network:** Strategically positioned across all provinces of Nepal.
- **Alternative Delivery Points:** Dedicated extension counters and branchless banking units serving unbanked and underserved regions.
- **Comprehensive ATM Network:** Providing 24/7 financial access across major urban centers and rural municipalities.
- **Omnichannel Digital Banking:** Robust mobile and internet banking platforms designed for a secure and user-friendly experience.
- **Scalable Digital Channels:** Continuously evolving infrastructure to support our rapidly expanding digital customer base.

## BOARD OF DIRECTORS (BOD) COMPOSITION:

S. No.	Name of Director & Representation
1.	<b>Chairman Mr. Roshan K.C</b> On behalf of Promoter Shareholders
2.	<b>Director Mr. Mukunda Mahat</b> On behalf of Promoter Shareholders
3.	<b>Director Mr. Bishow Prakash Gautam</b> On behalf of Public Shareholders
4.	<b>Director Mr. Peshal Raj Pokhrel</b> Independent Director
5.	<b>Director Mr. Anish Shah</b> On behalf of Promoter Shareholders
6.	<b>Director Mr. Sunil Narayan Shrestha</b> On behalf of Public Shareholders
7.	<b>Director Ms. Manisha Bhandari</b> On behalf of Public Shareholders

## GOVERNANCE AND LEADERSHIP: A SYNERGY OF TRUST, EXPERIENCE AND INNOVATION

The Board of Directors of MBL serves as the primary architect of the organization's long-term trajectory, proactively defining strategic priorities while anchoring the institution in rigorous governance standards. Comprising seven dedicated members, the Board possesses a rich tapestry of expertise spanning business, banking, economics, law, accounting, and financial regulation. This diversity ensures a robust equilibrium between seasoned wisdom and the agile perspectives required to navigate today's rapidly evolving financial landscape.

The Board represents a strategic fusion of diverse professional backgrounds, where the strategic clarity of experienced business leaders sits alongside the creative energy of younger professionals. While senior directors provide governance maturity and insights honed through decades of financial oversight, our younger members help the Bank anticipate shifting customer expectations and capitalize on emerging digital opportunities. This combination is further strengthened by individuals with deep regulatory backgrounds, ensuring that entrepreneurial innovation is always balanced by careful judgment and practical understanding.

Operating in strict alignment with international governance benchmarks, the Board maintains a clear distinction between strategic oversight and day-to-day management. Through regular engagement with senior leadership, the Board monitors progress and refines the Bank's broader roadmap, supported by specialized committees for Audit, Risk Management, Compliance, AML/CFT, and Human Resources. These committees reinforce the Bank's operational foundation by examining key issues with technical precision and strategic depth.

Beyond the traditional mandates of financial stability and risk management, the Board actively champions the Bank’s Environmental, Social, and Governance (ESG) commitments. This ensures that our growth remains responsible, inclusive, and aligned with long-term societal needs. United by shared values and strengthened by these diverse perspectives, the Board remains committed to enhancing the Bank’s resilience and competitiveness. The very commitment is also, of course, gravitated towards serving its shareholders, customers, and the wider community with trust, responsibility, and excellence.

**MANAGEMENT TEAM**

S. N.	Name of Director	Representation
1.	Mr. Santosh Koirala	Chief Executive Officer
2.	Mr. Prasadha Raj Aryal	Deputy Chief Executive Officer
3.	Mr. Bishwambhar Neupane	Deputy Chief Executive Officer
4.	Mr. Suvash Jamarkattel	Deputy General manager

**EXECUTIVE MANAGEMENT: A FOUNDATION OF EXPERTISE AND INTEGRITY**

The senior management team at MBL represents a sophisticated blend of extensive banking experience, rigorous academic foundations, and an acute understanding of the evolving financial landscape. This collective strength empowers the Bank to deliver robust performance and maintain an unwavering commitment to customer-centric service. The executive leadership comprising the Chief Executive Officer, two Deputy Chief Executive Officers, and the Deputy General Manager provides the strategic oversight and operational discipline necessary to guide the Bank’s sustained growth and professional excellence.

At the helm, our Chief Executive Officer brings over 25 years of diverse banking experience.

Holding an MBA and having completed specialized leadership training from prestigious domestic and international institutions, the CEO has mastered key roles in operations, business development, and strategic planning. This leadership is defined by a balanced approach that pairs long-term vision with practical operational insight. By prioritizing clear communication, team empowerment, and disciplined decision-making, the CEO fosters an organizational culture grounded in accountability and collaborative performance.

Supporting this vision are two Deputy Chief Executive Officers, both MBA graduates with over two decades of experience across various commercial banks. Their extensive exposure to diverse banking environments ensures leadership continuity and enhances the Bank’s decision-making capacity. Together, they oversee critical functions including credit business, treasury, digital banking, and risk management. Their combined expertise in finance and governance reinforces the stability of the Bank’s operational framework, ensuring that systems and processes remain resilient while maintaining a balanced approach to growth.

Completing the senior executive team is the Deputy General Manager, a Chartered Accountant with more than 17 years of specialized experience in finance and banking. The DGM provides essential technical expertise in financial controls, regulatory compliance, and analytical oversight. This inclusion of a high-level financial professional adds significant depth to the leadership team, ensuring that every financial decision is transparent, sound, and strictly aligned with the Bank’s long-term strategic objectives.

Together, this leadership team embodies a synergy of strategic foresight and operational rigor. Their combined experience across corporate banking, microfinance, and digital transformation allows the Bank to respond with agility to shifting market dynamics. Beyond their

professional credentials, these leaders are united by a shared commitment to integrity, resilience, and value creation. This layered and diversified management structure provides the Bank with strategic vision from proven executives, financial discipline from seasoned professionals, and the institutional memory required to navigate complex regulatory environments. Ultimately, the management team does not merely oversee operations; they serve as the primary drivers of the Bank’s commitment to ethical conduct, service excellence, and stakeholder trust.

### CELEBRATING TWENTY-FOUR YEARS OF EXCELLENCE

The MBL commemorated its 24th anniversary, marking over two decades of resilient operations, with a dual-phased celebration that honored both its institutional journey and its people. The festivities commenced at the MBL Tower Head Office with a ceremonial cake-cutting, a symbolic gesture reflecting the organization’s historical growth and collective achievements. This moment of camaraderie served as a reflection on the “sweetness” of the Bank’s past successes and a formal reaffirmation of its commitment to a prosperous future.

The celebration transitioned into a formal tribute led by the Board of Directors and the Chief Executive Officer, dedicated to the pillars of the organization: staff members with at least twenty years of service. These long-standing employees were recognized for their unwavering commitment and deep institutional expertise, which have been instrumental in shaping the Bank’s trajectory.

By honoring these individuals, the Bank underscored the value it places on loyalty and professional excellence, highlighting how their dedication has established a benchmark for the next generation of banking professionals. This anniversary was not merely a milestone of time,

but a testament to the enduring human capital that drives the Bank forward.

#### List of staff Honoring 20+ Years of services during 2024/25:

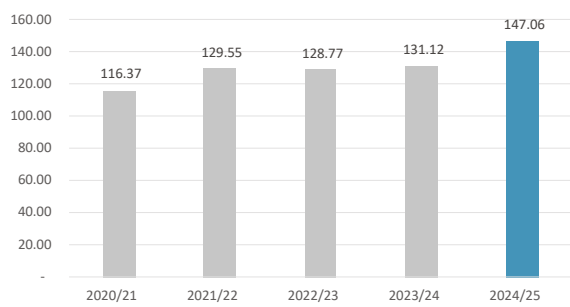
S. N.	Name of Staff
1.	Mr. Bishwambhar Neupane
2.	Mr. Bishal Bhakta Joshi
3.	Mr. Jeevan Bahadur Karki
4.	Mr. Manish Lal Shrestha
5.	Mr. Ananda Rayamajhi
6.	Ms. Birsana Shrestha
7.	Ms. Jaya Thapa
8.	Ms. Subhata Rana
9.	Mr. Som Bahadur Gurung
10.	Mr. Sanjaya Rana Magar
11.	Mr. Gaurav Mani Dewan
12.	Mr. Shankar Yadav
13.	Mr. Dhan Raj Shrestha

MBL celebrated the career of Ms. Nisha Rijal upon her retirement, recognizing her years of unwavering service. The bittersweet occasion was marked by expressions of gratitude from colleagues and best wishes for her future endeavors

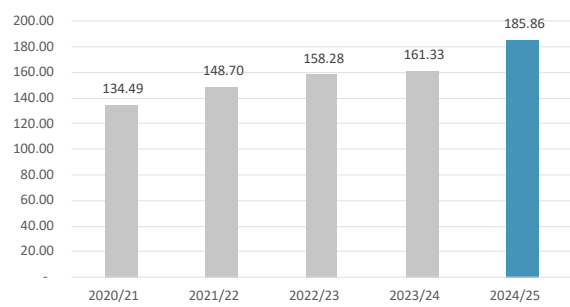


The Bank maintained a healthy capital adequacy ratio, stable asset portfolio, and sound risk management practices. While Non-Performing Loans (NPLs) remained under pressure due to sluggish economic recovery, MBL adhered to Nepal Rastra Bank (NRB) standards in loan classification and provisioning.

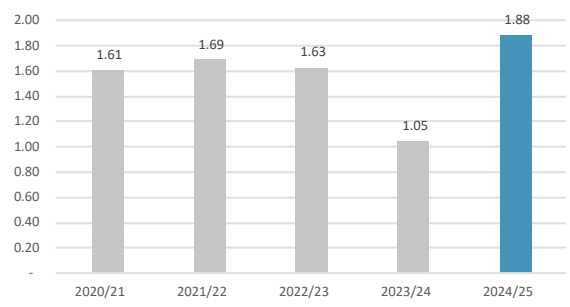
**Loan** (NPR in Billion)



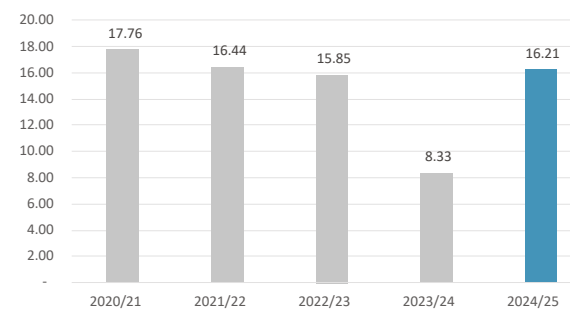
**Deposit** (NPR in Billion)



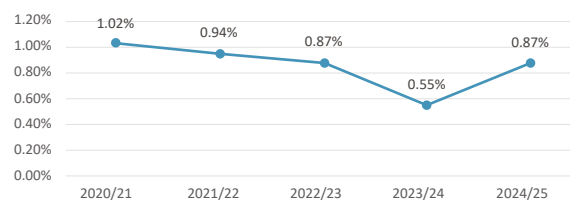
**Net profit** (NPR in Billion)



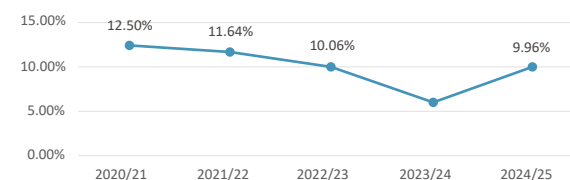
**Earnings Per Share**



**Return on Total Assets**

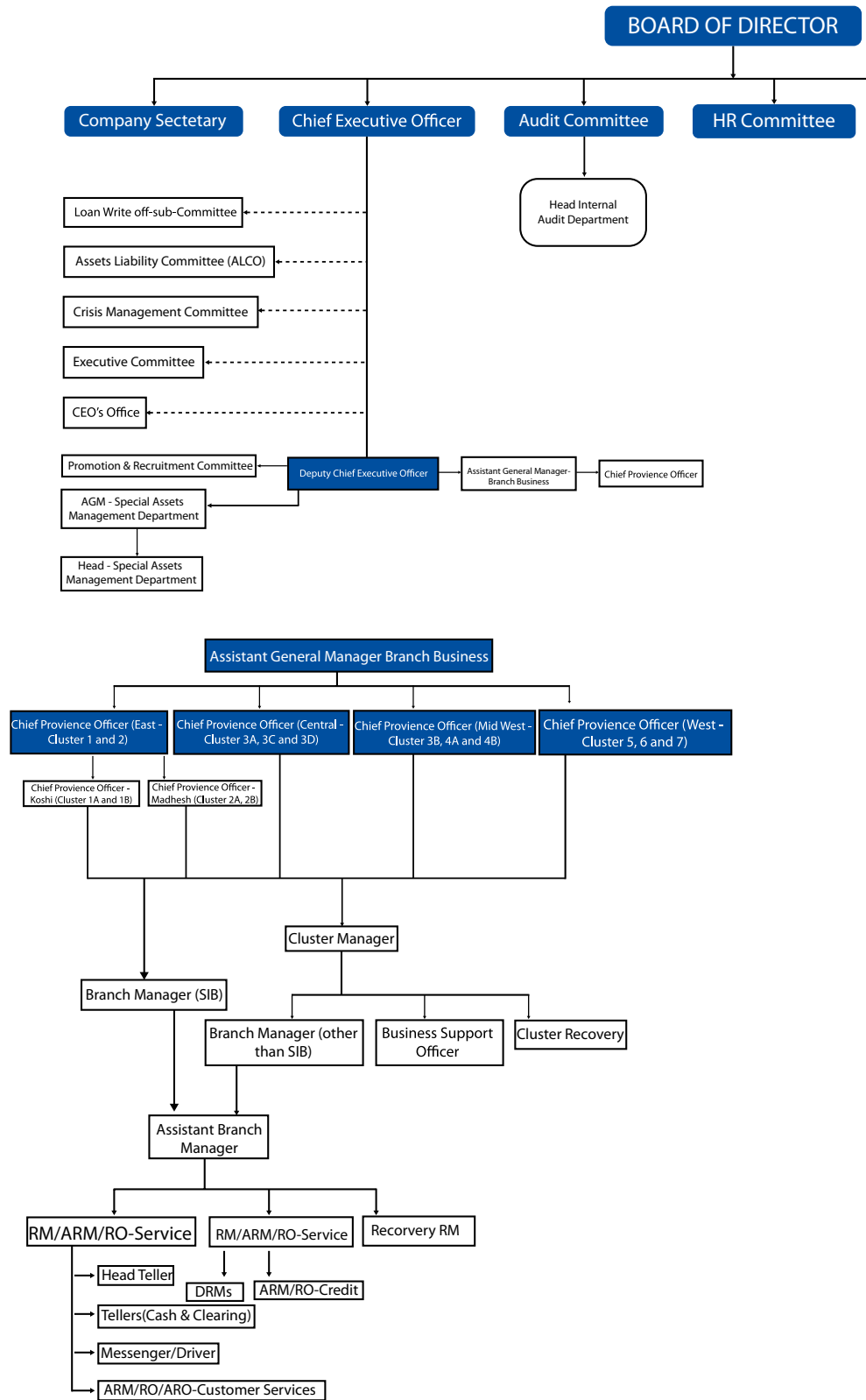


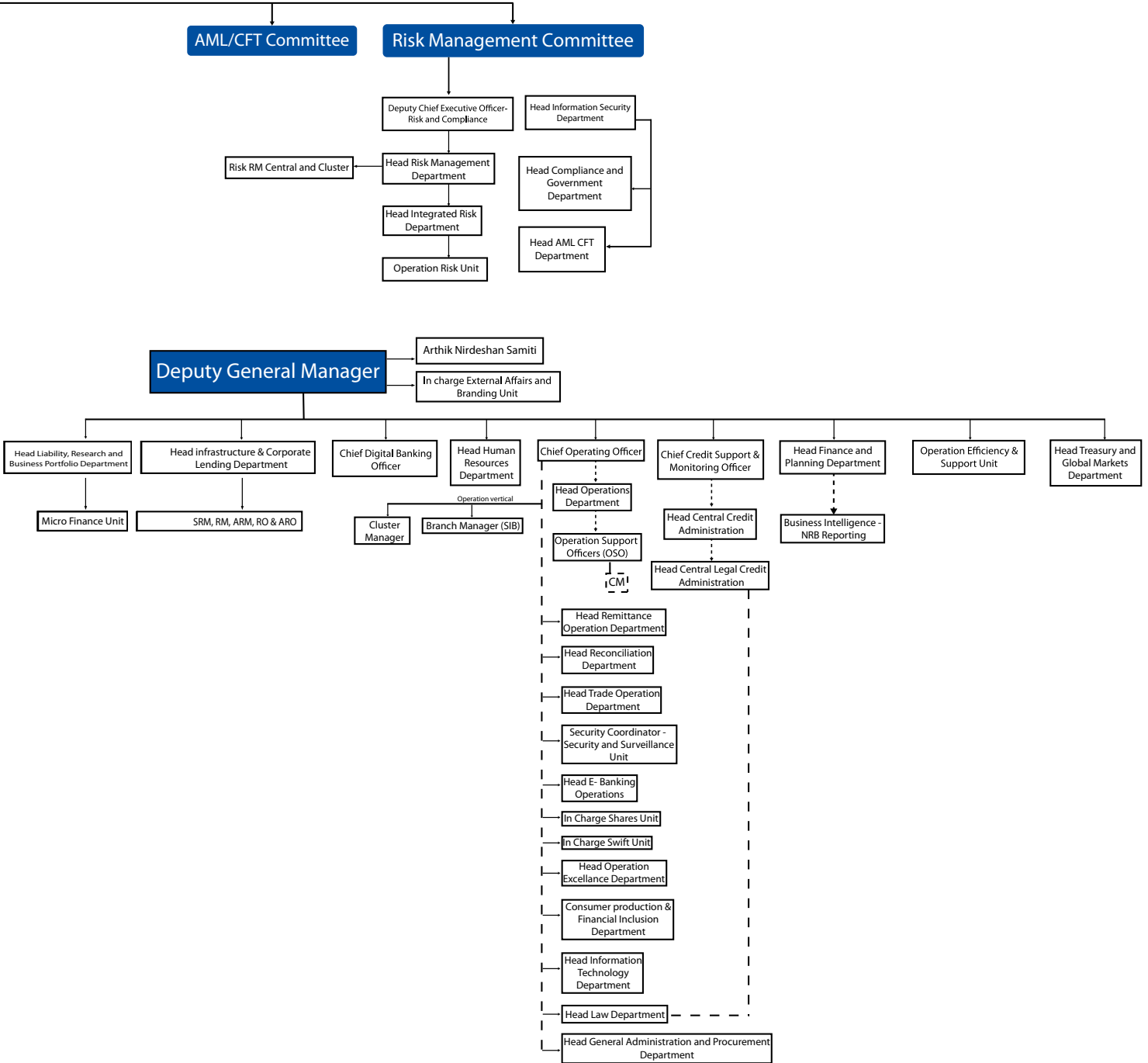
**Return on Total Equity**



S. N.	PARAMETERS																								
Digital banking Adoption and Usage	Credit card 14,749 Debit card 425,648 Mobile banking 1,039,565 Online banking 60,102 POS 2,302 Prepaid card 12,234 QR merchant 94,031 <b>Total 1,648,631</b>																								
Social inclusion and financial access	Number of Branch in Himalayan District: 12 Number of Branches in Hilly District: 82 Number of Branches in Terai District: 71 Total District Covered: 56 Province Offices: 7 Provinces Extension Counter: 11 Branchless banking Service Center: 88 Number of ATM: 203																								
Human Capital Development and Management	Total number of staff: 1584 Total number of training: 255 Total Number of staff availed training during 2024/25: 3,100 Total amount invested in training and development of staff: NPR 35.42 Million																								
Quality of Internal process system	- Internal process atomization (Loan origination system, MBL Connect, HRMS, E-learning, Smartchautary, Account opening system, audit management system, Ticketing system etc) - Low paper consuming through digitization																								
Corporate Social Responsibility Initiatives	Bank initiative in different sector as corporate social responsibility <table border="1"> <thead> <tr> <th>S. N.</th> <th>SECTOR</th> <th>AMOUNT IN NPR</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Education</td> <td>2,986,508.10</td> </tr> <tr> <td>2.</td> <td>Environmental protection</td> <td>31,0000.00</td> </tr> <tr> <td>3,</td> <td>Financial literacy</td> <td>856,615.86</td> </tr> <tr> <td>4,</td> <td>Health</td> <td>1,575,906.25</td> </tr> <tr> <td>5,</td> <td>Humanitarian aid and rescue</td> <td>2,739,560.00</td> </tr> <tr> <td>6.</td> <td>Other</td> <td>1,120,355.51</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>9,219,945.72</b></td> </tr> </tbody> </table>	S. N.	SECTOR	AMOUNT IN NPR	1.	Education	2,986,508.10	2.	Environmental protection	31,0000.00	3,	Financial literacy	856,615.86	4,	Health	1,575,906.25	5,	Humanitarian aid and rescue	2,739,560.00	6.	Other	1,120,355.51		<b>Total</b>	<b>9,219,945.72</b>
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6.	Other	1,120,355.51																							
	<b>Total</b>	<b>9,219,945.72</b>																							
Financial Literacy	- Digital Financial literacy training at different level including school, college. - Broadcasting financial literacy related material through online platform, radio, and television.																								

# ORGANIZATIONAL STRUCTURE





## STRATEGIC FRAMEWORK AND PLANNING

The Bank adopts a five-year strategic roadmap to define its long-term objectives, which are operationalized through annual strategic plans. These short-term strategies are closely aligned with the long-term vision while remaining adaptable to external market dynamics. Furthermore, they are continuously reviewed to ensure full compliance with the evolving regulatory requirements mandated by Nepal Rastra Bank

### Long-Term Objectives

- Process automation in different departments to reduce operating expenses
- Diversified portfolio maintenance

### Short-Term Objectives

- Focus on quality loan growth
- Focus on non-performing assets management
- Adoption of NFRS 09 Financial Instrument

## AWARD AND RECOGNITION:

Title	Year
ISO 9001:2015	2018
National Best Presented Annual Report (BPA) Award (certificate of Merit)	2022
Infosys Finacle Innovation Award 2023	2023
Visa Leadership Conclave 2023	2023
Visa Leadership Conclave 2023	2023
National Best Presented Annual Report (BPA) Award (certificate of Merit)	2023
NEPS- Excellence In Cardless Withdrawal And POS Acquiring Portfolio	2024
Visa Leadership Conclave 2024	2024
National Best Presented Annual Report (BPA) Award	2024
Infosys Finacle Innovation Award 2025	2025
Rising Star in Asset Quality	2025

## GLOBAL ECONOMIC OUTLOOK

According to the IMF, the global economy's post-pandemic recovery is facing renewed challenges from rising geopolitical tensions and increasingly

restrictive trade policies. Consequently, global growth is projected to moderate from 3.3% in 2024 to 2.8% in 2025. Advanced economies are expected to slow from 1.8% to 1.4%, while emerging and developing markets are forecasted to shift from 4.3% to 3.7%. Specifically, growth in India and China is projected to ease to 6.2% and 4.0%, respectively, following rates of 6.5% and 5.0% in 2024.

While growth slows, global consumer inflation continues its disinflationary trend, with the IMF projecting a decrease from 5.7% in 2024 to 4.3% in 2025. In advanced economies, inflation is expected to remain relatively stable, moving from 2.6% to 2.5%, whereas emerging and developing economies are projected to see a more significant decline from 7.7% to 5.5%. Despite this cooling, the IMF warns of potential upward price risks driven by persistent geopolitical instability and trade barriers.

(Source: Nepal Rastra Bank)

## DOMESTIC ECONOMIC OUTLOOK

The National Statistics Office (NSO) estimates an economic growth rate of 4.61% for FY 2024/25, marking an improvement over the 3.67% recorded in the previous fiscal year. Growth is broad-based, with the agriculture, industrial, and service sectors expected to expand by 3.28%, 4.53%, and 4.21%, respectively. Notably, the manufacturing, construction, and wholesale and retail sub-sectors have rebounded following two years of contraction, contributing to a 4.8% growth rate in the third quarter of 2024/25.

Agricultural performance remains satisfactory, supported by a timely monsoon and government initiatives such as seed subsidies, improved fertilizer availability, and the implementation of minimum support prices for key crops like paddy and wheat. Simultaneously, the industrial and service sectors are poised for growth as high-priority infrastructure projects—including the Nagdhunga and Siddhababa tunnels and

the Kathmandu-Terai expressway–approach completion. Furthermore, the energy sector has reached a significant milestone with the commencement of electricity exports to Bangladesh in June 2025 and a strategic target to add 1,000 MW of hydropower capacity annually.

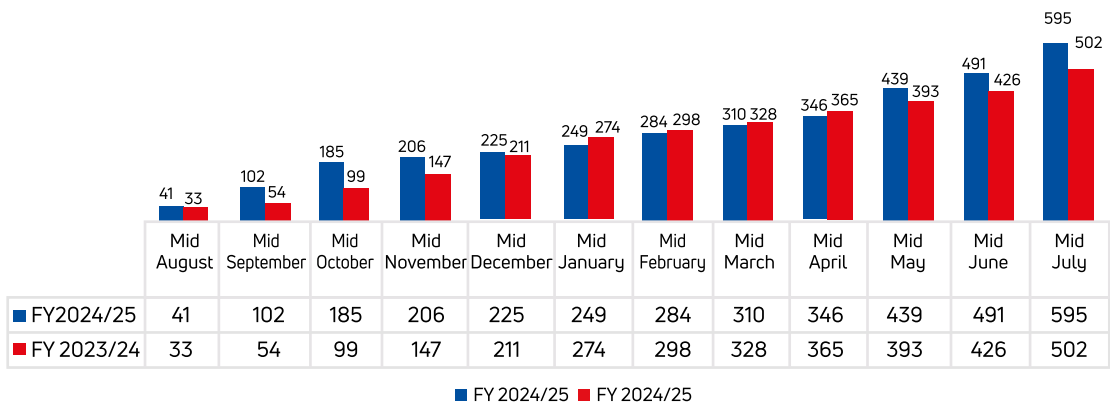
The tourism sector has successfully recovered to pre-pandemic levels, with expanded infrastructure in Pokhara and Lumbini expected to drive further employment and production. To complement this, the FY 2025/26 budget introduces targeted programs for SMEs and IT service exports. Looking ahead, the Government of Nepal has set an ambitious 6.0% growth target for this FY. This objective is underpinned by increased capital expenditure, high market liquidity, low interest rates, and legal reforms designed to foster a conducive investment climate across the agriculture, service, and infrastructure sectors.



(Source: Nepal Rastra Bank)

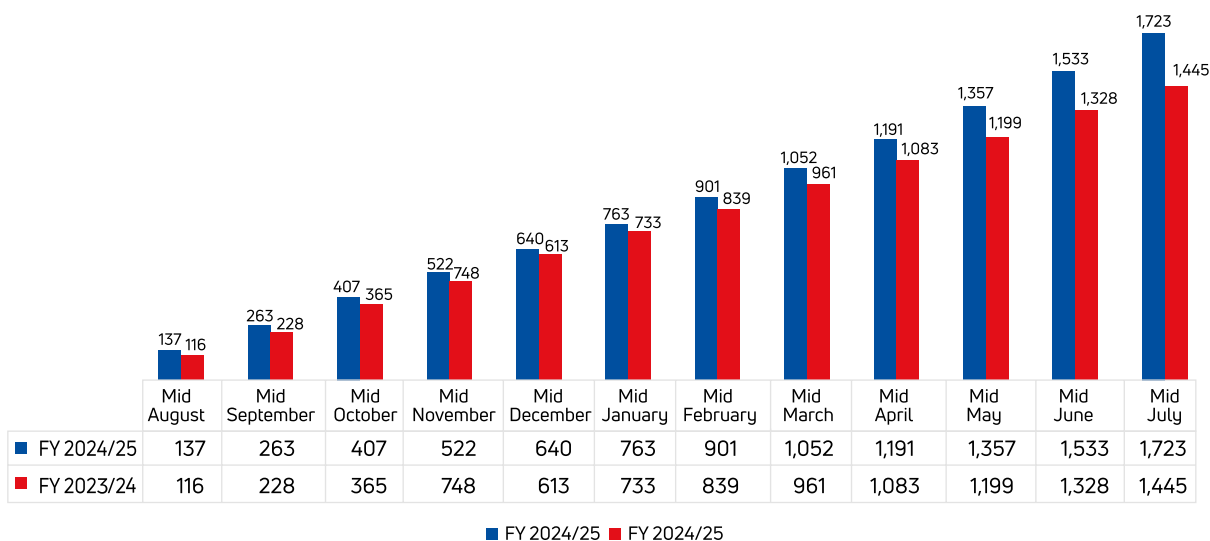
## MAJOR INDICATORS OF DOMESTIC ECONOMY FOR FY 2024-25

### Balance of Payment (In Billion)



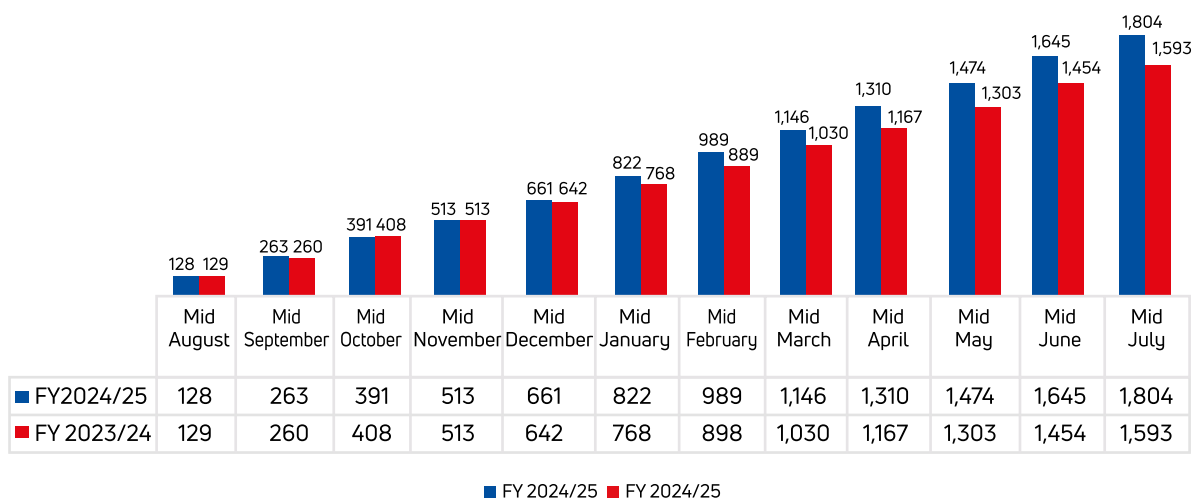
## REMITTANCE INFLOW

### Remittance (In Billion)



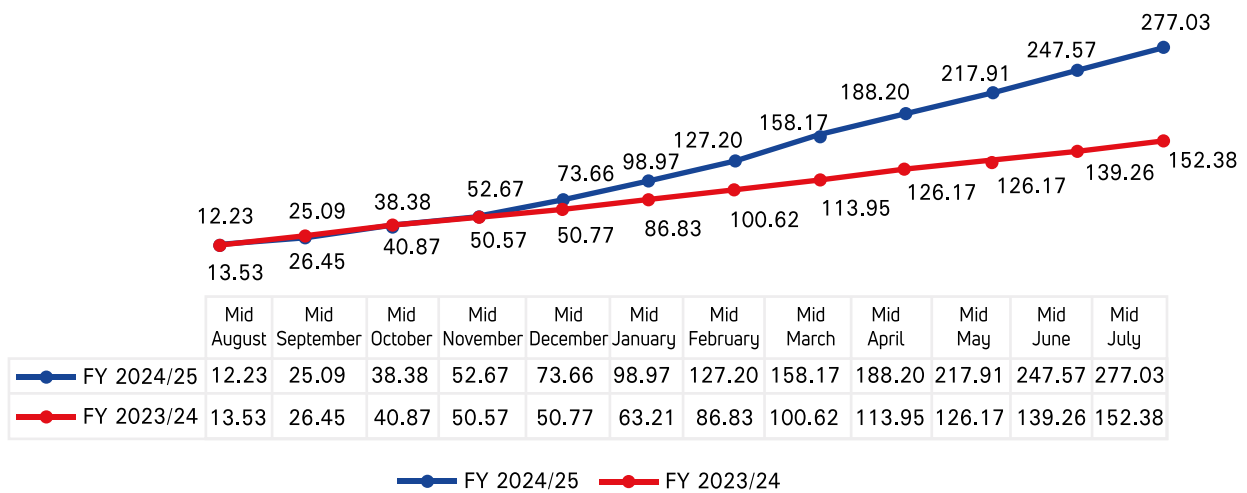
## IMPORT

### Import (In Billion)



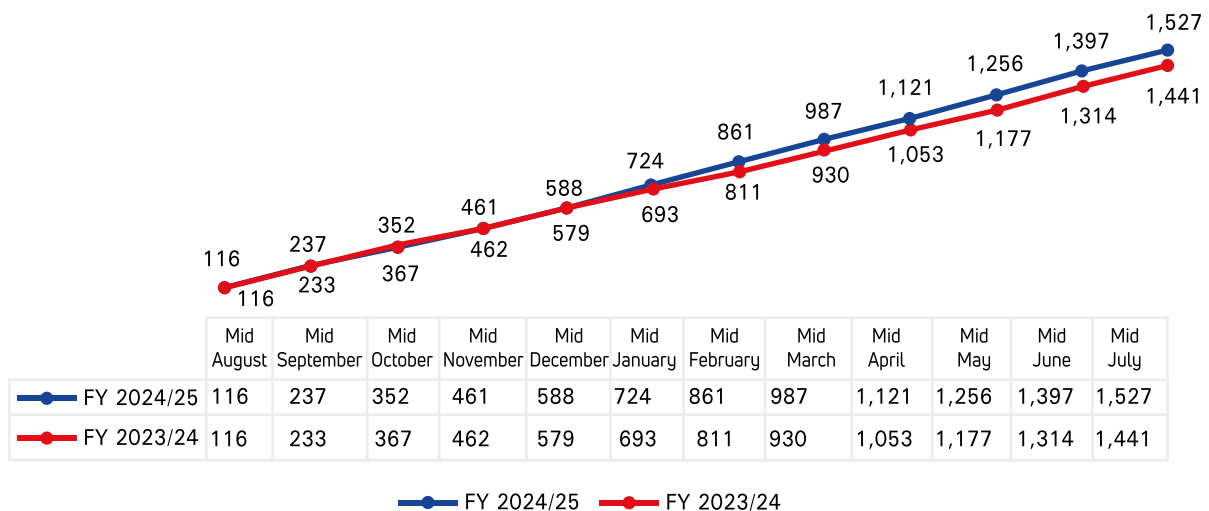
## IMPORT

### Export (In Billion)



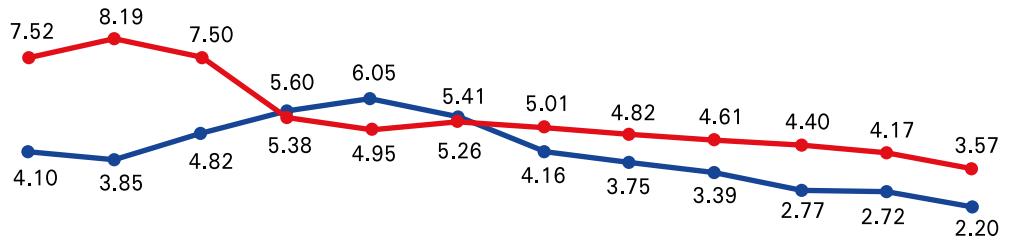
## TRADE DEFICIT

### Trade Deficit (In Billion)



## CONSUMER PRICE INFLATION:

### Consumer Price Inflation (In Billion)

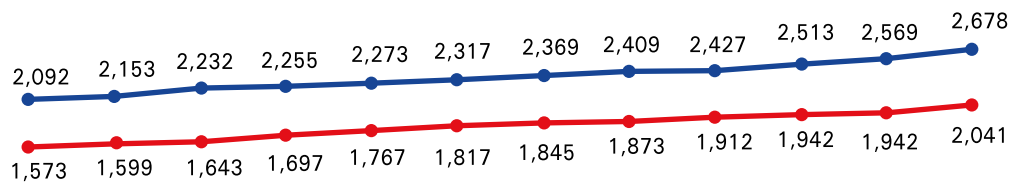


	Mid August	Mid September	Mid October	Mid November	Mid December	Mid January	Mid February	Mid March	Mid April	Mid May	Mid June	Mid July
FY 2024/25	4.10	3.85	4.82	5.60	6.05	5.41	4.16	3.75	3.39	2.77	2.72	2.20
FY 2023/24	7.52	8.19	7.50	5.38	4.95	5.26	5.01	4.82	4.61	4.40	4.17	3.57

—●— FY 2024/25 —●— FY 2023/24

## FOREIGN CURRENCY RESERVE

### FX Reserve (In Billion)



	Mid August	Mid September	Mid October	Mid November	Mid December	Mid January	Mid February	Mid March	Mid April	Mid May	Mid June	Mid July
FY 2024/25	2,092	2,153	2,232	2,255	2,273	2,317	2,369	2,409	2,427	2,513	2,569	2,678
FY 2023/24	1,573	1,599	1,643	1,697	1,767	1,817	1,845	1,873	1,912	1,942	1,942	2,041

—●— FY 2024/25 —●— FY 2023/24

## GOVERNANCE STRUCTURE

Governance at MBL is an integrated framework of relationships, roles, and processes designed to direct and control the institution. This structure is fundamental to ensuring transparency, accountability, and proactive risk management. By aligning strategic objectives with the interests of shareholders, depositors, and regulators, the Bank safeguards its financial soundness and prevents mismanagement. Ultimately, this framework reinforces ethical compliance, fostering long-term stability and institutional trust.

### a. Board of Directors (BoD)

The (BoD) serves as the Bank's supreme governing body. It is responsible for defining the overarching corporate strategy, approving institutional policies, and monitoring performance to ensure rigorous compliance and accountability.

Acting as a fiduciary, the Board operates in the best interests of shareholders and all key stakeholders for sustainable growth and ethical integrity.

### b. Board- Level Committees

To assist the Board in fulfilling its oversight responsibilities, the Bank has established four specialized committees: Audit, Risk, Management, Employee Service and Benefits, and Anti-Money Laundering.

These bodies provide focused supervision over critical domains, including internal auditing, risk mitigation, regulatory compliance, credit quality, and overall corporate governance.

### c. Executive Management Committee

The Executive Management Committee (Ex-Com) is tasked with the bank's day-to-day operations and the execution of strategies and policies approved by the Board. Led by the Chief Executive Officer (CEO), the committee's composition includes the Deputy CEO (DCEO), Deputy General Manager (DGM), and Assistant General Managers

(AGMs). This leadership team ensures that high-level directives are translated into effective operational actions across all departments.

### d. Different Committees at Management Level

Reporting to Senior Management, several specialized committees focus on core operational functions, including Risk Management, Asset-Liability Management (ALCO), Compliance, Internal Audit, Credit Approvals, IT, and Operations. These committees are instrumental in ensuring the effective implementation of policies, the robustness of internal controls, and overall operational efficiency.

Each committee operates within its specific jurisdiction, diligently performing its assigned duties and responsibilities. To further strengthen leadership, the Bank has appointed a Grievance Management Officer and a Chief Information Officer at the top management level to oversee information systems, communication strategies, and grievance redressal.

In strict adherence to the policy directives of Nepal Rastra Bank, MBL remains committed to institutional governance by conducting all operations with fairness, transparency, and accountability. Every committee serves as a vital pillar in maintaining governance discipline, operational integrity, and proactive risk oversight.

## BANK'S BUSINESS MODEL

Our business model serves as the blueprint for how we create, deliver, and sustain value. It encompasses our suite of financial products, our target market segments, and the diverse channels through which we serve them.

We prioritize long-term profitability by balancing sustainable lending practices with accelerated digital transformation and customer-centric solutions. By integrating foundational banking values with modern innovation and a rigorous

governance framework, the Bank ensures resilience and growth across the following core arenas:

## **DEPOSIT COLLECTION AND RESOURCE MOBILIZATION**

Deposit collection is the cornerstone of the MBL's financial operations—the process of mobilizing funds from customers to create a robust capital base for lending and investment.

The Bank offers a diverse portfolio of deposit products, including Savings Accounts, Current Accounts, Call Accounts, and Fixed (Term) Deposits. Through these offerings, customers are provided with a secure environment for their capital while securing a stable, low-cost source of funding.

The Bank remains committed to its strategic objective of increasing the proportion of CASA (Current and Savings Accounts) in the coming year to optimize its cost of funds.

## **REGULATORY COMPLIANCE AND PERFORMANCE**

In accordance with the directives of Nepal Rastra Bank, the ratio of institutional deposits to total deposits must be maintained at a maximum of 50%. MBL has successfully balanced its portfolio, maintaining both personal and institutional deposits well within these regulatory thresholds.

MBL achieved satisfactory deposit growth due to the following factors:

- Customer Trust
- Competitive Interest Rates
- Diversified Deposit Products

Deposit growth has been consistent because of customer trust, diversified products, and competitive services.

## **LENDING OPERATIONS**

Leveraging deposits and other capital, MBL extends credit to individuals, SMEs, MSBs, and

corporate clients. As a core profit center, this function generates interest income and fees while fueling economic growth by channeling savings into productive investments. MBL also disburses loans to deprived and directed sectors in compliance with NRB directives. To meet its primary objectives, the Bank focuses on low-risk lending and has implemented robust frameworks to strengthen loan recovery and risk management, mitigating potential risks associated with future portfolio expansion.

## **DIGITAL AND ELECTRONIC BANKING**

Digital and electronic banking refers to banking services delivered through online and electronic channels, such as mobile-banking apps, internet banking portals, QR-payment, and electronic transfers instead of relying solely on physical branches. These services allow customers to check balances, transfer funds, pay bills, and manage their finances anytime, anywhere, offering 24/7 convenience without visiting a branch

To serve customers more efficiently and reach a wider base, the bank leverages digital technology. Digital banking reduces dependence on physical branches (which cuts costs), enhances convenience for customers, extends reach (especially to remote areas), and supports financial inclusion. In the context of Nepal, digital banking has become increasingly important as more customers adopt mobile and internet banking helping overcome geographic and infrastructure barriers.

Machhapuchchhre Bank is the first in the Nepali banking industry to introduce Contactless Offline 'Tap and Pay' service in its mobile banking application using Tokenized technology based on EMV Standard. Tokenization is considered the most secure and reliable technology in the world. With this technology, instead of customer account details, customer details remain confidential and secure when transactions are made using a system-generated code.

The bank is recognized for its emphasis on digital innovation. Its digital and electronic banking consists of the following:

- MBL M-Smart Mobile Banking
- MBL Internet Banking
- QR Payments
- Remittance Services

## SUPPORT SERVICES

Beyond core deposits and lending, the bank operates specialized support functions that diversify revenue and mitigate risk. These essential systems include the following:

- Treasury Operations
- Trade Finance
- Foreign Exchange Services at all Branches
- Depository Participants Function

By providing these value-added services, the bank strengthens its business model, reduces reliance on interest income, and ensures robust liquidity management.

## OPERATING ENVIRONMENT & MACROECONOMIC CONTEXT

The macroeconomic landscape provides the broader framework for business and financial operations, shaped by growth, inflation, policy shifts, and external sector performance. Currently, Nepal enjoys a stable backdrop characterized by moderating inflation, easing interest rates, and healthy foreign exchange reserves. Strong remittance inflows have further bolstered the balance of payments and national savings.

While this environment encourages investment and credit growth, structural vulnerabilities remain. The economy's heavy reliance on remittance-driven consumption, persistent trade deficits, and inconsistent sectoral performance continue to challenge long-term sustainability.

FY 2024/25 was challenging due to the following factors:

- Slow economic recovery
- Low credit demand despite high liquidity
- Declined business activities due to low private-sector investment

- Rising non-performing loan and default risks
- Low interest rate environment squeezing margins

MBL, nevertheless, successfully navigated these challenges through strategic planning and financial discipline.

## FINANCIAL PERFORMANCE ANALYSIS FOR FY 2024/25

### Income Side

- Stable Operating Profit
- Interest Income Remained Major Contributor
- Growth in Non-Interest Income
- Non-Interest Income (Fees and Commission, Forex Gains) Moderately Increased
- Net Profit at a Level Sufficient to Declare 8% Dividend

### Expenses Side

- Controlled Operating Expenses
- Increase in Employee Expenses
- Increase in Non-Operating Expenses
- Increase in Income Tax Expenses

### Assets side

- Total assets Increased from Last Year
- Loan Portfolio Increased Moderately
- Increase in Investment in Securities Liabilities and Capital side
- Strong Growth in Customer Deposits
- Bonus Shares Issued Increased Paid-Up Capital
- Healthy Reserve and Surplus Position

### Key Ratios

- Capital Adequacy Ratio (CAR): Above Minimum NRB Requirements
- Non-Performing Loans (NPLs): Within Acceptable Range
- Earnings Per Share (EPS): Moderately Stable
- Net Worth Per Share (NWPS): Increased
- Cost-to-Income Ratio: Improved through Operational Efficiency.
- Net Profit enabled the Bank to Distribute an 8% Dividend for FY 2024/25

## DEPOSIT & LENDING OPERATIONS

### Deposit Growth

MBL achieved satisfactory deposit growth because of the below-mentioned factors:

- Customer trust towards the bank
- Competitive interest rates in the industry
- Diversified deposit products offered to the customers
- Strong branch and digital presence

### LOAN PORTFOLIO STRATEGY

MBL maintains a diversified loan portfolio with strategic exposure across key sectors, including SMEs, agriculture, manufacturing, energy, and real estate. Our lending strategy focuses on balancing sector-specific growth with institutional stability.

#### Key Portfolio Highlights:

- Retail Lending: Demonstrated consistent stability, reflecting resilient consumer demand.
- SME & Corporate Portfolios: Experienced moderated demand, aligned with broader market cycles.
- Regulatory Compliance: Fully adhered to Nepal Rastra Bank (NRB) mandates for priority-sector and directed lending.

The Bank continues to uphold a high standard of asset quality through prudent credit assessments and rigorous collateral evaluation frameworks.

## DIGITAL BANKING & TECHNOLOGICAL DEVELOPMENT

Digital transformation remained a major focus of MBL.

Key initiatives of the bank during the FY 2024/25 with respect to digital banking and technological development are as follows:

- Upgraded Mobile Banking Interface
- Enhanced Cyber Security Protocols
- Stronger Online Authentication
- Automated Customer Onboarding
- Real-Time Notifications and SMS Alerts
- Upgraded Cybersecurity Protocols
- NFC/QR-Enabled Payments
- Real-Time Payment Notifications

Machhapuchchhre Bank (MBL) is a pioneer in the Nepali banking industry in terms of introducing a Contactless Offline 'Tap and Pay' service within its mobile app. This feature utilizes Tokenization based on EMV standards—a technology globally recognized for its security. By replacing sensitive account data with system-generated codes (tokens), customer details remain confidential during every transaction.

Furthermore, MBL is the first in the industry to integrate Instant Payment Voice Notification into its POS terminals. This allows merchants to receive real-time audio confirmation for payments made via Card, QR (Nepal Pay or Fonepay), and NFC (M-Smart). Having also pioneered Sound Box technology for both major QR networks, the Bank has eliminated the delays and ambiguities often associated with SMS alerts. These innovations are central to the Bank's mission of becoming a "SMART Bank by 2027."

## RISK MANAGEMENT FRAMEWORK

A sound Risk Management Framework is the backbone of the bank's efforts to safeguard its financial health, reputational integrity, and long term viability. Under such a framework, our board and senior management take the lead in defining risk appetite, establishing risk governance structure and approving formal policies and procedures for risk oversight. MBL fully complied with the Risk Management Guidelines issued by the central bank in order to manage risks.

Major risks managed during the FY 2024/25 include the following:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Cybersecurity Risk

Major risk mitigation techniques applied by the bank during the FY 2024/25 are given as below:

- Enhanced credit appraisal of borrowers
- Strict collateral evaluation
- Quarterly stress testing
- Monthly performance analysis
- ALCO oversight

- Loan Loss Provisioning as per NRB directives
- Automation to reduce human errors
- Updated internal risk manuals

## ASSETS QUALITY & NPL STATUS

The asset quality of the Nepalese banking sector has faced mounting pressure, characterized by a significant rise in Non-Performing Loans (NPLs) over recent periods. This trend is largely attributed to the broader economic slowdown, which has intensified challenges in loan recovery across the industry.

In response, the Bank has significantly strengthened its Special Assets Management Department to enhance the resolution and oversight of non-performing assets. Furthermore, in alignment with our strategic objectives, we have prioritized the disbursement of low-risk loans to safeguard portfolio stability.

These efforts are supported by a comprehensive strategy to bolster our recovery processes and risk management systems, ensuring the Bank is well-positioned to mitigate potential risks arising from future credit expansion.

## HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) is fundamental to the success and long-term sustainability of MBL. In the modern banking sector where qualified, motivated, and well-managed personnel are the backbone of service excellence, regulatory compliance, and market competitiveness. The Bank's commitment to robust HR practices remains a top priority.

At Machhapuchchhre Bank, we believe that initiatives such as fair recruitment, objective performance appraisals, continuous professional development, and transparent compensation structures are essential to enhancing both employee productivity and job satisfaction. Furthermore, we strive to foster deep organizational commitment and long-term retention by encouraging employee participation in decision-making and providing clear career-advancement pathways.

As the Nepalese banking landscape faces intensifying competition and evolving regulatory demands, the Bank has adopted a Strategic HRM approach. By closely aligning our human capital strategies with our broader corporate objectives, we are driving superior financial performance, operational effectiveness, and enduring institutional stability.

Key initiatives of Machhapuchchhre Bank during the FY 2024-25 are as below:

- Conducting staff training focusing on capacity development
- Promoting performance-based growth
- Adopting digital HR management system
- Integrating teamwork & innovation in work culture
- Encouraging employee participation in decision-making through budget conference
- Maintaining a balanced workforce of experienced professionals and young talent.

HR digitalization has improved transparency and operational efficiency.

## CORPORATE GOVERNANCE COMPLIANCE

Corporate governance compliance is essential to ensure that MBL operates with integrity, transparency, and accountability, while safeguarding the interests of depositors, shareholders, and other stakeholders. Within this framework, the Board of Directors assumes ultimate responsibility for approving and overseeing the Bank's strategic objectives, organizational structure, risk management, and compliance practices.

The Bank adheres to the following:

- Nepal Financial Reporting Standards
- Companies Act, 2063
- Bank and Financial Institutions Act, 2073
- Securities Act, 2063
- Income Tax Act, 2058
- Directives and Circulars issued by Nepal Rastra Bank
- Assets (Money) Laundering Prevention Act/Rule
- AML/CFT Standards

Key governance practices adopted by Machhapuchchhre Bank Limited during FY 2024-25 include the following:

- Transparency and disclosure practice
- Ethical banking standards
- Anti-money laundering (AML/CFT) compliance
- Strong independent risk management
- Effective internal audit and control system
- Protection of shareholders' and stakeholders' rights with utmost care

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

For us, Corporate Social Responsibility (CSR) as a commitment transcends mere profitability. We take active responsibility for the welfare of society, local communities, and the environment. By championing initiatives in education, healthcare, disaster relief, and financial inclusion, the Bank tangibly improves the quality of life for its customers and disadvantaged groups. Beyond daily financial operations, it remains dedicated to prioritizing the interests and protection of all its stakeholders

Machhapuchchhre Bank continued CSR activities during this FY 2024-25 such as the following:

- Financial literacy programs
- Community support during disasters
- Support to education, health, and environment sectors
- Environmental sustainability initiatives
- Disaster relief and community support
- Special programs for underprivileged communities

### **PROPOSED DIVIDEND**

The Board of Directors has proposed a 4% cash dividend, and a 4% bonus share on the Bank's paid-up capital. This proposal is subject to approval at the upcoming Annual General Meeting (AGM).

### **AGENDAS FOR 27TH ANNUAL GENERAL MEETING**

For the 27th Annual General Meeting of Machhapuchchhre Bank Limited, the following proposals will be presented for shareholder approval:

- Financial Ratification: Approval of the Group's consolidated financial statements and the Directors' Report for the Fiscal Year 2024/25.
- Dividend Distribution: Approval of a total dividend of 8% for the fiscal year, consisting of 4% bonus shares and a 4% cash dividend (inclusive of applicable withholding taxes).
- Issuance of Preference Shares: Authorization for the issuance of Perpetual Non-Cumulative Preference Shares at a face value of NPR 100 per share, totalling NPR 3 billion, with a fixed dividend rate of 8.25%.
- Capital Increase: Approval to increase the Bank's authorized, issued, and paid-up capital to reflect the issuance of bonus and preference shares.
- Amendments to Governing Documents: Approval of amendments to the Bank's Memorandum and Articles of Association (MOA/AOA), including granting the Board of Directors the authority to execute and finalize these amendments as required by regulatory bodies.
- Board Appointments: Ratification of the appointment of new Director(s) from the General Public Shareholder Group to fill existing vacancies, as recommended by the Board.
- Audit Engagement: Appointment (or re-appointment) of the Statutory Auditor for FY 2025/26 and the determination of their professional remuneration.
- Board Compensation: Approval of revisions to the meeting allowances and other service facilities/benefits provided to the Board of Directors.

## MAJOR ACHIEVEMENTS OF FY 2024/25

Major achievements of Machhapuchchhre Bank during the FY 2024/25 are as follows:

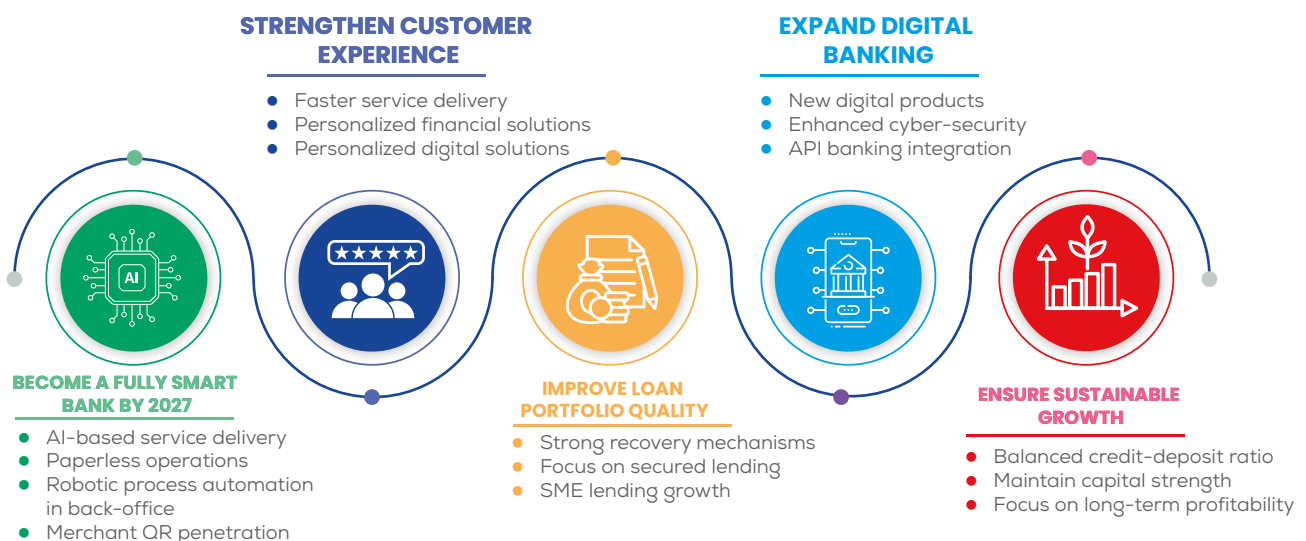
- Sustained Profitability: Delivered consistent financial performance and resilient earnings growth despite market fluctuations.
- Digital Expansion: Enhanced the digital ecosystem through the rollout of innovative mobile and internet banking features.
- Capital Resilience: Maintained a robust Capital Adequacy Ratio (CAR) well above regulatory requirements to ensure long-term stability.
- Market Growth: Significantly expanded the customer base through targeted financial products and improved service delivery.
- Technological Advancement: Successfully implemented core system upgrades to improve operational efficiency and security.
- Enhanced Governance: Strengthened internal control frameworks and risk management protocols to ensure institutional integrity

## CHALLENGES FACED BY BANK DURING THE FY 2024/25

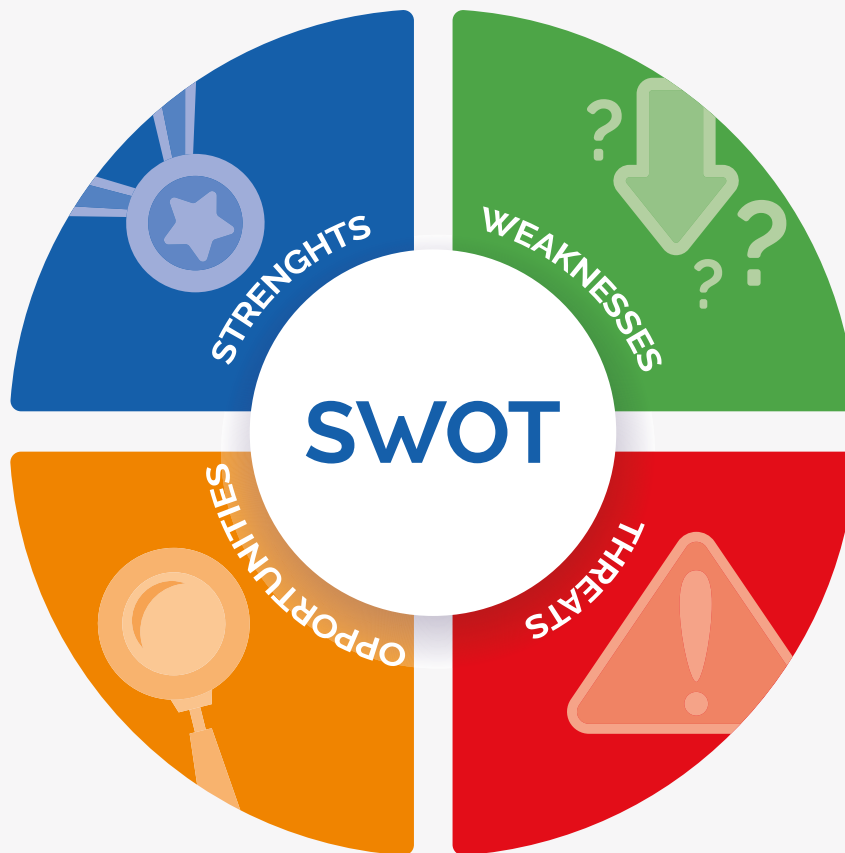
Challenges faced by Machhapuchchhre Bank during the FY 2024/25 has been summarized in the following points:

- Economic slowdown
- Rising non-performing loans (NPL) / asset-quality pressure
- Low credit demand
- Competition in digital banking
- Compliance costs increasing
- Digital security threats
- Pressure on earnings despite improved income
- Regulatory and macro-economic headwinds

## FUTURE STRATEGY & OUTLOOK



# SWOT ANALYSIS OF BANK



## STRENGTHS

- Accelerated Digital Adoption
- Robust Risk Governance
- Retail-Centric Focus
- Expert Leadership
- Optimized Portfolio Mix
- Solid Asset Base
- Diversified Risk Exposure
- Dynamic Workforce

## WEAKNESSES

- Tier 1 Capital Constraints
- Limited Revenue Diversification
- Lack of Proprietary Payment Switch
- Macroeconomic Sensitivity
- High Operating Costs & Non-Interest Burden

## OPPORTUNITIES

- Digital Innovation
- Nationwide Network Expansion
- Non-Interest Income Growth
- Improvement in Asset Quality and Risk Management

## THREATS

- Cybersecurity Vulnerabilities
- Technological Obsolescence
- Sovereign & International Borrowing Risk
- High Staff Turnover
- Economic Slowdown & Default Risk

## STAKEHOLDER GRIEVANCE RESOLUTION MECHANISM

The Bank has established a structured Stakeholder Grievance Resolution Mechanism to ensure the concerns of depositors, borrowers, investors, and employees are addressed promptly and effectively.

The bank utilizes multiple channels for lodging complaints, including a 24/7 Customer Care Center, toll-free lines, emails, and online portals via social media. Upon receiving a grievance, the bank follows a systematic process of formal acknowledgment, thorough investigation, and timely resolution within specified periods to ensure transparency and accountability.

To maintain high service standards, the bank keeps detailed records of all complaints and their outcomes, periodically reviewing patterns to implement necessary corrective measures. This framework aligns with Nepal Rastra Bank (NRB) regulatory guidelines, promoting customer protection and responsible banking practices. To ensure high-level oversight, the bank operates a specialized three-tier system comprising a Grievance Handling Officer, a Chief Information Officer, and a Chief Grievance Handling Officer.

## CONCLUSION

Machhapuchchhre Bank Limited (MBL), a trusted Class 'A' commercial bank in Nepal, successfully navigated the financial and operational complexities of FY 2024/25. The banking industry faced significant headwinds, including subdued investment confidence, reduced private sector credit demand, elevated costs of funds, and rising Non-Performing Loan (NPL) pressures.

Despite these challenging macroeconomic conditions, MBL demonstrated exceptional institutional resilience. The Bank maintained stable financial performance, intensified its digital banking transformation, and upheld rigorous corporate governance standards. FY 2024/25 served as a period of strategic progress, where

MBL reinforced its commitment to its customers while maintaining a clear trajectory toward technological excellence.

By delivering consistent profitability and service improvements, the Bank has successfully fortified the trust of its customers and stakeholders. With a focused strategic direction, it remains well-positioned for sustainable growth and is committed to enhancing long-term shareholder value in the years ahead.

## ESG & SUSTAINABILITY REPORT ESG AT MBL

Offer banking services designed to support sustainable development.

## ABOUT ESG REPORT

"The 2024/25 ESG Disclosure Report outlines our commitment to sustainable banking and Environmental, Social, and Governance (ESG) principles. This report details our efforts to align with global standards and provides stakeholders with transparent insights into our ESG frameworks across core operations including lending, deposits, and investments. We remain dedicated to responsible, forward-looking business conduct that supports long-term sustainable economic development. The data herein primarily covers the period from 16 July 2024 to 16 July 2025..

"Machhapuchchhre Bank Limited (MBL) recognizes that sustainable value creation depends on balancing robust financial performance with Environmental, Social, and Governance (ESG) excellence. For MBL, ESG represents a commitment to profitability achieved through environmental stewardship, community empowerment, and the highest standards of ethical conduct. To foster transparency and stakeholder trust, we integrate ESG principles into our core operations primarily by aligning our credit frameworks with the Nepal Rastra Bank's ESRM Guidelines 2022, strengthening our governance structures, and driving impactful CSR initiatives.

Machhapuchchhre Bank contributes to society and the environment in the following two main ways:

1. Through its Corporate Social Responsibility (CSR) contributions
2. By disbursing loans to projects that deliver social or environmental benefits

## **ESG STRATEGY AND RISK MANAGEMENT**

Machhapuchchhre Bank Limited (MBL) maintains a longstanding commitment to managing the environmental and social (E&S) risks associated with its operations. We recognize that our primary environmental impacts are indirect, arising through our financial relationships with business customers in sensitive sectors. We believe that appropriate management of these impacts is not only a matter of corporate responsibility but also a strategic necessity that makes sound business sense. As a financial service provider, we are well-positioned to help the private sector adapt to new economic realities such as climate change, shifting community dynamics, and resource scarcity by increasing green financing and inclusive lending in alignment with national sustainable development goals.

The Bank is fully committed to contributing to environmental and social welfare by improving risk and resource management within both our own operations and those of our clients. By integrating sustainability considerations into our core business strategies, we actively manage the social and environmental risks stemming from our business engagements. In doing so, we mitigate potential liabilities and drive positive change by supporting clients in the continuous improvement of environmental and social practices.

Our Environmental and Social Risk Management (ESRM) Policy applies to all business conduct and was developed to ensure that decision-making remains consistent with the Bank's values and its commitment to providing responsible financial services. To maintain these standards, MBL works collaboratively with clients to promote environmental and social improvements, and we will not enter into business engagements where our E&S policy requirements are not expected to be met.

Furthermore, the Bank has formulated this ESRM Policy in strict accordance with the 2022 Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions issued by Nepal Rastra Bank (NRB). The core objective of the policy is to embed E&S risk assessment into our overall risk management framework. This integration ensures that the approving authority is fully informed of all relevant environmental and social risks prior to making financing decisions on individual transactions.

## **GOVERNANCE & ESG RISK MANAGEMENT FRAMEWORK**

- MBL operates on a robust corporate governance foundation, underpinned by the adoption of all requisite codes and internal policies mandated by regulatory authorities.
- The Bank maintains a comprehensive suite of internal policies, by-laws, and procedural guidelines, all of which are periodically reviewed and updated to reflect evolving industry standards.
- Building on the foundation of our previous CSR and governance disclosures, MBL remains steadfast in its commitment to ethical business practices, transparency, and accountability toward all stakeholders.

## GOVERNANCE & ESG RISK MANAGEMENT FRAMEWORK

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## OUR SUSTAINABILITY FRAMEWORKS



### ENVIRONMENTAL

- Environmental & Social Risk Management (ESRM) Policy
- Green/Sustainable Finance
- Internal Operational Sustainability
- Environmental Risk Integration into Credit & Investment Process
- Sustainable Banking Products & Incentives
- Monitoring, Reporting & Disclosure



### SOCIAL

- Financial Inclusion & Support rural Communities
- Inclusive & Responsible Lending Policies
- Employee Welfare, Diversity & Inclusion
- Community Engagement through Corporate Social Responsibility (CSR)
- Grievance Mechanism & Stakeholder Feedback
- Transparency & Social Impact Reporting



### GOVERNANCE

- Board level Oversight and ESG Governance Structure
- Roles & Responsibilities Defined for ESG Management
- Risk Management Integration
- Transparency & Disclosure
- Ethics, Integrity & Accountability Mechanisms
- Continuous Monitoring, Evaluation & Improvement
- Stakeholder Engagement and Disclosure
- AML/CFT Policy and Procedure

## ENVIRONMENTAL (E)

Environmental protection is a shared responsibility, and Machhapuchchhre Bank Limited (MBL) is committed to contributing meaningfully to this global effort. We recognize that environmental factors translate directly into the Bank's credit risk, asset quality, regulatory standing, and overall business opportunities.

### The Strategic Importance of Environmental Factors

The Bank is inherently exposed to environmental risks because many of our customers and projects depend on natural resources, healthy ecosystems, and stable climate conditions. This is particularly evident in sectors such as agriculture, hydropower, infrastructure, and forestry. Should environmental conditions deteriorate—whether through climate change, natural disasters, pollution, or resource depletion—borrowers may face operational challenges that lead to defaults or a significant drop in asset values, ultimately creating financial risk for the Bank.

### Navigating Transition and Reputational Risks

Beyond physical risks, the Bank must manage regulatory, reputational, and transition risks. As regulators, government bodies, and society increasingly demand sustainable practices, institutions that finance environmentally harmful activities may face stricter regulations, higher compliance costs, and lasting reputational damage.

### Capturing Sustainable Opportunities

Conversely, by integrating environmental considerations into our core strategy, MBL can unlock new growth avenues. Through green financing, we are positioned to fund renewable energy, clean technologies, and resource-efficient agriculture or infrastructure. This proactive approach allows the Bank to differentiate its brand, attract ESG-aware customers and investors, and ultimately improve long-term profitability by aligning our growth with the transition to a sustainable economy.

## Environmental & Social Risk Management (ESRM) Policy

MBL drafted and implemented its Environmental and Social Risk Management (ESRM) Policy in 2020. Since then, the Bank has conducted annual updates to integrate evolving environmental and social risk factors. To ensure the risk management framework remains refined and streamlined against emerging challenges, the policy undergoes a mandatory annual review.

Based on the shifting operating environment, the Credit Risk Management Department is responsible for originating policy revisions. This involves engaging relevant departments before presenting the draft to the Board via the Risk Management Committee.

The Risk Management Committee and the Board evaluate proposed improvements based on the following criteria:

- Risk Detection: Strengthening the ability to identify major control weaknesses and minimize failures.
- Operational Support: Providing clear guidance to business units for managing risks while achieving strategic objectives.
- Regulatory Compliance: Aligning strictly with the directives of regulatory authorities.
- Market Relevance: Addressing the prevailing market dynamics and emerging industry trends.

The primary objective of the ESRM Policy is to fully integrate environmental and social risk assessments into the bank's overarching risk management framework. This ensures that approving authorities are fully informed of potential E&S risks prior to making financing decisions on individual transactions.

Through the ESRM framework, the Bank monitors more than just traditional financial and credit risks; it actively evaluates the following:

- Environmental risks such as pollution, resource depletion, and climate-related impacts.
- Social risks like impacts on local communities, labour rights, occupational health and safety, displacement, and human rights.

### Green and Sustainable Finance

Sustainable Finance refers to financial services such as lending, investment, and CSR that explicitly integrate ESG (Environmental, Social, and Governance) criteria into decision-making.

The Bank provides specialized financing for environmentally beneficial projects, including renewable energy, energy-efficient buildings, clean technology, sustainable agriculture, and green initiatives for SMEs. This approach drives growth by meeting the rising demand for climate-resilient investments and aligning the Bank's operations with national development goals. Furthermore, it has served as a critical tool for risk mitigation, lowering long-term portfolio risk by strategically channelling funds away from harmful sectors and toward sustainable activities.

### Internal Operational Sustainability

For MBL, operational sustainability extends beyond our lending portfolio to the heart of our internal practices. We are committed to minimizing our environmental impact by reducing energy consumption, eliminating paper waste, adopting cleaner technologies, and promoting recycling to lower our overall carbon footprint.

Beyond environmental stewardship, our internal sustainability framework integrates the following vital social and governance pillars:

- Employee Wellbeing: Prioritizing staff health, safety, and workplace satisfaction.
- Diversity and Inclusion: Fostering inclusive hiring and fair labour practices.
- Corporate Governance: Maintaining rigorous ethical conduct, compliance, and transparent internal oversight.

### Benefits of Operational Sustainability

Operational sustainability reduces the bank's own environmental and social footprint, demonstrating a core commitment to ESG principles internally as well as for clients. This practice strengthens credibility and builds a solid reputation among key stakeholders, including customers, regulators, the community, and staff.

### Environmental Risk Integration into Credit & Investment Process

This integration ensures that before granting credit or making investment decisions, the bank incorporates environmental and social risk assessments into its standard credit evaluation procedures. Consequently, environmental risk is treated as a core component of overall credit risk.

For example, a loan application for a large infrastructure project is evaluated not only on the borrower's financial strength but also on potential environmental impacts, regulatory compliance such as Environmental Impact Assessments (EIA) and Initial Environmental Examinations (IEE) pollution controls, and climate-related risks like flooding or drought.

At MBL, environmental risk factors are embedded within the internal credit-rating system, making ESG considerations a fundamental part of a customer's creditworthiness. For high-risk sectors, including energy, large-scale industry, natural resources, and heavy infrastructure, the bank conducts Environmental and Social Due Diligence (ESDD). This process assigns a specific Risk Rating to ensure compliance with environmental regulations and requires the implementation of mitigation measures prior to approval.

Following activities are covered by such ESDD:

- Corporate finance                      NPR 17,311 Million
- SME finance                                NPR 10,180 Million
- Project finance                          NPR 22,475 Million
- Other: MSB, ESME                        NPR 5,246 Million

## Sustainable Banking Products and Incentives

Sustainable banking products consist of loans, deposits, and investment services specifically designed to support environmentally or socially beneficial activities. These products aim to channel financial resources toward projects that promote long-term ecological balance and social equity.

The following are examples of sustainable banking products and initiatives offered by Machhapuchchhre Bank Limited:

NAMES OF PRODUCTS	DESCRIPTION
<b>Loan-Related Products</b>	
<b>SME Loan</b>	<p>This facility is zeroed in on empowering government-registered small enterprises to launch or scale their operations. Beyond providing essential access to finance, this loan product is designed to drive job creation and support local entrepreneurs.</p> <p>We believe that today's small enterprises are the cornerstones of tomorrow's larger corporations. To support this growth, we finance viable business models both established ventures looking to expand and innovative startups entering the market.</p>
<b>MBL Mahila-U Loan</b>	<p>The product is designed to generate employment opportunities and expand financial access for women, particularly in rural and semi-urban areas. By diversifying the Bank's risk profile, it builds a pipeline of future SME clients, supporting micro-entrepreneurs as they scale into the established business leaders of tomorrow.</p>
<b>MBL Yuba Tatha Sana Byabasayi Kirshi Karja</b>	<p>It is focused on supporting youth and small-scale farmers in launching or scaling their operations. It aligns with the Nepal Rastra Bank (NRB) circular regarding subsidized agricultural loans, ensuring accessible financing for those in the sector.</p>
<b>MBL Small Farmer Loan (Individual)</b>	<p>The product is designed to generate employment and expand financial access for individual farmers and cooperatives, particularly in rural and semi-urban regions. This product targets both individuals and groups engaged in livestock, traditional agriculture, and commercial farming.</p>
<b>MBL Micro, Small and Medium Enterprises Loan (MBL MSME Loan)</b>	<p>This facility is aimed at empowering small and micro-enterprises by providing bank financing on flexible terms. It is designed to fund viable business models supporting both established operations looking to scale and new startups poised for local market expansion and growth.</p>
<b>Packing Credit (Pre-shipment &amp; Post-shipment)</b>	<p>Export Finance is available to exporters for the execution of current or forthcoming export orders. These facilities are granted against a specific Export Letter of Credit (L/C) to ensure seamless liquidity throughout the export cycle.</p>
<b>Infrastructure Lending</b>	<p>The Infrastructure Lending Cell at MBL focuses on financing projects and companies involved in infrastructure development</p>

NAMES OF PRODUCTS	DESCRIPTION
	<p>across Nepal. Our primary expertise lies in greenfield projects, where the debt and equity used to fund the venture are serviced by the project’s own generated cash flows.</p> <p>We provide specialized financing to vital industries including hydropower, cement, pharmaceuticals, agriculture, education, and healthcare based on a rigorous assessment of both technical and financial feasibility. Depending on the total debt requirements, MBL participates in these projects either through sole financing or as a member of a consortium, acting as either the lead bank or a participant.</p> <p>Driven by a sense of national responsibility, we offer a comprehensive suite of services that spans the entire project lifecycle. This includes long-term financing for the initial establishment and construction phase, as well as short-term working capital to support smooth operations after the project commences.</p>
<p><b>Deposit-Related Products</b></p> <p><b>MBL Nari Shakti Bachat Khata</b></p>	<p>Financial independence is a vital necessity for women today. Navigating challenges such as the gender pay gap, inconsistent income cycles, and specific health risks including breast and uterine cancer requires a robust financial safety net.</p> <p>Building personal savings not only provides security for the future but also fosters self-esteem and ensures that women can manage their own expenses with confidence.</p> <p>Whether single, married, or retired, every woman’s hard-earned savings is her shield against life’s uncertainties. To support this journey, Machhapuchchhre Bank offers the ‘MBL Nari Shakti Bachat Khata’, a premier savings account specifically designed to empower women with tailored banking benefits and financial security.</p>
<p><b>MBL Balbalika Bachat Khata</b></p>	<p>Machhapuchchhre Bank Limited’s (MBL) “Balbalika Bachat Khata” is a premier children’s savings account in Nepal, specifically designed for minors under the age of 18.</p> <p>This product serves as an ideal tool for parents looking to build a robust financial foundation for their children’s future. To ensure convenience and flexibility, authorized guardians can easily manage deposits and monitor transactions through MBL’s integrated internet and mobile banking platforms.</p>
<p><b>MBL Karmashil Bachat Khata</b></p>	<p>The MBL Karmashil Bachat Khata is a remittance-based savings account that can be opened with a zero balance. This account is specifically designed for Nepalese citizens working abroad who hold a valid Foreign Employment Permit issued by the Government of Nepal’s Department of Foreign Employment.</p>

NAMES OF PRODUCTS	DESCRIPTION
<b>MBL Ek Byakti, Ek Khata Yojana</b>	As a part of the Government's "Kholau Bank Khata Abhiyan, 2076" campaign, MBL has introduced an attractive deposit product for individuals who do not currently hold an account with any Bank or Financial Institution (BFI). Customers can now easily open an account with minimal documentation requirements.
<b>M'Smart Bachat Khata</b>	The M'Smart Bachat Khata is an online account opening service accessible through a dedicated web platform. Domestic customers can conveniently open a savings account via the M-Smart mobile application (MBL M-SMART) without the need to visit a physical branch.

Detailed eligibility criteria and the documentation required for these products are available on the bank's website. For more information, please visit: <http://www.machbank.com>

Machhapuchchhre Bank also offers fee concessions on products that contribute to societal well-being. These incentives may include lower loan premiums, preferential interest rates, extended repayment terms, subsidized fees, and other favorable conditions for borrowers who meet specific ESG (Environmental, Social, and Governance) criteria or lead projects focused on sustainability.

By offering these products, the bank effectively channels capital toward sustainable development and motivates clients to adopt environmentally and socially responsible practices. For the bank, this strategy helps diversify its portfolio and mitigate risk while aligning operations with the government's long-term commitments, such as climate-change mitigation, SME support, job creation, and social development.

## MONITORING, REPORTING AND DISCLOSURES

Regular monitoring of the ESRM (Environmental and Social Risk Management) policy implementation is essential to ensure that financed projects uphold their environmental and social commitments. This includes the execution of mitigation measures, adherence to EIA/IEE (Environmental Impact Assessment/Initial Environmental Examination) requirements, compliance with environmental regulations, and the fulfilment of social safeguards.

To maintain these standards, the MBL keeps detailed records, performs periodic reviews, and tracks the environmental and social performance of its clients. If issues are identified, corrective action plans are promptly implemented. The bank reports its findings internally to senior management and the Board-level committee, and externally to Nepal Rastra Bank at least once a year.

For enhanced transparency and accountability, it has initiated the preparation of annual ESG reports. These disclosures allow stakeholders to evaluate the bank's ESG performance, fostering trust, ensuring regulatory compliance, and helping the bank effectively manage reputational risks.

Implementing ESRM: Progress in Nepalese Banking and Machhapuchchhre Bank

The Nepal Rastra Bank (NRB) ESRM Guideline (2022) mandates that Banks and Financial Institutions (BFIs) integrate environmental and social risk assessments into their credit risk management. This ensures that credit authorities are fully informed of E&S risks before approving individual transactions.

Machhapuchchhre Bank has proactively adopted these standards by conducting ESG and climate-finance training for its staff and embedding risk

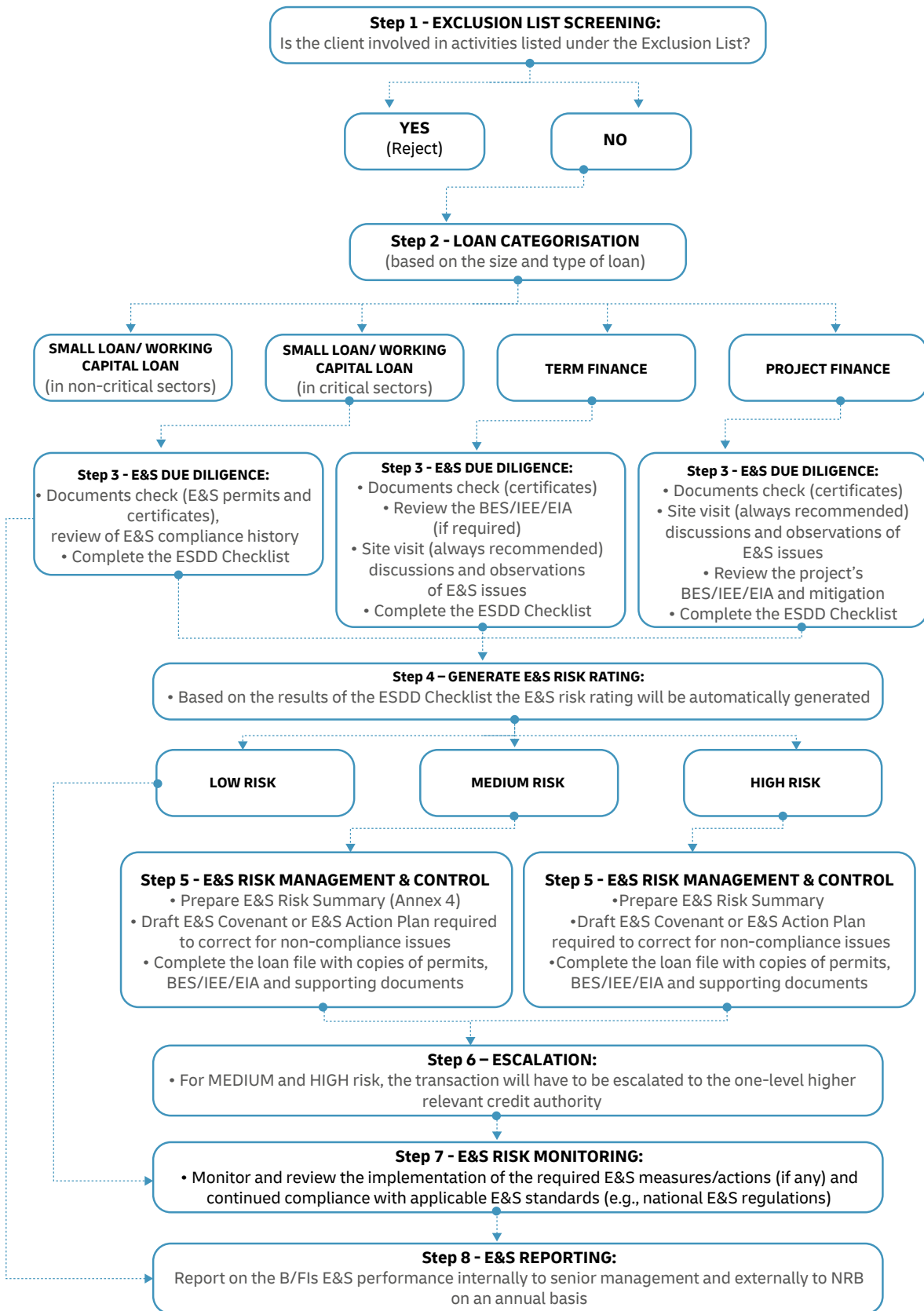
management practices into its credit appraisals. Additionally, the bank has developed green credit and deposit products specifically designed for the energy, agriculture, and SME sectors.

This evolution allows Nepalese banks to support national goals of sustainable growth and climate resilience. By transitioning to a green economy, banks effectively manage emerging environmental and social risks within their portfolios.

## STRATEGIC BENEFITS FOR THE BANK

- Mitigates long-term financial risk by avoiding lending to environmentally or socially high-risk projects, thereby preventing potential liabilities such as environmental damage, regulatory fines, and reputational fallout.
- Unlocks new business opportunities through the development of green loans, renewable energy financing, clean technology, and green bonds products that are increasingly attractive to modern clients and investors.
- Enhances reputation and stakeholder trust among customers, regulators, and society as public awareness of environmental and social issues continues to grow.
- Ensures regulatory compliance and aligns the bank with global standards, including international ESG disclosure and sustainable finance frameworks.

## FLOWCHART FOR ESRM ASSESSMENT IN MACHHAPUCHCHHRE BANK



## SOCIAL (S)

Our social ESG commitment is defined by our dedication to our customers, employees, and the communities we serve. We cultivate a workplace built on fair labor practices, health and safety, and inclusive growth, ensuring our team has the tools to thrive. Beyond our walls, we drive financial inclusion by providing accessible, responsible banking and sustainable finance to vital sectors like SMEs, agriculture, and energy. By prioritizing ethical lending and community resilience, we

act as a catalyst for social equity and shared prosperity.

## GOVERNANCE (G)

We recognize that robust governance is the foundation of stakeholder trust. By enshrining ethical conduct within our Code of Conduct, we ensure strict compliance with all laws and regulations while maintaining transparent, proactive relationships with supervisory authorities.

PILLAR	KEY PERFORMANCE INDICATORS REGARDING ESG
Environmental	<b>Sustainable Finance Metrics</b> <ul style="list-style-type: none"><li>Green Portfolio Share: Bank has invested on green or sustainable projects.</li><li>Capital Deployment: Bank has also disbursed green loans.</li><li>Environmental Risk Management: Bank has financed projects undergoing a formal Environmental Impact Assessment (EIA).</li></ul>
	<b>Operational Footprint (Internal)</b> <ul style="list-style-type: none"><li>Energy Intensity: Bank has calculated average energy consumption per branch.</li><li>Sustainable Infrastructure: Some of the branches certified under green-building or energy-efficiency standards.</li></ul>
	<b>Carbon Management:</b> <p>Bank has also Estimated carbon emissions per employee or branch.</p> <b>Resource Efficiency</b> <ul style="list-style-type: none"><li>Resource Conservation: Bank has calculated the paper consumption and year-over-year reduction rate.</li><li>Waste Management: Some of the waste diverted from landfills through recycling.</li></ul>
Social	<b>Financial Inclusion &amp; Accessibility</b> <ul style="list-style-type: none"><li>Targeted Lending: Bank has allocated loan portfolio to deprived, marginalized, rural, and underserved communities.</li><li>Gender Equity in Finance: Bank has provided loan to women-led businesses.</li><li>Micro &amp; Small Enterprise (MSE) Support: Bank has disbursed micro-finance and small-enterprise loans.</li><li>Rural Penetration: There are also active rural banking clients.</li></ul>
	<b>Community Empowerment &amp; Literacy</b> <ul style="list-style-type: none"><li><b>Social Investment:</b> NPR 9.22 million of total annual expenditure on Corporate Social Responsibility (CSR) and community development initiatives.</li><li><b>Financial Capability:</b> Bank has also organized financial literacy campaigns.</li></ul>

## PILLAR

## KEY PERFORMANCE INDICATORS REGARDING ESG

### Operational Integrity & Human Capital

- **Workplace Equity:** Employee diversity metrics presented in human resource accounting.
- **Client Experience:** Bank has also focused on Customer satisfaction scores (CSAT) specifically for sustainable and inclusive banking products.
- **Accountability:** Total number of grievances raised versus the resolution rate presented in Management Review and Analysis Report.

## Governance

### I. Capacity Building & Culture

- **Training Volume:** Bank's Employees are participated in ESG and Environmental & Social Risk Management (ESRM) sessions conducted.
- **Staff Competency:** Bank's workforce (including management) trained in ESG principles and ESRM protocols.

### II. Risk Integration & Credit Oversight

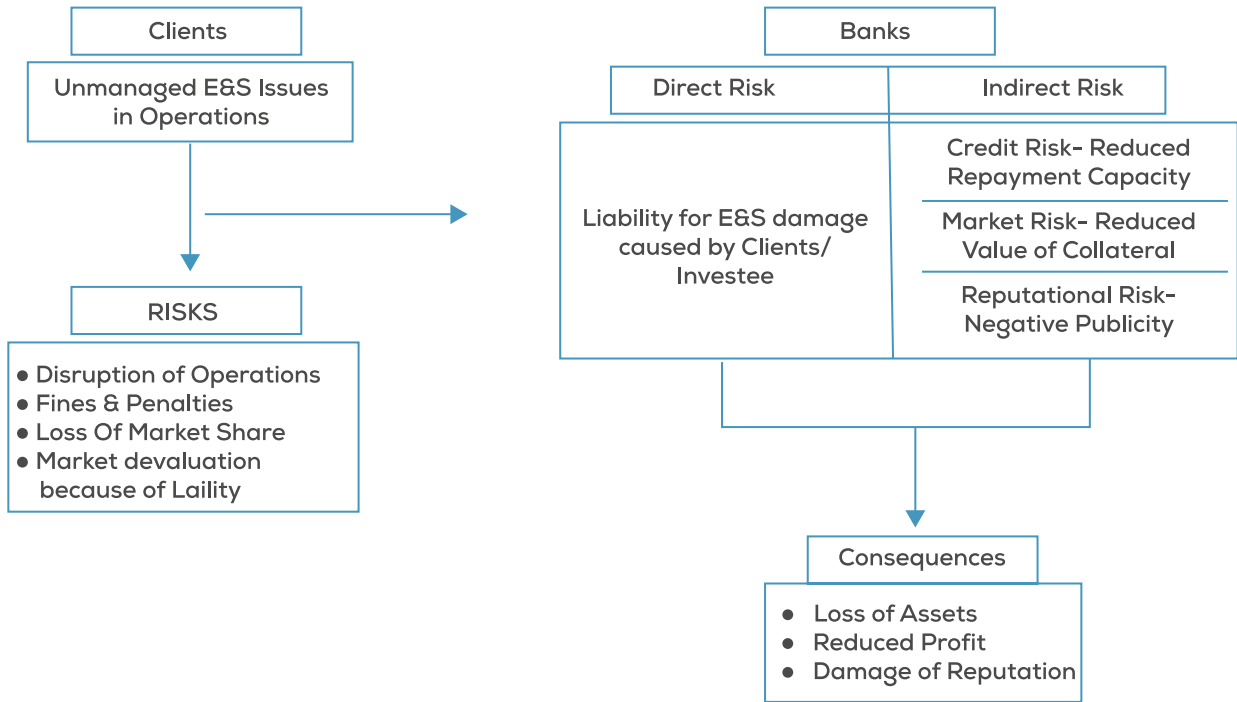
- **ESG Risk Screening:** Various number of credit decisions and loan applications subjected to formal ESG risk assessments.
- **Portfolio Integrity:** Various loan applications rejected specifically on ESG grounds or non-compliance with ESRM standards.
- **Incident Management:** There are number of ESG-related incidents, policy breaches, or environmental/social non-compliance cases.

### III. Institutional Governance & Accountability

- **Board Oversight:** ESG related Committee meeting conducted.
- **Ethics & Reporting:** Availability, accessibility, and utilization rate of the whistleblower and grievance mechanism.
- **Policy Evolution:** Periodically ESG policy reviews and updates.
- **Transparency & Disclosure:** Reported to NRB on periodic basis

## HOW CLIENT E&S RISKS BECOME BANK RISKS

The figure below illustrates the types of Environmental and Social (E&S) risks to which a client may be exposed, and how these issues translate into financial and operational risks for the bank financing them





A system of leadership, policies, and practices shaping the bank's direction.

# CORPORATE GOVERNANCE

REPORT FY 2024-25



## REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE

As per "Directives 2074 on Corporate Governance issued for listed entity"

LISTED COMPANY	ADDRESS	FISCAL YEAR
Machhapuchchhre Bank Limited	MBL Tower, Lazimpat, Kathmandu. <b>PHONE NO:</b> 014528556, <b>TOLL FREE NO:</b> 1660-01-23234, <b>EMAIL:</b> machbank@mbl.com.np, <b>WEBSITE:</b> www.machbank.com	2081/82 BS

### 1. STATEMENT ON BOARD OF DIRECTOR:

#### A. Name & Date of appointment of Chairman of the Board of Directors

**NAME :** Roshan KC

**APPOINT DATE:** 2080/08/07 BS by 491st Board meeting.

**ELECTED ON DATED:** 2079/09/29 by 24th Annual General Meeting

#### B. Details regarding the organization's share Structure (Promoter, Public & other)

SHARE	NO. OF SHARE	PERCENTAGE
Promoter Share	5,92,68,922.23	51%
General Public Share	5,69,44,650.77	49%
Total Share	11,62,13,573.00	100%

#### C. Information of Board of Director

S.N.	DIRECTORS NAME & ADDRESS	REPRESENT GROUP	NO OF SHARE	DATE OF APPOINTMENT	DATE OF OFFICE & OATH TAKING	DIRECTOR APPOINTMENT PROCEDURE
1.	Name: Mr. Roshan K.C Address: Kaski District Pokahara, Metropolitan City-7, Mustangchwok. Citizenship No.:-80016, Issued District : Kaski	Promoter	17,24,093	2079/09/29 BS	2079/09/29 BS	24th Annual General Meeting
2.	Name: Mukunda Mahat Address: Kathmandu District, Budhanilkantha Municipality -9, Citizenship No.:- 4087/2601/6280 Issued District : Kathmandu	Promoter	11,54,103 (Ram Janaki Investment & Petroleum Suppliers)	2081/08/20 BS	2081/08/25 BS	514th Board meeting held on 2081/08/20 BS
3.	Name: Peshal Raj Pokhrel Address: Jhapa District, Surunga -1, Citizenship No.:- 11804032 Issued District : Jhapa	Independent	None	2081/02/17 BS	2081/02/18 BS	503rd Board meeting held on 2081/02/17 BS
4.	Name: Anish Shah Address: Mahottari District, Matihani Municipality -9, Citizenship No.:-61554977 Issued District : Kathmandu	Promoter	580	2081/08/20 BS	2081/08/25 BS	514th Board meeting held on 2081/08/20 BS

Cont...

S.N.	DIRECTORS NAME & ADDRESS	REPRESENT GROUP	NO OF SHARE	DATE OF APPOINTMENT	DATE OF OFFICE & OATH TAKING	DIRECTOR APPOINTMENT PROCEDURE
5.	Name: Sunil Narayan Shrestha Address: Syangja District, Dahathum VDC-9, Citizenship No.:-30822, Issued District : Syangja	General Public	15,500	2081/09/28 BS	2081/09/28 BS	26th Annual General Meeting
6.	Name: Manisha Bhandari Address: Kaski District, Pokhara -18, Mustang Chowk Citizenship No.:- 463001/97 Issued District : Kaski	General Public	113	2081/09/28 BS	2081/09/28 BS	26th Annual General Meeting

- Promoter Director Hari Bhakta Sigdel's resignation was approved by the 514th meeting of the Board of Directors of the Bank held on 2081-08-20. This information was given to Nepal Securities Board and other regulatory bodies on 2081-08-20.
- Public Director Jay Mukunda Khanal's resignation was approved by the 527th meeting of the Board of Directors of the Bank held on 2082-01-04. This information was given to Nepal Securities Board and other regulatory bodies on 2082-01-04.

#### D. Board of Directors Meeting

Information of Board of Director Meeting:

S.N.	DATE OF BOD MEETING ON THIS FY 2081/082		NUMBER OF DIRECTOR PRESENT	NUMBER OF DIRECTOR DISSENTING ON DECISION	DATE OF BOD MEETING ON LAST FY 2080/081	
	DATE OF MEETING	NO. OF MEETING			DATE OF MEETING	NO. OF MEETING
1	2081/04/17 BS	508	5	None	2080/05/08 BS	485
2	2081/05/07 BS	509	5	None	2080/05/13 BS	486
3	2081/05/13 BS	510	5	None	2080/05/26 BS	487
4	2081/05/26 BS	511	6	None	2080/06/18 BS	488
5	2081/06/14 BS	512	6	None	2080/06/24 BS	489
6	2081/07/13 BS	513	6	None	2080/08/06 BS	490
7	2081/08/20 BS	514	5	None	2080/08/07 BS	491
8	2081/08/25 BS	515	7	None	2080/08/13 BS	492
9	2081/08/26 BS	516	7	None	2080/08/27 BS	493
10	2081/09/02 BS	517	7	None	2080/09/05 BS	494
11	2081/09/05 BS	518	7	None	2080/09/23 BS	495
12	2081/09/14 BS	519	7	None	2080/10/19 BS	496
13	2081/09/24 BS	520	7	None	2080/10/24 BS	497
14	2081/09/28 BS	521	7	None	2080/11/30 BS	498
15	2081/10/10 BS	522	7	None	2080/12/15 BS	499
16	2081/10/24 BS	523	7	None	2080/12/27 BS	500
17	2081/11/21 BS	524	7	None	2081/01/04 BS	501
18	2081/12/21 BS	525	7	None	2081/02/03 BS	502
19	2081/12/12 BS	526	6	None	2081/02/17 BS	503
20	2082/01/04 BS	527	5	None	2081/02/27 BS	504
21	2082/01/21 BS	528	6	None	2081/03/12 BS	505
22	2082/02/26 BS	529	6	None	2081/03/27 BS	506
23	2082/03/06 BS	530	6	None	2081/03/31 BS	507
24	2082/03/12 BS	531	6	None		
25	2082/03/26 BS	532	6	None		

- Board meeting postponed due to lack of quorum: No
- Other Details Related to Board Meeting: No
- Information of alternate Director in Board Meeting: No

#### Information on absence of Directors in Board Meeting

S.N.	DATE OF MEETING	ABSENT DIRECTOR NAME/SENT	REASON FOR ABSENT
1	2081/08/20 BS	Hari Bhakta Sigdel	Resignation from Director.
2	2081/12/22 BS	Jay Mukunda Khanal	Personal reason
3	2082/01/04 BS	Jay Mukunda Khanal	Resignation from Director.
4	2082/01/04 BS	Sunil Narayan Shrestha	Personal reason
Directors present in board meeting, agenda discussed & decision on (Minutes) kept separately or not.			Maintained properly
Maximum difference on two Board meeting (days)			37 days
Date of annual general meeting for determination of allowance of BOD meeting (23rd Annual General Meeting)			2078/07/26 BS
BOD meeting allowance (Per meeting)			Chairman: 18,000 Member : 15,500
Total Board Meeting Expenses for this FY			25,73,500/-

## 2. ARRANGEMENTS & OTHER DETAILS REGARDING THE CONDUCT OF BOARD OF DIRECTOR

Whether there is a code of conduct of the organization regarding the conduct of the Directors.	Yes
Details on more than one director of a single family (if applicable)	Not Applicable

Details of Directors' annual learning and refreshment program

S.N.	PARTICULAR	DATE	NUMBER OF PARTICIPATED DIRECTOR	TRAINING LOCATION
1.	Executive Leadership for Corporate Governance and Sustainability	2082/02/19 BS to 2082/02/22 BS	3	Athens, Greece

Has each director submitted written information on following matter within 15 days from the date of appointment, details if not.

- Details of any contract entered into/to be entered by the director or any close member of his family with the organization.
- Details of shares or debentures held by the director or close member of his family of entity or of its holding or subsidiary company.
- Details of share hold or directorship in any other company
- Details of any close family member working as officer or employee of the entity,

Self-declaration obtained from directors pursuant to the section 92(1) of the Companies Act 2063 and Section 24 of the Banks & Financial Institutions Act 2073

Details of director who is also a director, officer, CEO or employee of other listed entity which has similar objective as the entity	Not applicable
A description of any action taken by the regulatory body and other agencies against member of the Board	There is no information that such action was taken

## 3. DETAILS REGARDING THE ORGANIZATION'S RISK MANAGEMENT & INTERNAL CONTROL SYSTEM

**A. Risk management committee formed or not, if not, mentions reason for not formation: Formed**

**B. Information regarding Risk Management Committee**

a. Committee Structure (Coordinator & Member: Names and Posts)

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Jaya Mukunda Khanal*	Coordinator	Director
2	Mukunda Mahat	Member	Director
3	Bishwambhar Neupane	Member Secretary	DCEO-Risk & Compliance
4	Sunil Khatiwada	Member	Chief Operating Officer

\*Currently, Jaya Mukunda Khanal resigned from Board and Biswo Prakash Gautam has become the Coordinator.

b. Number of Committee Meeting: 8 time (FY 2081/082)

c. Short Details of Committee Work: The committee plays important role to manage overall risk associated with the bank. It is the bridge between BoD and management of the bank for implementation of overall risk management objective of the bank. The committee is carrying out the task, duties and responsibilities as per the position of Unified Directives issued by NRB.

**C. Whether or not there is an internal control mechanism: Yes,**

**D. Internal control system formed or not, if not, mentions reason for not formed: Formed**

**E. Details of Internal Control System Committee:**

**i. Credit Risk Management Committee**

a. Structure of Committee (Coordinator & Member name & post)

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Bishwambhar Neupane	Coordinator	Chief Risk Management Officer
2	Prasidha Raj Aryal	Member	DCEO
3	Suvash Jamarkattel	Member	DGM
4	Bharat Kumar Lamsal	Member	AGM- Branch Business
5	Tika Bhattarai	Member	AGM- Branch Business
6.	Bhuvan Singh Khatri	Member	Chief SAM
7.	Dilliram Giri	Member	CBO-Province 1
8.	Ajay Acharya	Member	CBO- Province 3 Ka , Ga & Gha
9.	Deependra Prasad Wagle	Member	CBO- Province 5,6 & 7
10.	Bineet Chandra Jha	Member	Chief Corporate & Infrastructure Loan
11.	Bishal Bhakta Joshi	Member	CBO- Province 3 Kha , 4ka & 4 Kha
12.	Manish Dahal	Member	CBO- Province 2
13.	Kumar Gnawali	Member	Head-Liability Research & Business Portfolio
14.	Indra Thapa	Member Secretary	Chief Credit Risk Management Officer
15.	Binu Basukala	Member	Deputy Chief Integrated Risk
16.	Reshma Shakya	Member	Head Treasury Front

b. Number of Committee Meeting: 6 time (FY 2081/082)

c. Short Details of Committee Work: Credit Risk Management Committee involves in formation of policy, rules and regulations regarding credit risk reduction from time to time. Submitting proposals to the Management Committee and periodically reviewing the area loan risk and making necessary recommendations to the management.

## ii. Operation Risk Management Committee

a. Structure of Committee (Coordinator & Member name & post

S.N	NAME	POST IN COMMITTEE	DESIGNATION IN BANK
1	Bishwambhar Neupane	Coordinator	Chief Risk Management Officer
2	Suvash Jamarkattel	Member	DGM
3	Sunil Khatiwada	Member	Chief Operating Officer
4	Binu Basukala	Member Secretary	Deputy Chief Integrated Risk

b. Committee Meeting held number : 4 time (F.Y 2081/082)

c. Committee Short Details of Committee Work: The Operations Risk Management Committee will submit proposals to the Risk Management Committee to revise the required rules and regulations in a timely manner, and periodically review the risk of operations and give necessary suggestions to the management of operations.

**F. Whether or not Financial Administration Bylaw are in place: Yes,**

## 4. INFORMATION AND DETAILS REGARDING INFORMATION FLOW

A. Details of information and information flows made by the organization

PARTICULAR	MEDIUM	PUBLISHED DATE
Information of Annual General Meeting	News Paper	2081/09/06 BS & 2081/09/19 BS
Information of Special General Meeting		No
Annual Report	News Paper, Website	2081/09/12 Place on Website
3rd Quarter Report	News Paper	2081/07/07 BS , 2081/10/07 BS , 2082/01/06 BS & 2082/04/20 BS
Notice affecting the Value of the Security	News Paper	Financial statements are published on regular basis.
Other		

B. Information related to action taken by the Securities Board of Nepal and other agencies to whether the information wasn't made public or for other reasons: No

C. Last Annual & Special General Meeting Held Date: 2081/09/28 BS

## 5. DETAILS OF STAFF & INSTITUTIONAL STRUCTURE

**A. Whether or Not having the terms and conditions of the Employees Service Terms, Regulations / Arrangements, including the structure of employees, Recruitments, Job Development, training, salary, allowances, and other facilities, attendance and leave : Yes, Have**

**B. To attached the Organizational Structure: Has Been attached**

**C. Details regarding the names, educational qualifications and experience of employees at the higher management level**

S.N	NAME	POSITION	EDUCATION	EXPERIENCE
1.	Santosh Koirala	Chief Executive Officer	MBA	Pragya Acedemy- 1996 to 2000 Bank of Kathmandu 2000 to 2004\ Sanima Bank 2004 to 2013 Machhapuchchhre Bank 2013 to till now
2.	Prasidha Raj Aryal	DCEO	MBA	Nepal Investment Bank 2004 to 2007 Sunrise Bank 2007 to 2009 Civil Bank 2010 to 2020 Machhapuchchhre Bank 2020 to till now
3.	Bishwambhar Neupane	DCEO	MBA	Everest Bank 1997 to 1999 NIC Bank 1999 to 2004 Machhapuchchhre Bank 2004 to till now
4.	Suvash Jamarkattel	DGM	CA	CSC & Co. July 2008 to May 2010 Vibor Bank May 2010 to January 2011 Machhapuchchhre Bank January 2011 to till now
5.	Bharat Kumar Lamsal	AGM	MBA	NIC Asia Bank March 2005 to 2009 Machhapuchchhre Bank March 2009 to till now
6.	Tika Bhattarai	AGM	MBS /MA/LLM	Nepal SBI Bank June 2006 to January 2008 NIC Bank January 2008 to June 2010 Sunrise Bank June 2010 to June 2014 Machhapuchchhre Bank June 2014 to till now

**D. Other Details Regarding Staff**

STRUCTURED STAFF POSITION	REMARKS
The Procedure adopted when recruited new staff M	Written & Interview
Number of staff at Managerial Level	121
Total staff at service	1,584
Whether or not employee have a succession plan	Yes
Number of Participated staff & training on this FY 2080/81	No. of Training : 255
No. of participated staff	3100
Training expenses on FY 2080/81	NPR 32,424,902
Percentage of Staff expenses on total expenses	17.74% (65.99 % of total Operational expenses)
Percentage of Training expenses on total staff expenses	1.44% ( Total expenses of FY 2081/82)

## 6. STATEMENT OF ACCOUNTING & AUDIT OF THE ORGANIZATION

### A. Accounting Details:

Reason for organization's last income year financial statement

prepared or not in accordance with NFRS

Yes, Prepared

Date of financial statement approved by board of director

2082/05/13 BS

Published date of third quarter financial statement

2082/04/20 BS

Accomplish date of final audit

2082/05/13 BS

Approved date of Financial Statement from Annual General Meeting

2081/09/28 BS

### Internal Audit related details of Organization:

a. Internally audited or appointed external expert

No any external expert

b. Details if appointed external expert

appointed for Internal Audit

c. How much longer the internal audit done? (Quarterly or Annually)

### B. Details of Audit Committee

#### Name, Post & Education of Coordinator & member:

S.N.	NAME	POST IN COMMITTEE	DESIGNATION IN BANK	EDUCATION
1	Mukunda Mahat	Coordinator	Director	CA
2	Peshal Raj Pokhrel	Member	Director	MPA
3	Surendra Pathak	Member Secretary	Head Internal audit	CA

#### Date of Meeting & Number of Member Present:

S.N.	DATE OF MEETING	NUMBER OF MEMBER PRESENT	S.N.	DATE OF MEETING	NUMBER OF MEMBER PRESENT
1	2081/04/13 BS	3	9	2081/10/06 BS	3
2	2081/04/20 BS	3	10	2081/10/28 BS	3
3	2081/05/16 BS	3	11	2081/11/25 BS	3
4	2081/06/14 BS	3	12	2081/12/10 BS	3
5	2081/07/06 BS	3	13	2082/01/05 BS	3
6	2081/08/25 BS	3	14	2082/03/02 BS	3
7	2081/08/28 BS	2	15	2082/03/24 BS	3
8	2081/09/17 BS	3	16	2082/03/32 BS	3

Allowance per meeting

NPR 15,500 including tax to Board of director

The date the Audit Committee submitted its report to Board of Directors

The Audit Committee has submitted its report of its proceedings and the Board of Directors meeting decisions of each committee to the Board of Directors

## A. Other Details

Subject	Status / Disclosure
Insider Lending	The institution has not extended any loans, advances, or financial interests to directors or their family members via bank or financial institution funds.
Asset Ownership	No person, firm, or consultant holds unauthorized ownership of organizational assets. Interests are held strictly in accordance with company law as directors, shareholders, employees, or beneficiaries. (Self-Declaration Submitted)
Licensing Compliance	The organization has fully complied with all terms and conditions set forth by the regulatory body regarding the issuance of its license.
Supervisory Compliance	The organization has adhered to all directives and instructions issued by the regulatory body during inspections and supervisory reviews.
Legal Proceedings	Aside from routine litigation inherent to banking operations and loan recovery, there are no significant legal cases pending against the institution or its operators.

Note: It was done as directed by the Nepal Rastra Bank during that period.

Name of Governing Officer : Indu Shekhar Devkota  
Post : Chief Compliance Officer  
Imprint of Organization :  
Date approved by the Reporting Board : 537th Board Meeting held on 2082/05/19  
Date of audit test Certified : 2082/05/19

**Promising a Greater  
Well-Being for Everyone**



# FINANCIAL STATEMENT ANALYSIS

## HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PARTICULARS	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
<b>Assets</b>					
Cash and cash equivalent	89%	90%	123%	132%	100%
Due from Nepal Rastra Bank	93%	71%	105%	68%	100%
Placement with Bank and Financial Institutions	363%	85%	306%	0%	100%
Derivative financial instruments	0%	21%	0%	0%	100%
Other trading assets	0%	76%	2812%	2918%	100%
Loan and advances to B/FIs	156%	137%	120%	70%	100%
Loans and advances to customers	125%	112%	111%	113%	100%
Investment securities	232%	182%	140%	123%	100%
Current tax assets	177%	219%	185%	154%	100%
Investment in subsidiaries	200%	200%	200%	100%	100%
Investment in associates					100%
Investment property	217%	439%	223%	89%	100%
Property and equipment	105%	108%	107%	107%	100%
Goodwill and Intangible assets	96%	102%	106%	101%	100%
Deferred tax assets	728%	439%	244%	140%	100%
Other assets	471%	465%	445%	364%	100%
<b>Total Assets</b>	<b>137%</b>	<b>120%</b>	<b>118%</b>	<b>113%</b>	<b>100%</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	94%	109%	143%	177%	100%
Due to Nepal Rastra Bank	0%	0%	0%	87%	100%
Derivative financial instruments					100%
Deposits from customers	140%	121%	117%	110%	100%
Borrowing	178%	174%	282%	107%	100%
Current Tax Liabilities					100%
Provisions					100%
Deferred tax liabilities					100%
Other liabilities	171%	133%	137%	159%	100%
Debt securities issued	175%	175%	175%	175%	100%
Subordinated Liabilities					100%
<b>Total liabilities</b>	<b>137%</b>	<b>119%</b>	<b>117%</b>	<b>113%</b>	<b>100%</b>
<b>Equity</b>					
Share capital	128%	128%	113%	113%	100%
Share premium	100%	100%	100%	100%	100%
Retained earnings	74%	-28%	114%	47%	100%
Reserves	252%	232%	176%	144%	100%
<b>Total equity attributable to equity holders</b>	<b>147%</b>	<b>133%</b>	<b>126%</b>	<b>113%</b>	<b>100%</b>
<b>Non-controlling interest</b>					
<b>Total equity</b>	<b>147%</b>	<b>133%</b>	<b>126%</b>	<b>113%</b>	<b>100%</b>
<b>Total liabilities and equity</b>	<b>137%</b>	<b>120%</b>	<b>118%</b>	<b>113%</b>	<b>100%</b>

## HORIZONTAL ANALYSIS OF PROFIT OR LOSS (PAST 5 YEARS)

PARTICULARS	NOTE	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Interest income	4.29	131%	149%	173%	137%	100%
Interest expense	4.30	130%	171%	204%	152%	100%
<b>Net interest income</b>		<b>132%</b>	<b>115%</b>	<b>123%</b>	<b>112%</b>	<b>100%</b>
Fee and commission income	4.31	139%	119%	122%	118%	100%
Fee and commission expense	4.32	233%	209%	193%	146%	100%
<b>Net fee and commission income</b>		<b>127%</b>	<b>107%</b>	<b>113%</b>	<b>115%</b>	<b>100%</b>
<b>Net interest, fee and commission income</b>		<b>131%</b>	<b>113%</b>	<b>121%</b>	<b>113%</b>	<b>100%</b>
Net trading income	4.33	129%	89%	109%	84%	100%
Other operating income	4.34	34%	41%	36%	48%	100%
<b>Total operating income</b>		<b>128%</b>	<b>110%</b>	<b>118%</b>	<b>109%</b>	<b>100%</b>
Impairment charge/(reversal) for loans and other losses	4.35	112%	281%	231%	101%	100%
<b>Net operating income</b>		<b>129%</b>	<b>94%</b>	<b>107%</b>	<b>110%</b>	<b>100%</b>
<b>Operating expense</b>						
Personnel expenses	4.36	139%	118%	120%	109%	100%
Other operating expenses	4.37	95%	92%	90%	123%	100%
Depreciation & Amortisation	4.38	221%	219%	219%	198%	100%
<b>Operating Profit</b>		<b>127%</b>	<b>67%</b>	<b>96%</b>	<b>99%</b>	<b>100%</b>
Non operating income	4.39	536%	873%	91%	353%	100%
Non operating expense	4.40					100%
<b>Profit before income tax</b>		<b>119%</b>	<b>73%</b>	<b>105%</b>	<b>106%</b>	<b>100%</b>
Income tax expense	4.41	125%	90%	105%	110%	100%
Current Tax		133%	101%	110%	110%	100%
Deferred Tax		1942%	2199%	1093%	214%	100%
<b>Profit for the year</b>		<b>117%</b>	<b>65%</b>	<b>104%</b>	<b>105%</b>	<b>100%</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank		117%	65%	101%	105%	100%
Non-controlling interest						
Profit for the year		117%	65%	101%	105%	100%
<b>Earnings per share</b>						
Basic earnings per share		91%	51%	89%	93%	100%
Diluted earnings per share		91%	51%	89%	93%	100%

## VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PARTICULARS	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
<b>Assets</b>					
Cash and cash equivalent	3.55%	4.11%	5.70%	6.43%	5.49%
Due from Nepal Rastra Bank	3.83%	3.34%	4.99%	3.38%	5.63%
Placement with Bank and Financial Institutions	0.80%	0.21%	0.78%		0.30%
Derivative financial instruments	0.00%	0.002%			0.01%
Other trading assets	0.00%	0.01%	0.26%	0.28%	0.01%
Loan and advances to B/FIs	2.67%	2.69%	2.39%	1.46%	2.35%
Loans and advances to customers	65.04%	66.85%	67.61%	71.94%	71.78%
Investment securities	20.93%	18.77%	14.70%	13.50%	12.39%
Current tax assets	0.34%	0.48%	0.42%	0.36%	0.26%
Investment in subsidiaries	0.18%	0.21%	0.21%	0.11%	0.13%
Investment in associates	0.00%				-
Investment property	0.27%	0.63%	0.33%	0.14%	0.17%
Property and equipment	0.71%	0.84%	0.85%	0.89%	0.93%
Goodwill and Intangible assets	0.06%	0.07%	0.07%	0.07%	0.08%
Deferred tax assets	0.12%	0.08%	0.05%	0.03%	0.02%
Other assets	1.50%	1.70%	1.65%	1.41%	0.44%
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	1.23%	1.65%	2%	2.84%	1.81%
Due to Nepal Rastra Bank	0.00%		0.01%	2.02%	2.63%
Derivative financial instruments	0.00%				-
Deposits from customers	84.70%	83.67%	83%	81.14%	83%
Borrowing	0.99%	1.10%	2%	0.72%	0.76%
Current Tax Liabilities	0.00%				-
Provisions	0.00%				-
Deferred tax liabilities	0.00%				-
Other liabilities	1.86%	1.65%	2%	2.10%	1.49%
Debt securities issued	2.53%	2.90%	3%	3.07%	1.99%
Subordinated Liabilities	0.00%				-
<b>Total liabilities</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>92%</b>	<b>92%</b>
<b>Equity</b>					
Share capital	5.34%	6.13%	5%	5.74%	6%
Share premium	0.01%	0.02%	0.02%	0.02%	0.02%
Retained earnings	0.43%	-0.19%	1%	0.33%	0.80%
Reserves	2.91%	3.07%	2%	2.01%	1.59%
<b>Total equity attributable to equity holders</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>
<b>Non-controlling interest</b>					
<b>Total equity</b>	<b>8.69%</b>	<b>9.03%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>
<b>Total liabilities and equity</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

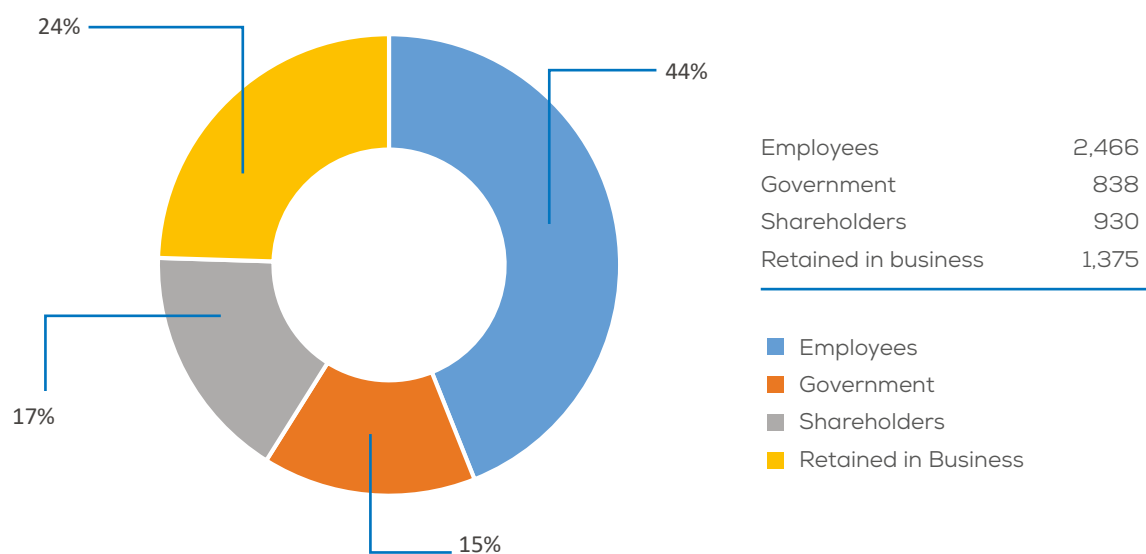
## VERTICAL ANALYSIS OF PROFIT OR LOSS (PAST 5 YEARS)

PARTICULARS	NOTE	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Interest income	4.29	88%	90%	92%	90%	87%
Interest expense	4.30	53%	63%	66%	61%	53%
<b>Net interest income</b>		<b>35%</b>	<b>27%</b>	<b>26%</b>	<b>29%</b>	<b>34%</b>
Fee and commission income	4.31	10%	7%	7%	8%	9%
<b>Fee and commission expense</b>	<b>4.32</b>	<b>2%</b>	<b>1%</b>	<b>1.20%</b>	<b>1.13%</b>	<b>1.03%</b>
<b>Net fee and commission income</b>		<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>	<b>8%</b>
Net interest, fee and commission income		42%	33%	31%	36%	42%
Net trading income	4.33	2%	1%	1%	1%	2%
Other operating income	4.34	0.40%	0.44%	0.33%	1%	2%
<b>Total operating income</b>		<b>45%</b>	<b>35%</b>	<b>33%</b>	<b>38%</b>	<b>46%</b>
Impairment charge/(reversal) for loans and other losses	4.35	3%	8%	5%	3%	4%
<b>Net operating income</b>		<b>41%</b>	<b>27%</b>	<b>27%</b>	<b>35%</b>	<b>42%</b>
<b>Operating expense</b>						
Personnel expenses	4.36	15%	11%	10%	11%	14%
Other operating expenses	4.37	5%	4%	4%	6%	7%
Depreciation & Amortisation	4.38	3%	2%	2%	2%	1%
<b>Operating Profit</b>		<b>19%</b>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>19%</b>
Non operating income	4.39	0.32%	0.46%	0.04%	0.20%	0.08%
Non operating expense	4.40	3%	1%	0.26%	0%	2%
<b>Profit before income tax</b>		<b>16%</b>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>18%</b>
Income tax expense	4.41	5%	3%	3%	4%	5%
Current Tax		5%	4%	4%	4%	5%
Deferred Tax		-0.38%	-0.39%	-0.17%	-0.04%	-0.03%
<b>Profit for the year</b>		<b>11%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>13%</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank		11%	6%	8%	10%	13%
Non-controlling interest						
Profit for the year		11%	6%	8%	10%	13%

## VALUE ADDED STATEMENT

Value added statement is the wealth created by the MBL. Such statement shows detailed account of value creation towards employee, government as tax and towards the shareholder of the bank.

	2024/25	
	AMOUNT	%
Total Operating Income	16,504	
Total Operating Expenses	9,980	
Value Added from Core Banking Services	6,524	
Other Incomes	67	
Non-Operating Income	52	
Non-Operating Expenses	478	
Impairment Charge	557	
<b>Total Value Added by the Bank</b>	<b>5,608</b>	<b>100%</b>
Number of Employees	1,584	
Value Added per Employee	4	
<b>Distribution of Value applied</b>		
To Employees(As salary and allowances)	2,466	44%
Towards Government (Corporate tax)	838	15%
To Shareholders (Cash and Stock)	930	17%
Cash Dividend	465	
Bonus Share	465	
For Expansion and Replacement of Assets	421	8%
As retained Income	954	17%
<b>Total Value Applied</b>	<b>5,608</b>	<b>100%</b>





# INTERNATIONAL SCENARIO



## Global and Domestic Economic Review: Navigating Resilience Amidst Geopolitical Volatility

The fiscal year 2024/2025 was marked by numerous challenges and struggles, stemming from persistent wars and geopolitical tensions among various nations. The US tariff war instilled widespread trade fears across the globe. Ongoing conflicts between Ukraine and Russia, the Middle East tensions, and other recently ceased smaller conflicts further fueled these trade uncertainties. Yet the World Bank reported a steady growth rate of around 2.6%, against 2.7% in last year. Further the year faced the economic delusion of both Innovation and disruption along with both conflict and cooperation. This year portrayed a more pessimistic view, citing trade policy uncertainty, tariffs, disruptions in global trade, etc.

The global economy in 2024/25 faced several significant negative developments that dampened growth prospects. Geopolitical tensions escalated, with ongoing wars in Ukraine, Gaza, and rising friction in the Middle East fueling global instability and trade disruptions. The U.S.–China tariff tensions and growing protectionist policies further weakened global trade confidence. High interest rates, though stabilizing, continued to burden both consumers and governments, particularly in developing countries facing rising debt servicing costs. Investment levels remained subdued amid global uncertainty, and climate-related disasters such as floods and droughts disrupted agricultural output and supply chains in several regions. These challenges contributed to slower-than-expected economic momentum and heightened vulnerability for low- and middle-income economies.

The US Dollar remained strong, creating issues for developing economies with dollar-denominated debt. Therefore, many low- and middle-income countries faced debt servicing problems, with some nearing default territory. Ongoing wars and rising tensions added geopolitical risk premiums to global markets and slowed investor confidence which in turn increased the demand of gold

leading to gold price at record high level.

Despite numerous challenges, the economy in this period also witnessed several encouraging positive developments. Inflation eased significantly in many advanced and emerging economies, allowing central banks to pause or begin loosening tight monetary policies. Global trade volumes began recovering after previous slowdowns, and commodity prices—particularly oil and food—declined, offering relief to import-dependent nations. Several emerging markets, especially in Asia and Africa, showed strong economic resilience, with India standing out as a major growth engine. At the same time, the world saw record investments in renewable energy, supporting the transition toward cleaner, more sustainable power sources. Together, these trends contributed to a cautiously optimistic outlook for global recovery and long-term stability.

Global renewable power capacity additions hit record or near record levels. This year additions were large (solar PV and wind) contributing strongly to cleaner energy supply. This helps reduce dependence on volatile fossil fuel markets, contributes to climate goals, and generates investment and jobs in clean energy sectors. Massive uptake in AI adoption reshaped labor markets, productivity models, and regulatory debates. “AI policy” became a top agenda item at BRICS, G7, and UN-level talks.

On the domestic front, Nepal’s economy demonstrated stronger resilience in FY 2024 25, navigating both global and local challenges. The country’s GDP grew by 4.61%, an improvement over the 3.9% growth of the previous year. Key sectors contributing to this growth included a surge in exports—up around 81.8%—a healthy increase in remittance inflows (19.2% in NPR terms), and a rise in hydropower led electricity production.



Inflationary pressures eased compared to the prior year. In mid July 2025, year on year consumer inflation stood at 2.20%, with food and beverage inflation showing strong divergence: while categories like vegetables, pulses, ghee & oil saw price rises, other items such as spices and meat & fish registered declines. Non food and services inflation averaged about 3.71%, and the non food sector inflation mid July was around 4.12%. Throughout the year, the Bank's ALCO has been able to effectively monitor the market and make timely strategic decisions. All necessary key indicators have been maintained in compliance with regulatory requirements throughout the year.



## HUMAN RESOURCES

The strength of our organization lies in the dedication and expertise of our talented workforce. We believe that our staffs are our most precious assets and they can largely manage the financial risks involved. Throughout the fiscal year, we remained steadfast in our commitment to fostering a vibrant, diverse, and inclusive workplace culture conducive to growth and innovation. We are constantly working to improve the quality of work life by creating and implementing various programs and policies. We believe that an efficiently run human resources department can provide any organization with structure and the ability to meet business needs through managing the company's most valuable resources, which is our own people. The bank has continued to lay great emphasis on human resources development to make its employees attain global standards in productivity, thereby maximizing value creation for its stakeholders. We are proud of our employees who are the foundation of the Bank and who operate and perform consistently for the growth of the Bank.

The Human Resources Department of the Bank monitors and ensures that the Bank's HR

policies are interpreted consistently across the organization. It plays an essential role in developing a company's strategy as well as handling the employee-centered activities of an organization. The HRM function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. MBL's integrated Vision and Values framework advocates principles of ethical work culture, open communication, objective career development, and transparency in remuneration and pay-performance correlation to support HR practices for employees within the Bank.

### HR DETAILS

The total number of employees of the bank has reached 1,584 in the year 2024/25. We are committed to recruiting top talent, nurturing employee development, ensuring compliance, and maintaining a culture of inclusivity and equity. Diversity is a key enabler for long-term success which enables teams to bring diverse perspectives, make better decisions, and manage risk. People with different backgrounds, education, skills, and experiences can create sustainable

values across the Bank. We are committed to gender diversity and have been providing equal employment opportunity to aspiring candidates who are fairly recruited through vacancies and internal job watch.

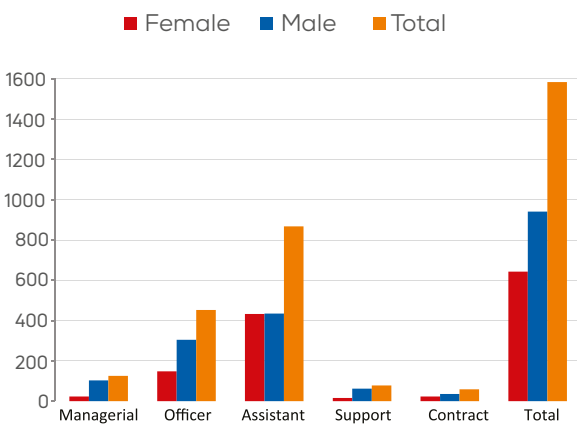
### Gender Diversity

We are committed to cultivating a diverse and inclusive workplace that celebrates individual differences. Our efforts continued in promoting diversity and fostering an environment where every individual feels valued, respected, and empowered to contribute their unique perspectives. We believe that an inclusive workforce can boost financial performance, reputation, innovation, and staff motivation—bringing us closer to our customers. We believe in equal opportunity, and we recruit, employ, and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

### Composition of Male and Female Employees 2024/25

Shareholder	Female	Male	Total
Managerial	23	103	126
Officer	148	305	453
Assistant	433	435	868
Support	16	62	78
Contract	23	36	59
<b>Total</b>	<b>643</b>	<b>941</b>	<b>1584</b>

### COMPOSITION OF MALE AND FEMALE EMPLOYEES 2024/25



Attrition Rate 2023/24	6.77%
Attrition Rate 2024/25	7.71%

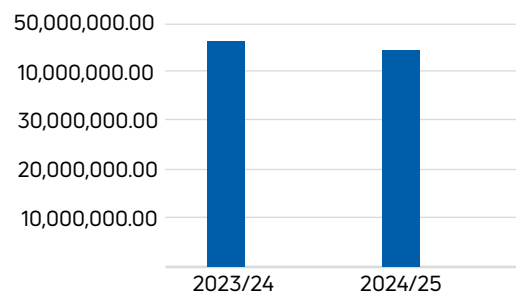
### Age wise composition 2024/25

Age	No. of employees
18-25	61
26-34	904
35-44	429
45-54	179
55-64	11

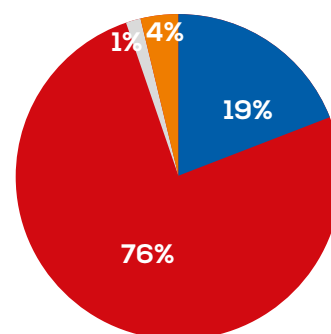
### Learning and Development (L&D)

The Bank recognizes the importance of continuous learning and growth within its workforce. The growth and development of the staff has always been the bank's top priority. The Bank is committed towards fostering a culture of development and skill enhancements. Developing a learning culture is not merely an option but an absolute necessity in today's competitive world. Investment in skills and accelerating employees' professional and personal development are essential components of the Bank's people agenda.

We recognize the importance of learning and development to each staff member as it is equally important to strengthen the capability of staff and hold them accountable to enable employees to thrive and meet their full potential. In the FY 2024/25, we emphasized physical trainings and also provided international exposure to enhance employee know-how. Similarly, knowledge-based tests were conducted across various domains.



### Count of EIN



■ External ■ In-House ■ International ■ Certification

During the review period, 3,094 staff members benefited from both internal and external training sessions conducted by Machhapuchchhre Bank for skill and capacity development. The Bank has established itself as a platform for the enhancement of skills, knowledge, and employee capacity, performing various activities to ensure a deep-seated culture of learning. Beyond traditional training, the Bank employs a variety of development tools, including placement, transfer, job rotation, job enrichment, job enlargement, succession planning, and the formation of cross-functional teams.

Employees expect a fair return for their contributions, and we recognize that motivation, satisfaction, and commitment are crucial drivers of high productivity. While many factors influence these traits, financial benefits remain a vital component. Market forces constantly challenge HR strategies for talent retention, as remuneration is a major factor in an individual's decision to join, stay with, or leave an organization. To remain competitive, our Bank offers robust salary packages along with comprehensive benefits. Employees have access to housing loans, vehicle loans, and other staff loan facilities based on their eligibility as guided by the MBL Staff Service Byelaws.

## **STAFF BENEFITS, FACILITIES AND RECOGNITION**

We value our employees and strive to provide a comprehensive array of benefits and facilities designed to support their well-being and enhance their work experience. The workforce has become increasingly fluid, and it has become a challenge for organizations to retain their valuable employees. In such a scenario, one of the most effective ways to reduce employee turnover is to ensure that the level of motivation of employees is maintained continuously at a high level. This results in high job satisfaction and high organizational commitment, which keeps the employees from switching to other organizations. Hence, the Bank has always put "Employees First"—as it is widely recognized

that happy employees lead to happy customers. Taking care of the employees remains one of the major priorities of the Bank.

The Bank has been able to provide fair compensation to its employees, which is at par with the industry level. The Bank has been in the forefront of providing the best facilities, whether in terms of compensation packages or by prioritizing the health and well-being of employees through attractive insurance benefits and the promotion of work-life balance.

The bank provides the following benefits and facilities to the staffs:

- Wages, salaries, social security contributions, and bonuses.
- Paid annual leave and paid sick leave.
- Staff loan facility at concessionary interest rates.
- Non-monetary benefits.
  - Attractive Retirement packages.

## **Fostering High-Performance Culture**

We believe that a high-performance culture not only drives individual excellence but also fuels the bank's overall growth and success. What really matters in the workplace is helping employees feel appreciated. It has been a continuous effort of the Bank to recognize the performers. The Bank is building a performance culture where all employees are dedicated and determined to get results.

The Bank is determined in setting up a culture which drives high-achievement and positive results. For this, a robust mechanism for evaluating the performance of each individual has been designed which rules out subjective and biased evaluations and promotes a fair and objective evaluation of all employees. Creating a culture of performance in the Bank also comes up with empowering the people, focusing on continuous learning and employee development, and also maintaining an openness to change.

## Employee Relations and Engagement

We believe that employee relations are vital to every company in every industry you could possibly think of. A strong employee relationship results in the employee feeling respected, empowered, and supported. These feelings create passion and engagement in the workplace, nurturing strong employee morale and a vibrant company culture. The Bank believes that happier and satisfied employees are more likely to work their hardest and stick with their jobs for the long haul, which affects everything from revenue to employee retention.

We have a recognized Staff's Union Association in the Bank. The management and the Union execute a collective bargaining exercise once every two years. Collective bargaining exercises have been harmonious throughout and have never resulted in disruption to normal banking operations and customer service.

The Employee Engagement programs—such as Annual Day Celebrations, Town Halls, celebrations of achievements and milestones, organizing and participating in social-impact programs, and conducting CSR programs at the community level across the country—have enabled us to develop a strong bond and shared feeling between team members, leading to a highly engaged team.

## Performance Appraisal System

The bank has continued to strengthen its performance appraisal system to foster a culture of meritocracy and accountability. Its appraisal framework emphasizes transparency, fairness, and alignment with the bank's goals, ensuring that employees are recognized and rewarded based on measurable outcomes and competencies. By integrating structured feedback mechanisms and periodic evaluations, the system not only motivates employees to achieve excellence but also identifies areas for professional growth. This approach has contributed to enhancing

productivity, nurturing leadership potential, and driving overall bank success.

In addition, the bank's appraisal system serves as a developmental tool by highlighting areas where employees can enhance their skills and capabilities. By integrating appraisal outcomes with cross-functional initiatives and knowledge-based test weightage, we ensure that employees remain motivated, engaged, and prepared to take on future challenges. This holistic evaluation process is making sure that growth is not just about historical performance but also about future readiness and the continuous acquisition of expertise.

## HR Operations – Human Resource Management System (HRMS)

The Bank made significant strides in updating its HR operations through the effective deployment of its Human Resource Management System (HRMS). This digital platform streamlines key processes such as payroll, attendance, travel, performance appraisal, recruitment, and employee record management, thereby improving efficiency and accuracy. Automation reduces administrative burdens, allowing HR teams to focus on strategic initiatives that enhance employee engagement and organizational effectiveness. The HRMS strengthens compliance and reporting capabilities, ensuring that HR operations align with regulatory standards.

Beyond operational efficiency, the HRMS enhances the employee experience by providing seamless access to HR services and information. Employees manage their personal records, leave applications, and performance data through a user-friendly interface, fostering transparency and accountability. The system enables data-driven decision-making, allowing management to analyze workforce trends and plan proactively. By leveraging technology, the bank continues to build a modern HR ecosystem that supports its long-term vision.

## Employee Welfare

Employee welfare remains a foundation of the bank's human resource strategy, reflecting its commitment to building a motivated and resilient workforce. The Bank provides comprehensive welfare initiatives that address the physical, mental, and financial well-being of employees. Health insurance coverage, life insurance coverage, hospital tie-ups, wellness programs, and engagement activities are prioritized to create a supportive work environment. These initiatives not only safeguard employees' well-being but also contribute to higher levels of satisfaction and productivity.

In addition, the Bank invests in professional development opportunities to empower employees with new skills and career growth prospects. Training programs, certifications, conclaves, and leadership development initiatives are regularly conducted to enhance competencies and prepare employees for future responsibilities. By combining welfare measures with career development, the bank ensures that the staff remains engaged and aligned with the Bank's mission of delivering excellence in service.



## HUMAN RESOURCE ACCOUNTING

Human Resource Accounting (HRA) serves as a strategic framework for quantifying the value of human capital in financial terms. Through this approach, the organization recognizes employees as essential economic resources whose knowledge, skills, and competencies significantly influence long-term performance. HRA involves the systematic measurement and analysis of investments made in developing employees' capabilities, as well as an evaluation of their contribution to organizational success. This enables leadership to make informed, data-driven decisions regarding human capital development and resource allocation.

The Bank acknowledges that human capital is a vital asset with a direct impact on service quality, operational efficiency, regulatory compliance,

and sustainable value creation. In line with this recognition, the Bank applies the principles of Human Resource Accounting (HRA) to identify, measure, and report its investments in the recruitment, training, development, and retention of employees. This commitment underscores the Bank's dedication to building a skilled, motivated, and future-ready workforce.

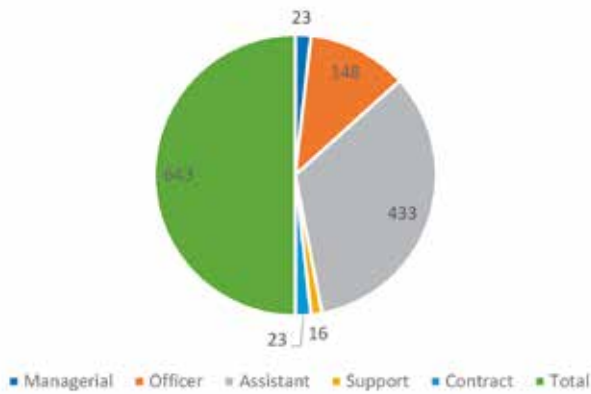
- Employee Productivity
- Employee Retention
- Performance Appraisal
- Learning & Development
- Embracing Advanced Technology
- Career Development
- Competitive Remuneration
- Recruitment

Particular	FY 2024/25	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21
Operating Income Per Employee	4,697,395	4,303,347	4,407,525	4,010,656	3,852,865
Operating Cost Per Employee	2,167,904	2,114,779	1,976,026	1,974,054	1,719,949
Operating Profit Per Employee	1,987,148	1,122,567	1,527,948	1,549,945	1,635,452
Profit Before Tax Per Employee	1,718,272	1,114,445	1,498,872	1,532,002	1,510,161
Profit After Tax Per Employee	1,189,169	704,312	1,043,341	1,064,808	1,064,552

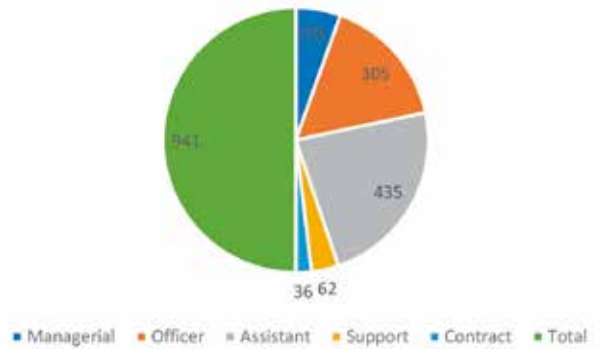
Category	Female	Male	Total	%
Managerial	23	103	126	8%
Officer	148	305	453	29%
Assistant	433	435	868	55%
Support	16	62	78	5%
Contract	23	36	59	4%
<b>Total</b>	<b>643</b>	<b>941</b>	<b>1584</b>	<b>100%</b>

Category	No. of Employees	%
Male	941	59%
Female	643	41%
Total	1584	100%

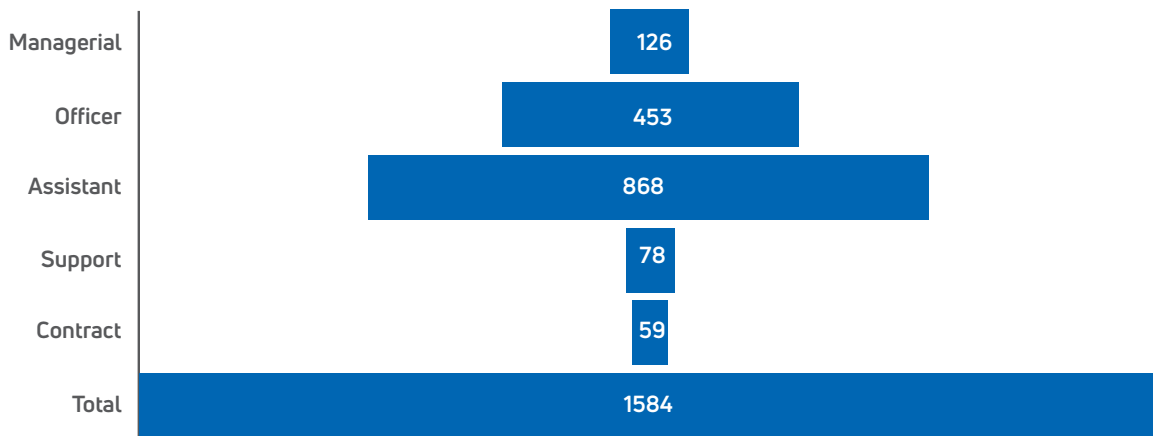
Staff Category-Female



Staff Category-Male



Total Staff Category



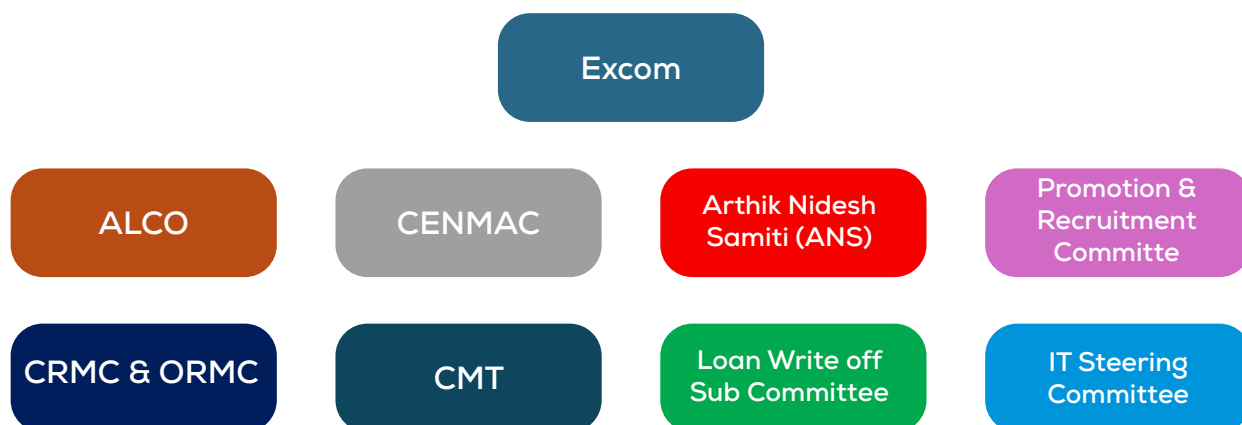
### Employee Turnover

MBL has established itself as an employer of choice, supported by its strong work environment, ethical practices, transparency, brand reputation, and commitment to good corporate governance. Through the implementation of diverse Human Resource Accounting (HRA) practices, the Bank continues to enhance operational efficiency while fostering a culture of continuous improvement and employee development. This strategic approach to human resource management remains central to the Bank’s long-term success and sustainability. Going forward, MBL will continue to invest in its people to drive transformation across the organization—strengthening productivity, building capacity, and promoting innovation.



# MANAGEMENT REVIEW & ANALYSIS

## COMMITTEE OF MANAGEMENT



### EX-COM (EXECUTIVE COMMITTEE)

Chief Executive Officer (CEO)	Mr. Santosh Koirala
Deputy Chief Executive Officer (DCEO)	Mr. Prasadha Raj Aryal
Deputy Chief Executive Officer (DCEO)	Mr. Bishwambhar Neupane
Deputy General Manager (DGM)	Mr. Suvash Jamarkattel

#### 1. EXCOM

MEMBERS: CEO, DCEO, DCEO-RISK, DGM  
MEMBER SECRETARY: COO

#### 2. ALCO

MEMBERS: CEO, DCEO, DCEO-RISK, DGM, COO, HEAD-LRBPD, HEAD-F&P, TMU  
MEMBER SECRETARY: HEAD – TREASURY AND GLOBAL MARKETS

#### 3. CENMAC

MEMBERS: DGM, AGMS, COO, HODS  
MEMBER SECRETARY: AGM – BUSINESS

#### 4. ANS

MEMBERS: DGM, COO, HEAD-F&P  
MEMBER SECRETARY: HEAD – GAD

#### 5. PROMOTION AND RECRUITMENT

COORDINATOR: DCEO  
MEMBERS: DGM  
MEMBER SECRETARY: HEAD – HRD

#### 6. ORMC (OPERATION RISK MANAGEMENT COMMITTEE)

MEMBERS: DCEO-RISK, DGM, COO, HEAD-RISK  
MEMBER SECRETARY: HEAD – INTEGRATED RISK

#### 7. CRMC (CREDIT RISK MANAGEMENT COMMITTEE)

MEMBERS: HEAD-TREASURY, HEAD – INTEGRATED RISK, HEAD-LRBPD, HEAD-INFRA AND CORPORATE LENDING, CPOS, CHIEF-SAM, AGMS, DGM, DCEO, DCEO-RISK  
MEMBER SECRETARY: HEAD-RISK

#### 8. CMT (CENTRAL MANAGEMENT TEAM)

MEMBERS: CEO, DCEO, DCEO-RISK, COO, HEAD-F&P, HEAD – GAD, HEAD – IT, HEAD – EBANKING  
MEMBER SECRETARY: HEAD – HRD

#### 9. LOAN WRITE OFF SUB COMMITTEE

COORDINATOR: CEO  
MEMBERS: DCEO, DCEO-RISK, DGM, HEAD-LAW  
MEMBER SECRETARY: CHIEF/HEAD-SAM

#### 10. IT STEERING COMMITTEE

COORDINATOR : DGM  
MEMBERS : CRO, COO, HEAD-GAD, HEAD F&P  
MEMBER SECRETARY : HEAD-IT

# Board Level Committee

## Risk Management Committee

Mr. Bishow Prakash Gautam (Director)

Coordinator

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Mr. Mukunda Mahat (Director)

Member

---

Mr. Sunil Khatiwada (Chief Operating Officer)

Member

---

Mr. Bishwambhar Neupane (DCEO-Risk & Compliance)

Member Secretary

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## Audit Committee

Mr. Mukunda Mahat (Director)

Coordinator

---

Mr. Peshal Raj Pokharel (Director)

Member

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Mr. Surendra Pathak (Head-Internal Audit Department)

Member Secretary

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## HR Committee

Mr. Sunil Narayan Shrestha (Director)

Coordinator

---

Mr. Bishow Prakash Gautam (Director)

Member

---

Mr. Santosh Koirala (Chief Executive Officer)

Member

---

Mr. Khagendra Paudel (Head- Finance & Planning Department)

Member

---

Mr. Anil Babu Adhikari (Head-Human Resource Department)

Member Secretary

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## AML Committee

Ms. Manisha Bhandari (Director)

Coordinator

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Mr. Anish Shah (Director)

Member

---

Mr. Bishwambhar Neupane (DCEO-Risk & Compliance)

Member

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Mr. Roshan Thapaliya (Compliance Officer -AML/CFT Department)

Member Secretary

## PRODUCTS AND SERVICES

Committed to becoming a SMART Bank by 2027, MBL adheres to industry best practices and a strategy of continuous innovation.

Our track record of launching sophisticated, customer-centric products demonstrates our ability to support diverse business requirements effectively.

### A: SAVING DEPOSIT PRODUCTS

Normal Saving Account (NPR)

This product scheme offers a standard saving solution that can be opened with no initial deposit.

#### Product Features

- Minimum Balance: Zero
- Cheque Book: Free first issuance
- Internet Banking: Free subscription\*

### Machhapuchchhre Bachat Khata

Machhapuchchhre Bachat Khata (MBK) is one of our premium saving deposit products catering to both individual and institutional customers (Non-Profit Making Organizations).

#### Product Features

##### For Individual Customers

- Minimum Balance: NPR 500.00
- Free 1st Cheque Book Issuance
- Free withdrawal facility from any ATM within Nepal
- Free Subscription of Debit/Credit Card \*
- Free Subscription of Internet Banking and MBL M-Smart\*
- Free Demat Account Opening/Mero Share\*
- For Institutional Customers (NGOs/INGOs/Trusts/other Non-Profit Making Organizations):
- Minimum Balance: Zero
- Free 1st Cheque Book Issuance
- Free Subscription of Internet Banking\*

Note: Institutional customers here means organizations (such as NGOs, INGOs, Trust and other non-profit making organizations) that are legally eligible to operate through savings accounts.

### **MBL Smart Plus Saving Account**

MBL Smart Plus Saving Account is a premium product engineered for clients seeking optimized returns. This account offers the bank's highest interest rates across all age categories, combining financial growth with the convenience of our smart banking ecosystem.

#### **Product Features**

- Minimum Balance: NPR 5,000/-
- Free 1st Cheque Book Issuance
- Free Subscription of MBL M-Smart\*
- Free Subscription of Debit Card \*
- Free Demat Account Opening and Subscription of Mero Share\*
- Free Subscription of Credit Card\*
- 50% Discount on Locker Charge shall be provided to the customer\*
- Free Subscription of Internet Banking Facility\*

### **MBL Digi Yuva Saving Account**

The Digi Yuva Saving Account is specifically designed for students and young adults aged 18 years and above. It offers a modern banking experience tailored to the needs of the next generation

#### **Product Features**

- Minimum Balance: NPR 100.00
- Free 1st Cheque Book Issuance
- Targeted Group: 18 years and above
- Free subscription of MBL M-Smart\*
- Free subscription of Debit Card\* and Credit Card\*
- Free subscription on MBL Dollar Prepaid Card\*
- 25% Discount on issuance of Smart dollar card for 5 years
- Free online/E-commerce transaction fee

- Credit card limit of NPR 10,000/- and NPR 20,000/- for graduate and post-graduate levels respectively\*\*
- Free Demat Account Opening\*/Mero Share\*

### **MBL Nari Shakti Bachat Khata**

Regardless of one's life stage—single, married, or retired—securing the money earned through hard work is vital for future stability. To maximize these savings, it is important to choose an account tailored for women. MBL Nari Shakti Bachat Khata stands out as an ideal choice in Nepal, offering specialized features that empower women to take control of their financial destiny.

#### **Product Features**

- Minimum Account Balance: NPR 100
- Free 1st Cheque Book Issuance  
Only females can open this account. (However, account operator can be male if account holder authorizes)
- Free Subscription for 1st year or 1st Subscription of MBL M-Smart. \*
- Free Subscription for 1st year or 1st Subscription of Debit/Credit Card.\*
- Free Subscription for 1st year for Demat/Mero Share. \*
- 50% discount in 1st year annual locker rental charge

### **MBL Balbalika Bachat Khata**

MBL Balbalika Bachat Khata is one of Nepal's most trusted children's savings accounts. Specially designed for minors under 18, it empowers parents to build a solid financial foundation for their children's future. With the convenience of mobile and internet banking, authorized guardians can easily manage deposits and track growth, ensuring every rupee saved brings their child's dreams closer to reality.

#### **Product Features**

- Minimum Account Balance: Zero
- Free 1st Cheque Book Issuance
- Free subscription of Internet Banking\*

- Only minor can open this account.  
The account will be automatically converted to the Normal Saving Account once account holder turns major legally.

### MBL Shareholders Saving Account

This specialized deposit scheme is designed to address the comprehensive banking needs of MBL shareholders by providing a complete suite of financial solutions.

#### Product Features

- Minimum Account Balance: Zero
- Free 1st Cheque Book Issuance
- Free subscription of Debit Card\*
- Free subscription of Internet Banking\*
- Free Demat Account Opening/Mero Share\*

This account can be opened by the Shareholders of MBL.

### MBL NRN Saving Account

Designed as the smart choice for the Nepalese diaspora, this account offers a bridge to your financial future in Nepal with competitive returns and specialized banking services.

#### Product Features

- Minimum Balance: Zero
- Free 1st Cheque Book Issuance
- 50% waiver on charge for Locker Fee\*  
Waiver of 25 basis points for processing fee on Consumer Loans, i.e. Home Loan and Auto Loan (Also applicable for one house family member of NRN)
- Free Internet banking facility\*
- Free Debit Card\*

### i. MBL NRN Saving Deposit Account (FCY)

The MBL NRN Saving Deposit (FCY) is a specialized account designed to meet the financial needs of Non-Resident Nepalis (NRNs). It offers a secure way to invest in major foreign currencies—including USD, GBP, and EUR—while earning the highest interest rates on FCY savings. With quarterly interest payments and easy repatriation, it's the ideal choice for managing your global wealth in Nepal.

#### Product Features:

Currency	Minimum Required Balance
USD	1,000/-
GBP	1,000/-
EURO	1,000/-
AUD	1,600/-
JPY	150,000/-
CAD	1,000/-
CNY	7,500/-

- Free 1st Cheque Book Issuance
- 0.15 paisa premium/rebate on FCY exchange
- No conversion charges of FCY deposit into LCY deposit.
- Transaction alert facility
- Free monthly statement will be sent for Saving A/C by email on a request

Deposit and repatriation of the deposit amount can be done only through banking channel including swift and remittance through corresponding foreign bank

In case a customer requests to use the amount in local currency, settlement can be done in local currency upon receiving requests from the customer through registered email\*\*

Facility to make internal fund transfer upon the request through registered email ID.

The above -mentioned terms and conditions may vary time to time as per the guidelines of the central bank of Nepal.

### M'Smart Bachat Khata

M-Smart Bachat Khata is a digital account opening service designed for the convenience of our domestic customers. Through our online platform and mobile application (MBL M-Smart), customers with busy schedules can open a savings account instantly without the need to visit a physical branch.

#### Product Features

- Minimum Balance: Zero
- Subscription fee of Mobile Banking: Free for 1st year

- Annual transaction limit: NPR 100,000/-  
(Maximum Debit and Credit Transaction up to NPR 100,000/-)

This account can be opened by Nepali Citizens and Non-Residential Nepalese having registered mobile number of Nepal.

No other debit tools like Cheque, Debit card, Internet banking, Connect IPS, wallet linking shall be issued under this saving account except mobile banking.

### **MBL FCY Saving Account**

MBL offers a Foreign Currency (FCY) Saving Account designed to provide a secure and high-yield solution for individuals earning in foreign denominations. This account allows customers to maintain their savings in major global currencies while earning competitive interest, effectively hedging against local currency fluctuations.

#### **Product Features**

- Minimum Balance: USD 10.00 or convertible FCY equivalent to USD 10.00
- USD/ EUR/ GBP/AUD/JPY/CAD/CNY can be opened
- Free 1st Cheque Book Issuance
- Free Subscription of internet banking and MBL M-Smart\*
- Rebate on Purchase/sale: up to 15 paisa\*\*
- 50% waiver in prepaid dollar card issuance fee.
- 50% waiver in re-issuance fee/ replacement of card (including lost/damaged card)
- 1st Installment waiver on USD Debit Card
- 50% waiver on Draft Issuance fee.
- 50% discount on subscription fees of MBL Credit Card.

### **MBL Karmashil Bachat Khata**

MBL Karmashil Bachat Khata is a specialized savings account designed specifically for the remittance needs of Nepalese citizens working abroad. This account serves as a secure bridge for managing foreign earnings and supporting families back home.

### **\* To be Eligible to apply IPO**

According to SEBON regulations, migrant workers are entitled to a 10% reservation in Initial Public Offerings (IPOs). To maintain eligibility for this quota, a minimum of NPR 50,000 must be remitted into the account from abroad within the last six months.

#### **Product Features**

- Minimum Balance: Zero
- Free 1st Cheque Book Issuance
- Free Subscription of Internet Banking Facility
- Free Demat
- Free Mero share
- Free CASBA charges

### **MBL Ek Byakti Ek Khata**

As a part of Government's "Kholau Bank Khata Abhiyan, 2076" campaign, MBL has come up with an attractive deposit product for individuals who don't have account in any BFIs. Now, customers can easily open account with minimum documentation requirement.

#### **Product Features**

- Bank will deposit NPR 100/- in the account
- Minimum Balance: NPR 100
- Free 1st Cheque Book Issuance
- Natural Person will only be eligible for this product.
- Simplified account opening form

Customer having any bank account with MBL or any BFIs shall not be eligible for this account. Declaration regarding same is included on separately designed account opening form. Annual transaction limit of the account shall be NPR 100,000.00. Customer needs to change/convert account category if the transaction exceeds NPR 100,000.00. Customer needs to provide additional information by filling up Bank's standard account opening form

### **MBL Retirement Plan Account**

Retirement Plan Account is targeted to the organization willing to maintain retirement fund of their staff and other benefits of approved

retirement fund. This falls under unapproved retirement fund; hence it does not qualify for tax saving benefit.

#### Types of Retirement Plan Account:

- Gratuity/PF Scheme
- Pension Scheme

#### MBL BLB Bachat Khata

BLB Khata is a saving deposit product, developed by MBL, to provide banking services in those rural areas where opening of branches is not feasible.

#### Social Security Allowance Account

Nepali citizens eligible to get the Social Security Allowance (SSA) as per the Social Security Act 2075 shall be eligible to open this account. Prior opening of the account, bank is required to enter into agreement with the concerned Municipality Office.

#### Product Features

- Free 1st Cheque Book Issuance

Transactions other than social security allowances shall not be allowed in the accounts opened for social security allowance distribution.

#### PAYROLL ACCOUNTS:

##### MBL Salary Management Account

MBL Salary Management Account is also a payroll management scheme which focuses on cash management requirements of organizations.

#### Product Features

- Minimum Account Balance: Zero
- Free 1st Cheque Book Issuance
- Free Internet Banking Facility, MBL Mobile Money (M3) \*
- Free Subscription of Debit Card\*

##### MBL Surakshit Talab Khata

MBL Surakshit Talab Khata is a payroll management scheme that focuses on cash management of organizations having wider network across country. Employees get to enjoy the insurance benefits from the payroll scheme.

#### Product Features:

- Minimum Account Balance: Zero
- Free 1st Cheque Book Issuance
- 50% Discount on Annual Rental Charge of Locker\*
- Free subscription of Internet Banking Facility, MBL M-Smart\*
- Free subscription of Debit Card\*
- Free Demat Account Opening/Mero Share\*
- Insurance Coverage: Accidental Insurance of NPR 700,000.00 (including partial impairment) \*\*

##### MBL Smart Salary Account

Our MBL Smart Salary Account is a payroll management solution for organization whilst offering the employees with insurance coverage benefits.

#### Product Features:

- Minimum Balance: 10,000/-
- Free 1st Cheque Book Issuance
- 50% Discount on Annual Rental Charge of Locker\*
- Free Subscription of Internet Banking, and MBL M-Smart\*
- Free Subscription of Debit/Credit Card\*
- Free Demat Account Opening/ Mero Share\*
- Free Cheque Book and Account Statement on Demand
- Health and Accidental Insurance benefits\*\*:  
Accidental Death Insurance upto NPR 700,000 (including partial impairment)
- Medical Insurance upto 50,000 (Hospitalization upto NPR 40,000 and Domiciliary upto NPR 10,000)
- Critical Illness cost upto NPR 100,000

##### New Smart Talab Khata

Our New Smart Talab Khata is a payroll management solution for organization whilst offering the employees with insurance coverage benefits.

## Product Features

- Minimum Balance Requirement: NPR 20,000/-
  - Free 1st Cheque Book Issuance
  - Debit Card: 1st Year or Free Subscription
  - Demat Account Opening: Free for 1st Year
  - Mero Share: Free for 1st Year Enrollment
  - Locker Charge: 50% Waiver for 1st Year
  - Internet Banking: 1st Year or Free Subscription
  - Mobile Banking: 1st Year or Free Subscription
  - C-ASBA: Free
  - Credit Card: 1st Year or Free Subscription
- Health and Accidental Insurance Benefits\*\*:  
Accidental Death Insurance up to NPR 1,000,000 (including partial impairment), Hospitalization cost up to NPR 100,000 and Critical Illness cost up to NPR 300,000

## B: TERM DEPOSITS

### 1. MBL Fixed Deposit:

MBL Fixed Deposit Account is a financial instrument provided by MBL to its valued customer which provides investors with higher rate of interest than a regular saving account.

#### a) Individual Fixed Deposit (NPR):

- Tenure: 3 months and above
- Minimum amount : NPR 50,000/-
- Fixed Deposits can be opened directly from MBL M-Smart App, Internet Banking and website in real time.
- Up to 90% of the Fixed Deposit amount can be taken as Loan

#### b) Institutional Fixed Deposit (NPR):

- Tenure: 6 months and above
- Minimum amount : NPR 50,000/-
- Up to 90% of the Fixed Deposit amount can be taken as Loan

#### c) MBL NRN Fixed Deposit (FCY):

MBL NRN Fixed deposit account (FCY) nurture the needs of NRN by providing fixed deposit facility in different currencies.

- Deposit Period: 1- 5 years
- The repatriation of the interest earned from the accounts will be repatriated to the bank

account of the sender remittance amount sent country only. The amount of these accounts can be spend in Nepal or transfer to the NPR account as requested from the account holders.

- Interest earned from the amount deposited in the fixed deposit and saving accounts will be deposited on a quarterly basis in the saving accounts of the account holders and the interest tax will be imposed as per the Nepalese tax laws.
- In case of the principal of fixed deposit, it should be returned only after the expiry of the payment period. But if the tenure of fixed deposit is more than one year, it can be returned by pre-maturing the FD upon completion of one year period and as per the desire of depositor.
- Above mentioned terms and conditions may vary time to time as per the guidelines of the central bank of Nepal.

Currency	USD	GBP	EURO	AUD	JPY
Minimum Balance Required	1,000	1,000	1,000	1,600	150,000

### 2. MBL Recurring Deposit Account:

MBL Recurring Deposit is a tool to mobilize small deposits in the form of regular savings for future investments. Be it for your children's education, marriage ceremony, retirement days or investment, our customers will be able to save sizeable amount of money with this scheme

#### Features:

- Flexible saving option: from 6 months to 20 years
- Standing Instruction for debit authority
- Higher interest rate than saving deposit schemes

\* Charges/Discounts are free for the first year only. Charges as per Standard Tariff of Charges shall be levied from second year onwards.

\*\* Conditions apply

Note for all payroll accounts: Account will be automatically downgraded to Normal Saving Account if salary is not received in the customer's account for three consecutive months.

# Bank Strategies for the Forthcoming Year

Fiscal year 2081-82 has seen revival in the banking industry as compared to earlier year. The soaring NPL in earlier years has been reduced. The bank had started the year with aspiring strategies of increasing lending, soliciting low cost deposit and expand the digital spectrum as a whole. And, according to the set plan the bank's portfolio has increased in both Loan and Deposit and the targeted Business growth has been achieved.

The Bank earned a net profit of NPR 1.883 b in FY 2081-82. The portfolio growth of the Bank in FY 2081-82 was NPR 40.45 b (NPR 24.52 b deposit growth, NPR 15.93 b loan growth) & the Net assets of the bank grew by NPR 1.79 b growth.

Among the strategies set for FY 2025/26, business growth by balancing the key indicators

holds considerable amount of importance. The Bank has planned to focus on recovery, digitization, and optimization of balance sheet, maximize the earning and transforming operation. The bank has planned to issue Perpetual Non-Cumulative Preference Shares in coming Fiscal year. Bank will continue to automate various internal process to enhance the productivity.

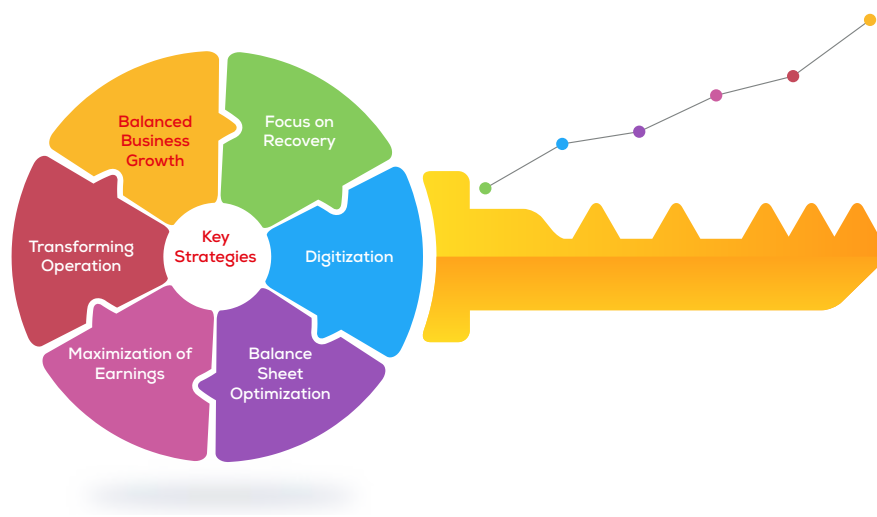
In addition to this, the Bank shall actively contribute to the social and economic development and upliftment of the underprivileged communities through its CSR initiatives. The Bank has maintained a long legacy of contributing to the welfare of the society and in coming fiscal year the Bank plans to strengthen it further.

## Bank Strategies as per Strategic Business Plan

Bank has been moving ahead in the direction as set out in Strategic Business Plan. Guided by a clear strategic vision, the bank has been able to strategically grow Loans and Advances while meeting the requirement of priority sector disbursement as well. Further, bank has been strategically grown Deposit portfolio as well. This reflects Bank's balanced approach to growth. During past fiscal year banking industry has seen significant increase in Non-Banking Asset (NBA) due to increase in loan default and collateral takeovers, however MBL has been able to offload significant portion of NBA. This indicates the pro

activeness of the bank in order to dispose the NBA property and maintain the asset quality and operational efficiency.

The bank has been one of the leaders in terms of initiatives in Digital spectrum in the industry and the bank aims to become SMART bank by 2027. The bank has been endeavoring for automation of various internal process in order to enhance the efficiency of the staff and accordingly various process are under automation process and some are already been implemented. The bank is marching ahead in the direction of being most preferred bank in Nepal.



# Looking Ahead FY 2025/26



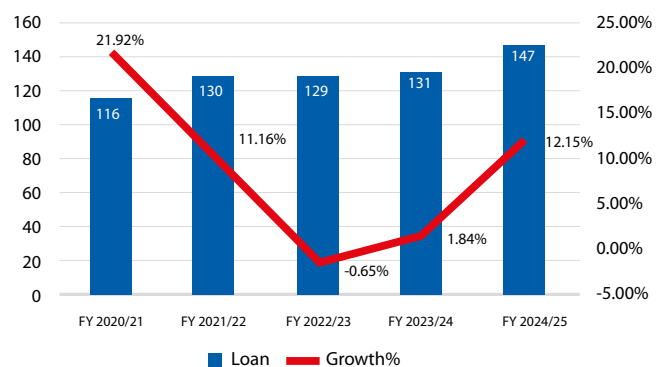
## Business Overview of FY 2024-25

### Loan & Advances Portfolio Growth

The Bank's loan portfolio increased by NPR 15.92 billion (12.15%) in FY 2024/25, reaching NPR 147.06 billion. In comparison, the loan growth during the corresponding period of the previous fiscal year was NPR 2.35 billion. During this fiscal year, the Bank focused on controlled business expansion and reducing non-performing loans and interest suspense to meet all regulatory requirements. Priority was given to segments with lower risk weights to maintain a balanced Capital Adequacy Ratio. In addition, the

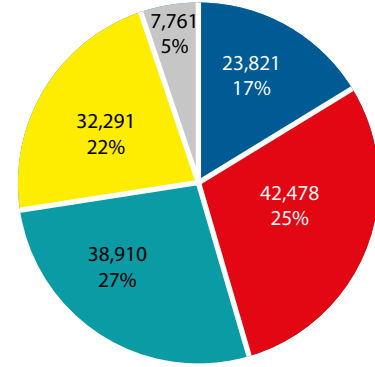
Bank emphasized growth in risk assets by aligning with the directed sector lending requirements prescribed by Nepal Rastra Bank (NRB) within the stipulated timeframe.

Past Loan Growth Trend (Amount in Billion)



## Portfolio Mix-Risk Assets

Particular	FY 2024/25		FY 2023/24	
	Amt. (in Million)	Mix (%)	Amt. (in Million)	Mix (%)
Infrastructure	24,486	20.20%	23,821	16.20%
Corporate	25,672	19.58%	42,478	28.89%
Business	38,910	29.67%	38,910	27.68%
Consumer	33,373	25.45%	32,219	21.96%
DSL	6,684	5.10%	7,761	5.28%
<b>Total</b>	<b>131,124</b>	<b>100%</b>	<b>147,058</b>	<b>100%</b>



■ Infrastructure ■ Corporate ■ Business ■ Consumer ■ DSL

### Industry Position in Risk Assets (Loans & Advances)

The Bank holds a 2.96% market share in risk assets within the industry. When compared with the combined risk asset volume of the 20 commercial banks, the Bank's market share remains below the industry average. The overall industry recorded growth of NPR 401.29 billion in loan and advances during the past twelve months.

### Compliance with Priority Sector Lending (PSL)

The Bank has strategically and systematically disbursed loans while ensuring the maintenance of an adequate Capital Adequacy Ratio. In addition, the Bank continues to plan its loan growth in alignment with the directed sector lending requirements prescribed by Nepal Rastra Bank (NRB) within the stipulated timeframe.

The Bank exceeded Nepal Rastra Bank's directed lending requirements by 2.04% in Agriculture, 3.30% in Energy, 0.14% in the SME sector and

0.11% in DSL, based on the Loans and Advances figure of six months earlier amounting to NPR 139,501.07 million. These loans were primarily directed toward rural enterprises, helping to promote inclusive and sustainable economic growth.

#### AGRICULTURE:

Actual 18,196-13.04%  
Requirement 15,345- 11%  
Surplus 2.04%

#### Energy

Actual 14,367- 10.30%  
Requirement 9,765(7%)  
Surplus 3.3 %

#### SME

Actual 15,537-11.14%  
Requirement 15,345 (11%)  
Surplus 0.14%

#### DSL

Actual 7,128- 5.11%  
Requirement 6,975 (5%)  
Surplus 0.11%

Note : Amount in Million

	FY 2024/25 Requirement	FY 2024/25 Status
Energy Sector	7%	10.30%
Agri Sector	11%	13.04%
SME Sector	11%	11.14%
DSL Sector	5%	5.11%



## Sector Wise Loans & Advances

S.N.	Industry/Sector	No. of Accounts	Principal O/S
<b>1</b>	<b>Agricultural and Forest Related</b>	<b>2,294</b>	<b>5,075.87</b>
1.1	Crop and Crop Services	114	244.40
1.2	Vegetable	571	259.26
1.3	Tea/Coffee	13	107.56
1.4	Tobacco	6	31.43
1.5	Jute	3	8.03
1.6	Other Cash crops	35	96.03
1.7	Fruits & Flowers	21	71.92
1.8	Cold stores	24	124.44
1.9	Agro Product Storage	60	238.45
1.1	Fertilizer & Insecticides	20	152.51
1.11	Animal husbandry / Slaughter house	684	307.21
1.12	Poultry	308	1,554.15
1.13	Bee keeping	7	6.42
1.14	Other Agricultural and Agro Services	314	553.84
1.15	Irrigation	1	0.12
1.16	Forestry	10	55.25
1.17	Seeds	22	230.01
1.18	Animal and Poultry Feeds	81	1,034.88
<b>2</b>	<b>Fishery Related</b>	<b>71</b>	<b>267.49</b>
<b>3</b>	<b>Mining Related</b>	<b>60</b>	<b>345.38</b>
3.1	Metal and Ore (Iron, Lead etc.)	13	111.82
3.2	Coal	28	122.50
3.3	Limestone	10	67.44
3.4	Magnesite	1	0.11
3.7	Other Mining and Quarrying	8	43.51
<b>4</b>	<b>Agriculture, Forestry &amp; Beverage Production Related</b>	<b>1,330</b>	<b>14,529.07</b>
4.1	Food Processing(Packaging & Processing)	529	9,599.16
4.2	Processing of Tea, Coffee, Ginger and Fruits and Primary processing of domestic agro products	74	564.02
4.3	Agricultural and Forest product	597	3,497.83
4.3.1	Sugar	34	1,325.44
4.3.2	Tobacco Processing	4	0.90
4.3.3	Lumber and Wood Products/Furniture	209	1,174.44
4.3.4	Others	350	997.05
4.4	Beverages (Beer, Liquor, Soda etc)	130	868.07
4.4.1	Alcoholic	46	270.52
4.4.2	Non Alcoholic	84	597.55
<b>5</b>	<b>Non-food Production Related</b>	<b>1,870</b>	<b>18,895.04</b>
5.1	Handicraft	122	444.01
5.2	Textile Production & Garments	57	484.29
5.3	Paper & Allied Products	103	550.57
5.4	Printing & Publishing	56	231.19
5.5	Medicine	58	626.03
5.6	Refined Oil & Coal Products	2	7.49

S.N.	Industry/Sector	No. of Accounts	Principal O/S
5.7	Resin & Turpentine	5	13.73
5.8	Rubber Tyre	25	85.91
5.9	Leather	4	7.74
5.10	Plastic	180	973.31
5.11	Cement	57	3,364.01
5.12	Stone, Clay and Glass Products	176	902.86
5.13	Other construction related	184	963.62
5.14	Metals-Basic Iron & Steel Plant	258	6,384.09
5.15	Metals-Other Plant / Workshop	41	136.17
5.16	Miscellaneous Manufacturing	542	3,720.00
<b>6</b>	<b>Construction</b>	<b>1,042</b>	<b>7,892.98</b>
6.1	Residential	256	1,282.67
6.2	Non Residential (Commercial)	30	182.89
6.3	Heavy Construction( Highway, Bridge etc)	756	6,427.42
<b>7</b>	<b>Power, Gas and Water</b>	<b>169</b>	<b>14,308.42</b>
7.1	Electricity	148	14,017.46
7.1.1	Hydropower	122	13,558.11
7.1.2	Renewal Power	26	459.34
7.2	Other Electric Power	4	5.07
7.3	Gas and Gas Pipeline Services	11	265.61
7.4	Water	6	20.27
<b>8</b>	<b>Metal Products, Machinery &amp; Electronic Equipment &amp; Assemblage</b>	<b>343</b>	<b>1,399.58</b>
8.1	Fabricated Metal Products	19	48.89
8.2	Machinery Tools	108	448.38
8.2.1	Machinery-Agriculture related	34	184.53
8.2.2	Machinery-Construction, Oil, Minings	1	1.46
8.2.3	Machinery-Office & Computing	14	119.36
8.2.4	Machinery-Others	59	143.03
8.3	Electrical Equipment	60	192.15
8.4	Home Appliances & Other Durables	26	172.92
8.5	Communication Equipment	14	88.60
8.6	Electronic Components	56	198.99
8.7	Medical Related Equipment	47	224.76
8.8	Generators	13	24.90
<b>9</b>	<b>Transport, Communication and Public Utilities</b>	<b>812</b>	<b>1,866.77</b>
9.1	Motor Vehicles, Parts & Accessories	244	1,142.30
9.2	Aircraft & Aircraft Parts	2	8.28
9.3	Transport Related Other productions	64	124.23
9.4	Means of Rail/Road Passenger	343	79.81
9.5	Truck Services & Warehousing	12	76.05
9.6	Other all services	147	436.10
<b>10</b>	<b>Wholesaler &amp; Retailer</b>	<b>6,076</b>	<b>25,629.72</b>
10.1	Wholesale Trade-Durables	666	3,212.61
10.2	Wholesale Trade-Non Durables	1,180	5,240.31

S.N.	Industry/Sector	No. of Accounts	Principal O/S
10.3	Automotive Dealer / Franchise	225	2,150.66
10.4	Other Retail Trade	3,023	9,278.68
10.5	Import Trade	976	5,746.51
10.6	Export Trade	6	0.95
<b>11</b>	<b>Finance, Insurance and Real Estate</b>	<b>207</b>	<b>7,724.37</b>
11.1	Gha class FIs	111	5,850.69
11.2	Savings & Credit Cooperatives	7	81.19
11.3	Other Financial Institutions	1	17.50
11.4	Private Non Financial Institutions	1	13.00
11.5	Other Investment Institutions	42	85.79
11.6	Real Estate	45	1,676.20
<b>12</b>	<b>Tourism Service</b>	<b>488</b>	<b>5,540.97</b>
12.1	Trekking, Travel Agency, Mountaineering, Resort, Rafting, Camping etc	61	575.35
12.2	Hotel (Including Other Service)	411	4,671.75
12.3	Entertainment, Recreation, Films	16	293.87
13	Other Services	559	7,126.05
13.1	Advertisement	5	7.39
13.2	Automotive Services	55	355.54
13.3	Other all Service Companies	148	679.33
13.4	Hospital, Clinic etc.	108	4,278.07
13.5	Educational Services	243	1,805.72
<b>14</b>	<b>Consumption Loans</b>	<b>12,773</b>	<b>14,438.29</b>
14.1	Gold, Silver	38	112.08
14.2	Fixed Deposit Receipt	596	348.18
14.3	Securities	240	2,531.97
14.4	Credit Cards	6,885	324.99
14.5	Hire Purchase (Personal Consumption)	820	653.79
14.6	Educational Loan	1,315	3,571.35
14.7	Residential Personal Home Loan(Up to Rs.20 million)	1,786	6,604.03
14.9	Professional Loan (Personal)	1,093	291.89
<b>15</b>	<b>Others</b>	<b>12,016</b>	<b>22,017.24</b>
	<b>TOTAL</b>	<b>40,110</b>	<b>147,057.25</b>

## Product Wise Loans & Advances

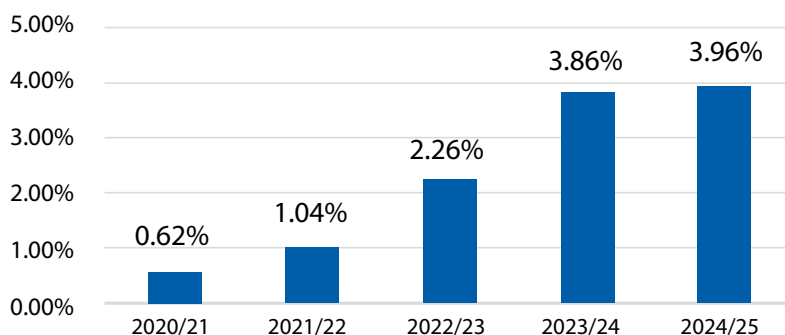
S.N.	Particulars	Loan & Advances
<b>1</b>	<b>Term Loan</b>	<b>71,488.25</b>
	a. Industrial Institutions	20,587.99
	b. Business Institutions	12,092.75
	c. Service Sector Institutions	8,942.24
	d. Others	29,865.27
<b>2</b>	<b>Overdraft</b>	<b>1,041.84</b>
<b>3</b>	<b>Cash Credit Loan</b>	<b>20,569.75</b>
	a. Industrial Institutions	2,827.24
	b. Business Institutions	16,523.66
	c. Service Sector Institutions	443.82
	d. Others	775.04
<b>4</b>	<b>Trust Receipt Loan/Import Loan</b>	<b>5,529.29</b>
	a. Industrial Institutions	3,462.64
	b. Business Institutions	1,438.16
	c. Service Sector Institutions	4.97
	d. Others	623.52
<b>5</b>	<b>Short Term Working Capital/Demand Loan</b>	<b>20,661.24</b>
	a. Industrial Institutions	6,540.30
	b. Business Institutions	11,505.41
	c. Service Sector Institutions	992.37
	d. Others	1,623.17
<b>6</b>	<b>Residential Personal Home Loan (Up to Rs. 20 million)</b>	<b>6,604.03</b>
<b>7</b>	<b>Real Estate Loan</b>	<b>1,676.20</b>
	a. Residential Real Estate (except Residential Personal Home Loan upto Rs. 20 million)	714.97
	b. Commercial Complex & Residential Apartment Construction Loan	281.91
	c. Lending on Income Generated Commercial Complex	170.82
	d. Other Real Estate (Including Land Purchase & Plotting)	508.50
	i. Land Purchase and Plotting Loan	341.96
	ii. Others	166.54
<b>8</b>	<b>Margin Nature Loan</b>	<b>2,531.97</b>
	a. Loan above Rs. 1 Crore	1,931.53
	b. Loan above Rs. 50 Lakh to 1 Crore	228.39
	c. Loan above Rs. 25 Lakh to 50 Lakh	229.54
	d. Loan below Rs. 25 Lakh	142.51
<b>9</b>	<b>Hire Purchase Loan</b>	<b>3,460.95</b>
	a. Business Purpose	2,651.46
	b. Personal Purpose	809.49
<b>10</b>	<b>Deprived Sector Loan</b>	<b>7,113.34</b>
<b>11</b>	<b>Bills Purchased</b>	<b>1,646.76</b>
<b>12</b>	<b>Other Product</b>	<b>4,733.64</b>
	a. Credit Card	324.99
	b. Education Loan	3,571.35
	c. Loan against own FDR	348.18
	d. Loan Against Gold	2.11
	e. Others	487.01
	<b>TOTAL LOAN &amp; ADVANCES</b>	<b>147,057.25</b>

### Challenges faced by Bank in FY 2024/25 in terms of NPL management

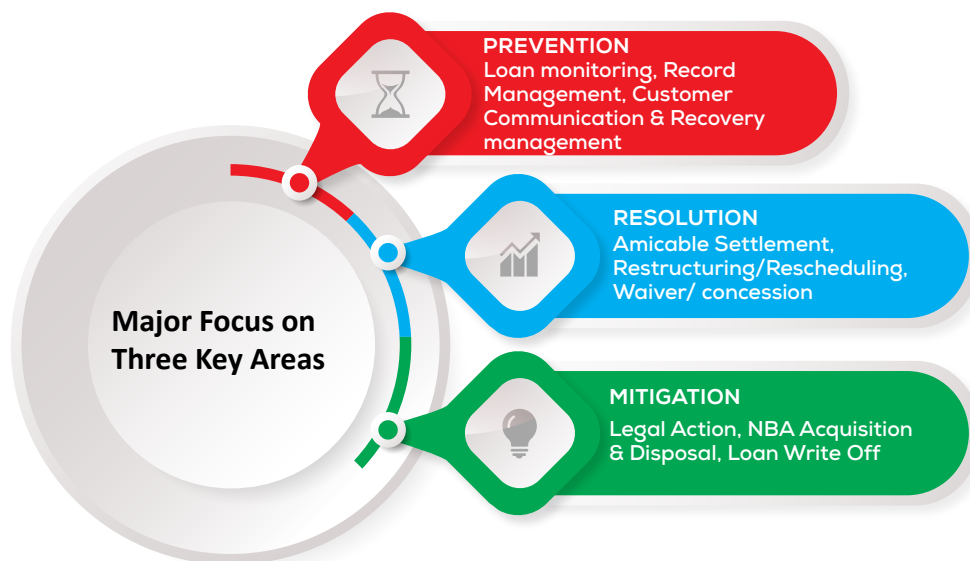
FY 2024/25 has been a challenging year for the Nepalese banking industry, marked by a continued rise in NPLs similar to FY 2023/24 and MBL has been no exception. Despite rigorous recovery efforts, the Bank's gross NPL ratio increased from 3.86% in FY 2023/24 to 3.96% in FY 2024/25. Persistent market constraints further limited the Bank's ability to achieve substantial recoveries.

During the current fiscal year, the actual increase in loan loss provisions amounted to NPR 0.87 billion. Additionally, the Bank successfully restructured its Sri Lankan bond exposure, resulting in a reversal of provisions totaling NPR 0.32 billion. After incorporating these adjustments, the net impact of loan loss provisioning stood at NPR 0.55 billion, despite the gross increase of NPR 0.87 billion in loan loss provisions.

### Gross NPL Ratio

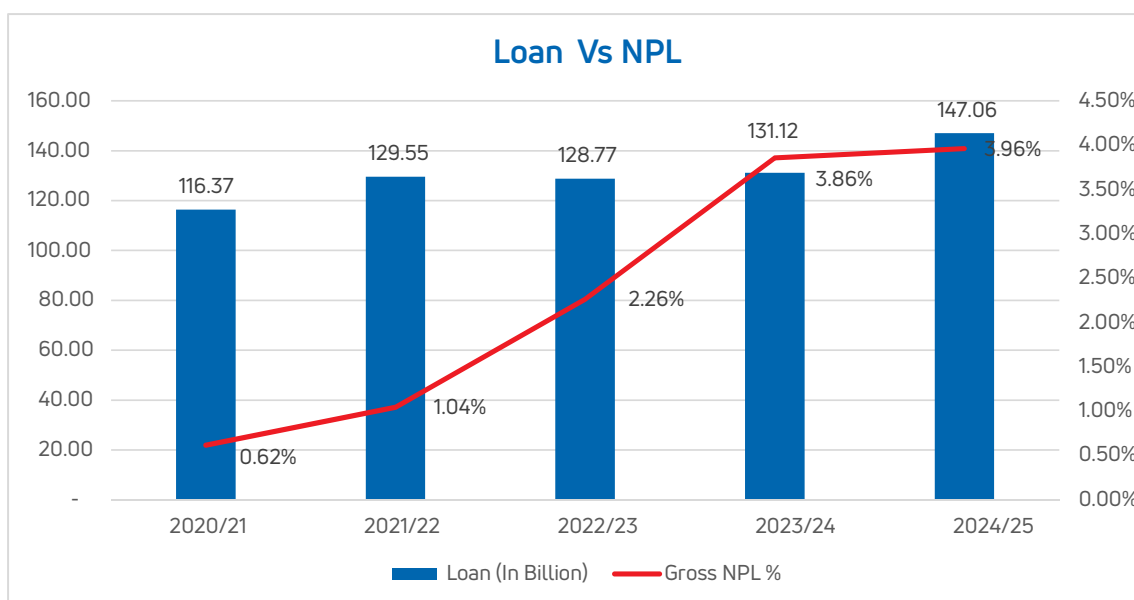


### NPL Management Strategy



## Sector Wise NPA

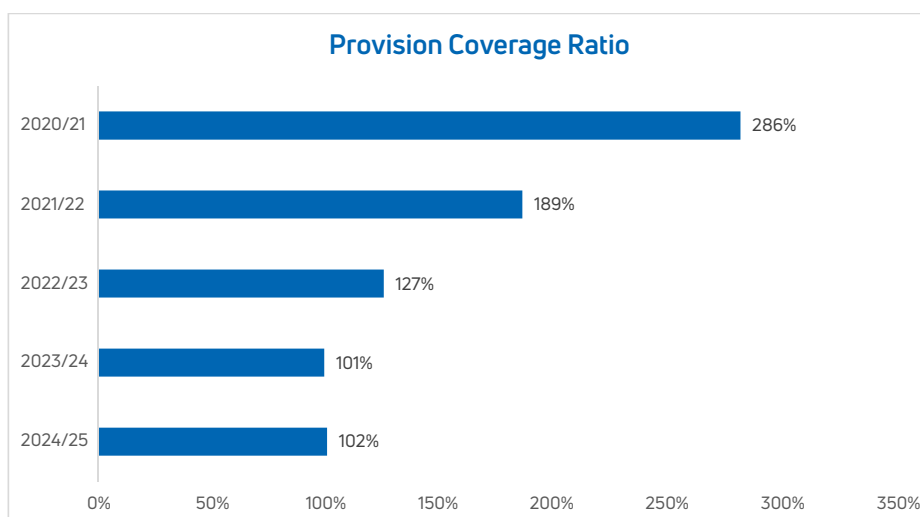
S.N.	Loan Sector	Non-Performing Loan								Total overdue loan	
		Restructure & Reschedule		Overdue by 3 to 6 months		Overdue by 6 months to 1 year		Overdue by more than 1 year		No.	Amount
		No.	Amount	No.	Amount	No.	Amount	No.	Amount		
1.00	Agriculture	-	-	65.00	64.99	78.00	109.31	283.00	224.45	426.00	398.76
2.00	Fishery	-	-	1.00	0.99	1.00	-	-	-	2.00	0.99
3.00	Mining	-	-	1.00	1.73	-	-	6.00	2.87	7.00	4.61
4.00	Agriculture, Forestry & Bevarige										
	Production Related	-	-	13.00	34.67	26.00	63.89	146.00	144.66	185.00	243.23
5.00	Non-food Production Related	-	-	10.00	16.38	23.00	83.25	73.00	121.96	106.00	221.59
6.00	Construction	-	-	26.00	337.49	26.00	44.65	117.00	305.92	169.00	688.05
7.00	Electricity, Gas and Water	-	-	-	-	-	-	13.00	70.80	13.00	70.80
8.00	Metal Production, Machinery and Electrical Tools	-	-	3.00	30.31	5.00	42.62	38.00	69.64	46.00	142.58
9.00	Transportation, Communications and Public Services	-	-	18.00	17.61	21.00	10.91	222.00	90.66	261.00	119.19
10.00	Wholesaler and Retailer	-	-	81.00	353.89	153.00	461.16	690.00	1,467.63	924.00	2,282.68
11.00	Finance, Insurance and Fixed Assets	-	-	-	-	1.00	5.40	3.00	48.60	4.00	54.00
12.00	Hotel or Restaurant	-	-	12.00	82.57	29.00	269.13	56.00	53.22	97.00	404.92
13.00	Other Service Industries	1.00	18.88	8.00	30.22	16.00	58.28	14.00	5.49	39.00	112.87
14.00	Consumable Loan	-	-	46.00	71.73	30.00	62.94	898.00	205.22	974.00	339.89
15.00	Local Government	-	-	-	-	-	-	-	-	-	-
16.00	Others	-	-	160.00	281.57	142.00	201.05	1,059.00	259.10	1,361.00	741.72
	<b>Total</b>	<b>1.00</b>	<b>18.88</b>	<b>444.00</b>	<b>1,324.15</b>	<b>551.00</b>	<b>1,412.60</b>	<b>3,618.00</b>	<b>3,070.24</b>	<b>4,614.00</b>	<b>5,825.86</b>



FINANCIAL RATIOS	FY 2024/25	FY 2023/24
<b>Capital Adequacy</b>		
Capital Fund to RWE	13.14%	13.74%
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	9.32%	9.25%
Core Capital to RWE	9.32%	9.25%
Total Deposit & Borrowing to Capital Fund (times)	8.28	7.78
Net Worth to Paid up Capital	161.65%	146.16%
Bank Capital to Total Assets (Core Capital/Total Assets -Gross)	7.46%	7.53%
Leverage Ratio (Core Capital/Exposure Measure as per CAF)	6.53%	6.60%
Growth of Capital Fund	7.95%	1.70%
Statutory General Reserve to Paid up Capital	28.19%	24.95%
Net Worth	18,786	16,986
<b>Assets Quality</b>		
RWE to Total Assets	80.03%	81.37%
LLP to Total Loan (as per NRB Directives)	4.06%	3.96%
NPL to Loan	3.96%	2.50%
Loans and Advances to Total Assets	68.57%	70.34%
Investment to Total Assets	21.64%	19.37%
Specific Provision to NPL	69.91%	94.92%
Earning Assets to Total Assets	91.63%	91.33%
Substandard Loan to NPL	22.73%	36.18%
Doubtful Loan to NPL	24.25%	21.14%
Loss Loan to NPL	52.70%	42.68%
Other Real Estate	0.35%	3.55%
Margin Nature Loan to Total Loan	1.72%	7.84%

### Provision Coverage Ratio

The Provision Coverage Ratio (PCR) of Bank as of 16 July 2025 stood at 102% which indicates that the bank has set aside enough funds to absorb future loan losses and is financially more secure.

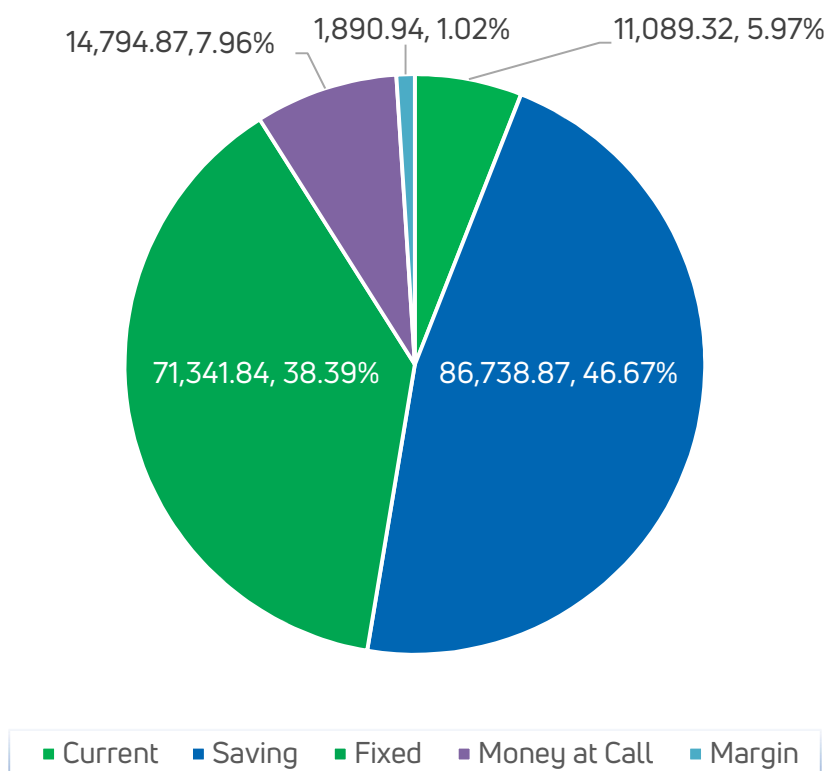


## Deposit

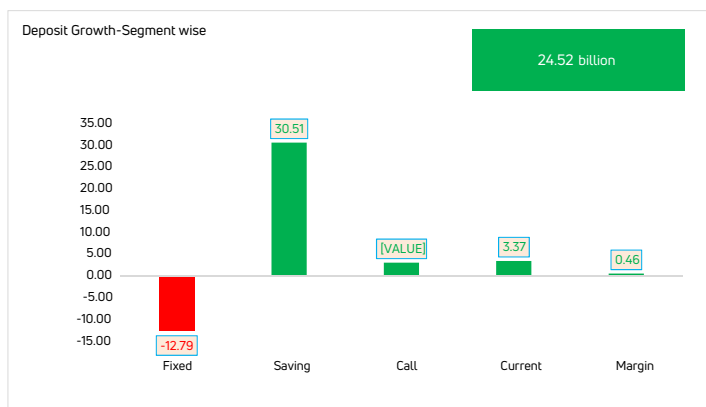
Overall deposit portfolio of the Bank has increased by NPR 24.52 billion (15.20%) in this FY 2024/25 compared with the actual deposit of FY 2023/24. In contrast, the deposit liability in the corresponding period of last FY had increased by NPR 3.04 billion.

Particulars	FY 2024/25		FY 2023/24	
	Amount (in Million)	Mix (%)	Amount (in Million)	Mix (%)
Saving Deposit	56,232	34.85%	86,739	46.67%
Fixed Deposit	84,129	52.15%	71,342	38.39%
Call Deposit	11,821	7.33%	14,795	7.96%
Current Deposit	7,721	4.79%	11,089	5.97%
Margin Deposit	1,432	0.89%	1,891	1.02%
<b>Total</b>	<b>161,334</b>	<b>100%</b>	<b>185,856</b>	<b>100%</b>

In terms of deposit mix, savings deposits, call deposits, current deposits, and margin deposits grew by 54%, 25%, 44%, and 32%, respectively. Conversely, fixed deposits decreased by 15%. As a result, the deposit composition for the current fiscal year stands at 38.39% for fixed deposits, 46.67% for savings deposits, 7.96% for call deposits, 5.97% for current deposits, and 1.02% for margin deposits, compared to the previous fiscal year.



- The total change in the deposit portfolio reflects significant growth across several segments, with an increase of NPR 30.51 billion in savings deposits, NPR 2.97 billion in call deposits, NPR 3.37 billion in current deposits, and NPR 0.46 billion in margin deposits. However, a decrease of NPR 12.79 billion was observed in fixed deposits. These changes collectively resulted in an overall increase of NPR 24.52 billion in the total deposit portfolio.



- The total industry share of the Bank in terms of Deposit liability stands at 2.80%. Out of 20 commercial banks, the current market share is below the average market share of 5%.

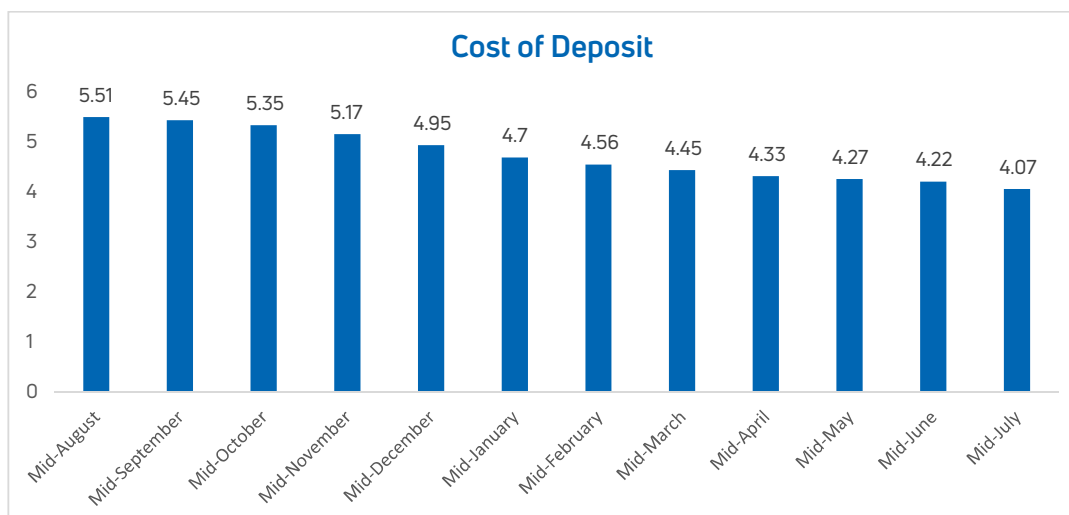
## Deposit Category

Particulars	FY 2024/25		FY 2023/24	
	Deposit Amount	(%)	Deposit Amount	(%)
Institutional	32,302	20.02%	37,306	20.07%
Individual/ Others	129,032	79.98%	148,550	79.93%
<b>Grand Total</b>	<b>161,334</b>	<b>100.00%</b>	<b>185,856</b>	<b>100.00%</b>

## Ratios

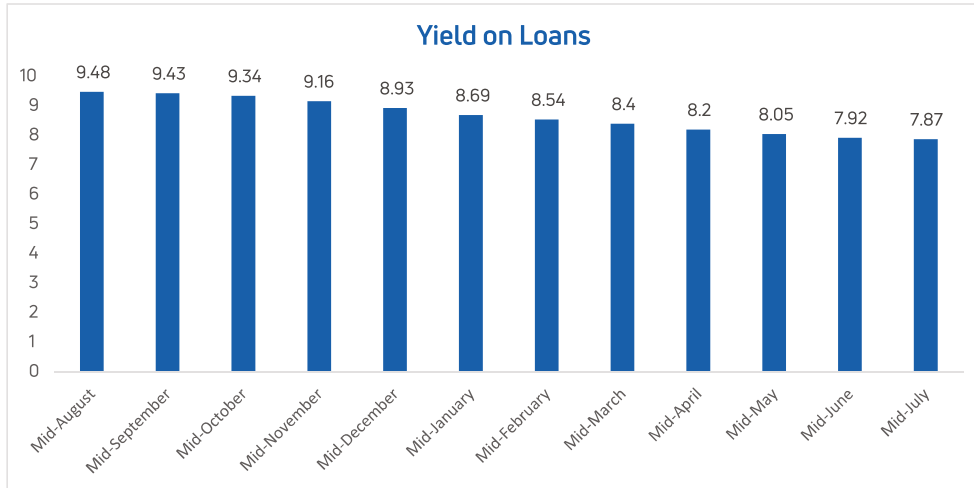
### Cost of Deposit

- The average cost of deposit as of 16 July 2025 stood at 4.07%.
- The trend in the cost of deposits for FY 2024/25 is illustrated below:



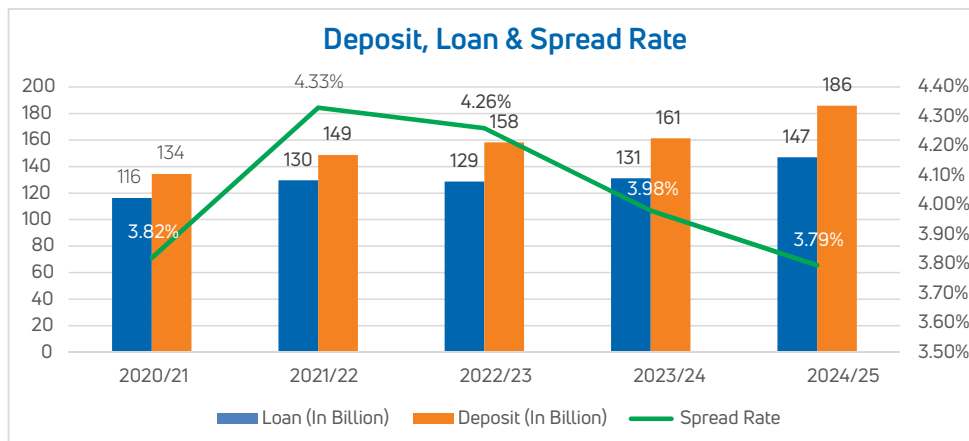
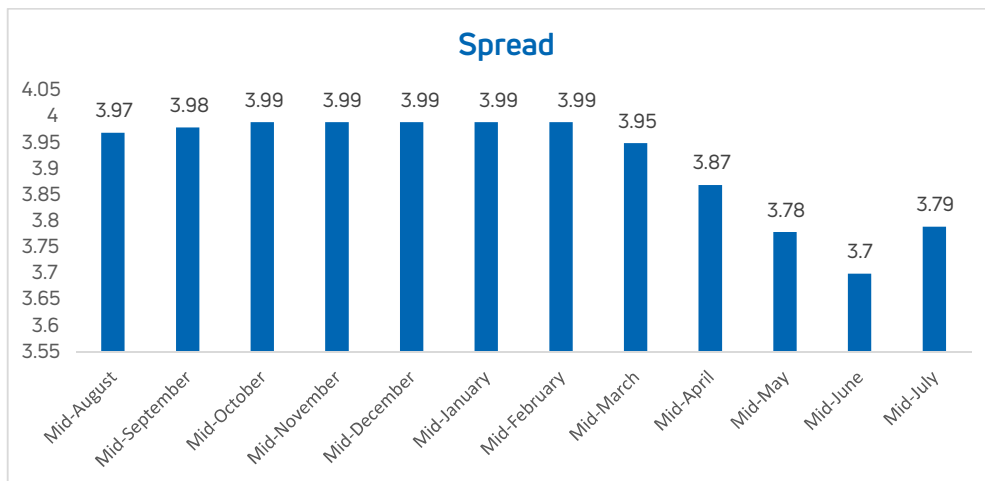
### Average Yield on Loan

- The average yield as of 16 July 2025 stood at 7.87%. Spread Rate



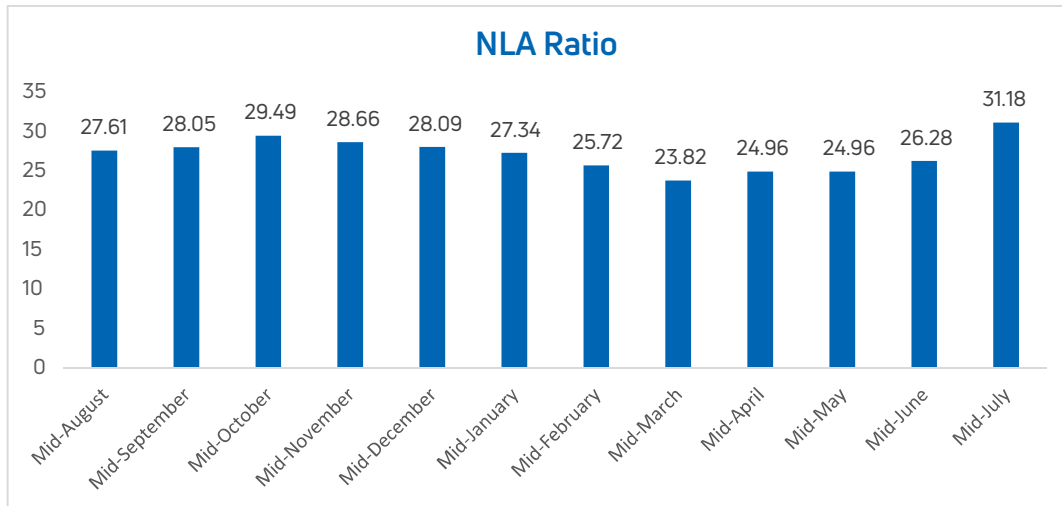
### Spread Rate

- The NRB Spread, including LCY loans and LCY deposit, stood at 3.79% as of 16 July 2025. Bank's able to maintain spread within the prescribed spread limit of 4% by NRB.

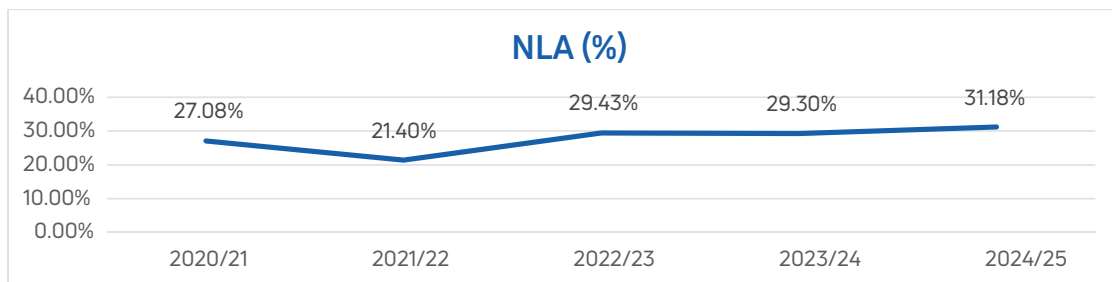


## Net Liquidity Assets (NLA)

The NLA Ratio stood at 31.18% as of 16 July 2025 which is well above the regulatory requirement cap of 20%.



## NLA of Last Five Years



## Core Capital requirement

The capital of the Bank consists of Tier I (Core) capital and Tier II (Supplementary) capital. The key element of capital on which the main emphasis should be placed on is the Tier I (Core) capital.

Tier I Capital refers to the core capital of the Bank, which includes equity capital and disclosed reserves. These funds are generated specifically to support banks when losses are observed so that regular business functions do not have to be shut down.

- **Minimum Tier I capital requirement**

According to the regulatory requirement, every bank should maintain its minimum Tier I capital of 8.5%. Further, in addition, NRB has implemented Counter cyclical buffer (CoCB) from FY 2024/25, however CoCB has been set as Zero for the Fiscal year 2024/25.

- **Tier I ratio**

The Tier I ratio of the Bank is above the minimum regulatory mark at all times. The bank has been able to maintain Tier-I above 8.5% during the FY 2024-25.



## **STRESS TESTING**

In line with the regulatory requirement to strengthen the risk management system of the Bank, Machhapuchchhre Bank Ltd has been undertaking periodic stress testing. The aim of the Bank in undertaking this Stress Testing is to be aware of the possible shocks of adverse situations related to several category of risks that the Bank is exposed to or may be exposed to and thereby be able to timely develop a working plan to tackle those shocks. To facilitate a uniform stress testing across the organization, the Bank has formulated an official "Stress Testing Policy" in line with the NRB Guidelines for Stress testing, which governs the overall stress testing mechanism of the Bank.

The Stress Test comprised of three key risk factors, namely Credit Risk Analysis, Market Risk Analysis and Liquidity Risk Analysis. The test involved determination of key assumptions and construction of "stressed situations" under each risk factor. The stressed situations further involved certain changes in the major variables under each risk factor and the analysis of the impact of such changes on the CAR, NPL and/or Liquidity Ratio.

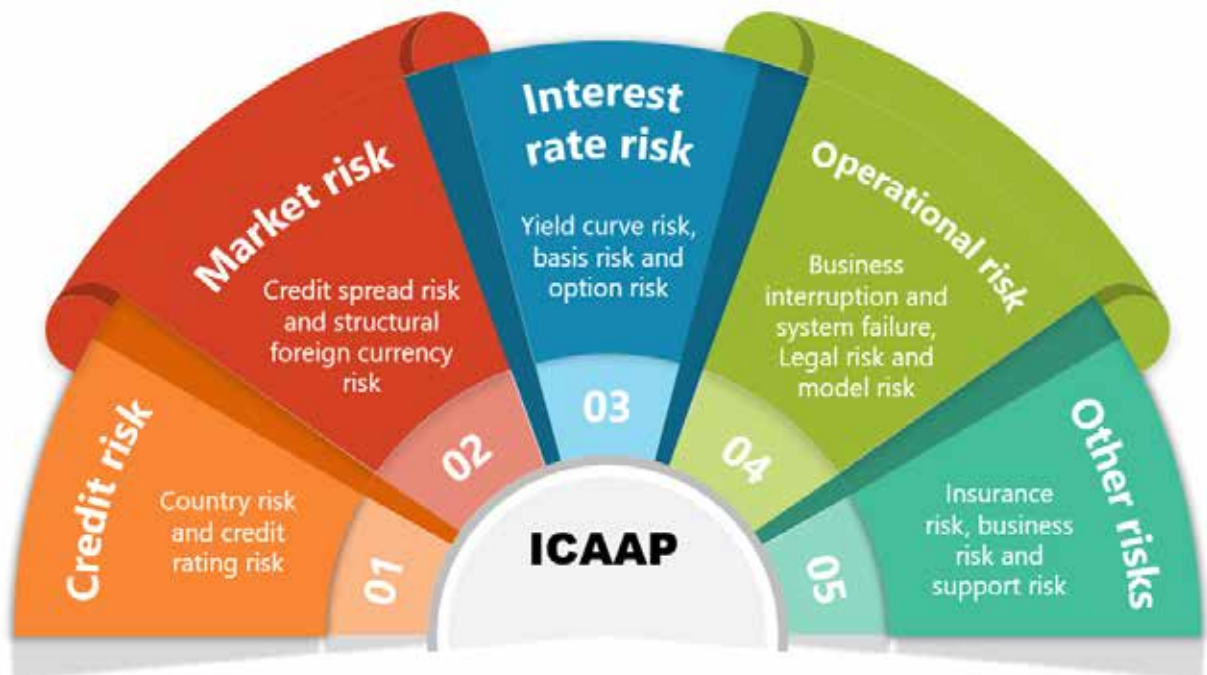
Bank has been carrying reverse stress testing as guided by NRB. The test comprise of various stress scenario under which the banks assess the adequacy and cushion of capital before it falls below the regularity benchmarks.

## ICAAP

The Internal Capital Adequacy Assessment Process (ICAAP) presents the results of the internal assessment undertaken by Machhapuchchre Bank Ltd of its internal capital requirements for every quarter. This assessment has been undertaken to enable the Bank to assess and maintain, the amounts, types and distribution of internal capital, adequate to cover at all times the nature and level of risks to which the Bank is or might be exposed to and facilitate to strengthen the governance and organizational effectiveness. The capital requirements has been analyzed on the basis of the minimum regulatory capital requirement as well as requirement on the basis of sufficiency to cover all material risks mainly credit, market, operational risk, equity, interest rate risk as well as other risks and assessing the prudent levels of capital to meet them.

The ICAAP is expected to reflect the risk management approach embedded in the Bank. The purpose of ICAAP is to inform the Board and stakeholders of the ongoing assessment of the bank's risks, how the bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

The Bank has its focus on containing risks and conserving capital within risk appetite of the Bank. The primary focus has been on the risk weighted balance sheet rather than the nominal balance sheet. The Bank regularly monitors the risk associated with its business and proactively takes measures to mitigate them. Overall, the broad principles laid down on risk management by the Bank set the risk appetite tone of the Bank and proactively monitor the various risks that may arise. Bank has defined risk tolerance limit and monitor regularly.



## CAPITAL PLAN

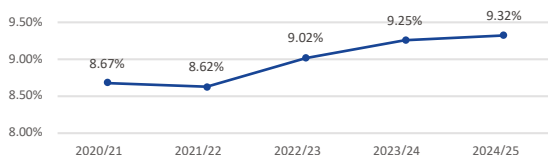
Bank has planned to grow business by duly complying the regulatory ratios specified by NRB. As, in the recent times there is less cushion in Tier I capital, the bank aims to manage the capital through various strategies. Among them MBL plans to manage the disbursement of loan through plough back of the profit concept. The bank aims to effectively manage the risk and grow the risk assets with lower risk weight. Disposal of Non-Banking Assets has been one of the priority of the bank and accordingly the bank has been able to dispose-off significant volume of Non-Banking Assets in this fiscal year.

NRB has supported for issuance of Non-Cumulative Preference Shares in order to support the capital of the bank. On this backdrop, the management of the bank has been assessing the viability of this instrument for the bank as well and will be putting the agenda for discussion in AGM as well.

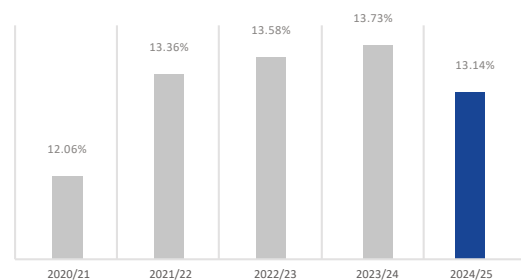
### Core Capital Management Strategy



### Core Capital Ratio of Last Five Years



### Total Capital Adequacy Ratio (CAR) of Last Five Years



Analysis of Earning	FY 2024-25	FY 2023-24
Net Profit to Average Assets	0.90%	0.54%
Earning Per Share (in Rs.)	16.21	8.99
Market Value Per Share (in Rs.)	259.41	200
P/E Ratio (MPS/EPS) Times	16.00	22.24
Net Interest Income to Average Assets	2.75%	2.59%
Operating Profit before Impairment to Average Assets	1.77%	1.59%
Operating Profit after Provision to Average Assets	1.51%	0.87%
Interest Income to Total Income	87.72%	90.43%
Fee & Commission Income to Total Income	9.57%	7.42%
Net Exchange Earnings to Total Income	2.39%	1.59%
Other Income to Total Income (Excl. Foreign Exchange Earnings)	0.32%	0.57%
Interest Expenditure to Total Expenses	59.87%	67.07%
Staff Expenses to Total Expenses	16.73%	12.05%
Other Operating Expenses to Total Expenses	5.77%	4.74%
Impairment Charge/(Reversal) to Total Expenses	3.78%	8.08%
Other Expenditure to Total Expenses	13.86%	8.07%
Transfer to General Reserve from Net Profit	20.00%	20.00%
Interest Income to Loan & Investments	7.46%	9.73%
Interest Expenses to Deposit & Borrowings	4.54%	6.86%
Personnel Expenses and Office Expenses to Total Income	19.95%	15.83%





## TECHNOLOGY

The banking sector is undergoing a profound transformation fueled by rapid technological disruption. Traditional legacy models have evolved into dynamic digital ecosystems, offering financial services with unprecedented convenience and efficiency. This integration of cutting-edge technology has revolutionized the customer experience, enhancing security, speed, and accessibility.

As a result, modern customers now demand seamless, on-demand services. With 24/7 access to their accounts, the need to visit physical branches for routine tasks—such as fund transfers, bill payments, or even complex processes like opening Savings or DEMAT accounts—is rapidly diminishing. This shift is driven by a growing preference for instant interactions that accommodate increasingly hectic lifestyles.

In response to these evolving needs, MBL provides a robust suite of digital platforms designed to deliver a frictionless banking experience. From the comfort of their homes or remote locations, customers can now manage their entire financial lives—opening accounts and executing transactions with ease. By embracing these digital solutions, MBL is not just meeting current demands but is actively charging toward its goal of becoming a “Smart Bank” by 2027.

MBL guarantees that every customer has access to a comprehensive range of financial services—delivered securely, effectively, and at the speed of life.

**MBL M-Smart: An Omni-Channel Banking Companion**

MBL M-Smart is redefining the banking experience with its visionary “Banking on-the-go” concept. By integrating a comprehensive suite of financial and non-financial services into a single, user-friendly interface, M-Smart empowers customers to manage their finances without ever needing to visit a physical branch.

This cutting-edge, omni-channel strategy establishes M-Smart as the pinnacle of convenience, offering users secure and seamless access to their accounts anytime, anywhere. With over 1.1 million users already on board, the widespread adoption of M-Smart stands as a testament to its reliability, innovation, and superior user satisfaction.

- 1. View Account Information**
  - a. Balance Enquiry
  - b. View Statements
  - c. Share Account Information
- 2. Fund Transfer**
  - a. Intra-Bank Fund Transfer
  - b. Inter-Bank Fund Transfer
- 3. Utility Bill Payments (Top-up, electricity, Air Tickets, Water Landline, Internet and so on)**
- 4. QR Payments**
- 5. Credit Card Bill Payment**
- 6. Load Digital Wallets such as eSewa, Khalti by IME, etc.**
- 7. Open Fixed Deposits**
- 8. Instant Loan Against FD**
- 9. Save and Schedule payments of regular nature**
- 10. SMS Banking – banking services without internet**
- 11. Smart Loan- preapproved instant loan**
- 12. Schedule Payments**
- 13. Card Web Services**
- 14. NFC Payment**

## 15. SMS in International Number

The bank in partnership with NCHL, has implemented inward cross-border remittance functionality through the National Payment Interface Cross-Border (NPIX) platform. This has enabled our customers to receive real-time Person-to-Person (P2P) transfers from India using UPI-based Virtual Payment Addresses (VPAs). Further, the necessary exercise for P2P outward remittance is also being done which will enable the Indian customer to directly remit the fund to India using VPAs ID of beneficiary whose bank account is linked in UPI network in India. Real time remittance can be made by them within a few minutes.

MBL Express Banking: Web based Internet Banking solution

Customers of MBL Express Banking can conveniently manage their accounts from the convenience of their homes or offices with flawless online banking experience. A variety of services and functionalities are offered to clients through the retail module of MBL Express Banking.

1. View Account Information
  - a. Balance Enquiry
  - b. Extract Account Statements
2. Fund Transfer
  - a. Intra-Bank Fund Transfer
  - b. Inter-Bank Fund Transfer
3. Utility Bill Payments (Top-up, electricity, landline, internet and so on)
4. Credit Card Bill Payment
5. Load Digital Wallets such as eSewa, Khalti by IME, etc.
6. Open Fixed Deposits
7. Schedule and save payments of regular nature

MBL Express Banking offers Corporate Express Banking in addition to the retail module, giving businesses easy access to a full range of banking services right from their workplaces. Processes

like staff management, vendor payments, and salary transfers can all be done in bulk. Even for corporate houses with numerous signatories, the corporate module of MBL Express Banking is developed with a strong "Maker" and "Checker" philosophy, ensuring a secure and effective online banking experience.

### MBL Cards

Carrying large amounts of cash is impractical and poses risks. MBL provides a variety of card alternatives in both NPR and USD currencies in order to address this. These include:

1. Visa Debit Cards (NPR)
2. Visa Credit Cards (NPR)
3. Visa International Credit Cards (USD)
4. Visa Prepaid Dollar Cards (USD)
5. MBL Smart Dollar Card (USD) with a load limit of USD 500 per year for international e-commerce transactions

### Priority Pass Facility

By entering into the Priority Pass Sales Agreement with Priority Pass (A.P.) Limited (PPAP), the Bank has initiated a significant step toward providing world-class travel benefits to our valued customers. Priority Pass is offered at a subsidized rate to customers using VISA International Credit Cards with Priority Pass facilities. Priority Pass is the world's largest independent airport lounge access program, offering members seamless access to 1,700+ airport lounges worldwide. Customers can enjoy these lounges at airports partnered with VISA, ensuring enhanced comfort and convenience during air travel. The overall network, membership services, and program management of priority pass are handled by Collinson International. Collinson maintains global standards while partnering with independently run lounges to deliver a premium experience. Through this collaboration, the Bank aims to elevate customer experience by offering exclusive travel privileges and ensuring a more comfortable journey for frequent flyers.

## ATM

Customers have the freedom to conduct various financial operations, such as cash withdrawals, and balance enquiries, at any hour of the day using automated teller machines (ATMs). The need to visit busy bank branches is replaced by these self-service machines, which offer quick and convenient cash withdrawal services. Customers can also examine mini statements and conveniently check the balances of their accounts.

A comprehensive network of more than 199 ATM locations has been installed by MBL throughout the nation. Customers are guaranteed convenient access to ATM services in various locations. The round-the-clock availability and accessibility of MBL's ATMs reduces reliance on conventional brick-and-mortar branches and promotes a seamless banking experience.

MBL gives its customers the ability to do necessary banking chores at their convenience by utilizing the power of ATMs, facilitating quick and simple financial transactions. These ATMs supports both card as well as card less withdrawals. The card less withdrawals is done using M-Smart.

## QR Payments

Two-dimensional barcodes, Quick Response (QR) codes are used to store data. They have developed into a practical way for businesses and retail consumers to quickly and easily receive payments from their customers. Users can scan QR code and make contactless payments using MBL M-Smart app or digital wallets. This kind of payment has been crucial in accelerating the shift to a cashless society.

The fact that Machhapuchchhre Bank Limited has over 80,000 registered QR merchants' shows how widely accepted QR code payments are. By utilizing this technology, MBL makes transactions more secure and effective, improving the practicality and simplicity of the payment procedures for

both businesses and customers. The transition to a cashless world is accelerated by the frictionless and contactless payment experience provided by QR code payments. With dynamic QR integration in client's payment platforms, MBL is providing convenience the merchants and hassle free payment to its customers. MBL stands itself at forefront to drive the digital payments in Nepal by constantly innovating itself to simplify the payment centering on safety and convenience.

Both Fonepay QR and NepalPay QR networks now support cross-border QR payments, enabling international customers to make seamless digital payments at MBL-acquired merchants. Customers holding bank accounts or wallet accounts linked to the UPI network in India can easily make QR-based payments through the Fonepay network. In addition, customers from 11 countries associated with the Alipay+ network (i.e China, Hong Kong, Italy, Macau, Malaysia, Mongolia, Philippines, Singapore, South Korea, Thailand, and Germany) can make payments using application of respective banks or digital wallets. Fonepay supports both Alipay+ and UPI, while NepalPay currently supports Alipay+ for cross-border transactions. The bank also facilitates QR payments through WeChat Pay, allowing Chinese customers to pay using their WeChat wallet. Furthermore, MOCO QR accepts payments from multiple national and international payment networks including Visa and Mastercard. Users can link their Visa or Mastercard debit/credit cards in the MOCO app, and then pay at merchants by scanning the QR code without need to load funds in advance.

## MBL QR Sound Box

For the First time in Banking Industry, MBL have successfully introduced revolutionary MBL QR SOUND BOX instant payment notification system, a cutting-edge device that will significantly enhance our merchant relationships, retention of the QR merchants and streamline the

validation process for QR payments. This unique product is currently unparalleled in the Nepalese market, providing us with a distinct competitive advantage.

The MBL QR Sound Box is an innovative tool that not only validates QR payments but also provides real-time payment success notification to merchants and their customers. Upon scanning the QR code and making a payment, the device will audibly announce the transaction amount. This feature is designed to help merchants identify and confirm the payment amount, ensuring transparency and enhancing their overall experience. Currently, QR Sound device supports both network i.e FonePay & NepalPay.

### **POS Terminals**

The shift of Nepal's economy to a cashless one is greatly aided by POS (Point of Sale) systems. By placing over 2500 + POS terminals in a various outlet around the nation, MBL has made great progress in this area. These POS terminals offer a variety of payment choices and accept cards from the VISA, MasterCard, and Union Pay networks helping merchants to receive payments from domestic and international customers.

The convenience of electronic payment transactions is offered to businesses and customers through MBL's wide network of POS terminals. These terminals help grow digital transactions and lessen dependency on cash-based transactions by providing secure and effective card payment processing. MBL's aim to promoting a cashless economy and offering clients a variety of payment choices is demonstrated by its commitment to increasing the accessibility of POS terminals. The work out for Smart & Intelligent POS machine is being done. Instant Payment Voice Notification System inbuilt in device provides real time voice notification for each completed transaction. Dynamic QR & dynamic billing for each transaction is done.

Billing integration in POS terminals has also been done by the bank.

MBL actively contributes to the development of Nepal's digital payment infrastructure by deploying smart POS terminals, enabling smoother and more secure transactions for both clients and companies.

### **Branchless Banking**

For people living in distant places with little access to conventional bank branches, branchless banking services are essential for achieving financial inclusion. Machhapuchchhre Bank Ltd has established a network of more than 88 Branchless Banking Agents. These representatives are committed to providing the public with practical and easily accessible financial solutions while providing crucial banking services in rural and remote locations. Agency banking has improved the financial access and bridge the financial access gap by supporting national financial inclusion goals. Further, it has been helping government to distribute Social Security Allowances in remotest part of the country where access is completely dead end.

The Branchless Banking Agents of MBL function as bridge builders, connecting the bank with remote areas. MBL expands its reach to these areas by utilizing technology and strategic alliances, ensuring that they have access to crucial financial resources. Through these agents, people who live in rural locations can now take use of the convenience and advantages of financial services, promoting empowerment and economic growth in previously underserved areas. The transaction is completed through biometric authentication from the TAB device provided by the bank to the agent.

### **Buy Now, Pay Later (BNPL)**

Instapay, a BNPL value-added product offered by MBL through its credit card services, provides

financing options for consumer durables. With Instapay, customers can conveniently purchase a wide range of items such as home appliances, electronic gadgets, furniture, jewelry, and more, and repay the amount in easy installments.

MBL has partnered with over 250+ businesses, guaranteeing that Instapay consumers have access to a wide range of goods and services. This makes it possible for people to satisfy their shopping demands while taking advantage of the convenience of installment payments with their MBL credit cards. Customers using Instapay services benefit from a smooth and delightful purchasing experience because of MBL's vast network of merchant partnerships.

### **Online Account Opening**

At present context, people have started to interact with banks virtually rather than visiting actual bank offices to complete chores like opening bank accounts or Demat accounts in today's hectic world. Understanding the scenario, MBL has made the procedure very simple and convenient by introducing online account opening capabilities through its website and other digital banking channels. Customers no longer need to physically visit banks in order to open bank accounts; they may do so at their own leisure and from anywhere. Due to the flexible and convenient access provided by this digital innovation, people can now conveniently fit banking services into their hectic modern schedules.

### **WeChat Pay**

MBL being the first bank in Nepal to provide WeChat Pay, has accomplished a critical milestone. WeChat Pay, which already has over 6,000+ enrolled shops, provides a simple and secure payment option that is especially useful to Chinese tourists as well to Nepali traders facilitating smooth payment. By using WeChat Pay QR codes, this cutting-edge platform allows MBL merchants to accept payments from abroad, acting as acquirers for global trade. The addition

of WeChat Pay by MBL strengthens convenience and broadens the range of payment alternatives available to both domestic and foreign clients, further establishing the bank as a pioneer in online banking services. During FY 2024-25, the bank has also become Principal Agent for WeChat Pay which has further ease the digital payment of Chinese customers.

### **Merchant Management System(MMS)**

The Bank has implemented a Unified Merchant Management System (MMS) to streamline and strengthen the end-to-end management of QR and POS merchants. The development of a Payment Orchestration Platform like MMS has significantly enhanced operational efficiency by enabling merchants to easily accept digital payments, view settlements, monitor transactions, access reconciliation reports, and manage service requests through a single interface. The 360° view of each merchant's digital transactions via MMS has enabled better insight into transaction patterns, risk profiles, and service requirements. The MMS has improved merchant onboarding, documentation handling, risk evaluation, and service delivery, ensuring faster turnaround time and greater transparency. With this unified system in place, bank will be able to support a rapidly growing merchant base and provide a seamless digital payment experience across its QR and POS ecosystem. Further, MMS is in a position to support Unified QR where single QR will support the payments from different QR networks i.e QR interoperability exists.

### **MBL Smart Loan**

MBL Smart Loan is bank's fully digital, analytics-driven lending product designed to provide customers with instant credit based on their banking behavior and transaction profile. The product leverages real-time data, machine-learning-based confidence scoring, and automated limit determination to ensure quick,

paperless, and collateral-free access to credit. Smart Loan for individuals enables eligible MBL customers to instantly obtain small-ticket personal loans through the MBL M-Smart. Loan eligibility is derived from customers' account behavior, salary income and repayment history. The system generates loan limit, ensuring fair, consistent, and risk-based credit decisions. This product has significantly improved customer experience by providing 24/7 access, instant disbursement, and fully digital processing, contributing to MBL's vision of expanding digital-first lending. Further, the bank is introducing Smart Loan for QR Merchants, a product currently in the rollout pipeline. This offering utilizes merchants' QR transactions, business turnover, digital activity, and account conduct to assess eligibility and determine loan limits. The product aims to empower small and micro-entrepreneurs by providing quick working-capital support without the need for traditional collateral.

### Digital Financial Literacy Initiatives

To promote digital awareness among youth and students, the Bank introduced an innovative financial literacy program titled "Biddharthi Sanga Machhapuchchhre." Under this initiative, MBL published a digital comics book and launched an animated cartoon series focused on enhancing understanding of digital banking, safe transactions, cyber awareness, and responsible financial behavior. These engaging, age-friendly learning tools have helped the Bank reach younger audiences effectively, fostering early adoption of digital banking practices while supporting the national agenda of expanding financial literacy across communities.

### AI/ML Development and Journey Toward Smart Banking

The Bank has initiated groundwork for the adoption of Artificial Intelligence (AI) and Machine Learning (ML) to support case-based decision making in the future. These efforts form part of the Bank's long-term digital transformation roadmap aimed at enhancing automation, improving service efficiency, and strengthening data-driven decision capabilities. While implementation is ongoing, the Bank has prioritized building the necessary foundation to integrate advanced analytics into its core operations in the coming years. In alignment with the Bank's vision of becoming a Smart Bank, preparations have also begun for the establishment of a Smart Hub, a dedicated self-banking service center designed to promote automated, digital-first customer service. A Smart Hub shall combine physical presence with digital capability, offering 24/7 banking access to clients through automated and digitally integrated devices. This digital-first setup will cater tech savvy customer especially to Gen Z and Gen Alpha (future customer), who prefer seamless, contactless, and smart interactions in banking. The presence of ATM, cash deposit machine, cheque deposit machine, kiosk machine, etc in Smart Hub will make banking simple & flawless. Although the Smart Hub is yet to be launched, its planned introduction reflects the Bank's commitment to providing convenient, technology-enabled banking solutions. The Smart Hub will be expanded to other cities as part of the Bank's future digital expansion plans.

### Growth Status of Digital Product

Fiscal Year Change	M-Smart	I-Banking	Debit Card	Credit Card	Prepaid Card
2020-21 → 2021-22	63.23%	42.77%	34.36%	23.39%	256.81%
2021-22 → 2022-23	16.55%	16.97%	10.41%	16.70%	50.29%
2022-23 → 2023-24	15.07%	14.34%	2.90%	5.97%	6.98%
2023-24 → 2024-25	10.87%	9.06%	-3.97%	-17.02%	20.07%

**Assets/Liability Management**

Amount in Million

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
<b>Assets</b>							
1	Cash Balance	2,581.28					2,581.28
2	Balance with Banks & FIs	10,296.31					10,296.31
3	Investment in Foreign Banks	4,884.80					4,884.80
4	Call Money						
5	Government Securities	10,300.00	900.00	750.00	2,600.00	26,637.55	41,187.55
6	Nepal Rastra Bank Bonds						
7	Inter Bank & FI Lending						
8	Loans & Advances	34,511.53	13,858.26	6,281.83	6,295.50	86,110.13	147,057.25
9	Interest Receivable	2,850.66	1.73	0.01			2,852.39
10	Reverse Repo						
11	Receivables from other Institutions under Commitment						
12	Payment to be made for facilities under s.no 20,21 & 22	26,138.32	3,396.52	1,421.70	2,192.15	8,440.30	41,589.00
13	Others	648.03	142.25	1.16	13.69	9,182.64	9,987.78
	<b>Total Assets (A)</b>	<b>92,210.93</b>	<b>18,298.76</b>	<b>8,454.70</b>	<b>11,101.34</b>	<b>130,370.62</b>	<b>260,436.36</b>
<b>Liabilities</b>							
14	Current Deposits	819.45				10,269.87	11,089.32
15	Saving Deposits	9,430.42				92,103.32	101,533.74
16	Fixed Deposits	18,391.06	13,488.46	10,162.88	15,379.62	13,919.81	71,341.84
17	Debentures					5,253.50	5,253.50
18	Borrowings:	1,000.00		2,064.00			3,064.00
	(a) Call/Short Notice						
	(b) Inter-bank/Financial Institutions	1,000.00				1,000.00	
	(c) Refinance						
	(d) Others			2,064.00			2,064.00
19	Other Liabilities and Provisions	3,466.83				1,165.02	4,631.85
	(a) Sundry Creditors	1,400.05					1,400.05
	(b) Bills Payable	339.74					339.74
	(c) Interest Payable	112.05					112.05
	(d) Provisions					904.00	904.00
	(e) Others	1,614.99				261.02	1,876.01
20	Payable to other institutions under Commitment	32,68.65	1,233.47	137.80	17.20	0.81	4,657.93
21	Unutilized Approved Facilities	11,868.64				2,278.70	14,147.34
22	Letter of Credit/Guarantee (Net of Margin)	11,001.04	2,163.04	1,283.91	2,174.95	6,160.79	22,783.73
23	Repo						
24	Payment to be made for facilities under S.No 11						
25	Others	197.38				1,693.56	1,890.94
	<b>Total Liabilities (B)</b>	<b>59,443.46</b>	<b>16,884.98</b>	<b>13,648.59</b>	<b>17,571.78</b>	<b>132,845.38</b>	<b>240,394.18</b>
	<b>Net Financial Assets (A-B)</b>	<b>32,767.47</b>	<b>1,413.78</b>	<b>-5,193.88</b>	<b>-6,470.43</b>	<b>-2,474.76</b>	<b>20,042.18</b>
	<b>Cumulative Net Financial Assets</b>	<b>32,767.47</b>	<b>34,181.25</b>	<b>28,987.37</b>	<b>22,516.94</b>	<b>20,042.18</b>	

## Key Contributions to The Nation

### 1. TAX Contributions



Particulars	NPR in "Million"
Withholding Tax	911
Corporate Tax	889
<b>Total</b>	<b>1,800</b>

### 2. CSR Contributions

S. No.	Sector	Amount in NPR
1	Education	2,986,508.10
2	Environmental protection	31,0000.00
3	Financial literacy	856,615.86
4	Health	1,575,906.25
5	Humanitarian aid and rescue	2,739,560.00
6	Other	1,120,355.51
	<b>Total</b>	<b>9,219,945.72</b>

#### Financial Calendar 2024/25

1st Quarter Result Issued	:	23 October 2024
2nd Quarter Result Issued	:	20 January 2025
3rd Quarter Result Issued	:	19 April 2025
4th Quarter Result Issued	:	5 August 2025
AGM Clearance obtained from NRB	:	4 September 2025
AGM Notice Published Date	:	5 September 2025
AGM Date	:	26 September 2025

#### Financial Calendar 2023/24

1st Quarter Result Issued	:	3 November 2023
2nd Quarter Result Issued	:	19 January 2024
3rd Quarter Result Issued	:	19 April 2024
4th Quarter Result Issued	:	5 August 2024
AGM Clearance obtained from NRB	:	20 December 2024
AGM Notice Published Date	:	21 December 2024
AGM Date	:	12 January 2025

# Priority Banking

The service sector is profoundly characterized by the level of service to win client's trust and gain their loyalty. Indeed, level of service is the overarching tool, banks have been using for inducing the clients to make a choice for establishing firm footing in the market. MBL takes pride to announce that we have established Priority Banking service for our customer.

Priority banking is comparably innovative banking dimension which endeavors to differentiate the bank from the traditional banking. The segment is established and harnessed to build a stable client's pedestal which the bank can rely on both during the spells of sufficiency and resource crisis in the market.

The unique value proposition offered with priority banking is expected to provide impetus for liabilities growth of the bank. The priority banking concept in banking primarily assist the bank to onboard affluent and prominent stature clients within its portfolio. Banks have been vying for winning those clients contemplating their capacity to avail multiple banking products which can contribute for higher revenue generation per client.



## Strategic Foresight: PESTEL Analysis

To maintain a resilient and competitive edge, Machhapuchchhre Bank Limited (MBL) employs PESTEL analysis to systematically monitor the macro-environmental forces shaping its operations. This comprehensive framework evaluates the Political, Economic, Social, Technological, Environmental, and Legal dimensions of the external landscape.

By identifying these critical external drivers, the Bank gains a deeper understanding of its internal strengths and competitive positioning. This data-driven approach allows MBL to anticipate industry shifts, mitigate risks, and align its long-term strategy with the evolving global and domestic environment.

	Degree of Impact
P- Political	HIGH
E-Economic	HIGH
S-Social	MODERATE
T-Technological	HIGH
E-Environmental	HIGH
L-Legal	HIGH

### Political Factors

- Proactive government monetary and fiscal policies
- Stable political climate
- Public sector investment in large-scale infrastructure
- Consistent and reliable regulatory environment
- Rising sovereign debt impacting the national budget
- Strategic policy reforms aligned with IMF conditionalities

### Economical Factors

- Reserve optimization bolstering macroeconomic stability
- Sustained and positive GDP growth
- Regulatory caps on deposit and lending interest rates
- Elevated industry-wide non-performing loans (NPLs)

- Exchange rate volatility in currency markets
- Rising energy costs and global supply chain disruptions

### Social Factors

- Steady growth in per capita income
- Shifting customer behaviors driven by technological advancements
- Sustained remittance inflows influencing household income and savings
- Progress in social indicators, particularly rising literacy rates
- Accelerated digital adoption catalyzed by the pandemic
- Rapid urbanization and expanding industrialization
- Increasing public demand for ethics, transparency, and corporate integrity

### Technological Factors

- Escalating dependency on technological innovation
- Government-led initiatives accelerating digital transformation
- Rising sophistication in customer expectations and digital literacy
- Integration of AI, automation, and data analytics to optimize risk management and efficiency
- Increasing frequency of cybersecurity threats and sophisticated data breaches
- Disruptive presence of FinTech firms offering competitive digital-first products
- Dynamic and evolving regulations governing digital banking and data privacy

### Environmental Factors

- Growing focus on green banking and eco-friendly workplace practices
- Active contributions toward achieving the Sustainable Development Goals (SDGs)
- Heightened emphasis on institutional social and environmental responsibility
- Escalating threats from global climate change

- Increased frequency and impact of natural disasters

#### Legal Factors

- Strict compliance with NRB directives, including capital adequacy and reporting standards
- Highly regulated and structured business environment
- Stringent laws governing customer privacy and data protection

- Robust regulations addressing financial defalcation and fraud
- Taxation frameworks impacting profitability, investment strategy, and product offerings

### Bank's Strategies to Adress PESTEL Forces

#### Zero Tolerance

The Bank upholds a zero-tolerance approach to regulatory non-compliance, reinforcing its commitment to robust governance & transparency.

#### Strong Analysis

The Bank has established a robust business analysis and monitoring system to ensure effective oversight of operations, risk, and performance.

#### Aligning with Societal Transformation

The Bank actively aligns its products, services, and operations with evolving societal needs and transformations.

#### Sound Digital Ecosystem

The Bank is committed to building a robust digital ecosystem that enhances operational efficiency, customer experience, and financial inclusion.

#### Embedding ESG Principles

The Bank is committed to developing a sustainable core lending business by integrating Environmental, Social, and Governance (ESG) principles into its operations and credit decision-making.

#### 100% Compliance Culture with Zero Deviations

The Bank upholds a 100% compliance culture, ensuring strict adherence to all regulatory requirements, internal policies, and governance standards.

### Disclosures on Complaint Management

Complaints received by the Bank from customers and grievance redress:

S. No.	Particulars	2024/25	2023/24
1.	Number of complaints Pending at beginning of the year	34	34
2.	Number of complaints resolved during the year	5,462	6,010
3.	Number of complaints pending at the end of the year	10	34

Grounds of Complaints: Major complaints were related to digital services such as M3Mobile Banking Application, ATM transaction dispute, Demat & Mero share, delay in service delivery, etc.

Penalties/Fines Imposed by Regulators: None

Details of the Appeal in cases where monetary or non-monetary action has been initiated: None

Number of Directors/ Key Management Personnels/ Employees against whom disciplinary action was taken for the charges of corruption: None

## Redress of Investor Complaint

### Safeguarding Shareholder Rights

MBL has implemented a comprehensive investor relations strategy focused on addressing shareholder needs and protecting their fundamental rights. This approach fosters long-term relationships built on trust and transparency. Investor concerns and grievances are treated with the highest priority, with the Bank committed to prompt monitoring and resolution to ensure sustained stakeholder confidence and satisfaction.

### Shareholder Engagement & the 26th AGM

The Bank actively encourages robust shareholder participation in its Annual General Meeting (AGM). In strict compliance with the Companies Act, 2063, MBL ensures all shareholders receive formal notice at least 21 days prior to the event. These notices, detailing the agenda, time, and location, are strategically published in national newspapers and on the Bank's official website to guarantee maximum accessibility.

In 2024, the Bank successfully convened its 26th AGM at Hotel Pokhara Grand, Pardi. The meeting served as a transparent platform for inclusive dialogue, ensuring that all attendees could exercise their rights and remain informed of the Bank's strategic direction.

### Proxy Voting & Access to Information

For shareholders unable to attend the Annual General Meeting (AGM) in person, MBL provides a seamless digital solution. Proxy forms are available for download directly from the Bank's website, allowing shareholders to designate a representative to attend and vote on their behalf, ensuring their voices are heard regardless of physical presence.

The Bank's official portal, [www.machbank.com](http://www.machbank.com), serves as a transparent, central information hub. It provides shareholders and stakeholders

with instant access to comprehensive financial data, business profiles, and detailed AGM documentation, reinforcing MBL's commitment to open communication and digital-first governance.

Contact Details of Machhapuchchhre Capital Limited

JDA Office Complex

Bagdurbar, Sundhara Kathmandu

Phone: 01-5366325, 5349453, 5316343

Email: [mcl@mcl.com.np](mailto:mcl@mcl.com.np)

### Investor Grievance Redressal

The Bank is dedicated to the swift and transparent resolution of investor concerns through a specialized Grievance Handling Officer. Shareholders can submit complaints via multiple channels—including email, telephone, or the official website—and are provided with timely status updates throughout the process. MBL maintains a robust redressal framework where the designated officer monitors and addresses submissions daily. This system ensures that all issues are handled with high accountability, reinforcing investor confidence through prompt and effective resolution.

#### Grievance Handling Officer

Name- Subeena Shrestha

Contact No:9863197160

Email:[Subeena.Shrestha@mbl.com.np](mailto:Subeena.Shrestha@mbl.com.np)

#### Chief Information Officer

Name-Sunil Khatiwada

Contact No:9851340096

Email:[Sunil.Khatiwada@mbl.com.np](mailto:Sunil.Khatiwada@mbl.com.np)

#### Chief Grievance Handling Officer

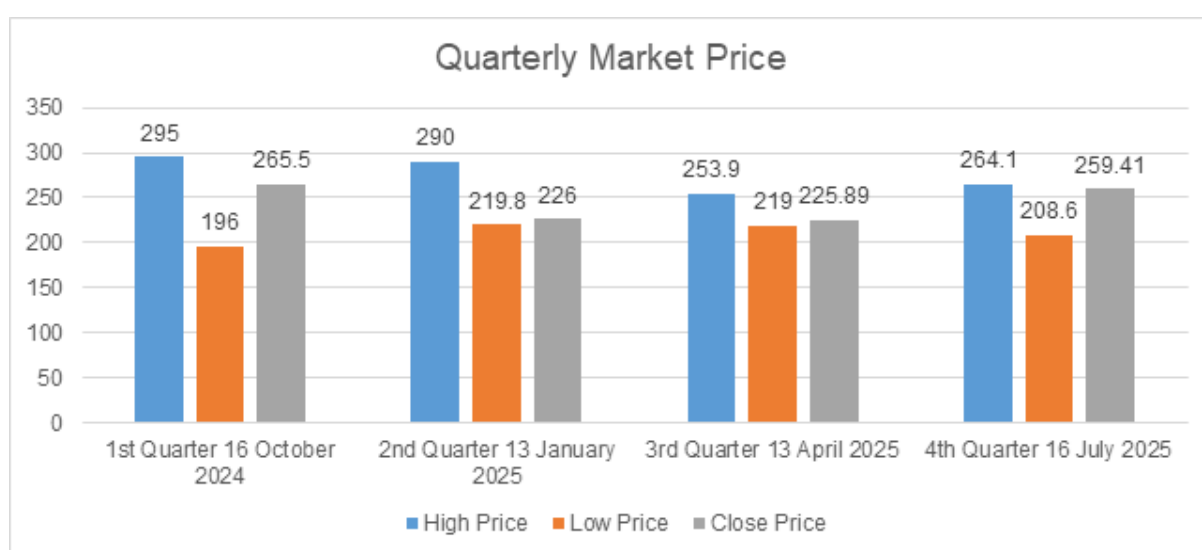
Name-Suvash Jamarkattel

Contact No:9767983315

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## STOCK PERFORMANCE FY 2024-25

Quarter	High Price	Low Price	Close Price	Total Traded Quantity	Total Trades
1st Quarter					
16 October 2024	295	196	265.50	11,047,197	32,357
2nd Quarter					
13 January 2025	290	219.8	226	5,964,506	15,376
3rd Quarter					
13 April 2025	253.9	219	225.89	5,871,898	12,759
4th Quarter					
16 July 2025	264.1	208.6	259.41	7435726	17,028

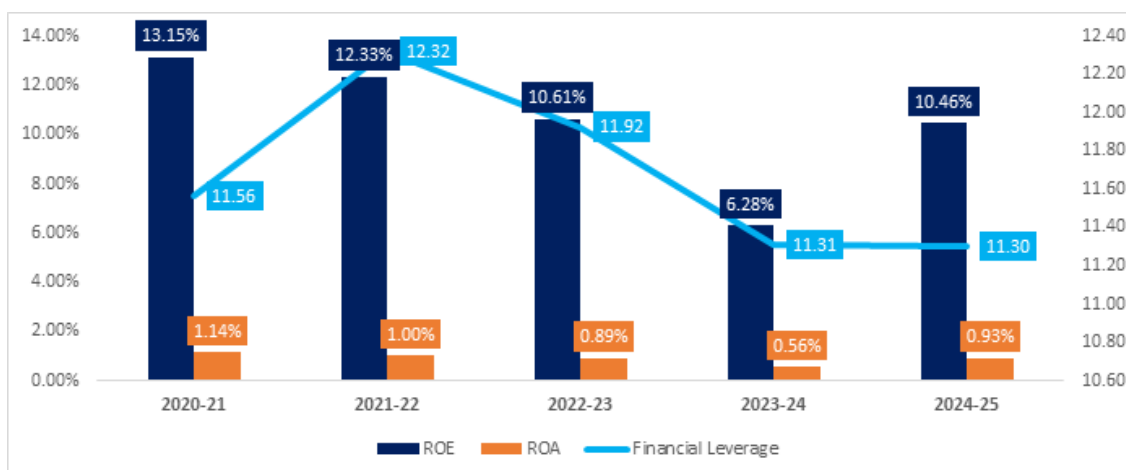


## STOCK INFORMATION

Listed	Nepal Stock Exchange Limited
Instrument Type	Equity (EQ)
Stock Symbol	MBL (Public Shares)
MBLPO (For Promoter Shares)	
Listing Year	2003
Face Value	100
Total Number of Listed Shares	116,213,573
Market Capitalization	30,146,962,971.93
Total Traded Quantity -16 July 2025	556,934
High Price-16 July 2025	264.1
Low Price-16 July 2025	208.6
Close Price- 16 July 2025	259.41

## DuPont Analysis

Using DuPont Analysis, MBL has decomposed the primary drivers of its Return on Equity (ROE). The bank's ROE is a product of its Return on Assets (ROA) and the Equity Multiplier (financial leverage). To provide deeper insight, the ROA is further broken down into profit margin and asset turnover ratio.



Indicator	2020-21	2021-22	2022-23	2023-24	2024-25
ROE %	13.15%	12.33%	10.61%	6.28%	10.46%

ROE is calculated as the product of ROA and the Equity Multiplier

Components of ROE	2020-21	2021-22	2022-23	2023-24	2024-25
ROA %	1.14%	1.00%	0.89%	0.56%	0.93%
Equity Multiplier	11.56	12.32	11.92	11.31	11.30

ROA is calculated as the product of the Net Profit Margin and Asset Turnover, while the Equity Multiplier represents Average Assets divided by Average Equity

Components of ROE	2020-21	2021-22	2022-23	2023-24	2024-25
Profit Margin %	12.60%	9.96%	7.73%	5.69%	11.33%
Asset Turnover	0.09	0.101	0.115	0.098	0.082

Profit Margin is calculated as the ratio of Net Profit to Total Revenue, while Asset Turnover is determined by dividing Total Revenue by Average Assets.

MBL's Return on Equity (ROE) increased by 4.17 percentage points in FY 2024-25 compared to FY 2023-24. This growth was primarily driven by an improvement in ROA, which rose from 0.56% to 0.93%, demonstrating the bank's enhanced ability to generate returns from its asset base. A breakdown of these components reveals that the primary driver of ROA was the Net Profit Margin, which surged from 5.69% to 11.33%. Conversely, the Asset Turnover ratio showed a downward trend; nonetheless, the significant gains in profitability were more than sufficient to overcome the decline in turnover, resulting in a stronger overall ROE

## **AML & CFT**

Over the decades, there has been an increase in the number of money laundering and terrorist financing crimes across the globe. With the rapid speed of innovation in the banking industry and continued regulatory focus, the Anti-Money Laundering (AML) and Combatting the financing of Terrorism (CFT) has developed frameworks to prevent criminals from disguising illegal funds as legitimate income and stop the flow of money that supports terrorism that poses a significant threat to the financial sector which can ultimately destabilize the national economies.

In addition, these type of financing can contribute to broader economic instability. Furthermore, these activities carry reputational risk for international financial relation and can lead to the loss of correspondent banking relationship (CBRs) further weakening the financial system.

In response to the ongoing threats of frauds and money laundering in both digital and physical domains, Machhapuchchre Bank Limited has established comprehensive policies and procedures across all areas of our banking operation. Looking back in time, Machhapuchchre Bank Limited has made significant advancements in enhancing Anti-Money Laundering and Counter Financing of Terrorism framework, reinforcing our position as a trusted institution in the fight against financial crime.

As we look ahead to 2025, we remain fully committed to preventing money laundering and terrorist financing. We are always focused on prioritizing innovation, continuous improvement, and collaboration to ensure that Machhapuchchre Bank Limited remains a key player in safeguarding the integrity of the financial system.

### **Digital Transformation:**

- Daily Alert Generation
- Rule based transaction monitoring
- Inward Swift screening through in-house software.
- Review of High risk customer through in-house software.

### **Training Program:**

Machhapuchchre Bank Limited has been providing training to the staffs keeping them updated for the fraud transaction that be committed that might be related to money laundering and terrorist financing. The training also cover the recent trends that lead to money laundering and terrorist financing.

Machhapuchchre Bank Limited has subscribed to adverse media news service to monitor the activities of customer for identifying the suspicious activities/ transactions.

### **Transaction monitoring and STR/SAR:**

We have reported numbers of STR/ SAR through:

- Transaction monitoring
- Adverse new monitoring
- Trade transaction analysis
- Branch/Department analysis

# Remittance Services

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Machhapuchchhre Bank Ltd. (MBL) remains a steadfast provider of convenient, reliable, and secure remittance solutions for the global Nepalese diaspora. Leveraging a robust network of 165 branches and a suite of advanced digital channels, the Bank ensures all cross-border transactions strictly adhere to both national and international regulatory frameworks.


The Bank's proprietary remittance product, "MBL Remit," continues to strengthen its market position and brand recognition. Through strategic collaborations with reputable international partners, MBL facilitates seamless capital inflows from key corridors, including Japan, Qatar, Hong Kong, Bahrain, Cyprus, Kuwait, the UAE, South Korea, the UK, Malaysia, and Australia.

To further increase accessibility, MBL disburses international remittances through its entire

network of branches, extension counters, and branchless banking units, supported by over 20,000 payout locations across Nepal. High-impact local partnerships with entities such as IME, City Express, Prabhu Money Transfer, Nepal Remit, Himal Remit, and Western Union (ATT Remit) ensure that customers can receive funds conveniently and securely nationwide.

Looking ahead, the Bank is actively expanding its global footprint by finalizing new remittance agreements in Israel, Oman, and Saudi Arabia. In alignment with the global shift toward digital-first ecosystems, Machhapuchchhre Bank is committed to the continuous digital transformation of its remittance services—ensuring they remain efficient, innovative, and future-ready for a mobile-centric world.





## Digital Transformation and the “SMART Bank” Vision

Machhapuchchhre Bank Limited (MBL) is accelerating its digital evolution to solidify its position as Nepal’s premier “SMART Bank.” As a pioneer in the national fintech landscape, MBL marked a significant milestone by launching the country’s first offline, mobile-based Tap-and-Pay feature, utilizing EMV-standard tokenized technology. Furthering its leadership in payment innovation, the Bank also introduced Nepal’s first QR-based sound box technology, enhancing secure, real-time transaction verification for merchants and customers alike.

The Bank is on a strategic trajectory to complete its comprehensive transformation by 2027, focusing on the expansion of its digital infrastructure and the modernization of core banking services. By offering an extensive suite of advanced payment tools and digital banking platforms, MBL aims to bridge the gap between traditional banking and the modern digital economy.

This strategy is centered on strengthening payment frameworks, enhancing the overall customer experience, and promoting widespread financial inclusion. By integrating innovative digital solutions into everyday financial activities, MBL continues to reach underserved populations in remote and rural areas, ensuring that its modernization efforts benefit all segments of the Nepali population.

MBL has successfully used digital mechanisms in the operations of the following segments:

### For Customers

- e-KYC
- e-Statement
- 24/7 Call Centre
- Online Account Opening
- QR Code Scanner
- Contactless Offline Tap and Pay
- Digital Wallets
- POS with Instant Payment Voice Notification
- P2P Inward Cross Border Payment facility
- P2P Outward Cross Border Payment
- P2M (Person to Merchant) Cross Border Payment facility
- WeChat Pay
- Unified Merchant Management Systems (MMS)
- MBL Smart Loan facility

### For Employees

- Online Training
- Human Resource Management System
- e-Attendance
- e-learning
- Virtual Meeting (Teams / Zoom )

- Smart Chautari
- Smart Treasury
- LOS

### Key Digitalization Initiatives: Machhapuchchhre Bank

#### Offline MBL Tap & Pay

- Features Nepal's first offline mobile-based Tap-and-Pay functionality via the MBL M-Smart app.

#### Unified Merchant Management via "Getpay"

- Provides a reliable, unified payment-processing system for merchants.
- Enables consolidated views of transactions, settlements, and activities to enhance commerce efficiency.

#### Expansion of Digital Banking Platforms

- Strengthens mobile/internet banking, QR payments, POS systems, and card services.
- Integrates with digital wallets and gateways to support the "SMART Bank 2027" vision.

#### Personalized Debit Cards ("M-Card")

- Allows customers to customize debit cards with personal images.
- Boosts engagement by modernizing the card-banking experience; expansion to credit cards is planned.

#### Digital Service Promotional Campaigns

- Offered special 25th-anniversary incentives, including 5-year fee waivers on credit cards and discounted digital banking for Rs 125.
- Aims to drive mass adoption of mobile and card-based payment services.

#### Digital Integration of Remittance Services

- Expands domestic and international remittance through wallet integration and secure digital channels.
- Focuses on providing fast, secure transfers for the Nepali diaspora.

#### Customer-Centric SMART Banking Strategy (Vision 2027)

- Executes a multi-year transformation focusing on infrastructure, automation, and user experience.
- Combines physical outreach with robust digital capabilities to drive financial inclusion.

## MBL Group & Social Media Reach

### MBL Group: Subsidiaries and Strategic Investments

#### Machhapuchchhre Securities Limited (MSL)

- Ownership: 100% (Wholly-owned subsidiary).
- Establishment & License: Established in 2023 (2080 B.S.) and licensed by the Securities Board of Nepal (SEBON) as a Stock Broker (Broker No. 76).
- Business Nature: Provides specialized securities brokerage services, facilitating stock trading and investment transitions for retail and institutional clients within the Nepal Stock Exchange (NEPSE).

#### Machhapuchchhre Capital Limited (MCL)

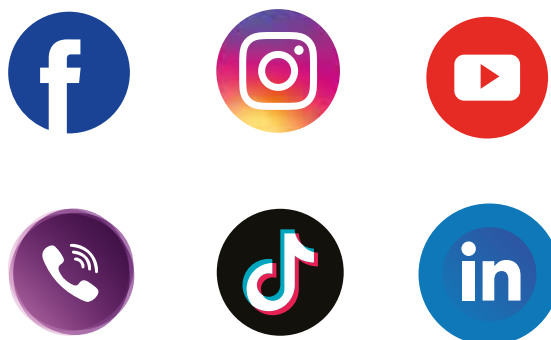
- Ownership: 69.85%.
- Establishment & Merger: Originally established as Kriti Capital & Investments, it rebranded following a strategic merger/ acquisition by Machhapuchchhre Bank to strengthen its investment banking arm.

- Business Nature: Licensed by SEBON to operate as a Merchant Banker. Its core services include Issue Management, Underwriting, Portfolio Management Services (PMS), and Depository Participant (DP) services.

#### Mahila Laghubitta Bittiya Sanstha Limited (MLBSL)

- Ownership: 14% shareholding (Strategic Investment).
- Establishment & Regulation: Received its operating license from Nepal Rastra Bank (NRB) on 2075/06/22 (October 8, 2018) as a "D" Class financial institution.
- Business Nature: Operates under the Bank and Financial Institution Act (BAFIA), 2073, focusing on microfinance services, financial literacy, and credit facilities for women and underserved communities.

Social Media Platform	Followers	Approx Monthly Reach
Facebook	158.1k	1,373,138 organic reach
Instagram	6.7k	86.6k
Youtube	8.35k	9k
Viber Community	22k	-
Tiktok	2.3k	11.9k
Linkedin	2.4k	-





# **RISK MANAGEMENT**

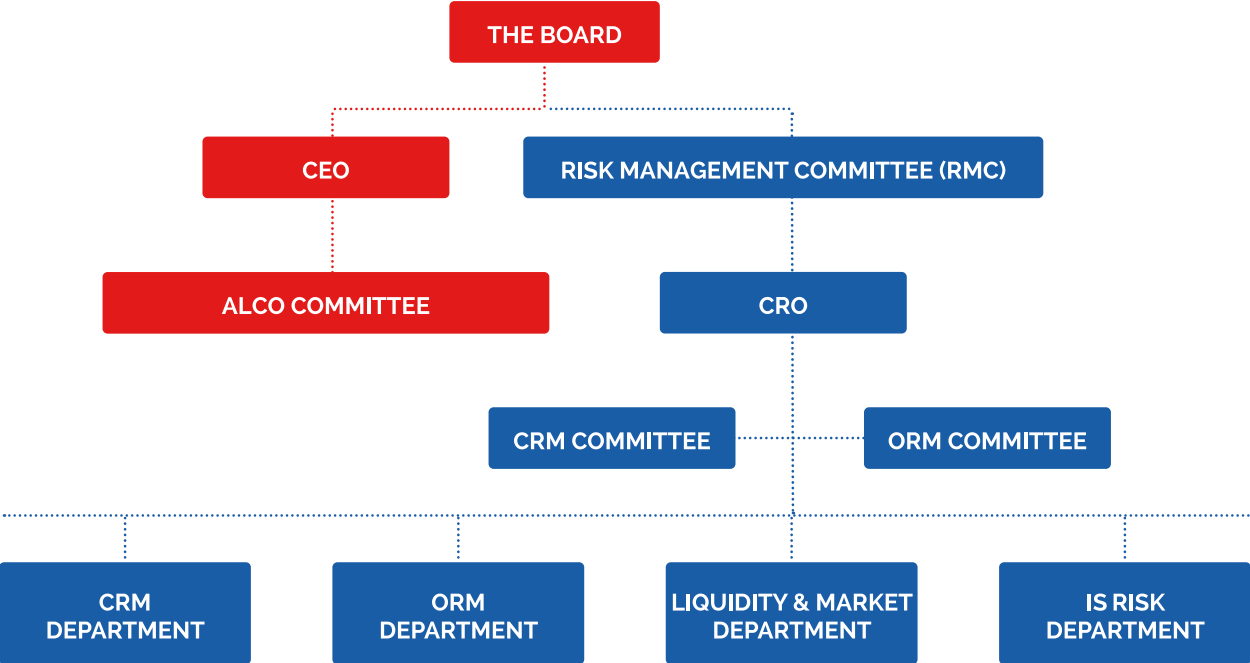
### Risk Management in MBL

The long-term financial security and success of the Bank are built upon its robust risk management system. As a financial intermediary, it manages various inherent risks, primarily credit, operational, market, liquidity, and information security. An independent risk management function ensures these are addressed through a comprehensive architecture of policies and processes approved by the Board of Directors. This function strives to proactively anticipate vulnerabilities at both the transaction and portfolio levels through the quantitative and qualitative examination of embedded risks.

The Board maintains that rigorous risk management is crucial, particularly under uncertain global conditions. Effective oversight involves identifying and managing risks before they can impact the Bank’s operational integrity

or future strategic goals. Consequently, the Board holds primary responsibility for defining risk policies, strategies, appetite, and tolerance levels. These measures are communicated throughout the organization to ensure effective implementation and strict adherence. Furthermore, the Board monitors and evaluates the risk landscape at regular intervals, providing directives to the Risk Management Committee and relevant departments through the CEO and Chief Risk Officer.

In a broad sense, the Bank’s functional structure for risk related matters are presented in the following diagrammatic exhibits:



## Risk Management Framework

A comprehensive risk management framework encompasses the defined scope of risks, the systems and procedures utilized for mitigation, and the specific roles and responsibilities of the personnel involved. To be effective, this framework must remain broad enough to capture all institutional exposures while maintaining the flexibility to accommodate evolving business activities. An integrated approach to risk management incorporates several critical components to ensure organizational stability.

First, the framework relies on clearly defined policies and procedures that govern risk identification, acceptance, measurement, monitoring, reporting, and control. These protocols provide the standardized language and criteria necessary for consistent risk assessment across the bank.

Second, a well-constituted organizational structure is essential for defining the boundaries between risk-taking and risk management. This structure ensures that individuals or departments responsible for review functions—such as Risk Management, Internal Audit, and Compliance—remain strictly independent from profit-generating units. To maintain this objectivity, these oversight bodies report directly to Board Committees or senior management members who are not involved in daily risk-taking activities.

Finally, the framework must include a mechanism for the ongoing review of all systems, policies, and procedures. This iterative process allows the bank to adopt necessary changes and ensure that its risk mitigation strategies remain aligned with both internal goals and the external regulatory environment.

## Risk Management Committee (RMC)

The Risk Management Committee (RMC) is a vital sub-committee of the Board, playing a pivotal role in managing the Bank's overall risk profile. The RMC serves as a strategic bridge between the Board of Directors and the CEO/CRO, ensuring the implementation of risk strategies and escalating critical risk matters originating from management to the Board level.

The RMC consists of a maximum of five members, including two representatives from the Board of Directors (or as determined by the Board) and two members from the management team. Additionally, the Coordinator of the Audit Committee serves as an ex-officio member to ensure alignment between risk oversight and internal audit functions. The Chief Risk Officer (CRO) acts as the member secretary, presenting key issues and agendas for the committee's deliberation and action.

**Board Member-Coordinator**

**Board Member-Member**

**CDO/DGM**

**DGM-Operation or COO**

RMC examines Credit Risk, Market Risk, Liquidity Risk, Operation Risk and Information Security Risk, amongst others, at periodic interval.

### Major Responsibilities of Risk Management Committee (RMC)

The primary responsibilities of the RMC regarding risk oversight include, but are not limited to, the following:

#### 1. Credit Risk Oversight and System Enhancement

The Committee apprises the Board on the adequacy and appropriateness of the Bank's current Credit Risk Identification and Management systems. It provides strategic recommendations to improve and strengthen these existing frameworks as necessary.

## 2. Risk Strategy and Appetite Alignment

The RMC updates the Board on existing risk management processes, procedural guidelines, and the prevalent risk levels within the Bank's business operations. It ensures the Board is informed of the Bank's Risk Appetite and Credit Risk Management strategies, recommending necessary updates to align with institutional goals.

## 3. Capital Adequacy and Stress Testing

The Committee analyzes and recommends actions based on Capital Adequacy relative to risk assets, the Internal Capital Adequacy Assessment Process (ICAAP), and rigorous stress testing. It evaluates whether existing policies remain adequate in light of the Bank's business strategy and specific credit risk tolerance.

## 4. Regular Risk Appraisal and Decision Support

The RMC reviews regular stress testing results and discusses their implications. Based on these findings, the Committee offers suggestions to the Board to facilitate informed policy-making and strategic decisions.

## 5. Comprehensive Risk and Portfolio Monitoring

The Committee oversees escalated Credit, Market, Liquidity, Operational, and Information Security risks. Additionally, it monitors critical financial indicators, including Non-Performing Assets (NPA), Non-Banking Assets (NBA), Loan Loss Provisions (LLP), and Expected Credit Loss (ECL). The RMC reviews sectoral portfolio diversification, Asset Liability Committee (ALCO) reports, and liquidity profiles, providing direct advice and instructions to management as required.

## 6. Economic Impact and Mitigation Strategy

The RMC advises the Board on any significant impacts to the Bank's financial position arising from economic shifts or systemic problems. Furthermore, the Committee identifies and suggests mitigating factors to minimize the impact of such external changes.

## Chief Risk Officer (CRO)

The Chief Risk Officer (CRO) holds a critical role in mitigating the inherent risks within the Bank's business operations. To ensure total objectivity, the CRO function operates as an independent department, with the officer reporting directly to the Risk Management Committee (RMC) rather than to business-line management. Crucially, the CRO maintains no business or profit targets, which preserves the integrity of the risk-assessment process.

In this capacity, the CRO remains vigilant regarding the Bank's evolving risk profile within a dynamic financial environment. This proactive oversight involves proposing robust mitigation tools and strategies for approval, ensuring they align with the Bank's established risk tolerance without obstructing sustainable business activities. Once approved, the CRO is responsible for the effective implementation of these measures across the institution.

Structurally, the CRO provides centralized leadership for four specialized departments: Credit Risk, Operational Risk, Information Security Risk, and Market/Liquidity Risk. These functions report directly to the CRO, ensuring that all primary risk categories are monitored through a unified and independent reporting line.

The responsibilities of the Chief Risk Officer (CRO) are structured to provide independent oversight and strategic guidance across all banking operations. These duties include the following:

- **Strategic Oversight:** Overseeing the comprehensive development and implementation of the Bank's risk management function to ensure institutional stability.
- **Risk Appetite Alignment:** Supporting the Board in defining the Bank's risk appetite and crafting the formal Risk Appetite Statement, effectively translating high-level strategy into a concrete risk-limits structure.

- **Limit Setting and Monitoring:** Engaging actively with management to establish risk measures and limits for various business lines while continuously monitoring performance to ensure strict adherence to these boundaries.
- **Strategic Decision-Making:** Participating in key organizational processes, including strategic planning, capital and liquidity management, the design of new products, and the alignment of compensation structures with risk profiles.
- **Directive Implementation:** Executing and overseeing all instructions and recommendations provided by the Board and the Risk Management Committee within the CRO's functional scope.
- **Governance and Control:** Establishing and strengthening robust internal controls, corporate governance, and specialized management systems for credit, operational, and market risks across all Bank functions.

### Three Lines of Defense

MBL's risk management philosophy is guided by the Three Lines of Defense Principle. When it comes to risk taking, each line of defense has a clear responsibility.

BOARD, CEO & SR. MGT	PROVIDES OVERSIGHT OF THE THREE LINES OF DEFENSE		
	FIRST LINE OF DEFENSE	SECOND LINE OF DEFENSE	THIRD LINE OF DEFENSE
Role	Own and manage risks in respective areas of responsibility	Provide independent risk oversight, monitoring and reporting	Provide independent assurance
Unit	Business Segments	Risk Management, Legal & Compliance	Internal Audit

#### First Line of Defense

Each business unit serves as the Bank's first line of defense, holding primary responsibility for identifying and managing risks within its operations. As the initial point of contact, these units ensure that all activities remain within the approved boundaries of the Bank's risk appetite and that unwarranted risks are filtered at the source.

Complementing this, the Bank utilizes a formal incident notification protocol to escalate issues according to their severity. This system ensures that the appropriate levels of management are promptly informed, enabling timely and coordinated corrective actions.

#### Second Line of Defense

The Bank's independent oversight functions, including the Risk Management Department, Legal, and Compliance, constitute the second line of defense. These units are responsible for

developing and maintaining risk management policies and processes while providing an objective review and challenge to the activities undertaken by business segments.

The second line supports management by ensuring that risks and controls are effectively managed across the organization. By establishing these dedicated risk and compliance functions, management is able to build and monitor the strength of the first line-of-defense controls.

#### Third Lines of Defense

The Bank's Internal Audit function independently reviews the activities of the first two lines of defense based on a risk-based audit plan and methodology approved by the Audit Committee. This function provides objective assurance to the Board, the Audit Committee, senior management, and regulators regarding the effectiveness of the Bank's governance and the controls designed within the Risk Mitigation Framework.

## Risk Exposure and Business Segments

The table below provides an overview of the risks arising from our business segments. The asset size of each business segment reflects its contribution to the balance sheet, and the Risk Weighted Assets (RWA) offer a risk-adjusted perspective.

Segment	Amt in NPR M*	Risk Weight Exposure	% of RWA*
Consumer Lending	35,501	Credit Risk	89.89%
Business Lending	41,618	Market Risk	0.92%
Corporate/Infra Lending	60,328	Operational Risk	5.25%
Microfinance+ Others	9,610	Others	3.94%
Total Risk Assets	147,057	Risk Weighted Asset	178,833

\*Data as of 16 July 2025

### 1. Credit Risk Management

Credit risk is the potential for financial loss stemming from a borrower's failure to repay a loan or meet contractual obligations. The Bank manages this exposure through a comprehensive framework of policies and procedures governing credit measurement and mitigation. A robust Credit Risk Management (CRM) Department operates at both the central and provincial levels to identify and oversee exposures, adhering to the principle of diversification across products, geographies, and customer segments.

As mandated by Nepal Rastra Bank, the adequacy of risk management is a priority. Policies and procedures are endorsed and strictly enforced by the Board and senior management. Because internal and external factors constantly influence industries and individual segments, credit risks are evaluated on an ongoing basis. While credit risk is inherently tied to investment returns—requiring higher pricing for higher risk—pricing alone is not an exhaustive mitigation tool. Factors such as portfolio performance, individual capacity, net worth, and market trends also play influential roles in determining risk-adjusted returns.

The primary goal of credit risk management is to maximize the Bank's risk-adjusted rate of return by maintaining exposures within acceptable parameters. This discipline involves a continuous cycle of identification, measurement, monitoring, and control to ensure the following:

- Individuals taking or managing risks maintain a clear understanding of those exposures.
- The Bank's total risk exposure remains within limits established by the Board of Directors.
- Risk-taking decisions align with the business strategy and objectives set by the Board.
- Expected payoffs appropriately compensate for the risks assumed.
- All risk-taking decisions are explicit and transparent.
- Sufficient capital buffers are maintained to absorb potential losses.

Effective risk management does not simply minimize risk; it optimizes the risk-reward trade-off. While the Bank is in the business of taking risk, it avoids unnecessary exposures and transfers risks where possible. The Bank focuses on accepting risks that are unique to its service array. To support this, the CRM Department implements an annual Credit Risk Management Policy and Credit Strategy to provide clear institutional direction.

#### 1.1 Credit Risk Management at MBL

MBL's approach to Credit Risk Management comprises the following building blocks:

<b>Credit Risk Governance</b>
<b>Policies</b>
<b>Risk Methodologies</b>
<b>Processes, systems and reports</b>

## A. Credit Risk Governance

Risk Governance structure of MBL comprises of the following:



### Credit Risk Management Committee (CRMC)

The Credit Risk Management Committee (CRMC) is a management-level committee established to ensure that risk portfolios are thoroughly understood, analyzed, and addressed in a timely manner. The CRMC serves as a vital executive forum for operationalizing the Bank's risk strategies.

The committee is coordinated by the Chief Risk Officer (CRO) and comprises a diverse group of senior leaders, including the Deputy Chief Executive Officer (DCEO), Deputy General Manager (DGM), Assistant General Manager (AGM) of Business, and the Heads of Treasury Front, Business Portfolio, and Special Assets Management (SAM). Additional members include the Chief Provincial Officers (CPOs) or Heads of Credit Business, the Head of Risk Management, and the Head of Integrated Risk. Other subject matter experts may be invited to participate as required.

The committee meets at least quarterly to deliberate on various aspects of risk management, ensuring that the Bank's credit profile remains resilient and aligned with regulatory standards.

### Credit Risk Management (CRM) Department

The Credit Risk Management (CRM) department operates as an independent function within the

Bank, maintaining total separation from business targets to preserve objectivity. Its primary objectives are to reduce Non-Performing Loans (NPL) and delinquency while enhancing the quality of risk assets and improving overall service standards.

While CRM is a centralized function, the Bank has strategically stationed Risk Relationship Managers (Risk RMs) at the provincial level. This decentralized presence ensures better control and timely decision-making regarding the risks inherent in the lending portfolio. All provincial risk functions report directly to the Chief Risk Officer (CRO).

The CRM department focuses on managing credit risk for the Bank's lending activities by identifying and evaluating underlying risks in credit proposals on an ongoing basis. It provides critical reviews and integral observations to the Bank's competent authority. Based on these insights, the authority supports, approves, or declines a proposal based on its individual merit and the sufficiency of available risk mitigations.

## B. Credit Risk Policies

The dimensions of credit risk and its scope of application are defined within the Credit Risk Management Guidelines (CRMG) of MBL. The Bank's risk function develops these guidelines, which are subsequently approved by the Board following reviews by the Head of Risk, CRO, CEO, and the RMC.

To ensure comprehensive coverage, the CRMG is supplemented by various operational standards and guidelines. This structure ensures consistency in identifying, assessing, underwriting, measuring, reporting, and controlling credit risk across all areas of MBL. Furthermore, the framework provides the necessary guidance for formulating credit risk policies and standards tailored to specific business lines or geographic locations.

### C. Credit Risk Methodologies

Credit risk is managed by developing a thorough understanding of the Bank's customers, including the specific nature of their businesses, their repayment capacity, and the economic environments in which they operate. At the individual borrower level, this assessment ensures that each credit relationship is founded on sound financial logic.

On a broader scale, credit risk is also managed through statistical models and data analysis at the portfolio level. This approach allows the Bank to identify trends and potential concentrations, ensuring that the aggregate credit exposure remains balanced and resilient against market fluctuations.

#### Internal Risk Grading

The assignment of credit risk ratings and the establishment of lending limits are integral components of the Bank's credit risk management process. To ensure consistency, it utilizes a standardized rating model for all customers.

The Bank is currently in the process of linking these ratings to its pricing structures—implementing risk-based pricing—and strategic capital allotment. Under this framework, individual credit proposals are classified along a spectrum from "Low Risk" to "High Risk" based on the scores attained by each borrower. These scores directly influence the review frequency, the overall acceptability of a proposal, and the final pricing terms offered to the client.

- |                  |                             |
|------------------|-----------------------------|
| A: Low Risk      | B: Minimal Risk             |
| C: Moderate Risk | D: Better than Average Risk |
| E: Average Risk  | F: Acceptable Risk          |
| G: High Risk     |                             |

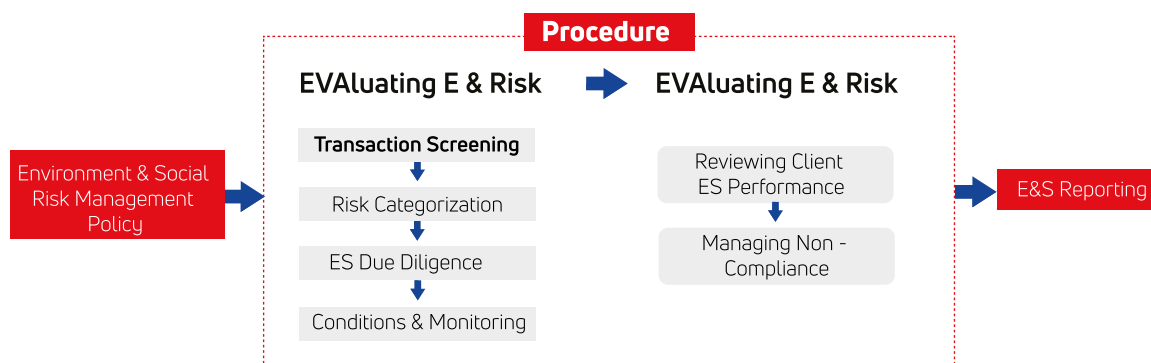
In response to the evolving internal and external risk environments, the Bank regularly reviews its rating parameters and incorporates necessary changes as required. This adaptive approach ensures that the credit rating model remains a relevant and accurate reflection of current market dynamics.

#### Environmental and Social Risk Management (ESRM)

Responsible financing, encompassing Environmental and Social Risk (ESR) issues, is a topic of increasing importance to societal stakeholders and significantly influences the Bank's investing and lending decisions. MBL recognizes that its financing practices have a substantial impact on society and the environment. Furthermore, the failure of customers to appropriately manage ESR issues can directly jeopardize their operations, long-term economic viability, and the communities in which they operate.

In alignment with regulatory directives, MBL has formulated and implemented an Environmental and Social Risk Management Policy. This policy integrates ESR assessment into the overall credit risk management process, establishing minimum standards that align with both regulatory requirements and industry best practices. When significant environmental or social risk issues are identified, the policy requires escalation to a higher authority. These findings are also communicated to the credit approving authority to ensure they are fully considered before any final approval is granted.

The overall ES Risk process is depicted as below:



### Credit Risk Tolerance/Concentration Risk

The Bank’s risk management processes are aligned with the established Risk Appetite to ensure a balanced level of risk diversification across the institution. To achieve this, the Bank maintains specific exposure thresholds across major industry groups, facility types, products, and single counterparties, as well as for off-balance-sheet items.

Governance processes are strictly enforced to ensure these exposures are monitored regularly. When thresholds are breached, established protocols trigger immediate corrective actions. Furthermore, MBL continually evaluates and enhances the scope of these limits to further strengthen the management of concentration risk and ensure long-term stability.

### Industry Profiling

The CRM Department periodically examines the Bank’s risk profile based on industry-wide risk classifications, prioritizing the analysis of large exposures within specific sectors. Once developed, these risk profiles are forwarded from the CRM Department through the line manager to the Chief Executive Officer for formal review.

Relevant sector-specific documents are referred to by Business Units prior to the processing of any credit facilities. This ensures that both inherent

and potential risks identified during the analysis are integrated into the customer onboarding and credit underwriting processes.

### Training & Capacity Development

MBL recognizes the vital importance of a strong risk culture, defined by the shared attitudes, values, and standards that shape behaviors regarding risk awareness, risk-taking, and risk management. Within this culture, every employee is responsible for managing risk, while ultimate accountability resides with the Board of Directors.

To foster an organization-wide risk culture and build a common understanding between risk and business functions, the Risk Department periodically conducts interaction sessions, training, and capacity development programs for Bank staff. These initiatives ensure that risk management principles are integrated into the daily operations and decision-making processes across all levels of the institution.

### D. Processes, Systems & Reports

MBL constantly invests in systems that support robust risk monitoring and reporting across its business processes. The end-to-end credit cycle is under continuous review and improvement through various front-to-back initiatives that collaborate across business units, operations, risk management, and other key stakeholders.

Central to MBL’s philosophy is the day-to-day monitoring of credit exposures, portfolio performance, and external environmental factors. This proactive oversight ensures that potential shifts in credit risk profiles are identified early. Comprehensive reports on credit trends—including industry analysis, early warning alerts, and significant weak credits—are submitted to risk committees and senior management. This data-driven approach allows the Bank to formulate and evaluate key strategies and action plans effectively.

### Credit Stress Testing

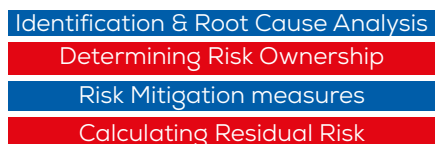
MBL engages in various types of credit stress testing, driven by both regulatory mandates and internal management requirements. These tests are performed at the total portfolio and sub-portfolio levels to assess how changing economic conditions might impact asset quality, earnings performance, capital adequacy, and liquidity.

MBL’s stress testing program is comprehensive, covering all major functions and business areas. This proactive approach ensures the Bank can quantify potential vulnerabilities and maintain resilience against extreme but plausible economic shocks.

### Risk Register

A Risk Register serves as a vital tool for documenting identified credit risks. It is used to analyze and quantify the severity of potential impacts, formulate appropriate mitigation

measures, and assign specific risk owners. Furthermore, it allows the Bank to calculate residual risk—the level of risk that remains when threats are not entirely mitigated or avoided.



MBL maintains comprehensive, portfolio-wise Credit Risk Registers that capture the risks inherent across all lending portfolios. The maintenance of these registers and their subsequent reporting follow established institutional guidelines. Within this framework, risk events are assessed as Low, Medium, or High based on a combined analysis of the likelihood of occurrence and the severity of consequences.

### Credit Risk Mitigation

Potential credit losses from any given account, customer, or portfolio are mitigated using a range of tools, including collateral, credit insurance, and third-party guarantees. MBL carefully assesses the reliability of these mitigants, specifically evaluating legal certainty, enforceability, market standing, and the counterparty risk of the guarantor. While credit risk cannot be eliminated entirely, it is effectively managed through these appropriate mitigation tools to align with the Bank’s risk appetite.

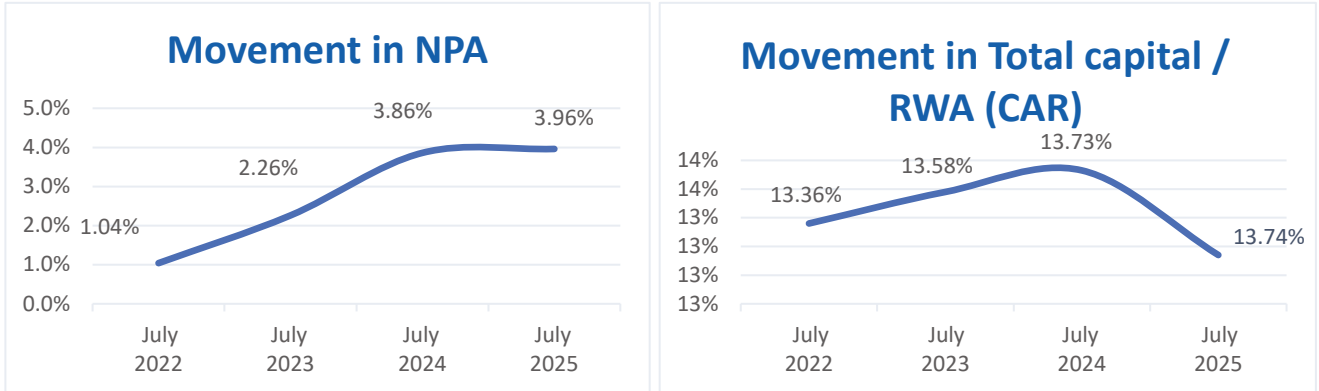


The major risks currently facing MBL and the corresponding mitigation measures are detailed below:

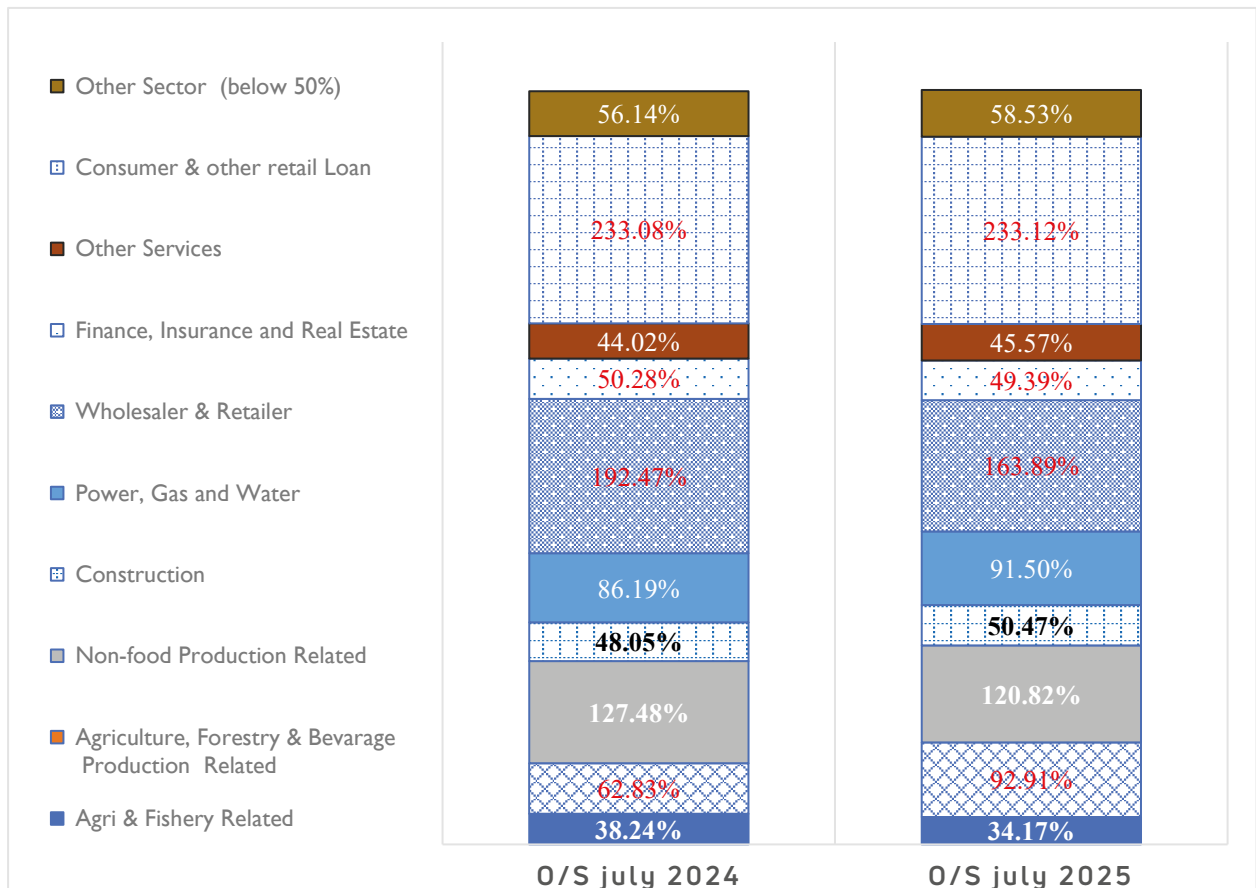
SPECIFIC RISK	SHORT DESCRIPTION AND SOURCE	RISK IMPACTS	MITIGATION TECHNIQUES OPTED BY MBL
Default Risk	Borrower's failure to repay debt. The risk arises from fund diversion, cash crunch, wrong product and over financing, borrower's willful nonpayment etc.	Severe	<p>MBL mitigates the risk of default by employing the following measures (note: this list is not exhaustive):</p> <p><b>Financial &amp; Cash Flow Analysis:</b> Conducting detailed evaluations of both existing and projected cash flows to ensure repayment capacity.</p> <p><b>Purpose Assessment:</b> Performing a thorough analysis of the loan request to ensure the facility aligns with the borrower's actual business needs.</p> <p><b>Market &amp; Industry Review:</b> Evaluating the borrower's position within their specific industry and assessing broader market trends.</p> <p><b>Collateralization:</b> Obtaining appropriate or additional real estate collateral to secure credit exposures; however, this is maintained as a secondary fallback and not a primary source of repayment.</p> <p><b>Physical Verification:</b> Conducting regular inspections and site visits of the business and collateral at prescribed intervals to confirm "going concern" status and ensure funds are used for the stipulated purpose.</p> <p><b>Early Warning Signals (EWS):</b> Identifying and analyzing borrower-specific and industry-wide red flags to initiate timely remedial actions.</p> <p><b>Remedial Strategy:</b> Assessing and implementing credit restructuring or other corrective measures whenever necessary.</p>
Recovery Risk	This risk arises from several critical factors, including client business failure, the death or departure of key management personnel, and the risk of double financing against the same asset. Additionally, concerns include a decline in collateral value, the complexities of collateral repossession, and a shift in the owner's financial capability.	Severe	<p>MBL mitigates recovery risk by implementing the following measures (note: this list is not exhaustive):</p> <p><b>Independent Valuation:</b> Ensuring all property accepted as collateral is valued only by authorized valuers. Furthermore, periodic revaluations must be conducted by an alternate valuator to ensure an objective and updated market price.</p> <p><b>Legal Scrutiny:</b> Obtaining formal legal opinions and verified documentation whenever the enforceability or marketability of collateral is in question.</p>

SPECIFIC RISK	SHORT DESCRIPTION AND SOURCE	RISK IMPACTS	MITIGATION TECHNIQUES OPTED BY MBL
			<p><b>Physical Verification:</b> Maintaining a robust internal mechanism for security verification, including mandatory and regular site visits.</p> <p><b>Personal Guarantees:</b> Securing personal guarantees supported by substantiated net worth details; these statements are collected on a best-effort basis to ensure the guarantor's financial standing.</p> <p><b>Insurance Coverage:</b> Ensuring that all insurable assets financed by the Bank remain fully insured at all times to protect against physical loss or damage.</p>
Concentration Risk	This risk involves potential losses triggered by excessive exposure to a single individual, group, product, region, or business segment. It arises from macroeconomic impacts on specific industries, products, or regions, as well as from name or group-level concentration.	Medium	<p>MBL mitigates concentration risk by implementing the following measures (note: this list is not exhaustive):</p> <p><b>Portfolio Ceilings:</b> Maintaining exposure limits on risk concentrations across specific products, sectors, industries, facility types, and single borrowers, as well as within specific credit rating grades.</p> <p><b>Regulatory Compliance:</b> Ensuring full adherence to Nepal Rastra Bank (NRB) directives regarding concentration risk and large exposure limits.</p> <p><b>Stress Testing &amp; Correlation Analysis:</b> Conducting regular stress tests and analyzing the correlations between various segments and industries to identify potential systemic vulnerabilities.</p>
External Risk	External risk arises from macro-level events beyond the Bank's direct control, such as global pandemics (e.g., COVID-19), the physical and transition risks of climate change, and periods of political instability.	Severe	MBL implements appropriate measures to mitigate the impact of external risk, with the Risk Department regularly assessing potential credit risks from external sources and recommending strategies to minimize their impact.

## Movement in Key Risk Parameters



## Industrywise Concentration of RA



## 2. Operational Risk

Operational risk refers to the potential for loss resulting from inadequate or failed internal processes, people, and systems, or from external events. As an inherent element of the Bank's daily business, this risk typically stems from a failure to effectively control key functional areas. In alignment with the Basel II framework, MBL focuses on managing seven specific event types: Internal Fraud, External Fraud, Employment Practices and Workplace Safety, Clients, Products, and Business Practices, Damage to Physical Assets, Business Disruption and System Failures, and Execution, Delivery, and Process Management.

MBL's primary objective is to manage and control these risks in a cost-effective manner, ensuring they remain within the parameters defined by the Bank's risk appetite.

MBL's approach to operation risk management comprises the following building blocks:



### A. Operation Risk Governance

Risk Governance structure of MBL comprises of the following:



### Operation Risk Management Committee (ORMC)

The Operational Risk Management Committee (ORMC) is a management-level body composed of senior executives responsible for implementing and monitoring the Bank's Operational Risk Framework.

The Committee reviews the operational risk profiles of various business units, identifies emerging threats, and establishes mitigation strategies for high-priority areas.

At the apex level, the Risk Management Committee (RMC) serves as the primary policymaking body. It is supported by the ORMC, which ensures the effective execution of the operational risk framework and the management of associated risks across the entire organization.

### Operational Risk Unit

MBL has established an independent Operational Risk Unit to ensure the effective management of operational risks across the bank. This unit is responsible for identifying, measuring, monitoring, and reporting operational risks to ensure that all activities align with the bank's strategy and policies.

The unit evaluates the adequacy of existing tools and techniques to mitigate risk to an acceptable level. Additionally, it assists in establishing policies and standards, coordinates risk management activities, and provides guidance on various risk tools. It is also tasked with monitoring and handling risk incidents while preparing comprehensive reports for Senior Management and the Board of Directors (BoD).

### B. Operation Risk Policies

The Bank has implemented a robust and comprehensive Operational Risk Framework, established as part of the Board-approved Operational Risk Policy, to identify, assess, and monitor risks while strengthening controls and minimizing potential losses. This policy defines a structured, systematic, and consistent approach to managing operational risk across the organization.

A critical component of the framework is the mandatory evaluation of operational risk for any new or modified activity prior to implementation.

Management ensures that these protocols are effectively communicated and understood at all levels of the Bank. To maintain relevance, the policy is regularly reviewed and updated to reflect the evolving operating environment.

The framework specifically addresses key risk areas, including regulatory compliance, internal and external fraud, anti-money laundering (AML), damage to physical assets, client and business practices, system disruptions, and workplace safety.

### **C. Operation Risk Methodologies**

The Bank maintains a robust internal control system designed to detect and prevent material fraud and errors. A core component of this system is a rigorous approach to the segregation of duties, which ensures effective internal checks across all operations. Operational risk is managed in accordance with the Board-approved Operational Risk Management Policy and management-approved manuals. Each function within the Bank is responsible for identifying, measuring, controlling, and reporting risks in alignment with the defined risk appetite. To facilitate effective monitoring, specific thresholds are pre-defined based on the nature of the risk and the organization's tolerance levels.

To identify and analyze these risks, the Bank utilizes a comprehensive toolkit including Internal Loss Data Recording (ILDR), Key Risk Indicators (KRI), and Risk and Control Self-Assessment (RCSA). Furthermore, the Bank performs Quality Assurance Checks (QAC) across branches to maintain high standards of internal housekeeping. During these checks, sample documents are scrutinized and graded based on their quality and regulatory compliance.

Branches and departments are categorized using a traffic-light grading system to prioritize supervisory attention. The Red category indicates substantial non-compliance and weak risk management, requiring the highest

level of supervisory monitoring. The Amber category indicates a general compliance position with moderate risk, while the Green category denotes a strong compliance and risk management position. This structured approach ensures that all mitigation and control strategies effectively address major operational risks while remaining within the tolerance levels established by the Bank's policy.

Additional methodologies are in place to address subject-specific risks, including, but not limited to, the following:

### **Reputational Risk**

Reputational risk refers to the potential damage to the Bank's brand and image, which can result in lost earnings, a decline in market capitalization, or a perception among stakeholders that the Bank has acted inappropriately, unethically, or inconsistently with its core values. The Bank's Corporate Governance Policy establishes the formal framework for managing this risk, aiming to safeguard the brand and restrict activities that could cause material damage to its market standing.

MBL has established a comprehensive Code of Conduct and Ethics that defines acceptable professional behavior. This code explicitly prohibits actions that lead to reputational damage or illegal activity—including financial misreporting, money laundering, fraud, anti-competitive practices, bribery, corruption, and the violation of consumer rights. It reinforces the expectation that employees must conduct themselves ethically while complying with all laws, regulations, and internal policies.

Reputational risk emerges across all organizational levels and consists of two primary components:

- **Corporate Reputational Risk:** This relates to the Bank’s overall performance, strategic execution, and service delivery. It is intrinsically linked to the reputation of management and their perceived ability to create shareholder value and effectively manage capital pricing.

- **Operational or Business Reputational Risk:** This occurs when a specific activity, action, or stance taken by the Bank, its affiliates, or its officials impairs its image with stakeholders. Such incidents can lead to a direct loss of business or a disproportionate decrease in the Bank’s enterprise value.

### Contingency Planning

MBL maintains robust Disaster Recovery (DR) and Business Continuity Plans (BCP) to ensure its ability to operate as a going concern and minimize losses during severe business disruptions. These contingency plans account for various risk scenarios to which the Bank may be vulnerable and are scaled to be commensurate with the size and complexity of its operations.

Management is responsible for identifying critical business processes—including those dependent on external vendors or third-party service providers—where the rapid resumption of service is most essential to maintaining operational stability.

### D. Process, systems and reports

Robust internal control processes and systems are integral to identifying, assessing, monitoring, managing, and reporting operational risk. In alignment with a decentralized risk ownership model, all business units are responsible for the day-to-day management of operational risks inherent in their specific products, processes, systems, and activities, adhering to the Bank’s established frameworks and policies.

The Operational Risk Unit provides independent oversight and controls the following functions:

- **Monitoring Effectiveness:** Overseeing and monitoring the overall effectiveness of the operational risk management framework across the organization.

- **Risk Assessment:** Collaborating with business units to assess key operational risk issues and identify potential vulnerabilities.

- **Reporting and Escalation:** Reporting or escalating significant operational risks to the relevant risk committees, accompanied by recommendations for appropriate mitigation strategies.

### 3. Market and Liquidity Risk

Market Risk is the potential for earnings or capital to be adversely affected by fluctuations in market variables, including interest rates, foreign exchange rates, volatilities, credit spreads, and commodity or equity prices. This risk primarily manifests in three forms: interest rate risk (pertaining to rate-sensitive instruments), equity price risk (related to stock holdings), and currency risk (arising from foreign exchange movements).

Liquidity represents the Bank’s capacity to fund asset growth and meet both expected and unexpected cash and collateral obligations at a reasonable cost without incurring unacceptable losses. Consequently, Liquidity Risk arises when a bank is unable to meet such obligations—whether on-balance sheet or off-balance sheet—as they fall due. Due to the inherent nature of the banking business model, institutions remain vulnerable to liquidity and solvency challenges stemming from mismatches in the maturity profiles (tenor) of their assets and liabilities.

**MBL’s approach to market & liquidity risk management comprises the following building blocks:**

- Market/Liquidity Risk Governance
- Policies
- Risk Methodologies
- Processes, systems and reports

## A. Market/Liquidity Risk Governance

Risk Governance structure of MBL comprises of the following:

<b>Board</b>		
<b>Risk Management Committee (RMC)</b>		
<b>Assests Liabilities Committee (ALCO)</b>		
<b>Chief Risk Officer (CRO)</b>		
<b>Head Risk Management (HRM)</b>	<b>Head Integrated Risk (HIR)</b>	<b>Treasury Middle Unit (TMU)</b>

### Assets Liabilities Committee (ALCO)

The Asset Liability Management Committee (ALCO) is a management-level body composed of the Bank's senior executives, responsible for the implementation and monitoring of the Market and Liquidity Risk Framework. ALCO's diverse membership includes the CEO, Deputy CEOs, Heads of Business and Operations, the Chief Operating Officer, and leaders from Finance, Treasury, and Liability Management. This broad composition ensures that the committee can effectively define liquidity risk strategies, set risk tolerances, and review all related policies and procedures.

The primary responsibilities of the committee include the following:

- **Balance Sheet Optimization:** Monitoring the structure and composition of the Bank's assets and liabilities to formulate strategies that maintain adequate liquidity.
- **Maturity Profile Management:** Determining the required maturity profiles and the mix of incremental assets and liabilities to minimize gaps.
- **Strategic Interest Rate Positioning:** Articulating the Bank's view on interest rate movements and aligning future business strategies accordingly.

- **Contingency Planning:** Reviewing and identifying alternative funding sources to be utilized during various stress scenarios.
- **Fund Transfer Pricing (FTP):** Deciding on the Bank's internal transfer pricing policy to ensure efficient capital allocation.
- **Product Risk Evaluation:** Assessing the potential market risks associated with the introduction of new financial products.

## B. Market & Liquidity Risk Policy

To manage Market and Liquidity risk, MBL operates under comprehensive Market Risk Management and Liquidity Risk Management Policies. These documents establish formal procedures, delegation of authority, and a suite of risk limits designed to maintain financial stability.

The Asset Liability Committee (ALCO) serves as the central body for executing these policies. Meeting periodically, the committee conducts detailed reviews of the Bank's interest rate environment, liquidity position, and maturity gaps. Its oversight extends to managing the foreign currency (FCY) open position and the investment portfolio, including setting maturity limits for new investments. Based on these reviews, ALCO issues strategic guidelines to relevant departments to ensure market risks are mitigated proactively.

The Bank's policy framework is specifically designed to ensure that MBL maintains sufficient liquidity to meet all obligations as they fall due, even under strained market conditions.

## C. Risk Methodologies

### Interest Rate Risk in the Banking Book (IRRBB)

Fluctuations in interest rates directly impact the Bank's earnings and expenses, as well as the economic value of its assets, liabilities, and off-balance-sheet positions. The net effect of these movements is ultimately reflected in the Bank's net interest income (NII) and overall capital adequacy.

Interest rate risk arises from a mismatch in the timing of interest rate adjustments across different positions. While lending, funding, and investment activities generally expose financial institutions to various dimensions of this risk—including re-pricing risk, yield curve risk, basis risk, and options risk—the Nepalese financial market context remains primarily sensitive to Re-Pricing Risk. This risk occurs due to timing differences in the maturity (for fixed-rate) and re-pricing (for floating-rate) of assets and liabilities.

### **Re-Pricing Risk**

Re-pricing risk arises from timing differences in the maturity of fixed-rate instruments and the re-pricing of floating-rate assets, liabilities, and off-balance-sheet positions. For instance, if the market interest rate for deposits increases by 1%, the Bank may be unable to adjust the interest rates on all interest-bearing assets by the same margin simultaneously. Additionally, maturing fixed deposits may not be renewable at existing rates. Such fluctuations in interest rates can significantly impact the Bank's net interest margin, overall profitability, and net worth.

MBL utilizes a Re-Pricing Risk Management Model to quantify the impact of market interest rate shifts. This model enables the Risk Management Committee (RMC) to take proactive measures to safeguard the Bank's financial position. By using this tool, the Bank can strategically plan and execute actions in advance to optimize profit growth and protect its capital base against expected market changes.

The Treasury Middle Unit is responsible for preparing the interest rate risk monitoring table on a quarterly basis. This report is presented to the RMC for comprehensive policy review and strategic adjustment.

### **Foreign Exchange & Commodity Risk**

Foreign Exchange (FX) Risk is the potential threat to earnings and capital caused by adverse movements in currency exchange rates,

specifically impacting the value of the Bank's open positions. This includes spot risk from current price volatility and swap risk from fluctuations in forward points. Similarly, Commodity Risk involves potential losses due to price shifts in commodities where the Bank holds open spot or forward positions.

MBL employs the Net Open Position (NOP) approach to measure market risk capital requirements. Treasury monitors this position daily, and any limit breach is immediately reported by the Treasury Middle Unit to the Chief Risk Officer (CRO), who then notifies the Risk Management Committee (RMC). Excess positions are offloaded the next working day via interbank transactions or Nepal Rastra Bank (NRB) intervention. To buffer against volatility, the Bank maintains an Exchange Fluctuation Fund as per NRB directives and conducts regular Stress Testing to ensure resilience against extreme market shocks.

### **Equity Price Risk**

Equity Price Risk is the potential for financial loss resulting from adverse changes in investment valuations due to price volatility. This risk stems from macroeconomic instability, market volatility, political unrest, and the specific underperformance of investee companies. MBL monitors these factors to ensure equity exposures remain within the Bank's defined risk appetite and to protect its capital base from market corrections.

### **Liquidity Risk**

The primary measure used by MBL to manage liquidity within Board-defined tolerances is cash flow maturity mismatch analysis (liquidity gap analysis). This analysis is performed regularly under both normal and adverse scenarios to assess the adequacy of the Bank's counterbalancing capacity. This capacity ensures the Bank can fund or mitigate any forecasted cash flow shortfalls across successive time bands. Any forecasted shortfalls that exceed this capacity are escalated to the relevant committees for immediate evaluation and action.

Liquidity Risk Stress Testing is conducted regularly using maturity mismatch data, covering both general market and idiosyncratic stress scenarios. These tests evaluate the Bank's vulnerability to increased liability run-offs, increased asset rollovers, or a decrease in liquid asset buffers. Additionally, ad hoc stress tests are integrated into recovery planning and ICAAP (Internal Capital Adequacy Assessment Process) exercises.

To complement cash flow analysis, MBL utilizes liquidity-related ratios and balance sheet analysis as control measures. These tools provide deeper insights and finer control over the Bank's liquidity profile across various locations. Furthermore, MBL consistently maintains regulatory ratios, including the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), and the net liquid assets to total deposits ratio, in strict accordance with NRB requirements.

#### **D. Processes, Systems and Reports**

Robust internal control processes and systems form the backbone of MBL's approach to identifying, measuring, aggregating, and monitoring market and liquidity risk. The Market and Liquidity Risk Unit is tasked with day-to-day monitoring and control reporting, while the Treasury Middle Unit generates senior management reports and simulations to forecast the impact of shifting market conditions on risk exposures.

The Risk Management Committee (RMC) and ALCO conduct comprehensive quarterly reviews covering the following areas:

- **Cash Flow and Balance Sheet Analysis:** Detailed review of cash flows and both on-balance sheet and off-balance sheet liabilities.
- **Asset Portfolio Performance:** Analysis of asset products including sanctions, disbursements, interest rate spreads, repayment trends, and asset quality.

- **Liability Management:** Evaluation of resource mobilization targets, maturity profiles, payment schedules, and associated interest costs.

- **Contingency and Hedging:** Review of hedging strategies and expected outflows arising from off-balance sheet contingencies like Letters of Credit and Guarantees.

- **Risk Reporting:** Assessment of Liquidity and Interest Rate Gap Reports alongside stress testing and simulation results to ensure resilience.

#### **4. Information Technology Risk**

Information Technology Risk refers to events that could threaten the Bank's IT infrastructure and business applications. As a core control, Information Security protects both infrastructure and data by ensuring Confidentiality, Integrity, and Availability. The Bank maintains a dedicated Information Security Department to manage these risks and ensure security across the organization.

##### **4.1 Information Security Principles**

The foundation of the Bank's information security framework is the CIA Triad, which balances the three critical elements to protect data and infrastructure:

**Confidentiality:** Confidentiality ensures that data is accessible only to authorized users. To maintain this, the Bank employs identification and authentication measures to block unauthorized access. Key techniques include robust password policies, encryption, multi-factor authentication, and active defences against penetration attacks.

**Integrity:** Integrity involves maintaining data in its correct state and preventing improper modification, whether accidental or malicious. While access controls protect integrity, the Bank also utilizes "defence in depth" tools such as checksums for verification, version control software, and frequent backups. Integrity further

encompasses non-repudiation, ensuring the Bank can prove data remains untampered with for legal and regulatory purposes.

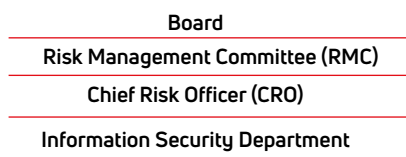
**Availability:** Availability ensures that authorized users have reliable access to data and systems when needed. This requires matching network and computing resources to expected access volumes and implementing comprehensive backup policies. These measures are essential for disaster recovery and maintaining business continuity during technical disruptions.

MBL’s approach to Information Technology risk management comprises the following building blocks:

Information Technology Risk Governance
Policies
Risk Methodologies
Processes, systems and reports

**A. Information Security Risk Governance**

Risk Governance structure of MBL comprises of the following:



**Information Security Department**

To ensure the effective management of Information Security risks, MBL maintains an independent Information Security Department. This department is specifically tasked with identifying, measuring, monitoring, and reporting on security risks across the organization.

By operating as a separate function, the department provides unbiased oversight to ensure that all information security activities align with the Bank’s broader strategies and policies. This structure ensures that security

controls are integrated into daily operations while maintaining a high level of accountability to senior management and regulatory bodies.

**B. Information Security Policies and Procedure:**

The Bank maintains a comprehensive framework of Board-approved Information Security Policies and Procedures designed to ensure system security, operational reliability, and business continuity. This framework identifies key risks and potential impacts while establishing mandatory control activities across the following critical domains:

- **Governance & Oversight:** IT Governance, Third-Party Vendor Management, and alignment with emerging Industry Issues.
- **Operational Security:** Continuous monitoring, Incident Management, and Physical Security.
- **Data Protection:** Information Security, Data Privacy, and Identity and Access Management (IAM).
- **Resilience & Recovery:** Business Continuity Planning (BCP), Backup, and Disaster Recovery.

**C. Information Technology Risk and Control (ITRC)**

The ITRC provides the bank with comprehensive assurance regarding IT-related risks. By strengthening the bank’s understanding of general IT controls, the committee establishes a foundation for more specialized reviews of specific technical topics and their associated business responsibilities.

**D. IT Controls**

These are specific manual or automated activities designed to prevent and detect risks to the Bank’s IT infrastructure and its business applications. The hierarchy of IT Control and its classification are depicted below:

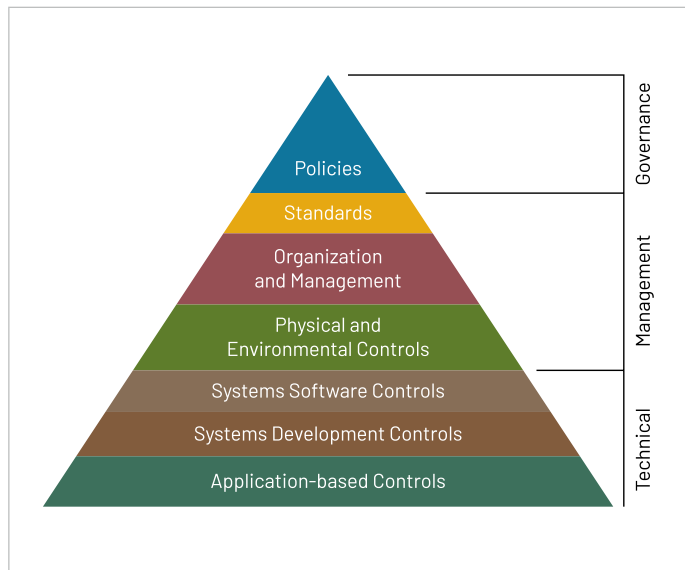


Fig: Hierarchy of IT Controls

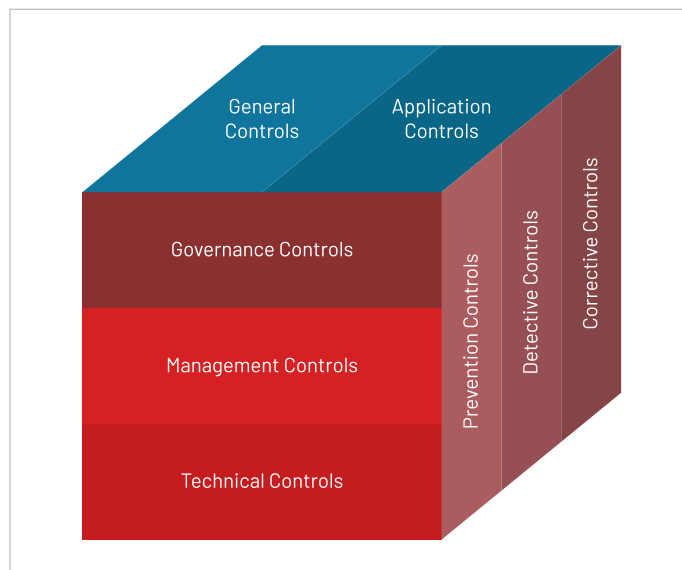


Fig: IT Control Classification

## Statement on Internal Control Framework and Governance

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MBL is committed to maintaining a robust internal control framework that guarantees service excellence, safeguards institutional assets, and delivers sustainable investor returns. Recognizing that effective internal control is the cornerstone of risk mitigation—spanning credit, market, liquidity, operational, and compliance spheres—the Board of Directors maintains active oversight to ensure the control environment remains both adequate and rigorous.

### Governance and Framework

To fortify internal governance, MBL has instituted over 140 policies, rules, and procedures designed to drive operational efficiency, accountability, and professional discipline across all departments and branches. The Board—in strategic partnership with the Risk Management, Audit, Employees Service and Facilities, and Anti-Money Laundering Committees—continuously monitors risk exposures, evaluates the efficacy of controls, and oversees corrective actions.

MBL's internal control architecture is built upon the following five core pillars:

- 1. Control Environment** As the foundation of MBL's system, this environment fosters a culture of integrity, transparency, and ethical conduct. Through a clear delegation of authority and well-defined roles, we ensure accountability and a disciplined management philosophy at every level.
- 2. Risk Assessment** Our structured assessment process enables the bank to proactively identify and evaluate credit, market, liquidity, and operational risks. These evaluations are conducted continuously to anticipate emerging challenges and deploy timely mitigation strategies.
- 3. Control Activities** To ensure operational integrity, we employ rigorous control activities, including the segregation of duties, supervisory reviews, and stringent authorization protocols. Regular reconciliations and systematic verifications further insulate the bank against fraud and clerical error.
- 4. Information & Communication** MBL utilizes streamlined communication channels to disseminate policies and clarify responsibilities. This ensures that accurate, real-time information is available for informed decision-making and that controls are applied consistently across the entire organization.
- 5. Monitoring** To ensure controls remain resilient and compliant, we engage in continuous monitoring. This includes ongoing management supervision, periodic performance audits by the Internal Control & Compliance Division, and direct reporting to the Board and Audit Committee.

Through this comprehensive framework, MBL maintains the operational resilience and regulatory transparency necessary to support long-term financial stability and sustainable growth.

# Six Major Capital

## Business Model/Value Creation Model

MBL's business model represents a holistic ecosystem of value creation. We transcend traditional banking by integrating robust financial performance with social and environmental stewardship. By strengthening our institutional capabilities, we position the Bank for long-term resilience and sustainable evolution.

## Core Principles of Value Creation

- **Holistic Resource Optimization:** We generate value by leveraging a diverse spectrum of capital—Financial, Human, Intellectual, Social & Relationship, Manufactured, and Natural—rather than focusing solely on monetary assets.
- **Integrated Transformation:** Our core operations—including lending, investment management, and technological innovation—act as catalysts that transform these capitals into meaningful outcomes.
- **Multi-Dimensional Impact:** Our success is measured not only by financial returns but by the intellectual, human, and environmental value we generate for society.
- **Long-Term Strategic Focus:** Every decision is anchored in ethical governance and sustainable development, ensuring the Bank remains resilient through market cycles.
- **Stakeholder-Centricity:** We create shared value that extends beyond shareholders to empower our customers, employees, regulators, and the communities we serve.
- **Agility through Innovation:** We continuously refine our intellectual and human capital to drive operational efficiency and remain responsive to shifting global trends.

## The Interconnection of the Six Capitals

MBL's trajectory is defined by the seamless integration of our six core capitals: financial, human, intellectual, social, manufactured, and natural. These resources serve as the engine of our growth, fuelling innovation and enhancing our capacity to serve our stakeholders effectively. By harmonizing these capitals, we create enduring value—enabling us to navigate complexity, embrace change, and grow with purpose.

## The Synergy of Our Six Capitals

At MBL, our capitals do not exist in silos; they interact dynamically to create a compounding effect on our total value. Below is how each capital serves as a catalyst for the others:

### 1. Financial Capital: The Engine of Growth

- **Human:** Funds are deployed to recruit top-tier talent and invest in continuous professional development.
- **Intellectual:** Capital fuels R&D, proprietary software development, and innovative financial engineering.
- **Social & Relationship:** Funding powers CSR initiatives and community engagement programs that solidify our brand trust.
- **Manufactured:** Strategic investments expand our physical footprint through modern branches and robust IT infrastructure.
- **Natural:** Financial resources are allocated toward green financing and transitioning to energy-efficient operations.

### 2. Manufactured Capital: The Platform for Delivery

- **Financial:** Our physical and digital infrastructure generates the operational capacity needed to drive revenue.

- **Human:** Modern workspaces and advanced tools empower our employees to perform with peak efficiency.
- **Intellectual:** Our hardware and servers provide the “home” for our data analytics and institutional knowledge.
- **Social & Relationship:** A widespread ATM and branch network ensures accessibility and convenience for our customers.
- **Natural:** By upgrading to “smart” buildings, we reduce our physical footprint and environmental impact.

### 3. Human Capital: The Driver of Innovation

- **Financial:** The expertise of our people ensures disciplined lending and profitable asset management.
- **Intellectual:** Employee ingenuity is the source of our unique institutional knowledge and process improvements.
- **Social & Relationship:** Our staff are the face of MBL, building the empathy and trust that define our customer relationships.
- **Manufactured:** Skilled personnel optimize our technological systems to ensure 24/7 service reliability.
- **Natural:** Our workforce champions our sustainability culture, ensuring we operate as an environmentally conscious bank.

### 4. Intellectual Capital: The Strategic Blueprint

- **Financial:** Advanced risk-rating models and proprietary strategies safeguard our profitability and stability.
- **Human:** Knowledge management systems sharpen employee decision-making and technical proficiency.
- **Social & Relationship:** Thought leadership

and innovative service design enhance our reputation as a market leader.

- **Manufactured:** Intellectual property guides the design of our digital banking platforms and security protocols.
- **Natural:** Specialized knowledge allows us to develop eco-friendly products and carbon-footprint tracking.

### 5. Social & Relationship Capital: The License to Operate

- **Financial:** Deep market trust attracts low-cost deposits and long-term investment opportunities.
- **Human:** A strong corporate reputation helps us attract and retain the industry’s best talent.
- **Intellectual:** Customer feedback loops provide the “Big Data” necessary for refining our products and services.
- **Manufactured:** Strong community ties help us identify the best locations for new branches and service centers.
- **Natural:** Stakeholder expectations drive our commitment to the “Green Agenda” and ethical climate practices.

### 6. Natural Capital: The Foundation of Sustainability

- **Financial:** Efficient resource management reduces operational overhead and opens doors to global green-bond markets.
- **Human:** A commitment to the planet boosts employee pride and aligns with the values of the modern workforce.
- **Intellectual:** Environmental data informs our long-term risk modelling and climate-resilient strategies.

- **Social & Relationship:** Environmental stewardship strengthens our bond with regulators and eco-conscious communities.
- **Manufactured:** Natural resource considerations dictate the eco-friendly design and lifecycle of our physical assets.

### 1. Financial Capital: Resilience and Strategic Strength

MBL's financial capital provides the foundation for our institutional stability and sustainable expansion. We maintain a robust capital base that strictly adheres to Nepal Rastra Bank (NRB) regulatory standards and our internal adequacy benchmarks. To enhance resilience, we employ rigorous stress testing, optimized asset allocation, and prudent liquidity management while focusing on risk-weighted asset (RWA) optimization to maximize capital efficiency.

#### Key Objectives of Capital Management

MBL prioritizes the following objectives to ensure long-term financial stability and growth:

- **Maintaining Regulatory Compliance:** MBL maintained a Capital Adequacy Ratio (CAR) of 13.14% in FY 2024-25, comfortably exceeding the Nepal Rastra Bank (NRB) minimum requirement of 11%.
- **Ensuring Risk Buffers:** We maintain sufficient capital buffers to absorb unforeseen market volatility and credit risks.
- **Optimizing Asset Growth:** We strategically manage risk-weighted assets (RWA) to drive profitable growth, with RWAs increasing to NPR 178,833.07 million in FY 2024-25 from NPR 158,425.89 million the previous year.
- **Preserving Creditworthiness:** We focus on maintaining a strong liquidity position and high credit standing to ensure ready access to

additional capital markets when required

NPR in Million

Key Performance Indicator	FY 2024-25	FY 2023-24
Operating Profit	3147.64	1665.89
Liquidity Coverage Ratio	31.18%	29.30%
Return on Total Equity	9.96%	6.11%
Return on Total Assets	0.87%	0.55%
Dividend	8%	0%
Net Profit	11.33%	5.27%
Earnings Per Share	5.56	0.03

Through disciplined capital planning, MBL continues to strengthen its financial foundation and drive long-term value creation.

### 2 Manufactured Capital: Infrastructure and Digital Reach

Our manufactured capital comprises the physical infrastructure, technological systems, and operational facilities that facilitate efficient service delivery across Nepal. MBL maintains an optimized network of owned and leased branches, continually upgrading these spaces to reflect modern banking environments.

- **Expansive Physical Network:** As of FY 2024-25, MBL operates 165 branches and 203 ATMs strategically located across the country to ensure maximum accessibility.
- **Digital Infrastructure Investment:** We have significantly enhanced our digital capabilities through comprehensive software upgrades and expanded server capacity.
- **Security and Scalability:** To support increasing transaction volumes, we have reinforced our cybersecurity frameworks, ensuring a safe and seamless banking experience for all customers.

### Growth Status of Digital Product

Fiscal Year Change	M-Smart	I-Banking	Debit Card	Credit Card	Prepaid Card
2020-21 → 2021-22	63.23%	42.77%	34.36%	23.39%	256.81%
2021-22 → 2022-23	16.55%	16.97%	10.41%	16.70%	50.29%
2022-23 → 2023-24	15.07%	14.34%	2.90%	5.97%	6.98%
2023-24 → 2024-25	10.87%	9.06%	-3.97%	-17.02%	20.07%

### 3. Human Capital: Empowering Our People

MBL's employees are the foundation of our service excellence. We prioritize developing a skilled, motivated, and diverse workforce capable of driving the Bank's strategic ambitions.

- Workforce Strength and Diversity:** As of FY 2024-25, MBL is powered by 1,584 employees, with a strong commitment to gender inclusion reflected in 41% female representation.
- Investment in Growth:** We invested NPR 35.42 million in professional development, delivering 137 training programs and completing 23,705 learning hours to sharpen institutional expertise.
- Strategic Focus Areas:** Our human capital strategy centers on leadership development, digital skill enhancement, and robust performance appraisal systems.
- Culture and Well-being:** We foster organizational capability through targeted employee engagement, well-being initiatives, and a culture of inclusion across all customer segments.
- Commitment to Community:** In FY 2024-25, MBL invested NPR 9.22 million in Corporate Social Responsibility (CSR) initiatives, focusing on impactful community development and social welfare.
- Stakeholder Engagement:** We maintain proactive dialogue with regulators and shareholders to ensure alignment with national economic goals and ethical governance.
- Customer-Centricity:** By prioritizing service excellence and financial literacy, we strengthen our brand reputation and foster long-term loyalty across our diverse customer base.

#### CSR Priority Areas along with expenditure:

Sector	NPR in Million
Education	2.99
Environmental protection	0.31
Financial literacy	0.86
Health	1.58
Humanitarian aid and rescue	2.74
Other	1.12

### 4. Social & Relationship Capital: Building Trust and Shared Value

MBL's long-term success is anchored in the trust we cultivate with our customers, regulators, partners, shareholders, and the communities we serve. We operate with transparency and integrity, reinforcing customer confidence through enhanced service quality and a commitment to responsible banking practices.

### 5. Intellectual Capital: Innovation and Institutional Knowledge

MBL's intellectual capital represents the intangible assets that differentiate our Bank—our brand identity, corporate culture, internal knowledge systems, and robust governance structures. This capital enhances operational efficiency and ensures MBL remains competitive in a rapidly evolving financial landscape.

- **Pioneering Innovation:** We continue to lead the market with cutting-edge solutions, including the launch of Nepal's first offline mobile-based Tap-and-Pay feature via the MBL M-Smart app and the adoption of the "Getpay" Unified Merchant-Management System (MMS).
- **Operational Excellence & Governance:** Our success is underpinned by advanced IT systems, a data-driven decision-making culture, and well-established compliance mechanisms that ensure secure and transparent digital transactions.
- **Market Recognition:** Our commitment to excellence has been recognized globally, with Machhapuchchhre Bank being awarded by VISA for the best performance in POS business for two consecutive years (2023 and 2024).
- **Brand & Risk Management:** We maintain a strong reputation as a customer-centric institution, supported by sophisticated internal risk management frameworks that safeguard our assets and reputation.

## 6. Natural Capital: Environmental Stewardship

MBL is committed to environmental sustainability and responsible resource consumption. We continuously work toward minimizing our ecological footprint across branch operations while actively promoting green financing to support a cleaner economy.

- **Operational Efficiency:** We prioritize the reduction of paper consumption through the promotion of digital banking and have standardized the installation of LED lighting and energy-efficient devices across our branch network.
- **Green Financing & Procurement:** MBL actively supports the transition to renewable energy by financing solar, hydropower, and electric vehicle (EV) projects, while encouraging environmentally responsible procurement practices.
- **Sustainable Economy:** By integrating environmental responsibility into our core operations, we align our growth with Nepal's national goals for a sustainable and climate-resilient future.

## Report on Going Concern

The Board of Directors has conducted a comprehensive assessment of the Bank's ability to continue as a going concern and is satisfied that the institution possesses the necessary resources to sustain operations for the foreseeable future. Following a rigorous evaluation of the Bank's liquidity position, funding arrangements, and strategic business plans, management maintains full confidence that the Bank remains adequately capitalized and resourced.

The Bank is well-positioned with sufficient capital and liquidity to maintain operational existence, and management has not identified any material uncertainties or risks that could cast significant doubt upon the Bank's ability to operate as a going concern. Current funding structures and future projections further support a stable outlook for the Bank's continued growth and stability.

### Financial Performance Indicators

The Nepalese banking sector navigated significant headwinds throughout 2024, including prolonged political uncertainty, elevated inflationary pressures, and tight liquidity conditions across both NPR and foreign currency markets. Volatility in remittance inflows, rising interest rate risks, and global geopolitical tensions—most notably the Russia-Ukraine conflict and instability in the Middle East—further complicated the operating environment.

Despite these external challenges, MBL demonstrated institutional resilience and achieved encouraging progress across all key financial parameters. This performance reflects our strong operational capabilities, proactive risk mitigation, and prudent management practices, ensuring the Bank remains well-positioned for sustainable growth.

Key Financial Indicators	FY 2024-25	FY 2023-24
Deposit Growth	184,176.05	158,646.91
Loans and advances Growth	147,245.70	131,855.62
Total Assets Growth	217,453.96	189,610.79
Operating Profit Growth	3,147.64	1,665.89

MBL's performance throughout the year indicates a trajectory of sustained growth and institutional strength. We achieved strong deposit and asset growth, reflecting deepened customer trust and a broader market reach across our network. This was further supported by higher lending activity, as we strategically deployed capital to productive sectors of the economy. Most notably, the Bank delivered a very strong improvement in profitability, driven by enhanced operational efficiency, optimized interest margins, and prudent cost management practices.

### Cash Flow Analysis

MBL's cash flow profile for the fiscal year reflects robust operational momentum and a disciplined approach to capital reinvestment. The following components highlight our financial health:

- **Operating Activities:** Generated NPR 7,751 million, a significant increase from NPR 4,898 million in the previous fiscal year. This growth demonstrates enhanced operational efficiency and confirms that MML is generating sufficient cash from its primary banking activities.
- **Investing Activities:** Outflows amounted to NPR 7,317 million, consistent with the NPR 7,169 million recorded last year. This reflects our strategic reinvestment in secure assets and future capacity-building, which is typical for a growth-oriented bank.

- **Financing Activities:** Resulted in a net outflow of NPR 499 million, an improvement from NPR 570 million last year. This reduced outflow indicates better cost management and more optimized funding decisions.

Despite substantial investing requirements, MBL's strong positive operating cash flow serves as a key indicator of long-term sustainability. This performance ensures the Bank maintains the following:

- Sufficient liquidity to meet all institutional obligations.
- The ability to fund continuous investments in growth and modernization.
- A stable cash position that reinforces our going-concern assessment.

The overall pattern of cash flows clearly demonstrates that MBL continues to operate efficiently, manage its resources prudently, and maintain a strong financial footing even within a challenging economic environment.

#### Cash Flow Summary (NPR in million)

Particulars	FY 2024-25	FY 2023-24
Net Cash from Operating Activities	7,751	4,898
Net Cash (Used in) Investing Activities	(7,317)	(7,169)
Net Cash (Used in) Financing Activities	(499)	(570)

#### Payment of Obligation

MBL has consistently honored its obligations to depositors, lenders, and suppliers. Even during periods of tight liquidity in Nepal's banking system, the Bank successfully maintained timely payments through effective liquidity planning and prudent cash-flow management.

#### Expansion of Business

MBL continued to enhance its physical and digital footprint across Nepal. Expansion through digital banking channels and ATM networks

reflects management's commitment to improving customer access and supporting long-term growth. These initiatives further reinforce the Bank's operational stability and its continued status as a going concern.

#### Dividend Policy

No dividend was declared in the previous fiscal year (PY 2023-24). The resumption of dividends in FY 2024-25 demonstrates the following:

- Improved profitability,
- Stronger financial performance,
- Enhanced liquidity position, and
- Management's confidence in the Bank's operational resilience and future outlook.

Particulars	FY 2024-25	FY 2023-24
Total Dividend	8%	-
Cash Dividend	4%	-
Bonus Shares	4%	-

#### Regulatory Compliance

MBL places high emphasis on compliance with all applicable regulations of Nepal Rastra Bank (NRB). The Bank fully complied with key prudential norms, including the following:

Key Financial Indicators	FY 2024-25	FY 2023-24
Capital Adequacy Ratio (CAR)	13.14%	13.74%
Liquidity Ratio	31.18%	29.30%
Credit-to-Deposit (CD) Ratio	80.62%	83.32%

MBL maintained ratios comfortably above NRB minimum requirements, demonstrating strong governance and effective risk oversight.

#### Capital Management

In line with NRB's Capital Adequacy Framework, MBL maintained a Capital Adequacy Ratio well above the regulatory minimum. The consistent CAR above the minimum regulatory threshold demonstrates MBL's prudent capital management and its ability to absorb potential losses while supporting future growth. Despite a slight decrease in surplus capital, the Bank continues to hold a significant buffer of NPR 3,826 million above the regulatory minimum, ensuring resilience against financial risks

NPR in million

Particulars	FY 2024-25	FY 2023-24
Risk-Weighted Assets (RWA)	178,833.07	158,425.89
Minimum Capital Requirement	19,671.64	17,426.85
Actual Capital Maintained	23,497.18	21,767.20
Surplus Capital	3,825.55	4,340.36
CAR (%)	13.14%	13.74%

## Risk Management

MBL follows a comprehensive and structured risk management framework covering credit risk, market risk, liquidity risk, and operational risk. The Board of Directors provides strategic direction and oversees risk governance through various committees. A strong risk culture is promoted across the institution, ensuring alignment with regulatory expectations and international best practices.

## Other Indicators

### Brand Image and Recognition

MBL continues to strengthen its brand through the following:

- strong corporate governance practices,
- transparent reporting,
- digital innovation, and
- customer-centric services.

The Bank's growing recognition in Nepal's banking industry enhances its credibility and fosters lasting customer trust.

## Credit Rating Analysis

MBL's rating accredited by CARE Rating Nepal continues to reflect its stable financial condition, sound asset quality, solid capital base, and prudent management practices. The stable outlook reinforces confidence in the Bank's long-term sustainability and creditworthiness in the competitive banking landscape.

## Government Policy Outlook

Management does not anticipate any imminent changes in government or Nepal Rastra Bank (NRB) policies that would materially affect the Bank's business operations. The Bank continues to monitor regulatory developments closely and adapt as necessary.

## Conclusion – Going Concern

Considering MBL's strong financial performance, stable capital position, prudent risk management, regulatory compliance, and strategic growth initiatives, the Board of Directors is confident that MBL will continue as a going concern for the foreseeable future. Accordingly, the financial statements have been prepared on a going-concern basis with appropriate disclosures supporting this assessment.

# Machhapuchchhre: The Sacred Fishtail of the Himalayas

Machhapuchchhre, also known as the “Fishtail Mountain,” is a sacred peak in Nepal’s Annapurna Himalayas that stands at 6,993 meters (22,943 feet). Its distinctive double-peaked summit resembles a fish’s tail, and it is considered a holy site, believed by locals to be the home of the Hindu deity Lord Shiva. Due to its religious significance, climbing is prohibited, making it one of the few unclimbed major peaks in the world.

Machhapuchchhre is situated in the Annapurna region of north-central Nepal, approximately 25 km north of Pokhara and can be viewed from several popular trekking routes, including Annapurna Base Camp, Mardi Himal Trek, Ghorepani-Poonhill Trekking, and Ghandruk.



# **Financial Statement**

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF MACHHAPUCHCHHRE BANK LIMITED**

**Opinion**

We have audited the financial statements of Machhapuchchhre Bank Limited., which comprise the Statement of Financial Position as at Ashadh 32, 2082 (July 16, 2025), and the Statement of Profit or Loss, and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Bank as at Ashadh 32, 2082 (July 16, 2025), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards [NFRS].

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing [NSA]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matters	Auditor's Response
a)	<p><b>Interest Income:</b> The Bank has implemented NRB's Guidance Note on Interest Income Recognition, 2025 effective from Shrawan 2081. The guidelines require staging of loans (Stage 1, 2, 3) with different recognition methods - accrual basis for Stage 1&amp;2 based on coupon interest rate and cash basis (incremental) for Stage 3 assets. The transitional arrangement involves complex quarterly tracking at account level and reconciliation between interest suspense, accrued interest, and actual collections. Given the significant system changes, manual interventions during transition, and risk of misstatement in interest income, we considered this as a key audit matter.</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none"> <li>Obtained understanding of the Bank's implementation framework and tested quarterly interest computation processes at account level</li> <li>Verified staging classification (Stage 1, 2, 3) for sample loans based on ECL guidelines and tested stage migration reports</li> <li>For Stage 3 assets, tested cash basis approach by tracing collections to bank statements, recalculating interest suspense movements, and verifying that suspense doesn't exceed accrued interest</li> <li>Performed reconciliation between CBS interest calculations and GL</li> </ol>



		entries and verified quarterly interest income aggregation.
<b>b)</b>	<p><b>Investment valuation, identification and impairment:</b></p> <p>Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted securities. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and NRB Directive number 8. The investment in the government and NRB bonds and T-bills has been done on Amortized cost and rest have been valued through Fair Value through Other Comprehensive Income. The valuation of the investment requires special attention and further in view of the significance of the amount of the investment in the financial statement the same has been considered as Key Audit Matters in our audit.</p>	<p>Our audit approach regarding Investment of the bank is based on the NRB Directive and NFRS issued by the Accounting Standard Board of Nepal.</p> <p>For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis.</p> <p>For the investment valued through OCI i.e. for quoted investment, we relied on the Last transaction price in NEPSE as on 16.07.2025. And for the unquoted investment the fair value has been taken as NRs.100. Further the income and bonus have been cross verified from Demat statement of the bank wherever applicable.</p>
<b>c)</b>	<p><b>Impairment of Loans and Advances:</b></p> <p>As per NFRS 9 (carve-out issued by ICAN ), bank shall measure impairment loss on loans and advances at the higher of:</p> <ol style="list-style-type: none"> <li>Amount derived as per norms prescribed by NRB for loan loss provisioning or;</li> <li>Amount determined as per para 5.5 of NFRS adopting the expected credit loss model</li> </ol> <p>As per the norms prescribed by the NRB, provision at the prescribed rate shall be created on the loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security etc. Hence, assessment of availability and accuracy of data for impairment under NRB provisioning norms is regarded as key audit matters.</p> <p>Expected credit losses of loans and advances measured at amortized cost as disclosed in Note 4.7, is determined by management based on the accounting policies described in Note 2.10 (E) to the financial statements.</p> <p>This was a key audit matter due to</p>	<p>Our audit approach included :</p> <ol style="list-style-type: none"> <li>Reviewing the overdue status of loans and advances by obtaining data from the system and matching the same with NRB 2.2 report.</li> <li>Sample credit files were reviewed for the purpose of assuring the utilization of loan &amp; advances for the intended purpose, account movement and account turnover.</li> <li>Assessed the alignment of the Bank's Impairment for expected credit losses computations and underlying methodology including responses to current economic conditions with its accounting policies, based on the best available information up to the date of our report.</li> <li>Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of impairment for expected credit losses, policies and procedures by the Board and management.</li> </ol>



<ul style="list-style-type: none"> <li>• The involvement of significant management judgements, assumptions and level of uncertainty associated with estimating future cash flows to recover such loans and advances; and</li> <li>• The materiality of the reported amount of expected credit losses.</li> </ul> <p>Key areas of significant judgements, assumptions and estimates made by management in the assessment of expected credit losses for loans and advances include forward-looking macroeconomic scenarios, associated weightages and considerations that indicate significant increase in credit risk. These are subject to inherently heightened levels of estimation uncertainty.</p> <p>Information of such key estimates, assumptions and judgements are disclosed in Note 2.10 (E)</p>	<ul style="list-style-type: none"> <li>e. Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Group.</li> <li>f. Evaluated the reasonableness of credit quality assessments and related stage classifications.</li> </ul> <p>In addition to the above, the following procedures were performed:</p> <ul style="list-style-type: none"> <li>g. For loans and advances assessed on an individual basis for impairment: <ul style="list-style-type: none"> <li>➤ Tested the arithmetical accuracy of the underlying individual impairment calculations.</li> <li>➤ Evaluated the reasonableness of key inputs used in the impairment for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery actions of the collaterals.</li> </ul> </li> <li>h. For loans and advances assessed on a collective basis for impairment: <ul style="list-style-type: none"> <li>➤ Tested the key inputs and the calculations used in the impairment for expected credit losses.</li> <li>➤ Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario.</li> </ul> </li> <li>i. Assessed the adequacy of the related financial statement disclosures set out in Notes 4.7 (<i>Notes forming part of FS</i>) and 4 (<i>Notes to Consolidated Financial Statements</i>)</li> </ul>
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d)	<p><b>Information Technology:</b> As most of the information of the bank is digitally stored and transactions are carried out digitally/electronically without minimal manual intervention, we have considered information technology status of the bank as our key audit areas.</p>	<p>Our audit approach regarding Information Technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB and it also included:</p> <ol style="list-style-type: none"> <li>Understanding of IT process, mapping of application and control measures adopted by the bank such as users' access and authority across operating systems.</li> <li>Verification of the interest income and expense booking regarding loan and deposit on test basis with the CBS of the bank.</li> <li>Reliance on the IT audit conducted by the bank.</li> <li>Verification of the provisioning of the loan and advances based on ageing on the test check basis</li> </ol>
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#### Other Matter

We did not audit the financial statement and other financial statement of subsidiaries namely Machhapuchchhre Capital Ltd and Machhapuchchhre Securities Ltd. The financial statements and other financial information have been audited by other auditor whose report has been furnished to us by the management. Our opinion on the financial statement so far as it relates to the accounts and disclosures included in respect of the subsidiary is based solely on the report of other auditor.

The auditor's report is intended solely for the intended users and should not be distributed to or used by other parties.

#### Other Information

Management is responsible for the preparation of other information. The other information comprises the information included in the Annual Report but does not include the consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether caused 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosure are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidences obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.

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.

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

We have determined to communicate following matters in accordance with the requirements of BAFIA, 2073, NRB Directives, Company Act, 2063, and other regulatory requirements: -

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



- Based on our audit, proper books of accounts as required by law have been kept by the Bank.
- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts maintained by the Bank.
- Returns received from the branch offices of the Bank were adequate for the purpose of our audit though the statements are independently not audited.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the bank are adequate considering the Directives issued by Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the Bank, we have not come across any case where the Board of Directors or any office bearer of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by Nepal Rastra Bank or acted in a manner, as would jeopardize the interest and security of the Bank, its shareholders and its depositors.
- The business of the Bank has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.



**Ashesh Rajbahak, FCA**  
Partner

**G. P. Rajbahak & Co.,**  
Chartered Accountants

Place: Kamalpokhari, Kathmandu, Nepal  
Date: 31 August 2025

UDIN: 250831CA002786WBKN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 32nd Ashad 2082 (16 July 2025)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Assets</b>					
Cash and cash equivalent	4.1	7,756,641,078	7,815,387,018	7,725,871,509	7,790,318,696
Due from Nepal Rastra Bank	4.2	8,326,202,371	6,340,167,398	8,326,202,371	6,340,167,398
Placement with Bank and Financial Institutions	4.3	1,731,959,352	404,770,066	1,731,959,352	404,770,066
Derivative financial instruments	4.4	-	4,541,338	-	4,541,338
Other trading assets	4.5	-	13,272,822	-	13,272,822
Loan and advances to B/FIs	4.6	5,809,651,703	5,101,443,477	5,809,651,703	5,101,443,477
Loans and advances to customers	4.7	141,436,048,905	126,605,243,298	141,436,048,905	126,754,174,782
Investment securities	4.8	45,751,427,884	35,846,361,774	45,513,259,938	35,597,019,374
Current tax assets	4.9	764,584,625	935,648,006	742,429,982	919,481,176
Investment in subsidiaries	4.10	-	-	400,000,000	400,000,000
Investment in associates	4.11	-	-	-	-
Investment property	4.12	594,364,388	1,201,902,408	594,364,388	1,201,902,408
Property and equipment	4.13	1,559,556,114	1,599,778,853	1,541,172,932	1,585,982,262
Goodwill and Intangible assets	4.14	124,669,556	130,047,962	120,883,962	128,014,808
Deferred tax assets	4.15	255,170,471	157,434,488	255,958,854	154,282,111
Other assets	4.16	3,442,988,331	3,362,264,194	3,256,161,018	3,215,414,907
<b>Total Assets</b>		<b>217,553,264,778</b>	<b>189,518,263,102</b>	<b>217,453,964,914</b>	<b>189,610,785,625</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4.17	2,679,864,355	3,128,492,210	2,679,864,355	3,128,492,210
Due to Nepal Rastra Bank	4.18	-	-	-	-
Derivative financial instruments	4.19	9,984,287	-	9,984,287	-
Deposits from customers	4.20	184,134,746,200	158,438,188,462	184,176,049,901	158,646,909,170
Borrowing	4.21	2,143,480,557	2,091,129,011	2,143,480,557	2,091,129,011
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred tax liabilities	4.15	-	-	-	-
Other liabilities	4.23	4,074,069,374	3,155,880,717	4,038,928,883	3,135,039,988
Debt securities issued	4.24	5,498,289,706	5,495,481,481	5,498,289,706	5,495,481,482
Subordinated Liabilities	4.25	-	-	-	-
<b>Total liabilities</b>		<b>198,540,434,479</b>	<b>172,309,171,881</b>	<b>198,546,597,689</b>	<b>172,497,051,861</b>
<b>Equity</b>					
Share capital	4.26	11,621,357,273	11,621,357,273	11,621,357,273	11,621,357,273
Share premium		30,881,765	30,881,765	30,881,765	30,881,765
Retained earnings		942,826,278	(357,785,606)	936,365,847	(359,804,768)
Reserves	4.27	6,323,122,209	5,824,615,930	6,318,762,340	5,821,299,494
<b>Total equity attributable to equity holders</b>		<b>18,918,187,525</b>	<b>17,119,069,362</b>	<b>18,907,367,225</b>	<b>17,113,733,764</b>
Non-controlling interest		94,642,774	90,021,859	-	-
<b>Total equity</b>		<b>19,012,830,299</b>	<b>17,209,091,221</b>	<b>18,907,367,225</b>	<b>17,113,733,764</b>
<b>Total liabilities and equity</b>		<b>217,553,264,778</b>	<b>189,518,263,102</b>	<b>217,453,964,914</b>	<b>189,610,785,625</b>
Contingent liabilities and commitment	4.28	38,789,120,934	36,393,626,895	38,789,120,934	36,393,626,895
Net assets value per share		162.79	147.31	162.70	147.26

**Khagendra Paudel**  
Head-Finance & Planning

**Mukunda Mahat**  
Director

**Anish Shah**  
Director

**Santosh Koirala**  
Chief Executive Officer

**Bishwo Prakash Gautam**  
Director

**Sunil Narayan Shrestha**  
Director

**Roshan KC**  
Chairman

**Peshal Raj Pokharel**  
Director

**Manisha Bhandari**  
Director

As per our report of event date

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

Date: 13/05/2082  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 32nd Ashad 2082 (16 July 2025)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Interest income	4.29	14,556,766,898	16,602,004,586	14,580,766,036	16,598,693,546
Interest expense	4.30	8,792,943,443	11,595,286,036	8,824,049,942	11,610,500,770
<b>Net interest income</b>		<b>5,763,823,455</b>	<b>5,006,718,550</b>	<b>5,756,716,094</b>	<b>4,988,192,776</b>
Fee and commission income	4.31	1,650,591,534	1,393,735,487	1,590,832,317	1,361,141,856
Fee and commission expense	4.32	322,961,416	287,056,830	305,655,573	273,515,325
<b>Net fee and commission income</b>		<b>1,327,630,118</b>	<b>1,106,678,657</b>	<b>1,285,176,744</b>	<b>1,087,626,531</b>
<b>Net interest, fee and commission income</b>		<b>7,091,453,573</b>	<b>6,113,397,207</b>	<b>7,041,892,838</b>	<b>6,075,819,307</b>
Net trading income	4.33	332,153,025	230,382,782	332,153,025	230,382,782
Other operating income	4.34	95,209,658	88,653,754	66,628,272	79,965,526
<b>Total operating income</b>		<b>7,518,816,256</b>	<b>6,432,433,743</b>	<b>7,440,674,135</b>	<b>6,386,167,615</b>
Impairment charge/(reversal) for loans and other losses	4.35	556,657,045	1,398,187,605	556,657,045	1,398,187,605
<b>Net operating income</b>		<b>6,962,159,211</b>	<b>5,034,246,138</b>	<b>6,884,017,090</b>	<b>4,987,980,010</b>
<b>Operating expense</b>					
Personnel expenses	4.36	2,500,067,603	2,112,290,566	2,465,781,640	2,085,352,325
Other operating expenses	4.37	866,386,502	837,295,248	849,896,533	820,119,318
Depreciation & Amortization	4.38	428,202,514	422,287,570	420,697,168	416,619,226
<b>Operating Profit</b>		<b>3,167,502,592</b>	<b>1,662,372,754</b>	<b>3,147,641,749</b>	<b>1,665,889,141</b>
Non operating income	4.39	52,428,294	85,318,448	52,428,294	85,318,448
Non operating expense	4.40	478,326,565	97,371,670	478,326,565	97,371,670
<b>Profit before income tax</b>		<b>2,741,604,321</b>	<b>1,650,319,532</b>	<b>2,721,743,478</b>	<b>1,653,835,919</b>
Income tax expense	4.41	846,213,405	609,341,942	838,099,990	608,636,732
Current Tax		901,201,006	680,098,799	901,201,006	680,098,799
Deferred Tax		(54,987,601)	(70,756,857)	(63,101,016)	(71,462,067)
<b>Profit for the year</b>		<b>1,895,390,916</b>	<b>1,040,977,590</b>	<b>1,883,643,488</b>	<b>1,045,199,187</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		1,890,497,384	1,040,955,409	1,883,643,488	1,045,199,187
Non-controlling interest		4,893,532	22,182	-	-
<b>Profit for the year</b>		<b>1,895,390,916</b>	<b>1,040,977,590</b>	<b>1,883,643,488</b>	<b>1,045,199,187</b>
<b>Earnings per share</b>					
Basic earnings per share		16.27	8.96	16.21	8.99
Diluted earnings per share		16.27	8.96	16.21	8.99

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Mukunda Mahat**  
Director

**Bishwo Prakash Gautam**  
Director

**Peshal Raj Pokharel**  
Director

**Ashesh Rajbahak**  
Partner

**Anish Shah**  
Director

**Sunil Narayan Shrestha**  
Director

**Manisha Bhandari**  
Director

G.P. Rajbahak & Co.  
Chartered Accountants

Date: 13/05/2082  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 32 Ashad 2082 (16 July 2025)

	NOTE	GROUP		BANK	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Profit for the year</b>		<b>1,895,390,916</b>	<b>1,040,977,590</b>	<b>1,883,643,488</b>	<b>1,045,199,187</b>
<b>Other comprehensive income, net of income tax</b>					
<b>a) Items that will not be reclassified to profit or loss</b>					
Gain /(losses) from investments in equity instruments measured at fair value		5,317,857	(4,963,116)	5,317,857	(4,963,116)
Gain /(losses) on revaluation		-	-	-	-
Actuarial gains/(loss) on defined benefit plans		(133,903,612)	14,846,104	(133,903,612)	14,846,104
Income tax relating to above items		38,575,726	(2,964,896)	38,575,726	(2,964,896)
Net other comprehensive income that will not be reclassified to profit or loss		(90,010,028)	6,918,092	(90,010,028)	6,918,092
<b>b) Items that are or may be classified to profit or loss</b>					
Gain /(losses) on cash flow hedge		-	-	-	-
Exchange gain/ (losses) (arising from translating financial assets of foreign operation)		-	-	-	-
Income tax relating to above items		-	-	-	-
Reclassify to profit or loss		-	-	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		-	-	-	-
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>		-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>		(90,010,028)	6,918,092	(90,010,028)	6,918,092
<b>Total comprehensive income for the year</b>		<b>1,805,380,887</b>	<b>1,047,895,682</b>	<b>1,793,633,460</b>	<b>1,052,117,279</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		1,800,487,356	1,047,873,500	1,793,633,460	1,052,117,279
Non-controlling interest		4,893,532	22,182	-	-
<b>Total comprehensive income for the period</b>		<b>1,805,380,887</b>	<b>1,047,895,682</b>	<b>1,793,633,460</b>	<b>1,052,117,279</b>

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Mukunda Mahat**  
Director

**Bishwo Prakash Gautam**  
Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

**Sunil Narayan Shrestha**  
Director

**Manisha Bhandari**  
Director

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

Date: 13/05/2082  
Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 Ashad 2082 (16 July 2025)

	GROUP											Non-controlling interest	Total equity
	Attributable to equity holders of the Bank												
	Share Capital	Share Premium	General Reserve	Exchange equalisation reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total			
Balance at Sawan 1, 2080	10,257,155,581	30,881,765	2,693,585,768	67,114,258	1,329,265,607	(11,282,267)	-	14,561,693,382	339,844,522	16,162,734,625	90,604,789	16,253,339,407	
Adjustment/Restatement	-	-	-	-	-	-	-	(2,098,595)	(17,640,072)	(19,738,667)	(605,112)	(20,343,779)	
<b>Adjusted/Restated balance at Sawan 1, 2080</b>	<b>10,257,155,581</b>	<b>30,881,765</b>	<b>2,693,585,768</b>	<b>67,114,258</b>	<b>1,329,265,607</b>	<b>(11,282,267)</b>	<b>-</b>	<b>14,540,094,787</b>	<b>322,204,450</b>	<b>16,142,995,948</b>	<b>89,999,677</b>	<b>16,232,995,625</b>	
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	-	10,409,955,409	-	10,409,955,409	22,182	10,409,977,590	
<b>Other comprehensive income, net of tax</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(3,474,181)	-	-	-	(3,474,181)	-	(3,474,181)	
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	10,392,273	-	10,392,273	-	10,392,273	
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	(3,474,181)	-	-	-	-	-	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(3,474,181)	-	10,409,955,409	10,392,273	10,478,735,000	-	10,478,735,000	
<b>Transfer to reserve during the year</b>	-	-	209,044,976	13,322,547	505,869,002	-	-	(1,448,947,460)	720,710,934	-	-	-	
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	26,352,843	(26,352,843)	-	-	-	
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	
Share issued	-	-	-	-	-	-	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	
Bonus shares issued	1,364,201,692	-	-	-	-	-	-	(1,364,201,692)	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	-	(71,800,089)	-	(71,800,089)	-	(71,800,089)	
Other	-	-	-	-	-	-	-	5,784,596	(5,784,596)	-	-	-	
<b>Total contributions by and distributions</b>	<b>1,364,201,692</b>	<b>-</b>	<b>209,044,976</b>	<b>13,322,547</b>	<b>505,869,002</b>	<b>(3,474,181)</b>	<b>-</b>	<b>(1,811,856,393)</b>	<b>698,965,768</b>	<b>976,073,411</b>	<b>90,021,859</b>	<b>17,209,091,221</b>	
<b>Balance at Ashad end 2081</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>2,902,630,745</b>	<b>80,436,805</b>	<b>1,835,134,609</b>	<b>(14,756,448)</b>	<b>-</b>	<b>(357,785,606)</b>	<b>1,021,170,218</b>	<b>17,119,069,369</b>	<b>90,021,859</b>	<b>17,209,091,221</b>	

Contd...Consolidated Statement of Changes in Equity

	GROUP											Total equity
	Attributable to equity holders of the Bank										Non-controlling interest	
	Share Capital	Share Premium	General Reserve	Exchange equalisation reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Sawan 1, 2081	11,621,357,273	30,881,765	2,902,630,745	80,436,805	1,835,134,609	(14,756,448)	-	(357,785,606)	1,021,170,218	17,119,069,369	90,021,859	17,209,091,221
Adjustment/Restatement	-	-	-	-	-	-	-	(1,369,191)	-	(1,369,191)	(605,112)	(1,974,303)
<b>Adjusted/Restated balance at Sawan 1, 2081</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>2,902,630,745</b>	<b>80,436,805</b>	<b>1,835,134,609</b>	<b>(14,756,448)</b>	<b>-</b>	<b>(359,154,797)</b>	<b>1,021,170,218</b>	<b>17,117,700,169</b>	<b>89,416,747</b>	<b>17,207,116,917</b>
<b>Comprehensive income for the year</b>												
<b>Profit for the year</b>								1,890,497,384		1,890,497,384	5,226,027	1,895,723,411
<b>Other comprehensive income, net of tax</b>												
Gain/(losses) from investments in equity instruments measured at fair value						3,722,500				3,722,500		3,722,500
Gain/(losses) on revaluation												
Actuarial gain/(losses) on defined benefit plans									(93,732,528)	(93,732,528)		(93,732,528)
Gain/(losses) on cash flow hedge												
Exchange gain/(losses) (arising from translating financial assets of foreign operation)												
<b>Total comprehensive income for the year</b>						3,722,500		1,890,497,384	(93,732,528)	1,800,487,356		1,805,713,383
<b>Transfer to reserve during the year</b>												
<b>Transfer from reserve during the year</b>												
<b>Transactions with owners, directly recognised in equity</b>												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Other												
<b>Total contributions by and distributions</b>												
<b>Balance at Ashad End 2082 (16 July 2025)</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>3,280,493,152</b>	<b>96,699,911</b>	<b>1,580,609,512</b>	<b>(11,033,948)</b>	<b>-</b>	<b>942,826,278</b>	<b>1,376,353,582</b>	<b>18,918,187,534</b>	<b>94,642,774</b>	<b>19,012,830,299</b>

Contd...Consolidated Statement of Changes in Equity

	BANK											Non-controlling interest	Total equity
	Attributable to equity holders of the Bank										Total		
	Share Capital	Share Premium	General Reserve	Exchange equalisation reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve				
Balance at Sawan 1, 2080	10,257,155,581	30,881,765	2,690,502,342	67,114,258	1,329,265,607	(11,282,267)	-	1,448,531,596	339,617,167	16,151,786,050	-	16,151,786,050	
Adjustment/Restatement	-	-	-	-	-	-	-	(729,404)	(17,640,072)	(18,369,476)	-	(18,369,476)	
<b>Adjusted/Restated balance at Sawan 1, 2080</b>	<b>10,257,155,581</b>	<b>30,881,765</b>	<b>2,690,502,342</b>	<b>67,114,258</b>	<b>1,329,265,607</b>	<b>(11,282,267)</b>	-	<b>1,447,802,193</b>	<b>321,977,095</b>	<b>16,133,416,572</b>	-	<b>16,133,416,572</b>	
<b>Comprehensive income for the year</b>													
<b>Profit for the year</b>								1,045,199,187		1,045,199,187		1,045,199,187	
<b>Other comprehensive income, net of tax</b>													
Gain/(losses) from investments in equity instruments measured at fair value						(3,474,181)				(3,474,181)		(3,474,181)	
Gain/(losses) on revaluation													
Actuarial gain/(losses) on defined benefit plans									10,392,273	10,392,273		10,392,273	
Gain/(losses) on cash flow hedge													
Exchange gain/(losses) arising from translating financial assets of foreign operation													
<b>Total comprehensive income for the year</b>						(3,474,181)		1,045,199,187	10,392,273	1,052,117,279		1,052,117,279	
<b>Transfer to reserve during the year</b>			209,039,837	13,322,547	505,869,002			(1,448,941,807)	720,710,420				
<b>Transfer from reserve during the year</b>								26,352,843	(26,352,843)				
<b>Transactions with owners, directly recognised in equity</b>													
Share issued													
Share based payments													
Dividends to equity holders													
Bonus shares issued	1,364,201,692							(1,364,201,692)					
Cash dividend paid								(71,800,089)		(71,800,089)		(71,800,089)	
Others								5,784,596	(5,784,596)				
<b>Total contributions by and distributions</b>	1,364,201,692		209,039,837	13,322,547	505,869,002	(3,474,181)		(1,807,606,962)	698,965,254	980,317,190		980,317,190	
<b>Balance at Ashad end 2081</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>2,899,542,179</b>	<b>80,436,805</b>	<b>1,835,134,609</b>	<b>(14,756,448)</b>	-	<b>(359,804,770)</b>	<b>1,020,942,349</b>	<b>17,113,733,764</b>	-	<b>17,113,733,761</b>	

Contd...Consolidated Statement of Changes in Equity

	BANK										Non-controlling interest	Total equity
	Attributable to equity holders of the Bank											
	Share Capital	Share Premium	General Reserve	Exchange equalisation reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at 1 Sawan 2081	11,621,357,273	30,881,765	2,899,542,179	80,436,805	1,835,134,609	(14,756,448)	-	(359,804,768)	1,020,942,349	17,113,733,764	-	17,113,733,761
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 1 Sawan 2081</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>2,899,542,179</b>	<b>80,436,805</b>	<b>1,835,134,609</b>	<b>(14,756,448)</b>	<b>-</b>	<b>-359,804,768</b>	<b>1,020,942,349</b>	<b>17,113,733,763</b>	<b>-</b>	<b>17,113,733,763</b>
<b>Comprehensive income for the year</b>												
<b>Profit for the year</b>								1,883,643,488		1,883,643,488		1,883,643,488
<b>Other comprehensive income, net of tax</b>												
Gain/(losses) from investments in equity instruments measured at fair value						3,722,500				3,722,500		3,722,500
Gain/(losses) on revaluation												
Actuarial gain/(losses) on defined benefit plans												
Gain/(losses) on cash flow hedge												
Exchange gain/(losses) (arising from translating financial assets of foreign operation)												
<b>Total comprehensive income for the year</b>						3,722,500		1,883,643,488	(93,732,528)	1,793,633,460		1,793,633,460
<b>Transfer to reserve during the year</b>												
Transfer from reserve during the year				16,263,106	(254,525,096)			(585,874,571)	447,407,863			
<b>Transactions with owners, directly recognised in equity</b>												
Share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Others												
<b>Total contributions by and distributions</b>				16,263,106	(254,525,096)	3,722,500		(10,818,249)	355,273,638	1,793,633,460		1,793,633,460
<b>Balance at Ashad end 2082 (16 July 2025)</b>	<b>11,621,357,273</b>	<b>30,881,765</b>	<b>3,276,270,877</b>	<b>96,699,911</b>	<b>1,580,609,512</b>	<b>(11,033,948)</b>	<b>-</b>	<b>936,365,847</b>	<b>1,376,215,987</b>	<b>18,907,367,225</b>	<b>-</b>	<b>18,907,367,225</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 32 Ashad 2082 (16 July 2025)

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	12,426,480,926	14,675,297,937	12,450,480,064	14,671,986,897
Fees and other income received	1,650,591,534	1,393,735,487	1,590,832,317	1,361,141,856
Dividend received	-	-	-	-
Receipts from other operating activities	455,561,921	392,694,956	426,980,535	384,006,728
Interest paid	(8,291,326,188)	(11,095,146,304)	(8,322,432,687)	(11,110,361,038)
Commission and fees paid	(322,961,416)	(287,056,830)	(305,655,573)	(273,515,325)
Cash payment to employees	(2,500,067,603)	(2,112,290,566)	(2,465,781,640)	(2,085,352,325)
Other expense paid	(1,344,713,067)	(934,666,918)	(1,328,223,098)	(917,490,988)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>2,073,566,107</b>	<b>2,032,567,762</b>	<b>2,046,199,918</b>	<b>2,030,415,805</b>
<b>(Increase)/Decrease in operating assets</b>	<b>(19,433,275,838)</b>	<b>1,721,942,591</b>	<b>(19,443,724,094)</b>	<b>1,599,516,553</b>
Due from Nepal Rastra Bank	(1,986,034,973)	2,968,940,299	(1,986,034,973)	2,968,940,299
Placement with bank and financial institutions	(1,327,189,286)	1,053,544,116	(1,327,189,286)	1,053,544,116
Other trading assets	17,814,160	471,689,590	17,814,160	471,689,590
Loan and advances to bank and financial institutions	(708,208,226)	(637,199,206)	(708,208,226)	(637,199,206)
Loans and advances to customers	(15,387,462,652)	(1,865,748,105)	(15,238,531,168)	(2,014,679,589)
Other assets	(42,194,861)	(269,284,103)	(201,574,601)	(242,778,658)
<b>Increase/(Decrease) in operating liabilities</b>	<b>26,094,550,762</b>	<b>2,140,264,098</b>	<b>25,912,833,991</b>	<b>2,088,042,352</b>
Due to bank and financial institutions	(448,627,855)	(976,575,445)	(448,627,855)	(976,575,445)
Due to Nepal Rastra Bank	-	(13,000,000)	-	(13,000,000)
Deposit from customers	25,696,557,739	4,526,448,550	25,529,140,730	4,467,277,349
Borrowings	52,351,546	(1,303,873,550)	52,351,546	(1,303,873,550)
Other liabilities	794,269,332	(92,735,457)	779,969,570	(85,786,002)
<b>Net cash flow from operating activities before tax paid</b>	<b>8,734,841,030</b>	<b>5,894,774,452</b>	<b>8,515,309,815</b>	<b>5,717,974,710</b>
Income taxes paid	(774,481,364)	(824,753,878)	(764,320,897)	(820,178,002)
<b>Net cash flow from operating activities</b>	<b>7,960,359,666</b>	<b>5,070,020,573</b>	<b>7,750,988,918</b>	<b>4,897,796,708</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(9,899,748,253)	(8,234,366,133)	(9,910,922,707)	(8,183,453,194)
Receipts from sale of investment securities	-	-	-	-
Purchase of property and equipment	(388,733,631)	(436,549,233)	(175,642,121)	(340,087,059)
Receipt from the sale of property and equipment	753,856	2,287,953	753,856	2,287,953
Purchase of intangible assets	5,330,141	2,500,671	7,082,581	3,415,634
Receipt from the sale of intangible assets	48,265	2,068,735	48,265	2,068,735
Purchase of investment properties	(75,241,150)	(799,981,811)	(75,241,150)	(799,981,811)
Receipt from the sale of investment properties	682,779,170	208,016,514	682,779,170	208,016,514
Interest received	2,130,285,972	1,926,706,649	2,130,285,972	1,926,706,649
Dividend received	24,229,056	11,660,028	24,229,056	11,660,028
<b>Net cash used in investing activities</b>	<b>(7,520,296,574)</b>	<b>(7,317,656,626)</b>	<b>(7,316,627,078)</b>	<b>(7,169,366,551)</b>

Contd... CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipt from issue of debt securities	2,808,225	1,442,536	2,808,224	1,442,536
Repayment of debt securities	-	-	-	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	-	(71,800,089)	-	(71,800,089)
Interest paid	(501,617,255)	(500,139,732)	(501,617,255)	(500,139,732)
Other receipt/payment	-	-	-	-
<b>Net cash from financing activities</b>	<b>(498,809,030)</b>	<b>(570,497,285)</b>	<b>(498,809,031)</b>	<b>(570,497,285)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(58,745,937)</b>	<b>(2,818,133,338)</b>	<b>(64,447,190)</b>	<b>(2,842,067,128)</b>
Cash and cash equivalents at Sawan 1, 2081 (16 July 2024)	7,815,387,018	10,633,520,357	7,790,318,696	10,632,385,826
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-	-	-
<b>Cash and cash equivalents at Ashad end 2082 (16 July 2025)</b>	<b>7,756,641,078</b>	<b>7,815,387,018</b>	<b>7,725,871,509</b>	<b>7,790,318,696</b>

**Khagendra Paudel**  
Head-Finance & Planning

**Santosh Koirala**  
Chief Executive Officer

**Roshan KC**  
Chairman

As per our report of event date

**Mukunda Mahat**  
Director

**Bishwo Prakash Gautam**  
Director

**Peshal Raj Pokharel**  
Director

**Anish Shah**  
Director

**Sunil Narayan Shrestha**  
Director

**Manisha Bhandari**  
Director

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

Date: 13/05/2082  
Place: Kathmandu, Nepal

## STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 32 Ashad 2082 (16 July 2025)

(As per NRB Regulation)

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
<b>Net profit or (loss) as per statement of profit or loss</b>	1,883,643,488	1,045,199,187
<b>Appropriations:</b>		
a. General reserve	376,728,698	209,039,837
b. Foreign exchange fluctuation fund	16,263,106	13,322,547
c. Capital redemption reserve	428,571,429	710,258,429
d. Corporate social responsibility fund	18,836,435	10,451,992
e. Employees' training fund	10,818,249	(5,784,596)
f. Other	-	-
- Deferred Tax Reserve	-	-
- Investment Adjustment Reserve	-	-
- Corporate Social responsibility reserve through PL	(9,219,946)	(26,352,843)
<b>Profit or (loss) before regulatory adjustment</b>	<b>1,041,645,518</b>	<b>134,263,821</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	29,096,596	(44,571,576)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	461,383,361	(372,938,137)
e. Deferred tax assets recognised (-)/ reversal (+)	(53,811,928)	(71,462,067)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(133,903,612)	14,846,104
i. Other (+/-)	(48,239,321)	(31,743,325)
- Interest Capitalized Reserve (ICR)	(53,557,178)	(26,780,210)
- Fair Value Reserve	5,317,857	(4,963,116)
<b>NNet Profit for the Year end 32 Ashad, 2082 (16 July 2025) available for distribution</b>	<b>1,296,170,614</b>	<b>(371,605,181)</b>
Opening Retained Earning as on Shrawan 1, 2081 (16 July 2024)	<b>(359,804,768)</b>	<b>1,448,531,596</b>
Adjustment (+/-)	-	<b>(729,404)</b>
<b>Distribution</b>		
Bonus shares issued		1,364,201,692
Cash Dividend paid		71,800,089
<b>Total distributable profit or (loss) as on year end date</b>	<b>936,365,847</b>	<b>(359,804,768)</b>
Annualised as per Distributable Profit/Loss per share	<b>8.06</b>	<b>-3.10</b>

## CASH AND CASH EQUIVALENT

4.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Cash in hand	2,581,284,429	2,720,811,505	2,581,284,429	2,720,811,505
Balances with B/FIs	2,000,872,896	1,924,065,197	1,970,103,327	1,898,996,875
Money at call and short notice	3,174,483,753	3,154,955,742	3,174,483,753	3,154,955,742
Other	-	15,554,574	-	15,554,574
<b>Total</b>	<b>7,756,641,078</b>	<b>7,815,387,018</b>	<b>7,725,871,509</b>	<b>7,790,318,696</b>

Balance with BFIs includes balance maintained at various banks and financial institutions. Cash held in foreign currency is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. Other items under cash and cash equivalents include treasury bills with maturities of less than three months; however, there are no treasury bills outstanding as of the end of Ashadh 2082.

## DUE FROM NEPAL RASTRA BANK

4.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory balances with NRB	8,229,890,006	6,253,748,757	8,229,890,006	6,253,748,757
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	96,312,365	86,418,641	96,312,365	86,418,641
<b>Total</b>	<b>8,326,202,371</b>	<b>6,340,167,398</b>	<b>8,326,202,371</b>	<b>6,340,167,398</b>

Balance with the NRB is principally maintained as a part of the regulatory cash reserve ratio required by the NRB. Other deposit and receivable from NRB includes Foreign Currency balance in Nepal Rastra Bank Account.

## PLACEMENTS WITH BANK AND FINANCIAL INSTITUTIONS

4.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Placement with domestic B/FIs	-	-	-	-
Placement with foreign B/FIs	1,731,959,352	404,770,066	1,731,959,352	404,770,066
Less: Allowances for impairment	-	-	-	-
<b>Total</b>	<b>1,731,959,352</b>	<b>404,770,066</b>	<b>1,731,959,352</b>	<b>404,770,066</b>

Placements with foreign Bank and financial institutions with original maturities of more than three months from the acquisition date are presented above.

## DERIVATIVE FINANCIAL INSTRUMENTS

4.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	-	<b>4,541,338</b>	-	<b>4,541,338</b>
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	4,541,338	-	4,541,338
Other	-	-	-	-
<b>Total</b>	-	<b>4,541,338</b>	-	<b>4,541,338</b>

## OTHER TRADING ASSETS

4.5

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	13,272,822	-	13,272,822
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>13,272,822</b>	-	<b>13,272,822</b>
Pledged	-	-	-	-
Non-pledged	-	13,272,822	-	13,272,822

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 shall be presented under this account head. It includes Citizens Saving Bond (Nagarik Bachatpatra) including any interest receivable from NRB thereon. There is no citizen saving bond as of the end of Ashadh 2082.

## LOAN AND ADVANCES TO B/FIS

4.6

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loans to microfinance institutions	5,868,158,617	5,163,163,799	5,868,158,617	5,163,163,799
Other	-	-	-	-
Less: Allowances for impairment	58,506,914	61,720,322	58,506,914	61,720,322
<b>Total</b>	<b>5,809,651,703</b>	<b>5,101,443,477</b>	<b>5,809,651,703</b>	<b>5,101,443,477</b>

Loans to microfinance institutions also includes accrued interest receivable .

## ALLOWANCES FOR IMPAIRMENT

4.6.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance at Sawan 1	61,720,322	58,422,824	61,720,322	58,422,824
Impairment loss for the year:	(3,213,408)	3,297,498	(3,213,408)	3,297,498
Charge for the year	-	-	-	-
Recoveries/reversal	(3,213,408)	3,297,498	(3,213,408)	3,297,498
Amount written off	-	-	-	-
<b>Balance at Asar end</b>	<b>58,506,914</b>	<b>61,720,322</b>	<b>58,506,914</b>	<b>61,720,322</b>

## LOANS AND ADVANCES TO CUSTOMERS

4.7

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan and advances measured at amortized cost	147,346,838,815	131,638,368,142	147,346,838,815	131,787,299,626
Less: Impairment allowances	5,910,789,910	5,033,124,844	5,910,789,910	5,033,124,844
Collective impairment	1,241,878,525	1,320,939,594	1,241,878,525	1,320,939,594
Individual impairment	4,668,911,385	3,712,185,250	4,668,911,385	3,712,185,250
<b>Net amount</b>	<b>141,436,048,905</b>	<b>126,605,243,298</b>	<b>141,436,048,905</b>	<b>126,754,174,782</b>
Loan and advances measured at FVTPL	-	-	-	-
<b>Total</b>	<b>141,436,048,905</b>	<b>126,605,243,298</b>	<b>141,436,048,905</b>	<b>126,754,174,782</b>

## ANALYSIS OF LOAN AND ADVANCES - BY PRODUCT

4.7.1

Product	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Long Term loans	71,488,246,365	68,404,409,081	71,488,246,365	68,404,409,081
Personal	18,183,492,108	18,215,219,922	18,183,492,108	18,215,219,922
Business	38,036,450,722	35,944,162,296	38,036,450,722	35,944,162,296
Working Capital	15,268,303,535	14,245,026,863	15,268,303,535	14,245,026,863
Overdraft (Personal)	1,041,843,758	948,385,654	1,041,843,758	948,385,654
Cash Credit Loan	20,569,754,230	21,043,132,807	20,569,754,230	21,043,132,807
Trust receipt/Import loans	5,529,286,149	3,093,069,898	5,529,286,149	3,093,069,898
Short Term WC/Demand Loan	20,661,238,194	12,736,268,447	20,661,238,194	12,736,268,447
Personal residential loans	6,406,209,067	6,373,354,402	6,406,209,067	6,373,354,402
Real estate loans	1,874,015,007	1,556,314,013	1,874,015,007	1,556,314,013
Margin lending loans	2,531,967,416	467,069,650	2,531,967,416	467,069,650
Hire purchase loans	3,460,953,146	3,999,906,215	3,460,953,146	3,999,906,215
Deprived sector loans	1,262,645,668	1,526,435,885	1,262,645,668	1,526,435,885
Bills purchased	1,646,756,038	436,118,975	1,646,756,038	436,118,975
Staff loans	3,286,353,387	3,092,375,807	3,286,353,387	3,092,375,807
Other	4,733,643,076	5,247,021,039	4,733,643,076	5,395,952,523
<b>Sub total</b>	<b>144,492,911,500</b>	<b>128,923,861,873</b>	<b>144,492,911,500</b>	<b>129,072,793,357</b>
Interest receivable	2,853,927,315	2,714,506,269	2,853,927,315	2,714,506,269
<b>Grand total</b>	<b>147,346,838,815</b>	<b>131,638,368,142</b>	<b>147,346,838,815</b>	<b>131,787,299,626</b>

## ANALYSIS OF LOAN AND ADVANCES - BY CURRENCY

4.7.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	146,308,486,928	129,762,071,374	146,308,486,928	129,911,002,858
Indian rupee	-	-	-	-
United State dollar	1,038,351,887	1,876,296,768	1,038,351,887	1,876,296,768
Great Britain pound	-	-	-	-
Euro	-	-	-	-
Japenese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>147,346,838,815</b>	<b>131,638,368,142</b>	<b>147,346,838,815</b>	<b>131,787,299,626</b>

## ANALYSIS OF LOAN AND ADVANCES - BY COLLATERAL

4.7.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Secured</b>				
Movable/immovable assets	87,005,603,885	78,573,112,960	87,005,603,885	78,573,112,960
Gold and silver	232,799,309	131,371,795	232,799,309	131,371,795
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	-	-	-	-
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	412,490,615	740,637,017	412,490,615	889,568,501
Collateral of Governement securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	613,919,346	918,061,081	613,919,346	918,061,081
Other collateral	58,720,209,457	50,920,562,228	58,720,209,457	50,920,562,228
<b>Subtotal</b>	<b>146,985,022,613</b>	<b>131,283,745,079</b>	<b>146,985,022,613</b>	<b>131,432,676,564</b>
Unsecured	361,816,202	354,623,062	361,816,202	354,623,062
<b>Grand Total</b>	<b>147,346,838,815</b>	<b>131,638,368,142</b>	<b>147,346,838,815</b>	<b>131,787,299,626</b>

## ALLOWANCES FOR IMPAIRMENT

4.7.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Specific allowances for impairment</b>				
<b>Balance at Sawan 1</b>	<b>3,712,185,250</b>	<b>2,162,372,590</b>	<b>3,712,185,250</b>	<b>2,162,372,590</b>
Impairment loss for the year:	956,726,135	1,549,812,660	956,726,135	1,549,812,660
Charge for the year	956,726,135	1,549,812,660	956,726,135	1,549,812,660
Recoveries/reversal during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
<b>Balance at Asar end</b>	<b>4,668,911,385</b>	<b>3,712,185,250</b>	<b>4,668,911,385</b>	<b>3,712,185,250</b>
<b>Collective allowances for impairment</b>				
<b>Balance at Sawan 1</b>	<b>1,320,939,594</b>	<b>1,483,237,148</b>	<b>1,320,939,594</b>	<b>1,483,237,148</b>
Impairment loss for the year:	(79,061,069)	(162,297,554)	(79,061,069)	(162,297,554)
Charge/(reversal) for the year	(79,061,069)	(162,297,554)	(79,061,069)	(162,297,554)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
<b>Balance at Asar end</b>	<b>1,241,878,525</b>	<b>1,320,939,594</b>	<b>1,241,878,525</b>	<b>1,320,939,594</b>
<b>Total allowances for impairment</b>	<b>5,910,789,910</b>	<b>5,033,124,844</b>	<b>5,910,789,910</b>	<b>5,033,124,844</b>

## INVESTMENT SECURITIES

4.8

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment securities measured at amortized cost	43,551,598,052	35,396,246,372	43,313,430,106	35,146,903,972
Investment in equity measured at FVTOCI	2,199,829,832	450,115,402	2,199,829,832	450,115,402
<b>Total</b>	<b>45,751,427,884</b>	<b>35,846,361,774</b>	<b>45,513,259,938</b>	<b>35,597,019,374</b>

## INVESTMENT SECURITIES MEASURED AT AMORTIZED COST

4.8.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Debt securities	-	-	-	-
Government bonds	31,277,518,773	26,204,345,968	31,277,518,773	26,204,345,968
Government treasury bills	-	1,317,561,473	-	1,317,561,473
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	10,304,405,479	6,000,986,301	10,304,405,479	6,000,986,301
Other	1,969,673,800	1,873,352,630	1,731,505,854	1,624,010,230
Less: specific allowances for impairment	-	-	-	-
<b>Total</b>	<b>43,551,598,052</b>	<b>35,396,246,372</b>	<b>43,313,430,106</b>	<b>35,146,903,972</b>

Other includes investment in USD Srilankan Bond, Energy Bond and Agriculture Bond. Development bond and Treasury Bill are inclusive of Accrued Interest Receivable. Investment in SDF(6.3 Billion) and Deposit Colloection(4 Billion) of NRB is shown under Nepal Rastra Bank Deposit instruments with accrued interest receivable. There are no treasury bills outstanding as of the end of Ashadh 2082.

## INVESTMENT IN EQUITY MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

4.8.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity instruments	2,199,829,832	450,115,402	2,199,829,832	450,115,402
Quoted equity securities	1,889,164,972	255,450,542	1,889,164,972	255,450,542
Unquoted equity securities	310,664,860	194,664,860	310,664,860	194,664,860
<b>Total</b>	<b>2,199,829,832</b>	<b>450,115,402</b>	<b>2,199,829,832</b>	<b>450,115,402</b>

**INFORMATION RELATING TO INVESTMENT IN EQUITIES**

**4.8.3**

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Investment in quoted equity</b>								
Nepal Life Insurance Company (5,768 Ordinary Shares of Rs.100 each )	2,480,925	4,904,495	2,480,925	3,570,392	2,480,925	4,904,495	2,480,925	3,570,392
Butwal Power Company Ltd (8,690 Ordinary Shares of Rs.100 each )	4,839,157	8,318,850	4,839,157	2,693,900	4,839,157	8,318,850	4,839,157	2,693,900
Nepal Telecom(NTC) (15,000 Shares Traded in secondary market)	19,502,731	17,545,400			19,502,731	17,545,400		
IGI Prudential Insurance Limited (395,375 Shares)	245,834,948	220,219,921			245,834,948	220,219,921		
Hydroelectricity Investment & Development Company (1,355,891 Promoter Shares)	245,993,481	285,496,409			245,993,481	285,496,409		
API Power Company Limited (856,323 Shares)	246,872,692	253,403,102			246,872,692	253,403,102		
Sun Nepal Life Insurance Company Limited (448,827 Shares)	259,520,341	220,212,479			259,520,341	220,212,479		
Chilime Hydropower Company Limited (462,744 Shares)	247,048,964	246,850,787			247,048,964	246,850,787		
Sarbottam Cement Limited (6,200 Shares)	5,023,011	5,368,022			5,023,011	5,368,022		
Sanima Reliance Life Insurance Limited (727,500 Promoter Shares)	146,600,405	145,500,000			146,600,405	145,500,000		
Sanima Large Cap Fund (20,000,000 Unit of Rs. 10 each)	20,000,000	20,460,000	20,000,000	18,580,000	20,000,000	20,460,000	20,000,000	18,580,000
Kumari Equity Fund (20,000,000 Unit of Rs. 10 each)	20,000,000	19,900,000	20,000,000	19,320,000	20,000,000	19,900,000	20,000,000	19,320,000
Sunrise Bluechip Fund (20,000,000 Unit of Rs. 10 each)	20,000,000	20,000,000	20,000,000	16,540,000	20,000,000	20,000,000	20,000,000	16,540,000
NIBL Samridhi Fund-2 (30,000,000 Unit of Rs. 10 each)	30,000,000	26,490,000	30,000,000	24,750,000	30,000,000	26,490,000	30,000,000	24,750,000
Prabhu Select Fund (14,680,990 Unit of Rs. 10 each)	14,680,900	16,574,736	14,680,900	14,372,601	14,680,900	16,574,736	14,680,900	14,372,601
NIC Asia Select 30 Index Fund (NICSF) (2,000,000 Unit of Rs. 10 each)	20,000,000	18,580,000	20,000,000	19,200,000	20,000,000	18,580,000	20,000,000	19,200,000
RBB Mutual Fund-1 (RMFI) (1,000,000 Unit of Rs. 10 each)	10,000,000	9,960,000	10,000,000	8,160,000	10,000,000	9,960,000	10,000,000	8,160,000
NABIL BALANCED FUND-3 (NBF3) (16,680 Unit of Rs. 10 each)	166,800	166,633	166,800	130,104	166,800	166,633	166,800	130,104

Contd...Information relating to investment in equities

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Investment in quoted equity</b>								
MEGA MUTUAL FUND-1 (MMFI) (436,340 Unit of Rs. 10 each)	4,363,400	4,180,137	4,363,400	3,368,545	4,363,400	4,180,137	4,363,400	3,368,545
KUMARI DHANABRIDHI YOJANA (3,000,000 Unit of Rs. 10 each)	30,000,000	30,150,000	30,000,000	29,010,000	30,000,000	30,150,000	30,000,000	29,010,000
Global IIME Balanced Fund-1 (GIIFI) (15,000,000 unit of Rs. 10 each)	15,000,000	16,365,000	15,000,000	13,650,000	15,000,000	16,365,000	15,000,000	13,650,000
NMB sulav Investment Fund-2 (NSIF2) (15,000,000 unit of Rs. 10 each)	15,000,000	16,935,000	15,000,000	15,090,000	15,000,000	16,935,000	15,000,000	15,090,000
Sanima Growth Fund (SAGF) (10,000,000 unit of Rs. 10 each)	10,000,000	10,320,000	10,000,000	10,140,000	10,000,000	10,320,000	10,000,000	10,140,000
NIBL Growth Fund (NIBLGF) (10,000,000 unit of Rs. 10 each)	10,000,000	9,860,000	10,000,000	10,640,000	10,000,000	9,860,000	10,000,000	10,640,000
Sunrise Focused Equity Fund (SFEF) (10,000,000 unit of Rs. 10 each)	10,000,000	10,040,000	10,000,000	8,240,000	10,000,000	10,040,000	10,000,000	8,240,000
Prabhu Smart Fund (PRSF) (5,000,000 unit of Rs. 10 each)	5,000,000	5,735,000	5,000,000	4,805,000	5,000,000	5,735,000	5,000,000	4,805,000
RBB Mutual Fund 2 (RMF2) (5,000,000 unit of Rs. 10 each)	5,000,000	5,040,000	5,000,000	4,750,000	5,000,000	5,040,000	5,000,000	4,750,000
Siddhartha Investment Growth Scheme-III (SIGS3) (5,000,000 unit of Rs. 10 each)	5,000,000	5,220,000	5,000,000	4,725,000	5,000,000	5,220,000	5,000,000	4,725,000
Citizens Super 30 Mutual Fund (C30MF) (5,000,000 unit of Rs. 10 each)	5,000,000	5,040,000	5,000,000	5,000,000	5,000,000	5,040,000	5,000,000	5,000,000
Laxmi Value Fund 2 (LVF2) (5,000,000 unit of Rs. 10 each)	5,000,000	5,060,000	5,000,000	4,620,000	5,000,000	5,060,000	5,000,000	4,620,000
Himalayan 80-20(H8020) (5,000,000 unit of Rs. 10 each)	5,000,000	5,800,000	5,000,000	4,995,000	5,000,000	5,800,000	5,000,000	4,995,000
NIC Asia Growth Fund 2 (Close Ended Mutual Fund) (5,000,000 unit of Rs. 10 each)	5,000,000	4,760,000	5,000,000	4,100,000	5,000,000	4,760,000	5,000,000	4,100,000
NIBL Stable Fund (5,000,000 unit of Rs. 10 each)	5,000,000	4,945,000	5,000,000	5,000,000	5,000,000	4,945,000	5,000,000	5,000,000
Garima Samridhi Yojana (GSY) (10,000,000 unit of Rs.10 each)	10,000,000	9,950,000			10,000,000	9,950,000		
NMB Hybrid Fund L-II ( NMBHF2 ) (10,000,000 unit of Rs.10 each)	10,000,000	9,060,000			10,000,000	9,060,000		
MBL Equity Fund (16,800,000 unit of Rs.10 each)	168,000,000	166,824,000			168,000,000	166,824,000		

Contd...Information relating to investment in equities

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
Reliable Samriddhi Yojana (1,000,000 unit of Rs:10 each)	10,000,000	9,930,000			10,000,000	9,930,000		
Mahila Laghubitta Bittija Sasstha Ltd (304,587 Promoter Shares of Rs:100 each)	14,000,000	14,000,000			14,000,000	14,000,000		
<b>Investment in unquoted equity</b>								
Credit Information Bureau Ltd (166,215 Ordinary Shares of Rs. 100 each )	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000
National Banking Institute Ltd (18,348 Ordinary Shares and 54,128 Bonus 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
Nepal Clearing House Ltd (Before Acquisition of NePS by NCHL no of Share (NCHL=167,772, NePS= 180,000),After acquisition of NePS by NCHL at swap ratio of 1:0.28, no of share NCHL =167,722, NePS= 180,000*0.28 = 50,400 ), Total updated share of MBL(NCHL + NePS) 218,172. Bonus Shares (FY 2080/81) of 41,453)	17,500,000	17,500,000	2,500,000	2,500,000	17,500,000	17,500,000	2,500,000	2,500,000
Nepal Electronic Payment Systems Ltd(NEPS) (180,000 Promoter Share of Rs. 100 each)			15,000,000	15,000,000			15,000,000	15,000,000
National Fund Management (1,200,000 Promoter Share and 600,000 right shares of 100 each)	90,000,000	90,000,000	60,000,000	60,000,000	90,000,000	90,000,000	60,000,000	60,000,000
PEVC FUND(National Equity Fund 1) (1,00,000 unit of Rs. 100 each)	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Reliable Private Equity Fund (100,000 Shares)	100,000,000	100,000,000			100,000,000	100,000,000		
Mahila Laghubitta Bittija Sasstha Ltd (304,587 Promoter Shares of Rs:100 each)	-	-	14,000,000	14,000,000			14,000,000	14,000,000
<b>Total</b>	<b>2,215,592,615</b>	<b>2,199,829,832</b>	<b>471,196,042</b>	<b>450,115,403</b>	<b>2,215,592,615</b>	<b>2,199,829,832</b>	<b>471,196,042</b>	<b>450,115,402</b>

## CURRENT TAX ASSETS

4.9

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax assets</b>	<b>4,492,783,438</b>	<b>4,329,601,905</b>	<b>4,470,626,308</b>	<b>4,313,435,075</b>
Current year income tax assets	163,181,533	(1,086,302,325)	157,191,233	(1,092,468,494)
Tax assets of prior periods	4,329,601,905	5,415,904,230	4,313,435,075	5,405,903,569
<b>Current tax liabilities</b>	<b>3,728,198,813</b>	<b>3,393,953,899</b>	<b>3,728,196,326</b>	<b>3,393,953,899</b>
Current year income tax liabilities	334,244,914	(1,237,001,528)	334,242,427	(1,237,001,528)
Tax liabilities of prior periods	3,393,953,899	4,630,955,427	3,393,953,899	4,630,955,427
<b>Total</b>	<b>764,584,625</b>	<b>935,648,006</b>	<b>742,429,982</b>	<b>919,481,176</b>

## INVESTMENT IN SUBSIDIARIES

4.10

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	400,000,000	400,000,000
<b>Total investment</b>	<b>400,000,000</b>	<b>400,000,000</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>400,000,000</b>	<b>400,000,000</b>

## INVESTMENT IN QUOTED SUBSIDIARIES

4.10.1

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE
.....Ltd				
.....Ltd				
<b>Total</b>				

## INVESTMENT IN UNQUOTED SUBSIDIARIES

4.10.2

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE
Machhapuchchhre Capital Ltd (2,000,000 Promoter Share of 100 each)	200,000,000	200,000,000	200,000,000	200,000,000
Machhapuchchhre Securities Ltd (2,000,000 Promoter Share of Rs. 100 paid up)	200,000,000	200,000,000	200,000,000	200,000,000
<b>Total</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>

## INFORMATION RELATING TO SUBSIDIARIES OF THE BANK

4.10.3

	PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR
Machhapuchchhre Capital Ltd	69.85%	69.85%
Machhapuchchhre Securities Ltd	100.00%	100.00%
<b>Total</b>	<b>169.85%</b>	<b>169.85%</b>

## NON CONTROLLING INTEREST OF THE SUBSIDIARIES

4.10.4

	GROUP
	MACHHAPUCHCHHRE CAPITAL LTD
Equity interest held by NCI (%)	30.15%
Profit/(loss) allocated during the year	4,893,532
Accumulated balances of NCI as on Asar end	94,642,774
Dividend paid to NCI	-

## INVESTMENT IN ASSOCIATES

4.11

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Investment in quoted associates			-	-
Investment in unquoted associates			-	-
<b>Total investment</b>			-	-
Less: Impairment allowances			-	-
<b>Net carrying amount</b>	-	-	-	-

## INVESTMENT IN QUOTED ASSOCIATES

4.11.1

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Total</b>								

## INVESTMENT IN UNQUOTED ASSOCIATES

4.11.2

	GROUP				BANK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE	COST	FAIR VALUE
<b>Total</b>								

## INFORMATION RELATING TO ASSOCIATES OF THE BANK

4.11.3

	GROUP		BANK	
	PERCENTAGE OF OWNERSHIP HELD BY THE BANK		PERCENTAGE OF OWNERSHIP HELD BY THE BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Total</b>				

## EQUITY VALUE OF ASSOCIATES

4.11.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Total</b>				

## INVESTMENT PROPERTIES

4.12

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Investment properties measured at fair value</b>				
Balance as on Sawan 1, 2081	-	-	-	-
Addition/disposal during the year	-	-	-	-
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	-	-	-	-
<b>Investment properties measured at cost</b>				
Balance as on Sawan 1, 2081	1,201,902,408	609,937,111	1,201,902,408	609,937,111
Addition/disposal during the year	(607,538,020)	591,965,297	(607,538,020)	591,965,297
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
<b>Net amount</b>	<b>594,364,388</b>	<b>1,201,902,408</b>	<b>594,364,388</b>	<b>1,201,902,408</b>
<b>Total</b>	<b>594,364,388</b>	<b>1,201,902,408</b>	<b>594,364,388</b>	<b>1,201,902,408</b>

The bank has booked additional Non Banking Assets of NPR 75,241,150 and sold NBA of NPR 682,779,170 during the FY 2081-82 (FY 2024-25).

**PROPERTY AND EQUIPMENT**

4.13

PARTICULARS	GROUP										TOTAL ASHAD END 2081	
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASHAD END 2082			
<b>Cost</b>												
As on Sawan 1, 2080	267,358,472	218,756,907	724,164,894	546,094,392	237,834,237	252,185,477	-	471,294,360	2,717,688,740	2,617,673,295		
Addition during the Year	159,533,991	84,794,045	53,595,403	16,492,029	7,536,700	11,757,525	-	18,192,377	351,902,071	158,631,747		
Acquisition	159,533,991	84,794,045	53,595,403	16,492,029	7,536,700	11,757,525	-	18,192,377	351,902,071	158,631,747		
Capitalization	-	-	3,512,144	3,018,360	527,332	1,197,900	-	5,608,416	13,864,152	58,616,301		
Disposal during the year	-	-	-	-	-	-	-	-	-	-		
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-		
<b>Balance as on Ashad end 2081</b>	<b>426,892,463</b>	<b>303,550,953</b>	<b>774,248,153</b>	<b>559,568,061</b>	<b>244,843,605</b>	<b>262,745,103</b>	<b>-</b>	<b>483,878,321</b>	<b>3,055,726,659</b>	<b>2,717,688,740</b>		
Addition during the Year	22,800,000	7,700,000	19,348,278	65,072,158	36,190,925	9,719,723	-	21,824,802	182,655,885	351,902,071		
Acquisition	22,800,000	7,700,000	19,348,278	65,072,158	36,190,925	9,719,723	-	15,640,126	176,471,209	351,902,071		
Capitalization	-	-	-	-	-	-	-	-	-	-		
Disposal during the year	-	-	25,668,667	21,632,295	325,000	1,433,317	-	22,113,054	71,172,334	13,864,152		
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-		
<b>Balance as on Ashad end 2082</b>	<b>449,692,463</b>	<b>311,250,953</b>	<b>767,927,763</b>	<b>603,007,924</b>	<b>280,709,530</b>	<b>271,031,508</b>	<b>-</b>	<b>483,590,069</b>	<b>3,167,210,210</b>	<b>3,055,726,659</b>		
<b>Depreciation and Impairment</b>												
As on Sawan 1, 2080	-	59,485,545	294,197,255	353,577,756	142,382,926	149,281,163	-	236,770,187	1,235,694,833	1,063,929,156		
Depreciation charge for the Year	-	4,698,609	64,283,639	70,583,026	28,088,850	18,448,065	-	43,815,971	229,918,160	227,711,238		
Impairment for the year	-	-	-	-	-	-	-	-	-	-		
Disposals	-	-	1,568,029	3,018,277	527,327	483,927	-	4,067,626	9,665,186	55,945,561		
Adjustment	-	-	-	-	-	-	-	-	-	-		
<b>As on Asar end 2081</b>	<b>-</b>	<b>64,184,154</b>	<b>356,912,865</b>	<b>421,142,504</b>	<b>169,944,449</b>	<b>167,245,301</b>	<b>-</b>	<b>276,518,532</b>	<b>1,455,947,806</b>	<b>1,235,694,833</b>		
Impairment for the year	-	-	-	-	-	-	-	-	-	-		
Depreciation charge for the Year	-	6,341,603	67,883,046	57,464,924	27,566,500	18,976,118	-	43,881,294	222,113,485	229,918,160		
Impairment for the year	-	-	25,322,956	21,601,628	324,997	1,339,492	-	21,818,121	70,407,194	9,665,186		
Disposals	-	-	-	-	-	-	-	-	-	-		
Adjustment	-	-	-	-	-	-	-	-	-	-		
<b>As on Ashad end 2082</b>	<b>-</b>	<b>70,525,757</b>	<b>399,472,955</b>	<b>457,005,800</b>	<b>197,185,953</b>	<b>184,881,927</b>	<b>-</b>	<b>298,581,705</b>	<b>1,607,654,097</b>	<b>1,455,947,807</b>		
<b>Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net Book Value</b>												
As on Ashad end 2080 (July 2023)	267,358,472	159,271,362	429,967,639	192,516,636	95,451,311	102,904,314	-	234,524,172	1,587,805,143	1,553,744,138		
As on Ashad end 2081 (July 2024)	426,892,463	239,366,799	417,335,288	138,425,556	74,899,156	95,499,802	-	207,559,789	1,599,778,853	1,587,805,143		
As on Ashad end 2082 (July 2025)	449,692,463	240,725,196	368,454,808	146,002,124	83,523,577	86,149,581	-	185,008,364	1,559,556,114	1,599,778,853		

**PROPERTY AND EQUIPMENT**

4.13

PARTICULARS	BANK										TOTAL ASHAD END 2081	
	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	FURNITURE & FIXTURE	MACHINERY	EQUIPMENT & OTHERS	TOTAL ASHAD END 2082			
<b>Cost</b>												
As on Sawan 1, 2080	267,358,472	218,756,906	721,861,870	542,853,236	237,608,426	251,515,828	-	470,436,958	2,710,391,697	2,613,736,674		
Addition during the Year	159,533,991	84,794,045	51,306,117	16,153,029	1,401,700	10,630,284		16,267,892	340,087,059	155,271,324		
Acquisition	159,533,991	84,794,045	51,306,117	16,153,029	1,401,700	10,630,284		16,267,892	340,087,059	155,271,324		
Capitalization												
Disposal during the year			3,512,144	3,018,360	527,332	1,197,900		5,608,416	13,864,152	58,616,301		
Adjustment/Revaluation												
<b>Balance as on Ashad end 2081</b>	<b>426,892,463</b>	<b>303,550,952</b>	<b>769,655,843</b>	<b>555,987,905</b>	<b>238,482,794</b>	<b>260,948,212</b>	<b>-</b>	<b>481,096,434</b>	<b>3,036,614,604</b>	<b>2,710,391,697</b>		
Addition during the Year	22,800,000	7,700,000	19,348,278	64,938,158	36,190,925	9,496,400		15,168,359	175,642,121	340,087,059		
Acquisition	22,800,000	7,700,000	19,348,278	64,938,158	36,190,925	9,496,400		15,168,359	175,642,121	340,087,059		
Capitalization												
Disposal during the year			25,668,667	21,632,295	325,000	1,433,317		22,113,054	71,172,334	13,864,152		
Adjustment/Revaluation												
<b>Balance as on Ashad end 2082</b>	<b>449,692,463</b>	<b>311,250,952</b>	<b>763,335,453</b>	<b>599,293,768</b>	<b>274,348,719</b>	<b>269,011,296</b>	<b>-</b>	<b>474,151,740</b>	<b>3,141,084,391</b>	<b>3,036,614,604</b>		
<b>Depreciation and Impairment</b>												
As on Sawan 1, 2080	-	59,485,545	293,889,892	352,385,299	142,275,944	149,163,011		236,595,388	1,233,795,080	1,062,822,090		
Depreciation charge for the Year		4,593,876	63,477,973	70,101,545	27,172,786	18,087,071		43,069,198	226,502,449	226,918,551		
Impairment for the year												
Disposals			1,568,029	3,018,277	527,327	483,927		4,067,626	9,665,186	55,945,561		
Adjustment												
<b>As on Ashad end 2081</b>	<b>-</b>	<b>64,079,421</b>	<b>355,799,836</b>	<b>419,468,567</b>	<b>168,921,403</b>	<b>166,766,155</b>	<b>-</b>	<b>275,596,960</b>	<b>1,450,632,343</b>	<b>1,233,795,080</b>		
Impairment for the year												
Depreciation charge for the Year		6,341,603	67,287,099	57,277,080	26,655,054	18,689,254		43,436,221	219,686,310	226,502,449		
Disposals			25,322,956	21,601,628	324,997	1,339,492		21,818,121	70,407,194	9,665,186		
Adjustment												
<b>As on Ashad end 2082</b>	<b>-</b>	<b>70,421,024</b>	<b>397,763,979</b>	<b>455,144,018</b>	<b>195,251,460</b>	<b>184,115,917</b>	<b>-</b>	<b>297,215,059</b>	<b>1,599,911,459</b>	<b>1,450,632,343</b>		
<b>Capital Work in Progress</b>												
<b>Net Book Value</b>												
As on Ashad end 2080 (July 2023)	267,358,472	159,271,361	427,971,978	190,467,937	95,332,482	102,352,817		233,841,570	1,582,407,853	1,550,914,584		
As on Ashad end 2081 (July 2024)	426,892,463	239,471,531	413,856,007	136,519,338	69,561,391	94,182,057		205,499,475	1,585,982,262	1,582,407,853		
As on Ashad end 2082 (July 2025)	449,692,463	240,829,928	365,571,474	144,149,749	79,097,259	84,895,378		176,936,680	1,541,172,932	1,585,982,262		

**GOODWILL AND INTANGIBLE ASSETS**
**4.14**

PARTICULARS	GROUP					
	GOODWILL	SOFTWARE		OTHER	TOTAL ASHAD END 2082	TOTAL ASHAD END 2081
		PURCHASED	DEVELOPED			
<b>Cost</b>						
As on Sawan 1, 2080	-	195,435,266	-	-	195,435,266	169,225,769
Addition during the Year	-	17,135,055	-	-	17,135,055	26,209,497
Acquisition	-	17,135,055	-	-	17,135,055	26,209,497
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Ashad end 2081</b>	<b>-</b>	<b>212,570,321</b>	<b>-</b>	<b>-</b>	<b>212,570,321</b>	<b>195,435,266</b>
Addition during the Year	-	13,664,574	-	-	13,664,574	17,135,055
Acquisition	-	13,664,574	-	-	13,664,574	17,135,055
Capitalization	-	-	-	-	-	-
Disposal during the year	-	2,341	-	-	2,341	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Ashad end 2082</b>	<b>-</b>	<b>226,232,554</b>	<b>-</b>	<b>-</b>	<b>226,232,554</b>	<b>212,570,321</b>
Amortization and Impairment						
As on Sawan 1, 2080	-	60,817,898	-	-	60,817,898	26,057,513
Amortization charge for the Year	-	23,120,281	-	-	23,120,281	17,391,331
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	2,276,949
Adjustment	-	-	-	-	-	-
<b>As on Ashad end 2081</b>	<b>-</b>	<b>83,938,179</b>	<b>-</b>	<b>-</b>	<b>83,938,179</b>	<b>60,817,898</b>
Amortization charge for the Year	-	25,411,830	-	-	25,411,830	23,120,281
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>As on Ashad end 2082</b>	<b>-</b>	<b>109,350,009</b>	<b>-</b>	<b>-</b>	<b>109,350,009</b>	<b>83,938,179</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>7,787,011</b>	<b>-</b>	<b>-</b>	<b>7,787,011</b>	<b>1,415,820</b>
<b>As on Ashad end 2080 (July 2023)</b>	<b>-</b>	<b>134,617,368</b>	<b>-</b>	<b>-</b>	<b>134,617,368</b>	<b>128,053,874</b>
<b>As on Ashad end 2081 (July 2024)</b>	<b>-</b>	<b>130,047,962</b>	<b>-</b>	<b>-</b>	<b>130,047,962</b>	<b>134,617,368</b>
<b>As on Ashad end 2082 (July 2025)</b>	<b>-</b>	<b>124,669,556</b>	<b>-</b>	<b>-</b>	<b>124,669,556</b>	<b>130,047,962</b>

Contd... **GOODWILL AND INTANGIBLE ASSETS**

PARTICULARS	BANK					TOTAL ASHAD END 2080	TOTAL ASHAD END 2079
	GOODWILL	SOFTWARE		OTHER			
		PURCHASED	DEVELOPED				
<b>Cost</b>							
As on Sawan 1, 2080	-	193,379,615	-	-	-	193,379,615	167,685,465
Addition during the Year	-	15,509,482	-	-	-	15,509,482	25,694,150
Acquisition	-	15,509,482	-	-	-	15,509,482	25,694,150
Capitalization	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-
<b>Balance as on Ashad end 2081</b>	<b>-</b>	<b>208,889,097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,889,097</b>	<b>193,379,615</b>
Addition during the Year	-	10,866,575	-	-	-	10,866,575	15,509,482
Acquisition	-	10,866,575	-	-	-	10,866,575	15,509,482
Capitalization	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-
<b>Balance as on Ashad end 2082</b>	<b>-</b>	<b>219,755,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,755,672</b>	<b>208,889,097</b>
Amortization and Impairment							
As on Sawan 1, 2080	-	59,880,439	-	-	-	59,880,439	40,623,696
Amortization charge for the Year	-	22,409,670	-	-	-	22,409,670	19,256,742
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
<b>As on Ashad end 2081</b>	<b>-</b>	<b>82,290,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,290,109</b>	<b>59,880,439</b>
Amortization charge for the Year	-	24,368,612	-	-	-	24,368,612	22,409,670
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
<b>As on Ashad end 2082</b>	<b>-</b>	<b>106,658,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,658,721</b>	<b>82,290,109</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>7,787,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,787,011</b>	<b>1,415,820</b>
<b>Net Book Value</b>							
<b>As on Ashad end 2080 (July 2023)</b>	<b>-</b>	<b>133,499,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,499,177</b>	<b>127,061,769</b>
<b>As on Ashad end 2081 (July 2024)</b>	<b>-</b>	<b>128,014,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,014,808</b>	<b>133,499,177</b>
<b>As on Ashad end 2082 (July 2025)</b>	<b>-</b>	<b>120,883,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,883,962</b>	<b>128,014,808</b>

DEFERRED TAX

4.15

CURRENT YEAR (FY 2081-82) FY 2024-25	GROUP			BANK		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and Advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(1,998,925)	1,998,925		(4,728,835)	4,728,835
Property & equipment	-	11,766,305	(11,766,305)	-	11,178,807	(11,178,807)
Employees' defined benefit plan	177,209,247	-	177,209,247	176,535,721	-	176,535,721
Lease liabilities	286,562,652	(239,495,166)	47,067,486	282,628,850	(236,590,966)	46,037,884
Provisions	-	-	-	-	-	-
Other temporary differences	57,980,022	17,318,903	40,661,118	57,154,124	17,318,903	39,835,220
Deferred tax on temporary differences	521,751,921	(212,408,883)	255,170,471	516,318,695	(212,822,090)	255,958,854
Deferred tax on carry forward of unused tax losses	-	-	-	-	-	-
Deferred tax due to changes in tax rate	-	-	-	-	-	-
<b>Net Deferred tax asset/(liabilities) as on year end of 2082</b>	<b>521,751,921</b>	<b>(212,408,883)</b>	<b>255,170,471</b>	<b>516,318,695</b>	<b>(212,822,090)</b>	<b>255,958,854</b>
Recognised in Profit or loss			253,171,547			251,230,019
Recognised in other comprehensive income			4,728,835			4,728,835
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Sawan 1, 2081			(54,701,213)			(49,253,332)
<b>Origination/(Reversal) during the year</b>			<b>(97,735,983)</b>			<b>(101,676,744)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(59,160,257)</b>			<b>(63,101,017)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(38,575,726)</b>			<b>(38,575,726)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>-</b>			<b>-</b>

Contd... DEFERRED TAX

PREVIOUS YEAR (FY 2080-81) FY 2023-24	GROUP			BANK		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX ASSETS/ (LIABILITIES)
<b>Deferred tax on temporary differences on following items</b>						
Loan and Advance to B/FIs	-	-	-	-	-	-
Loans and Advances to customers	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Investment securities	-	(6,324,192)	6,324,192		(6,324,192)	6,324,192
Property & equipment	-	18,313,021	(18,313,021)	-	18,313,021	(18,313,021)
Employees' defined benefit plan	109,061,993	-	109,061,993	105,909,615	-	105,909,615
Lease liabilities	292,280,262	(248,959,326)	43,320,936	292,280,262	(248,959,326)	43,320,936
Provisions	-	-	-	-	-	-
Other temporary differences	34,359,292	17,318,903	17,040,388	34,359,292	17,318,903	17,040,388
Deferred tax on temporary differences	435,701,547	(219,651,594)	157,434,488	432,549,169	(219,651,594)	154,282,111
Deferred tax on carry forward of unused tax losses	-	-	-	-	-	-
Deferred tax due to changes in tax rate	-	-	-	-	-	-
<b>Net Deferred tax asset/(liabilities) as on year end of 2081</b>	<b>435,701,547</b>	<b>(219,651,594)</b>	<b>157,434,488</b>	<b>432,549,169</b>	<b>(219,651,594)</b>	<b>154,282,111</b>
Recognised in Profit or loss			151,110,296			147,957,918
Recognised in other comprehensive income			6,324,192			6,324,192
Recognised directly in equity			-			-
Deferred tax (asset)/liabilities as on Sawan 1, 2080			(91,232,820)			(85,784,940)
<b>Origination/(Reversal) during the year</b>			<b>(66,201,668)</b>			<b>(68,497,171)</b>
Deferred tax expense/(income) recognised in profit or loss			(69,166,564)			(71,462,067)
Deferred tax expense/(income) recognised in other comprehensive income			2,964,896			2,964,896
Deferred tax expense/(income) recognised in directly in equity			-			-

## OTHER ASSETS

4.16

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	802,489,659	915,595,624	652,014,525	787,394,666
Accrued income	-	-	-	-
Prepayments and deposit	135,964,499	84,519,508	135,564,499	84,119,513
Income tax deposit	-	-	-	-
Deferred employee expenditure	1,646,937,593	1,479,404,232	1,646,937,593	1,479,404,232
Other	857,596,580	882,744,830	821,644,401	864,496,496
a. Stationery at stock	33,007,848	41,439,620	33,007,848	34,632,076
b. Branch adjustment account	-	-	-	-
c. Right of Use Assets (NFRS 16)	824,588,732	841,305,210	788,636,553	829,864,421
d. Others	-	-	-	-
<b>Total</b>	<b>3,442,988,331</b>	<b>3,362,264,194</b>	<b>3,256,161,018</b>	<b>3,215,414,907</b>

## DUE TO BANK AND FINANCIAL INSTITUTIONS

4.17

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Money market deposits	-	-	-	-
Interbank borrowing	1,000,075,342	441,270,054	1,000,075,342	441,270,054
Other deposits from BFIs	1,679,789,013	2,687,222,156	1,679,789,013	2,687,222,156
Settlement and clearing accounts	-	-	-	-
<b>Total</b>	<b>2,679,864,355</b>	<b>3,128,492,210</b>	<b>2,679,864,355</b>	<b>3,128,492,210</b>

## DUE TO NEPAL RASTRA BANK

4.18

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Refinance from NRB	-	-	-	-
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There is no any due to Nepal Rastra Bank as of Ashadh End 2082(16 July 2025).

## DERIVATIVE FINANCIAL INSTRUMENTS

4.19

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Held for trading</b>	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Others	-	-	-	-
<b>Held for risk management</b>	<b>9,984,287</b>	-	<b>9,984,287</b>	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	9,984,287	-	9,984,287	-
Other	-	-	-	-
<b>Total</b>	<b>9,984,287</b>	-	<b>9,984,287</b>	-

## DEPOSITS FROM CUSTOMERS

4.20

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Institutions customers:</b>	<b>52,432,273,158</b>	<b>42,069,325,139</b>	<b>52,473,576,859</b>	<b>42,278,045,847</b>
Term deposits	27,988,111,670	24,962,759,565	28,011,611,670	25,157,759,565
Call deposits	13,318,204,133	9,238,122,439	13,329,838,108	9,245,917,699
Current deposits	8,864,879,841	6,449,326,477	8,871,049,566	6,455,251,924
Other	2,261,077,514	1,419,116,658	2,261,077,514	1,419,116,658
<b>Individual customers:</b>	<b>131,702,473,042</b>	<b>116,368,863,323</b>	<b>131,702,473,042</b>	<b>116,368,863,323</b>
Term deposits	43,300,208,855	58,941,631,133	43,300,208,855	58,941,631,133
Saving deposits	86,363,992,378	56,231,757,379	86,363,992,378	56,231,757,379
Current deposits	2,033,535,054	1,182,864,519	2,033,535,054	1,182,864,519
Other	4,736,755	12,610,292	4,736,755	12,610,292
<b>Total</b>	<b>184,134,746,200</b>	<b>158,438,188,462</b>	<b>184,176,049,901</b>	<b>158,646,909,170</b>

## CURRENCY WISE ANALYSIS OF DEPOSIT FROM CUSTOMERS

4.20.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Nepalese rupee	181,611,533,317	156,522,831,051	181,652,837,017	156,731,551,759
Indian rupee	5,125,562	5,125,562	5,125,562	5,125,562
United State dollar	2,481,131,045	1,892,992,520	2,481,131,045	1,892,992,520
Great Britain pound	3,637,989	5,433,806	3,637,989	5,433,806
Euro	22,477,736	11,655,003	22,477,736	11,655,003
Japanese yen	9,536,960	29,827	9,536,960	29,827
Chinese yuan	-	-	-	-
Other (AUD)	1,303,591	120,694	1,303,591	120,694
<b>Total</b>	<b>184,134,746,200</b>	<b>158,438,188,462</b>	<b>184,176,049,901</b>	<b>158,646,909,170</b>

## BORROWING

4.21

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Domestic Borrowing</b>				
Nepal Government	-	-	-	-
Other Institutions	-	-	-	-
Other	-	-	-	-
Sub total	-	-	-	-
<b>Foreign Borrowing</b>				
Foreign Bank and Financial Institutions	2,143,480,557	2,091,129,011	2,143,480,557	2,091,129,011
Multilateral Development Banks	-	-	-	-
Other Institutions	-	-	-	-
Sub total	<b>2,143,480,557</b>	<b>2,091,129,011</b>	<b>2,143,480,557</b>	<b>2,091,129,011</b>
<b>Total</b>	<b>2,143,480,557</b>	<b>2,091,129,011</b>	<b>2,143,480,557</b>	<b>2,091,129,011</b>

Foreign borrowing includes USD 15 million from Doha Qatar on 26 Jan 2023 for a period of 3 Years. Loan is for the period of 3 years and interest is payable on semi-annual basis. It also includes accrued interest payable thereon.

## PROVISIONS

4.22

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MOVEMENT IN PROVISION

4.22.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Balance at Sawan 1	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
<b>Balance at Asar end (16 July 2025)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER LIABILITIES

4.23

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Liability for employees defined benefit obligations	216,790,933	62,965,624	216,790,933	62,965,624
Liability for long-service leave	415,997,871	312,823,741	413,752,785	310,847,903
Short-term employee benefits	33,812	9,610	-	-
Bills payable	-	-	-	-
Creditors and accruals	485,432,063	372,249,588	470,730,477	367,894,512
Interest payable on deposit	32,828,016	46,260,084	32,828,016	46,260,084
Interest payable on borrowing	-	-	-	-
Liabilities on deferred grant income	1,605,172	4,546,640	1,605,172	4,546,640
Unpaid Dividend	49,452,075	66,249,236	49,452,075	66,249,236
Liabilities under Finance Lease	1,023,536,958	974,267,541	1,023,536,958	974,267,541
Employee bonus payable	305,277,359	183,804,335	302,415,942	183,759,547
Other	1,543,115,115	1,132,704,318	1,527,816,525	1,118,248,901
<b>Total</b>	<b>4,074,069,374</b>	<b>3,155,880,717</b>	<b>4,038,928,883</b>	<b>3,135,039,988</b>

## DEFINED BENEFIT OBLIGATIONS

4.23.1

The amounts recognised in the statement of financial position are as follows:

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Present value of unfunded obligations	216,790,933	62,965,624	216,790,933	62,965,624
Present value of funded obligations	735,520,592	683,707,849	735,520,592	683,707,849
<b>Total present value of obligations</b>	<b>952,311,525</b>	<b>746,673,473</b>	<b>952,311,525</b>	<b>746,673,473</b>
Fair value of plan assets	735,520,592	683,707,849	735,520,592	683,707,849
Present value of net obligations	-	-	-	-
<b>Recognised liability for defined benefit obligations</b>	<b>216,790,933</b>	<b>62,965,624</b>	<b>216,790,933</b>	<b>62,965,624</b>

## PLAN ASSETS

4.23.2

PLAN ASSETS COMPRISE	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	-	-	-	-
Other (Deposit with CIT)	735,520,592	683,707,849	735,520,592	683,707,849
<b>Total</b>	<b>735,520,592</b>	<b>683,707,849</b>	<b>735,520,592</b>	<b>683,707,849</b>
Actual return on plan assets	30,938,432	49,547,185	30,938,432	49,547,185

### MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

4.23.3

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Defined benefit obligations at Sawan 1	746,673,473	654,942,142	746,673,473	654,942,142
Actuarial losses	96,621,607	(27,345,222)	96,621,607	(27,345,222)
Benefits paid by the plan	(42,091,313)	(20,781,478)	(42,091,313)	(20,781,478)
Current service costs and interest	151,107,758	139,858,031	151,107,758	139,858,031
<b>Defined benefit obligations at Asar end</b>	<b>952,311,525</b>	<b>746,673,473</b>	<b>952,311,525</b>	<b>746,673,473</b>

### MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

4.23.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Fair value of plan assets at Sawan 1	683,707,849	646,374,031	683,707,849	646,374,031
Contributions paid into the plan	62,965,624	8,568,111	62,965,624	8,568,111
Benefits paid during the year	(42,091,313)	(20,781,478)	(42,091,313)	(20,781,478)
Actuarial (losses) gains	(37,282,005)	(12,499,118)	(37,282,005)	(12,499,118)
Expected return on plan assets	68,220,437	62,046,303	68,220,437	62,046,303
<b>Fair value of plan assets at Ashad end</b>	<b>735,520,592</b>	<b>683,707,849</b>	<b>735,520,592</b>	<b>683,707,849</b>

### AMOUNT RECOGNISED IN PROFIT OR LOSS

4.23.5

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Current service costs	79,739,040	77,383,323	79,739,040	77,383,323
Interest on obligation	3,148,281	428,405	3,148,281	428,405
Expected return on plan assets				
<b>Total</b>	<b>82,887,321</b>	<b>77,811,728</b>	<b>82,887,321</b>	<b>77,811,728</b>

### AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME

4.23.6

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Actuarial (gain)/loss	133,903,612	(14,846,104)	133,903,612	(14,846,104)
<b>Total</b>	<b>133,903,612</b>	<b>(14,846,104)</b>	<b>133,903,612</b>	<b>(14,846,104)</b>

## ACTUARIAL ASSUMPTIONS

4.23.7

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Discount rate	7%	10%	7%	10%
Expected return on plan asset	7%	10%	7%	10%
Future salary increase	5%	7%	5%	7%
Withdrawal rate	8%	8%	8%	8%

## DEBT SECURITIES ISSUED

4.24

	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	5,498,289,706	5,495,481,482	5,498,289,706	5,495,481,482
<b>Total</b>	<b>5,498,289,706</b>	<b>5,495,481,482</b>	<b>5,498,289,706</b>	<b>5,495,481,482</b>

## SUBORDINATED LIABILITIES

4.25

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SHARE CAPITAL

4.26

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Ordinary shares	11,621,357,273	11,621,357,273	11,621,357,273	11,621,357,273
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
<b>Total</b>	<b>11,621,357,273</b>	<b>11,621,357,273</b>	<b>11,621,357,273</b>	<b>11,621,357,273</b>

## ORDINARY SHARES

4.26.1

	BANK	
	CURRENT YEAR	PREVIOUS YEAR
<b>Authorized Capital</b>		
150,000,000 Ordinary shares of Rs. 100 each share	15,000,000,000	15,000,000,000
<b>Issued capital</b>		
116,213,573 Ordinary shares of Rs.100 each share (Previous Year 116,213,573 Ordinary shares of Rs.100 each share)	11,621,357,273	11,621,357,273
<b>Subscribed and paid up capital</b>		
116,213,573 Ordinary shares of Rs.100 each share (Previous Year 116,213,573 Ordinary shares of Rs.100 each share)	11,621,357,273	11,621,357,273
<b>Total</b>	<b>11,621,357,273</b>	<b>11,621,357,273</b>

## ORDINARY SHARE OWNERSHIP

4.26.2

	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
<b>Domestic ownership</b>				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other Institutions	24	2,830,521,400	21	2,486,719,200
Public	76	8,790,835,873	79	9,134,638,073
<b>Name of Shareholders</b>	-	-	-	-
<b>Foreign ownership</b>	-	-	-	-
<b>Total</b>	<b>100</b>	<b>11,621,357,273</b>	<b>100</b>	<b>11,621,357,273</b>

## SHAREHOLDER HOLDING 0.5% OR MORE SHARE

NAME OF SHAREHOLDERS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
Employees Provident Fund	9.24	1,073,700,000	9.24	1,073,700,000
Prem Kumari K.C	8.69	1,010,474,300	8.68	1,008,489,700
Surendra Mahato	7.74	900,009,900	1.71	198,951,200
PKR Investment Company Pvt.Ltd	6.07	705,131,600	6.07	705,131,600
Ram Ashish Sahu Sudi	4.24	492,178,200	4.24	492,178,200
Dr.Dharma Raj Shrestha	2.03	235,961,700	2.03	235,961,600
Krishna Gopal Shrestha	1.75	202,821,300	1.78	206,821,300
Birendra Prasad Mahato	1.58	183,412,400	0.61	70,819,000
Karan Motor Company Pvt.Ltd	1.51	175,986,900	1.51	175,986,900

CONTD...SHAREHOLDER HOLDING 0.5% OR MORE SHARE

NAME OF SHAREHOLDERS	BANK			
	CURRENT YEAR		PREVIOUS YEAR	
	PERCENT	AMOUNT	PERCENT	AMOUNT
Roshan K.C	1.48	172,409,300	1.48	172,409,300
Kiran K.C	1.48	172,279,200	1.48	172,279,200
Ram Janaki Investment And Petroleum Suppliers Private Limited	0.99	115,410,300	0.99	115,410,300
Prakash K.C	1.29	150,283,700	1.29	150,283,700
Associated Automobiles Pvt.Ltd	0.86	100,190,800	0.93	108,190,800
Sun Nepal Life Insurance Company Ltd.	0.86	100,000,000		
Praneshwor Pokharel	0.72	83,145,200	0.72	83,145,200
Shree Himalayan Enterprises Pvt.Ltd	0.61	71,292,900	0.77	89,598,800
Dinesh Lal Shrestha	0.51	59,108,800	0.51	59,108,800
Upendra Mahato Sudi			9.14	1,061,834,000
Ganesh Bahadur Shrestha			0.91	105,691,700
Ajad Shrestha			0.57	66,169,100
NMB Saral Bachat Fund-E			0.54	63,063,100
	<b>51.65</b>	<b>6,003,796,500</b>	<b>55.20</b>	<b>6,415,223,500</b>

RESERVES

4.27

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Statutory general reserve	3,280,493,152	2,902,630,745	3,276,270,877	2,899,542,179
Exchange equalization reserve	96,699,911	80,436,805	96,699,911	80,436,805
Corporate social responsibility reserve	21,258,198	11,731,983	21,120,602	11,504,113
Capital redemption reserve	-	-	-	-
Regulatory reserve	1,580,609,512	1,835,134,609	1,580,609,512	1,835,134,609
Investment adjustment reserve	-	-	-	-
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	(11,033,948)	(14,756,448)	(11,033,948)	(14,756,448)
Dividend equalization reserve	-	-	-	-
Debenture redemption reserve	1,567,401,286	1,138,829,857	1,567,401,286	1,138,829,857
Actuarial gain	(230,812,105)	(137,079,576)	(230,812,105)	(137,079,576)
Special reserve	-	-	-	-
<b>Other reserve</b>	<b>18,506,203</b>	<b>7,687,955</b>	<b>18,506,203</b>	<b>7,687,955</b>
a) Employee Skill Enhancement Reserve (Training Reserve)	18,506,203	7,687,955	18,506,203	7,687,955
b) Deferred Tax Reserve	-	-	-	-
c) Other Reserve	-	-	-	-
<b>Total</b>	<b>6,323,122,209</b>	<b>5,824,615,930</b>	<b>6,318,762,338</b>	<b>5,821,299,494</b>

## CONTINGENT LIABILITIES AND COMMITMENTS

4.28

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Contingent liabilities	32,916,383,556	30,686,496,086	32,916,383,556	30,686,496,086
Undrawn and undisbursed facilities	5,420,318,741	5,310,376,111	5,420,318,741	5,310,376,111
Capital commitment	16,117,225	5,312,386	16,117,225	5,312,386
Lease commitment	-	-	-	-
Litigation	436,301,411	391,442,311	436,301,411	391,442,311
<b>Total</b>	<b>38,789,120,934</b>	<b>36,393,626,895</b>	<b>38,789,120,934</b>	<b>36,393,626,895</b>

## CONTINGENT LIABILITIES

4.28.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Acceptance and documentary credit	-	-	-	-
Bills for collection	12,187,470,960	9,487,475,538	12,187,470,960	9,487,475,538
Forward exchange contracts	-	-	-	-
Guarantees	20,728,912,596	21,199,020,548	20,728,912,596	21,199,020,548
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
<b>Total</b>	<b>32,916,383,556</b>	<b>30,686,496,086</b>	<b>32,916,383,556</b>	<b>30,686,496,086</b>

## UNDRAWN AND UNDISBURSED FACILITIES

4.28.2

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	5,033,410,797	4,375,480,046	5,033,410,797	4,375,480,046
Undrawn limits of credit cards	386,907,944	934,896,065	386,907,944	934,896,065
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
<b>Total</b>	<b>5,420,318,741</b>	<b>5,310,376,111</b>	<b>5,420,318,741</b>	<b>5,310,376,111</b>

## CAPITAL COMMITMENTS

4.28.3

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

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Capital commitments in relation to Property and Equipment</b>				
Approved and contracted for	7,386,625	1,347,479	7,386,625	1,347,479
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>7,386,625</b>	<b>1,347,479</b>	<b>7,386,625</b>	<b>1,347,479</b>
<b>Capital commitments in relation to Intangible assets</b>				
Approved and contracted for	8,730,600	3,964,907	8,730,600	3,964,907
Approved but not contracted for	-	-	-	-
<b>Sub total</b>	<b>8,730,600</b>	<b>3,964,907.00</b>	<b>8,730,600</b>	<b>3,964,907</b>
<b>Total</b>	<b>16,117,225</b>	<b>5,312,386</b>	<b>16,117,225</b>	<b>5,312,386</b>

## LEASE COMMITMENTS

4.28.4

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Operating lease commitments</b>				
<b>Future minimum lease payments under non cancellable operating lease, where the bank is lessee</b>				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance lease commitments</b>				
<b>Future minimum lease payments under non cancellable operating lease, where the bank is lessee</b>				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lease commitments has calculated as per NFRS 16-"Leases".

## LITIGATION

4.28.5

Under the self-assessment process, bank files its income tax returns which is then reviewed by Large Tax Payers Office usually within four years from the end of financial year. On completion of assessment till FY 2077-78, Large Taxpayers Office(LTO) has raised an assessment order for disputed tax liability of NPR 436,301,411. Bank has contended such tax liability and has filed appeal to higher authorities. These cases are under administrative review and pending before Revenue Tribunal/Supreme Court.

## INTEREST INCOME

4.29

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
CCash and cash equivalent	8,125,766	17,986,273	8,125,766	17,986,273
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	205,794,377	273,785,409	205,794,377	273,785,409
Loan and advances to bank and financial institutions	5,183,709	8,400,977	5,183,709	8,400,977
Loans and advances to customers	12,140,171,971	14,390,833,968	12,141,834,739	14,390,833,968
Investment securities	1,900,142,196	1,621,908,997	1,930,672,638	1,624,758,231
Loan and advances to staff	289,154,807	282,928,688	289,154,807	282,928,688
Other	8,194,072	6,160,274	-	-
<b>Total interest income</b>	<b>14,556,766,898</b>	<b>16,602,004,586</b>	<b>14,580,766,036</b>	<b>16,598,693,546</b>

Loan and advances to staff includes interest income from fair value of staff loan.

## INTEREST EXPENSE

4.30

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due to bank and financial institutions	117,871,071	152,689,134	117,871,071	152,689,134
Due to Nepal Rastra Bank	-	375,917	-	375,917
Deposits from customers	7,822,032,735	10,474,312,646	7,854,446,357	10,491,244,530
Borrowing	279,268,353	393,898,695	279,268,353	393,898,695
Debt securities issued	501,617,255	500,139,732	501,617,255	500,139,732
Subordinated liabilities	-	-	-	-
Other	72,154,029	73,869,912	70,846,906	72,152,762
<b>Total interest expense</b>	<b>8,792,943,443</b>	<b>11,595,286,036</b>	<b>8,824,049,942</b>	<b>11,610,500,770</b>

Other includes interest expense on Finance Lease as per NFRS 16 -"Leases"

## FEES AND COMMISSION INCOME

4.31

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan administration fees	226,967,708	162,225,842	226,967,708	162,225,842
Service fees	293,523,692	257,995,550	235,424,622	215,614,343
Consortium fees	75,270,838	21,451,184	75,270,838	21,451,184
Commitment fees	974,305	806,702	974,305	806,702
DD/TT/Swift fees	113,074,718	106,147,956	113,074,718	106,147,956
Credit card/ATM issuance and renewal fees	163,829,045	183,294,118	163,829,045	183,294,118
Prepayment and swap fees	95,620,302	92,992,878	95,620,302	92,992,878
Investment banking fees	14,078,528	14,290,212	14,078,528	14,290,212
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	15,662,300	23,955,199	15,662,300	23,955,199
Commission on letter of credit	236,003,685	139,894,112	236,003,685	139,894,112
Commission on guarantee contracts issued	191,228,133	191,774,538	191,228,133	191,774,538
Commission on share underwriting/issue	-	-	-	-
Locker rental	17,823,430	16,627,958	17,823,430	16,627,958
Other fees and commission income	206,534,850	182,279,238	204,874,703	192,066,814
<b>Total fees and Commission Income</b>	<b>1,650,591,534</b>	<b>1,393,735,487</b>	<b>1,590,832,317</b>	<b>1,361,141,856</b>

Other fees and commission income includes education loan fee, IPS fee, CIC income, CASBA income, etc.

## FEES AND COMMISSION EXPENSE

4.32

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ATM management fees	45,409,515	47,944,021	45,409,515	47,944,021
VISA/Master card fees	130,115,691	109,312,544	130,115,691	109,312,544
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	14,643,903	12,561,214	14,643,903	12,561,214
Remittance fees and commission	18,043,912	15,597,569	18,043,912	15,597,569
Other fees and commission expense	114,748,395	101,641,482	97,442,552	88,099,977
<b>Total fees and Commission Expense</b>	<b>322,961,416</b>	<b>287,056,830</b>	<b>305,655,573</b>	<b>273,515,325</b>

Other fees and commission expense includes cheque clearing fee, sms service charges, other bank charges, BLB Commission expenses, etc.

## NET TRADING INCOME

4.33

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Changes in fair value of trading assets	-	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	332,153,025	230,382,782	332,153,025	230,382,782
Other	-	-	-	-
<b>Net trading income</b>	<b>332,153,025</b>	<b>230,382,782</b>	<b>332,153,025</b>	<b>230,382,782</b>

## OTHER OPERATING INCOME

4.34

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Foreign exchange revaluation gain	65,052,422	60,665,189	65,052,422	60,665,189
Gain/loss on sale of investment securities	16,089,790	6,994,755	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	25,130,945	12,763,232	24,229,056	11,660,028
Gain/loss on sale of property and equipment	186,258	478,381	186,258	478,381
Gain/loss on sale of investment property	(33,634,060)	(12,376,296)	(33,634,060)	(12,376,296)
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	10,794,596	19,538,224	10,794,596	19,538,224
Other	11,589,707	590,269	-	-
<b>Total</b>	<b>95,209,658</b>	<b>88,653,754</b>	<b>66,628,272</b>	<b>79,965,526</b>

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

4.35

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Impairment charge/(reversal) on loan and advances to B/FIs	(3,213,408)	3,297,498	(3,213,408)	3,297,498
Impairment charge/(reversal) on loan and advances to customer	877,665,065	1,387,515,107	877,665,065	1,387,515,107
Impairment charge/(reversal) on financial Investment	(317,794,612)	7,375,000	(317,794,612)	7,375,000
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
<b>Total</b>	<b>556,657,045</b>	<b>1,398,187,605</b>	<b>556,657,045</b>	<b>1,398,187,605</b>

## PERSONNEL EXPENSE

4.36

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Salary	691,793,459	622,117,578	672,109,226	604,663,969
Allowances	512,849,122	475,753,099	509,057,777	473,087,519
Gratuity expense	83,541,844	78,437,427	82,887,321	77,811,728
Provident fund	68,828,610	62,217,026	67,095,814	60,466,397
Uniform	24,819,269	20,994,976	24,819,269	20,994,976
Training & development expense	36,077,185	52,625,338	35,424,902	52,279,207
Leave encashment	143,886,009	79,003,434	143,149,031	78,140,980
Medical	-	-	-	-
Insurance	42,183,999	22,197,684	41,830,229	21,901,829
Employees incentive	-	-	-	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRSs	89,084,497	69,554,291	89,084,497	69,554,291
Other expenses related to staff	501,726,250	445,585,378	497,907,632	442,691,882
a. Dashain allowance	98,448,796	92,908,726	98,272,915	92,732,845
b. Others	403,277,454	352,676,652	399,634,717	349,959,037
<b>Subtotal</b>	<b>2,194,790,244</b>	<b>1,928,486,231</b>	<b>2,163,365,698</b>	<b>1,901,592,778</b>
Employees bonus	305,277,359	183,804,335	302,415,942	183,759,547
<b>Grand total</b>	<b>2,500,067,603</b>	<b>2,112,290,566</b>	<b>2,465,781,640</b>	<b>2,085,352,325</b>

## OTHER OPERATING EXPENSE

4.37

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Directors' fee	4,530,500	4,324,500	3,503,500	3,263,500
Directors' expense	2,566,147	2,124,099	2,455,362	2,079,011
Auditors' remuneration	3,051,000	2,971,900	2,825,000	2,825,000
Other audit related expense	-	-	-	-
Professional and legal expense	21,993,767	14,812,565	21,382,340	14,590,655
Office administration expense	795,123,899	750,643,737	781,310,844	736,753,205
Operating lease expense	29,314,271	36,065,604	29,199,541	34,255,104
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	9,219,946	26,352,843	9,219,946	26,352,843
Onerous lease provisions	586,972	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>866,386,502</b>	<b>837,295,248</b>	<b>849,896,533</b>	<b>820,119,318</b>

**OFFICE ADMINISTRATION EXPENSE**
**4.37.1**

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Water and Electricity	41,406,035	39,386,498	40,968,197	39,386,498
<b>Repair and Maintenance</b>	<b>21,325,549</b>	<b>18,473,087</b>	<b>21,218,917</b>	<b>18,473,087</b>
a) Building	96,412	101,402	96,412	101,402
b) Vehicle	7,556,412	6,230,594	7,556,412	6,230,594
c) Computer and accessories	1,232,397	671,464	1,232,397	671,464
d) Office equipment and furniture	7,643,022	6,432,171	7,643,022	6,432,171
e) Other	4,797,306	5,037,456	4,690,674	5,037,456
Insurance	8,495,902	7,929,362	8,403,843	7,929,362
Postage, Telex, Telephone, Fax	28,485,654	27,549,780	28,383,034	27,549,780
Printing and Stationery	34,489,835	34,933,306	34,048,133	34,933,306
News Paper, books and journals	370,379	307,307	370,379	307,307
Advertisements	43,051,361	40,220,228	42,224,289	40,220,228
Donation	-	-	-	-
Security Expenses	186,578,980	162,739,404	186,165,131	162,739,404
Deposit and loan guarantee premium	75,607,866	66,905,513	75,607,866	66,905,513
Traveling Allowances and Expenses	20,714,502	21,160,361	19,643,868	21,160,361
Entertainment	1,837,462	2,023,325	1,836,102	2,023,325
Legal Expenses	-	-	-	-
Annual/special General Meeting	3,498,147	2,891,335	3,296,632	2,891,335
<b>Other</b>	<b>329,262,228</b>	<b>326,124,229</b>	<b>319,144,454</b>	<b>312,233,697</b>
a) Annual Maintenance Expenses	45,340,317	14,776,770	44,948,889	14,776,770
b) Fuel	16,301,435	18,654,382	15,690,737	18,654,382
c) Business Promotion/Annual Function Expenses	12,428,113	16,659,081	11,965,802	16,659,081
d) Rates And Taxes	10,920,641	11,117,652	10,920,641	11,117,652
e) Outsource Staff Expenses	89,461,667	75,883,888	87,948,364	75,883,888
f) Other	154,810,055	189,032,456	147,670,021	175,141,924
<b>Total</b>	<b>795,123,899</b>	<b>750,643,737</b>	<b>781,310,844</b>	<b>736,753,205</b>

**DEPRECIATION & AMORTISATION**
**4.38**

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Depreciation on property and equipment	402,790,684	399,167,291	396,328,556	394,209,558
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	25,411,830	23,120,279	24,368,612	22,409,668
<b>Total</b>	<b>428,202,514</b>	<b>422,287,570</b>	<b>420,697,168</b>	<b>416,619,226</b>

Depreciation on property and equipment includes depreciation on Right of Use Assets amounting to NPR 176,642,218 as per NFRS 16 -"Leases" due to which depreciation amount does not match with 4.13 Property, Plant and Equipment schedule.

## NON OPERATING INCOME

4.39

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Recovery of loan written off	52,428,294	85,318,448	52,428,294	85,318,448
Other income	-	-	-	-
<b>Total</b>	<b>52,428,294</b>	<b>85,318,448</b>	<b>52,428,294</b>	<b>85,318,448</b>

## NON OPERATING EXPENSE

4.40

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Loan written off	291,103,962	95,463,054	291,103,962	95,463,054
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	187,222,603	1,908,616	187,222,603	1,908,616
<b>Total</b>	<b>478,326,565</b>	<b>97,371,670</b>	<b>478,326,565</b>	<b>97,371,670</b>

## INCOME TAX EXPENSE

4.41

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Current tax expense</b>	<b>901,201,006</b>	<b>680,098,799</b>	<b>901,201,006</b>	<b>680,098,799</b>
Current year	901,201,006	577,331,788	901,201,006	577,331,788
Adjustments for prior years	-	102,767,011	-	102,767,011
<b>Deferred tax expense</b>	<b>(54,987,601)</b>	<b>(70,756,857)</b>	<b>(63,101,016)</b>	<b>(71,462,067)</b>
Origination and reversal of temporary differences	(54,987,601)	(70,756,857)	(63,101,016)	(71,462,067)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total income tax expense</b>	<b>846,213,405</b>	<b>609,341,942</b>	<b>838,099,990</b>	<b>608,636,732</b>

## RECONCILIATION OF TAX EXPENSE AND ACCOUNTING PROFIT

4.41.1

	GROUP		BANK	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Profit before tax	2,741,604,321	1,650,319,532	2,721,743,478	1,653,835,919
Tax amount at tax rate of 30%	822,481,296	495,095,860	816,523,043	496,150,776
Add: Tax effect of expenses that are not deductible for tax purpose	4,921,146	9,665,977	2,765,984	7,905,853
Less: Tax effect on exempt income	2,229,772	1,543,142	2,229,772	1,543,142
Add/less: Tax effect on other items	21,040,734	106,123,246	21,040,734	106,123,246
<b>Total income tax expense</b>	<b>846,213,405</b>	<b>609,341,942</b>	<b>838,099,990</b>	<b>608,636,732</b>
<b>Effective tax rate</b>	<b>30.87%</b>	<b>36.92%</b>	<b>30.79%</b>	<b>36.80%</b>

COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2081/82(FY 2024-25)

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Assets</b>					
Cash and cash equivalent	7,725,871,509	7,725,871,509	-	0.00%	
Due from Nepal Rastra Bank	8,326,202,371	8,326,202,371	-	0.00%	
Placement with Bank and Financial Institutions	1,731,959,352	1,731,959,352	-	0.00%	
Derivative financial instruments	-	-	-	0.00%	
Other trading assets	-	-	-	0.00%	
Loan and advances to B/FIs	5,809,651,703	5,809,651,703	-	0.00%	
Loans and advances to customers	141,636,859,413	141,436,048,905	(200,810,508)	-0.14%	Due to Regulatory Adjustment in impairment
Investment securities	45,511,965,326	45,513,259,938	1,294,612	0.00%	Due to Regulatory Adjustment in impairment
Current tax assets	748,904,938	742,429,982	(6,474,956)	-0.86%	Due to Change in Profit
Investment in subsidiaries	400,000,000	400,000,000	-	0.00%	
Investment in associates	-	-	-	0.00%	
Investment property	594,364,388	594,364,388	-	0.00%	
Property and equipment	1,541,172,932	1,541,172,932	-	0.00%	
Goodwill and Intangible assets	120,883,962	120,883,962	-	0.00%	
Deferred tax assets	194,704,743	255,958,854	61,254,111	31.46%	Due to Adjustment in Impairment
Other assets	3,259,530,882	3,256,161,018	(3,369,864)	-0.10%	Due to Statutory Audit adjustment
<b>Total Assets</b>	<b>217,602,071,519</b>	<b>217,453,964,915</b>	<b>(148,106,605)</b>	<b>-0.07%</b>	

Contd... COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2081/82(FY 2024-25)

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	2,679,864,355	2,679,864,355	-	0.00%	
Due to Nepal Rastra Bank	-	-	-	0.00%	
Derivative financial instruments	9,984,287	9,984,287	-	0.00%	
Deposits from customers	184,176,049,901	184,176,049,901	-	0.00%	
Borrowing	2,143,480,557	2,143,480,557	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	
Deferred tax liabilities	-	-	-	0.00%	
Other liabilities	4,059,217,459	4,038,928,883	(20,288,576)	-0.50%	Due to Statutory Audit adjustment
Debt securities issued	5,498,289,706	5,498,289,706	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
<b>Total liabilities</b>	<b>198,566,886,265</b>	<b>198,546,597,689</b>	<b>(20,288,576)</b>	<b>-0.01%</b>	
<b>Equity</b>					
Share capital	11,621,357,273	11,621,357,273	-	0.00%	
Share premium	30,881,765	30,881,765	-	0.00%	
Retained earnings	1,072,935,776	936,365,847	(136,569,929)	-12.73%	Due to Change in Profit
Reserves	6,310,010,440	6,318,762,340	8,751,900	0.14%	Due to Change in Profit
<b>Total equity attributable to equity holders</b>	<b>19,035,185,254</b>	<b>18,907,367,225</b>	<b>(127,818,029)</b>	<b>-0.67%</b>	
Non-controlling interest	-	-	-	-	
<b>Total equity</b>	<b>19,035,185,254</b>	<b>18,907,367,225</b>	<b>(127,818,029)</b>	<b>-0.67%</b>	
<b>Total liabilities and equity</b>	<b>217,602,071,519</b>	<b>217,453,964,914</b>	<b>(148,106,605)</b>	<b>-0.07%</b>	

Contd... COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2081/82(FY 2024-25)

STATEMENT OF FINANCIAL POSITION	AS PER UNAUDITED FINANCIAL STATEMENT	AS PER AUDITED FINANCIAL STATEMENT	VARIANCE		REASONS FOR VARIANCE
			IN AMOUNT	IN %	
<b>Statement of Profit or Loss</b>					
Interest income	14,580,766,036	14,580,766,036	-	0.00%	
Interest expense	8,824,049,942	8,824,049,942	-	0.00%	
<b>Net interest income</b>	<b>5,756,716,094</b>	<b>5,756,716,094</b>	-	<b>0.00%</b>	
Fee and commission income	1,590,832,317	1,590,832,317	-	0.00%	
Fee and commission expense	305,655,573	305,655,573	-	0.00%	
<b>Net fee and commission income</b>	<b>1,285,176,744</b>	<b>1,285,176,744</b>	-	<b>0.00%</b>	
<b>Net interest, fee and commission income</b>	<b>7,041,892,838</b>	<b>7,041,892,838</b>	<b>0</b>	<b>0.00%</b>	
Net trading income	332,153,025	332,153,025	-	0.00%	
Other operating income	66,628,272	66,628,272	-	0.00%	
<b>Total operating income</b>	<b>7,440,674,135</b>	<b>7,440,674,135</b>	-	<b>0.00%</b>	
Impairment charge/(reversal) for loans and other losses	353,771,286	556,657,045	202,885,759	57.35%	Due to Regulatory Adjustment in Impairment
<b>Net operating income</b>	<b>7,086,902,850</b>	<b>6,884,017,091</b>	<b>(202,885,759)</b>	<b>-2.86%</b>	
<b>Operating expense</b>				<b>0.00%</b>	
Personnel expenses	2,486,070,216	2,465,781,640	(20,288,576)	-0.82%	Effect in Bonus due to change in profit
Other operating expenses	849,896,533	849,896,533	-	0.00%	
Depreciation & Amortization	420,697,168	420,697,168	-	0.00%	
<b>Operating profit</b>	<b>3,330,238,933</b>	<b>3,147,641,750</b>	<b>(182,597,183)</b>	<b>-5.48%</b>	
Non operating income	52,428,294	52,428,294	-	0.00%	
Non operating expense	478,326,565	478,326,565	-	0.00%	
<b>Profit before income tax</b>	<b>2,904,340,662</b>	<b>2,721,743,479</b>	<b>(182,597,183)</b>	<b>-6.29%</b>	
Income tax expense	892,879,143	838,099,990	(54,779,153)	-6.14%	Due to change in profit
Current Tax	894,726,049	901,201,006	6,474,957	0.72%	Due to change in profit
Deferred Tax	(1,846,906)	(63,101,016)	(61,254,110)	3316.58%	Due to adjustment in impairment
<b>Profit/(loss) for the period</b>	<b>2,011,461,519</b>	<b>1,883,643,489</b>	<b>(127,818,030)</b>	<b>-6.35%</b>	
				0.00%	
Profit/(loss) for the period	2,011,461,519	1,883,643,489	(127,818,030)	-6.35%	
Other Comprehensive Income	(90,010,028)	(90,010,028)	-	0.00%	
<b>Total comprehensive income</b>	<b>1,921,451,491</b>	<b>1,793,633,460</b>	<b>(127,818,030)</b>	<b>-6.65%</b>	

## PRINCIPAL INDICATORS

PARTICULARS	INDICATORS	F. Y. 2077/2078	F. Y. 2078/2079	F. Y. 2079/2080	F. Y. 2080/2081	F. Y. 2081/2082
1. Net Profit/Gross Income	%	12.60%	9.96%	7.73%	5.27%	11.33%
2. Earnings Per Share	Rs.	17.76	16.44	15.85	8.33	16.21
3. Market Value per Share	Rs.	385.00	254.00	231.80	200.00	225.89
4. Price Earning Ratio	Ratio	21.68	15.45	14.63	24.02	13.94
5. Dividend (including bonus) on share capital	%	14.00%	0.00%	14.00%	-	8.00%
6. Cash Dividend on share capital	%	0.70%	0.00%	0.70%	-	4.00%
7. Interest Income/Loans & Advances	%	9.35%	11.39%	14.36%	10.51%	7.93%
8. Net Profit/Loans & Advances	%	1.38%	1.30%	1.26%	0.80%	1.28%
9. Employee Expenses/Total Operating Exps	%	16.30%	12.11%	10.83%	12.73%	17.31%
10. Interest Expenses on Total Deposit and Borrowings	%	4.91%	6.74%	8.79%	7.18%	4.72%
11. Exchange Fluctuation Gain/Total Income	%	2.32%	1.58%	1.61%	1.59%	2.39%
12. Staff Bonus/ Total Employee Expenses	%	16.71%	16.30%	13.94%	9.66%	13.98%
13. Net Profit/Loans & Advances	%	1.35%	1.26%	1.21%	0.71%	1.23%
14. Net Profit/ Total Assets	%	1.02%	0.94%	0.87%	0.51%	0.87%
15. Total Credit/Deposit	%	86.53%	86.32%	81.35%	83.32%	80.62%
16. Total Operating Expenses/Total Assets	%	5.88%	7.64%	9.21%	7.88%	5.75%
<b>17. Adequacy of Capital Fund on Risk Weightage Assets</b>						
a. Core Capital	%	8.67%	8.62%	9.00%	9.25%	9.32%
b. Supplementary Capital	%	3.39%	4.74%	4.56%	4.48%	3.82%
c. Total Capital Fund	%	12.06%	13.36%	13.56%	13.73%	13.14%
d. Risk Weighted Exposure	Rs.	138,594,584,333	154,308,487,168	157,659,498,251	158,425,885,626	178,833,067,352
18. Liquidity	%	27.08%	21.40%	29.43%	29.30%	31.18%
19. Non Performing Loans/Total Loans	%	0.62%	1.04%	2.26%	3.86%	3.96%
20. Net NPL	%	0.28%	0.44%	0.84%	1.53%	1.19%
21. Base Rate	%	7.26%	9.86%	10.74%	8.26%	6.30%
22. Weighted Average Interest Rate Spread *	%	3.82%	4.33%	4.26%	3.98%	3.79%
23. Book Net worth	Rs.	12,864,132,182	14,485,771,130	16,151,786,049	17,036,357,114	18,907,367,225
24. Total Shares	Number	90,530,946	102,571,556	102,571,556	116,213,573	116,213,573
25. Total Employees	Number	1,510	1,584	1,558	1,484	1,584

Contd...PRINCIPAL INDICATORS

PARTICULARS	INDICATORS	F. Y. 2077/2078	F. Y. 2078/2079	F. Y. 2079/2080	F. Y. 2080/2081	F. Y. 2081/2082
26. Productivity per Staff	Rs.000	1064.55	1,116.99	1026.22	621.20	1269.30
27. Book Value Per Share	Rs.	142.10	141.23	157.47	146.60	162.70
28. No.of Promoter Equity Shares	Rs.	4,617,078,236	5,231,149,346	5,231,149,346	5,926,892,209	5,926,892,209
29. No.of Public Equity Shares	Rs.	4,436,016,345	5,026,006,235	5,026,006,235	5,694,465,064	5,694,465,064
30. Return on Total Assets	%	102%	0.94%	0.87%	0.55%	0.87%
31. Return on Total Equity	%	12.50%	11.64%	10.06%	6.11%	9.96%
32. Number of branches	Number	161	165	165	165	165
33. Number of ATM	Number	203	207	204	200	203

Note:

1. Gross income includes interest income, fee & commission income, operating income, forex income and non operating income
2. Loan & advances of point no. 7 includes gross amount of loan to customers & BFI's presented in 4.7 and 4.6 respectively.
3. Total staff expenses does not include staff bonus.
4. Weighted Average Interest Rate spread is presented as per the calculation of NRB Directive (Thus Rate represent Ashad month spread)

## COMPARISON OF PROJECTED AND AUDITED FINANCIAL STATEMENTS AS OF FY 2081/82 (FY 2024/25)

Bank had issued 8.5% Machhapuchhre Debenture 2087 on 24/04/2078 and issued projected financial statement for ten years including this FY 2081-82, and some variances between projected and audited financial figure for the FY 2081-82 has been noted as below.

Statement of Financial Position Assets	As per Projected Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Cash and cash equivalent	24,74,782,378	7725,871,509	(17,021,910,869)	-68.78%	Due to Present economic scenario, slowness in regular banking transactions, and changes in business
Due from Nepal Rastra Bank	7,331,043,916	8,326,202,371	995,158,455	13.57%	strategy pursuant to policy changed by regulator.
Placement with Bank and Financial Institutions	289,664,837	1,731,959,352	1,442,294,515	497.92%	
Derivative financial instruments	67,415,547	-	(67,415,547)	-100.00%	
Other trading assets	341,458,934	-	(341,458,934)	-100.00%	
Loan and advances to B/FIs	3,306,961,961	5,809,651,703	2,502,689,742	75.68%	
Loans and advances to customers	207,474,104,092	141,436,048,905	(66,038,055,187)	-31.83%	Due to slowness in the economy of the country, and Capital Adequacy Management Policy of the Bank.
Investment securities	29,691,662,588	45,513,259,938	15,821,597,350	53.29%	Due to investment in government securities and treasury bills
Current tax assets	275,808,469	742,429,982	466,621,513	169.18%	Additional advance tax paid to LTO after assessment by LTO.
Investment in subsidiaries	200,000,000	400,000,000	200,000,000	100.00%	Due to investment in MBL securities
Investment in associates	-	-	-	0.00%	
Investment property	174,947,305	594,364,388	419,417,083	239.74%	Due to increment in NBA due to present economic condition of the country.
Property and equipment	1,704,862,389	1,541,172,932	(163,689,457)	-9.60%	
Goodwill and Intangible assets	83,120,498	120,883,962	37,763,464	45.43%	Purchase of Software
Deferred tax assets	35,234,822	255,958,854	220,724,033	626.44%	Regulatory Adjustment
Other assets	1,032,827,546	3,256,161,018	2,223,333,472	215.27%	Recognition of Right of Use Assets and Deferred Employee Expenditure
<b>Total Assets</b>	<b>276,756,895,282</b>	<b>217,453,964,915</b>	<b>(59,302,930,368)</b>	<b>-21.43%</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	4,267,017,419	2,679,864,355	(1,587,153,064)	-37.20%	Regular banking transactions and liquidity requirement.
Due to Nepal Rastra Bank	22,102,145	-	(22,102,145)	-100.00%	
Derivative financial instruments	-	9,984,287	9,984,287	0.00%	
Deposits from customers	234,028,615,012	184,176,049,901	(49,852,565,111)	-21.30%	Regular banking transactions and liquidity requirement.
Borrowing	1,202,500,000	2,143,480,557	940,980,557	78.25%	Due to external borrowing
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	
Deferred tax liabilities	-	-	-	0.00%	
Other liabilities	2,936,183,099	4,038,928,883	1,102,745,784	37.56%	Recognition of liabilities under finance lease.
Debt securities issued	10,000,000,000	5,498,289,706	(4,501,710,294)	-45.02%	Due to constraint in loan growth and advances and capital management policy of the bank
Subordinated Liabilities	-	-	-	0.00%	
<b>Total Liabilities</b>	<b>252,456,417,674</b>	<b>198,546,597,689</b>	<b>(53,909,819,985)</b>	<b>-21.35%</b>	

Contd... Comparison of projected and Audited Financial Statements as of FY 2081/82 (FY 2024/25)

Statement of Financial Position	As per Projected Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
<b>Equity</b>					
Share capital	12,719,510,797	11,621,357,273	(1,098,153,524)	-8.63%	Capital management policy of the bank
Share premium	30,881,765	30,881,765	0	0.00%	
Retained earnings	1,823,867,153	936,365,847	(887,501,306)	-48.66%	Due to non achievement of Net profit as per projection.
Reserves	9,726,217,893	6,318,762,340	(3,407,455,553)	-35.03%	Due to non achievement of Net profit as per projection.
<b>Total equity attributable to equity holders</b>	<b>24,300,477,608</b>	<b>18,907,367,225</b>	<b>(5,393,110,383)</b>	<b>-22.19%</b>	
Non-controlling interest					
<b>Total equity</b>	<b>24,300,477,608</b>	<b>18,907,367,225</b>	<b>(5,393,110,383)</b>	<b>-22.19%</b>	
<b>Total liabilities and equity</b>	<b>276,756,895,282</b>	<b>217,453,964,914</b>	<b>(59,302,930,369)</b>	<b>-21.43%</b>	
<b>Statement of Profit or Loss</b>					
Interest income	19,542,289,539	14,580,766,036	(4,961,523,503)	-25.39%	Due to non achievement in projected growth in loans and advances
Interest expense	12,062,180,663	8,824,049,942	(3,238,130,721)	-26.85%	Due to non achievement in projected growth in Deposits
<b>Net interest income</b>	<b>7,480,108,876</b>	<b>5,756,716,094</b>	<b>(1,723,392,782)</b>	<b>-23.04%</b>	
Fee and commission income	2,222,719,014	1,590,832,317	(631,886,697)	-28.43%	Due to constraint in loan growth and normal banking transactions.
Fee and commission expense	158,479,042	305,655,573	147,176,531	92.87%	Due to massive increment in transaction banking and Other fees and commission with the digital adoption
<b>Net fee and commission income</b>	<b>2,064,239,972</b>	<b>1,285,176,744</b>	<b>(779,063,228)</b>	<b>-37.74%</b>	
<b>Net interest, fee and commission income</b>	<b>9,544,348,848</b>	<b>7,041,892,838</b>	<b>0</b>	<b>0</b>	
Net trading income	680,469,397	332,153,025	(348,316,372)	-51.19%	Due to decrement in foreign currency transactions and increase in foreign exchange rate in USD.
Other operating income	192,572,526	66,628,272	(125,944,254)	-65.40%	
<b>Total operating income</b>	<b>10,417,390,771</b>	<b>7,440,674,135</b>	<b>(2,976,716,636)</b>	<b>-28.57%</b>	
Impairment charge/(reversal) for loans and other losses	260,000,000	556,657,045	296,657,045	114.10%	Due to regulatory adjustment/Statutory Audit adjustment and increment in non performing loan.
<b>Net operating income</b>	<b>10,157,390,772</b>	<b>6,884,017,091</b>	<b>(3,273,373,681)</b>	<b>-32.23%</b>	
<b>Operating expense</b>				0.00%	
Personnel expenses	3,113,863,304	2,465,781,640	(648,081,664)	-20.81%	Due to decrement in Employee Bonus with the decrement in net profit.
Other operating expenses	1,397,408,771	849,896,533	(547,512,238)	-39.18%	Due to adoption of cost control and cost reduction tool in office administrative expenses
Depreciation & Amortization	278,513,392	420,697,168	142,183,776	51.05%	Due to adoption of NFRS 16 Lease
<b>Operating profit</b>	<b>5,367,605,305</b>	<b>3,147,641,750</b>	<b>(2,219,963,555)</b>	<b>-41.36%</b>	
Non operating income	-	52,428,294	52,428,294	0.00%	Due to recovery of loan write off
Non operating expense	-	478,326,565	478,326,565	0.00%	Due to Increase in loan written off with the increase in Non Performing Loan
<b>Profit before income tax</b>	<b>5,367,605,305</b>	<b>2,721,743,479</b>	<b>(2,645,861,826)</b>	<b>-49.29%</b>	
Income tax expense	1,610,281,591	838,099,990	(772,181,601)	-47.95%	
Current Tax	1,610,281,591	901,201,006	(709,080,585)	-44.03%	Due to decrease in profit before income tax
Deferred Tax	-	(63,101,016)	(63,101,016)	0.00%	NFRS adjustment
<b>Profit / (loss) for the period</b>	<b>3,757,323,714</b>	<b>1,883,643,489</b>	<b>(1,873,680,225)</b>	<b>-49.87%</b>	Due to decrease in spread rate and effects of above mentioned reasons.

## SIGNIFICANT ACCOUNTING POLICIES

Financial Year 16 July 2024 to 16 July 2025 (1 Sawan 2081 to 32 Asar 2082)

### 1. GENERAL INFORMATION

#### 1.1 Reporting Entity

Machhapuchchhre Bank Limited (hereinafter referred to as “the Bank”) is a public limited company, incorporated on 16 February 1998 as per then Companies Act 1964 of Nepal, and domiciled in Nepal. The Bank obtained license from Nepal Rastra Bank on 11 Ashoj 2057. The registered office of the Bank is located at Lazimpat, Kathmandu, Nepal. The Bank is listed in Nepal Stock Exchange Limited (the sole stock exchange in Nepal) for public trading.

The principal activities of the Bank are to provide full-fledged commercial banking services including agency services, trade finance services, card services, e-commerce products and services and commodity trading services to its customers through its strategic business units, branches, extension counters, ATMs and network of agents.

#### 1.2 Subsidiary

##### Machhapuchchhre Capital Limited

Machhapuchchhre Capital Limited subsidiary of the Bank was incorporated on 8 Ashwin 2075 as a public limited company as per the Companies Act 2063 and licensed by Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008 to provide merchant banking and investment banking services.

Current holding of the Bank in Machhapuchchhre Capital Limited is 69.85%.

SUBSIDIARY	COST AS ON ASHAD END 2082 (NPR)
Machhapuchchhre Capital Limited	200,000,000

The financial year of subsidiary is same as that of the Bank.

##### Machhapuchchhre Securities Limited

Machhapuchchhre Securities Limited is incorporated on Sawan 10, 2076 with the objective of providing securities brokerage services in the secondary market of Nepal. The Company has obtained license from Securities Board of Nepal and Nepal Stock Exchange Limited for operation of transactions and is yet to be obtained license from CDS & Clearing limited for clearing of operated transactions. Machhapuchchhre Securities Limited is fully owned subsidiary company of Machhapuchchhre Bank Limited.

SUBSIDIARY	COST AS ON ASHAD END 2082 (NPR)
Machhapuchchhre Securities Limited	200,000,000

The financial year of subsidiary is same as that of the Bank.

#### 1.3 Group

The Group represents the Bank and its subsidiary.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of Preparation

The Financial Statements of the Bank have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives.

The Financial Statements comprise of:

- Consolidated Statement of Financial Position (SOFP)
- Consolidated Statement of Profit and Loss (SOPL)
- Consolidated Statement of Other Comprehensive Income (SOCI)
- Consolidated Statement of Changes in Equity (SOCE)
- Consolidated Statement of Cash Flows (SOCF)
- Notes to the Consolidated Financial Statements comprising summary of Significant Accounting Policies and explanatory notes.

## 2.2 Statement of Compliance

The financial statements of the group have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board and in compliance with BAFIA 2073 and Unified Directives 2080 issued by Nepal Rastra Bank and all other applicable laws and regulations. These policies have been consistently applied to all the years presented except otherwise stated.

## 2.3 Reporting Period and approval of financial statements

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

RELEVANT FINANCIAL STATEMENT	NEPALESE CALENDAR DATE/PERIOD	ENGLISH CALENDAR DATE/PERIOD
Consolidated Statement of Financial Position	32 Ashad 2082	16 July 2025
Consolidated Statement of Profit/Loss	1 Sawan 2081 to 32 Ashad,2082	16 July 2024 to 16 July 2025
Consolidated Statement of Other Comprehensive Income	1 Sawan 2081 to 32 Ashad,2082	16 July 2024 to 16 July 2025
Consolidated Statement of Cash Flows	1 Sawan 2081 to 32 Ashad,2082	16 July 2024 to 16 July 2025
Consolidated Statement of Changes in Equity	1 Sawan 2081 to 32 Ashad,2082	16 July 2024 to 16 July 2025

The Board of Directors of the Bank authorized the financial statement vide its resolution dated 13 Bhadra 2082 and recommended for its approval by the Annual General Meeting of the shareholders.

## 2.4 Functional and Presentation Currency

The Nepalese Rupees (NPR), being the currency of primary economic environment under which bank operates, has been used as the functional currency. The financial information has been presented in Nepalese Rupees and has been shown in actual figure, unless indicated otherwise.

## 2.5 Significant Accounting Judgments, Estimates and Assumptions

The Management of the Bank has made judgments, estimations and assumptions which affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses that is required for the preparation of financial statements in conformity with Nepal Financial Reporting Standards (NFRS). The Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed on an ongoing basis. Necessary revisions to accounting estimates are recognized in the period in which such estimates are revised and in any future periods affected. Actual results may differ from these estimates.

Any revision in accounting estimate is recognized prospectively in present and future periods as required under NAS 8 Accounting Policies, Changes in Accounting Estimates and Error.

Significant estimates, assumptions and judgments used in applying accounting policies which have material effect in financial statements is:

- Impairment on loans and advances (Higher of provision for loan loss calculated as per NRB Guideline and Impairment loss calculated as per NFRS)

## Expected Credit Losses

The measurement of impairment losses across the categories of financial assets under Nepal Financial Reporting Standard - NFRS 9 on "Financial Instruments" (NFRS 9) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Accordingly, the Bank reviews its individually significant loans and advances portfolio at each reporting date to assess whether an impairment loss is to be recognized in the Income Statement. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgements about a borrower's financial situation and the net realizable value of any underlying collateral (foreclosure) and expected cash from operations. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about several factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

A collective impairment provision is established for:

- Bank's homogeneous loans and advances that are not considered individually significant; and
- Assets of Banks that are individually significant but that were not found to be externally rated.

Following NFRS 9, the Bank's Expected Credit Loss (ECL) calculations are outputs of complex models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the Bank's ECL models that are considered accounting judgements and estimates include:

- Criteria for qualitatively assessing whether there has been a significant increase in credit risk (SICR) and if so, allowances for financial assets measured on a Lifetime Expected Credit Loss (LT - ECL) basis.
- Segmentation of financial assets when their ECL is assessed on a collective basis.
- Various statistical formulas and the choice of inputs used in the development of ECL models.
- Associations between macroeconomic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect of these inputs on Probability of Default (PDs).
- Forward-looking macroeconomic scenarios and their probability weightings.
- Coupon rate of loan has been considered by the Bank as effective interest rate.

As such, the accuracy of the impairment provision depends on the model assumptions and parameters used in determining the ECL calculations.

Further, the Bank has assigned weightages for base (normal) case, best case and worst-case scenarios when assessing the probability weighted forward looking macro-economic indicators.

## 2.6 Accounting Policies and Changes in Accounting Policies

There are different accounting principles adopted by management and these policies are consistently applied to all years presented except or changes in accounting policies that have been disclosed separately.

The Bank, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Bank is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

## 2.7 New Standards in issue but not yet effective

The Institute of Chartered Accountants of Nepal (ICAN) has published Nepal Financial Reporting Standards 2018 (NFRS 2018) on March, 2021. Accordingly, NFRS 14 and NFRS 17 has been introduced with amendment to existing standards which shall be effective from Fiscal Year 2024-25. NFRS 14 "Regulatory Deferral Accounts" and NFRS 17 "Insurance Contracts" has not been applied to Banks and Financial Institutions due to revenue is recognized as per NFRS 15 "Revenue from contracts with customers".

## 2.8 New Standards and interpretation not adopted

In preparing financial statement, Standards and pronouncement issued by Accounting Standard Board of Nepal has been adopted. Management has used its assumptions and understandings for preparation of financial statements under compliance with NFRS, however, certain interpretations might vary regarding the recognition, measurement, and other related provisions where the standards are not specific and not clear.

The NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## 2.9 NFRS 9: Financial Instruments: Recognition and Measurement

### a) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate

In para 5.4, effective interest rate is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial assets or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (Para B5.4.1 – B5.4.3), transaction costs, and all other premiums or discounts. There is a presumption that 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 reliably estimate 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).

### b) Impairment and collectability of financial assets measured at amortized cost

As per Para 5.5, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, they shall apply paragraph 5 to determine the amount of any impairment loss unless the entity is a bank or financial institution registered as per Bank and Financial Institution Act 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per the norms prescribed by the Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 5 and shall apply paragraph 5 to measure the impairment loss on financial assets other than loan and advances.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the assets shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

Bank has measure the impairment of loan and advances to customers as higher of the impairment as assessed under NFRS or as per the norms prescribed by Nepal Rastra Bank. The provision is mandatory where impairment under NFRS and impairment under NRB norms has been disclosed for comparison and the higher of the two is charged as impairment and recognized in the financial statements.

## 2.10 Financial Instruments

### Classification and Measurement of Financial Assets and Financial Liabilities:

#### A. Recognition

The Bank 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 Bank 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 Bank 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 Bank commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Bank commits to purchase or sell the asset.

Except for trade receivables not containing a significant financing component, at initial recognition, financial asset or financial liability are recognized at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### B. Classification

##### I. Financial Assets

Financial asset is any asset that is:

- a) cash
- b) an equity instrument of another entity.
- c) contractual rights:
  - i. to receive cash or another financial asset from another entity; or
  - ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- d) a contract that will or may be settled on the entity's own equity instruments and is:
  - i. a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - ii. a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments

The Bank classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The details of these conditions are outlined below:

##### ▪ Business Model Assessment:

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's Board/ Board Committees.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

##### ▪ The SPPI Test (Solely Payments of Principal and Interest):

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. The assessment of SPPI aims to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding'.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk.

In contrast, contractual terms that introduce a more than trivial exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding.

After initial measurement, these financial assets are subsequently measured at amortized cost.

Financial assets are classified into the following categories for the measurement subsequent to the initial recognition.

1. Financial assets at amortized costs
2. Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)
3. Financial assets at Fair Value through Profit or Loss (FVTPL)

#### **1. Financial assets measured at amortized cost**

The Bank classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### **2. Financial asset measured at Fair Value through Other Comprehensive Income (FVTOCI)**

The Financial assets measured at FVTOCI include debt and equity instruments measured at FVTOCI:

##### **Debt Instruments at FVTOCI**

The bank classifies a financial asset as FVTOCI if both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses and ECL and reversals are recognized in profit or loss. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

#### **Equity Instruments at FVTOCI**

Investment in an equity instrument that is not held for trading is elected to be classified irrevocably as FVTOCI at the time of initial recognition. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income. Gains and losses on these equity instruments are never recycled to profit and loss account, instead directly transferred to retained earnings at the time of derecognition.

Equity instruments at FVTOCI are not subject to an impairment assessment.

#### **3. Financial assets Measured at fair value through profit or loss (FVTPL)**

Financial assets are classified as fair value through profit or loss (FVTPL) unless they are measured at Amortized Cost or FVTOCI.

The following financial assets are classified as measured at FVTPL:

- They are held for trading
- They are not held for trading and are designated by management upon initial recognition or mandatorily required to be measured at fair value under NFRS 9.

These assets are subsequently measured at fair value and changes in fair value are recognized in the Statement of Profit or Loss.

## **II. Financial Liabilities**

Financial Liabilities is any liability that is:

### **a) Contractual obligation:**

- i. to deliver cash or another financial asset to another entity; or
- ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

- b) a contract that will or may be settled on the entity's own equity instruments and is:
- i. a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments;
  - or
  - ii. a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as follows.

### **1. Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in the Statement of Profit or Loss as incurred. Financial Liabilities measured at FVTPL are measured at fair value and all the Subsequent changes in fair value is recognized through Statement of Profit or Loss.

Changes in fair value are recorded in "Net fair value gains/ (losses) from financial instruments at fair value through profit or loss" with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the own credit reserve through OCI and do not get recycled to profit or loss. Interest paid/ payable is accrued in "Interest expense", using the EIR.

### **2. 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 an effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

## **C. Measurement**

### **1. Initial Measurement**

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs in relation to financial assets and liabilities at fair value through profit or loss are recognized in the Statement of Profit or Loss.

### **2. 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 assets or liability classified as measured at amortized cost is subsequently measured at amortized cost using the 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 an effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectible.

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 the Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

## **D. Derecognition**

### **Derecognition of Financial Assets**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank 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 Bank is recognized

as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of

- i. the consideration received (including any new asset obtained less any new liability assumed) and
- ii. any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

#### **Derecognition of Financial Liabilities**

Financial liability is derecognized when the obligation under the liability is discharged or canceled 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.

#### **Determination of Fair Value**

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group accesses at the measurement date.
- Level 2 – valuation technique using observable inputs: financial instruments 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 – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable, where market prices are not available, then the bank considers the carrying value and future cash flows from the financial instruments.

#### **E. Impairment Losses on Financial Assets**

During the year FY 2081/82, The Institute of Chartered Accountants of Nepal (ICAN) and Accounting Standards Board of Nepal (ASB Nepal) has pronounced that full version of NFRS 9 containing Expected Credit Loss (ECL) to be effective from 1 Shrawan, 2081 and financial statements of Ashad end 2082 (including quarterly financials thereon) incorporates ECL reporting. In relation to the same, "NFRS 9 – Expected Credit Loss Related Guidelines, 2024 was pronounced by the Nepal Rastra Bank on Jestha 1st 2081, providing detailed guidelines for the consistent and prudent application of NFRS 9.

In same line NRB has asked BFIs to submit its implementation progress on adopting ECL and has issued NFRS 9- Expected Credit Loss Related Guidelines, 2024 dated 1st Jestha, 2081.

Initially, the updated standard of NFRS 9: Financial Instruments (in line with NFRSs 2018) was pronounced by Institute of Chartered Accountants of Nepal (ICAN) to be effective from 16th July 2021. However, due to various reasons including challenges posed by emergence of COVID, limited time availability and lack of technical expertise, full implementation of NFRS 9 was deferred till FY 2080/81, for banks and financial institutions. Hence, the provisions of NFRS 9 that includes expected credit loss, is fully effective in the bank from FY 2081/82.

The Bank recognizes a loss allowance for expected credit losses on a financial asset that are measured at Amortized Cost (AC), a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply.

The ECL approach results in the early recognition of credit losses because it includes, not only losses that have already been

incurred, but also expected future credit losses – it is a forward-looking model.

Any financial instrument classified and measured at FVTPL is not covered under impairment requirements of NFRS 9. The methods for the calculation of Expected Credit Loss is classified into 3 broad approaches:

### 1. General approach

These approaches are applicable to financial assets measured at amortized cost, financial assets measured at FVOCI, Loan commitments (not at FVTPL), Financial guarantee contracts (not at FVTPL).

Lifetime ECL is recognized for all financial assets where the credit risk has increased significantly since initial recognition.

At the reporting date, if the credit risk has not increased significantly since initial recognition, the Bank measures the loss allowance for those financial assets at an amount equal to 12- month ECL.

For loan commitments and financial guarantee contracts, the date that the entity becomes party to the irrevocable commitments is considered to be the date of initial recognition for the purpose of applying the impairment requirements. The Bank recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with Standard.

Under the general approach, NFRS 9 recognizes a three-stage approach to measure expected credit losses and recognize interest income.

#### Stage 1:

The financial instruments that have not had a significant increase in credit risk since initial recognition are classified in Stage 1. The Financial instruments at stage 1 require, at initial recognition, a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest is calculated on the gross carrying amount of the financial asset before adjusting for ECL.

This stage includes the following:

- i. Initially recognized financial instruments (other than those purchased or originated credit impaired financial assets)
- ii. Financial instruments having no significant increase in credit risk since initial recognition.
- iii. Financial assets for which contractual payments are not overdue or are overdue for up to one month.
- iv. Financial instruments having low credit risk at the reporting date.

For this purpose, instruments with low credit risk include:

- All exposures on Nepal Government/Province/Local Level or Nepal Rastra Bank
- Exposures fully guaranteed by Nepal Government/Province/Local Level.
- Foreign Sovereign exposures having rating BBB- and above from an external rating agency at the reporting date.
- All exposures on BIS, IMF, EC, ECB and multilateral development banks with risk weight of 0% as defined in Capital Adequacy Framework 2015.

The Bank determines at each reporting date whether the financial instruments meet the requirement of low credit risk. If the instrument does not meet the requirement of low credit risk, the Bank determines whether the risk of default on the financial instrument has been increased significantly or not after initial recognition. If the risk has been increased, the instruments are classified under stage 2 and accordingly lifetime ECL is recognized.

### Stage 2:

The financial instruments having significant increase in credit risk since initial recognition are classified in Stage 2. A provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL). Interest income is continued to be recognized on a gross basis.

This stage includes the following:

- i. Financial instruments having significant increase in credit risk since initial recognition.
- ii. Financial instruments having contractual payments overdue for more than one month but not exceeding three months.
- iii. Loans classified as 'Watchlist' as per NRB directive on prudential provisioning.
- iv. Loans without approved credit line or with credit line revoked by bank
- v. Loan that has been restructured/rescheduled but not classified as non-performing loan as per existing provisions of NRB directives. However, rescheduling of installment/EMI based loans resulting in reduction in number of installments due to prepayments or change in number of installments due to change in interest rates under floating interest rate are not applicable.
- vi. Claims on non-investment grade financial instruments i.e. with a credit rating of BB+ or below.

### Stage 3:

The credit impaired or defaulted financial instruments are classified or moved to Stage 3. A provision is required for the lifetime ECL representing the losses over the life of the instrument (lifetime ECL) with the probability of default (PD) a 100%. Interest income is calculated on an actual receipt basis.

This stage includes the following:

Financial instruments having contractual payments overdue for more than three months

The Bank considers that the borrower is unlikely to pay its credit obligations to the bank in full, without realizing securities (if held).

The indicators of unlikeness to pay include:

The Bank puts credit obligation on non-accrued status.

The Bank consents to distressed restructuring of credit obligation resulting in reduction in financial obligation due to material forgiveness, postponement of principal, interest

The Bank has filed for the debtor's bankruptcy or a similar order in respect of the borrower's credit obligation.

The bank sells a part of the credit obligation at a material credit-related economic loss.

The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation.

There is evidence that full repayment based on contractual terms is unlikely without the bank's realization of collateral regardless of whether the exposure is current or past due by a few days.

Loan is classified non-performing as per NRB prudential provisioning directive.

Credit impaired financial instruments with objective evidence of impairment.

	STAGE 1	STAGE 2	STAGE 3
<b>Nature</b>	12 month expected credit loss	12 month expected credit loss	12 month expected credit loss
<b>Risk</b>	No significant risk since initial recognition	Significant credit risk since initial recognition	Credit impaired (With objective evidence of impairment)
<b>Nature</b>	Performing	Performing	Non-performing
<b>Interest Revenue</b>	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Interest on Actual Receipt Basis

### **Definition of Credit Impaired Financial Instruments:**

A financial instrument is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred. Evidence that a financial instrument is credit-impaired include observable data about the following events:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as a default or past due event.
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial instrument because of financial difficulties; or
- The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses.

Credit impaired financial instruments also include credit impaired defined by the Bank as per their risk management practices.

### **Indicators of significant increase in credit risk (SICR):**

Assessment of significant increase in credit risk since initial recognition is required for determining whether the lifetime or the 12-month expected credit loss is to be recognized. NRB's guidelines regarding Expected credit Loss has given the following conditions which are deemed as indicators of significant increase in credit risk.

- i. More than one month past due
- ii. Absolute lifetime PD is 5% or more
- iii. Relative lifetime PD is increased by 100% or more
- iv. Risk rating (internal or external) downgraded by 2 notches since initial recognition
- v. Risk rating downgraded to non-investment grade by external credit rating agency (BB+ or below) or by bank's internal credit rating system
- vi. Deterioration of relevant determinants of credit risk (e.g. future cash flows) for an individual obligor (or pool of obligors)
- vii. Expectation of forbearance or restructuring due to financial difficulties
- viii. Deterioration of prospects for sector or industries within which a borrower operates
- ix. Borrowers affected by macroeconomic conditions based on reasonable and supportable forecasts.
- x. Modification of terms resulting in restructuring/rescheduling
- xi. Credit Quality Indicators determined as per internal credit assessment of performing loans which are subject to individual monitoring and review, are weaker than that in the initial recognition
- xii. Management decision to strengthen collateral and/or covenant requirements for credit exposures because of changes in the credit risk of those exposures since initial recognition.
- xiii. Both qualitative and quantitative factors are encouraged to be considered while assessing whether there have been significant increases in credit risk. Accurate identification of drivers of credit risk and reliable demonstration of linkage between those drivers and level of credit risk is also critical.

### **2. Simplified approach applicable to certain trade receivables, contract assets and lease receivables**

Under simplified approach, the entity measures loss allowance at an amount equal to the Lifetime ECL

- Mandatorily for the trade receivables or contract assets which do not contain the significant financing component.
- For the trade receivables, lease receivables and other contract asset which contain a significant financing component has been applied optionally.

### **3. Specific approach for purchased or originated Credit-impaired Financial Asset**

These approaches are applicable to loan and advances swapped, purchased or exchanged by the banks and has high credit risk.

The Bank is required to include the initial expected credit losses in the estimated cash flows when calculating the credit-adjusted

effective interest rate for financial assets that are considered to be purchased or originated credit-impaired at initial recognition. Hence, only the cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchased or originated credit-impaired financial assets.

#### **Portfolio segmentation:**

Guidelines under NFRS 9 on the collective assessment of ECL,

- As per NFRS 9, depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, the Bank may not be able to identify significant changes in credit risk for individual financial instruments before the financial instrument becomes past due.
- For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, the Bank groups financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The following factors are considered for Portfolio Segmentation while calculating ECL:

- The individual or collective assessment approaches is used depending on the ability to incorporate forward-looking information into the ECL estimate.
- Collective assessments is generally used for a large group of similar lending exposures, while individual assessments is considered for significant exposures or specific credit concerns.
- Grouping exposures having similar risks helps estimate the impact of future factors like economic changes on ECL, when individual assessments cannot consider forward looking information. If the forward-looking information has already been considered in individual assessments, additional assessment on a collective basis is to be avoided, if it results in double-counting.
- Grouping exposures in such a way that an increase in the credit risk of particular exposures is masked by the performance of the group as a whole is avoided.

#### **Individual Impairment**

Funded or Non-funded Exposures with customers having significant value equals or exceeding Rs. 1,000 million, externally rated exposures and borrowers classified as non-performing as per Nepal Rastra Bank's Unified Directives are assessed for individual impairment test. The recoverable value of loan is estimated based on expected cash flows and/or realizable value of collateral and the conduct of the borrower/past experience of the bank.

#### **Collective Impairment**

Assets for which no individual impairment exist are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently based on past experience.

#### **Curing Period and Transfer Criteria Between Stages:**

Financial assets are transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments and also as per the Policy on Upgrading of Credit Facilities. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment as described above as per the Policy on Upgrading of Credit Facilities.

The Bank has developed a comprehensive Policy on Upgrading of Credit Facilities in line with the NFRS 9- Expected Credit Loss Related Guidelines, 2024. Accordingly, credit facilities other than restructured and rescheduled facilities are upgraded to a better stage.

Transfer from Stage 2 to Stage 1:

Where there is evidence of significant reduction in credit risk, the Bank upgrades such exposure from Stage 2 to Stage 1.

Transfer Out of Stage 3:

Though the conditions for an exposure to be classified in Stage 3 no longer exist, the Bank continues to monitor for a minimum probationary period of three months to upgrade from Stage 3.

**For Restructured/Rescheduled Exposures:**

The Bank monitors restructured/ rescheduled exposures classified under Stage 3 for a minimum probationary period of 24 months before up-gradation. Upgrading of stages for exposures is executed by the Credit Risk Management department.

**Provisioning for other financial assets at amortized cost**

In addition to the ECL for loans and investments as prescribed above, the Bank also holds other financial assets such as balances with bank, working advances and other financial assets. The Bank recognizes ECL on such assets based on the historical loss experience measures (e.g. write off rates / provisioning rates) adjusted for expected losses in the future keeping in mind the nature of industry (e.g. regulated industry like banking) and credit ratings of such counterparties.

**ECL Calculation:**

The Bank measures ECL in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes and the reasonable and supportable information available without undue cost or effort at the reporting date, about past events, current conditions and forecast of future economic conditions. While estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case and a worse case).

The calculation of ECL consists of three key components and discount factor:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

$$ECL = PD * LGD * EAD * Discount Factor$$

**Probability of Default (PD)**

PD is an estimate of the likelihood of a default over a given time horizon. NFRS 9 requires separate PD for 12-month duration and lifetime duration depending on the stage allocation of the borrower.

For assets which are in Stage 1, a 12-month PD is required. For Stage 2 and Stage 3 assets, a lifetime PD is required, for which a PD term structure needs to be built.

PD describes the probability of a loan to eventually falling in default (>90 days past due) category. To calculate the PD, loans are classified in three stages based on risk profile of the individual loans. PD percentage is calculated for each loan account separately and is determined by using available historical observations. PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12 months' time. PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation. PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for three months which matches the definition of stage 3.

As per NRB Guidelines, PD is an estimate of the likelihood of a default over a given time horizon. With regards to PD estimation, the following measures are considered by the Bank.

- i. Derived PD based on historical default migration rates and/other data, internal and external credit rating etc.
- ii. Incorporated forward-looking PD information as well by adjusting PD to its sensitivity to changes in certain macroeconomic factors.
- iii. Used at least five-year historical data, where available, for calculating PDs and validate any smoothing of data or inputs by the Credit Risk Management Department.

Irrespective of results derived by the model of the Bank, prudential floor of 2.5% as prescribed by the NRB is used.

### **Loss Given Default (LGD)**

LGD is the percentage of exposure that is not expected to be recovered in the event of a default. The LGD is usually defined as the amount of credit that is lost by a financial institution when an obligor defaults.

LGD models are developed based on historical data, historical experience of cash recovery from defaults (including settlements), cost and time of recoveries and all other relevant and supportable information (including forward looking information).

While determining loss rate or recovery rate for the purpose of calculation of loss allowance, expected cash flows from collateral realization are to be considered based on latest reliable internal/external valuations. Bank deploys its internal team or forms a committee to review the value of collateral as required.

### **Exposure at Default (EAD)**

Exposure at Default (EAD) refers to the expected exposure to a borrower at the event of default. This is dynamic in nature and keeps changing when the borrower repays his debt or obligation or take additional debt.

For defaulted accounts or stage 3 accounts, EAD is simply the amount outstanding at the point of default. However, for stage 1 and stage 2 accounts, the following elements is considered for computation of EAD under NFRS 9 at the instrument or facility level:

- Time horizon over which EAD needs to be estimated.
- Projected cash flows till the estimated default point.
- Residual maturity.
- Deterministic or non-deterministic nature of the payment terms.

The methodology of EAD varies according to the nature of the product. The products are separated into three main categories.

#### **• Funded Loans**

In the case of the funded loans made available at the predetermined moment or where the total amount is loaned at the initial recognition, the exposure at default is the total amount outstanding at that time plus any interest up to the time of default, except for stage 3 where the EAD equals the total amount outstanding.

#### **• Working Capital Facilities**

In case of those loan products of short-term nature like working capital, overdraft or the credit cards, the exposure at default is calculated as the higher of limit or the sum of total outstanding and interest, except for stage 3 loans where the EAD equals to the higher of Limit or total amount outstanding.

#### **• Potential Exposures (Off- balance sheet exposures)**

For potential exposures like: - Letter of Credit and Guarantees, the EAD is calculated as the product of potential exposures and CCF. CCF for such exposures ranges from 0% to 100%.

If data is not available for off balance sheet exposures, the Bank uses CCF for the calculation of EAD for off balance sheet exposures as prescribed in "NFRS 9- Expected Credit Loss Related Guidelines, 2024."

### **Consideration of Reasonable and Supportable Information**

The bank uses experienced credit judgment in determining whether the information used for the assessment of credit risk and measurement of ECL is, reasonable and supportable. The information considered includes the information about past events, present conditions and forecasts of future economic conditions.

### **Consideration of Forward-looking Information**

The Bank incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Bank also obtained experienced credit judgement from economic outlook and Risk Management Departments to formulate a base case, a best case and a worst-case scenario. The base case represents a most-likely outcome and is aligned with information used by the Bank for strategic planning and budgeting. Quantitative economic factors are based on economic data and forecasts published by the NSO, NRB, and other reliable sources and statistical models. The Bank also obtained experienced credit judgement from economic outlook and Risk Management Departments to formulate a base case, a best case and a worst-case scenario. The base case represents a most-likely outcome and is aligned with information used by the Bank for strategic planning and budgeting. Quantitative economic factors are based on economic data and forecasts published by the NSO, NRB, and other reliable sources and statistical models.

#### Drivers of Credit Risk

PARAMETERS	SOURCES
Real GDP (% change p.a.)	National Statistics Office (NSO)
Inflation rate (% of change p.a.)	NRB
Unemployment (%)	IMF / World Bank
Interest Rate (% of change p.a.)	NRB
NEPSE Index	NEPSE

#### Consideration of Time Value of Money

The lifetime Expected Credit Loss (LTECL) is discounted to the reporting date, not to the expected default or some other date, using the effective interest rate determined at initial recognition or approximation thereof, that will be applied when recognizing the financial assets resulting from the loan commitment.

Currently Coupon Interest rate is used as effective interest rate.

#### Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, Government Securities, Letters of Credit/Guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements, etc. While determining loss rate or recovery rate for the purpose of calculation of loss allowance, expected cash flows from collateral realization have been considered based on latest reliable internal/external valuations.

#### F. Write-off of Loans and Advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

#### G. Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial(SOFP) when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously ('the offset criteria').

#### H. Derivative Assets and derivative liabilities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives are initially recognized, and are subsequently

remeasured, at fair value. Fair values of derivatives are obtained either from quoted market prices or by using valuation techniques.

Embedded derivatives are bifurcated from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host non-derivative contract, their contractual terms would otherwise meet the definition of a stand-alone derivative and the combined contract is not held for trading or designated at fair value. The bifurcated embedded derivatives are measured at fair value with changes therein recognized in the income statement.

### **I. Defaults and Breaches**

For loans payable recognized at the end of the reporting period, the bank discloses:

- a) details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable;
- b) the carrying amount of the loans payable in default at the end of the reporting period; and
- c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorized for issue.

### **J. Transfer of Financial Assets**

To the extent that a transfer of a financial asset does not qualify for derecognition, the transferor's contractual rights or obligations related to the transfer are not accounted for separately as derivatives if recognizing both the derivative and either the transferred asset or the liability arising from the transfer would result in recognizing the same rights or obligations twice.

To the extent that a transfer of a financial asset does not qualify for derecognition, the transferee does not recognize the transferred asset as its asset. The transferee derecognizes the cash or other consideration paid and recognizes a receivable from the transferor. If the transferor has both a right and an obligation to reacquire control of the entire transferred asset for a fixed amount (such as under a repurchase agreement), the transferee measures its receivable at amortized cost.

### **K. Revenue recognition**

#### **Interest Income**

Pursuant to adoption of ECL model, recognition of interest income has been based upon Guidance Note on Interest Income Recognition, 2025 issued by NRB.

**For Stage 1 and Stage 2 Loans and Advances:** Interest on gross recognition following the accrual basis

**For Stage 3 Loans and Advances:** Interest on actual cash receipt basis.

#### **NFRS Requirement**

NFRS requires interest income to be recognized using the Effective Interest method, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial 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 includes all amounts expected to be paid or received by the Bank including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Once financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### **2.11 Discounting**

Discounting has been done, using the relevant discount rate, for computing the present value of a payment or stream of payments that is to be received in future in case required under NFRS for any valuations, adjustments. Market interest rate, EIR are used for discounting the future payments as required under the provision. It has been applied in the cases where discounting is significant financing component.

## 2.12 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.

## 2.13 Materiality and Aggregation

In compliance with NFRS 1 Presentation of Financial Statements, each material class of similar items is presented separately in financial statements. Items of dissimilar nature are presented separately unless they are material.

## 2.14 Offsetting

Assets and liabilities, income and expense are reported separately and no assets and liabilities, or income and expense are offset unless required or permitted by NFRS.

## 2.15 Rounding

The statements have been rounded off to nearest Rupees in relevant assertions.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, 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 the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss or through OCI are measured at fair value.
- Financial instruments subsequently measured at amortized cost.
- Liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.
- The Bank recognizes a right-of-use asset and a lease liability as per NFRS 16.

### 3.2 Basis of Consolidation

#### 3.2.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of NFRS 3 (Business Combinations). The Bank measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is immediately recognized in the profit or loss.

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

with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss except for measurement period adjustment.

### **3.2.2 Non-Controlling Interest (NCI)**

Bank elects to measure any non-controlling interests for each business combination in the acquire at their proportionate share of the acquirer's identifiable net assets (partial goodwill method).

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill, and no gain or loss is recognized in profit or loss.

### **3.2.3 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 as stated on Para 19 of the NFRS 10.

### **3.2.4 Loss of Control**

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

### **3.2.5 Special Purpose Entity (SPE)**

Special purpose entity is a legal entity (usually limited company of some type or, sometimes, a limited partnership) created to fulfil narrow, specific or temporary objectives. SPEs are typically used by companies to isolate the firm from financial risk. The Bank does not have any special purpose entity as of now.

### **3.2.6 Transaction Elimination on Consolidation**

All intra-group balances and transaction, and any unrealized income and expense (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## **3.3 Cash and Cash Equivalent**

Cash and cash equivalents include cash in hand, balance with BFIs, money at call & 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.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

### **3.4 Due from Nepal Rastra Bank**

Due from Nepal Rastra Bank includes 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. Balances with central banks are carried at amortized cost in the Statement of Financial Position.

### **3.5 Placement with Bank and Financial Institution**

Placements with banks and financial Institutions includes placement with other banks with original maturities of more than three months from the acquisition date. Placements with banks are initially measured at fair value. After initial measurement, they are subsequently measured at amortized cost using the Effective Interest Rate (EIR), less allowance for impairment. Interest income from placements with banks is included in "Interest income" in the Statement of Profit or Loss.

#### **3.5.1 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 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.

### **3.6 Trading Asset and liabilities**

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

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

### **3.7 Derivative financial Instruments**

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, indices etc. Derivatives are categorized as trading unless they are designated as hedging instruments. All derivatives are initially recognized and subsequently measured at fair value, with all revaluation gains or losses recognized in the Statement of Profit or Loss under Operating Income. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fair value is determined using the closing rates ruling on the reporting date.

### **3.8 Property, Plant and Equipment**

#### **Recognition**

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

#### **Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes purchase price including any non-refundable taxes after deducting volume rebates and trade discounts and such other costs that are incurred to bring asset to location and condition to be operating in a manner intended by management.

Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### Cost Model

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met. Bank has adopted cost model for entire class of property and equipment. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

### Revaluation Model

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under revaluation 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 revaluation reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under revaluation 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. The Bank has not applied the revaluation model to the class of freehold land and buildings or other assets.

### Subsequent Cost

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

### Derecognition

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

### Depreciation

Depreciation is calculated by using the straight line method (SLM) on cost or carrying value of property, plant & equipment other than freehold land. Land is not depreciated as it has indefinite useful life. Management has determined the expected life of the fixed assets for depreciation purpose as follows:

S.N.	ASSETS TYPES	EXPECTED USEFUL LIFE (YEARS)
1	Building	50
2	Vehicle	7
3	Furniture Wooden	8
4	Furniture Metal	10
5	Office Equipment	10
6	Computers	5
7	Generators and Others	10
8	ATM	7
9	Battery	3

The depreciation on the assets purchased and capitalized during the current period has been accounted from the date of booking. In case of assets being sold and written off, the depreciation is charged up to the previous month of disposal and gain or loss on the sales transaction is accounted for.

- a) Depreciation for income tax purpose is calculated separately at the rate and manner prescribed by the Income Tax Act, 2058.
- b) Assets with a unit value of NPR 10,000 or less are expensed-off during the year of purchase irrespective of its useful life. However, in case of opening of new branches, expansion, relocation and reconstruction of offices for same nature of assets if total purchase price is greater than 50,000 such type of assets are capitalized even though the assets unit price is less than NPR 10,000.
- c) Leasehold improvements are depreciated over the lease period or 10 years whichever is lower.

### **Changes in Estimates**

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### **Capital Work in Progress**

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

## **3.9 Intangible Assets and Goodwill**

### **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 Bank in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

### **Computer Software**

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

### **Goodwill**

Goodwill, if any that arises upon the acquisition of Subsidiaries is included in intangible assets.

### **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 bank. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Bank assumes that there is no residual value for its intangible assets.

Software, licenses are amortized over a period of useful life and in case of useful life cannot be ascertained the bank has the policy to amortize the cost in five years.

### **Derecognition 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 Government Grant**

Government grant is recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Income approach is followed in recording grant income.

Government grants related to the assets including non-monetary grants at fair value is presented in the statement of financial position by setting up Deferred Grant Income.

Grants related to income are presented as part of profit or loss under other income.

### **3.11 Investment Property / Non-Current Asset held for sale**

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. They are either held for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner occupied property. Generally, it includes land, land and building acquired by the Bank as non-banking assets but not sold as on the reporting date. They have been valued cost or fair value whichever is lower.

The Bank holds investment property that has been acquired through enforcement of security over the loans and advances. Accordingly, Investment properties include the assets obtained as security for loans & advances and subsequently taken over by the Bank in the course of loan recovery.

### **Non-Current Assets Held for Sale**

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell if their carrying amount is recovered principally through sale rather than continuing use. They are recognized and measured when:

- (i) Their carrying amounts will be recovered principally through sale;
- (ii) They are available-for-sale in their present condition; and
- (iii) Their sale is highly probable.

Any impairment loss on initial classification and subsequent measurement is recognized as expense. Also, any increase in fair value less cost to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss. Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

### **3.12 Due to Banks and Financial Institution**

Due to banks and financial institution represents credit balances in Nostro Accounts, short-term borrowings from banks, deposit accepted from "D" class financial Institutions. These are initially recognized at fair value. Subsequent to initial recognition, these are measured at their amortized cost.

### **3.13 Deposit from Customers**

The Bank accepts deposits from its customers under savings account, current account, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the Bank and represents the amount owed by the Bank to the customer. They have been valued at amortized cost.

As per NFRS 9 regarding Financial Instruments recognition and measurement, EIR rate is to be used for booking such interest expense and when calculating the EIR, an entity shall estimate cash flows considering all contractual term of the financial instrument but not credit loss, which includes the fees and points received or paid, transaction costs, premiums, discounts.

### **3.14 Debt Securities issued**

It includes debentures, bonds or other debt securities issued by the Bank. 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, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the bank are subordinate to the deposits from customer.

### **3.15 Subordinated Liabilities**

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The bank does not have any of such subordinated liabilities.

### **3.16 Provisions**

The Bank recognizes a provision if, as a result of past event, the Bank has a present constructive or legal obligation that can be reliably measured and it is probable that 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 as a result of past event 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 Bank 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 if it is not probable that the amount will be received. If it is probable then disclosure is given for the contingent asset. 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.

### **3.17 Contingent Liabilities and Commitments**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined under NAS 37 Provisions, Contingent Liabilities and Contingent Assets. In the normal course of business, the Bank undertakes commitments and incurs contingent liabilities with legal recourse to its customers to accommodate the financial and investment needs of clients, to conduct trading activities and to manage its own exposure to risk. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. Operating lease commitments of the Bank (as a lessor and as a lessee) and pending legal claims against the Bank also form part of commitments of the Bank. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote. These financial instruments generate interest or fees and carries elements of credit risk in excess of those amounts recognized as assets and liabilities in the Statement of Financial Position. However, no material losses are anticipated as a result of these transactions.

### 3.18 Litigation

Litigations are anticipated in the context of business operations due to the nature of the transactions involved. The Bank is involved in various such legal actions and the controls have been established to deal with such legal claims. There are pending litigations existing as at the end of the reporting period against the Bank, resulting through normal business operations. Litigations against the Bank have been assessed in terms of the probability of any claims or damages arising against the Bank, which require provisions to be made in the Financial Statements as per NAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### 3.19 Borrowing Cost

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

### 3.20 Income Tax

As per Nepal Accounting Standard- NAS 12 Income Taxes tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

#### 3.20.1 Current Tax

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

#### 3.20.2 Deferred Tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

### 3.21 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity

when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent that it is probable that the economic benefits will flow to Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

### **3.21.1 Interest Income**

Interest income includes interest income on the basis of accrual basis from loan and advance to borrowers, loans, and investment in government securities, investment in NRB bond, corporate bonds, and interest on investment securities measured at fair value.

### **3.21.2 Fee and Commission Income**

Fees and Commission Income being the transaction costs integral to the effective interest rate on financial asset. They have been booked on accrual basis except commission on guarantees issued by the bank which is recognized as income over the period of the guarantee, except for guarantee commission not exceeding NPR one lakhs is recognized at the time of issue. Other fee and commission income are recognized on accrual basis.

### **3.21.3 Dividend Income**

Dividend income are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

### **3.21.4 Net Trading Income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

### **3.21.5 Net Income from other financial instrument at fair value through Profit or Loss**

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

### **3.21.6 NFRS 15 Revenue from contract with customers**

NFRS 15 is a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- Recognition of revenue when the entity satisfies a performance obligation.

The management is assessing the potential impact on its financial statements resulting from application of NFRS 15.

NFRS 15 Revenue from Contracts with Customers. The standard shall supersede existing NAS 18 Revenue and NAS 11 Construction Contract.

### **3.22 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 Bank's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

### **3.23 Impairment of non-financial Assets**

Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, Bank estimates the recoverable amount which is higher of Fair Value less cost to sell or value in use. Where the carrying amount exceeds its recoverable amount, asset is considered impaired and is written down to recoverable amount.

### **3.24 Employment Benefits**

#### **I. Short term employee Benefits**

Short term employee benefits are the benefits that are expected to be settled wholly before 12 months and therefore booked as

expense in the period in which employees render the related service. It includes the following:

- Wages, salaries and social security contributions
- Paid annual and paid sick leave
- Profit sharing and bonuses
- Non-monetary benefits

## II. Post-employment benefit

Post-employment benefit includes the following

### a) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Bank makes fixed contribution into a separate Bank account (a fund) and will have no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in Nepal Accounting Standards NAS 19 Employee Benefits.

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Bank by the employees and is recorded as an expense under 'Personnel Expense' as and when they become due.

Bank contributed 10% of the salary of each employee to the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in NAS 19 Employee Benefits.

### b) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, leave encashment and gratuity has been considered as defined benefit plans as per NAS 19 Employee Benefits. Net Obligation in DBP is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value and then deducting the fair value of any plan assets. Bank recognizes all actuarial gains and losses arising from DBP in the Other Comprehensive Income and expenses related to DBP under personnel expense in the Statement of Profit or Loss.

Under NFRS, the actuarial gains and losses form part of re measurement of the net defined benefit liability / asset which is recognized in Other Comprehensive income (OCI). Also, the tax effect of the same has also been recognized in Other Comprehensive Income (OCI) under NFRS. Some assumptions used by actuarial valuator for valuation are as under:

1. Discount Rate: It is based on Yield to Maturity Available on Government Bonds having similar term to decrement-adjusted estimated term of liabilities.
2. Expected Return on Plan Asset: Average long term rate of return expected on investments of Trust Fund.
3. Salary Escalation Rate: Management estimation of 5% after considering the expected earnings inflation as well as performance and seniority related increase.
4. Withdrawal rate: Management estimation on the basis of 8% on the basis of expected long term future employee turnover within the organization.
5. Mortality Rate: Nepali Assured Lives Mortality issued by Beema Samiti.

### (a) Gratuity

An actuarial valuation is carried out every year to ascertain the full liability under gratuity. Bank's obligation in respect of defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the Statement of Financial Position. The value of a defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reduction on the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that apply to any plan in Bank. An economic benefit is available to Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Bank determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined

benefit liability at the beginning of the annual period to the defined benefit liability at the beginning of the annual period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank's obligations.

The increase in gratuity liabilities attributable to the services provided by employees during the under 'Personnel Expenses' together with the net interest expense. Also, actuarial gain/loss have been shown under Other Comprehensive Income (OCI) Bank recognizes the total actuarial gain/ (loss) that arises in computing Bank's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

The demographic assumptions underlying the valuation are retirement age (58 years), early withdrawal from service and retirement on medical grounds.

### **III. Other long term employee benefit**

Other long-term employee benefits include items such as unutilized leave balance, if not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

#### **(a) Unutilized Accumulated Leave**

Bank's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. Bank's net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Bank's obligation. The calculation is performed using the Projected Unit Credit method. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under 'Personnel Expenses' in the period in which they arise. Actuarial gain/losses on unutilized leave balance is charged to profit or loss.

#### **3.25 Other expense**

Other Expense have been recognized in the Statement of Profit or Loss as they are incurred in the period to which they relate. All expenditure incurred in the operation of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at profit for the year. Provisions in respect of other expenses are recognized when there is present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **3.26 Leases**

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

NFRS 16 'Leases' is effective for annual periods beginning on or after 1 Shrawan 2078. NFRS 16 is the new accounting standard for leases and replace NAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The new standard removes the distinction between operating or finance leases for lessee accounting, resulting in all leases being treated as finance leases. A lessee is required to recognize a right-of-use asset (ROU) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The main reason for this change is that this approach will result in a more comparable representation of a lessee's assets and liabilities in relation to other companies and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of

the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Cost of borrowing of Bank till the date of signing any lease contract has been considered as its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets under other assets (Note 4.16) and lease liabilities under other liabilities (Note 4.23) in the Statement of Financial Position.

The interest expenses on lease liability, depreciation charges on right of use assets and short term lease payment has been presented under interest expenses (4.29) and depreciation and amortization (4.38) respectively in the statement of profit or loss.

#### **Short-Term Leases and Leases of Low- Value Assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **3.27 Foreign Currency Transactions, Translation and Balances**

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the bank's mid-rate prevailing at the dates when the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date which is the bank's mid-rate and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss. However, foreign currency differences arising on FVTOCI equity instruments are recognized in other comprehensive income.

#### **3.28 Financial guarantee and loan commitment**

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments

are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitment is the commitment where the Bank has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

### **3.29 Share Capital and Reserves**

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Bank after deducting all its liabilities.

Common shares are classified as equity of the Bank and distributions thereon are presented in statement of changes in equity. Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The holders of ordinary shares are entitled to one vote per share at general meetings of the bank and are entitled to receive the annual dividend payments. The various reserve headings are explained hereinafter:

#### **a) Retained Earnings**

The bank has to appropriate different reserves from retained earnings. Retained earnings comprises of current Fiscal Year profit and any non-distributed profit of preceding Fiscal Years.

#### **b) General reserve**

The Bank is required to appropriate a minimum 20% of current year's net profit into this heading each year until it becomes double of paid up capital and then after a minimum 10% of profit each year. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading.

#### **c) Exchange equalization reserve**

The Bank is required to appropriate 25% of current year's total revaluation gain (except gain from revaluation of Indian Currency) into this heading.

#### **d) Fair value reserve**

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

#### **e) Revaluation reserve**

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model.

#### **f) Corporate social responsibility fund**

The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of payments made under corporate social responsibility activities.

#### **g) Investment adjustment reserve**

The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings.

#### **h) Actuarial gain / loss reserve**

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

appropriation of net profit.

#### **i) Regulatory reserve**

This is a non-free statutory reserve and is a requirement as prescribed in NRB directive. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes:

- Re-measurement adjustments such as interest income recognized against interest receivables i.e. Accrued Interest Receivable after considering effect of bonus and income tax
- Difference in loan loss provision as per NRB directive and impairment on loan and advance as per NFRS,
- Amount equals to deferred tax assets,
- Actuarial gain/loss recognized in other comprehensive income,
- Amount of goodwill recognized under NFRS.
- Non-Banking assets after taking effect of bonus and income tax

#### **j) Debenture Redemption Reserve**

The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. As per the terms of NRB approval relating to the Bank's debenture issuance, the Bank is annually required to transfer 20% of the debenture's face value to redemption reserve. However, such provision shall not be applicable in the issuance year and maturity year.

#### **k) Employees training fund**

The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's salary and allowance. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

### **3.30 Earnings per Share including diluted earning**

Bank presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization due to right share, bonus issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively.

#### **Dividend on Ordinary Shares**

Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim Dividend are deducted from equity when they are declared and no longer at the discretion of the Bank. Proposed dividend for the year after reporting period and before the authorization of financial statements has been disclosed in notes to accounts as non-adjusting event.

### **3.31 Segment Reporting**

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management. For management purposes, the Bank has organized into operating segments based on business. Also, interest income are identifiable product wise separately. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross

income and expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in the reporting period. Segment results that are reported to the Bank's include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise head office expense, corporate assets, tax assets and liabilities.

### **3.32 Capital Management**

The primary objective of Capital Management is to ensure maintenance of minimum regulatory capital requirement. The Bank ensures that adequate capital has been allocated to achieve strategic objectives and within the Risk Appetite of the Bank.

#### **Capital Adequacy**

Capital Adequacy Ratio (CAR) is a measure of the Bank's capital expressed as a percentage of risk-weighted assets of credit, market and operational aspects of the banking business. It is a measure of financial strength of the Bank which indicates its ability to maintain adequate capital to face with unforeseen scenarios. Bank has maintained capital adequacy in excess of the minimum threshold prescribed by Nepal Rastra Bank.

Bank calculates CAR based on New Capital Adequacy Framework under Basel III requirement in July 2015 issued by NRB. Also, bank monitors the CAR, while stressing rigorously for worst possible scenarios. ICAAP factors out all possible risks such as reputation risk, strategic risk, compliance risk, concentration risk, and interest rate risk on banking book.

### **3.33 Risk Management**

Bank needs to manage Credit, Operational, Market, Liquidity and other risks inherent in bank. There are risk management in process to identify, measure, monitor, and control such risks. In order to manage such risks. Board of the bank is primarily responsible for setting out the risks policies, risk strategies, risk appetite, risk tolerance, risk mitigation etc. Such risks are communicated by the Board down the line for effective and timely implementation adherence. Board of the bank monitors and evaluates the risk on a regular interval and instructs RMC and other related departments, who is responsible for risk management of the bank through CEO/CRO for effective implementation.

In broad sense, Bank's functional structure for risk related matters are presented below

#### **Board of Directors**

Board has critical role to play in overseeing overall risks emanating in the bank business. Board approves, modifies, and review overall policies related to risk areas, advises the management to prepare suitable process. Overall accountability for risk management rests on Board and the level of risks organization accepts. Major responsibilities of Board, but not limited to include:

- a) Define bank's overall risk tolerance in relation to credit risk, market and liquidity risk.
- b) Ensure bank's Credit and investment exposure maintained at prudent levels.
- c) Ensure related top management responsible for risk management process.
- d) Ensure there is effective, integrated operational risk management framework
- e) Ensure implementation of sound fundamental policies that facilitate identification, measurement, monitoring and control of potential risk.

#### **Risk Management Committee**

Risk Management Committee is the sub-committee of the Board, which plays pivotal role in managing overall risk management of bank. RMC shall work as a bridge between Board and CRO/ Management and escalate the important risks matters to Board

#### **AML/ CFT committee**

A separate committee is formed to ensure compliance of Anti Money Laundering Act, rules and directive No. 19 issued by Nepal Rastra Bank. Also, in order to enable the strong AML culture in the bank and in addition ensure to apply a uniform policy framework throughout the branches in compliance with internal as well as regulatory standards, committee is formed. It devises appropriate risk management framework to identify, assess and minimize the risk pertaining to AML and CFT; and recommend its implementation to management of bank.

### **Assets and Liability Management Committee**

Senior Management Committee is responsible for supervision/management of market risk (mainly interest rate and liquidity risk). It includes the role of monitoring on the structure/ composition of bank's assets and liabilities and decide about product pricing for deposits and advances, deciding on maturity profile, evaluation of market risk and so on.

### **Credit Risk Management Department**

Credit Risk Management is an independent function of the bank which has the objective to reduce the level of NPL, and delinquent borrowers and to improve the risk assets quality of the bank. It is a centralized function which controls overall risk inherent in lending portfolio and also make an assessment of risk profile in credit files. It includes the assessment/review of purpose of credit, credit assessment of borrower, structuring of credit facilities, disbursement of loan, assessment of waiver policies, and others.

- a) To monitor bank's credit portfolio for risk identification, quantification
- b) Review risk of asset portfolio sector
- c) Periodically review irregular accounts which are NPA
- d) Define bank's overall tolerance to risk.
- e) Identify risk and analyze risk management tools.

### **Credit Risk Management**

In order to manage credit risk, the Bank has established a sound credit appraisal system. The Bank has credit Policies Guidelines and other product papers approved by The Board of Directors which are strictly followed during credit approval/disbursement. The bank performs market/customer analysis to minimize the credit risk.

### **Operation Risk Management**

A separate independent function has been established for effective management of operational risks of bank. The unit performs the job related to identity, measurement, monitoring and reporting of operational risks as a whole and ensure management of operational risk It evaluates the adequacy of tools and techniques to reduce the operational risk to acceptable level.

The Bank has a strong internal control system so that material fraud and errors can be easily traced. Further, the Bank follows a scientific process for segregation of duty so that internal check be maintained. The Bank follows the operational manual approved by Board of Directors. The Bank has an effective Internal Audit Department which functions to carry out review of internal control system of the bank and ensure that the approved policies, procedures and manuals are strictly followed. The report of the Internal Audit Department is directly submitted to Audit committee.

### **Market Risk Management**

For the management of Market/Liquidity risk, the Bank has a very effective ALM Policy which defines procedures and authority including setting up various risk limits. Under the ALM policy, the Bank has effective Assets Liabilities Committee (ALCO) which meets periodically and reviews interest rates, liquidity position, liquidity gap, FCY open position, investment portfolio, maturity limit for investment and takes necessary decision as well as circulates various guidelines to concerned departments for effective management of market risk.

### **Liquidity Risk Management**

Bank recognize Market Risk as the possibility for loss of earnings or economic value to the bank caused due to adverse changes in the market level of interest rates or prices of securities (equity), foreign exchange rates and commodity price fluctuation, as well as the volatilities, of those prices. While Liquidity risk is chances of failure of a bank to meet obligations as they become due. Effective liquidity risk management helps ensure the Bank's ability to meet its obligations as they fall due without adversely affecting the Bank's financial condition and reduces the probability of developing of an adverse situation.

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy

of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding as required.

### **Reputational Risk Management**

Reputational risk is the risk of possible damage to the Bank's brand and reputation resulting in loss of earnings or adverse impact on market capitalization or could be perceived as by the stakeholders to be inappropriate, unethical, or inconsistent with bank values and beliefs.

The Bank's Corporate Governance Policy establishes the framework for the governance and management of reputational risk. The framework aims to protect the Bank's reputation and restrict the ability to undertake any activities that may cause material damage to the Bank's branding.

The bank has clearly set the code of conduct / code of ethics which defines acceptable and unacceptable behaviors and explicitly disallow behavior that could lead to any reputation risks or improper or illegal activity, such as financial misreporting, money laundering, fraud, anti-competitive practices, bribery and corruption, or the violation of consumer rights and make clear that employees are expected to conduct themselves ethically in addition to complying with laws, regulations and company policies.

### **Internal Control**

The Board is responsible for ensuring the Bank has appropriate internal control framework in place that supports the achievement of the strategies and objectives. The various functions of the Bank should be looked upon with a view to establish a proper control mechanism is in place during expansion and growth which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring, in line with the NRB directives has effectively implemented the same at the Bank. The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees, Management and Internal Audit department.

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Bank through regular audit, special audit, information system audit, Off Site review, AML/CFT/KYC audit, ISO audit as well as Risk based Internal Audit (RBIA) approach. The audits observations are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures. Internal Audit reports are periodically forwarded to the Audit Committee for review and the committee issues appropriate corrective action in accordance with the issue involved to the respective department, regional offices or branches.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 32 Ashad 2082 (16 July 2025)

## 1. Paid-up Capital

Paid-up share capital of the Bank has increased from year to year as follows:

### a) Paid-up Capital

The structure of the share capital of the Bank is as follows:

- Authorized capital of NPR 15,000,000,000 represented by 150,000,000 ordinary shares of NPR 100 each; and
- Issued capital as of balance sheet date is NPR 11,621,357,273 represented by 116,213,573 ordinary shares of NPR 100 each.
- Paid-up capital as of balance sheet date is NPR 11,621,357,273 represented by 116,213,573 ordinary shares of NPR 100 each.

The paid-up capital of the Bank as on the balance sheet date is NPR 11,621,357,273 represented by 116,213,573 Ordinary Shares of NPR 100 each. Paid up share capital of the Bank has increased from year to year as follows:

FINANCIAL YEAR	PAID UP SHARE CAPITAL (NPR)	REMARKS
2061/62	550,000,000	Opening Share Capital
2062/63	715,000,000	Issue of 30% right shares
2063/64	821,651,300	14.92% Bonus shares
2064/65	901,339,300	NPR 79,688,000 calls in advance included
2065/66	1,479,269,600	Issue of right shares 10:6 and 12.5% of bonus shares included
2066/67	1,627,196,560	10% Bonus shares included
2067/68	1,627,196,560	
2068/69	2,478,794,560	NPR 851,598,000 paid capital of Standard Finance Limited Merged
2069/70	2,478,794,560	
2070/71	2,776,249,907	12% Bonus shares included
2071/72	3,484,123,196	NPR 174,833,289 calls in advance and NPR 533,040,000 proposed bonus share included

### NFRS related adjustment for Paid-up capital

FINANCIAL YEAR	AS PER GAAP	ADJUSTMENT	AS PER NFRS	REMARKS
2072/73 (Transition Phase-Opening adjustment)	4,666,430,000	(801,890,000)	3,864,540,000	Issue of right shares NPR 555,250,093 and NPR 801,890,000 proposed bonus share. >Proposed bonus share on the year of issuance not being part of share capital as per NFRS has been reduced from share capital
2073/74 (Comparative Year)	7,716,605,100	(665,149,000)	7,051,456,100	Calls in advance of NPR 452,756,100 of 12% right shares and NPR 665,149,000 > Proposed bonus share on the year of issuance not being part of share capital as per NFRS has been reduced from share capital.
2074/75 (First Time Adoption)	8,055,693,000	-	8,055,693,000	
2075/76	8,055,693,000	-	8,055,693,000	
2076/77	8,458,477,650	-	8,458,477,650	Bank has issued 5% bonus shares, 4,027,846 no of shares of NPR 100 each pertaining to FY 2075/76.
2077/78	9,053,094,581	-	9,053,094,581	Bank has issued 7.03% bonus shares, 5,946,169 no of shares of NPR 100 each pertaining to FY 2076/77.
2078/79	10,257,155,581	-	10,257,155,581	Bank has issued 13.30% bonus shares, 12,040,610 no of shares of NPR 100 each pertaining to FY 2077/78.
2079/80	10,257,155,581	-	10,257,155,581	Bank has not issued bonus shares for FY 2078/79.

## Cond.....NFRS related adjustment for Paid-up capital

FINANCIAL YEAR	AS PER GAAP	ADJUSTMENT	AS PER NFRS	REMARKS
2080/81	11,621,357,273	-	11,621,357,273	Bank has issued 13.30% bonus shares,116,213,573 no of shares of NPR 100 each pertaining to FY 2079/80.
2081/82	11,621,357,273	(665,149,000)	11,621,357,273	Bank has not issued ANY bonus shares for FY 2080/81.

## 2. Reserve

### a) General Reserve

Section 44 of Bank and Financial Institutions Act 2073 requires the Bank to allocate at least 20% of the net profits of every year to General Reserve until it is twice the paid-up capital. The Bank has appropriated NPR 376,728,698 of the net profits to General Reserve in the current year.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening General Reserve	2,899,542,179	2,690,502,342
20% of Profit to be transferred	376,728,698	209,039,837
<b>Closing General Reserve</b>	<b>3,276,270,877</b>	<b>2,899,542,179</b>

### b) Exchange Equalization Reserve

Section 45 Bank and Financial Institutions Act 2073 requires, 25% of revaluation gain from foreign currency exchange rate differences to be transferred to Exchange Equalization Reserve and revaluation loss is charged to profit and loss account. 25% of Revaluation profit of foreign currency accounts during the current period amounting NPR 16,263,106 have been transferred to exchange fluctuation fund maintained by the Bank.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening Exchange Equalization Reserve	80,436,805	67,114,258
25% of Revaluation gain	16,263,106	13,322,547
<b>Closing Exchange Equalization Reserve</b>	<b>96,699,911</b>	<b>80,436,805</b>

### c) Fair Value Reserve

Net change in fair value of financial assets that are measured at fair value is recognized in other comprehensive income until assets are derecognized. Closing Fair Value reserve is NPR (11,033,948).

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening Fair Value Reserve	(14,756,448)	(11,282,267)
Transfer/ Adjustment in Reserve	3,722,500	(3,474,181)
<b>Closing Fair Value Reserve</b>	<b>(11,033,948)</b>	<b>(14,756,448)</b>

### d) Assets Revaluation Reserve

Assets are recognized under cost model, and they are presented under historical cost. So, no assets have been revalued as on balance sheet date.

### e) Skill Enhancement Fund

NRB Directive 6 requires BFIs to incur expenses towards employee training and development equivalent to at least 3% of the preceding year's total staff expenses. Unspent amount of training fund carried forward from previous financial year is NPR 7,687,955. Actual training expense of this year amounting to NPR 35,424,902.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening Skill Enhancement Fund	7,687,955	13,472,551
Add : 3% of Last Year Staff Expense	46,243,150	46,494,611
Actual Staff Training Expense this year	35,424,902	52,279,207
<b>Closing Skill Enhancement Fund</b>	<b>18,506,203</b>	<b>7,687,955</b>

#### f) Corporate Social Responsibility Fund

NRB Directive 6 requires BFIs to create Corporate Social Responsibility Fund and appropriate an amount equivalent to 1% of net profit annually into this fund for covering expenditure related to CSR activities in the subsequent year. Accordingly, the Bank had opening reserve of NPR 11,504,113 out of which NPR 9,219,946 has been spent this year for CSR activities. This year, bank has also appropriated 1% of net profit i.e. NPR 18,836,435 and therefore total amount in this fund is NPR 21,120,602 and shown in other reserve in Statement of Changes in Equity.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening CSR Fund	11,504,113	27,404,964
Add : 1% of profit this year	18,836,435	10,451,992
Less: CSR expense this year	9,219,946	26,352,843
<b>Closing CSR Fund</b>	<b>21,120,602</b>	<b>11,504,113</b>

Details of CSR expense are as follows:

PROVINCE	CATEGORY	AMOUNT IN "NPR"	%
Koshi	Education	774,712	
	Health	60,174	
	Humanitarian assistance and relief	357,143	
	Financial literacy	128,895	
	Others	49,900	
	<b>Total for Koshi</b>	<b>1,370,824</b>	<b>15%</b>
Madesh	Education	316,527	
	Health	248,374	
	Humanitarian assistance and relief	357,143	
	Financial literacy	69,040	
	Others	181,429	
	<b>Total for Madesh</b>	<b>1,172,512</b>	<b>13%</b>
Bagmati	Education	324,873	
	Health	385,296	
	Humanitarian assistance and relief	596,702	
	Environment	16,000	
	Financial literacy	330,967	
	Others	329,063	
	<b>Total for Bagmati</b>	<b>1,982,900</b>	<b>22%</b>
Gandaki	Education	388,264	
	Health	117,647	
	Humanitarian assistance and relief	357,143	
	Financial literacy	167,876	
	Others	125,000	
	<b>Total for Gandaki</b>	<b>1,155,931</b>	<b>13%</b>

Cond..... Details of CSR expense are as follows:

PROVINCE	CATEGORY	AMOUNT IN "NPR"	%
Lumbini	Education	364,835	
	Health	9,040	
	Humanitarian assistance and relief	357,143	
	Financial literacy	89,943	
	Others	355,714	
	<b>Total for Lumbini</b>	<b>1,176,675</b>	<b>13%</b>
Karnali	Education	127,507	
	Health	570,650	
	Humanitarian assistance and relief	357,143	
	Financial literacy	32,375	
	Others	72,800	
	<b>Total for Karnali</b>	<b>1,160,475</b>	<b>13%</b>
Sudurpaschim	Education	599,790	
	Health	184,725	
	Humanitarian assistance and relief	357,143	
	Environment	15,000	
	Financial literacy	37,520	
	Others	6,450	
		<b>Total for Sudurpaschim</b>	<b>1,200,628</b>
	<b>Grand Total</b>	<b>9,219,946</b>	<b>100%</b>

#### g) Regulatory Reserve

The amount to this reserve has been allocated from profit/retained earnings as per the Directive of NRB for the purpose of implementation of NFRS and is not regarded as free for distribution of dividend. Details are as presented under:

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening Regulatory reserve	1,835,134,609	1,329,265,607
Adjustment/ Restated	-	-
Interest Suspense (Refer Note Below)	(29,096,596)	44,571,576
Investment Property Provision/(Non-Banking Assets) (Refer Note No. 21 Below)	(461,383,361)	372,938,137
Actuarial loss	133,903,612	(14,846,104)
Fair Value Reserve	(5,317,857)	4,963,116
Deferred tax assets	53,811,928	71,462,067
Interest Capitalized Term Loan	53,557,178	26,780,210
<b>Closing Regulatory Reserve</b>	<b>1,580,609,512</b>	<b>1,835,134,609</b>

#### Details of Movement in Regulatory Reserve

FY	INTEREST RECEIVABLE	SHORT LLP	SHORT PROVISION ON NBA	DTA	GOOD WILL	GAIN ON BARGAIN PURCHASE	ACTUARIAL LOSS RECOGNIZED	FAIR VALUE LOSS RECOGNIZED IN OCI	OTHER	TOTAL
74-75	275,772,186	-	24,870,824	-	-	-	159,698,543	10,761,980		471,103,533
75-76	(42,527,809)	-	53,586,919	21,424,000	-	-	11,459,433	8,109,899		52,052,441
76-77	(17,318,179)	-	31,759,059	13,810,822	-	-	18,110,759	(8,755,873)		37,606,588
77-78	(33,146,144)	-	88,176,859	(95,643)	-	-	38,080,762	(10,116,006)		82,899,827
78-79	324,675,609	-	(44,558,642)	14,114,154	-	-	(18,823,615)	12,725,620		288,133,125
79-80	188,175,252	-	230,425,361	36,531,608	-	-	(61,054,033)	3,391,904		397,470,092
80-81	44,571,576	-	372,938,137	71,462,067	-	-	(14,846,104)	4,963,116	26,780,210	505,869,002
81-82	(29,096,596)	-	(461,383,361)	53,811,928	-	-	133,903,612	(5,317,857)	53,557,178	(254,525,096)
Total	711,105,894	-	295,815,156	211,058,935	-	-	266,529,357	15,762,783	80,337,387	1,580,609,512

#### h) Interest Capitalized Reserve

Pursuant to the clause 4.3 of NRB directive, Banks are required to create Interest Capitalized Reserve (ICR) for the interest accrued and capitalized during moratorium period of loan approved after 26 Magh 2079 or having financial closure. Such capitalized interest needs to be booked under separate account i.e. Interest Capitalized Term Loan (ICTL) and transfer to Interest Capitalized Reserve through regulatory reserve.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening of ICR	26,780,210	-
Add: Transfer to Reserve	53,557,178	26,780,210
<b>Closing ICR</b>	<b>80,337,387</b>	<b>26,780,210</b>

#### i) Share Premium

Share premium includes the excess amount received against the face value of the issued shares in FY 2074/75. Excess of NPR 30,881,765 were received against the 12 % right shares auction. The unsubscribed right shares were auctioned, and the amount more than fair value is shown under share premium.

#### j) Capital Redemption Reserve/Debenture Redemption Reserve

As per NRB Directive 16, Capital Redemption reserve is to be created for the redemption of Debentures/ Redeemable Non-convertible preference shares.

The Bank sets aside a portion of its profit to create a reserve for repayment of debenture liabilities when they mature. On maturity and settlement of the debentures their reserves will be available as free reserve.

Bank has set aside NPR 428,571,429 for debenture redemption reserve for 10.25% Machhapuchchhre debentures issued by the bank on proportional basis for the remaining maturity period. The bank has proposed to issue bonus shares which is more than the required DRR for 8.5% Machhapuchchhre Debenture. Hence, the bank has not created any debenture redemption reserve for the same.

Amount in NPR

PARTICULAR	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Opening Debenture Redemption Reserve	1,138,829,857	428,571,429
Add: Transfer to Reserve	428,571,429	710,258,429
<b>Closing Debenture Redemption Reserve</b>	<b>1,567,401,286</b>	<b>1,138,829,857</b>

### 3. Investment Securities

Investment Securities have been valued under fair value or amortized cost as allowed under NFRS 9. Closing market price of Securities has been used as the Fair value of the Asset/Securities for investment securities valued at Fair Value through Other Comprehensive Income. Different Fair Value Hierarchy has been considered (Level 1, Level 2 and Level 3) depending upon the availability of information and regarding the valuation of other investments through amortized cost, EIR rate has been used for booking the amortized cost of investment and interest income accordingly.

An Investment in a Srilankan Bond which has been measured at amortized cost amounting to NPR 559,091,779 (USD 4,063,167) and Impairment of NPR 25,705,388 as per Expected Credit Loss model has been recognized in Statement of Profit and Loss account.

### 4. Loans & Advances to B/FIs and customers

Loans & Advances to B/FIs and Customers have been valued under amortized cost as allowed under NFRS 9. Separate Effective Interest Rate (EIR) has not been computed, and coupon interest rate is considered as EIR for the computation of Expected Credit Loss. Also, Institute of Chartered Accountants of Nepal (ICAN) have provided carve out on EIR till FY 2082/83.

Pursuant to adoption of ECL model, recognition of interest income has been based upon Guidance Note on Interest Income Recognition, 2025 issued by NRB. As per the Guidelines, Interest income for stage 3 loan of previous quarter must be recognized on a cash basis. Accordingly, the bank has derecognized NPR 352 million for FY 2081-82 regarding accrued interest which has not been received in cash.

As per NFRS 9, an entity shall assess at the end of each reporting period if there is any objective evidence that financial asset or group of financial assets measured at amortized cost is impaired.

The bank for the current financial year has assessed the impairment under para 5.5 of the NFRS 9 impairment model and the NRB Directive. The Bank, following regulatory backstop as mentioned in Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" has recognize impairment on credit exposures as the HIGHER of total ECL calculated as per NFRS 9 and existing regulatory provisions as mentioned in Unified NRB Directives no 02. Further, Bank has applied carve out issued by ICAN and has computed impairment loss. As per the carve-out issued by ICAN as a mandatory treatment of impairment loss for banks and financial institution till FY 2082.83, impairment loss to be measured at higher of amount derived as per norms prescribed by NRB for loan loss provision and measured as per paragraph 5.5 of NFRS 9.

#### 4.1 Details of such impairment are as mentioned below:

PARTICULAR	Amount in NPR		
	YEAR ENDED 16 JULY 2025	YEAR ENDED 15 JULY 2024	P/L IMPACT
Impairment (A)	4,301,957,296	2,079,317,551	(2,222,639,745)
Provision as per NRB (B)	5,969,296,824	5,094,845,167	874,451,657
Impairment to be considered (Higher of A or B)	<b>5,969,296,824</b>	<b>5,094,845,167</b>	<b>874,451,657</b>

Note: The Impairment for FY 2081-82 is calculated as per Expected Credit Loss model under NFRS 9, whereas for the previous FY 2080-81, it was calculated based on the Incurred Loss Model under NAS 39.

#### 4.2 Details of Collective and Individual Impairment:

PARTICULAR	Amount in NPR
	EXPECTED CREDIT LOSS (ECL)
<b>Collective Impairment</b>	<b>3,295,245,519</b>
Stage 1	970,643,058
Stage 2	642,351,849
Stage 3	1,682,250,612
<b>Individual Impairment</b>	<b>204,657,977</b>
Stage 1	15,889,176
Stage 2	188,768,801
Stage 3	-
<b>Total Funded</b>	<b>3,499,903,496</b>
Non-Funded Exposures**	802,053,801
<b>Total Expected Credit Loss</b>	<b>4,301,957,296</b>

\*\* Non-Funded Exposures includes Letter of Credit, Bank Guarantee, Forward Exchange Contract Liabilities and undrawn limit for short term and long-term loan with exposures of NPR 21,963,295,350.

#### 4.3 Expected Credit Loss Summary:

FINANCIAL STATEMENT ITEMS	GROSS CARRYING AMOUNT (STAGE)			ECL PROVISION (STAGE)			NRB REGULATORY PROVISION (STAGE)			ECL COVERAGE RATIO % (STAGE)			REGULATORY PROVISION COVERAGE RATIO % (STAGE)								
	1	2	3	TOTAL	1	2	3	TOTAL	1	2	3	TOTAL	1	2	3	TOTAL					
Loans and advances to customers	118,868	21,166	7,023	147,057	987	831	1,682	3,500	1,300	596	4,073	5,969	0.83	3.93	23.95	2.38	1.09	2.81	58	4.06	
Loan Commitments	8,728			8,728	64			64					0.73								
Financial guarantee contracts	22,784			22,784	243			243					1.07								
Others	4,835			4,835	495			495					10.23								
<b>Total</b>	<b>155,216</b>	<b>21,166</b>	<b>7,023</b>	<b>183,404</b>	<b>1,789</b>	<b>831</b>	<b>1,682</b>	<b>4,302</b>	<b>1,300</b>	<b>596</b>	<b>4,073</b>	<b>5,969</b>	<b>12.86</b>	<b>3.93</b>	<b>23.95</b>	<b>2.38</b>	<b>1.09</b>	<b>2.81</b>	<b>58</b>	<b>4.06</b>	

## 5. Segmental reporting

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense, including revenues and expenses that relating to transaction with any of groups other components, whose operating results are reviewed by management.

For management purposes, the Bank has organized into operating segments based on business.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in the reporting period. Segment results that are reported to the Bank's include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, tax assets and liabilities.

## 6. Segmental Information

Segmental Reporting has been presented for three key business segments of the Bank, identified on the basis of key functional business activities that generate revenue for the Bank and incur expenses. These segments serve as the key functional units for resource allocation, decision making and review of operating results/performance by the Management. These are summarized as follows:

### 6.1. Information about reportable segments

PARTICULARS	BANKING	TREASURY	TRANSACTION BANKING	OTHERS	TOTAL
Revenues from external customers	13,707,460	2,380,345	368,690	(337,164)	16,119,331
Intersegment revenues	1,248,760	(1,233,616)	(42,193)	27,048	-
Gross revenue	14,956,221	1,146,729	326,497	(310,116)	16,119,331
Interest revenue	12,450,504	2,130,286	-	-	14,580,790
Interest expenses	7,972,317	851,733	-	-	8,824,050
Net interest revenue	4,478,187	1,278,553	-	-	5,756,740
Depreciation & amortization	266,603	100,545	3,768	49,781	420,697
Segment profit (loss) before tax	4,922,946	365,844	168,322	(2,735,369)	2,721,743
Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
Other material non-cash items:	-	-	-	-	-
Impairment of assets	556,657	(5,318)	-	-	551,339
Segment assets	140,086,761	52,886,119	1,981,721	26,227,560	221,182,161
Segment liabilities	190,584,502	3,143,556	280,399	27,173,704	221,182,161

- Revenue from external customers includes the total interest and non-interest revenue.
- Intersegment Revenue includes revenues from transaction with other operating segments of Bank. Transactions between segments are reported on pre-determined transfer price.
- Segment Assets and liabilities include the assets and liabilities identifiable to segment.
- The result reported include the items directly attributable to a segment as well as those that can be allocated on reasonable basis.
- Segment assets and liabilities have been netted off from total assets and liabilities regarding the items that can be offset. (Contra items).

## 6.2 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

Revenue		Amount in NPR '000"
PARTICULARS	AMOUNT	
Total revenue for reportable segments	16,433,030	
Other revenues	(313,700)	
Elimination of intersegment revenue	-	
<b>Entity's revenues</b>	<b>16,119,331</b>	

Profit or Loss		Amount in NPR '000"
PARTICULARS	AMOUNT	
Total profit or loss for reportable segments	5,457,112	
Other profit or loss	-	
Elimination of intersegment profits	-	
Unallocated amounts:	(2,735,369)	
<b>Profit or loss before income tax</b>	<b>2,721,743</b>	

Assets		Amount in NPR '000"
PARTICULARS	AMOUNT	
Total assets for reportable segments	194,954,601	
Other assets	-	
Unallocated amounts:	26,227,560	
<b>Entity's assets</b>	<b>221,182,161</b>	

Liabilities		Amount in NPR '000"
PARTICULARS	AMOUNT	
Total liabilities for reportable segments	194,008,457	
Other liabilities	-	
Unallocated amounts:	27,173,704	
<b>Entity's liabilities</b>	<b>221,182,161</b>	

## 6.3 Information about products and services

Products separately identifiable are Term Loan, Overdraft, Subsidy, Deprived Sector Lending, Treasury and others. Revenue i.e. interest income from each category is as mentioned below:

		Amount in NPR '000"
PARTICULARS	AMOUNT	
Term Loan	6,895,555	
Overdraft	2,244,695	
Subsidy	71,990	
Deprived Sector Lending	308,001	
Treasury	2,130,262	
Others	2,930,288	
<b>Total</b>	<b>14,580,790</b>	

## 6.4 Information about geographical areas

Revenue from following geographical areas

		Amount in NPR '000"
PARTICULARS	AMOUNT	
<b>Domestic</b>		
Koshi Province	1,895,159	
Madhesh Province	1,687,729	
Bagmati Province	10,170,666	
Gandaki Province	1,058,207	
Lumbini Province	833,397	
Karnali Province	89,521	
Sudurpaschim Province	383,401	
<b>Foreign</b>	-	
<b>Total</b>	<b>16,119,331</b>	

## 6.5 Information about major customers

Revenue from a single customer does not exceed 10% or more of the bank's revenue.

## 7. Classification of Financial Asset and Liability

Amount in NPR \*'000"

PARTICULARS	AS AT 16 JULY 2025		AS AT 15 JULY 2024	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
<b>Assets</b>				
<b>Assets carried at Amortized Cost</b>				
Cash and cash equivalent	7,725,872	7,725,872	7,790,319	7,790,319
Due from Nepal Rastra Bank	8,326,202	8,326,202	6,340,167	6,340,167
Placement with Bank and Financial Institutions	1,731,959	1,731,959	404,770	404,770
Loans and advances to BFIs	5,809,652	5,809,652	5,101,443	5,101,443
Loan and advances to customers	141,436,049	141,436,049	126,754,175	126,754,175
Investment securities at amortized cost	43,313,430	43,313,430	35,146,904	35,146,904
<b>Assets carried at Cost</b>				
Investment in subsidiaries	400,000	400,000	400,000	400,000
<b>Fair Value through Profit and Loss (FVTPL)</b>				
Derivative financial instruments.	-	-	4,541	4,541
<b>Fair Value through Other Comprehensive Income (FVTOCI)</b>				
Investment securities at OCI	2,199,830	2,199,830	450,115	450,115
<b>Liabilities</b>				
<b>Liabilities carried at Amortized Cost</b>				
Due to Bank and Financial Institutions	2,679,864	2,679,864	3,128,492	3,128,492
Due to Nepal Rastra Bank	-	-	-	-
Deposits from customers	184,176,050	184,176,050	158,646,909	158,646,909
Debt securities issued	5,498,290	5,498,290	5,495,481	5,495,481
Borrowings	2,143,481	2,143,481	2,091,129	2,091,129

## 8. Interest Income

Capitalization of the Interest on national priority projects was made with due approval from Nepal Rastra Bank and Board of Director of Bank amounting to NPR 347,976,281 is capitalized during FY 2081/82.

## 9. Staff Bonus

Proposed bonus for staff have been provided for 10% of net profit before such bonus.

## 10. Interim Financial Statements

Interim Financial Statements are prepared and published on quarterly basis in accordance with NRB Directives in compliance with statutory and legal requirement within the time frame as prescribed.

## 11. Gratuity and Accumulated Leave Provision

### Gratuity

As per the actuarial valuation, gratuity liability of the bank is NPR 952,311,525 Out of which NPR 735,520,592 has been funded as at 32 Ashad 2082 and net amount is shown as liability of bank. However, the bank has funded remaining amount of NPR 216,790,933 in Citizen Investment Trust (CIT).

Bank has expensed of NPR 82,887,321 for gratuity expense in statement of profit & loss. However, funding arrangement to CIT has been made based on gratuity liability computed as per relevant provisions of Act. Deficit obtained after deducting the fair value of plan assets from Net Benefit Obligations has been shown as Net liability of bank.

**Details of actuarial valuation of gratuity are as follows:**

Amount in NPR

PARTICULARS	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Defined Benefit Obligations	952,311,525	746,673,473
Fair Value of plan assets	735,520,592	683,707,849
<b>Net Liability</b>	<b>216,790,933</b>	<b>62,965,624</b>
Expense booked as in PL	82,887,321	77,811,728
Actuarial Gain/ (Loss) booked in OCI	(133,903,612)	14,846,104

**Current/Non-Current Bifurcation**

Amount in NPR

PARTICULARS	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Current Liability	-	-
Non-Current Liability	216,790,933	62,965,624
<b>Total</b>	<b>216,790,933</b>	<b>62,965,624</b>

**Leave**

The Bank has recognized an additional provision of NPR 143,149,031 for accumulated leave liability in the current year. Being non-funded arrangement, total amount is booked as liability for bank. Moreover, leave encashment paid more than accumulated leave exceeding 120 days of annual leave and sick leave is charged in profit and loss account.

Amount in NPR

PARTICULARS	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Defined Benefit Obligations	413,752,785	310,847,903
Fair Value of plan assets	-	-
<b>Net Liability</b>	<b>413,752,785</b>	<b>310,847,903</b>

Amount in NPR

PARTICULARS	AS AT 16 JULY 2025	AS AT 15 JULY 2024
<b>Amount recognized in statement of profit or loss</b>		
Current service cost	46,354,859	51,341,036
Interest cost	29,072,583	27,201,888
Actuarial (Gain)/ Loss on Leave	67,721,589	(28,996,753)
	<b>143,149,031</b>	<b>49,546,171</b>
<b>Change in Present Value Obligations:</b>		
PV of Obligation at beginning of the year	310,847,903	282,736,035
Current Service Cost	46,354,859	51,341,036
Interest cost	29,072,583	27,201,888
Actuarial (Gain)/ Loss	67,721,589	(28,996,753)
Benefit paid	(40,244,149)	(21,434,303)
<b>Liability at the end of the year</b>	<b>413,752,785</b>	<b>310,847,903</b>

## Actuarial assumptions

Amount in NPR

PARTICULARS	AS AT 16 JULY 2025	AS AT 15 JULY 2024
Discount Rate	7%	10%
Expected Return on Plan Asset	7%	10%
Future Salary Increase	5%	7%
Withdrawal Rate	8%	8%

## 12. Deferred Tax Asset/Liability

Tax effect of all the NFRS adjustment are created and reflected under deferred tax income or expenses. All the adjustments relating to current year are taxed in current period and all the prior year NFRS adjustments have been deferred.

Amount in NPR 000

PARTICULARS	BOOK BASE	TAX BASE	DIFFERENCE
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs	5,809,652	5,809,652	-
Loans and advances to customers	141,436,049	141,686,599	250,550
Property & equipment	1,212,364	1,175,102	(37,263)
Employees' defined benefit plan	413,753	-	413,753
Gratuity	216,791	42,091	174,700
Provisions for investment	15,763	-	15,763
Lease expenses as per NFRS	153,460	-	153,460
Bond Issue Expenses Amortization	(57,730)	-	(57,730)
Unrealized Gain	65,052	-	(65,052)
Debenture issue cost	-	5,016	5,016
<b>Total temporary differences</b>			853,196
<b>Deferred tax asset/(liabilities) as on 32 Ashad 2082</b>			255,959
Deferred tax asset/(liabilities) as on 31 Ashad 2081			154,282
Origination/(Reversal) during the year			101,677
Deferred tax expense/(income) recognized in profit or loss			63,101
Deferred tax expense/(income) recognized in other comprehensive income			38,576

## Detail of deferred tax through Profit or Loss and Other Comprehensive Income

FY 2024-25	OPENING BALANCE	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	CLOSING BALANCE
Gratuity	17,109	35,301	-	52,410
Leave encashment	93,254	30,871	-	124,126
Lease Equalization Reserve	43,321	2,717	-	46,038
Actuarial loss	(4,454)	-	4,454	-
Other	33,215	22,434	-	55,649
Financial assets held at FVTOCI	6,324	-	(1,595)	4,729
Debenture Issue Expense	1,144	361	-	1,505
Bond Issue Expenses Amortization	(17,319)	-	-	(17,319)
<b>Total of deferred tax assets</b>	<b>172,595</b>	<b>91,684</b>	<b>2,858</b>	<b>267,138</b>
<b>Property, plant and equipment</b>	<b>(18,313)</b>	<b>7,134</b>		<b>(11,179)</b>
<b>Total of deferred tax liability</b>	<b>(18,313)</b>	<b>7,134</b>	<b>-</b>	<b>(11,179)</b>
<b>Net deferred tax liability</b>	<b>154,282</b>	<b>98,818</b>	<b>2,858</b>	<b>255,959</b>

### 13. Subsidized interest income and amortization expense of prepaid staff loan

An endowment life insurance policy is purchased by Bank for insured sum equivalent to the principal of housing loan. The policy is purchased for a period of 21 years or remaining service period of the employee, whichever is earlier. The employees pay insurance premium in respect of policy on monthly basis. Upon maturity of the endowment policy, the proceeds/bonus are accounted towards settlement of interest and principal loan amount in a single installment. The Bank has amortized prepaid employee expense of NPR 89,084,497. Bank has considered 7.6% as market rate for calculating fair value of staff loans. Difference of fair value of staff loan and book value has been shown in other assets as deferred employee expenditure.

### 14. Weighted Average Interest Rate Spread

The weighted average interest rate spread between Loan and Investment and Deposit & Borrowing Liabilities are shown as below.

PARTICULARS	ANNUAL AVERAGE %
Average Interest Rate of Loan	8.67%
Average Interest Rate of Deposit	4.75%
Average Interest Rate Spread	3.92%

### 15. Loans and Advances extended to Promoters

The Bank has not extended any loans to promoters during the year.

### 16. Related Party

#### 16.1 National Fund Management Limited (National Fund)

The Bank has entered into financial transactions with National Fund having financial interest.

RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	CURRENT YEAR
National Fund Management Limited	Representation in BOD	Investment in Shares	90,000,000

#### 16.2 Key Management Personnel

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) 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 RELATED PARTY	NATURE
Machhapuchchhre Capital Limited	Subsidiary Company
Machhapuchchhre Securities Limited	Subsidiary Company
Mr. Roshan K.C	BOD Chairman
Mr. Mukunda Mahat	Director
Mr. Peshal Raj Pokharel	Director
Mr. Anish Shah	Director
Mr. Sunil Narayan Shrestha	Director
Ms. Manisha Bhandari	Director
Mr. Santosh Koirala	CEO
Mr. Prasiddha Raj Aryal	DCEO
Mr. Bishwambhar Neupane	DCEO-Risk & Compliance
Mr. Suvash Jamarkattel	DGM
Mr. Bharat Kumar Lamsal	AGM
Mr. Tika Bhattarai	AGM

Note: Mr. Hari Bhakta Sigdel has resigned from the position of Board of Directors (BOD) member. Subsequently, the Board appointed Mr. Mukunda Mahat and Mr. Anish Shah as BOD members effective from 20 Mangsir 2081, as per Board Meeting No. 514.

Similarly, Mr. Jaya Mukunda Khanal, Mr. Sunil Narayan Shrestha, and Ms. Manisha Bhandari were appointed as BOD members by 26th Annual General Meeting (AGM) held on 28 Poush 2081.

Later, Mr. Jaya Mukunda Khanal resigned from BOD member effective from 4 Baishakh 2082, as per Board Meeting No. 527.

### 16.3 Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid 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 Employee Service Byelaw 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	AMOUNT IN NPR
Meeting Fees	3,503,500
Other Board Expenses	2,455,362
<b>Total</b>	<b>5,958,862</b>

The details relating to compensation paid to key management personnel other than directors were as follows:

PARTICULARS	AMOUNT IN NPR
Short term employee benefits	59,135,431
Post- employment benefits	8,737,318
Other long-term benefits	539,409
Termination benefits (Retirement Compensation)	-
<b>Total</b>	<b>68,412,158</b>

- 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 get accidental and medical insurance, vehicle, fuel, lunch and mobile facilities as per Employee Service Byelaws of the Bank.
- Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Key management personnel are also eligible for the following benefits:

- Benefits as per Employee Service Bylaws of the Bank.
- Bonus out of profit as per Bonus Act.
- Housing loans and advances as per Housing Loan Scheme of the Bank.
- Vehicle facility.

Post-employment benefits include the retirement payments (gratuity and leave payment) to be made at the time of retirement from service. However, since actuarial basis of accounting has been used and the amount to be benefitted for each employee is not separately identifiable, they have not been disclosed in the amount mentioned above. Actual retirement payment that has been made in this year has been disclosed above.

Total no. of Key Management Personnel as on Ashad End 2082 (including CEO): 6

#### 16.4 Machhapuchchhre Capital Limited-Subsidiary of Machhapuchchhre Bank Limited

The Bank has invested NPR 200 million in Machhapuchchhre Capital Ltd, subsidiary company of the Bank. Transaction details with Machhapuchchhre Capital Limited is as follows:

PARTICULARS	AMOUNT IN NPR
<b>Balance as at 32 Ashad 2082</b>	
Fixed Deposit from Subsidiary	23,500,000
Call & Current Deposit from subsidiary	11,633,974
<b>Transactions during the year</b>	
Interest paid to Subsidiary	30,530,442
Rent paid to the subsidiary	120,000
DP Service Fee	14,288,962

#### 16.5 Key Management Personnel of Machhapuchchhre Capital Limited.

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 entity includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the entity. 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	DESIGNATION
Mr. Bishwambhar Neupane	Chairman
Mr. Prasadha Raj Aryal	Director
Mr. Dip Prakash Panday	Director
Mr. Sudeep Khanal	Independent Director
Mrs. Sabita Shah (Thakuri)	Independent Director

#### 16.6 Machhapuchchhre Securities Limited-Subsidiary of Machhapuchchhre Bank Limited

The Bank has invested NPR 200 million in Machhapuchchhre Securities Ltd, subsidiary company of the Bank. Transaction details with Machhapuchchhre Securities Limited is as follows:

PARTICULARS	AMOUNT IN NPR
<b>Balance as at 32 Ashad 2082</b>	
Call & Current Deposit from subsidiary	6,169,725
Bank Guarantee (BG) issued	1,200,000
<b>Transactions during the reporting period</b>	
Interest paid to Subsidiary	1,883,180
Interest Received from Subsidiary (Loan against FDR)	1,662,768

#### 16.7 Key Management Personnel of Machhapuchchhre Securities Limited.

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 entity includes members of its Board of Directors, Chief Executive Officer, and other higher level employee of the entity. 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	DESIGNATION
Mr. Kamal Pokharel	Chairman
Ms. Kalpana Shrestha	Director
Ms. Indira Neupane	Director
Mr. Prabhat Bhandari	Director
Mr. Umesh Rajopadhyaya Subedi	Director

## 17. Lease

Bank has been making lease payments for operating different branches and therefore as provisioned under "NFRS 16 - Leases" Right of Use (ROU) is presented under other assets and Lease liability shown under other liabilities in Statement of Financial Position. Similarly, finance expense is shown under interest expense and Depreciation on ROU is shown under Depreciation and Amortization heading in Statement of Profit & Loss.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Expenses relating to Rent not covered under NFRS-16	29,199,541	34,255,104
Cash outflow for Leases	238,432,629	226,025,716
Additions to ROU Assets	(41,227,868)	(77,296,613)
Impact on Interest Expenses	70,846,906	72,152,762
Impact on Depreciation Expenses	176,642,218	167,706,903

## 18. Merger and Acquisition of Subsidiary Company

The company has adopted conventional way of merger and acquisition and followed the same approach as recognized by Nepal Rastra Bank. The company has followed the procedures for the business combinations as per NRB Merger and Acquisition Bylaws 2073, company being the subsidiary company of the bank. Accordingly, the resulting difference amount is transferred to share premium as per the provisions of the bylaw. The company has also measured identifiable assets acquired and liabilities assumed on cost basis and purchase consideration transferred at face value.

## 19. Events after reporting date

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorized for issue.

Where necessary all material events after reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per NAS 10. There are only adjustments related to the subsequent recovery of principal and interest up to 15 Sawan 2082 for 365 borrowers, resulting in a write back of the loan loss provision amounting to NPR 836 million. This has increased profit by NPR 527 million and Distributable profit by NPR 416 million after effect of Corporate Social Responsibility Reserve and General Reserve. Similarly, adjustment in LLP has been done after bid received from bidders and loan has been settled amounting to NPR 166 million which has increased profit by NPR 104 million and distributable profit by NPR 83 million after effect of Corporate Social Responsibility Reserve and General Reserve. There are no other material events that have occurred after 32 Ashad 2082 till the signing of this financial statement.

## 20. Proposed Dividend

The Board of Directors has proposed 4% of cash dividend and 4% of bonus shares on bank paid up capital, subject to approval from Nepal Rastra Bank and Annual General meeting.

## 21. Non-Banking Assets

Non-Banking Assets are the assets obtained as security for loans & advances and subsequently taken over by the Bank in the course of loan recovery. Such assets are booked at fair market value or total amount due from the borrower, whichever is lower.

BORROWER OR PARTY'S NAME	DATE OF ASSUME THE NON-BANKING ASSETS	AMOUNT IN NPR
Cosmic Automobile	3-Sep-12	24,210,000
Saroj Pariyar	23-Dec-19	953,989
Mohan Bibidh Centre	23-Feb-21	7,500,000
Sharmila Alaichi Ta.Jadibuti Supp.	30-Mar-21	5,000,000
Liladhar Fresh House	13-Jun-21	867,449
Aadharsila Krishi Farm	1-Jul-21	1,404,629
Lalit Budha	3-Aug-21	1,075,162
Lalit Kirana Pasal	3-Aug-21	655,774
Matarani Trading Pvt.Ltd	13-Sep-21	72,941,412
Manakamana Silai Udhyog	28-Oct-21	1,950,000
Ram Prasad Bhattarai	17-Jun-22	6,178,942
Binita Construction	17-Jun-22	11,871,058
Kalika Computer & Suppliers	14-Jul-22	2,358,176
Shree Gauri Ganesh Traders	17-Oct-22	7,500,000
Deewakar Madira Bikri Kendra	20-Oct-22	8,015,599
Sudhakar Madira And Cold Store	20-Oct-22	4,886,535
Maa Janaki Nirman Sewa Pvt Ltd	20-Oct-22	36,000,000
Ananda Bakhra Farm	13-Nov-22	9,009,805
Ananda Trade And Suppliers	11-Jan-23	25,000,000
Kinganga Automobiles Pvt.Ltd	10-Mar-23	18,910,000
Siddhartha & Aradhya Itta Udhyog	10-Apr-23	25,125,195
Mahabharat Suppliers	14-Jul-23	7,300,000
Baba Auto Parts	16-Jul-23	4,927,350
Mukesh Kumar Singh Mahato	16-Jul-23	3,119,538
Shovakhar Furniture Udhyog	16-Jul-23	7,221,843
U.B Electronics	31-Jul-23	5,318,147
Unique Gift Center & Electronic	31-Jul-23	7,681,853
Chimkeshwori Kirana	20-Oct-23	18,084,000
Pujan Karki – Tara Bahadur Karki	20-Oct-23	
Unique Suppliers Pvt.Ltd	20-Oct-23	7,650,000
New Rejina Shopping Center	10-Nov-23	2,750,000
J Plus a Fix Itta Udhyog	28-Nov-23	21,811,761
Gurkha Tea and Coffee Ind P.Ltd	10-Jan-24	66,000,000
Shikhar Deep Agro Pvt. Ltd.	14-Jan-24	132,825,000
Abhinas Rana	10-Apr-24	2,799,216
Nandani Readymade Pasal	12-Apr-24	2,464,628
Churamoni Limbu	7-May-24	2,276,494
Durga Automotives	28-Jun-24	10,035,000
Sona Devi Kirana Store	7-Jan-25	10,000,000
Ganesh Prasad Upadhyay Basautyal		
Nabin Pudasaini	27-Jun-25	17,907,675
<b>Total</b>		<b>594,364,388</b>

## 22. Contingent Liabilities

Contingent liabilities related details has been presented under Schedule 4.28.

## 23. Earnings per Share

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

PARTICULARS	UNITS	YEAR ENDED 16-JULY-25	YEAR ENDED 15-JULY-24
Profit attributable to equity shareholders	NPR	1,883,643,489	1,045,199,187
Weighted average of number of equity shares used in computing basic earnings per share	Nos.	116,213,573	116,213,573
Earnings Per Share (EPS)	NPR	16.21	8.99
Diluted Earnings Per Share (DPS)	NPR	16.21	8.99

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

#### 24. Unpaid Dividend

As on balance sheet date, total dividend payable amounts to NPR 49,452,075 (PY NPR 66,249,236). Details have been presented as under:

DIVIDEND PAYABLE OF FY	AS AT 16 JULY 2025	AS AT 15 JULY 2024
2079/80	5.61	5.61
2077/78	2.64	2.64
2076/77	12,148,174	12,844,518
2075/76	20,593,676	24,260,635
2074/75	16,164,273	19,122,990
2073/74	545,944	10,021,085
<b>Total</b>	<b>49,452,075</b>	<b>66,249,236</b>

Note: The bank had not distributed any dividend during FY 2080/81.

#### 25. Non-performing assets

The Banks' non-performing assets ratio stood at 3.96% (Previous year 3.86%) as at balance sheet date. The total non-performing assets as at balance sheet date is NPR 5,825,861,873 (Previous year NPR 5,058,557,695) and loan loss provision related to non-performing assets calculated as per NRB directives is NPR 4,073,136,809 (Previous year 3,048,241,834).

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE	
			AMOUNT	%
<b>Performing Loan</b>	<b>141,231,388</b>	<b>126,065,220</b>	<b>16,255,341</b>	<b>12.9%</b>
Pass	129,293,264	113,037,923	16,255,341	14%
Pass loan(Restructured/rescheduled)	2,140,713	2,432,393	(291,680)	-12%
Watch list	9,797,411	10,594,904	291,680	3%
<b>Non-Performing Loans (NPL)</b>	<b>5,825,862</b>	<b>5,058,558</b>	<b>767,304</b>	<b>15%</b>
Restructured/rescheduled	18,877	-	18,877	-
Substandard	1,324,147	1,773,701	(449,554)	-25%
Doubtful	1,412,597	1,298,891	113,706	8.8%
Loss	3,070,241	1,985,966	1,084,275	55%
<b>Gross Loans &amp; Advances</b>	<b>147,057,249</b>	<b>131,123,778</b>	<b>15,933,472</b>	<b>12%</b>

#### NPL ratios:

Gross NPL to Gross Loans & Advances: 3.96%

Net NPL to Net Loans & advances: 1.24%

## Details of Restructured Loan

Following are the details of Restructured loan during FY 2081-82:

PARTICULARS	AMOUNT IN NPR
Principal Restructure	1,436,651,753
Interest Restructure	110,075,209

## 26. Capital Structure and Capital Adequacy

Nepal Rastra Bank has issued guidelines for implementation of New Capital Adequacy Framework under Basel III requirement in July 2015. NRB directed all Banks to adopt this framework and according to which Banks are to maintain Capital for Credit Risk, Operational Risk and Market Risk. Accordingly, the following disclosure is made:

### 26.1 Qualitative Disclosures

The Bank has developed its own internal policy, procedures and structures to manage credit, market and liquidity risk in adverse situation and to make contingency plan accordingly. For the purpose, the Bank has developed Internal Capital Adequacy Assessment Process (ICAAP) which acts as a guiding document for reporting the ongoing assessment of the Bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

### 26.2 Quantitative Disclosures

#### Capital Structure and Capital Adequacy

##### a) Tier 1 capital and a breakdown of its components

CORE CAPITAL (TIER 1)	Amount in NPR '000 AS AT 16-JULY-2025
Paid up Equity Share Capital	11,621,357
Equity Share Premium	30,882
Proposed Bonus Equity Share	
Statutory General Reserve	3,276,271
Retained Earnings	936,366
Un-audited current year cumulative profit/ loss	
Capital Redemption Reserve	1,567,401
Capital Adjustment Reserve	
Dividend Equalization Reserve	
Other Free Reserve	
Less : Goodwill	
Less: Intangible Assets	120,884
Less: Fictitious Assets	
Less: Deferred Tax Assets	
Less : Investment in equity in licensed Financial Institutions	
Less : Investment in equity of institutions with Financial interests	400,000
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	40,889
Less: Cash Flow Hedge	
Less: Defined Benefit Pension Assets	
Less: Unrecognized Defined Benefit Pension Liabilities	
Less : Other Deductions	200,000

Cond....Tier 1 capital and a breakdown of its components

Amount in NPR '000

CORE CAPITAL (TIER 1)	AS AT 16-JULY-2025
Note: Other deduction includes investment in PEVC Fund (National Equity Fund 1) amounting NRs 100 M and investment in PEVC Fund (Reliable Private Equity Fund) amounting NRs 100 M.	
<b>Adjustments under Pillar II</b>	
Less: Shortfall in Provision	
Less: Loans & Facilities extended to related parties and restricted lending	
<b>Additional Tier 1 (AT 1)</b>	
Perpetual Non-Cumulative Preference Share Capital	
Perpetual Debt Instruments	
Stock Premium	
<b>Total Core Capital</b>	<b>16,670,504</b>

b) Tier 2 capital and a breakdown of its components

Amount in NPR '000

SUPPLEMENTARY CAPITAL (TIER 2)	AS AT 16-JULY-2025
Cumulative and/or Redeemable Preference Shares	
Subordinated Term Debt	4,653,496
Hybrid Capital Instruments	
Stock Premium	
General Loan Loss Provision	1,896,702
Exchange Equalization Reserve	96,700
Investment Adjustment Reserve	
Assets Revaluation Reserve	
Other Reserves	
Accrued Interest Receivable on pass loan included in Regulatory Reserve	99,986
Interest Capitalized Reserve included in Regulatory Reserve	80,337
Regulatory reserve for non-banking assets recorded within the last 24 months	-
Other Reserves	-
<b>Total Supplementary Capital</b>	<b>6,826,679</b>

c) Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and amount eligible to be reckoned as capital funds.

Amount in NPR '000

PARTICULARS	O/S AMOUNT	ISSUE DATE	MATURITY DATE	INTEREST RATE*	AMOUNT ELIGIBLE FOR CAPITAL FUND
10.25% Machhapuchchhre Debenture, 2085	3,000,000	13-05-2076	12-05-2086	10.25%	3,000,000
8.5% Machhapuchchhre Debenture 2087	2,253,496	24-04-2078	23-04-2088	8.5%	2,253,496

\*Interest is payable half yearly basis

#### d) Deduction from capital

Amount in NPR '000

PARTICULARS	AS AT 16-JULY-2025
Intangible Assets	120,884
Investment in equity of institutions with Financial interests	400,000
Purchase of Land & Building in excess of limit and unutilized	40,889
Other Deductions	200,000
<b>Total</b>	<b>761,773</b>

Investment in equity of institutions with Financial Interests includes investment in subsidiary of the bank Machhapuchchhre Capital Limited amounting NPR 20 Cr, Machhapuchchhre Securities Limited amounting NPR 20 Cr.

#### e) Total qualifying capital

Amount in NPR '000

PARTICULARS	AS AT 16-JULY-2025
Core Capital	16,670,504
Supplementary Capital	6,826,679
<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>23,497,183</b>

#### f) Capital Adequacy Ratio of the bank is 13.14%

#### g) Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities

The Bank assesses capital at different stages and variants. The Long term assessment is done through a 5 year's Strategic Plan. The Bank devises 5 year strategic plan in every five years. The strategic plan clearly states the Bank's requirement of its capital for five years to achieve the envisioned Business Targets and the sources of capital to fulfill the requirement is also clearly forecasted. The annual assessment of the Bank's capital is done through the Annual Business Plan which is formulated each year prior to the beginning of new Fiscal Year. The annual requirement of capital is clearly projected and the sources to fulfill the said requirement is also clarified along with the action plan of responsible department and personnel.

The major capital assessment is carried out at each quarter. The Bank shall prepare Stress test report and Internal Capital Adequacy Assessment Report (ICAAP) as per the Stress Testing Policy and ICAAP Policy which is revised each year. The Bank identifies the major components responsible to drive the published Capital Adequacy Ratio (CAR) and also ensures whether the said components are subject to greater change. The Bank also highlights the measures to nullify the components impacting the CAR and the measures that can contribute to boost the CAR. Further, The Bank carries out stress analysis at different scenarios and present the impact on Capital. The major scenarios are highlighted and likelihood of their occurrence is presented. In the case any scenarios are likely to occur, the Bank shall manage to equip with preventive measures as well. These capital monitoring reports are tabled and discussed in Assets Liability Committee (ALCO) meeting. Further, these reports are presented to the Risk Management Committee and the Board for review and discussions.

Further, the short term capital assessment is carried out on daily basis through daily MIS reporting. The daily change in CAR and the Business space available/lost due to change in CAR is reported to Top management for review and for decision making.

The Bank at overall level has robust and prompt countering mechanism for assessment of its capital. The Bank has developed mechanism of providing early warning signals in case there is likeliness of capital deterioration.

#### h) Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

Ordinary share capital: The Bank has only one class of equity shares having a par value of NPR 100 per share. Each holder of

equity shares is entitled to one vote per share. In the event of liquidation of the Bank, holder of equity shares will be entitled to receive remaining assets of the Bank after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

Debentures: The bank has issued two debentures. These debentures do not carry any voting rights. These debentures are subordinate to the depositors of the bank.

#### Details regarding "10.25% Machhapuchchhre Debenture 2085":

PARTICULARS	DETAILS
Name	10.25% Machhapuchchhre Debenture, 2085
Amount of issue	NPR 3,000,000,000
Interest Rate	10.25% per annum payable semi annually
Numbers of Debentures	3,000,000
Face Value	NPR 1,000
Maturity Period	10 Years
Listing	Listed with Nepal Stock Exchange

#### Details regarding "8.5% Machhapuchchhre Debenture 2087":

PARTICULARS	DETAILS
Name	8.5% Machhapuchchhre Debenture, 2087
Amount of issue	NPR 2,253,496,000
Interest Rate	8.5% per annum payable semi annually
Numbers of Debentures	2,253,496
Face Value	NPR 1,000
Maturity Period	10 Years
Listing	Listed with Nepal Stock Exchange

#### i) Risk Weighted Exposure

Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk is as mentioned below:

PARTICULARS	Amount in NPR *'000
	AS AT 16-JULY-2025
<b>Risk Weighted Exposures</b>	
Risk Weighted Exposure for Credit Risk	160,760,095
Risk Weighted Exposure for Operational Risk	9,382,940
Risk Weighted Exposure for Market Risk	1,646,211
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>171,789,216</b>
Add RWE equivalent to reciprocal of capital charge of 3% of gross income.	1,890,175
Add: 3% of RWE added by supervisory Review	5,153,676
<b>Total Risk Weighted Exposures</b>	<b>178,833,067</b>

#### j) Risk weighted Exposures under each categories of Credit Risk

j) Risk weighted Exposures under each categories of Credit Risk

Amount in NPR \*'000

CATEGORIES	AS AT 16-JULY-2025
Claims on government and central Bank	171,189
Claims on other official entities	-
Claims on Banks	3,853,136
Claims on corporate and securities firm	83,905,631
Claims on regulatory retail portfolio	22,563,502
Real Estate loans for land acquisition and development	448,120
Lending against securities	2,531,967
Trust Receipt Loans for trading firms	984,577
Claim secured by residential properties	4,447,488
Personal Hire purchase/Personal Auto Loans	672,082
Claims secured by commercial real state	259,022
Past due Claims	6,734,630
High risk claims	9,890,737
Other Assets	9,140,568
Off Balance sheet Items	15,163,269
<b>Total</b>	<b>160,760,095</b>

k) Total Risk weighted Exposure Calculation Table  
(i) Calculation of Credit Risk Exposure

Amount in NPR '000

PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
<b>A. Balance Sheet Exposure</b>						
Cash Balance	2,581,284			2,581,284	0%	-
Balance With Nepal Rastra Bank	8,326,202			8,326,202	0%	-
Gold	-			-	0%	-
Investment in Nepalese Government Securities	30,887,550			30,887,550	0%	-
All other Claims on Government of Nepal	129,845			129,845	0%	-
Investment in Nepal Rastra Bank Securities	10,300,000			10,300,000	0%	-
All other Claims on Nepal Rastra Bank	-			-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-			-	0%	-
Claims on Foreign Government and Central Bank (ECA 2)	-			-	20%	-
Claims on Foreign Government and Central Bank (ECA 3)	-			-	50%	-
Claims on Foreign Government and Central Bank (ECA 4-6)	-			-	100%	-
Claims on Foreign Government and Central Bank (ECA 7)	565,125		450,998	114,126	150%	171,189,267
Claims On BIS, IMF, ECB, EC and On Multilateral Development Banks(MDB's) Recognised by the framework	-			-	0%	-
Claims on Other Multilateral Development Banks	-			-	100%	-
Claims on Domestic Public Sector Entities	-			-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-			-	20%	-
Claims on Public Sector Entity (ECA 2)	-			-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-			-	100%	-
Claims on Public Sector Entity (ECA 7)	-			-	150%	-
Claims on domestic banks that meet capital adequacy requirements	7,558,384			7,558,384	20%	1,511,677
Claims on domestic banks that do not meet capital adequacy requirements	-			-	100%	-
Claims on Foreign bank (ECA Rating 0-1)	1,460,483			1,460,483	20%	292,097
Claims on Foreign bank(ECA Rating 2)	3,579,453			3,579,453	50%	1,789,726
Claims on Foreign bank (ECA Rating 3-6)	-			-	100%	-
Claims on Foreign bank (ECA Rating7)	-			-	150%	-
Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement	1,298,178			1,298,178	20%	259,636

Cont.....(i) Calculation of Credit Risk Exposure

Amount in NPR '000

PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	44,423,636			44,423,636	100%	44,423,636
Claims on Domestic Corporates (unrated)	40,809,921		1,327,925	39,481,995	100%	39,481,995
Claims on Foreign Corporates (ECA 0-1)	-			-	20%	-
Claims on Foreign Corporates (ECA 2)	-			-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-			-	100%	-
Claims on Foreign Corporates (ECA 7)	-			-	150%	-
Regulatory Retail Portfolio ( Not Overdue)	30,368,124		283,455	30,084,669	75%	22,563,502
Claim fulfilling all criterion of Regulatory Retail except granularity				-	100%	-
Claims secured by residential properties	7,002,566			7,002,566	60%	4,201,540
Investments in equity and other capital instruments of institutions not listed in the stock exchange	20,664,860			20,665	150%	30,997,290
Claims secured by residential properties (Overdue)	316,435	101,484		214,951	100%	214,951
Claims secured by Commercial real estate	259,022			259,022	100%	259,022
Past due claims (except for claim secured by residential properties)	8,273,507	3,783,754		4,489,753	150%	6,734,630
High Risk claims	5,330,695		56,313,024	5,274,382	150%	7,911,572
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	358,496			358,496	125%	448,120
Lending against securities	2,531,967			2,531,967	100%	2,531,967
Lending against securities (Above Rs. 5 Million)				-	125%	-
Trust Receipt Loans for trading firms	820,481			820,481	120%	984,577
Personal Hirepurchase/Personal Auto Loans	672,082			672,082	100%	672,082
Investments in equity and other capital instruments of institutions listed in stock exchange	1,979,165			1,979,165	100%	1,979,165
Staff Loan Secured by Residential Property	3,651,677			3,651,677	50%	1,825,838
Interest Receivable/Claim on Government Securities	391,970			391,970	0%	-
Cash in transit and other cash items in the process of collection	-			-	20%	-
Other Assets	9,289,062	1,980,366		7,308,696	100%	7,308,696
<b>TOTAL</b>	<b>223,185,974</b>	<b>5,865,604</b>	<b>2,118,691</b>	<b>215,201,679</b>		<b>145,596,615</b>

Cont.....(i) Calculation of Credit Risk Exposure

Amount in NPR \*000

PARTICULARS	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
<b>B. Off Balance Sheet Exposures</b>						
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	3,942,669	-	-	3,942,669	10%	394,267
LC Commitments with original maturity upto 6 months	7,741,076	-	639,532	7,101,544	20%	1,420,309
Foreign Counterparty (ECA 0 -1)	-	-	-	-	20%	-
Foreign Counterparty (ECA 2)	-	-	-	-	50%	-
Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
Foreign Counterparty (ECA 7)	-	-	-	-	150%	-
LC Commitments with original maturity over 6 months (domestic Counterparty)	739,564	-	73,583	665,981	50%	332,991
Foreign Counterparty (ECA 0 -1)	-	-	-	-	20%	-
Foreign Counterparty (ECA 2)	-	-	-	-	50%	-
Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
Foreign Counterparty (ECA 7)	-	-	-	-	150%	-
Bid Bond, Performance Bond and Counter Guarantee	10,380,857	-	238,423	10,142,435	40%	4,056,974
Foreign Counterparty (ECA 0 -1)	-	-	-	-	20%	-
Foreign Counterparty (ECA 2)	603,805	-	301,902	301,902	50%	150,951
Foreign Counterparty (ECA 3 -6)	-	-	-	-	100%	-
Foreign Counterparty (ECA 7)	-	-	-	-	150%	-
Underwriting Commitments	-	-	-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-
Advance Payment Guarantee	1,680,945	-	53,628	1,627,317	100%	1,627,317
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	1,637,380	-	117,757	1,519,624	100%	1,519,624
Unpaid portion of Partly paid shares and securities	-	-	-	-	100%	000
Irrevocable Credit commitments(Short term)	11,869,696	-	50,000	11,869,646	20%	2,373,929

Cont.....(i) Calculation of Credit Risk Exposure

PARTICULARS	Amount in NPR '000					
	BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM (C)	NET VALUE (D=A-B-C)	RISK WEIGHT (E)	RISK WEIGHTED EXPOSURES (F=D*E)
Irrevocable Credit commitments(Long term)	2,278,798	-	-	2,278,798	50%	1,139,399
Claims on foreign bank incorporated in SAARC Region operating with a buffer of 1% above their respective regulatory capital requirement						
Other Contingent Liabilities	362,193	-	-	362,193	100%	362,193
Unpaid Guranatee claims	892,764	-	-	892,764	200%	1,785,527
<b>TOTAL</b>	<b>42,129,747</b>		<b>1,424,875</b>	<b>40,704,871</b>		<b>15,163,480</b>
<b>Total RWE for Credit Risk Before adjustment (A) +(B)</b>	<b>265,315,721</b>	<b>5,865,604</b>	<b>3,543,567</b>	<b>255,906,550</b>		<b>160,760,095</b>
Adjustment under pillar II						
Add: 10% of the loan and facilities in excess of Single obligor Limits (6.4 a 3)						
Add: 1% of contract ( sale) value in case of the sale of credit with recourse(6.4a 4)						
<b>Total RWE for Credit Risk (After bank's adjustments of Pillar II)</b>	<b>265,315,721</b>	<b>5,865,604</b>	<b>3,543,567</b>	<b>255,906,550</b>		<b>160,760,095</b>

**(ii) Calculation of Market Risk Exposure**

Amount in NPR '000

S.NO.	CURRENCY	OPEN POSITION (FCY)	EXCHANGE RATE	OPEN POSITION (NPR)	RELEVANT OPEN POSITION
1	INR	2,226,636,925	1.60	3,564,289,057	3,564,289,057
2	USD	239,559	137.60	32,963,383	32,963,383
3	GBP	6,433	184.19	1,184,826	1,184,826
4	EUR	5,635	159.77	900,243	900,243
5	THB	38,920	4.22	164,242	164,242
6	CHF	28,430	171.52	4,876,355	4,876,355
7	AUD	17,870	89.75	1,603,839	1,603,839
8	CAD	10,499	100.28	1,052,806	1,052,806
9	SGD	6,570	106.82	701,807	701,807
10	JPY	1,794,827	0.92	1,654,830	1,654,830
11	HKD	24,590	17.49	430,079	430,079
12	DKK	5,650	21.37	120,741	120,741
13	SEK	-	14.12	-	-
14	SAR	75,856	36.61	2,777,088	2,777,088
15	QAR	33,056	37.59	1,242,575	1,242,575
16	AED	62,622	37.39	2,341,454	2,341,454
17	MYR	39,258	32.28	1,267,248	1,267,248
18	KRW	591,000	0.10	58,391	58,391
19	CNY	135,289	19.12	2,586,731	2,586,731
20	KWD	2,201	448.87	987,851	987,851
21	BHD	724	364.24	263,528	263,528
22	OMR	1,381	356.66	492,369	492,369
<b>(a) Total Open Position</b>				<b>3,616,849,296</b>	<b>3,621,959,443</b>
<b>(b) Fixed Percentage</b>					<b>5%</b>
<b>© Capital Charge for Market Risk (=a×b)</b>					<b>181,097,972</b>
<b>(d) Risk Weight (reciprocal of capital requirement of 11%) in times</b>					<b>9.09</b>
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>					<b>1,646,180,567</b>

**(iii) Calculation of Operational Risk Exposure**

S.N.	PARTICULARS	FISCAL YEAR		
		2022-23	2023-24	2024-25
1	Net Interest Income	4,878,044	5,372,400	4,988,193
2	Commission and Discount Income	1,354,170	1,396,773	1,361,142
3	Other Operating Income	95,050	70,075	79,966
4	Exchange Fluctuation Income	216,651	280,407	230,383
5	Addition/Deduction in Interest Suspense during the period	15,393	34,236	271,651
6	Gross income (a)	6,559,308	7,153,890	6,931,334
7	Alfa (b)	15%	15%	15%
8	Fixed Percentage of Gross Income [c=(a×b)]	983,896	1,073,084	1,039,700
9	Capital Requirement for operational risk (d) (average of c)	1,032,227		
10	Risk Weight (reciprocal of capital requirement of 11%) in times (e)	9.09		
11	Equivalent Risk Weight Exposure [f=(d×e)]	9,382,940		

**SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)**

1	Total Credit and Investment (net of Specific Provision) of related month	-
2	Capital Requirement for Operational Risk (5% of net credit and investment)	-
3	Risk Weight (reciprocal of capital requirement of 11%) in times	9.09
4	Equivalent Risk Weight Exposure (g)	-
5	Equivalent Risk Weight Exposure [h=f+g]	9,382,940

## l) Non-Performing Loan

PARTICULARS	GROSS	PROVISION	NET OF PROVISION
Restructured/Rescheduled	18,877	2,360	16,517
Substandard	1,324,147	328,454	995,693
Doubtful	1,412,597	698,873	713,724
Loss	3,070,241	3,043,450	26,791
<b>Total</b>	<b>5,825,862</b>	<b>4,073,137</b>	<b>1,752,725</b>

## Loan Outstanding

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE	
			AMOUNT	%
<b>Performing Loan</b>	<b>141,231,388</b>	<b>126,065,220</b>	<b>15,166,168</b>	<b>12.03%</b>
Pass	129,293,264	113,037,923	16,255,341	14%
Pass Loan(Restructured/rescheduled)	2,140,713	2,432,393	(291,680)	-12%
Watch list	9,797,411	10,594,904	(797,493)	-8%
<b>Non-Performing Loans (NPL)</b>	<b>5,825,862</b>	<b>5,058,558</b>	<b>767,304</b>	<b>15%</b>
Restructured/rescheduled	18,877	-	18,877	-
Substandard	1,324,147	1,773,701	(449,554)	-25%
Doubtful	1,412,597	1,298,891	113,706	8.8%
Loss	3,070,241	1,985,966	1,084,275	55%
<b>Gross Loans &amp; Advances</b>	<b>147,057,249</b>	<b>131,123,778</b>	<b>15,933,472</b>	<b>12%</b>

## Provision

Amount in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR	CHANGE	
			AMOUNT	%
<b>Performing Loan</b>	<b>1,896,160</b>	<b>2,046,603</b>	<b>(150,443)</b>	<b>-7%</b>
Pass	1,300,385	1,382,660	(82,274)	-6%
Restructured/rescheduled	108,746	146,225	(37,479)	-26%
Watch list	487,029	517,719	(30,690)	-6%
<b>Non-Performing Loans (NPL)</b>	<b>4,073,137</b>	<b>3,048,242</b>	<b>1,024,895</b>	<b>34%</b>
Restructured/rescheduled	2,360	-	2,360	100%
Substandard	328,454	438,096	(109,641)	-25%
Doubtful	698,873	642,316	56,557	9%
Loss	3,043,450	1,967,830	1,075,620	55%
<b>Gross Loans &amp; Advances</b>	<b>5,969,297</b>	<b>5,094,845</b>	<b>874,452</b>	<b>17%</b>

### 26.3 Compliance with external requirement

Bank has complied with externally imposed capital requirements to which it is subject and there are no such instances where the institution has not complied with those requirements.

## 27. Risk Management

Overall Risk Management Process of Bank has been disclosed in Significant Accounting Policies.

## 28. Maturity Profile

Amount in NPR

PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
Cash and cash equivalent	7,725,871,509	-	-	-	-	7,725,871,509
Due from Nepal Rastra Bank	8,326,202,371	-	-	-	-	8,326,202,371
Placement with BFI's	-	1,731,959,352	-	-	-	1,731,959,352
Derivative financial instruments	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-
Loan and advances to B/FIs	22,610,051	25,404,572	32,676,193	125,774,936	5,603,185,951	5,809,651,704
Loans and advances to customers	34,090,637,631	12,890,442,426	6,091,896,332	6,080,049,937	82,283,022,579	141,436,048,905
Investment securities	12,504,235,311	-	-	-	33,009,024,627	45,513,259,938
Current tax assets	-	-	-	-	742,429,982	742,429,982
Investment in subsidiaries	-	-	-	-	400,000,000	400,000,000
Investment in associates	-	-	-	-	-	-
Investment property	-	-	-	-	594,364,388	594,364,388
Property and equipment	-	-	-	-	1,541,172,932	1,541,172,932
Goodwill and Intangible assets	-	-	-	-	120,883,962	120,883,962
Deferred tax assets	-	-	-	-	255,958,854	255,958,854
Other assets	33,007,848	-	-	-	3,223,153,169	3,256,161,017
<b>Total Assets</b>	<b>62,702,564,720</b>	<b>14,647,806,349</b>	<b>6,124,572,525</b>	<b>6,205,824,873</b>	<b>127,773,196,445</b>	<b>217,453,964,914</b>
Due to Bank and Financial Institution	2,679,864,355	-	-	-	-	2,679,864,355
Due to Nepal Rastra Bank	-	-	-	-	-	-
Derivative financial instruments	9,984,287	-	-	-	-	9,984,287
Deposits from customers	112,864,229,376	-	-	-	71,311,820,525	184,176,049,901
Borrowing	-	-	-	-	2,143,480,557	2,143,480,557
Current Tax Liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	335,243,958	-	-	-	3,703,684,925	4,038,928,883
Debt securities issued	-	-	-	-	5,498,289,706	5,498,289,706
Subordinated Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>115,889,321,976</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,657,275,713</b>	<b>198,546,597,689</b>

**MACHHAPUCHCHHRE  
SECURITIES LIMITED**

## **Independent Auditor's Report**

### **To the Shareholders of Machhapuchchhre Securities Limited**

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of the Machhapuchchhre Securities Limited (the "Company"), which comprise the statement of financial position as at Ashadh 32, 2082 (July 16, 2025), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at at Ashadh 32, 2082 (July 16, 2025), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

##### ***Basis for opinion***

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Key Audit Matters***

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

We have determined that there are no any key audit matters to communicate in our report.

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

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

##### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



includes our opinion. Reasonable assurance is 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

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

### **Report on the requirements of Company Act, 2063**

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the



Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.

  
Aman Uprety  
Partner



Place: Kathmandu, Nepal  
Date: August 28, 2025

UDIN.: 250904CA004514pfzG

## STATEMENT OF FINANCIAL POSITION

As On Ashad 32, 2082 (July 16, 2025)

Amount in Rs.

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	1	10,829,503.50	8,107,624.43
Current Assets	2	156,905,142.05	131,561,576.12
Financial Investments	3	24,385,601.20	200,579,366.24
<b>Total Current Assets</b>		<b>192,120,246.75</b>	<b>340,248,566.79</b>
<b>Non-Current Assets</b>			
Property Plant & Equipment	4	7,215,480.25	6,294,516.80
Deferred Tax Asset	5	821,749.97	-
<b>Total Non-Current Assets</b>		<b>8,037,230.22</b>	<b>6,294,516.80</b>
<b>Total Assets</b>		<b>200,157,476.97</b>	<b>346,543,083.66</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current Tax Payables	6	2,486.60	64,881.91
Sundry Payables	7	5,525,794.51	602,022.25
Overdraft Loan	8	-	148,931,484.24
<b>Total Liabilities</b>		<b>5,528,281.11</b>	<b>149,598,388.40</b>
<b>Non- Current Liabilities</b>			
Non- Current Liabilities	9	2,167,695.64	-
		<b>2,167,695.64</b>	<b>-</b>
<b>EQUITY</b>			
Share Capital	10	200,000,000.00	200,000,000.00
Reserves & Surplus	11	-7,538,500.033	(3,055,304.74)
<b>Total Equity</b>		<b>192,461,499.97</b>	<b>196,944,695.26</b>
<b>Total Equity and Liabilities</b>		<b>200,157,476.97</b>	<b>346,543,083.92</b>

Schedules and Explanatory Notes forms integral part of Statement of Position.

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Purusotam Lamsal**  
CEO

As per our report of event date

**Kalpana Shrestha**  
Director

**Indira Neupane**  
Director

**Prabhat Bhandari**  
Director

**Umesh Rajopadhya Subedi**  
Director

**Aman Uprety**  
S.A.R. Associates  
Chartered Accountants

Date: 28 August 2025  
Place: Kathmandu, Nepal

## STATEMENT OF PROFIT AND LOSS

For the Period From 1/4/2081 to 32/03/2082

Amount in Rs.

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>Income</b>			
Interest Income		1,883,180.0	14,082,649.52
Commission Income		15,949,109.8	4,501,386.10
Capital Gain In Investment		0.0	524,189.82
Dividend Income		145,579.7	-
Unrealized Gain		2,725,340.6	-
Other Income		384,841.3	-
<b>Total Income</b>		<b>21,088,051.4</b>	<b>19,108,225.4</b>
<b>Expense</b>			
Loss on investment		770,958.5	
Operating Expenses	11	6,671,063.8	4,670,710.58
Employee Expenses	12	9,281,726.9	7,073,440.60
Administrative Expenses	13	6,523,974.0	9,877,455.07
Depreciation on Assets		3,145,273.6	1,781,787.31
<b>Total Expenses</b>		<b>26,392,996.7</b>	<b>23,403,393.56</b>
Profit For the Year		<b>(5,304,945.26)</b>	<b>(4,295,168.12)</b>
Staff Bonus			
Deferred Tax Income/(Expense)		821,750.0	
Corporate Tax			-
Net Profit After Tax		<b>(4,483,195.29)</b>	<b>(4,295,168.12)</b>

Schedules and Explanatory Notes forms integral part of Statement of Position.

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Purusotam Lamsal**  
CEO

As per our report of event date

**Kalpna Shrestha**  
Director

**Indira Neupane**  
Director

**Prabhat Bhandari**  
Director

**Umesh Rajopadhya Subedi**  
Director

**Aman Uprety**  
S.A.R. Associates  
Chartered Accountants

Date: 28 August 2025  
Place: Kathmandu, Nepal

## STATEMENT OF CASH FLOWS

For the Period ended on 32 Ashadh 2082

Amount in Rs.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Income Tax During the year	(4,483,195.29)	(4,295,168.12)
Adjustment for non cash items:		
Depreciation and Amortization Expenses	3,145,273.56	
Total Cash Profit	(1,337,921.73)	(4,295,168.12)
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Current Assets	(25,343,565.93)	-152754369.7
Increase / Decrease in Current Liabilities	4,861,376.95	22,925,943.91
Deferred Tax adjustment	(821,749.97)	
ROU Asset adjustment	(1,709,269.75)	20230.06
<b>A Net Cash flow From Operating Activities</b>	<b>(24,351,130.43)</b>	<b>(134,103,363.88)</b>
<b>B. Net Cash Flow from Investing Activities</b>	<b>176,004,493.06</b>	<b>(27,718,696.37)</b>
Purchase of Fixed Assets	(189,271.98)	-7,023,485.21
Fixed Deposit at MBL Lazimpat		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital		
Investment in share	176,193,765.04	-20,555,007.16
Loss on sale of assets		(140,204.00)
Dividend Received		
<b>C. Net Cash Flow From Financing Activities</b>	<b>(148,931,484.24)</b>	<b>148,931,484.24</b>
Overdraft Loan		
Changes in Cash and Cash Equivalent During the Year(A+B+C)	2,721,879.07	(12,890,576.01)
Cash & Cash Equivalent at the beginnings	8,107,624.43	20863779.14
<b>Cash &amp; Cash Equivalent as at the end of the year</b>	<b>10,829,503.50</b>	<b>8,107,624.43</b>

Schedules and Explanatory Notes forms integral part of Statement of Position.

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Purusotam Lamsal**  
CEO

As per our report of event date

**Kalpna Shrestha**  
Director

**Indira Neupane**  
Director

**Prabhat Bhandari**  
Director

**Aman Uprety**  
S.A.R. Associates  
Chartered Accountants

Date: 28 August 2025  
Place: Kathmandu, Nepal

## STATEMENT OF CHANGES IN EQUITY

For the Period From 1/4/2081 to 32/03/2082

Amount in Rs.

PARTICULARS	SHARE CAPITAL	RETAINED EARNING	GENERAL RESERVE	TOTAL
<b>Balance as on 01.04.2081</b>	20,000,000.00	<b>(3,203,481.08)</b>	148,176.34	196,944,695.26
Additional Share Capital				-
Net Profit /(loss) during the year				
Transfer to/from Reserve				
<b>Balance as on 31.03.2081</b>	20,000,000.00	<b>(3,203,481.08)</b>	148,176.34	16,944,695.26
Adjustment:				-
Fixed Deposit		180,000,000.00		180,000,000.00
Net Profit /(loss) during the year		(4,483,195.29)		(4,483,195.29)
Transfer to/from Reserve		448,319.53	(448,319.53)	-
<b>Balance as on 31.03.2082</b>	20,000,000.00	<b>172,761,643.16</b>	(151,966.85)	192,461,499.97

Schedules and Explanatory Notes forms integral part of Statement of Position.

**Jiban Kumar Uprety**  
DCEO & Finance Chief

**Kamal Pokharel**  
Chairman

**Purusotam Lamsal**  
CEO

As per our report of event date

**Kalpana Shrestha**  
Director

**Indira Neupane**  
Director

**Prabhat Bhandari**  
Director

**Aman Uprety**  
S.A.R. Associates  
Chartered Accountants

**Umesh Rajopadhya Subedi**  
Director

Date: 28 August 2025  
Place: Kathmandu, Nepal

### SCH 1: CASH AND CASH EQUIVALENT

	CURRENT YEAR	PREVIOUS YEAR
Cash in hand	26,908.60	22,914.00
Cash at Bank		
MBL- Current Account	6,169,725.35	5,925,446.90
Prabhu Bank Ltd	4,632,869.55	2,159,263.53
	10,802,594.90	8,084,710.43
<b>Total</b>	<b>10,829,503.50</b>	<b>8,107,624.43</b>

### SCH 2: CURRENT ASSETS

	CURRENT YEAR	PREVIOUS YEAR
Advance Tax	5,659,850.98	2,932,102.76
Account Receivables	147,246,956.40	110,137,884.17
Employee Loan & Advance	3,249,285.19	3,069,939.92
TDS receivables	29,049.48	21,796.37
NEPSE Receivables		14,439,852.90
Other Receivables	720,000.00	960,000.00
<b>Total</b>	<b>156,905,142.05</b>	<b>131,561,576.12</b>

### SCH 3: FINANCIAL INVESTMENTS

	CURRENT YEAR	PREVIOUS YEAR
Fixed Deposit with MBL-Lazimpat		180,000,000.00
Investment In shares	24,385,601.20	20,579,366.24
<b>Total</b>	<b>24,385,601.20</b>	<b>200,579,366.24</b>

## SCH 4: PROPERTY, PLANT & EQUIPMENT

DETAILS OF ASSETS	RATE %	COST / GROSS BLOCK					DEPRECIATION BLOCK				NET BLOCK		
		AS ON 01.04.2081	UPTO POUSH	MAGH- CHAITRA	ADDITIONS BAISAKH- ASHAD	TOTAL ADDITION	ABSORBED ADDITION	DISPOSAL	AS ON 31.03.2082	AS ON 01.04.2081	FOR THE YEAR	AS ON 32.03.2082	AS ON 32.03.2082
<b>BUILDINGS</b>													
<b>POOL B</b>													
<b>OFFICE EQUIPMENTS</b>													
Photocopy	25%	28,900	-	-	-	-	-	28,900	9,031	4,967	13,998	19,869	14,902
Office Equipment MBL	25%	1,563,028	-	-	-	-	-	1,563,028	390,757	293,068	683,825	1,172,271	879,203
Laptop/Computer	25%	898,000	134,000	-	134,000	134,000	-	1,032,000	280,625	187,844	468,469	617,375	563,531
LG TV	25%	138,008	-	-	-	-	-	138,008	43,128	23,720	66,848	94,880	71,160
<b>FURNITURE &amp; FIXTURE</b>													
3 Seater Steel waiting chair	25%	62,715	-	-	-	-	-	62,715	19,598	10,779	30,377	43,117	32,338
4 Seater Steel waiting chair	25%	20,905	-	-	-	-	-	20,905	6,533	3,593	10,126	14,372	10,779
Refrigerator	25%	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	25%	1,055,441	-	38,322	38,322	12,774	-	1,093,763	263,860	201,089	464,949	791,581	628,814
<b>POOL C</b>													
<b>VEHICLES</b>													
Scooter	20%	285,000	-	-	-	-	-	285,000	57,000	45,600	102,600	228,000	182,400
<b>POOL D</b>													
<b>PLANT &amp; MACHINERY</b>													
Other Assets(Arylic Board)	15%	340,758	-	-	-	-	-	340,758	51,114	43,447	94,560	289,644	246,198
Battery 100AH	15%	-	-	-	-	-	-	-	-	-	-	-	-
<b>POOLE</b>													
<b>INTANGIBLE &amp; LEASEHOLD</b>													
ROU Asset	SLM	-	-	-	-	-	-	3,876,965	-	1,723,096	1,723,096	-	2,153,870
Software	20%	1,489,973	16,950	-	16,950	16,950	-	1,506,923	297,995	241,786	539,780	1,191,978	967,143
Leasehold	20%	2,094,655	-	-	-	-	-	2,094,655	418,931	335,145	754,076	1,675,724	1,340,579
Flooring & furnshing	20%	194,631	-	-	-	-	-	194,631	38,926	31,141	70,067	155,705	124,564
<b>Total</b>		<b>8,172,014</b>	<b>150,950</b>	-	<b>38,322</b>	<b>189,272</b>	-	<b>12,238,252</b>	<b>1,877,498</b>	<b>3,145,274</b>	<b>5,022,771</b>	<b>6,294,516</b>	<b>7,215,480</b>
<b>Previous Year</b>		<b>1,148,528</b>	<b>7,213,689</b>	-	-	<b>7,213,689</b>	<b>190,204</b>	<b>8,172,014</b>	<b>95,710</b>	<b>1,781,787</b>	<b>1,877,497</b>	<b>1,052,818</b>	<b>6,294,517</b>

#### SCH 5: DEFERRED TAX

	CURRENT YEAR	PREVIOUS YEAR
Deferred Tax Asset	821,749.97	
<b>Deferred Tax Asset</b>	<b>821,749.97</b>	<b>-</b>

#### SCH 6: CURRENT TAX PAYABLES

	CURRENT YEAR	PREVIOUS YEAR
TDS on Audit Fee		1,500.00
TDS on Board Fee	-	-
Salary Tax	-	47,974.93
Corporate tax payable	-	
TDS Payable	2,486.60	15,406.98
<b>Total</b>	<b>2,486.60</b>	<b>64,881.91</b>

#### SCH 7: SUNDRY PAYABLES

	CURRENT YEAR	PREVIOUS YEAR
Provision for Audit fees		111,500.00
Payable to Machhapuchchhre Bank Limited		425,286.28
Payable to SSF & CIT		
Provision for staff bonus	-	
Sebon Payable	111,844.90	27,010.11
Sundry Creditors	8,489.56	38,225.86
Aduti Fee Payable	111,500.00	
NEPSE Payables	3,074,053.25	
Other Payable	2,219,906.80	
<b>Total</b>	<b>5,525,794.51</b>	<b>602,022.25</b>

#### SCH 8: OVERDRAFT LOAN

	CURRENT YEAR	PREVIOUS YEAR
Machhapuchchhre Bank Overdraft Loan		148,931,484.24
<b>Total</b>	<b>-</b>	<b>148,931,484.24</b>

#### SCH 9: NON CURRENT LIABILITIES

	CURRENT YEAR	PREVIOUS YEAR
Lease Liability	2,167,695.64	-
<b>Total</b>	<b>2,167,695.64</b>	<b>-</b>

## SCH 10: SHARE CAPITAL

	CURRENT YEAR	PREVIOUS YEAR
Authorised Share Capital	200,000,000.00	200,000,000.00
Issued Share Capital	200,000,000.00	200,000,000.00
Paid up Capital	200,000,000.00	200,000,000.00
<b>Total</b>	<b>200,000,000.00</b>	<b>200,000,000.00</b>

## SCH 11: RESERVE AND SURPLUS

	CURRENT YEAR	PREVIOUS YEAR
<b>Retained Earning</b>		
Accumulated Profit/(Loss) Up-to Last Year	(3,203,481.08)	1,091,687.04
Profit/(Loss ) for Current Year net of general reserve	(4,034,875.76)	(4,295,168.12)
<b>Total</b>	<b>(7,238,356.84)</b>	<b>(3,203,481.08)</b>
<b>General Reserve</b>		
Opening balance	148,176.34	148,176.34
Addition During the FY	(448,319.53)	
Loss on assets		
<b>Total</b>	<b>(300,143.19)</b>	<b>148,176.34</b>
<b>Total Reserve and Surplus</b>	<b>(7,538,500.03)</b>	<b>(3,055,304.74)</b>

## SCH 12: OPERATING EXPENSES

	CURRENT YEAR	PREVIOUS YEAR
Membership fees for SEBON	25,000.00	-
Membership fees for CDS& Clearing	25,000.00	-
Application Fee Expenses	22,595.00	35,591.28
Nepse membership	10,000.00	-
Nepse Monthly Fee Expenses	300,000.00	302,000.00
License Fee Expenses	150,000.00	250,000.00
Hosting & Support Fee	2,800,000.00	2,972,182.50
Registration & Renewal Expenses	32,950.00	133,650.00
Software Development Expenses	20,000.00	50,000.00
Nepse Comission Expenses	3,285,518.76	927,286.80
<b>Total</b>	<b>6,671,063.76</b>	<b>4670710.58</b>

### SCH 13: EMPLOYEE EXPENSES

	CURRENT YEAR	PREVIOUS YEAR
Salary Expenses	7,086,723.41	5,455,265.94
Dashain Allowance	591,104.00	157,550.00
Social Security Fund	947,066.15	999,490.16
Employee Insurance	91,118.32	107,979.50
Force Leave Salary Expenses	565,715.00	353,155.00
<b>Total</b>	<b>9,281,726.88</b>	<b>7,073,440.60</b>

### SCH 14: ADMINISTRATIVE AND OFFICE EXPENSES

	CURRENT YEAR	PREVIOUS YEAR
Board Meeting Fees	502,000.00	362,000.00
Board meeting Expenses	75,485.00	19,378.00
Consultancy Expenses	611,426.42	221,910.26
Fuel Expenses	325,180.74	290,998.00
Printing and Stationery Expenses	50,064.35	61,351.10
Telephone and mobile expenses	49,620.00	21,673.00
Audit Fees Expenses	113,000.00	113,000.00
Repair and maintenance	10,681.00	71,519.48
Bank & BG Charge Expenses	244,704.14	391,413.00
Annual General Meeting Expenses	82,425.00	50,397.00
Company Opening Ceremony Expenses		244,441.55
Electricity Expenses	118,480.00	104,939.20
House Rent Expenses	-	1,930,500.00
Internet Expenses	296,896.20	296,105.20
Miscellaneous Expenses	200,211.24	6,685.00
Office Expenses	138,999.01	166,276.99
Parking Expenses	140,140.00	107,895.00
Annual Maintenance Expenses	391,428.34	17,138.32
Transportation Expenses		5,017.00
Cleaning Expenses	10,215.00	12,810.00
Water Expenses	43,470.00	30,475.00
Festival Expenses	39,590.00	21,250.00
Wastage Expenses	3,000.00	3,000.00
Business Promotion Expenses	72,503.00	98,569.90
Insurance Expenses	22,849.49	6,167.20
Overdraft Interest Expenses	1,662,768.34	4,005,983.99
Website Design & Hosting Expenses		71,755.00
Training Expenses	5,000.00	5,650.00
TADA Expenses	12,400.00	49,995.00
Guest & Entertainment Expenses		10,631.39
Loss on Assets		140,203.61
Lease - Finance Cost	234,730.25	
Outsource services	1,066,706.44	938,325.88
<b>Total</b>	<b>6,523,973.96</b>	<b>9,877,455.07</b>

# MACHHAPUCHCHHRE SECURITIES LIMITED KATHMANDU, NEPAL

Notes to the Financial Statements for the Period ended 32nd Ashad 2082 (16th July 2025)

## 1. CORPORATE INFORMATION

Machhapuchchhre Securities Ltd., (hereinafter referred to as MSL or as a Licensed Institution, or as a Company) is a Financial Institution incorporated under Companies Act, 2063 (first Amendment 2074) on Shrawan 2076 as a public limited company. MSL has obtained an operating license from the Security Board of Nepal (SEBON) on 23rd Jestha, 2080 with and has also obtained licenses from Nepal Stock Exchange Limited on 19th Shrawan 2080 and CDS Limited on 24th Ashwin 2080 as required under Securities Act, 2073. The Company is also registered with Inland Revenue Department (IRD) with PAN No. 609579561. The Registered office of MSL is situated at Kathmandu Metropolitan - Ward No. 11, Jamal, Kathmandu.

MSL, as a licensed Security Broker, has been acting as an intermediary between investors and financial markets, along with purchasing and selling the securities on behalf of clients effectively and has been providing Portfolio Management Services, Depository Participants Services.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of Preparation

The Financial Statements are prepared on accrual and going concern basis. The accounting Policies are applied consistently to all the period presented in the financial statements including the preparation of the Nepal Financial Reporting Standards (NFRS) Statement of Financial Position.

#### 2.1.1. Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). The Financial Statements were authorized for issue by the Board of Directors on 12 Bhadra 2082. These financial statements are also prepared in accordance with the relevant presentation requirements of the Companies Act 2063 of Nepal.

#### 2.1.2. Basis of Measurement

The Financial Statements have been prepared under historical cost convention basis except for the items that are measured and presented at fair value as required by relevant NFRS as explained in respective notes. These financial statements cover the reporting period from 1st Shrawan 2081 to 32nd Ashadh 2082.

#### 2.1.3. Critical Accounting Estimates

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

#### 2.1.4. Functional and Presentation Currency

These financial statements are prepared in Nepalese Rupees which is the functional currency of the company. For presentation purpose, all amounts have been rounded to the nearest rupee, unless otherwise indicated. Functional currency is the currency of the primary economic environment in which the company is operated and company's all transactions including income.

#### 2.1.5. Accounting Policies

Preparation of financial statements in accordance with Nepal Financial Reporting Standards (NFRS) requires the management to make use of significant accounting policies, judgments and estimates that affect the reported amount

of assets and liabilities, income and expenses, and disclosures of contingent items during the reporting period. These accounting policies adopted are used on consistent basis. Estimates are reviewed on continuous basis. Revision to accounting estimates is recognized in the period in which the estimates are revised. The significant accounting policies adopted, judgments and estimates while preparing these financial statements in accordance with NFRS, except as stated, are set out in corresponding notes.

#### **2.1.6. Impairment of Non-financial assets (excluding inventories, investment properties and deferred tax assets)**

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest parts of assets to which it belongs for which there are separately identifiable cash flows and its cash generating units.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

#### **2.1.7. Property, Plant and Equipment**

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

#### **2.1.8. Depreciation**

Depreciation is provided on all items of property, plant, and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on diminishing balance method as per income Tax Act 2058. The rate of depreciation for property, plant and equipment for intangible assets are as follow:

S.NO.	ASSETS	RATE
1.	Office equipment	25%
2.	Furniture and Fixtures	25%
3.	Vehicles	20%
4.	Plant and Machinery	15%
5.	Intangible and Leasehold	20%

#### **2.1.9. Leased Assets**

When all the risks and rewards incidental to ownership of a leased asset are transferred to the Company (a Finance Lease), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between principal and interest. The interest element is charged to the statement of comprehensive income over the period of the lease so that it represents a constant proportion of the lease liability. The principal element reduces the balance owed to the lesser.

When all the risks and rewards incidental to ownership are not transferred to the company (an Operating Lease), the total rentals payable under the lease are charged to the statement of comprehensive income over the lease term. The aggregate

benefit of lease incentives is recognized as a reduction of the rental expenses over the lease term.

#### **2.1.10. Intangible Assets**

##### **Computer Software**

Purchased computer software licenses are capitalized based on the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated lives of 5 years.

#### **2.1.11. Investments**

##### **Investments in debt and equity securities**

Investments held for trading (FVTPL) are classified as current assets and are stated at Fair Value and government bonds held to maturity are stated at amortized cost less impairment losses.

#### **2.1.12. Trade and other receivables**

Trade and other receivables are stated at their cost less provision for impairment. The amount of the provision is recognized in the income statement.

#### **2.1.13. Inventories**

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

#### **2.1.14. Cash and cash equivalents**

Cash and cash equivalents comprise cash equivalents, cash balances, call and current deposits at Bank.

#### **2.1.15. Impairment**

The carrying amounts of the company's assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are in the income statement.

#### **2.1.16. Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The company's equity shares are classified as equity instruments.

#### **2.1.17. Taxation (including deferred taxes)**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity. Current tax is the expected tax payable on the taxable income for the year using tax rate 30% at the balance sheet date and any adjustment to tax payable in respect of previous years as specified by the Income Tax Act 2058.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected-on realization or settlement of the carrying amount of assets and liabilities using tax rate 30% at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against

which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

#### **2.1.18. Trade and other payables**

Trade and other payables are stated at their cost.

#### **2.1.19. Revenue**

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable. The management of the company determines the amount of revenue based on the applicable service agreement. Fees and commission arising from transactions are recognized on the basis of completion of underlying transaction as stated in the service agreement. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

##### **a. Commission Income**

A brokerage company earns its primary income through commissions, which are fees charged for facilitating transactions between buyers and sellers of securities. This commission is typically a percentage of the trade value or a flat fee per transaction, depending on the agreement and market practices.

##### **b. Interest Income**

Interest income is recognized using effective interest rate method.

##### **c. Other Income**

Other income is recognized when it is probable that consideration associated with the relevant event is confirmed or realized.

#### **2.1.20. Expenses**

All Expenses except specially mentioned are accounted on accrual basis.

All expenses incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year and presented in statement of profit or loss.

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the company is before income tax expense and after making provision for all known liabilities and for the depreciation of Property, Plant and Equipment.

### **3. NOTES OF ACCOUNTS**

#### **3.1.1. Paid up Share Capital**

Promoted of the Company has injected NPR 200,000,000.00 (Rupees twenty crores only) as paid-up Share capital. Machhapuchchhre Bank Limited is the sole promoter of the Company or as holding Company of this Company.

#### **3.1.2. Provision for Corporate Tax**

The Company has made loss of Rs. 4,483,195.29 during FY 2081/82

### 3.1.3. Interest Income and Its's Tax

During this financial year fixed deposit amount has been matured and the Company has earned Rs. 1,883,180.00 as interest income from fixed deposit and saving account and tax on interest amount is Rs. 282,477.00.

### 3.1.4. Transaction with Related Parties

Business transactions were conducted with related parties at arm's length. Details of related party transaction were as follows:

NAME OF RELATED PARTY	AMOUNT (IN NRS.)	NATURE OF RELATED PARTY	REMARKS
MBL- Current Account	6,169,725.35	Holding Company	Balance at current Account
MBL – Interest	1,883,180.02	Holding Company	Interest in MBL FD Account
MBL OD Interest	1,662,768.34	Holding Company	Interest on OD
MBL Bank Guarantee	2,00,00,000.00	Holding Company	Off balance sheet BG fee 2,40,000/00 paid
<b>Total</b>	<b>2,97,15,673.71</b>		<b>Including off balance sheet items</b>

OD loan amount of Rs. 148,931,484.24 has been settled after adjusting against fixed deposit and Fixed Deposit amount has been matured during this financial year.

### 3.1.5. Re-classification and Re-grouping

Previous year's Figures have been recast/ restated wherever necessary.

**MACHHAPUCHCHHRE  
CAPITAL LIMITED**

**Independent Auditor's Report**

**To the Shareholders of Machhapuchhre Capital Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of the Machhapuchhre Capital Limited (the "Company"), which comprise the statement of financial position as at Ashadh 32, 2082 (July 16, 2025), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 32, 2082 (July 16, 2025), and of its financial performance and its cash flow for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

**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 *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	Auditor's Response
1.	<p><b>Revenue Recognition</b> The revenue of the company has to be recognized on accrual basis. Revenue is derived from multiple service offerings being initial and annual fees, commission income and other income.</p> <p>As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams, being RTS fees, DP commission income, advisory fee, PMS fee, mutual fund scheme management fee and other related fees. Revenue may also be misstated due to errors in system calculations or manual processes.</p>	<p>Our audit approach regarding verification of process of interest recognition included:</p> <ol style="list-style-type: none"> <li>Understanding and evaluating the controls and processes over the recording of revenue in system level and control in place for manual processes. We also assessed the revenue recognition policies adopted by the group for compliance with the relevant accounting standards.</li> <li>Obtaining the detailed breakup revenue from individual stream and reconciled the same with general ledger and financial statements.</li> <li>We reviewed the contracts, wherever applicable to ensure whether revenue as per contract is recognized or not.</li> <li>We performed risk-based target testing of revenue journals posted into the general ledger which included identification of those journals posted to revenue which did not follow expected posting pattern.</li> </ol>
2.	<p><b>Information Technology General Controls</b> IT controls with respect to recording of transactions, generating various reports in compliance with SEBON guidelines and other</p>	<p>Our audit approach regarding Information technology of the company is included:</p> <ol style="list-style-type: none"> <li>Understanding the coding system adopted by the</li> </ol>



<p>compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of the information systems used.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>company for various categories of customers</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company</p> <p>c. Reviewing the reports generated by the system on sample basis. We also verified the income booking under various revenue stream on test basis with the system.</p>
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### ***Responsibility of Management and Those Charged with Governance for the Financial Statements***

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

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

### ***Report on the requirements of Company Act, 2063***

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.



Aman Uprety  
Partner

Place: Kathmandu, Nepal  
Date: July 23, 2025

UDIN: 250728CA004519eu54

## STATEMENT OF FINANCIAL POSITION

AS AT Ashad 32, 2082 (July 16, 2025)

Amount in Rs.

PARTICULARS	SCHEDULE	32/03/2082	31/03/2081
<b>ASSETS</b>			
<b>A. NON CURRENT ASSETS</b>			
Property, Plant and Equipment	3.1	17,843,051	20,352,943
Intangible Assets	3.2	2,818,452	841,176
Financial Instruments Measured At Amortized Cost	3.3		-
Investment in Associates	3.4	69,281,656	69,868,628
Deferred Tax Assets	3.5	-	2,447,169
Trade & Other Receivables	3.6	400,000	400,000
<b>Total Non Current Assets</b>		<b>90,343,158</b>	<b>93,909,915</b>
<b>B. Current Assets</b>			
Cash and Cash Equivalents	3.7	11,958,165	9,002,040
Financial Assets Measured At Amortized Cost	3.8	24,900,000	16,100,000
Financial Assets Held At Fair Value Through P/L	3.9	168,886,290	179,473,772
Advance Tax		16,497,379	13,467,704
Trade & Other Receivable	3.10	30,345,165	6,807,545
<b>Total Current Assets</b>		<b>252,586,999</b>	<b>224,851,061</b>
<b>Total Assets (A+B)</b>		<b>342,930,158</b>	<b>318,760,977</b>
<b>Equity And Liabilities</b>			
<b>C. Equity</b>			
Share Capital	3.11	286,339,500	286,339,500
Share Premium		1,102,804	1,102,804
Reserves and Surplus	3.12	26,426,574	10,487,501
<b>Total Equity</b>		<b>313,868,877</b>	<b>297,929,804</b>
<b>D. Non Current Liabilities</b>			
Lease Liability		13,112,674	14,451,272
Employee Benefit Liability	3.13	2,263,306	1,975,838
Deferred Tax Liability		1,614,280	-
<b>Total Non Current Liabilities</b>		<b>16,990,260</b>	<b>16,427,110</b>
<b>E. Current Liabilities</b>			
Short Term Loan		-	-
Employee Benefit Liability	3.13	2,895,229	54,398
Income Tax Payable		-	168,095
Trade & Other Payable	3.14	9,175,791	4,181,569
<b>Total Current Liabilities</b>		<b>12,071,021</b>	<b>4,404,063</b>
<b>Total Liabilities (C+D+E)</b>		<b>342,930,158</b>	<b>318,760,977</b>

**Bikash K.C.**  
In-charge, Finance

**Prasidha Raj Aryal**  
Director

**Sabita Shah Thakuri**  
Director

**Upendra Malakar**  
Chief Executive Officer

**Dip Prakash Panday**  
Director

**Bishwambhar Neupane**  
Chairman

**Sudeep Khanal**  
Director

As per our report of event date

**Aman Uprety**  
For, S.A.R. & Associates  
Chartered Accountants

Date: 07.04.2082  
Place : Kathmandu

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 2081/04/01 (2024/07/16) TO 2082/03/32 (2025/07/16)

Amount in Rs.

PARTICULARS	SCHEDULE	2081/82	2080/81
<b>INCOME</b>			
Revenue From Operation	3.15	58,099,070	42,381,206
Income From Investment	3.16	8,194,072	6,160,275
Net Gain From Financial Instruments-FVTPL	3.17	25,142,808	6,558,010
Other Income	3.18	1,073,774	1,350,339
<b>Total Income</b>		<b>92,509,725</b>	<b>56,449,830</b>
Operating Expenses	3.19	24,923,742	23,159,756
Employee Expenses	3.20	25,004,239	19,864,801
Building and Premises Cost	3.21	931,481	988,995
Administrative Expenses	3.22	10,230,310	6,429,481
Net Loss From Financial Instruments-FVTPL	3.16	-	-
Interest Expenses		1,307,124	1,717,149
Depreciation	3.1	3,558,640	3,473,940
Amortization	3.2	801,432	412,616
<b>Total Expenses</b>		<b>66,756,969</b>	<b>56,046,738</b>
<b>Profit / Loss Before Tax &amp; Share of Result in Associates</b>		<b>25,752,756</b>	<b>403,092</b>
Income Tax Expense	3.23	8,935,166	705,209
<b>Profit (Loss) before Share of Result in Associates</b>		<b>16,817,591</b>	<b>(302,118)</b>
Share of Profit of Investment in Associate		(586,972)	375,689
<b>Profit (Loss) for the year</b>		<b>16,230,619</b>	<b>73,571</b>
<b>Other Comprehensive Income / (Expenses)</b>			
Actuarial Gains / (Losses) On Defined Benefits Plan			-
<b>Total Other Comprehensive Income / (Expenses)</b>			-
Less: Tax Expense Relating To Components Of OCI			-
<b>Total Comprehensive Income For The Year</b>			-
<b>Profit/ (Loss) Attributable To Equity Share Holders</b>		<b>16,230,619</b>	<b>73,571</b>
Earning Per Share (BEPS)		5.67	0.03
Diluted Earning Per Share (DEPS)		5.67	0.03

**Bikash K.C.**  
In-charge, Finance

**Upendra Malakar**  
Chief Executive Officer

**Bishwambhar Neupane**  
Chairman

As per our report of event date

**Prasidha Raj Aryal**  
Director

**Dip Prakash Panday**  
Director

**Sudeep Khanal**  
Director

**Sabita Shah Thakuri**  
Director

**Aman Uprety**  
For, S.A.R. & Associates  
Chartered Accountants

Date: 07.04.2082  
Place : Kathmandu

## STATEMENT OF CASH FLOW

FOR THE PERIOD 2081/04/01 (2024/07/16) TO 2082/03/32 (2025/07/16)

Amount in Rs.

PARTICULARS	32/03/2082	31/03/2081
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation And Extraordinary Items	25,752,756	403,092
<b>Adjustment For:</b>		
Depreciation	1,798,519	3,473,940
Amortisation	801,432	412,616
Less- Unrealised Gain	(11,007,402)	
Less- Realised Gain	(14,135,406)	
Less- Dividend Income	(745,045)	
Non cash income and Expenses	26,257	
Prior Period Income/Expenses Adjustment	0	-
Income From Sweat Equity		
Deferred Tax (Income)/Expense		
Gain On Sales Of Assets	4052	
Net Gains/(Losses) On Fair Value Through OCI		-
Interest Income	(8,194,072)	
Interest Expenses		
<b>Operating Profit Before Working Capital Changes</b>	<b>(5,698,909)</b>	<b>4,289,648</b>
Decrease / (Increase) In Trade And Other Receivable	(26,567,295)	19,302,533
(Decrease) / Increase In Trade And Other Payables	(47,589)	(4,381,927)
(Decrease) / Increase In Employee Benefit Payables	3,128,299	(943,886)
(Decrease) / Increase In Non-Current Liabilities	(1,338,598)	(1,099,136)
Decrease / (Increase) In Other Non Current Assets	-	-
Changes in Deferred tax Assets/Liabilites	-	-
Income Tax Paid	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(30,524,093)</b>	<b>17,167,231</b>
<b>Cash Flows From Investing Activities</b>		
(Purchase) Of Property, Plant & Equipment	(3,857,816)	(6,417,100)
Change in ROU	1,760,121.00	
Sale Of Property, Plant & Equipment	50	-
Add- Dividend Income	745,045	
Interest Income	8,194,072	
(Purchase)/Sell of Investment Assets measured at Amortised Cost	(8,800,000)	
(Purchase)/Sell of Investment Assets measured at FVTPL (Net)	35,730,291	
Investment In Financial Assets		
Investment In Financial Assets	-	(10,910,750)
<b>Net Cash Flow From Investing Activities</b>	<b>33,771,763</b>	<b>(17,327,850)</b>

Contd...STATEMENT OF CASH FLOW

Amount in Rs.

PARTICULARS	32/03/2082	31/03/2081
<b>Cash Flows From Financing Activities</b>		
Decrease In CSR Reserve	(291,546)	-
Proceeds/ (Payment) From Loan	-	-
Dividend Paid	-	-
Interest Paid	-	-
<b>Net Cash Flow From Financing Activities</b>	<b>(291,546)</b>	<b>-</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>2,956,124</b>	<b>(160,620)</b>
<b>Cash And Cash Equivalents At Beginning Of Period</b>	<b>9,002,040</b>	<b>9,162,660</b>
<b>Cash And Cash Equivalents At End Of Period</b>	<b>11,958,165</b>	<b>9,002,040</b>

**Sagar Aryal**  
In-charge, Finance

**Upendra Malakar**  
Chief Executive Officer

**Bishwambhar Neupane**  
Chairman

As per our report of event date

**Prasidha Raj Aryal**  
Director

**Dip Prakash Panday**  
Director

**Sudeep Khanal**  
Director

**Sabita Shah Thakuri**  
Director

**Aman Uprety**  
For, S.A.R. & Associates  
Chartered Accountants

Date: 07/04/2082  
Place : Kathmandu

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 2081/04/01 (2024/07/16) TO 2082/03/32 (2025/07/16)

Amount in Rs.

PARTICULAR	SHARE CAPITAL	RETAINED EARNING	EXCHANGE FLUCUATION FUND	SHARE PREMIUM	CSR PROVISION	GENERAL RESERVE	TOTAL
<b>BALANCE AS ON 01/04/2079</b>	<b>286,339,500</b>	<b>1,455,422</b>	-	-	<b>258,315</b>	<b>3,542,589</b>	<b>291,595,826</b>
Prior Period Income/Expenses Adjustment		(716,877)					(716,877)
Bonus Share Distribution	-	-					-
Cash Dividend Distribution		-					-
Net Profit (Loss) During The Period		8,717,665			(20,000)	-	8,697,665
Provision For General Reserve		(871,767)				871,767	-
Provision For CSR Reserve		(87,177)			87,177		-
<b>BALANCE AS ON 31/03/2080</b>	<b>286,339,500</b>	<b>8,497,267</b>	-	-	<b>325,492</b>	<b>4,414,356</b>	<b>299,576,614</b>
<b>BALANCE AS ON 01/04/2080</b>	<b>286,339,500</b>	<b>8,497,267</b>	-	-	<b>325,492</b>	<b>4,414,356</b>	<b>299,576,614</b>
Prior Period Income/Expenses Adjustment		(2,823,185)		1,102,804			(1,720,382)
Net Profit (Loss) During The Period		73,571			-	-	73,571
Provision For General Reserve		(7,357)				7,357	-
Provision For CSR Reserve		(736)			736		-
<b>BALANCE AS ON 31/03/2081</b>	<b>286,339,500</b>	<b>5,739,561</b>	-	<b>1,102,804</b>	<b>326,227</b>	<b>4,421,713</b>	<b>297,929,804</b>
<b>BALANCE AS ON 01/04/2081</b>	<b>286,339,500</b>	<b>5,739,561</b>	-	<b>1,102,804</b>	<b>326,227</b>	<b>4,421,713</b>	<b>297,929,804</b>
Prior Period Income/Expenses Adjustment		-		-	(291,546)		(291,546)
Net Profit (Loss) During The Period		16,230,619			-	-	16,230,619
Provision For General Reserve		(1,623,062)				1,623,062	-
Provision For CSR Reserve		(162,306)			162,306		-
<b>BALANCE AS ON 32/03/2082</b>	<b>286,339,500</b>	<b>20,184,811</b>	-	<b>1,102,804</b>	<b>196,988</b>	<b>6,044,775</b>	<b>313,868,877</b>

**Bikash K.C.**  
In-charge, Finance

**Upendra Malakar**  
Chief Executive Officer

**Bishwambhar Neupane**  
Chairman

As per our report of event date

**Prasidha Raj Aryal**  
Director

**Dip Prakash Panday**  
Director

**Sudeep Khanal**  
Director

**Aman Uprety**  
For, S.A.R. & Associates  
Chartered Accountants

**Sabita Shah Thakuri**  
Director

Date: 07/04, 2082  
Place: Kathmandu

### SCH 3.1: PROPERTY PLAN & EQUIPMENTS

PARTICULARS	32/03/2082	31/03/2081
<b>Cost</b>		
Opening Balance of Accumulated PPEs	30,031,230	23,749,730
Additions during the year	1,076,767	6,281,500
Writeoff	(23,916)	
Disposal	(4,102)	-
<b>Closing Balance of Accumulated PPEs</b>	<b>31,079,979</b>	<b>30,031,230</b>
<b>Accumulated Depreciation</b>		
Opening Balance of Accumulated Depreciation	9,678,287	6,204,347
Additions during the year	3,558,640	3,473,940
Disposal		-
<b>Closing Blance of Accumulated Depeciation</b>	<b>13,236,928</b>	<b>9,678,287</b>
<b>Carrying Amount as at 16 July 2024</b>		<b>20,352,943</b>
<b>Carrying Amount as at 16 July 2025</b>	<b>17,843,051</b>	

### SCH 3.2: INTANGIBLE ASSETS

PARTICULARS	32/03/2082	31/03/2081
<b>Cost</b>		
Opening Balance of Accumulated Intangible Assets	2,191,251	2,055,651
Additions during the year	2,781,049	135,600
Writeoff	(2,341)	
Right of Lease Assets		-
Acquired through business Combination		-
Disposal		-
<b>Closing Balance of Accumulated Intangible Assets</b>	<b>4,969,959</b>	<b>2,191,251</b>
<b>Accumulated Amortization and Impairment</b>		
Opening Balance of Accumulated Amortization	1,350,075	937,459
Additions during the year	801,432	412,616
Accumulated Amortization on Right of Lease Assets		-
Revaluation		-
Disposal		-
<b>Closing Blance of Accumulated Amortization</b>	<b>2,151,507</b>	<b>1,350,075</b>
<b>Carrying Amount as at 16 July 2024</b>		<b>841,176</b>
<b>Carrying Amount as at 16 July 2025</b>	<b>2,818,452</b>	

### SCH 3.3: FINANCIAL ASSETS HELD AT AMORTIZED COST

PARTICULARS	32/03/2082	31/03/2081
<b>Financial Assets Held At Amortized Cost</b>		
Debenture Investment		-
<b>Total</b>	<b>-</b>	<b>-</b>

#### SCH 3.4: INVESTMENT IN ASSOCIATES

PARTICULARS	32/03/2082	31/03/2081
Unlisted Promoter Share Investement - KVFL	69,868,628	69,492,939
Gain/loss on investement	(586,972)	375,689
<b>Total</b>	<b>69,281,656</b>	<b>69,868,628</b>

#### SCH 3.5: DEFERRED TAX ASSETS/ (LIABILITY)

PARTICULARS	32/03/2082	31/03/2081
Deferred Tax Assets at Shrawan 1, 2080	2,447,169	3,152,378
Add: Deferred Tax Income/(Expenses)	(4,061,449)	(705,209)
<b>Closing Deferred Tax Assets/ (Liability)</b>	<b>(1,614,280)</b>	<b>2,447,169</b>

### SCH 3.1: PROPERTY PLANT AND EQUIPMENT

PARTICULARS	COMPUTER & ACCESSORIES	FURNITURE & FIXTURES (METAL)	FURNITURE & FIXTURES (WOODEN)	LEASEHOLD ASSETS	OFFICE EQUIPMENT	VEHICLE	RIGHT OF LEASEASSETS	TOTAL
Balance at 31 Ashad 2081	2,653,356	252,406	355,624	2,302,924	789,895	6,075,811	17,601,215	30,031,230
Additions during the year	420,000		185,000		471,767			1,076,767
<b>Balance at 31 Ashad 2082</b>	<b>3,073,356</b>	<b>252,406</b>	<b>540,624</b>	<b>2,302,924</b>	<b>1,261,661</b>	<b>6,075,811</b>	<b>17,601,215</b>	<b>31,107,997</b>
<b>Depreciation and Impairment Losses</b>								
Balance at 31 Ashad 2081	1,596,796	71,997	108,857	537,554	236,611	966,046	4,400,304	7,918,166
Depreciation charged for the year	540,952	25,171	46,232	229,661	79,871	865,846	1,760,121	3,547,856
<b>Balance at 31 Ashad 2082</b>	<b>2,137,748</b>	<b>97,169</b>	<b>155,089</b>	<b>767,216</b>	<b>316,482</b>	<b>1,831,892</b>	<b>6,160,425</b>	<b>11,466,022</b>
<b>Net Carrying amount at 31 Ashad 2081</b>	<b>1,056,560</b>	<b>180,409</b>	<b>246,767</b>	<b>1,765,369</b>	<b>553,283</b>	<b>5,109,765</b>	<b>13,200,911</b>	<b>22,113,064</b>
<b>Net Carrying amount at 31 Ashad 2082</b>	<b>935,608</b>	<b>155,237</b>	<b>385,535</b>	<b>1,535,708</b>	<b>945,179</b>	<b>4,243,919</b>	<b>11,440,789</b>	<b>19,641,976</b>

### SCH 3.6: TRADE & OTHER RECEIVABLES

PARTICULARS	32/03/2082	31/03/2081
License Deposit	300,000.00	300,000
Security Deposit	100,000.00	100,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>

### SCH 3.7: BANK BALANCE

PARTICULARS	32/03/2082	31/03/2081
Cash In Hand	-	-
Gold & Silver Coins	15,950.00	15,950
Bank Balance At Mbl	11,633,975	7,795,259
Bank Balance At Other Financial Institutions	308,241	1,190,831
<b>Total</b>	<b>11,958,165</b>	<b>9,002,040</b>

### SCH 3.8: FINANCIAL ASSETS HELD AT AMORTIZED COST

PARTICULARS	32/03/2082	31/03/2081
Investment In MBL FD	23,500,000	15,000,000
Muktinath Bikas Bank Ltd. FD	1,400,000	1,100,000
<b>Total</b>	<b>24,900,000</b>	<b>16,100,000</b>

### SCH 3.9: FINANCIAL ASSETS HELD AT FAIR VALUE (FVTPL)

PARTICULARS	32/03/2082	31/03/2081
Investment In Equities	88,606,445	105,660,966
Investment In Mutual Fund	8,884,456	18,219,744
Investment In Seed money Mutual Fund	15,073,272	
Debenture Investment	56,322,117	55,593,062
<b>Total</b>	<b>168,886,290</b>	<b>179,473,772</b>

### SCH 3.10: TRADE & OTHER RECEIVABLES

PARTICULARS	32/03/2082	31/03/2081
Accrued Interest Receivable On FD	-	6,829
Accrued Interest Receivables On Debenture	-	-
Prepaid Insurance & Expenses	154,457	73,075
Stationery Asset	33,363	39,366
Prepaid Computer And Internet Charge	73,198	300,516
Advances For Investments	1,039,940	1,039,940
Promoter Share Advance (Nepal Infrastructure)	20,000,000	
Receivables From Other Parties	9,044,207	5,347,818
<b>Total</b>	<b>30,345,165</b>	<b>6,807,545</b>

### SCH 3.11: SHARE CAPITAL

PARTICULARS	32/03/2082	31/03/2081
<b>Authorized Share Capital</b>		
(4,000,000 ORDINARY SHARES OF Rs 100 EACH)	400,000,000	400,000,000
<b>Issued Share Capital</b>		
(3,368,700 ORDINARY SHARES OF Rs 100 EACH)	336,870,000	336,870,000
<b>Subscribed &amp; Paid Up Share Capital</b>		
(2,863,395 ORDINARY SHARES OF Rs. 100 EACH)	286,339,500	286,339,500

### SCH 3.12: RETAINED EARNING AND RESERVES

PARTICULARS	32/03/2082	31/03/2081
Retained Earning	20,184,811	5,739,561
General Reserve	6,044,775	4,421,713
Provision For CSR	196,988	326,227
<b>Total</b>	<b>26,426,574</b>	<b>10,487,501</b>

### SCH 3.13: EMPLOYEE BENEFIT LIABILITY (CURRENT/NON-CURRENT)

PARTICULARS	32/03/2082	31/03/2081
<b>Employee Benefit Liability (Current)</b>		
Provident Fund Payable		-
Retirement Fund	-	-
Provision For Bonus	2,861,417	44,788
Salary And Perks Payable	33,812	9,610
<b>Total</b>	<b>2,895,229</b>	<b>54,398</b>
<b>Employee Benefit Liability (Non-Current)</b>		
Leave Provision	2,245,086	1,957,618
Provision For Gratuity Encashment A/C		-
Welfare Fund	18,220	18,220
<b>Total</b>	<b>2,263,306</b>	<b>1,975,838</b>

### SCH 3.14: TRADE AND OTHER PAYABLES

PARTICULARS	32/03/2082	31/03/2081
Sundry Payable	239,603	258,738
Cds And Clearing Limited	900,938	1,524,712
Sebon Fee Payable	2,061,987	1,000,666
Advance Income Payable	-	428,655
Tds Payable	3,600	344,402
Provision For Expenses	67,700	1,237
Tax, Duties and Service Charges	236,993	
Provision For Income Tax	5,664,970	623,159
<b>Total</b>	<b>9,175,791</b>	<b>4,181,569</b>

### SCH 3.15: INCOME FROM OPERATION

PARTICULARS	32/03/2082	31/03/2081
Underwriting Service Fee Income	4,767,338	7,476,393
Income From Corporate Financial Advisory	7,374,890	5,970,918
Income From Portfolio Management Services	7,409,296	1,329,740
Income from Issue Management	650,000	
Income From RTA/RTS Fee Income	48,000	
Income From Mutual Fund Operations	6,345,080	
Depository Participant Income	31,504,466	27,604,155
<b>Total</b>	<b>58,099,070</b>	<b>42,381,206</b>

### SCH 3.16: INTEREST INCOME HEAD

PARTICULARS	32/03/2082	31/03/2081
Interest From Debentures And Bond	4,900,567	2,872,470
Interest Income	196,338	192,184
Promoter Advance Interest Income	-	241,020
Interest Income From Fixed Deposits	3,097,166	2,854,600
<b>Total</b>	<b>8,194,072</b>	<b>6,160,275</b>

### SCH 3.17: NET GAIN/LOSS FROM FINANCIAL INSTRUMENTS-FVTPL

PARTICULARS	32/03/2082	31/03/2081
<b>Net Gains Of Financial Instruments-FVTPL</b>	<b>32/03/2082</b>	<b>31/03/2081</b>
Income From Sale Of Investment (Realized Gain)	14,248,226	3,819,734
Net Gains/(Losses) Of Financial Investments-FVTPL	11,007,402	-
<b>Total</b>	<b>25,255,628</b>	<b>3,819,734</b>
<b>Net Losses Of Financial Investments-FVTPL</b>		
Loss On Sale Of Investment (Realized Loss)	112,820	1,662,434
Net Gains/(Losses) Of Financial Investments-FVTPL		(4,400,711)
<b>Total</b>	<b>112,820</b>	<b>(2,738,276)</b>

### SCH 3.18: OTHER INCOME

PARTICULARS	32/03/2082	31/03/2081
Rent Income	240,000	240,000
Dividend Income	756,309	1,103,204
Miscellaneous Income	77,464	7,035
Service Income		100
<b>Total</b>	<b>1,073,774</b>	<b>1,350,339</b>

### SCH 3.19: OPERATING EXPENSES

PARTICULARS	32/03/2082	31/03/2081
Dp Service Expenses	7,549,956	7,114,112
Dp Expenses To Mbl	14,288,962	14,288,962
License Fee And Renewal Charges	585,000	585,000
Registration Fee And Application Charges	22,187	1,050
Sebon Fee Expenses	2,477,636	1,170,632
<b>Total</b>	<b>24,923,742</b>	<b>23,159,756</b>

### SCH 3.20: EMPLOYEE EXPENSES

PARTICULARS	32/03/2082	31/03/2081
Salary Expenses	12,597,510	11,998,344
Staff Provident Fund	785,730	751,139
Gratuity Expenses	654,523	625,699
Annual Force Leave Payment	981,219	975,498
Dashain Allowances	943,106	1,054,973
Business Incentive Allowance		18,615
Other Allowances	2,111,164	1,953,102
Staff Overtime Expenses	133,469	78,381
Leave Encashment Expenses	736,978	862,454
Statutory Bonus	2,861,417	44,788
Team Building Expenses	604,006	255,324
Training and Development		45,000
Training And Development Expenses	652,284	301,130
Staff Insurances	262,652	187,876
Dearness Allowance	1,680,181	712,477
<b>Total</b>	<b>25,004,239</b>	<b>19,864,801</b>

### SCH 3.21: BUILDING AND PREMISES COST

PARTICULARS	32/03/2082	31/03/2081
Cleaning Charges	24,623	37,712
JDA- Expenses	208,186	
Medical And Supplies	8,936	7,765
Office Electricity Expenses	212,278	297,205
Security Charges	73,003	224,852
Security Guard Expenses	340,846	332,946
Water And Utilities	63,610	88,515
<b>Total</b>	<b>931,481</b>	<b>988,995</b>

### SCH 3.22: ADMINISTRATIVE EXPENSES

PARTICULARS	32/03/2082	31/03/2081
Advertisement And Publication	827,072	377,393
Allowance And Travel Expenses	1,058,234	251,936
Annual General Meeting Expenses	119,090	46,350
Anniversary Expenses	6,648	
Audit Fee	113,000	146,900
Bad Debts	1,360,440	
Bank Charges	6,663	10,600
Board Meeting Allowances	525,000	381,000
Board Meeting Expenses	35,300	25,710
Branding Expenses	383,160	302,500
Committee Meeting Allowances		318,000
Computer And Internet Charge	1,960,403	1,470,566
Electrical And Wiring Expenses	63,634	40,146
Festival Expenses	44,680	51,375
Fuel Expenses	285,517	245,708
Fund Management Quality Rating Fee	197,750	
Guest Entertainment Expenses	1,360	7,755
Insurance Expenses	69,210	87,932
Legal And Advisory Expenses	39,550	33,900
Lunch Expenses	107,628	115,983
Audit Meeting Expenses	7,521	
Audit Committe Meeting Allowance	192,000	
Investment Committee Meeting Allowances	216,000	
HR Committee Meeting Allowances	144,000	
HR Meeting Expenses	10,577	
Meeting Expenses	22,572	27,494
Office Expenses	8,450	24,143
Office Goods	-	19,063
Office Tools And Furniture	10,650	18,650
Other Expenses	52,416	12,133
Membership Charge	20,000	
Loss on Sale of Assets	4,052	
Pantry Expenses	298,409	280,022
Parking Charges	9,465	12,121
Repair And Maintenance Expenses	95,951	120,457
Share Transaction Charges	484,336	329,647
Staff Outsource Service	446,596	990,342
Stationery Expenses	391,637	386,172
Software Expenses	381,086	
Taxes & Duties	73,530	179,931
Telephone And Communication	53,000	52,100
Transportation Expenses	15,868	23,283
Vehicle Servicing & Cleaning Charges	87,854	40,169
<b>Total</b>	<b>10,230,310</b>	<b>6,429,481</b>

### SCH 3.23: INCOME TAX EXPENSES

PARTICULARS	32/03/2082	31/03/2081
Current Tax	4,873,716	-
Previous Year Tax		-
Deferred Tax (Income)/Expense	4,061,449	705,209
<b>Total</b>	<b>8,935,166</b>	<b>705,209</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Period ended 32nd Ashad 2082 (16th July 2025)

## 1. CORPORATE INFORMATION

Machhapuchchhre Capital Ltd., (hereinafter referred to as MCL or as a Licensed Institution, or as a Company) is a Financial Institution incorporated under Companies Act, 2063 (first Amendment 2074) on 24th September 2017 as a public limited company with Registration No. 175859/074/075. MCL has obtained an operating license from the Security Board of Nepal (SEBON) on 07th Magh, 2076 with License Number 051 as required under Securities Act, 2073. The Company is also registered with Inland Revenue Department (IRD) with PAN No. 606877121. The Registered office of MCL is situated at Kathmandu Metropolitan - Ward No. 11, JDA Complex, Bagdurbar, Sundhara and registered at Kathmandu Metropolitan City on 29th Ashadh, 2077 with Registration No. 3823

Machhapuchchhre Kriti Capital Limited (MCL) changed its name to Machhapuchchhre Capital Limited on 10th Kartik 2078 by second Annual General Meeting and completed the name changed from Office of Company Registrar Office on 23th Mangsir, 2078.

MCL, as a licensed Merchant Banker, has been providing Portfolio Management Services, Corporate Financial Services, Underwriting Services and Depository Participants Services and, also a qualified institution investors licensed from Securities Board of Nepal.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The Financial Statements are prepared on accrual and going concern basis. The accounting Policies are applied consistently to all the period presented in the financial statements including the preparation of the Nepal Financial Reporting Standards (NFRS) Statement of Financial Position.

#### 2.1.1. Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). The Financial Statements were authorized for issue by the Board of Directors on 7th Shrawan 2082. These financial statements are also prepared in accordance with the relevant presentation requirements of the Companies Act 2063 of Nepal.

#### 2.1.2. Basis of Measurement

The Financial Statements have been prepared under historical cost convention basis except for the items that are measured and presented at fair value as required by relevant NFRS as explained in respective notes. These financial statements cover the reporting period from 1st Shrawan 2081 to 32nd Ashadh 2082.

#### 2.1.3. Critical Accounting Estimates

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

#### 2.1.4. Functional and Presentation Currency

These financial statements are prepared in Nepalese Rupees which is the functional currency of the company. For presentation purpose, all amounts have been rounded to the nearest rupee, unless otherwise indicated. Functional currency is the currency of the primary economic environment in which the company is operated and company's all transactions including income.

### 2.1.5. Accounting Policies

Preparation of financial statements in accordance with Nepal Financial Reporting Standards (NFRS) requires the management to make use of significant accounting policies, judgments and estimates that affect the reported amount of assets and liabilities, income and expenses, and disclosures of contingent items during the reporting period. These accounting policies adopted are used on consistent basis. Estimates are reviewed on continuous basis. Revision to accounting estimates is recognized in the period in which the estimates are revised. The significant accounting policies adopted, judgments and estimates while preparing these financial statements in accordance with NFRS, except as stated, are set out in corresponding notes.

### 2.1.6. Impairment of Non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest parts of assets to which it belongs for which there are separately identifiable cash flows and its cash generating units.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

### 2.1.7. Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

### 2.1.8. Depreciation

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

Depreciation has been computed on SLM Method. The estimate useful lives for the assets are as follows:

ASSETS	LIFE
Leasehold assets	10 years
Office equipment	10 years
Wooden furniture	8 years
Metal Furniture	10 years
Vehicles	7 years
Computer and printer	5 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the statement

of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

### **2.1.9. Leased Assets**

When all the risks and rewards incidental to ownership of a leased asset are transferred to the Company (a Finance Lease), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between principal and interest. The interest element is charged to the statement of comprehensive income over the period of the lease so that it represents a constant proportion of the lease liability. The principal element reduces the balance owed to the lesser.

When all the risks and rewards incidental to ownership are not transferred to the company (an Operating Lease), the total rentals payable under the lease are charged to the statement of comprehensive income over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expenses over the lease term.

### **2.1.10. Intangible Assets**

#### **Computer Software**

Purchased computer software licenses are capitalized based on the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated lives of 5 years.

#### **Business License**

Acquiring business licenses are capitalized based on the costs incurred to acquire the license for operation of business. These costs are amortized over 5 years from date of business license.

### **2.1.11. Investments**

#### **Investments in debt and equity securities**

Investments held for trading (FVTPL) are classified as current assets and are stated at Fair Value and government bonds held to maturity are stated at amortized cost less impairment losses.

#### **Investment property**

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in the income statement.

### **2.1.12. Trade and other receivables**

Trade and other receivables are stated at their cost less provision for impairment. The amount of the provision is recognized in the income statement.

### **2.1.13. Inventories**

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

### **2.1.14. Cash and cash equivalents**

Cash and cash equivalents comprise cash equivalents, cash balances, call and current deposits at Bank.

### **2.1.15. Impairment**

The carrying amounts of the company's assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that are not yet available for use, the

recoverable amount is estimated at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are in the income statement.

#### **2.1.16. Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The company's equity shares are classified as equity instruments.

#### **2.1.17. Taxation (including deferred taxes)**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity. Current tax is the expected tax payable on the taxable income for the year using tax rate 30% at the balance sheet date and any adjustment to tax payable in respect of previous years as specified by the Income Tax Act 2058.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected-on realization or settlement of the carrying amount of assets and liabilities using tax rate 30% at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

#### **2.1.18. Trade and other payables**

Trade and other payables are stated at their cost.

#### **2.1.19. Revenue**

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable. The management of the company determines the amount of revenue based on the applicable service agreement. Fees and commission arising from transactions are recognized on the basis of completion of underlying transaction as stated in the service agreement. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

##### **a. Underwriting Fee:**

Underwriting Fee is recognized based on the recoverability of fee and non-refundability of fixed amount of fee. Management estimates that recoverability of fee can be reliably measured at the date of issue.

##### **b. Portfolio Management Fee**

Annual Management fee and Performance fee is recognized as revenue as stated in the portfolio management service agreement.

##### **c. Corporate Advisory Fee**

Corporate Advisory service fee is the consultancy fee charged to the clients as per the performance and completion of assigned job responsibilities as stated in the service agreement. Income is booked when job responsibilities is completed, and tax invoice/payment letter is issued to client in respect of such completion of consultancy and other advisory functions.

##### **d. Depository Participants**

Depository Participants (DP) related income is the fee for managing DP accounts of clients. All DP income is the collection from clients for new account opening, renewal of accounts, on-market-transaction and other DP services directly involving and collected from clients.

**e. Interest Income**

Interest income is recognized using effective interest rate method.

**f. Other Income**

Other income is recognized when it is probable that consideration associated with the relevant event is confirmed or realized.

**2.1.20. Expenses**

All Expenses except specially mentioned are accounted on accrual basis.

All expenses incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year and presented in statement of profit or loss.

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the company is before income tax expense and after making provision for all known liabilities and for the depreciation of Property, Plant and Equipment.

Proposed bonus for staff has been provided for 10% of net profit before such bonus.

**2.1.21. Bad Debts:**

During the year, the company has written off certain trade receivables amounting to NPR 1,360,440, which were considered uncollectible. These amounts were outstanding for a long time, and despite repeated efforts, no recovery could be made. Therefore, they have been treated as bad debts and written off from the books.

**3. OTHER EXPLANATORY NOTES**

**3.1 Property Plan and Equipment**

Tangible Assets NRS. 10,76,766.71 has been purchased during the year.

### 3.1 Plant, Property and Equipment

PARTICULARS	32/03/2082	31/03/2081
<b>Cost</b>		
Opening Balance of Accumulated PPEs	30,031,230	23,749,730
Additions during the year	1,076,767	6,281,500
Writeoff	(23,916)	
Disposal	(4,102)	-
<b>Closing Balance of Accumulated PPEs</b>	<b>31,079,979</b>	<b>30,031,230</b>
<b>Accumulated Depreciation</b>		
Opening Balance of Accumulated Depreciation	9,678,287	6,204,347
Additions during the year	3,558,640	3,473,940
Disposal		-
<b>Closing Blance of Accumulated Depeceiation</b>	<b>13,236,928</b>	<b>9,678,287</b>
<b>Carrying Amount as at 31 Ashad 2081</b>		<b>20,352,943</b>
<b>Carrying Amount as at 32 Ashad 2082</b>	<b>17,843,051</b>	

### 3.2 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight line basis over their estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period. The following estimate of useful life on each item of intangible assets is used by management.

Intangible assets with indefinite useful lives that are acquired separately are carried at costs less any accumulated impairment losses. Intangible assets NRS. 2,781,049.37.00 have been purchased during the year.

An intangible asset is derecognized at disposal or when no future economic benefits are expected from use or disposal. Gain or losses arising from de-recognition of an intangible asset is measured as the difference between net proceeds from disposal and carrying amount of the asset and are recognized in statement of comprehensive income.

The following is the details of intangible assets as at the period end.

PARTICULARS	32/03/2082	31/03/2081
<b>Cost</b>		
Opening Balance of Accumulated Intangible Assets	2,191,251	2,055,651
Additions during the year	2,781,049	135,600
Writeoff	(2,341.21)	
<b>Closing Balance of Accumulated Intangible Assets</b>	<b>4,969,959</b>	<b>2,191,251</b>
<b>Accumulated Amortization and Impairment</b>		
Opening Balance of Accumulated Amortization	1,350,075	937,459
Additions during the year	801,432	412,616
<b>Closing Blance of Accumulated Amortization</b>	<b>2,151,507</b>	<b>1,350,075</b>
<b>Carrying Amount as at 15 July 2024</b>	<b>-</b>	<b>841,176</b>
<b>Carrying Amount as at 16 July 2025</b>	<b>2,818,452</b>	

### 3.3 Financial Instruments measured at Amortised cost.

Financial Assets held to maturity are classified and measured at amortised cost. These financial assets are initially recognized at fair value including direct and incremental costs and subsequently measured at amortised costs, using the effective interest method, less any impairment allowances.

#### Recognition

The company recognizes financial assets when it becomes the party to contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

#### Derecognition

Financial assets are derecognized when the contractual right to receive cash has expired or the company has transferred substantially all risks and rewards of ownership.

#### Off setting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if there is enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

Financial Assets held at amortized cost for investment in Fixed Deposits of various Banks and Financial Institutions are mentioned in note 3.8.

PARTICULARS	32/03/2082	31/03/2081
Investment In MBL FD	23,500,000	15,000,000
Mukthinath Bikas Bank Ltd. FD	1,400,000	1,100,000
<b>Total</b>	<b>24,900,000</b>	<b>16,100,000</b>

#### Financial Instrument Held Through Other Comprehensive Income (OCI)

Equity instruments that are held for trading are classified as Fair Value through Profit and Loss Account (FVTPL). For other equity instruments, on the day of acquisition the company makes an irrevocable election (or an instrument-by-instrument) basis to designate them as at FVTOCI.

#### Debt investments at FVTOCI

Financial Instruments are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### Equity investments at FVTOCI

Financial Instrument are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised at OCI and are never reclassified to profit or loss.

The company considers Kriti Venture Fund Limited investment of 7 crores as equity instrument at FVTOCI and net gains and losses are recognized in OCI and classified below profit and loss account with loss from investment of NRS. 586,972 and fair value of investment are given below and mentioned in in note 3.4.

PARTICULARS	32/03/2082	31/03/2081
Unlisted Promoter Share Investement - KVFL	69,868,628	69,492,939
Gain/loss on investement	(586,972)	375,689
<b>Total</b>	<b>69,281,656</b>	<b>69,868,628</b>

### 3.4 Deferred Tax Assets and Liabilities

Deferred Tax is calculated on temporary differences on Accounting Base and Taxation Base for Deductible Temporary difference and Taxable Temporary Difference using a tax rate of 30% (as per the Income Tax 2058 B.S.). Deferred tax assets and liabilities are calculated where the management believes it is probable that these assets will be recovered.

Calculation of Deferred Tax for MCL have been shown as below:

PARTICULARS	CARRYING AMOUNT	TAX BASE	DIFFERENCE	TAX RATE	DEFERRED TAX ASSET/(LIABILITY)
Fixed Assets	10,980,834	9,022,508	(1,958,326)	30%	(587,497)
Leave Provision	2,245,086	-	2,245,086	30%	673,526
Right of Use Assets	9,680,668	-	(9,680,668)	30%	(2,904,200)
Lease Liability	13,112,673	-	13,112,673	30%	3,933,802
Investments	168,886,289	159,786,589	(9,099,699)	30%	(2,729,909)
<b>Total</b>	<b>204,905,550</b>	<b>168,809,098</b>	<b>(5,380,934)</b>		<b>(1,614,280)</b>
Opening Deferred Tax Assets/ (Liabilities)					2,447,168
Deferred Tax Income/ (Expense)					(4,061,449)

### 3.5 Trade and other receivables (non-current)

Non-current trade receivables are security and license deposits for normal business operation.

NON-CURRENT ASSETS	32/03/2082	31/03/2081
LICENSE DEPOSIT	300,000	300,000
SECURITY DEPOSIT	100,000	100,000
<b>TOTAL NRS.</b>	<b>400,000</b>	<b>400,000</b>

### 3.6 Cash and Cash Equivalents

For the purpose of presentation in the statement of Cash Flows, Cash and Cash Equivalents includes cash equivalents, cash on hand and at Bank. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

PARTICULARS	32/03/2082	31/03/2081
Cash In Hand	-	-
Gold & Silver Coins	15,950	15,950
Bank Balance at Mbl	11,633,975	7,795,259
Bank Balance at Other Financial Institutions	308,240	1,190,831
<b>Total</b>	<b>11,958,165</b>	<b>9,002,040</b>

### 3.7 Financial assets held at Fair Value through -PL

Determination of fair value hierarchy for all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Capital uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. Fair values are determined according to the following hierarchy:

Level 1- Quoted market price (unadjusted): financial instruments with quoted prices in active markets.

Level 2- Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3- Valuation technique with significant unobservable inputs: financial instruments are valued using valuation techniques where one or more significant inputs are unobservable. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

PARTICULARS	32/03/2082	31/03/2081
Investment In Equities	88,606,445	105,660,966
Investment In Mutual Fund	8,884,456	18,219,744
Investment In Seed Money Mutual Fund	15,073,272	
Debenture Investment	56,322,117	55,593,062
<b>Total</b>	<b>168,886,290</b>	<b>179,473,772</b>

Investment in debentures is recognized at fair value through profit loss during this year on account of decision of the management that same will be held for trading purpose. Accordingly, interest on such debenture is recognized only on realization as the unrealized interest is reflected in fair value of the debenture as on reporting date.

### 3.8 Trade and Other Receivable

The current portion of Trade Receivables are those amounts recurring or receivable within 12 months' period. These includes the following information:

PARTICULARS	32/03/2082	31/03/2081
Accrued Interest Receivable on FD		6,829
Accrued Interest Receivables on Debenture		
Prepaid Insurance	154,457	73,075
Stationery Stocks	33,363	39,366
Prepaid Computer and Internet Charge	73,198	300,516
Advances For Investments	1,039,940	1,039,940
Receivables From Other Parties	9,044,207	5,347,818
Promoter Share Advance (Nepal Infrastructure)	20,000,000	
<b>Total</b>	<b>30,345,165</b>	<b>6,807,545</b>

### 3.9 Share Capital

Share Capital of MCL as on balance sheet date is NRS. 286,339,500. The company has increased its issued share capital from NRS.31,48,32,000/- to NRS.336,870,000/- by second Annual General Meeting of company and same has been duly approved from Office of Company Registrar Office on BS.2078/08/23. The share value has been treated as an equity

instrument. Additional disclosure on share capital treatment has been disclosed under business combination note 3.23.

SHARE CAPITAL	32/03/2082	31/03/2081
<b>AUTHORIZED SHARE CAPITAL</b>		
(4,000,000 ORDINARY SHARES OF Rs 100 EACH)	400,000,000	400,000,000
<b>ISSUED SHARE CAPITAL</b>		
(3,368,700 ORDINARY SHARES OF Rs 100 EACH)	336,870,000	336,870,000
<b>SUBSCRIBED &amp; PAID-UP SHARE CAPITAL</b>		
(2,863,395 ORDINARY SHARES OF Rs. 100 EACH)	286,339,500	286,339,500

### 3.10 Reserve and Surplus

All accumulated profit less distribution is represented under reserve and surplus. Following is the table of reserve and surplus.

PARTICULARS	32/03/2082	31/03/2081
Retained Earning	20,189,676	5,739,561
General Reserve	6,045,321	4,421,713
Provision For CSR	197,043	326,227
<b>Total</b>	<b>26,432,040</b>	<b>10,487,501</b>

Appropriation from profit for the year has been made to General Reserve 10% of Profit and Corporate Social Responsibility 1% of Profit as per Rules 25ka and 30ka respectively of Merchant Banker Regulation 2064 (2nd amendment 2076).

### 3.11 Employee Benefits

#### Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

#### Employees' provident fund

The company contribute 10% of the salary of each permanent employee to the Employees' Provident Fund managed by government of Nepal.

#### Citizens' Investment Trust (CIT)

Those employees who do not have accounts in Provident Fund are facilitated with CIT accounts. The company contributes 10% of the salary of each permanent employee and the employees may also choose to deposit additional amounts to the Citizens' Investment Trust according to their preference.

#### Staff Gratuity Provision

Staff gratuity provision has been created as stipulated by Labour Act 2074. The company makes a defined contribution of 8.33% of the monthly basic salary of each employee and no other additional legal or constructive obligation will arise other than this fixed contribution. Company transfers defined gratuity contribution of 8.33% to Citizen's Investment Trust monthly to respective gratuity account of employee.

### Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits i.e., leave under the Labor Act, 2074. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated as at the reporting date based on an internally generated model as its impact is immaterial. Third Party Actuarial Valuation is not made as the cost for defined benefits obligation is considered immaterial. No actuarial valuation is used as the amount is immaterial.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

EMPLOYEE BENEFIT LIABILITY (CURRENT/NON-CURRENT)	32/03/2082	31/03/2081
<b>EMPLOYEE BENEFIT LIABILITY (CURRENT)</b>		
PROVISION FOR BONUS	2,861,417	44,788
SALARY AND PERKS PAYABLE	33,812	9,610
<b>TOTAL NRS.</b>	<b>2,895,229</b>	<b>54,398</b>
<b>EMPLOYEE BENEFIT LIABILITY (NON-CURRENT)</b>		
LEAVE PROVISION	2,245,086	1,957,618
WELFARE FUND	18,220	18,220
<b>TOTAL NRS.</b>	<b>2,363,306</b>	<b>1,975,838</b>

### 3.12 Trade and Other Payable

Trade and other payable to be recurring and settlement within 12 months' period have been represented and such are payable occurring during normal business operation. Such have been shown as follows:

PARTICULARS	32/03/2082	31/03/2081
Sundry Payable	239,603	258,738
Cds And Clearing Limited	900,938	1,524,712
Sebon Fee Payable	2,061,987	1,000,666
Advance Income Payable	-	428,655
Tds Payable	3,600	344,402
Provision For Expenses	67,700	1,237
Tax, Duties and Service Charges	236,993	
Provision For Income Tax	5,664,970	623,159
<b>Total</b>	<b>9,175,791</b>	<b>4,181,569</b>

### 3.13 Revenue From Operation

The following table summarizes the operating revenue recognized during the period.

PARTICULARS	32/03/2082	31/03/2081
Underwriting Service Fee Income	4,767,338	7,476,393
Income From Corporate Financial Advisory	7,374,890	5,970,918
Income From Portfolio Management Services	7,409,296	1,329,740
Income from Issue Management	650,000	
Income From RTA/RTS Fee Income	48,000	
Income From Mutual Fund Operations	6,345,080	
Depository Participant Income	31,504,466	27,604,155
<b>Total</b>	<b>58,099,070</b>	<b>42,381,2</b>

### 3.14 Income From Investment

PARTICULARS	32/03/2082	31/03/2081
Interest From Debentures and Bond	4,900,567	2,872,470
Interest Income	196,338	192,184
Promoter Advance Interest Income	-	241,020
Interest Income from Fixed Deposits	3,097,166	2,854,600
<b>Total</b>	<b>8,194,072</b>	<b>6,160,275</b>

### 3.15 Gains (losses) from Financial Investment

The gains from investment in financial instrument treated on FVTPL have been summarized as under:

	32/03/2082	31/03/2081
<b>Net Gains of Financial Instruments-FVTPL</b>		
Income From Sale of Investment (Realized Gain)	14,248,226	3,819,734
Net Gains/(Losses) Of Financial Investments-FVTPL	11,007,402	-
<b>Total</b>	<b>25,255,628</b>	<b>3,819,734</b>
<b>Net Losses of Financial Investments-FVTPL</b>		
Loss On Sale of Investment (Realized Loss)	112,820	1,662,434
Net Gains/(Losses) Of Financial Investments-FVTPL		(4,400,711)
<b>Total</b>	<b>112,820</b>	<b>(2,738,276)</b>

### 3.16 Other Income

PARTICULARS	32/03/2082	31/03/2081
Rent Income	240,000	240,000
Dividend Income	756,309	1,103,204
Miscellaneous Income	77,464	7,035
Service Income		100
<b>Total</b>	<b>1,073,774</b>	<b>1,350,339</b>

### 3.17 Operating Expenses

Operating expenses are those expenses which are directly related and incurred to make major business income. The major business incomes are from DP, underwriting, PMS and Corporate Advisory Services.

PARTICULARS	32/03/2082	31/03/2081
Dp Service Expenses	7,549,956	7,114,112
Dp Expenses to MBL	14,288,962	14,288,962
License Fee and Renewal Charges	585,000	585,000
Registration Fee and Application Charges	22,187	1,050
Sebon Fee Expenses	2,477,636	1,170,632
<b>Total</b>	<b>24,923,742</b>	<b>23,159,756</b>

### 3.18 Employee Expenses

PARTICULARS	32/03/2082	31/03/2081
Salary Expenses	12,597,510	11,998,344
Staff Provident Fund	785,730	751,139
Gratuity Expenses	654,523	625,699
Annual Force Leave Payment	981,219	975,498
Dashain Allowances	943,106	1,054,973
Business Incentive Allowance		18,615
Other Allowances	2,111,164	1,953,102
Staff Overtime Expenses	133,469	78,381
Leave Encashment Expenses	736,978	862,454
Statutory Bonus	2,861,417	44,788
Team Building Expenses	604,006	255,324
Training and Development		45,000
Training And Development Expenses	652,284	301,130
Staff Insurances	262,652	187,876
Dearness Allowance	1,680,181	712,477
<b>Total</b>	<b>25,004,239</b>	<b>19,864,801</b>

### 3.19 Building and Premise Expenses

These are expenses incurred for office premises related rent, security and sanitation related expenses.

PARTICULARS	32/03/2082	31/03/2081
Cleaning Charges	24,623	37,712
JDA- Expenses	208,186	
Medical And Supplies	8,936	7,765
Office Electricity Expenses	212,278	297,205
Security Charges	73,003	224,852
Security Guard Expenses	340,846	332,946
Water And Utilities	63,610	88,515
<b>Total</b>	<b>931,481</b>	<b>988,995</b>

### 3.20 Administrative Expenses

PARTICULARS	32/03/2082	31/03/2081
Advertisement And Publication	827,072	377,393
Allowance And Travel Expenses	1,058,234	251,936
Annual General Meeting Expenses	119,090	46,350
Anniversary Expenses	6,648	
Audit Fee	113,000	146,900
Bad Debts	1,360,440	
Bank Charges	6,663	10,600
Board Meeting Allowances	525,000	381,000
Board Meeting Expenses	35,300	25,710
Branding Expenses	383,160	302,500
Committee Meeting Allowances		318,000
Computer And Internet Charge	1,960,403	1,470,566
Electrical And Wiring Expenses	63,634	40,146
Festival Expenses	44,680	51,375
Fuel Expenses	285,517	245,708
Fund Management Quality Rating Fee	197,750	
Guest Entertainment Expenses	1,360	7,755
Insurance Expenses	69,210	87,932
Legal And Advisory Expenses	39,550	33,900
Lunch Expenses	107,628	115,983
Audit Meeting Expenses	7,521	
Audit Committe Meeting Allowance	192,000	
Investment Committee Meeting Allowances	216,000	
HR Committee Meeting Allowances	144,000	
HR Meeting Expenses	10,577	
Meeting Expenses	22,572	27,494
Office Expenses	8,450	24,143
Office Goods	-	19,063
Office Tools And Furniture	10,650	18,650
Other Expenses	52,416	12,133
Membership Charge	20,000	
Loss on Sale of Assets	4,052	
Pantry Expenses	298,409	280,022
Parking Charges	9,465	12,121
Repair And Maintenance Expenses	95,951	120,457
Share Transaction Charges	484,336	329,647
Staff Outsource Service	446,596	990,342
Stationery Expenses	391,637	386,172
Software Expenses	381,086	
Taxes & Duties	73,530	179,931
Telephone And Communication	53,000	52,100
Transportation Expenses	15,868	23,283
Vehicle Servicing & Cleaning Charges	87,854	40,169
<b>Total</b>	<b>10,230,310</b>	<b>6,429,481</b>

### 3.21 Income Tax Expenses

Income tax payable on profit is based on the applicable provisions of the Income Tax Act 2058 and is recognized as an expense in the period in which profits arise. Income Tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit and loss except to the extent that it related to items recognized directly in equity or other comprehensive income.

#### Current Tax

Current Tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

#### Deferred Tax

Deferred Tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax has been calculated in Note 3.22.

PARTICULARS	32/03/2082	31/03/2081
Current Tax	4,873,716	-
Previous Year Tax		-
Deferred Tax (Income)/Expense	4,061,449	705,209
<b>Total</b>	<b>8,935,166</b>	<b>705,209</b>

### 3.22 Change in Lease Accounting

A disclosure has been made for change in operating lease accounting to lease accounting in accordance with NFRS 16 lease, a lessee shall measure the Right-of-Use Assets and Lease Liability at the commencement date. Commencement of the lease term is the date on which a lessor makes an underlying asset available for use by a lessee. Initially Right of Use Assets shall measure at cost. MCL shall measure the Right-of-Use Asset by applying a cost model it applies either of the revaluation models. MCL measures right of lease assets amount of NRS. 17,601,214 for which current year lease depreciation expenses is NRS. 17,60,121 and accumulated depreciation on right of lease assets is NRS. 6,160,425 which is presented in the schedule 3.1 Property Plant and Equipment of notes to accounts.

After the commencement of lease agreement, MCL shall measure the Lease Liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made.

MCL measure lease liability for amount of NRS. 14,451,271 initially for which interest expense has been recognized as NRS. 1,307,123 and closing lease liability NRS. 13,112,673 has been identified as on balance sheet date. Whereas right of lease assets with NRS. 17,601,215 has been established as per the agreement terms for which accumulated amortization on right of lease assets with the value of NRS. 6,160,425 as on financial cut-off period from the initial date of commencement of agreement and closing right of lease assets is NRS. 11,440,790 as on balance sheet date. MCL has paid NRS. 2,645,723 to lessor as a rental service for the fiscal year

<b>Right of Lease Assets</b>	<b>17,601,215</b>
Current Year Lease Depreciation Expenses	1,760,121
Accumulated Depreciation on Right of Lease Assets	6,160,425.11
<b>Closing Right of Lease Assets</b>	<b>11,440,789.48</b>
<b>Lease Liability</b>	<b>14,451,271</b>
Accumulated Lease Interest Expenses	1,307,123
<b>Closing Lease Liability</b>	<b>13,112,673</b>

### 3.23 Investment in Associates

A disclosure has been made for NAS-28 investment in associates for holding amount of NRS. 7,00,00,000/- investment in promoter share of Kriti Venture Fund Limited for 21.28 percent holding investment of paid-up capital as on Ashadh 31, 2081. Investment and Income from associate entity as follows:

Profit/(Loss) from investment in associates holding with (NRS. 586,972) - has been charged as net income/(losses) on the value of investment through profit and loss account and net investment holding as on financial cut-off period is NRS. 69,281,656.

### 3.24 Related Party Transactions

A person or entity is considered a related party if it:

- controls or has significant influence to the company.
- is subsidiary, joint venture, associates or in which the company can have significant influence.
- is member of key management personnel of the company or its parent.

#### (A) Nature of Relationship and Name of Related Parties

\* Parent Company: Machhapuchchhre Bank Ltd.

#### Name of related persons:

Mr. Bishwambhar Neupane - Chairman

Mr. Prasadha Raj Aryal - Director

#### \* Transaction with related parties

From the above related persons Mr. Bishwambhar Neupane is the member of the Board of Directors and HR Committee and Mr. Prasadha Raj Aryal is a member of Board of Director, HR Committee and Audit Committee and Investment Committee. They are entitled to meeting allowances as per the Articles of Association of the Company. The meeting allowances per meeting per member of Board of Directors is NRS. 15,000 for Chairman and NRS. 12,000 as per the approval from general meeting of company. No other benefits or allowances are provided to the board of directors.

#### (B) Related Party Transactions

Related party transaction with Parent company:

During the period, MCL has the following bank balance and interest realized from Parent Company as on reporting date.

S.N.	PARTICULARS	TRANSACTION AMOUNT (FY 2081-82)	TRANSACTION AMOUNT (FY 2080-81)	NATURE OF TRANSACTION
1	Current Investment in MBL FD	23,500,000	15,000,000	Fixed Deposit
2	Bank Balance at MBL	11,633,974	7,795,259	Bank Deposit
3	Rent Income From MBL	120,000	120,000	RTS Operation
4	Interest Income from MBL (FD And Call)	30,530,442	2,849,234	Interest on FD and call deposit
5	Service Income	30,264,240	27,604,155	DP Service

MCL has paid NRS. 1,42,88,962.00 for as direct DP service business from MBL and received NRS. 1,20,000.00 as rental service income from RTS operation of MBL during fiscal year.

### 3.25 Events after the Reporting Period

The Company follows NAS 10 - Events after the Reporting Period for accounting and reporting of events that occur after the reporting period, which requires us to classify those events into adjusting and non-adjusting events.

### 3.26 Proposed Dividend

The board of directors through its meeting has proposed dividend 5 % (including Tax) from the financial performance of fiscal year 2081-82, and subject to approval from Annual General Meeting.



# नेपाल राष्ट्र बैंक

## बैंक सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं।

फोन नं.: ०१-४७१९६४९/४२

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प.सं: बै.सु.वि./अफसाइट/एजिएम/१/२०८२-८३/७५

मिति: २०८२/०५/१९

माछापुच्छ्रे बैंक लिमिटेड,  
लाजिम्पाट, काठमाडौं।

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

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातहरूका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरू पालना गरेको देखिएको हुँदा, सोही ऐनको उपदफा (१) बमोजिम बैंकले सञ्चित मुनाफा रु.९३,६३,६५,८४७.२० बाट शेरधनीहरूलाई चुक्ता पुँजी रु.११,६२,१३,५७,२७३ को ४ प्रतिशतले हुने रकम रु.४६,४८,५४,२९०.९२ (अक्षरेपी छयालिस करोड अठ्चालिस लाख चवन्न हजार दुई सय नव्वे रुपैया बयानव्ये पैसा) बराबरको बोनस शेर र चुक्ता पुँजीको ४ प्रतिशतले हुने रकम रु.४६,४८,५४,२९०.९२ (अक्षरेपी छयालिस करोड अठ्चालिस लाख चवन्न हजार दुई सय नव्वे रुपैया बयानव्ये पैसा) बराबरको नगद लाभांश (बोनस शेरमा लाग्ने कर समेत) गरी कुल रु.९२,९७,०८,५८१.८४ (अक्षरेपी बयानव्ये करोड सन्तानव्ये लाख आठ हजार पाँच सय एकासी रुपैया चौरासी पैसा) शेरधनीहरूलाई वितरण गर्न अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व.२०८१/८२ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका सम्पूर्ण कैफियतहरू पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।
- बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३ को दफा ११ को उपदफा ३ मा बैंकको चुक्ता पुँजीको २ प्रतिशत भन्दा बढी शेर धारण गरेका संस्थापकहरूले आफ्नो धारण गरेको शेर विक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफ्नो धारण गरेको शेर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेरधनीहरू रहेमा ती संस्थापक शेरधनीहरूलाई सोको स्वीकृति नलिएसम्म वा शेर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रूपमा चुक्ता गरी शेर फुकुवा नगरेसम्म प्रस्तावित नगद लाभांश तथा बोनस शेर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- यस बैंकबाट जारी गरिएको एकीकृत निर्देशनको निर्देशन नं.१० को बुँदा नं. ७ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेरधनीमा लगानी गर्दा चुक्ता पुँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पुँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्थाबमोजिम उल्लिखित सीमाभन्दा बढी शेर धारण गर्ने संस्थापक शेरधनीहरू रहेमा ती संस्थापक शेरधनीहरूले आफ्नो शेर सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेर रोक्का राख्ने व्यवस्था मिलाउनुहुन।

उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

  
राजेन्द्र रेग्मी  
सहायक निर्देशक

### बोधार्थ:

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
- बैंक सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-३।

## LIST OF CHIEF PROVINCE OFFICER

S.N	PROVINCE	NAME
1	Chef Province Officer - Koshi	Dilli Ram Giri
2	Chef Province Officer-Madhesh	Manish Dahal
3	Chief Province Officer- Central	Ajaya Acharya
4	Chief Province Officer-Mid West	Bishal Bhakta Joshi
5	Chief Province Officer - West	Deependra Prasad Wagle

## LIST OF CLUSTER MANAGERS

S.N	CLUSTER	NAME
1	Cluster 1A	Madhab Thapa
2	Cluster 1B	Hari Lal Ayer
3	Cluster 2A	Krishna Banadur Sah
4	Cluster 2B	Mohini Pradhan
5	Cluster 2C	Rashu Kafle
6	Cluster 3A	Pramatheshwor Prasad Shah
7	Cluster 3B	Utashab Parajuli
8	Cluster 3C	Ishwar Bahadur Rawal
9	Cluster 3D	Pratima Pandey
10	Cluster 4A	Narayan K.C
11	Cluster 4B	Jeevan Bahadur Karki
12	Cluster 5A	Saroj Pokharel
13	Cluster 5B	Anup Basnet
14	Cluster 6	Nirmal Raj Acharya
15	Cluster 7	Bishnu Lamichhane

## LIST OF HOD'S /CHIEF

S.N	NAME	DEPARTMENT
1	Mr. Bharat Kumar Lamsal	AGM Branch Business (East and West)
2.	Mr. Tika Bhattarai	AGM Branch Business (Central and Mid-west)
3.	Mr. Bhuvan Singh Khatri	Chief Compliance Officer
4.	Mr. Samir Jung Rayamajhi	Chief Compliance and Governance Department
5.	Mr. Sunil Khatiwada	Chief Operating Officer
6.	Mr. Dilli Ram Giri	Chief Province Officer Koshi
7.	Mr. Madhav Subedi	Chief Digital Banking Officer
8.	Mr. Bineet Chandra Jha	Chief Infrastructure and Corporate Lending Department
9.	Mr. Ajaya Acharya	Chief Province Officer - Central (Province 3A, 3C and 3D)
10.	Mr. Bishal Bhakta Joshi	Chief Province Officer- Mid-West (Province 3B, 4A and 4 B)
11.	Mr. Kumar Gnawali	Head Liability, Research and Business Portfolio Department
12.	Mr. Deependra Prasad Wagle	Chief Province Officer- West (Province 5, 6 and 7)
13.	Mr, Manish Dahal 1	Chief Province Officer Madhesh
14.	Mr. Leela Raj Thapa	Head General Administration and Procurement Department
15.	Mr. Ganesh Thapa	Head Law Department
16.	Mr. Suraj Shrestha	Head of Special Assets Management Department
17.	Mr. Anil Babu Adhikari	Head Human Resources Department
18.	Mr. Hem Kumar Shrestha	Head Information Technology Department
19.	Mr. Khagendra Paudel	Head Finance & Planning Department
20.	Mr. Bipin Udas	Head Credit Administration Department
21.	Mr. Surendra Pathak	Head Internal Audit Department
22.	Mr. Manish Upadhyay	Head Operations Department
23.	Mr. Sabin Shrestha	Head E-Banking Operations
24.	Ms. Rojee KC (Khatri)	Head AML CFT
25.	Mr. Indu Shekhar Devkota	Head Reconciliation Department
26.	Ms. Sabina Shrestha	Head Integrated Risk Department
27.	Mr. Nimesh Shrestha	Head – Remittance Business
28.	Mr. Abhaya Rana	Head Trade Operations Department
29.	Ms. Subeena Shrestha	Head Operation Excellence
30.	Mr. Nimesh Shrestha	Head – Remittance Business
31.	Mr. Abhaya Rana	Head Trade Operations Department
32.	Ms. Subeena Shrestha	Head Operation Excellence
33.	Ms. Binita Tamrakar	Head Clearing Department
34.	Mr. Santosh Ratna Kansakar	Head–Information Security
35.	Mr. Sitaram Shrestha	Head Credit Legal Administration Department
36.	Mr. Shyam Khadka	Head Treasury and Global Markets Department
37.	Mr. Dipesh Mainali	Head Remittance Operation Department

## LIST OF BRANCH MANAGER

NAME	BRANCH
Shyam Pokharel	Baradashi
Prakash Giri	Birtamod
Dilli Ram Khanal	Chandragadhi
Govinda Shrestha	Damak
Umesh Kumar Baskota	Illam
Manish Adhikari	Kakarvitta
Sobha Dhungel	Phidim
Chudamani Sapkota	Surunga
Anish Koirala	Taplejung
Nawaraj Gautam	Urlabari
Ankit Ghimire	Bhojpur
Himal Rijal	Biratchowk
Ujjwal Pandey	Biratnagar
Sijan Shrestha	Chakarghatti
Hom Raj Adhikari	Dhankuta
Sunita Subedi	Dharan
Manoj Chauhan	Hile
Kishor Nepal	Inaruwa
Chandan Pokharel	Itahari
Manoj Poudel	Jahada
Prabhakar Khatiwada	Kanchanbari
Prabin Poudel	Tankisinwari
Tekendra Rai	Tyamke Maiyum
Madhu Sudhan Shrestha	Bardibas
Tek Bahadur Basnet	Dhalkebar
Sushil Kumar Dwivedi	Ganeshman Charnath
Pravesh Timalsina	Hariwon
Shambhu Raut	Janakpur
Parmanand Yadav	Katari
Baikuntha Dahal	Lalbandi
Rajesh Kumar Chaudhary	Malangwa
Dinesh Kumar Gupta	Matihani
Arbind Kumar Sah	Nagarain
Ajay Kumar Sah	Sakhuwa Mahen-
dranagar	
Shusil Thapaliya	Aadarshanagar
Dinesh Dawadi	Birgunj
Ramjee Das	Brindaban
Shesh Raj Pokhrel	Chandrapur
Rajesh Kumar Lama	Gaur
Bhanu Bhakta Adhikari	Kalaiya
Rikesh Maharjan	Nijgadh
Hem Prasad Itani	Simara
Ramesh Shiwakoti	Gaighat
Kamal Bahadur K.C.	Golbazar
Surendra Kumar Mahato	Kalyanpur
Chiranjivi Thapa	Kanchanrup
Sanjeev Kumar Yadav	Karjana
Europe Raj Fago	Lahan

NAME	BRANCH
Satish Kumar Chaudhary	Mahuli
Roshan Dhakal	Mirchैया
Sanjaya Niraula	Rajbiraj
Sushil Aryal	Siraha
Manish Dahal 2	Naxal
Subin Thapa	New Baneshwor
Nishes K. C.	New Road
Gayatri Devi Sharma (Poudel)	Boudha
Supil Thapa	Dallu
Binu Basukala	Durbarmarg
Pradip Subedi	Khusibu
Anuja Shiwakoti	Narayantar
Sushil Kumar Shrestha 1	Tatopani
Yadav Acharya	Thamel
Bhim Prasad Mejju	Timure
Pabitra Shakya	Battisputali
Shilu Maharjan	Chabahil
Hem Bahadur Lama	Gwarko
Khagendra Bahadur Shrestha	Kapan
Pranaya K.C.	Koteshwor
Debendra Koirala	Balaju
Amit Khadka	Budhanilkantha
Kishor Thapa Magar	Chapagaun
Birendra K.C.	Gongabu
Sujan Babu Sedai	Kalanki
Manisha Gyawali	Kirtipur
Aditya Aryal	Kuleshwor
Saket Yadav	Kumaripati
Yuki Bhattachan	Maharajgunj
Niroj Sigdel	Pulchowk
Richa Pandey	Putalisadak
Deb Bahadur K.C.	Satdobato
Deepak Shrestha 1	Satungal
Anil Prasai	Swoyambhu
Mridula Rajya Laxmi Rana	Thapathali
Manoj Bhattarai	Baluwatar
Krishna Poudel 2	Banepa
Asim Shrestha	Halesi
Sujan Kumar Bista	Kamalbinayak
Amit Bhatta	Kaushaltar
Suresh Prasad Ghimire	Lazimpat
Yogendra Raj Haluwai	Nagarkot
Shreedhar Dhungana	Naya Thimi
Bikas Bikram Shah	Okhaldhunga
Omee Joshi	Pepsicola
Rabin Shrestha	Salleri
Laxman Gharti	Sunkoshi
Bhuvan Neupane	Suryabinayak
Sabin Lamichhane	Benighat

## LIST OF BRANCH MANAGER

NAME	BRANCH
Sagar Bista	Gajuri
Reshma Shakya	Hakim Chowk
Kamal Raj Poudel	Hetauda
Prakash Adhikari	Ichhakamana
Roshan Neupane	Kalika
Bishal Khanal	Kawaswoti
Rupak Chhetri	Narayangadh
Ram Krishna Tiwari	Parsa
Suraj Manandhar	Salyantar
Subash Khadka	Simle
Ananda Adhikari	Tandi
Mukunda Bhattarai	Trishuli
Suresh Kunwor	Amar Singh
Khyam Narayan Kafle	Bagar
Kishor Thapa Chhetri	Birauta
Jamuna Regmi Paudel	Hemja
Alok Man Shrestha	Lakeside
Sanjuli Juwa Pradhan	Lamachaur
Ramesh Khadka	Lekhnath
Naresh Pradhan	Nayabazar Pokhara
Dhirendra Raj Giri	New Road Pokhara
Pushpa Shrestha	Parsyang
Shobha Shrestha	Aanbukhaireni
Ramesh Dhodari	Baglung
Man Prasad Sharma	Beni
Suresh Adhikari	Besisahar
Dal Bahadur Gurung	Bhimad
Ujjwal Ghimire	Damauli
Surya Tripathi	Dulegauda
Krishma Shrestha	Jomsom
Sudeep Baral	Kushma
Suman Pantha	Madi
Shalikram Pahari	Putalibazar
Bikal Thapa	Sikles
Maheshwor Dawadi	Waling

NAME	BRANCH
Santosh Kumar K.C.	Bardaghat
Nishes Pokhrel	Bhairahawa
Lal Babu Sah	Butwal
Dinesh Pandey	Chandrauta
Dipesh Sharma	Lumbini
Bhabishwar Dumre	Manigram
Bikrant Rana	Palpa
Deepesh Kumar Karn	Parasi
Umesh Raj Giri	Taulihawa
Madhav Gyawali	Ghorahi
Basant Damai	Guleriya
Deepak Khadka	Kohalpur
Dinesh Bohora	Lamahi
Niraj Giri	Nepalgunj
Narendra Bahadur Bohara	Thakurdwara
Lalit Singh Bhat	Tulsipur
Bishnu Prasad Bhushal	Birendranagar
Jeevan Kumar Shah	Dolpa
Madan Mohan Rimal	Jumla
Dal Bahadur Karki	Khatyad
Basant Shah	Salyan
Govind Sapkota	Api
Tika Ram Ojha	Attariya
Sher Bahadur Khadka	Binayak
Jhanak Bahadur Rawal	Dadeldhura
Shiv Raj Pathak	Dhangadhi
Deergh Singh Kathayat	IBRD
Narendra Prasad Bhatt	Khalanga
Min Raj Bhatta	Lamki
Man Bahadur Saud	Mahendranagar
Nabin Singh Rokaya	Malikarjun
Manoj Ojha	Rajpur
Lal Bahadur Bam	Vyas

# BRANCH NETWORK

## KOSHI PROVINCE

### 1. BARADASHI BRANCH

District: Jhapa  
Address: Baradashi Rural Municipality, Jhapa  
Telephone: 9764497875

### 2. BHOJPUR BRANCH

District: Bhojpur  
Address: Main Bazar, Bhojpur Municipality-7, Bhojpur  
Telephone: +977-29-420280, 420357

### 3. BIRATCHOWK BRANCH

District: Morang  
Address: Indrapur, Biratchowk, Morang  
Telephone: +977-21547430, 21548230

### 4. BIRATNAGAR BRANCH

District: Morang  
Address: Jaljala Chowk, Biratnagar, Morang  
Telephone: +977-21-450412

### 5. BIRTAMOD BRANCH

District: Jhapa  
Address: Bhadrapur Line, Birtamod Municipality-4, Jhapa  
Telephone: +977-23-531600, 534001

### 6. CHAKARGHATTI BRANCH

District: Sunsari  
Address: Munal Chowk, Barahachhetra Municipality-6, Sunsari  
Telephone: +977-25-551102, 551103

### 7. CHANDRAGADHI BRANCH

District: Jhapa  
Address: Charali Road, Chandragadhi, Bhadrapur-10, Jhapa  
Telephone: +977-23-453570

### 8. DAMAK BRANCH

District: Jhapa  
Address: Beldangi Road, Damak, Damak Municipality-6, Jhapa  
Telephone: +977-023-574963, 574964

### 9. DHANKUTA BRANCH

District: Dhankuta  
Address: Dhankuta Bazar, Dhankuta  
Telephone: +977-026-523437, 523438

### 10. DHARAN BRANCH

District: Sunsari  
Address: College Road, Dharan Sub-Metropolitan City-12, Sunsari  
Telephone: 977-025-578895, 538796, 538797

### 11. GAIGHAT BRANCH

District: Udayapur  
Address: D.M. Gate, Gaighat, Triyuga-11, Udayapur  
Telephone: 035-423090, 423091

### 12. HALESI BRANCH

District: Khotang  
Address: Halesi Tuwaching Municipality, Khotang  
Telephone: +977-36-410094

### 13. HILE BRANCH

District: Dhankuta  
Address: Hile Bazar, Dhankuta  
Telephone: +977-26-540554

### 14. ILAM BRANCH

District: Ilam  
Address: Ilam Bazar, Ilam  
Telephone: +977-27-521710

### 15. INARUWA BRANCH

District: Sunsari  
Address: Inaruwa, Sunsari, Koshi  
Telephone: +977-025-565542, 565543

### 16. ITAHARI BRANCH

District: Sunsari  
Address: Purba Line, Itahari Sub-Metropolitan City-6, Sunsari  
Telephone: +977-25-586881

### 17. JAHADA BRANCH

District: Morang  
Address: Laxminia Chowk, Jahada Rural Municipality-5, Morang  
Telephone: —

### 18. KAKADVITTA BRANCH

District: Jhapa  
Address: Suryodaya Marg, Kakadvitta, Jhapa  
Telephone: +977-23-566411, 566953

### 19. KANCHANBARI BRANCH

District: Morang  
Address: Kanchanburi Chowk, Biratnagar-3, Morang  
Telephone: 021-466823, 021-466756

### 20. KATARI BRANCH

District: Udayapur  
Address: Katari Municipality, Ward No-03, Udayapur  
Telephone: +977-35-450568, 9844384200

### 21. OKHALDHUNGA BRANCH

District: Okhaldhunga  
Address: Okhaldhunga  
Telephone: —

### 22. PHIDIM BRANCH

District: Panchthar  
Address: Mainrod, Limbuwan Gate, Phidim-1, Panchthar  
Telephone: +977-24-522526

### 23. SALLERI BRANCH

District: Solukhumbu  
Address: Salleri Bazar, Dudhkunda Municipality-5, Solukhumbu  
Telephone: +977-38-520465

### 24. SUNKOSHI BRANCH

District: Okhaldhunga  
Address: Mulkharka, Sunkoshi-5, Okhaldhunga  
Telephone: —

### 25. SURUNGA BRANCH

District: Jhapa  
Address: Surunga, Kankai Municipality-3, Jhapa  
Telephone: +977-23-552664, 552665

### 26. TANKISINWARI BRANCH

District: Morang  
Address: Gangachowk, Tankisinwari, Budhiganga-2, Morang  
Telephone: 021422442

### 27. TAPLEJUNG BRANCH

District: Taplejung  
Address: Birendra Chowk, Phungling Municipality-5, Taplejung  
Telephone: +977-24-460517

### 28. TYAMKE MAIYUM BRANCH

District: Bhojpur  
Address: Annapurna, Tyamke Maiyum-3, Bhojpur  
Telephone: 029-430280

### 29. URLABARI BRANCH

District: Morang  
Address: Uurlabari Municipality-1, Morang  
Telephone: +977-21-543243, 543343

## MADESH

### 1. AADARSHANAGAR BRANCH

District: Parsa  
Address: Birgunj Metropolitan City, Ward No. 06, Parsa

### 2. BARDIBAS BRANCH

District: Mahottari  
Address: Bardibas

### 3. BIRGUNJ BRANCH

District: Parsa  
Address: Link Road, Ghantaghar, Birgunj, Parsa

### 4. BRINDABAN BRANCH

District: Rautahat  
Address: Brindaban Rural Municipality, Rautahat

### 5. CHANDRAPUR BRANCH

District: Rautahat  
Address: Chandrapur Chowk, Chandrapur-4, Rautahat

### 6. DHALKEBAR BRANCH

District: Dhanusa  
Address: Dhalkebar, Mithila Municipality-6, Dhanusha

### 7. GANESHPAN CHARNATH BRANCH

District: Dhanusa  
Address: Birendrabazar, Dhanusha

### 8. GAUR BRANCH

District: Rautahat  
Address: Gaur Municipality-05, Rautahat

### 9. GOLBAZAR BRANCH

District: Siraha  
Address: Golbazar Municipality, Siraha

### 10. HARIWON BRANCH

District: Sarlahi  
Address: Hariwon Municipality-11, Sarlahi

### 11. JANAKPUR BRANCH

District: Dhanusa  
Address: Mills Area Road, Janakpurdam-1, Dhanusha

### 12. KALAIYA BRANCH

District: Bara  
Address: Kalaiya, Kalaiya Sub Metropolitan-1, Bara

### 13. KALYANPUR BRANCH

District: Siraha  
Address: Kalyanpur, Siraha

### 14. KANCHANRUP BRANCH

District: Saptari  
Address: Kanchanrup Barrier, Kanchanrup-8, Saptari

### 15. KARJANHA BRANCH

District: Siraha  
Address: Phul Kumari Mahato Memorial Hospital, Karjanha, Siraha

### 16. LAHAN BRANCH

District: Siraha  
Address: Hulak Chowk, Lahan, Siraha

### 17. LALBANDI BRANCH

District: Sarlahi  
Address: Lalbandi Bazar, Lalbandi Municipality-7, Sarlahi

### 18. MAHULI BRANCH

District: Saptari  
Address: Krishnasawaran Rural Municipality, Saptari

### 19. MALANGWA BRANCH

District: Sarlahi  
Address: Malangwa Municipality-08, Sarlahi

### 20. MATIHANI BRANCH

District: Mahottari  
Address: Matihani Bazar, Mahottari

### 21. MIRCHAIYA BRANCH

District: Siraha  
Address: Katari Chowk, Mirchaiya Municipality-6, Siraha

### 22. NAGARAIN BRANCH

District: Dhanusa  
Address: Phulgama, Nagarain Municipality-4, Dhanusha

### 23. NIJGADH BRANCH

District: Bara  
Address: Nijgadh Municipality-09, Bara

### 24. RAJBIRAJ BRANCH

District: Saptari  
Address: Neta Chowk, Rajbiraj, Saptari

### 25. SAKHUWA MAHENDRANAGAR BRANCH

District: Dhanusa  
Address: Hanuman Chok, Chhireswornath-5, Dhanusha

### 26. SIMARA BRANCH

District: Bara  
Address: Jitpur, Simara Sub-Metropolitan-2, Bara

### 27. SIRAHA BRANCH

District: Siraha  
Address: JM Tower Building, Siraha-1

## BAGMATI

### 1. BALAJU BRANCH

District: Kathmandu  
Address: Balaju Chowk, Ringroad, Kathmandu-16  
Telephone: +977-1-4981729, 4981917

### 2. BALUWATAR BRANCH

District: Kathmandu  
Address: Baluwatar, Kathmandu  
Telephone: 01-4531815, 01-4534745

### 3. BANEPA BRANCH

District: Kavrepalanchok  
Address: Banepa, Kavrepalanchok  
Telephone: +977-11-663553

### 4. BATTISPUTALI BRANCH

District: Kathmandu  
Address: Battisputali, Kathmandu Metropolitan City-9  
Telephone: +977-1-4596909, 4596900

### 5. BENIGHAT BRANCH

District: Dhading  
Address: Benighat, Benighat Rorang-3, Dhading  
Telephone: +977-10-416141, 416140

### 6. BOUDHA BRANCH

District: Kathmandu  
Address: Boudha, Kathmandu  
Telephone: +977-01-4915425

### 7. BUDHANILKANTHA BRANCH

District: Kathmandu  
Address: Budhanilkantha, Budhanilkantha Municipality-4  
Telephone: +977-1-4370077, 4370096

### 8. CHABAHIL BRANCH

District: Kathmandu  
Address: Chabahil, Kathmandu  
Telephone: +977-01-4560005, 4561953

### 9. CHAPAGAUN BRANCH

District: Lalitpur  
Address: Pyangaugun Bus Park, Chapagaun, Lalitpur  
Telephone: 01-5265452, 9841804323

### 10. DALLU BRANCH

District: Kathmandu  
Address: Siddhartha Chowk, Dallu, Kathmandu-15  
Telephone: 01-5380813, 01-5381952

### 11. DURBARMARG BRANCH

District: Kathmandu  
Address: 1 Durbar Mall, Durbarmarg, Kathmandu, Nepal  
Telephone: +977-1-5360988, 5360989

### 12. GAJURI BRANCH

District: Dhading  
Address: Gajuri Bazar, Gajuri Rural Municipality-1, Dhading  
Telephone: +977-10-402077, 402078

### 13. GONGABU BRANCH

District: Kathmandu  
Address: Samakhushi, Gongabu, Kathmandu  
Telephone: +977-01-14989170, 4989171, 4989172

### 14. HAKIM CHOWK BRANCH

District: Chitwan  
Address: Hakim Chowk, Bharatpur, Chitwan  
Telephone: +977-56-590976, 590978

### 15. HETAUDA BRANCH

District: Makwanpur  
Address: Ajar Amar Marg, Hetauda-04, Makwanpur  
Telephone: +977-57-527067, 527030

### 16. ICHHAKAMANA BRANCH

District: Chitwan  
Address: Kurintar, Ichhakamana Rural Municipality-4, Chitwan  
Telephone: +977-56-410116

### 17. KALANKI BRANCH

District: Kathmandu  
Address: Kalanki, Kathmandu Metropolitan City-14  
Telephone: +977-1-5225052, 5225211

### 18. KALIKA BRANCH

District: Chitwan  
Address: Kalika Municipality, Chitwan  
Telephone: +977-56-413146, 413147

### 19. KAMALBINAYAK BRANCH

District: Bhaktapur  
Address: Kamalbinayak, Bhaktapur  
Telephone: +977-1-6620120, 6620220

### 20. KAPAN BRANCH

District: Kathmandu  
Address: Kapan, Budanilkantha Municipality-10, Kathmandu  
Telephone: +977-1-4813116, 604

### 21. KAUSHALTAR BRANCH

District: Bhaktapur  
Address: Kaushaltar, Madhyapur Thimi-03, Bhaktapur  
Telephone: +977-1-5900087, 5900089

### 22. KHUSIBU BRANCH

District: Kathmandu  
Address: Sorakhutte, Khusibu Kathmandu-16  
Telephone: 01-4983922

### 23. KIRTIPUR BRANCH

District: Kathmandu  
Address: Kirtipur, Kirtipur Municipality-9  
Telephone: +977-1-5907028

### 24. KOTESHWOR BRANCH

District: Kathmandu  
Address: Koteswor, Kathmandu  
Telephone: +977-1-5199693, 5199716, 9851222741

### 25. KULESHWOR BRANCH

District: Kathmandu  
Address: Kuleshwor, Kathmandu  
Telephone: +977-01-5386316, 5386422

### 26. KUMARIPATI BRANCH

District: Lalitpur  
Address: Kumaripati, Lalitpur  
Telephone: +977-1-5425087, 5426302

### 27. LALITPUR (GWARKO) BRANCH

District: Lalitpur  
Address: Gwarko, Lalitpur  
Telephone: +977-1-5203333

### 28. LAZIMPAT BRANCH

District: Kathmandu  
Address: Lazimpat, Kathmandu  
Telephone: +977-1-4528556

### 29. MAHARAJGUNJ BRANCH

District: Kathmandu  
Address: Maharajgunj, Kathmandu Metropolitan City-3  
Telephone: +977-4376763, 4378021

### 30. NAGARKOT BRANCH

District: Bhaktapur  
Address: Bhaktapur, Changunarayan Municipality-06  
Telephone: +977-1-6680226, 6680227

### 31. NARAYANGADH BRANCH

District: Chitwan  
Address: Sahid Chowk, Bharatpur Metropolitan City-3, Chitwan  
Telephone: +977-56-598223, 598224

### 32. NARAYANTAR BRANCH

District: Kathmandu  
Address: Boudha Road, Gokarneshwor  
Telephone: 014913245

### 33. NAXAL BRANCH

District: Kathmandu  
Address: Narayanachaur, Naxal, Kathmandu  
Telephone: +977-1-4533853, 4535833, 4544620

### 34. NAYA THIMI BRANCH

District: Bhaktapur  
Address: Naya Thimi, Bhaktapur  
Telephone: +977-1-5639612, 5639639, 9851059383

### 35. NEW BANESHWOR BRANCH

District: Kathmandu  
Address: New Baneshwor, Kathmandu  
Telephone: +977-1-4792183, 4792858

### 36. NEWROAD BRANCH

District: Kathmandu  
Address: New Road, Kathmandu  
Telephone: 01-5330726

### 37. PARSА BRANCH

District: Chitwan  
Address: Parsa, Khairahani Municipality-8, Chitwan  
Telephone: +977-56-582612, 582610

### 38. PEPSICOLA BRANCH

District: Kathmandu  
Address: Purano Sinamangal, Pepsicola, Kathmandu  
Telephone: +977-1-5156182, 5156083

### 39. PULCHWOK BRANCH

District: Lalitpur  
Address: Prasadhi Tower, Pulchowk, Lalitpur  
Telephone: +977-1-5435681

### 40. PUTALISADAK BRANCH

District: Kathmandu  
Address: Putalisadak, Kathmandu  
Telephone: 01-4543681, 01-4518537, 01-4521933

#### 41. SALYANTAR BRANCH

District: Dhading  
Address: Tripurasundari Ga.Pa-01, Kholsi Chowk, Salyantar  
Telephone: +977-10-421058, 42105

#### 42. SATDOBATO BRANCH

District: Lalitpur  
Address: Satdobato, Lalitpur  
Telephone: +977-01-5914981, 5913180

#### 43. SATUNGAL BRANCH

District: Kathmandu  
Address: Satungal, Chandragiri Municipality-11, Kathmandu  
Telephone: +977-1-4315171, 4315172

#### 44. SIMLE BRANCH

District: Dhading  
Address: Simle Bazar, Thakre Rural Municipality, Ward No. 02  
Telephone: 010-417084

#### 45. SURYABINAYAK BRANCH

District: Bhaktapur  
Address: Pandu Bazaar, Suryabinayak Municipality-6, Bhaktapur  
Telephone: +977-1-5708040, 5708041

#### 46. SWOYAMBHU BRANCH

District: Kathmandu  
Address: Swoyambhu Chowk (Ringroad), Kathmandu  
Telephone: +977-1-5247219, 5247222

#### 47. TANDI BRANCH

District: Chitwan  
Address: Tandi, Ratnanagar-1, Chitwan  
Telephone: +977-56-562158

#### 48. TATOPANI BRANCH

District: Sindhupalchok  
Address: Khokundole, Tatopani, Bhotekoshi-04  
Telephone: +977-11-480007, 480003

#### 49. THAMEL BRANCH

District: Kathmandu  
Address: Narsingha Chowk, Thamel, Kathmandu-26  
Telephone: +977-1-5906030, 5906031

#### 50. THAPATHALI BRANCH

District: Kathmandu  
Address: Thapathali (Singha Tole), Kathmandu-11  
Telephone: 01-5333182

#### 51. TIMURE BRANCH

District: Rasuwa  
Address: Timure, Gosainkunda Rural Municipality, Rasuwa  
Telephone: +977-010-543115

#### 52. TRISHULI BRANCH

District: Nuwakot  
Address: Bataar Bazaar, Bidur Municipality-04, Nuwakot  
Telephone: +977-10-560505

### GANDAKI

#### 1. AANBU KHAIRENI BRANCH

District: Tanahun  
Address: Aanbu Khaireni, Tanahun  
Telephone: +977-65-540345, 540344

#### 2. AMAR SINGH BRANCH

District: Kaski  
Address: Amarsingh Chowk, Pokhara, Kaski  
Telephone: +977-61-434192, 434193

#### 3. BAGAR BRANCH

District: Kaski  
Address: Bagar, Pokhara, Kaski  
Telephone: +977-061-544226, +977-061-544227

#### 4. BENI BRANCH

District: Myagdi  
Address: Campus Chowk, Beni Bazar, Myagdi  
Telephone: +977-69-520964

#### 5. BESISAHAR BRANCH

District: Lamjung  
Address: Malpot Chowk Fulbari, Besisahar-8, Lamjung  
Telephone: +977-66-521452, 521451

#### 6. BHIMAD BRANCH

District: Tanahun  
Address: Bhimad, Tanahun  
Telephone: +977-65-572441

#### 7. BIRAUTA BRANCH

District: Kaski  
Address: Birauta, Pokhara Metropolitan City-17, Kaski  
Telephone: +977-61-458054, 61458055, 9856032559

#### 8. DAMAULI BRANCH

District: Tanahun  
Address: Mahersichowk, Damauli, Tanahun  
Telephone: +977-65-563500, 563502, 563503, 563614, 565244

#### 9. DULEGAUDA BRANCH

District: Tanahun  
Address: Dulegauda, Shuklagandaki Municipality-4, Tanahun  
Telephone: +977-65-414270

#### 10. HEMJA BRANCH

District: Kaski  
Address: Hemja, Milanchowk, Pokhara-25, Kaski  
Telephone: +977-61-400565, 400572

#### 11. JOMSOM BRANCH

District: Mustang  
Address: Puthang Airport, Marpha, Jomsom  
Telephone: +977-69-440098

#### 12. KAWASOTI BRANCH

District: Nawalpur  
Address: Sabhapati Chowk, Kawasoti-8, Nawalpur  
Telephone: +977-78-540941

#### 13. KUSHMA BRANCH

District: Parbat  
Address: Kushma Municipality-4, Parbat  
Telephone: +977-67-420836, 420869

#### 14. LAMACHAUR BRANCH

District: Kaski  
Address: Lamachaur, Pokhara Metropolitan City-19, Kaski  
Telephone: +977-061-444799, 061-445313

#### 15. LAKE SIDE BRANCH

District: Kaski  
Address: Halanchowk, Pokhara Metropolitan City-6, Kaski  
Telephone: +977-061-453200, 453500

#### 16. LEKHNATH BRANCH

District: Kaski  
Address: Arghaichowk, Lekhnath, Pokhara-27, Kaski  
Telephone: 061-564717

#### 17. MADI BRANCH

District: Kaski  
Address: Madi Rural Municipality, Kaski  
Telephone: +977-61-506408

#### 18. NAYA BAZAR BRANCH

District: Kaski  
Address: Naya Bazar, Pokhara  
Telephone: +977-061584358

#### 19. PARSYANG BRANCH

District: Kaski  
Address: Malepatan, Parsyang, Pokhara-5, Kaski  
Telephone: +977-61-419574, 419575

#### 20. PUTALIBAZAR BRANCH

District: Syangja  
Address: Hulak Marga, Putalibazar Municipality-1, Syangja  
Telephone: +977-063-425222, 425223, 425224

#### 21. SIKLES BRANCH

District: Kaski  
Address: Madi Municipality-01  
Telephone: +977-61-413094

#### 22. WALING BRANCH

District: Syangja  
Address: Naya Bazar, Waling, Syangja  
Telephone: +977-063-441311, 441572

#### 23. BAGAR BRANCH

District: Kaski  
Address: Bagar, Pokhara, Kaski  
Telephone: +977-061-544226, +977-061-544227

#### 24. BAGLUNG BRANCH

District: Baaglung  
Address: Bazar, Baglung  
Telephone: +977-68-52267

### LUMBINI

#### 1. BARDAGHAT BRANCH

District: Nawalparasi  
Address: Shivanagar Colony, Bardaghat-4, Nawalparasi  
Telephone: +977-78-590965, 590966

#### 2. BHAIRAHAWA BRANCH

District: Rupandehi  
Address: Devkota Chowk – Siddharthanagar-12, Rupandehi (Opposite to NRB Bhairahawa)  
Telephone: +977-71574642, 71574643, 71575901

#### 3. BUTWAL BRANCH

District: Rupandehi  
Address: Ram Mandir Path, Butwal, Rupandehi  
Telephone: +977-071-535765, 535766, 535776, 535789

#### 4. CHANDRAUTA BRANCH

District: Kapilvastu  
Address: Chandrauta, Shivaraj Municipality-5, Kapilvastu  
Telephone: +977-76-540555, 540640

#### 5. GHORAHY BRANCH

District: Dang  
Address: Sahid Umesh Marg, Ghorahi-15, Dang  
Telephone: +977-82-562372

#### 6. GULERIYA BRANCH

District: Bardiya  
Address: Radhakrishna Tole, Gulairiya Municipality-6, Bardiya  
Telephone: +977-84-420501, 420512

#### 7. KOHALPUR BRANCH

District: Banke  
Address: New Road, Kohalpur Municipality-11, Banke  
Telephone: +977-81-541066, 541067

#### 8. LAMAHI BRANCH

District: Dang  
Address: Deupur Road, Lamahi Municipality-5, Dang  
Telephone: +977-82-540870, 540875

#### 9. LUMBINI BRANCH

District: Rupandehi  
Address: Lumbini Sanskritik-6, Rupandehi, Nepal  
Telephone: +977-71-404085

#### 10. MANIGRAM BRANCH

District: Rupandehi  
Address: Manigram, Tilottama Municipality-5, Rupandehi  
Telephone: +977-71-561340

## 11. NEPALGUNJ BRANCH

District: Banke  
Address: Karkando, Nepalgunj Sub-Metropolitan City-18, Banke  
Telephone: +977-081-531004, 531005, 531006

## 12. PALPA BRANCH

District: Palpa  
Address: Silkhan Tole, Tansen Municipality-4, Palpa  
Telephone: +977-75-522739

## 13. PARASI BRANCH

District: Parasi  
Address: Maheshpur Chowk, Ramgram-5, Nawal-parasi  
Telephone: +977-78-520437

## 14. TAULIHAWA BRANCH

District: Kapilvastu  
Address: Taulihawa Municipality, Kapilvastu  
Telephone: +977-76-560462

## 15. THAKURDWARA BRANCH

District: Bardiya  
Address: Thakurdwara, Thakurbaba Municipality-09, Bardiya  
Telephone: +977-84-402098

## 16. TULSIPUR BRANCH

District: Dang  
Address: BP Chowk, Tulsipur Sub-Metropolitan City-5, Dang  
Telephone: +977-82-590162

## KARNALI

### 1. DOLPA BRANCH

District: Dolpa  
Address: Tripurasundari Municipality, Dolpa  
Telephone: +977-1-6201557, 9847065104

### 2. JUMLA BRANCH

District: Jumla  
Address: Chandannath Municipality, Ward No-05, Jumla  
Telephone: +977-87-520500, 520600

### 3. KHATYAD BRANCH

District: Kalikot  
Address: Khatyad Municipality, Mugu  
Telephone: —

### 4. SALYAN BRANCH

District: Western Rukum  
Address: Shreenagar, Sharada Municipality-1, Salyan  
Telephone: +977-88-400045

### 5. SURKHET BRANCH

District: Surkhet  
Address: Birendranagar, Surkhet  
Telephone: +977-83-523061, 523063

## SUDURPASCHIM

### 1. API HIMAL BRANCH

District: Darchula  
Address: Khandeshwori, ApiHimal Gaunpalika-4, Darchula  
Telephone: —

### 2. ATTARIYA BRANCH

District: Kailali  
Address: Attariya, Godawari Municipality-1, Kailali  
Telephone: +977-91-550431

### 3. BINAYAK BRANCH

District: Achham  
Address: Binayak Bazar, Panchadewal Binayak-3, Achham  
Telephone: +977-97-500037

### 4. DADELDHURA BRANCH

District: Dadeldhura  
Address: Amargadi Municipality, Ward No-05, Dadeldhura  
Telephone: +977-96-420960, 9858776677

### 5. DHANGADHI BRANCH

District: Kailali  
Address: Chauraha Road, Dhangadi  
Telephone: +977-91-520556, 520596

### 6. IBRD BRANCH

District: Kanchanpur  
Address: IBRD, Kanchanpur  
Telephone: +977-99-420082, 420087

### 7. KHALANGA BRANCH

District: Darchula  
Address: Tinkarkheda, Khalanga, Mahakali-4, Darchula  
Telephone: +977-93-420348

### 8. LAMKI BRANCH

District: Kailali  
Address: Lamkichuha Municipality-1, Kailali  
Telephone: +977-91-540565, 540566

### 9. MAHENDRANAGAR BRANCH

District: Kanchanpur  
Address: Mahendranagar, Kanchanpur  
Telephone: +977-99-521373, 522314, 9858422124

### 10. MALIKARJUN BRANCH

District: Darchula  
Address: Malikarjun Rural Municipality, Darchula  
Telephone: 98,606,180,349,860,600,000

### 11. RAJPUR BRANCH

District: Kailali  
Address: Dhangadhi  
Telephone: —

### 12. VYAS BRANCH

District: Darchula  
Address: Sunsera, Vyas Gaunpalika-4, Darchula  
Telephone: 9848792689

HIGHLIGHTS OF THE PROGRAMS ORGANIZED ON THE OCCASION OF THE BANK'S 25TH ANNIVERSARY



HIGHLIGHTS OF THE BANK'S 26TH ANNUAL GENERAL MEETING



HANDOVER OF FINANCIAL SUPPORT TO THE PRIME MINISTER'S DISASTER RELIEF FUND FOR THE REHABILITATION OF CITIZENS AFFECTED BY FLOODS, LANDSLIDES, AND OTHER NATURAL DISASTERS IN THE COUNTRY



HANDOVER OF ESSENTIAL MEDICAL EQUIPMENT TO VARIOUS HOSPITALS AND HEALTH INSTITUTIONS





FINANCIAL LITERACY PROGRAMS ORGANIZED BY VARIOUS BRANCH OFFICES



CONSTRUCTION AND MAINTENANCE OF DRINKING WATER AND TOILET FACILITIES IN VARIOUS GOVERNMENT SCHOOLS ACROSS THE COUNTRY



CONSTRUCTION AND MAINTENANCE OF DRINKING WATER AND TOILET FACILITIES IN VARIOUS GOVERNMENT SCHOOLS ACROSS THE COUNTRY



# AWARDS & RECOGNITIONS



ISO 9001:2015  
Year of Achievement: 2018



Infoss Finacle Innovation Award 2023  
Year of Achievement: 2023



Visa Leadership Conclave 2023  
Year of Achievement: 2023



Visa Leadership Conclave 2023  
Year of Achievement: 2023



Neps- EXCELLENCE IN CARDLESS WITHDRAWAL AND POS ACQUIRING PORTFOLIO  
Year of Achievement: 2024



Visa Leadership Conclave 2024  
Year of Achievement: 2024



Infoss Finacle Innovation Award 2025  
Year of Achievement: 2025



Rising Star in Asset Quality  
Year of Achievement: 2025

# PROFILE OF THE COMPANY

## MBL AT A GLANCE

**MACHHAPUCHCHHRE BANK LIMITED**  
**PUBLIC LIMITED COMPANY, LISTED WITH NEPAL STOCK EXCHANGE LIMITED**

Scrip Code	MBL
Type of Business	Commercial Bank
Key business segments	<b>Small Medium Enterprise (SME) financing, Corporate financing, Consumer financing</b> including home loans, car loans & personal loans
Company registration number	678/054/55
Company PAN number	300225961
Date of incorporation	03 October 2000
Number of branches	165
<b>Address of Corporate Head Office</b>	MBL Tower, Lazimpat, Kathmandu
Telephone	+977-01-4528556
Facsimile	+977-01-4425356
Email address	machbank@mbl.com.np
SWIFT Code	MBLNNPKA



📍 MBL Tower, Lazimpat Kathmandu  
☎ 01-5970555  
✉ [customercare@mbi.com.np](mailto:customercare@mbi.com.np)  
🌐 [www.machbank.com](http://www.machbank.com)

