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2025

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# STABLE FOUNDATIONS SMARTER SOLUTIONS



महालक्ष्मी विकास बैंक लि.  
**Mahalaxmi Bikas Bank Ltd.**

(नेपाल राष्ट्र बैंकबाट "ख" वर्गको राष्ट्रियस्तरको इजाजत प्राप्त संस्था)

सबल बैंक, सफल सहकार्य

**24<sup>TH</sup>**  
**ANNUAL REPORT**  
**FY 2081/82**



**STABLE FOUNDATIONS**  
**SMARTER SOLUTIONS**

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## REPORT AT A GLANCE

Mahalaxmi Bikas Bank Limited continued its journey of sustainable growth and prudent banking operations during the fiscal year, reinforcing its position as a national-level development bank in Nepal. Guided by strong corporate governance, disciplined risk management, and a customer-centric approach, the Bank remained committed to delivering value to its shareholders while promoting financial inclusion across the country.

Throughout the year, the Bank focused on strengthening its capital base, enhancing asset quality, expanding digital banking services, and supporting priority sectors of the economy. Despite a challenging economic environment, Mahalaxmi Bikas Bank maintained operational resilience and strategic momentum.

This report presents a concise overview of the Bank's financial performance, strategic initiatives, operational highlights, and key achievements during the year, reflecting its continued dedication to stability, growth, and long-term value creation.

# Notice Regarding the 24th Annual General Meeting

## Dear Valued Shareholders,

In accordance with the decision made on 637th meeting of the Board of Directors of Mahalaxmi Bikas Bank Ltd., held on 2082/08/24, December 10, 2025), the 24th Annual General Meeting (AGM) of this Development Bank will convene on the following date, time, and venue to discuss and decide on the listed agendas. We sincerely request our valued shareholders to attend the meeting.

## Date, Venue and Time

Date : 2082/09/21 (Monday, January 5, 2026)

Time : 10:00 AM Onwards

Venue : Tribhuvan Army Officers' Club, Bhadrakali, Tudikhel, Kathmandu

## Agendas for Discussion

### A. Ordinary Resolution:

1. To discuss and approve the Annual Report of the Board of Directors for the fiscal year 2081/82.
2. To discuss and approve the Annual Financial Statement (Balance Sheet as on Ashad end 2082, Statement of Profit and Loss for 2081/82, Cash Flow Statement, Statement of Distributable Profit or Loss, Statement of Changes in Equity along with the Notes to Accounts related with Annual Financial Statement.
3. To discuss and approve the distribution of a 5.37% Cash Dividend (equivalent to NPR 230,719,803.08, in words Two hundred thirty million, seven hundred nineteen thousand, eight hundred three and paisa eight) on the current paid up capital of NPR 4,296,458,158, from the distributable profit of FY 2081/82, as proposed by the Board of Directors. This amount includes the tax allocation for Cash and Bonus shares.
4. To appoint an Auditor for FY 2082/83 as per Section 63 of the Banks and Financial Institutions Act, 2073, and Section 111 of the Companies Act, 2063, and to determine their remuneration (PKF T.R. Upadhya & Co. can be reappointed)
5. To elect total of 6 (six) directors, with 3 (three) representing the promoter shareholders and 3 (three) representing the public shareholders, in accordance with the Bank's Memorandum and Articles of Association.
6. To acknowledge information regarding the appointment of the Independent Director.
7. To approve the proposal regarding the purchase of land or building required for construction of the Bank's corporate building.

### B. Special Resolution:

1. To discuss and approve the distribution of 5% Bonus Share (equivalent to NPR 214,822,907.90, in words Two hundred fourteen million, eight hundred twenty-two thousand, nine hundred seven and paisa ninety) on the current Paid-Up Capital of NPR 4,296,458,158, as proposed by the Board of Directors, from the distributable profit of FY 2081/82.
2. To approve a proposal for amending the bank's Memorandum of Association as needed to raise the issued and paid-up capital in accordance with Special Resolution No. 1.
3. Delegation of authority to the Board of Directors to make any necessary modifications, amendments, or linguistic improvements to the Bank's Memorandum of Association and Articles of Association, to certify, register, and submit all related documents, make amendments as required in accordance with prevailing Banks and Financial Institutions laws and directives issued by Nepal Rastra Bank, and carry out all other necessary actions for implementation of the above resolutions.

### C. Miscellaneous:

Other information related to the Annual General Meeting:

1. For the purpose of the Annual General Meeting and dividend distribution, the share transfer book of the Bank shall remain closed for one day on 2082/09/07. This notice hereby informs that only shareholders whose shares have been traded on the Nepal Stock Exchange Limited up to 2082/09/06 and are duly registered with the Share Registrar of Development Bank, Siddhartha Capital Limited, Narayanchaur, Naxal, Kathmandu, in accordance with the prevailing laws, shall be eligible to participate and cast their votes at the forthcoming General Meeting and receive dividend.

2. The Annual Report booklet will be sent to the shareholders of the Development Bank at the address registered with the bank. If, for any reason, the booklet is not received, shareholders may obtain the annual report from the Bank's Head Office, Durbarmarg, Kathmandu or Share Registrar, Siddhartha Capital Limited, Narayanchaur, Naxal or download it from the Bank's website: [www.mahalaxmibank.com](http://www.mahalaxmibank.com).
3. Shareholders intending to appoint a proxy to attend the Annual General Meeting must fill out the proxy form in accordance with the format specified by the current Companies Act and submit it to the Head Office, at least 48 hours prior to the meeting's commencement. A proxy may only be appointed for a shareholder of the Development Bank, and it is prohibited to assign a proxy to more than one individual by dividing shares or through any other means. Any proxy granted in such a manner will be deemed invalid. However, if the shareholder who appointed the proxy submits a request explicitly stating the revocation of the previous proxy and designates another shareholder as the new proxy, the newly appointed proxy will be allowed to attend the meeting and vote. In such a situation, the previous proxy will automatically be considered invalid.
4. All shareholders attending the General Meeting must be present at the meeting venue and sign the attendance register available at the location. The attendance register for the general meeting will be open for signing from 9:00 AM on the same day.
5. Shareholders wishing to attend the meeting are kindly requested to present their official identification card along with their shareholder number or Beneficiary Owner Identification Document (BOID) for dematerialized shares.
6. In the case of shares held jointly, only the shareholder whose name appears first in the share register shall be entitled to attend the general meeting, participate in discussions, and cast votes, unless a representative has been appointed by all the joint shareholders or by a person authorized by them
7. In respect of shareholders who are under guardianship, the guardians registered as such in the share register of this Development Bank, on behalf of such shareholders, may attend the general meeting or appoint a proxy to represent them.
8. Any organized institution or company that has purchased shares of this Development Bank may appoint any other shareholder of this Development Bank as its representative (proxy). In the absence of appointing a proxy, the representative authorized by such organized institution or company may attend the general meeting and exercise voting rights in the capacity of a shareholder.
9. The election procedure relating to the election of directors representing the promoters and the general public in the Board of Directors shall be published after being fixed by the Election Officer, at the central office of the Development Bank located at Durbar Marg, Kathmandu.
10. A candidate for election to the post of Director must be eligible in accordance with the Banks and Financial Institutions Act, 2073 (2017), the prevailing rules, laws, and the Memorandum and Articles of Association of the Development Bank.
11. Election-related activities shall be conducted in accordance with the Development Bank's sanctioned Director Election Directive, 2082 and the prevailing Act and rules.
12. The election-related schedule shall be published by the Election Officer prior to the Annual General Meeting, by posting it on the notice board of the Election Officer's office or the central office of the Bank.
13. The Annual General Meeting shall be conducted in accordance with the Companies Act, 2063, the Banks and Financial Institutions Act, 2073, and the Memorandum of Association and Articles of Association of the Bank.
14. Under the miscellaneous section, shareholders wishing to discuss or provide feedback on matters not included in the scheduled agenda must submit their topics in writing at least 7 days prior to the AGM. Topics not submitted within this timeframe shall not be discussed during the meeting.
15. The queries, comments, or questions expressed by the distinguished shareholders may be answered collectively on behalf of the Board of Directors, or by the Chairman of the Board of Directors, or by a person designated by the Chairman.
16. For security reasons, shareholders attending the AGM are requested to cooperate in security screening, including frisking and bag checks, as required. Shareholders are requested not to bring bags or prohibited items into the meeting hall.
17. For further information related to the AGM, shareholders may contact the Bank's Head Office during office hours at Telephone No. 01-5368719/9709036191, or contact the Bank's Head Office located at Durbarmarg, Kathmandu, or contact the Bank's Share Registrar, Siddhartha Capital Limited, Naxal, Kathmandu.

.....  
As decided by Board of Directors  
(Company Secretary)



साधारण सभामा आफ्नो प्रतिनिधि नियुक्त गर्ने प्रोक्सी फारम (प्रतिनिधि पत्र)  
(कम्पनी ऐन २०६३ को दफा ७१ को उपदफा (३) संग सम्बन्धित)  
प्रोक्सी फारम

श्री सञ्चालक समिति  
महालक्ष्मी विकास बैंक लिमिटेड,  
दरबारमार्ग, काठमाडौं ।

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

.....जिल्ला.....म.न.पा./उप म.न.पा./न.पा/गा.पा वडा.नं.....बस्ने  
म/हामी .....ले महालक्ष्मी विकास बैंक लिमिटेडको शेयरधनीको हैसियतले मिति २०८२ साल पौष  
२१ गते सोमवार हुने २४ (चौबीस) औं वार्षिक साधारण सभामा म/हामी स्वम उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन  
नसक्ने भएकाले उक्त सभामा मेरो / हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि ..... जिल्ला.....  
.....म.न.पा./उपम.न.पा./न.पा/गा.पा वडा.नं.....बस्ने त्यस बैंकका शेयरधनी श्री.....  
.....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु / पठाएकाछौं।

प्रतिनिधि नियुक्त भएको व्यक्तिको :

निवेदक

हस्ताक्षरको नमुना : .....

दस्तखत : .....

शेयरधनी नं .....

नाम : .....

हितग्राही खाता नं. ....

ठेगाना : .....

शेयरधनी नं: .....

हितग्राही खाता नं.: .....

संस्थापक/सर्वसाधारण शेयर संख्या: .....

मिति: २०८२/०९/

द्रष्टव्य : यो निवेदन साधारण सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै बैंकको रजिष्टर्ड कार्यालय दरबारमार्ग, काठमाण्डौमा दर्ता गरी  
सम्पुर्ण गर्नेछ । (शेयरधनी बाहेक अन्य व्यक्तिहरुलाई प्रतिनिधि नियुक्त गर्न सकिने छैन)

-----\*-----\*-----\*-----\*

**प्रवेश-पत्र**

शेयरधनीको नाम..... शेयरधनी नं / हितग्राही खाता नं .....

शेयर संख्या (संस्थापक ....., सर्वसाधारण ..... ) जम्मा: .....

महालक्ष्मी विकास बैंक लिमिटेडको मिति २०८२ साल पौष २१ गते सोमवारका दिन हुने चौबीसौ वार्षिक साधारण सभामा उपस्थित  
हुन जारी गरीएको प्रवेश-पत्र ।

शेयरधनीको हस्ताक्षर .....



कम्पनीको छाप

कम्पनी सचिव

द्रष्टव्य : १) शेयरधनीहरू आफैले खाली ठाउँहरूमा भर्नु हुन अनुरोध छ ।  
२) सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र अनिवार्य रूपमा प्रस्तुत गर्नु पर्नेछ ।



## Mahalaxmi Bikas Bank Limited: From establishment to long-term sustainability

Established in B.S. 2052 (1995 A.D.) Mahalaxmi Bikas Bank has proudly served the people of Nepal for over 30 years, building a legacy of trust, innovation, and financial empowerment. Founded on the guiding theme of "Strong Bank, Successful Co-operation," it holds the distinction of being the first national development bank to meet the required capital standards set by Nepal Rastra Bank as a 'B' class National Level Bank.

With its head office in Durbar Marg, Kathmandu, the bank today supports the financial needs of more than eight lakh plus customers through an expansive network of 103 branches and 32 ATMs across the country.

Guided by its heartfelt motto, "Service with Smile," Mahalaxmi Bikas Bank is committed to delivering modern, accessible, and customer-friendly banking experiences. With a strong focus on digital innovation, corporate governance, and sustainable practices, the bank continues to evolve while maintaining the stability and reliability that have been its hallmark since the very beginning.

Committed to long-term sustainability and profitability, Mahalaxmi Bikas Bank prioritizes sustainable business practices, continuous improvement, innovation, and accountability to regulatory bodies. The bank emphasizes on strengthening corporate governance and ensuring transparency, integrity, and ethical conduct.

By promoting a culture of innovation, reform, and corporate governance, the bank has expressed its strong commitment to the growth and prosperity of its stakeholders. Adapting to the changing banking landscape, Mahalaxmi Bikas Bank is continuously moving forward in the pursuit of excellence, customer satisfaction, and sustainable growth.



# MISSION

Our Mission is to offer safety of deposits & render best services to the customers, build the best place to work with, provide best & perpetual returns to the stakeholder with the strict compliance to the regulations.

# VISION

To become **"The Most Trusted Bank"** to the customers, to the employees, to the stakeholder and to the regulators through the process of continuous innovation and improvement, strong corporate governance and professional work culture.

# OBJECTIVES

- ▶ Provide excellence in customer service by proactive approach.
- ▶ Sell financial products that are competitively priced.
- ▶ Continue business in an ethical, transparent and responsible manner, becoming the role model of corporate governance.
- ▶ Deliver strong financial and operational efficiency by implementing cutting edge technology.
- ▶ Continuously improve the asset quality to obtain sustainable returns.
- ▶ Apply cost effective approach to reduce operational expenses.
- ▶ Adopt professional approach in effectively managing financial as well as non-financial risks.
- ▶ Build a Centre for career growth to performing employees.
- ▶ Maximize profitability by working under the guideline of regulators and internal policies/ guideline.

Withdrawal

Open

COUNT YOUR MONEY  
BEFORE LEAVING

## OUR THREE STRATEGIC PILLARS



### Operational Excellence

### Customer Excellence

### Organizational Excellence

- ❑ Proactive customer service
- ❑ Competitive product pricing
- ❑ Value-driven solutions

- ❑ Cutting-edge technology
- ❑ Superior asset quality
- ❑ Cost optimization
- ❑ Professional risk management

- ❑ Ethical governance
- ❑ Talent development
- ❑ Sustainable profitability
- ❑ Regulatory compliance

# OUR STRATEGIC OBJECTIVES

## Building Excellence, Delivering Value, Creating Impact

At Mahalaxmi Bikas Bank, our strategic objectives serve as the cornerstone of our mission to deliver exceptional value to our stakeholders. These nine interconnected priorities guide our decisions, shape our culture, and drive our commitment to sustainable growth and exemplary service. Each objective reflects our dedication to operational excellence, customer satisfaction, and responsible banking practices that benefit our customers, employees, shareholders, and the communities we serve

### Strategic Priorities for Sustainable Growth



#### Customer Service Excellence

Provide excellence in customer service by proactive approach, ensuring that every interaction reflects our commitment to understanding and exceeding customer expectations.

#### Competitive Financial Products

Sell financial products that are competitively priced, delivering superior value while maintaining the highest standards of quality and service.



#### Ethical Business Practices

Continue business in an ethical, transparent and responsible manner, becoming the role model of corporate governance in the financial sector.

#### Technological Innovation

Deliver strong financial and operational efficiency by implementing cutting edge technology that enhances service delivery and operational capabilities.



#### Superior Asset Quality

Continuously improve the asset quality to obtain sustainable returns, ensuring long-term financial stability and stakeholder confidence.

#### Cost Optimization

Apply cost effective approach to reduce operational expenses without compromising service quality or organizational capabilities.



#### Professional Risk Management

Adopt professional approach in effectively managing financial as well as non-financial risks, safeguarding our institution and stakeholders.

#### Talent Development

Build a Centre for career growth to performing employees, creating an environment where excellence is recognized, nurtured, and rewarded.



#### Sustainable Profitability

Maximize profitability by working under the guideline of regulators and internal policies/guidelines, ensuring responsible growth and compliance excellence.

# Core Values

## ▶ Innovation

Mahalaxmi Bikas Bank believes that innovation is the key driver for excellence and growth in the ever-evolving banking industry. The Bank is dedicated to nurturing a forward-thinking environment where creativity and fresh perspectives are valued at every level of the organization. Employees are encouraged to explore new possibilities and develop solutions that enhance the quality of banking services and streamline operational processes.

Mahalaxmi Bikas Bank commits to supporting innovation by providing the necessary tools, resources, and platforms for ideas to flourish. The Bank recognizes and celebrates innovative contributions, ensuring that creative thinking is not only encouraged but rewarded. By transforming promising concepts into tangible solutions, the Bank aims to deliver superior value to customers, create growth opportunities for employees and generate sustainable returns for all stakeholders.

## ▶ Improvement

Mahalaxmi Bikas Bank embraces a philosophy of continuous improvement in all aspects of its operations. The Bank believes that excellence is not a destination but a journey that requires constant effort and commitment. Employees are expected to actively seek opportunities to enhance their skills, refine processes, and deliver better outcomes for customers and the organization.

Mahalaxmi Bikas Bank invests in training and development programs to ensure employees have access to the knowledge and tools needed for professional advancement. The Bank also implements systematic review mechanisms to identify areas for improvement in products, services, and internal processes. By maintaining this commitment to continuous improvement, the Bank ensures it remains responsive to market changes, regulatory requirements and customer expectations while building organizational resilience and competitiveness.

## ▶ Corporate Governance

Mahalaxmi Bikas Bank is dedicated to upholding the highest standards of corporate governance in all its operations. The Bank recognizes that sound governance practices are fundamental to building trust with customers, regulators, shareholders and the broader community. The Bank commits to operating with transparency, accountability, and ethical conduct in every decision and transaction. Corporate governance at Mahalaxmi Bikas Bank encompasses clear organizational structures, well-defined roles and responsibilities and robust internal controls. The Bank ensures compliance with all regulatory requirements and industry best practices while maintaining systems that promote ethical behavior and prevent misconduct.

Through exemplary corporate governance, Mahalaxmi Bikas Bank aims to build lasting credibility and sustain long-term value creation.

## ▶ Culture

Mahalaxmi Bikas Bank believes that a positive and inclusive organizational culture is the foundation for achieving excellence and sustainable growth. The Bank is committed to creating a workplace environment where every employee feels valued, respected, and empowered to contribute their best. The Bank's culture is built on mutual trust, collaboration, and shared purpose. The Bank recognizes and rewards performance, dedication, and integrity, creating a meritocratic environment that motivates employees to excel. By cultivating a strong, positive culture, Mahalaxmi Bikas Bank aims to attract and retain talented professionals who are passionate about serving customers and contributing to the Bank's mission of creating meaningful and lasting relationships with all stakeholders.



## Code of Conduct

Mahalaxmi Bikas Bank Limited maintains a comprehensive Code of Conduct that establishes the ethical foundation and professional standards guiding our operations and employee behavior. The bank practices corporate governance on a daily basis, with a zero-tolerance policy toward violations of corporate governance principles. Our commitment to ethical conduct is non-negotiable, and all employees are held accountable for maintaining the highest standards of integrity in their professional activities.

At the heart of our organizational culture is respect for diversity and dignity of all individuals. Employees are expected to demonstrate professionalism and courtesy in their interactions with colleagues, clients, and stakeholders, regardless of cultural background, nationality, religion, or social status. The bank strictly prohibits any form of harassment, bullying, or discrimination in the workplace. We have established clear reporting mechanisms for employees to raise concerns about misconduct, including a dedicated grievance handling system to ensure all complaints are addressed sensitively and thoroughly.

Professional integrity forms the cornerstone of our operations. Employees are required to perform their duties with honesty and transparency, ensuring full compliance with all legal, regulatory, and internal policies. The provision of false or misleading information is strictly prohibited, and employees must extend complete cooperation during internal and external investigations or regulatory examinations. Our staff members are forbidden from engaging in bribery, accepting personal benefits from clients, or participating in any activities that could compromise their professional judgment.

The bank enforces stringent policies against conflicts of interest and insider trading. Employees are prohibited from using confidential, non-public information for personal gain or engaging in transactions that could create actual or perceived conflicts between personal and professional interests. Staff members are not permitted to act as joint signatories on customer accounts, and any outside business interests or part-time employment require prior management approval. The bank carefully monitors these activities to ensure they do not contradict organizational objectives or compromise employee independence.

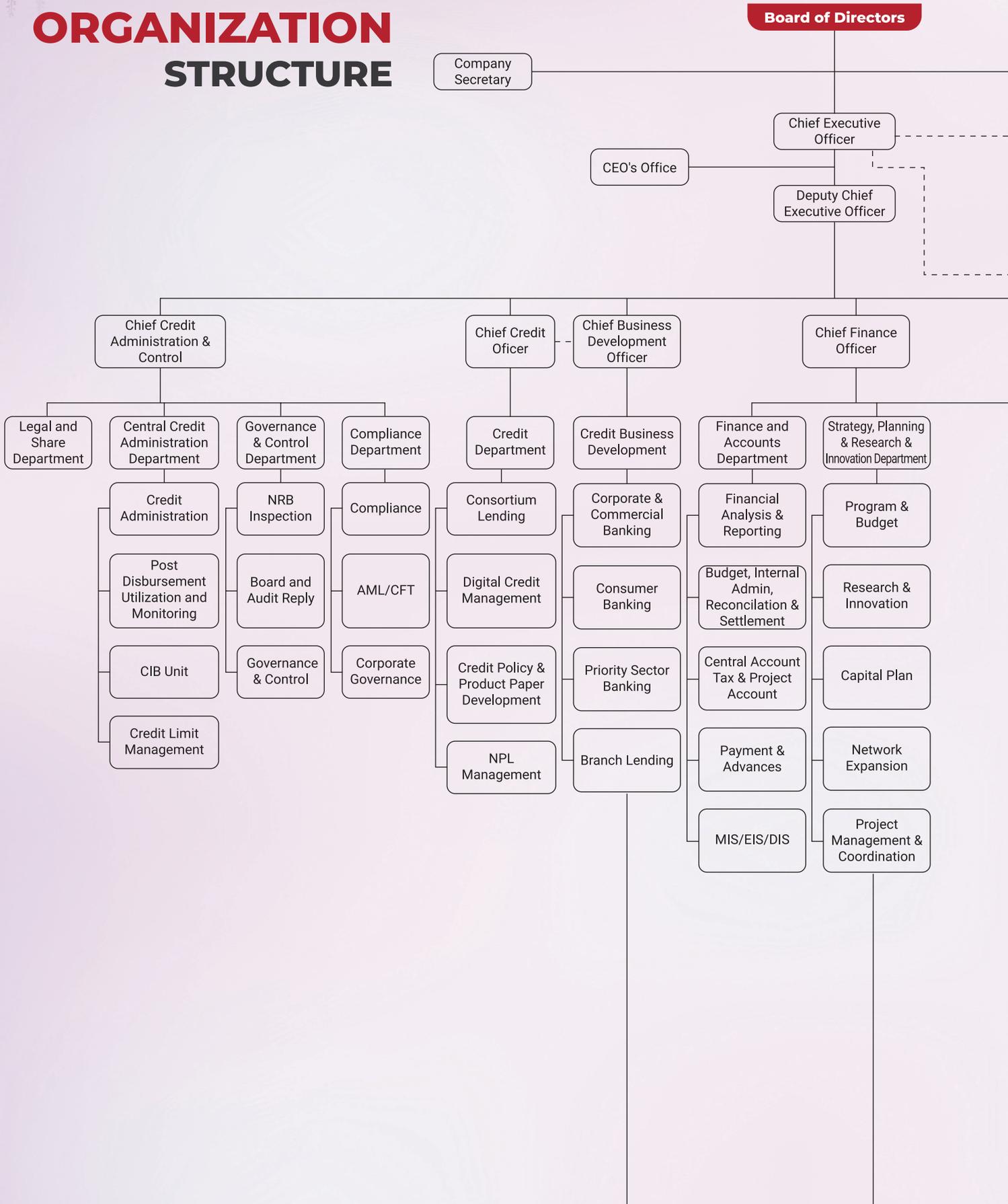
Our commitment to fair and equitable treatment extends to all stakeholders. Every customer and external party must be treated with equal respect and without discrimination, as our reputation depends on the perception and experience of those we serve. Employees are prohibited from accepting gifts from customers and must prioritize organizational interests over personal gains. All donations and corporate social responsibility initiatives are undertaken to enhance our brand image and serve the community, never to secure vested interests.

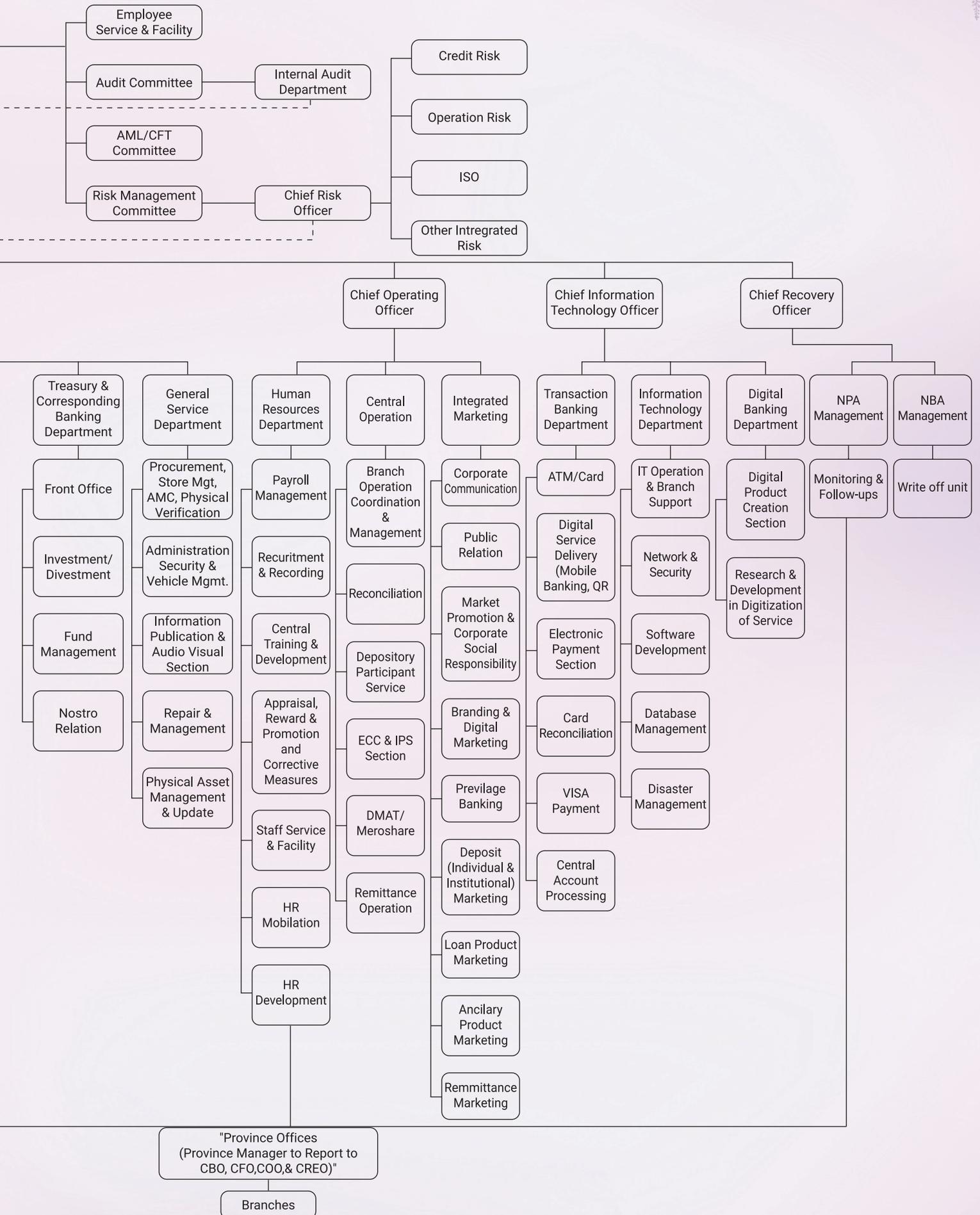
Employees are encouraged to speak up about violations of the Code of Conduct through established channels, with assurance that their concerns will be handled with appropriate care and confidentiality. The bank maintains strict policies regarding workplace safety, including prohibitions on drugs, alcohol, and smoking except in designated areas. All employees are expected to remain fully informed about applicable policies, procedures, and regulatory requirements, and those in supervisory roles must ensure their teams are similarly equipped and updated.

Mahalaxmi Bikas Bank Limited's Code of Conduct fully complies with Nepal Rastra Bank directives, our internal staff service bylaws, and all applicable laws of the land, reflecting our unwavering commitment to ethical banking practices and corporate responsibility.



# ORGANIZATION STRUCTURE







# BOARD OF DIRECTORS

Chairman

**Mr. Rajesh Upadhyay**

Director

**Mr. Sanjay Giri**

Director

**Mr. Sagar Malla**

Director

**Mr. Shyam Sundar Rungta**

Director

**Mr. Rupendra Poudel**

Director

**Mr. Rahul Agrawal**

Director (Independent)

**Mr. Ashwini Kumar Thakur**



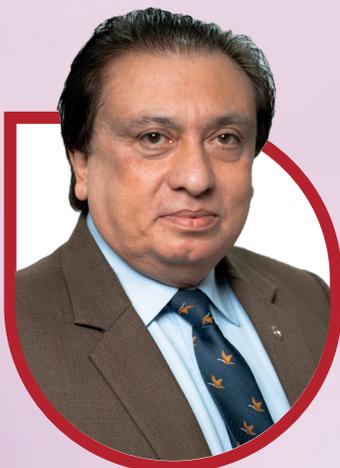


Chairman

### Mr. Rajesh Upadhyay

Mr. Rajesh Upadhyay is a renowned visionary banker who has been associated with banking sector since 2006. From 2006 to 2008, he served as a Director in Global IME Bank and acted as the Coordinator of the Board Level Credit Committee. He served as a Director in Manakamana Development Bank from 2010 to 2013 and acted as the Coordinator of the Board Level Audit Committee. He also served as a Director of NLG Insurance Limited, where he coordinated the Board Level Audit Committee. He served as a Chairperson in erstwhile Yeti Development Bank from 2071/02/29 to 2074/03/15.

Following the merger, he served as Chairman of Mahalaxmi Bikas Bank Limited from 2074/03/16 to 2075/01/21 and was reappointed from 2078/11/15, continuing in the position to date. Besides these he is also affiliated with Continental Marketing Pvt. Ltd., CFS Remit Pvt. Ltd., Kathmandu Capital Market and CFS Traders and he has proved himself as a successful and farsighted business man. He is an MBA Graduate from Tribhuvan University, Nepal, (specialization in International Marketing) and life time member of Nepal Management Group (Rotary Club of Kathmandu Metro), member of Nepal Management Association and Vice-President of CBFIN.



Director

### Mr. Sanjaya Giri

Mr. Sanjay Giri is a prominent and renowned businessman. He represents the promoter shareholders of the Bank. From 2069/01/11 to 2074/03/16, he served as a Director of erstwhile Mahalaxmi Finance Limited and erstwhile Mahalaxmi Bikas Bank Limited. During his tenure, he served as member of Board Level Audit Committee. From 2075/01/21 B.S. to 2078/11/12 B.S., he served as the Coordinator of the Board Level Risk Management Committee.

From 2078/11/12, Mr. Giri has been serving as a Director of the Bank and is also the Coordinator of the Anti-Money Laundering Committee. Mr. Giri holds a Master of Business Administration (MBA) degree with specialization in Marketing from Gujarat University, India. He has extensive experience across diverse sectors including industry, hotel business, and trade in Nepal. Throughout his professional career, he has been associated with various organizations such as the Forest Association Nepal, Hotel Association Nepal, CTEVT, Energy Efficiency and Environment Forum, and Nepal-India Friendship Association as a chairperson, coordinator and member. He has also been actively involved in several business associations and professional forums. Since 2000 A.D., he has served in various leadership roles and has been serving as the Chairman of the Nepal Leather Industry Association. Since 2000 A.D., Mr. Giri has been affiliated with Rotary International Club, representing Nepal at various district-level and international forums.



Director

### Mr. Sagar Malla

Mr. Sagar Malla represents Growing Pvt. Ltd., the promoter shareholder of the Bank. Mr. Sagar Malla is an experienced professional with a strong expertise in hydropower, construction, and project management. He has been associated with Rangun Khola Hydropower Pvt. Ltd. since 2017, where he currently serves as Senior Manager, leading administration, operations, procurement, and team management.

He has previously worked with Mountain Hydro Construction Pvt. Ltd., Nawadev Kastha Tatha Furniture Udhog Pvt. Ltd., and Utsav Events, where he gained expertise in operations, project supervision, human resource management, event planning, and vendor coordination.

Alongside his professional career, Mr. Malla has been actively involved with the Rotaract movement under Rotary International District 3292, serving as District Director, Treasurer, and Zonal Representative. He holds an MBA in Marketing from Ace Institute of Management and a BBA in Finance from Thames International College.

From 2082/05/08, he is appointed as a Director of Mahalaxmi Bikas Bank Limited as representative of Growing Pvt Ltd.



Director

### Mr. Shyam Sundar Rungta

Mr. Shyam Sundar Rungta is a knowledgeable and experienced person in the field of business and banking. He represents the general public shareholders of the Bank.

He was associated with the erstwhile Mahalaxmi Finance Limited as a Director since 2055/06/29 and then after, till 2073/05/18, he served as Director in erstwhile Mahalaxmi Bikas Bank Limited. During his tenure he serves as a member in Board Level Audit Committee. Since 2075/01/21, he has been serving as a Director in Mahalaxmi Bikas Bank Limited. Since 2082/04/27, he has been working as a member in Board Level Audit Committee.

With academic qualification of SLC, approved by the Government of Nepal, Ministry of Education, Science and Technology, Mr. Rungta has been continuously involved in various industries, business, and development-oriented initiatives.



Director

### Mr. Rupendra Poudel

Mr. Rupendra Poudel represents the general public shareholders of the Bank. He served as a Director of erstwhile Manakamana Development Bank Limited from 2067/12/10 B.S. to 2070/03/30 B.S. In addition, he has previously served as a Director of former Reliable Finance Limited and Siddhartha Development Bank Limited. Thereafter, he served as a Director of erstwhile Yeti Development Bank Limited from 2070/03/31 B.S. to 2072/02/30 B.S.

Mr. Poudel has been serving as a Director of Mahalaxmi Bikas Bank Limited since 2074/03/16 B.S. During his tenure, he has served as the Coordinator of the Board Level Staff Service Committee and member in Anti Money Laundering Committee. He is currently serving as the Coordinator of the Board Level Risk Management Committee of the Bank.

Mr. Poudel holds a Bachelor of Commerce (B.Com.) degree in Management from Tribhuvan University. He has extensive professional experience in financial management and has been actively involved in various national and international organizations and institutions, including Nepal's banking and financial sector, Butwal Power Company Limited, LGP under UNDP-assisted projects, Bagmati Watershed Project (European Union), Gurkha Enterprises Multinational Company in the United Kingdom, and serving as the treasurer in People, Energy and Environment Development Association (PEEDA).

He has served in leadership roles, including as Treasurer, and has also been associated with several companies in managerial and directorial capacities.



Director

### Mr. Rahul Agrawal

Mr. Rahul Agrawal is a young energetic and well-known businessman in the field of packaging, coal, motor parts production and distribution of groceries.

Mr. Rahul Agrawal represents the general public shareholders of the Bank. He has been serving as a Director of the Bank since 2075/01/21 B.S. and continues to hold the position to date. He had served as a coordinator in Board Level Committee. He has been serving as a coordinator in Board Level Audit Committee since 2082/04/27.

Mr. Agrawal holds a Master of Business Administration (MBA) degree in Finance from Bangalore University, India. He has long-standing involvement in Nepal's business sector and is actively associated with Varun Motors Pvt. Ltd., where he serves as a Director. He has also served as the President of Round Table Nepal.





#### Independent Director

### Mr. Ashwini Kumar Thakur

Mr. Ashwini Kumar Thakur is a seasoned executive with over 30 years of experience in Nepal's financial and economic sectors. Mr. Thakur represents the Bank in the capacity of an Independent Director. He was appointed as a Director of the Bank with effect from 2082//03/22 B.S. Following his appointment, he has been serving as the Coordinator of the Board Level Staff Service and Facilities Committee of the Bank since 2082/04/27.

He retired as the Executive Director of Nepal Rastra Bank (NRB), where he played a strategic role in policy formulation, program development, and institutional strengthening. Throughout his tenure, he led multiple cross-functional initiatives, managed diverse teams, and oversaw the successful implementation of high-impact projects aimed at enhancing the central bank's effectiveness. He also served as the Chief Executive Officer of Rastriya Beema Sansthan, contributing significantly to the development of Nepal's insurance landscape.

He has previously served on the boards of several key institutions, including: Madhya Paschimanchal Gramin Bikas Bank, Sana Kisan Bikas Bank, APROCS Nepal, National Banking Training Institute (NBTI), Hydroelectricity Investment and Development Company Ltd. (HIDCL) and Upper Tamakoshi Hydropower Ltd. His leadership also extended to key committees within NRB, where he chaired the Investment Committee, led the Recruitment Committee at NBTI, and served as a member of the Policy Regulation Implementation Committee, Audit Committee, Regulation Committee, and the Recruitment Sub-Committee.

He holds an MBA in Marketing and International Trade from LNMCBM, Barkatullah University, India, and a B.Sc. in Zoology, Botany, and Chemistry from Trichandra Campus, Tribhuvan University, Nepal.



#### Company Secretary

### Mr. Som Raj Pant

Mr. Som Raj Pant currently serves as the Company Secretary of the Bank, where he plays a vital role in ensuring compliance with statutory and regulatory requirements while promoting best practices in corporate governance. With a strong commitment to transparency and accountability, he supports the Board and executive management in maintaining sound governance structures and regulatory alignment.

Mr. Pant holds a Master's degree in Business Law from Tribhuvan University and brings with him over 22 years of notable experience in the banking sector. His deep understanding of legal frameworks, regulatory compliance, and internal governance has made him an integral part of the bank's leadership team.

He currently represents Mahalaxmi Bikas Bank Limited as a Director on the Board of Credit Information Bureau Ltd.

# AN EMERGING FLAGSHIP CAMPAIGN

The *Mahalaxmi Bikas Bank BizChitra Photography Competition – Season 1* was launched as a creative brand-engagement initiative, aimed at building meaningful connections with customers, artists, youth, and small entrepreneurs through the medium of photography.

By initiating a photography-based promotional campaign of this scale, Mahalaxmi Bikas Bank became one of the first banks in Nepal to successfully create impact in the following areas:

- ▶ Highlighting local stories and perspectives
- ▶ Increasing community participation
- ▶ Strengthening branch-level outreach

Following the tremendous success of Season 1, *Season 2* expanded further, achieving broader, multi-province participation. Continuing this successful journey, *Season 3* has been elevated as the Bank's **Flagship Annual Event**, reflecting the Bank's commitment to creativity-driven engagement, community visibility, and inclusive brand building.

## Season ONE



Narayan Maharjan  
Third



Shankar Bhujel  
Second



Abhishek Maharjan  
First

## Season TWO



Parash Bajracharya  
Third



Shaurab Bajracharya  
Second



Subash Shrestha  
First



# MAJOR FINANCIAL INDICATORS FOR FY 2081-82



Deposits  
**56.22 Billion**



Paid up Capital  
**4.30 Billion**



Investment Securities  
**12.47 Billion**



Reserve Fund  
**2.79 Billion**



Total Loans  
**47.21 Billion**



Net Interest Income  
**1.94 Billion**



Operating Profit  
**611 Million**



**804 Thousand**  
Deposit Customers



Net Profit  
**424 Million**



**19.70 Thousand**  
Loan Customers



**103**  
Branches



**32**  
ATMs



**151,480**  
Cards



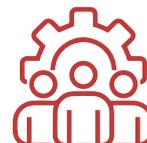
**41,206**  
DeMat Account



**559,284**  
Mobile Banking



**32,441**  
QR

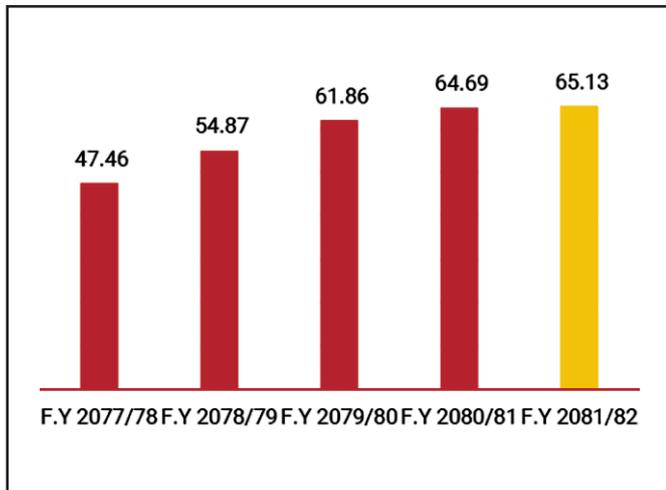


**847**  
Employees

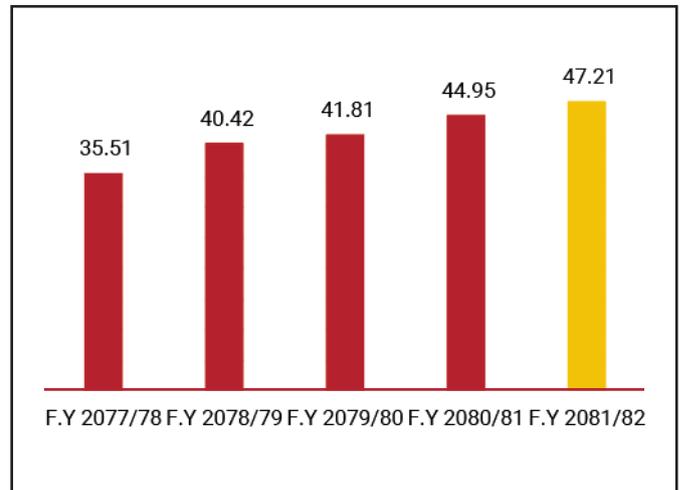
# FINANCIAL HIGHLIGHTS

## Growth

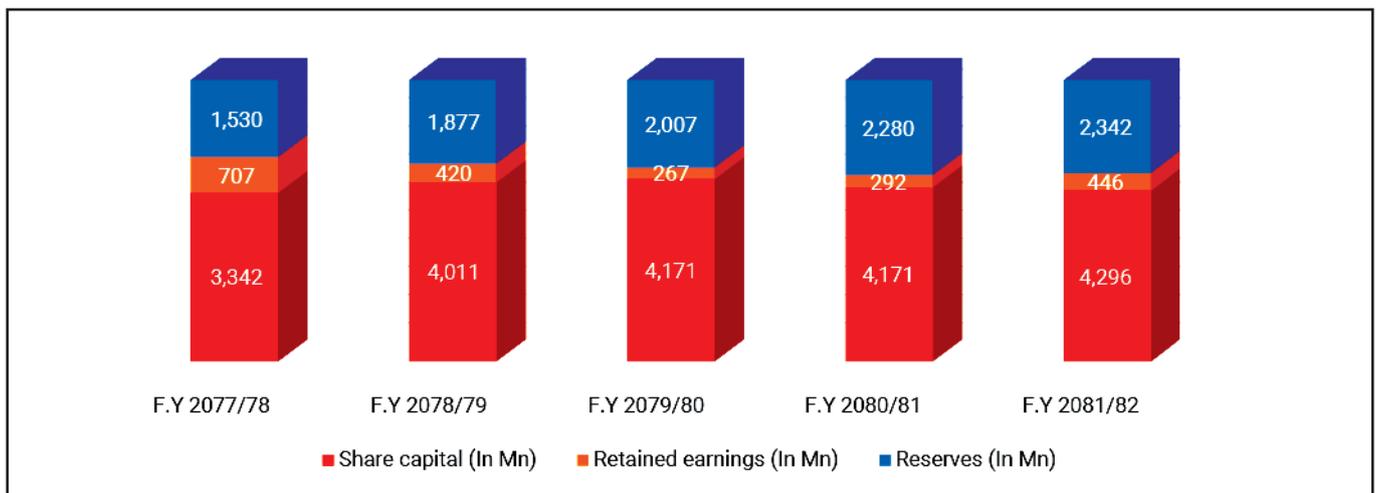
Total Assets (NPR in Billion)



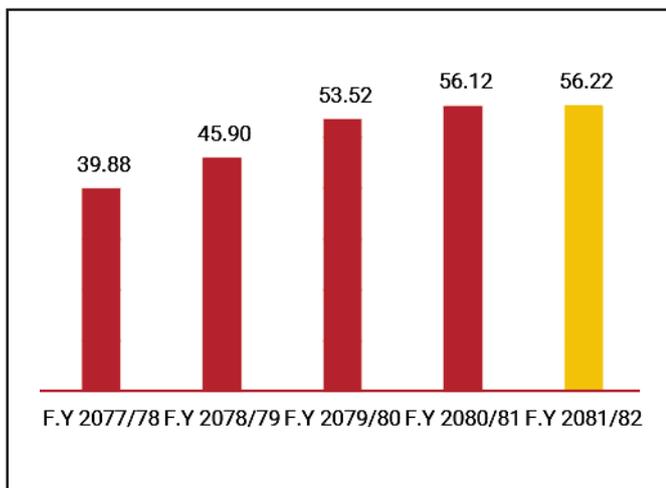
Loans and Advances (NPR in Billion)



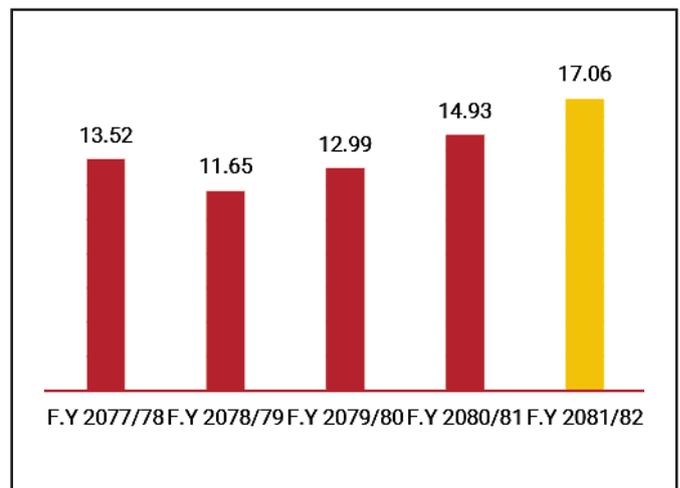
## Shareholders' Fund



Deposits (NPR in Billion)

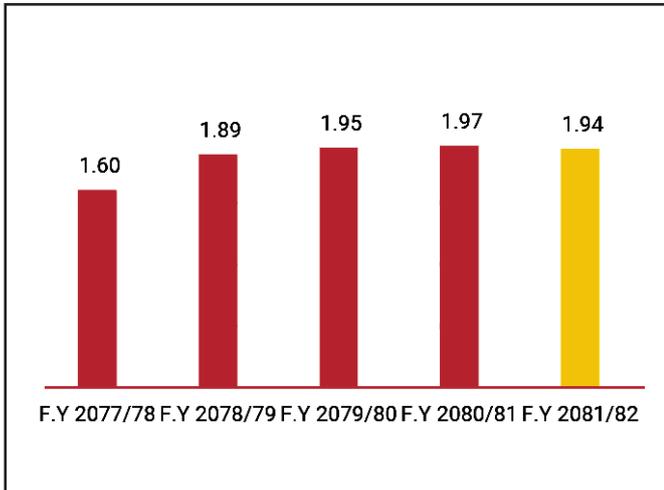


Capital Adequacy Ratio (%)

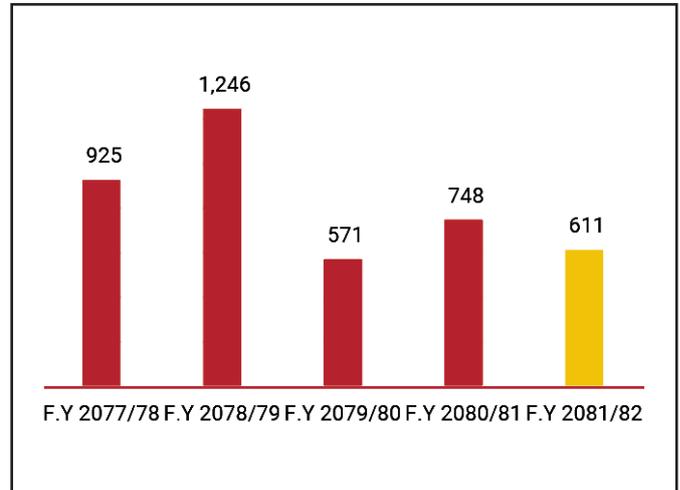


## Efficiency

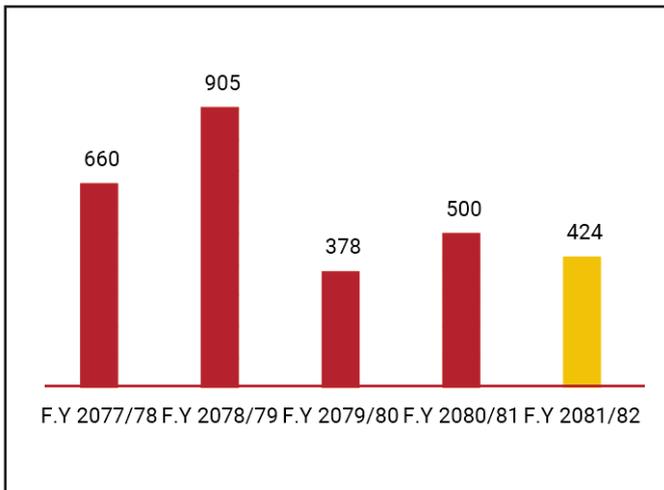
### Net Interest Income (NPR in Billion)



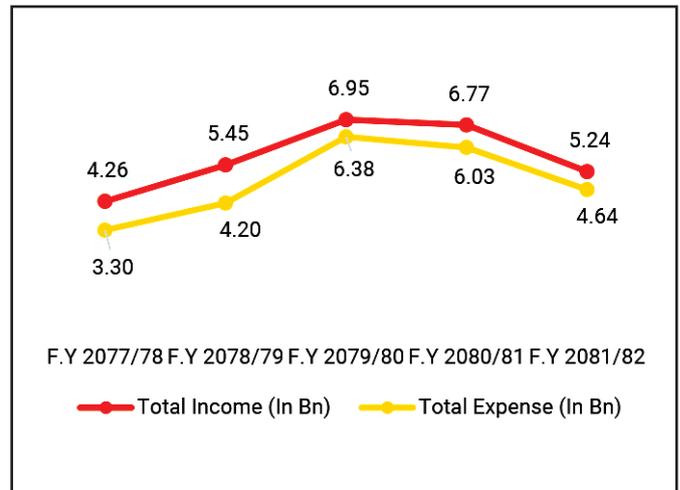
### Operating Profit (NPR in Million)



### Net Profit (NPR in Million)

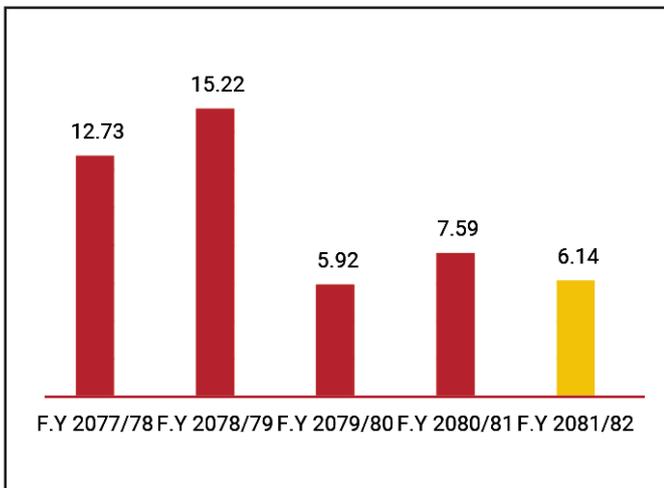


### Total Income vs Total Expense (NPR in Billion)

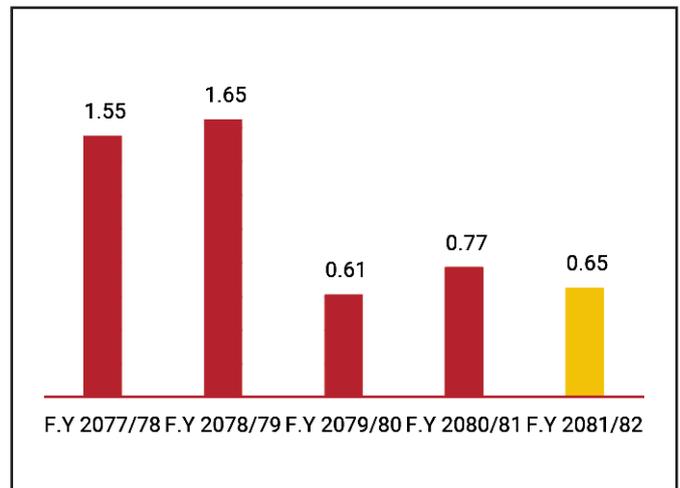


## Returns

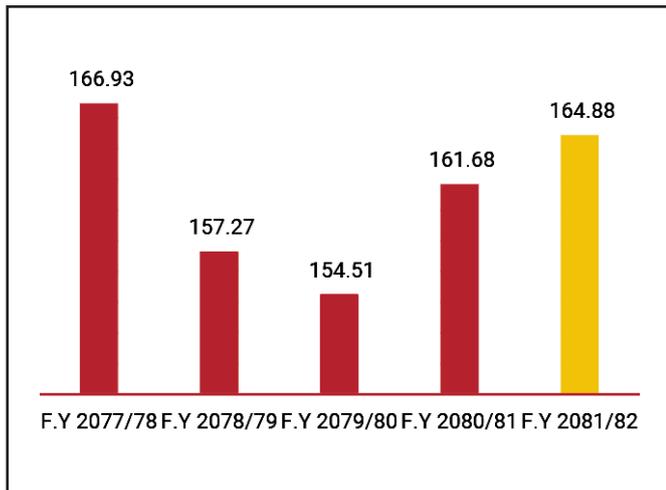
### Return on Equity (%)



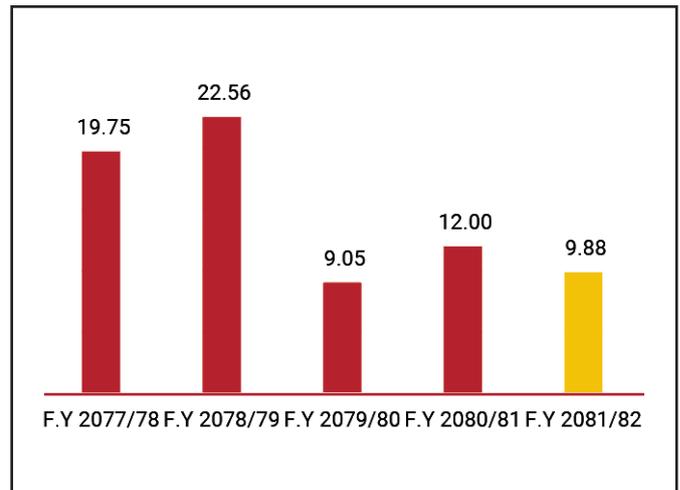
### Return on Assets (%)



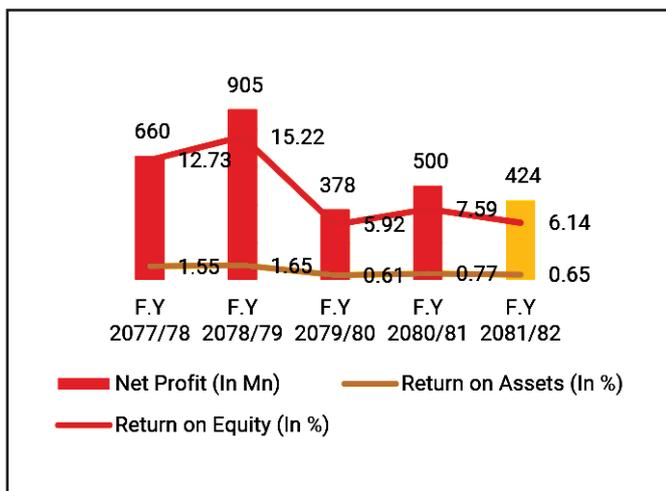
### Net Worth Per Share



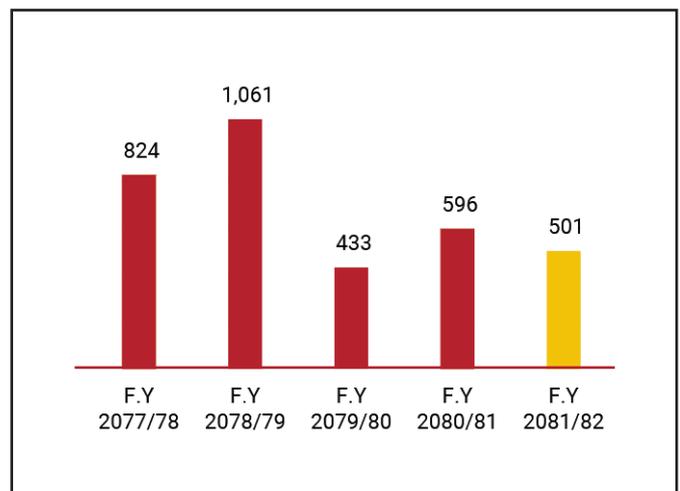
### Earnings Per Share



### Net Profit vs ROA/ROE

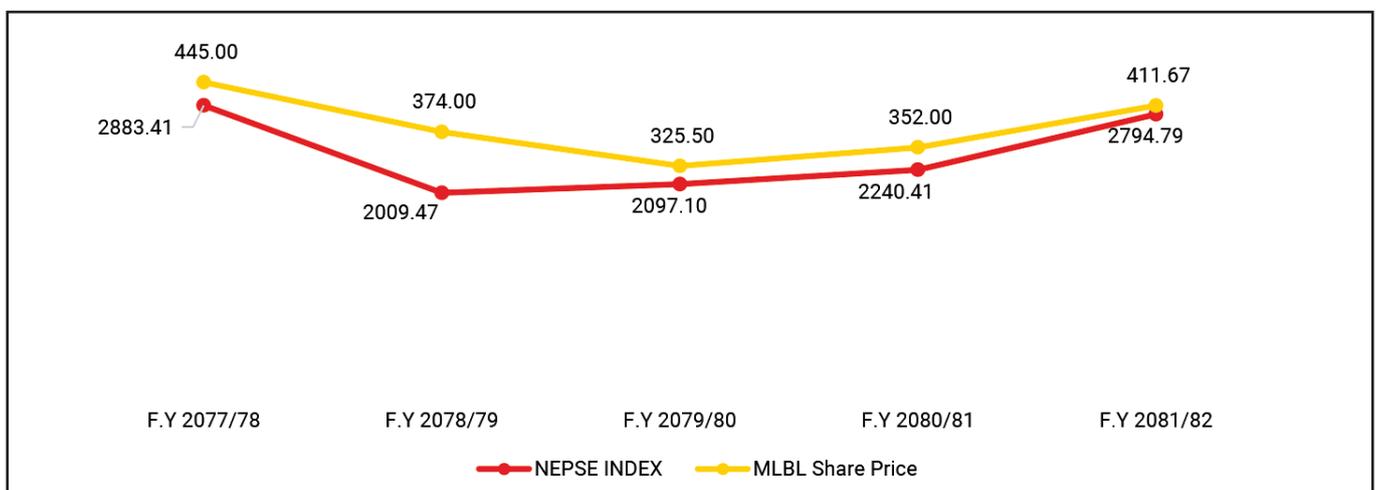


### Profit per Employee (NPR in Thousand)



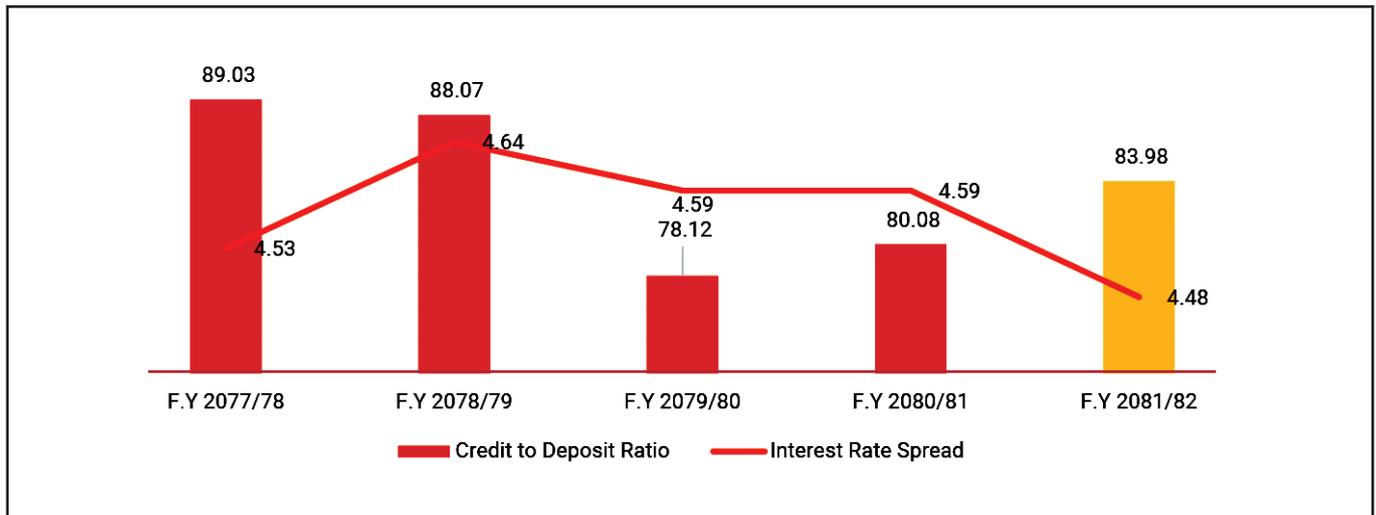
## Market

### Share Price Sensitivity Analysis

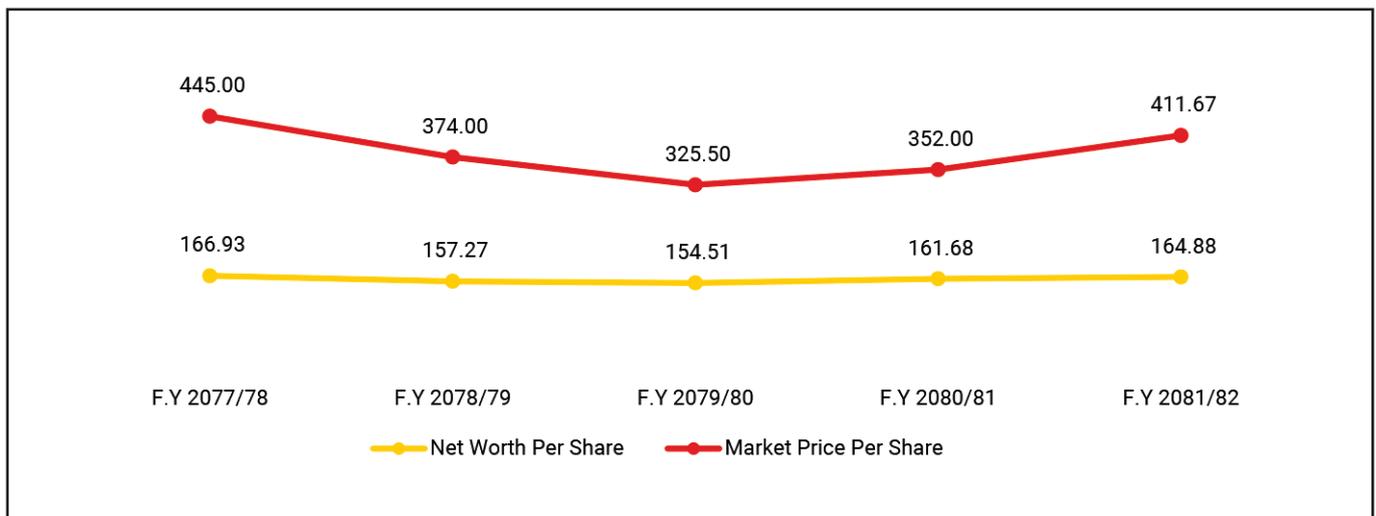


## Others

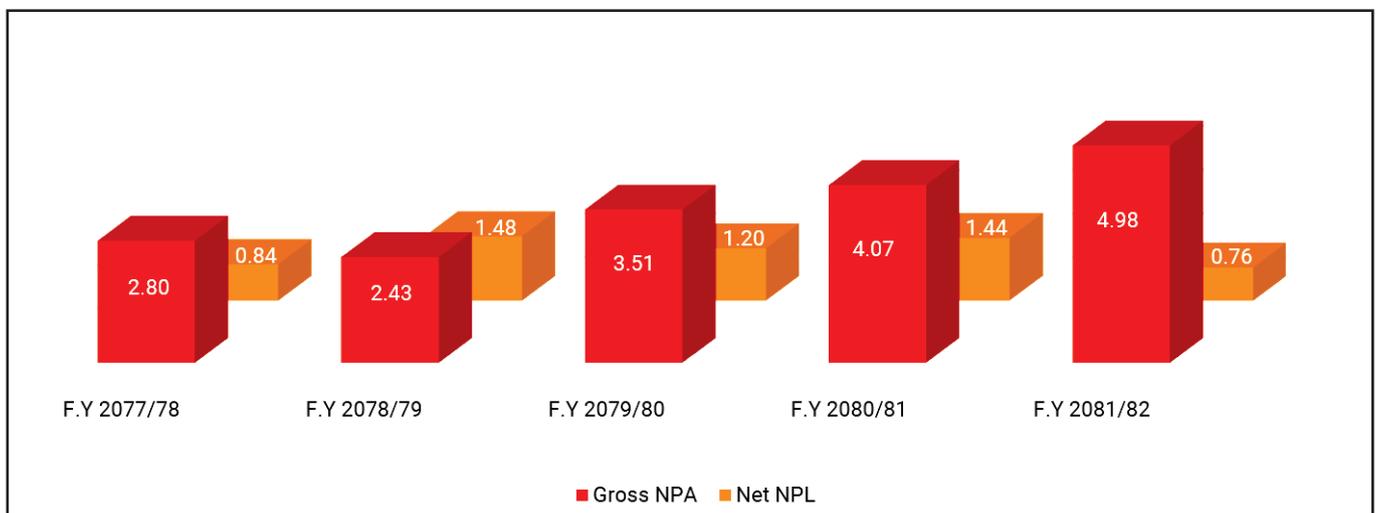
### Credit to Deposit Ratio vs Interest Spread (%)



### Net Asset Value Per Share vs Market Value Per Share



### Gross NPA and Net NPA (%)



Province	Ashad 2082		Ashad 2081	
	Branch	ATM	Branch	ATM
Province 1 (Koshi Province)	5	1	5	4
Province 2 (Madhesh Province)	15	4	15	7
Province 3 (Bagmati Province)	37	9	37	15
Province 4 (Gandaki Province)	9	3	9	4
Province 5 (Lumbini Province)	18	7	18	10
Province 6 (Karnali Province)	2	-	2	-
Province 7 (Sudurpashchim Province)	17	8	17	9
<b>Total</b>	<b>103</b>	<b>32</b>	<b>103</b>	<b>49</b>

Particulars	
Stock Symbol	MLBL
Sector	Development Bank (National Level)
Share Registrar	Siddhartha Capital Limited
Total Number of Shares	42,964,582
Total Paid up Share Capital	4,296,458,158
Shares Listed Date	23rd August, 2010

Particulars	FY 2081-82
Maximum Share Price	498.00
Minimum Share Price	350.00
Close Share Price	411.67
Transaction Volume (No. of Shares)	24,828,094
Transaction Days	231

## Head Office

### Mahalaxmi Bikas Bank Limited

2nd Floor Annapurna Arcade-II,

Durbarmarg, Kathmandu, Nepal

Phone No.: 01-5368719, Recovery related: 01-5323735, 01-5368153

Toll Free: 16600115015

Email: [info@mahalaxmibank.com.np](mailto:info@mahalaxmibank.com.np), [complaint@mahalaxmibank.com.np](mailto:complaint@mahalaxmibank.com.np)



# KEY INDICES AS ON ASHAD END 2082

Type of Company	Public Limited Company
Registered Office	Annapurna Arcade-II, Durbarmarg, Kathmandu
Registration Date and No. in Office of Company Registrar	2056/09/07, 105435-056/057
Approval Date from Nepal Rastra Bank	2058/02/17
Date of Commencement	2058/03/05
Sector	National Level
Number of Branches	103 (25 within Kathmandu Valley)
Number of Employees	847
Share Listed Date	2067/05/07
Share Capital	Authorized Share: NPR 8,000,000,000
	Issued Share: NPR 4,296,458,158
	Paid Up Share: NPR 4,296,458,158
Proposed Bonus Share (5%)	NPR 214,822,907.90
Proposed Cash Dividend (5.37%)	NPR 230,719,803.08
Net Worth	NPR 7,083,846,093
Net Worth Per Share	NPR 164.88
Share Structure	Promoter 51%
	Public 49%
Number of Shareholders	843 Promoter
	80,870 Public
Total Deposit	56,217,085,943
Total Loans and Advances	47,213,549,234
Net Profit	424,318,476
Earnings per share (Excluding Bonus Share)	9.88
Number of Depositors	804,438
Number of Loan Clients	19,696
Capital Adequacy Ratio	17.06%
CD Ratio	83.98%
NPL	4.98%
Liquidity Ratio	29.38%
Interest Rate Spread	4.48%

# COMPARATIVE FINANCIAL HIGHLIGHTS

NPR in Million

Particulars	2081-82	2080-81	Increase/ Decrease	Change %
<b>Statement of Financial Position</b>				
Total Assets	65,129	64,689	440	0.68%
Total Loans and Advances	47,214	44,946	2,268	5.05%
Investment	12,469	14,630	(2,161)	-14.77%
Total Deposit	56,217	56,124	93	0.17%
Retained Earnings and Reserves	2,787	2,573	215	8.34%
Total Equity	7,084	6,744	340	5.04%
<b>Profit or Loss</b>				
Net interest income	1,941	1,966	(25)	-1.28%
Total operating income	2,272	2,222	50	2.26%
Impairment charge/(reversal) for loans and other losses	517	322	196	60.88%
Operating expense	1,143	1,152	(8)	-0.74%
Operating Profit	611	748	(137)	-18.31%
Profit before income tax	595	743	(147)	-19.82%
Profit after income tax	424	500	(76)	-15.20%
<b>Other Information</b>				
Earnings Per Share (NPR)	9.88	12.00	(2.12)	-17.67%
Net Worth Per Share (NPR)	164.88	161.68	3.20	1.98%
Number of Shares (In Number)	42,964,582	41,713,186	1,251,396	3.00%
<b>Regulatory Ratio</b>				
Capital Adequacy Ratio (%)	17.06	14.93		2.13%
Tier I (%)	13.53	11.80		1.73%
Tier II (%)	3.53	3.13		0.40%
CD Ratio (%)	83.98	80.08		3.90%
<b>Assets Quality</b>				
NPL (%)	4.98	4.07		0.90%
LLP to NPL (%)	113.00	116.75		-3.74%



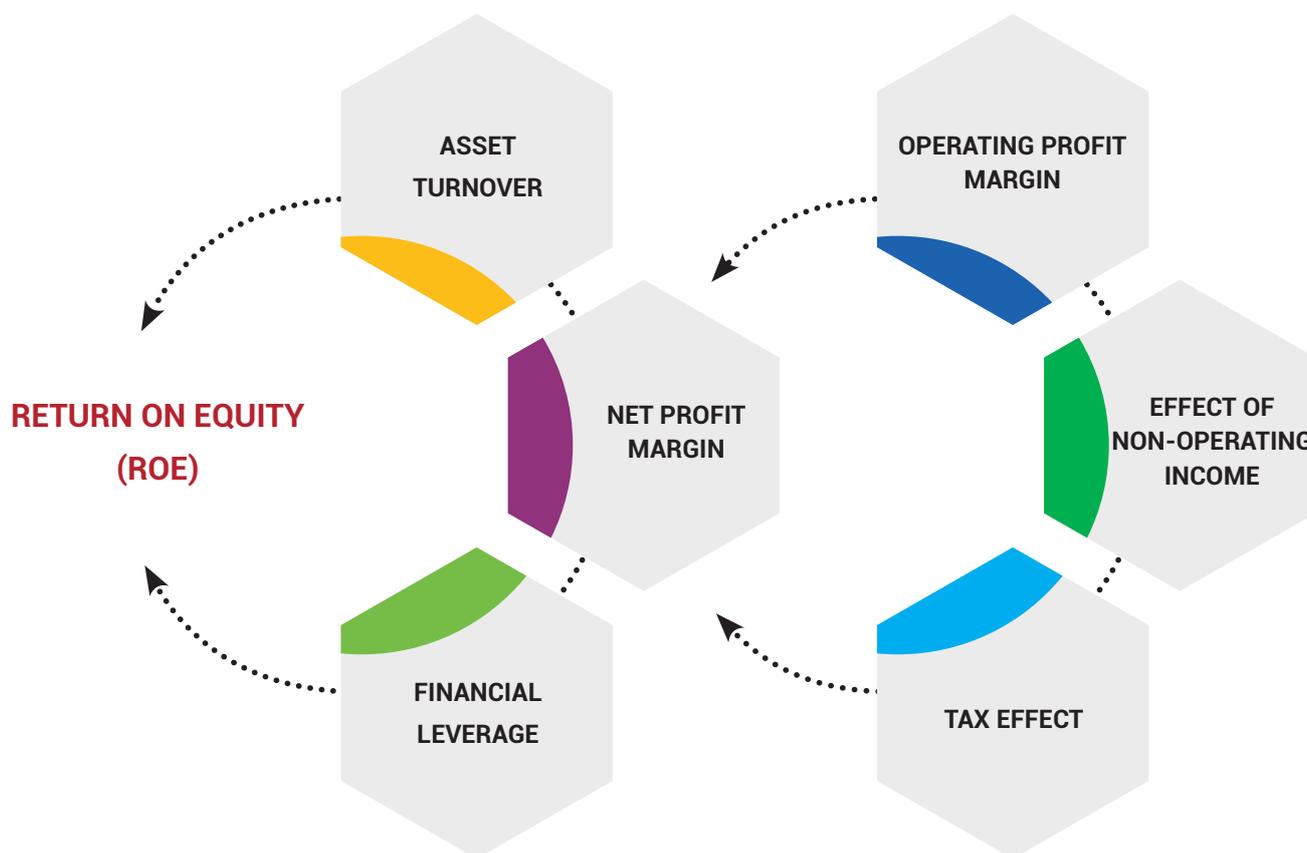
# DUPONT ANALYSIS

DuPont analysis is a financial performance framework that breaks down the key drivers of Return on Equity (ROE) to provide a deeper understanding of the factors influencing changes in ROE. For this analysis, a five-factor model has been applied, encompassing net profit margin, total asset turnover, and financial leverage. The net profit margin is further decomposed into operating profit margin, the impact of non-operating items, and the tax effect, enabling a more detailed assessment of profitability dynamics.

Particulars	FY 2080-81	FY 2081-82
Return on Equity (ROE)	7.59%	6.14%
Net Profit Margin	7.39%	8.10%
Operating Profit Margin	11.06%	11.68%
Effect of Non-Operating Income	0.99	0.97
Tax Effect	0.67	0.71
Average Asset Turnover Ratio	0.11	0.08
Financial Leverage	9.59	9.39

Return on Equity (ROE) declined from 7.59% in FY 2080-81 to 6.14% in FY 2081-82, indicating a reduction in overall shareholder returns during the review period. Despite the decline in ROE, Net Profit Margin improved from 7.39% to 8.10%, supported by an increase in Operating Profit Margin from 11.06% to 11.68%. This reflects improved core operating performance and better cost management. However, the Effect of Non-Operating Income slightly declined from 0.99 to 0.97, suggesting lower contribution from non-core income sources. Meanwhile, the Tax Effect improved from 0.67 to 0.71, indicating relatively better tax efficiency.

The primary driver behind the decline in ROE appears to be a significant reduction in Average Asset Turnover Ratio, which decreased from 0.11 to 0.08, reflecting lower asset utilization efficiency. Additionally, Financial Leverage declined marginally from 9.59 to 9.39, indicating slightly reduced reliance on debt financing.



# LAST FIVE YEARS' FINANCIAL HIGHLIGHTS

NPR in Million unless stated otherwise

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
<b>Assets</b>					
Cash and cash equivalent	2,952.87	2,478.68	4,077.78	5,598.85	2,932.49
Due from Nepal Rastra Bank	2,215.80	2,004.68	1,746.04	1,394.56	1,098.20
Placement with Bank and Financial Institutions	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Other trading assets	-	-	-	-	-
Loan and advances to B/FIs	3,833.41	3,712.56	3,544.64	4,623.13	4,371.23
Loans and advances to customers	41,510.40	40,550.09	37,142.96	34,913.41	30,150.72
Investment securities	12,462.46	14,625.16	13,548.25	6,942.41	7,301.48
Current tax assets	60.47	-	135.56	33.26	58.01
Investment in subsidiaries	-	-	-	-	-
Investment in associates	6.47	4.73	4.73	4.73	2.50
Investment property	547.66	532.45	543.04	482.39	306.50
Property and equipment	537.69	344.37	370.35	339.09	328.92
Goodwill and Intangible assets	5.37	6.24	4.24	2.77	2.94
Deferred tax assets	111.35	57.55	75.48	72.08	-
Other assets	885.25	372.47	664.31	460.35	908.60
<b>Total Assets</b>	<b>65,129.20</b>	<b>64,689.00</b>	<b>61,857.37</b>	<b>54,867.03</b>	<b>47,461.59</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	1,101.62	914.15	2,022.84	3,050.58	1,195.07
Due to Nepal Rastra Bank	-	-	-	1,605.40	1,230.70
Derivative financial instruments	-	-	-	-	-
Deposits from customers	55,115.47	55,210.28	51,496.43	42,847.75	38,686.16
Borrowing	-	-	-	-	-
Current Tax Liabilities	-	12.01	-	-	-
Provisions	-	-	85.55	79.70	66.76
Deferred tax liabilities	-	-	-	-	32.70
Other liabilities	832.83	813.35	812.70	975.57	670.86
Debt securities issued	995.44	995.08	994.76	-	-
Subordinated Liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>58,045.36</b>	<b>57,944.87</b>	<b>55,412.28</b>	<b>48,559.00</b>	<b>41,882.26</b>
<b>Equity</b>					
Share capital	4,296.46	4,171.32	4,171.32	4,010.88	3,342.40
Share premium	-	-	-	-	-
Retained earnings	445.60	292.32	267.19	420.09	706.87
Reserves	2,341.79	2,280.49	2,006.59	1,877.06	1,530.06
<b>Total equity attributable to equity holders</b>	<b>7,083.85</b>	<b>6,744.13</b>	<b>6,445.10</b>	<b>6,308.03</b>	<b>5,579.33</b>
Non-controlling interest	-	-	-	-	-
<b>Total equity</b>	<b>7,083.85</b>	<b>6,744.13</b>	<b>6,445.10</b>	<b>6,308.03</b>	<b>5,579.33</b>
<b>Total liabilities and equity</b>	<b>65,129.20</b>	<b>64,689.00</b>	<b>61,857.37</b>	<b>54,867.03</b>	<b>47,461.59</b>



# LAST FIVE YEARS' PERFORMANCE HIGHLIGHTS

NPR in Million unless stated otherwise

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
Interest income	4,877.10	6,495.35	6,699.12	5,003.00	3,813.47
Interest expense	2,935.89	4,528.93	4,753.06	3,109.81	2,211.06
<b>Net interest income</b>	<b>1,941.22</b>	<b>1,966.42</b>	<b>1,946.06</b>	<b>1,893.18</b>	<b>1,602.41</b>
Fee and commission income	234.85	226.09	198.95	217.40	215.13
Fee and commission expense	28.28	18.87	17.67	11.66	6.26
<b>Net fee and commission income</b>	<b>206.56</b>	<b>207.21</b>	<b>181.29</b>	<b>205.74</b>	<b>208.88</b>
<b>Net interest, fee and commission income</b>	<b>2,147.78</b>	<b>2,173.64</b>	<b>2,127.35</b>	<b>2,098.92</b>	<b>1,811.28</b>
Net trading income	0.23	0.22	1.12	0.96	-
Other operating income	123.81	47.67	44.39	193.08	190.79
<b>Total operating income</b>	<b>2,271.82</b>	<b>2,221.53</b>	<b>2,172.86</b>	<b>2,292.96</b>	<b>2,002.08</b>
Impairment charge/(reversal) for loans and other losses	517.37	321.58	506.87	36.11	225.75
<b>Net operating income</b>	<b>1,754.45</b>	<b>1,899.95</b>	<b>1,665.99</b>	<b>2,256.85</b>	<b>1,776.33</b>
<b>Operating expense</b>	<b>1,143.04</b>	<b>1,151.54</b>	<b>1,095.13</b>	<b>1,010.48</b>	<b>850.91</b>
Personnel expenses	689.17	719.43	680.99	648.59	542.54
Other operating expenses	382.67	363.59	352.29	305.32	251.32
Depreciation & Amortization	71.20	68.52	61.85	56.57	57.05
<b>Operating Profit</b>	<b>611.41</b>	<b>748.41</b>	<b>570.86</b>	<b>1,246.37</b>	<b>925.42</b>
Non-operating income	0.74	5.48	7.20	40.57	35.80
Non-operating expense	16.84	11.37	9.67	29.98	9.83
<b>Profit before income tax</b>	<b>595.32</b>	<b>742.52</b>	<b>568.38</b>	<b>1,256.96</b>	<b>951.39</b>
<b>Income tax expense</b>	<b>171.00</b>	<b>242.15</b>	<b>190.83</b>	<b>352.16</b>	<b>291.29</b>
Current Tax	260.04	252.35	202.38	386.20	277.60
Deferred Tax Income/(Expenses)	(89.05)	(10.20)	(11.55)	(34.04)	13.69
<b>Profit for the year</b>	<b>424.32</b>	<b>500.36</b>	<b>377.55</b>	<b>904.80</b>	<b>660.10</b>
<b>Earnings per Share</b>					
Basic earnings per share	9.88	12.00	9.05	22.56	19.75
Diluted earnings per share	9.88	12.00	9.05	22.56	19.75

# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Financial Position

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
<b>Assets</b>					
Cash and cash equivalent	101%	85%	139%	191%	100%
Due from Nepal Rastra Bank	202%	183%	159%	127%	100%
Placement with Bank and Financial Institutions					
Derivative financial instruments					
Other trading assets					
Loan and advances to B/FIs	88%	85%	81%	106%	100%
Loans and advances to customers	138%	134%	123%	116%	100%
Investment securities	171%	200%	186%	95%	100%
Current tax assets	104%	0%	234%	57%	100%
Investment in subsidiaries					
Investment in associates	259%	189%	189%	189%	100%
Investment property	179%	174%	177%	157%	100%
Property and equipment	163%	105%	113%	103%	100%
Goodwill and Intangible assets	183%	212%	144%	94%	100%
Deferred tax assets					
Other assets	97%	41%	73%	51%	100%
<b>Total Assets</b>	<b>137%</b>	<b>136%</b>	<b>130%</b>	<b>116%</b>	<b>100%</b>
<b>Liabilities</b>					
Due to Bank and Financial Institutions	92%	76%	169%	255%	100%
Due to Nepal Rastra Bank	0%	0%	0%	130%	100%
Derivative financial instruments					
Deposits from customers	142%	143%	133%	111%	100%
Borrowing					
Current Tax Liabilities					
Provisions	0%	0%	128%	119%	100%
Deferred tax liabilities	0%	0%	0%	0%	100%
Other liabilities	124%	121%	121%	145%	100%
Debt securities issued					
Subordinated Liabilities					
<b>Total liabilities</b>	<b>139%</b>	<b>138%</b>	<b>132%</b>	<b>116%</b>	<b>100%</b>
<b>Equity</b>					
Share capital	129%	125%	125%	120%	100%
Share premium					
Retained earnings	63%	41%	38%	59%	100%
Reserves	153%	149%	131%	123%	100%
<b>Total equity attributable to equity holders</b>	<b>127%</b>	<b>121%</b>	<b>116%</b>	<b>113%</b>	<b>100%</b>
Non-controlling interest					
<b>Total equity</b>	<b>127%</b>	<b>121%</b>	<b>116%</b>	<b>113%</b>	<b>100%</b>
<b>Total liabilities and equity</b>	<b>137%</b>	<b>136%</b>	<b>130%</b>	<b>116%</b>	<b>100%</b>



## Statement of Profit or Loss

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
Interest income	128%	170%	176%	131%	100%
Interest expense	133%	205%	215%	141%	100%
<b>Net interest income</b>	121%	123%	121%	118%	100%
Fee and commission income	109%	105%	92%	101%	100%
Fee and commission expense	452%	302%	282%	186%	100%
<b>Net fee and commission income</b>	99%	99%	87%	99%	100%
<b>Net interest, fee and commission income</b>	119%	120%	117%	116%	100%
Net trading income					
Other operating income	65%	25%	23%	101%	100%
<b>Total operating income</b>	113%	111%	109%	115%	100%
Impairment charge/(reversal) for loans and other losses	229%	142%	225%	16%	100%
<b>Net operating income</b>	99%	107%	94%	127%	100%
<b>Operating expense</b>	134%	135%	129%	119%	100%
Personnel expenses	127%	133%	126%	120%	100%
Other operating expenses	152%	145%	140%	121%	100%
Depreciation & Amortization	125%	120%	108%	99%	100%
<b>Operating Profit</b>	66%	81%	62%	135%	100%
Non-operating income	2%	15%	20%	113%	100%
Non-operating expense	171%	116%	98%	305%	100%
<b>Profit before income tax</b>	63%	78%	60%	132%	100%
<b>Income tax expense</b>	59%	83%	66%	121%	100%
Current Tax	94%	91%	73%	139%	100%
Deferred Tax Income/(Expenses)	-650%	-75%	-84%	-249%	100%
<b>Profit for the year</b>	64%	76%	57%	137%	100%
<b>Earnings per Share</b>					
Basic earnings per share	50%	61%	46%	114%	100%
Diluted earnings per share	50%	61%	46%	114%	100%

Horizontal Analysis on the financial statement refers to the analysis of growth of each component of financial statement items from the base period. Here base period is considered the year 2077-78 giving a value of 100% and after that period, value above 100% means positive growth and below 100% means negative growth compared to base year. Here, total assets, liabilities and shareholders' equity are showing consistent growth over the last five years which symbolize sustainable balance sheet growth of the bank as a whole. However, the Bank's profit and loss statement over the five year shows that operating profit has declined, which has negatively impacted the Bank's overall profitability, leading to a reduction in net profit.

# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Financial Position

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
<b>Assets</b>					
Cash and cash equivalent	4.53%	3.83%	6.59%	10.20%	6.18%
Due from Nepal Rastra Bank	3.40%	3.10%	2.82%	2.54%	2.31%
Placement with Bank and Financial Institutions	0.00%	0.00%	0.00%	0.00%	0.00%
Derivative financial instruments	0.00%	0.00%	0.00%	0.00%	0.00%
Other trading assets	0.00%	0.00%	0.00%	0.00%	0.00%
Loan and advances to B/FIs	5.89%	5.74%	5.73%	8.43%	9.21%
Loans and advances to customers	63.74%	62.68%	60.05%	63.63%	63.53%
Investment securities	19.13%	22.61%	21.90%	12.65%	15.38%
Current tax assets	0.09%	0.00%	0.22%	0.06%	0.12%
Investment in subsidiaries	0.00%	0.00%	0.00%	0.00%	0.00%
Investment in associates	0.01%	0.01%	0.01%	0.01%	0.01%
Investment property	0.84%	0.82%	0.88%	0.88%	0.65%
Property and equipment	0.83%	0.53%	0.60%	0.62%	0.69%
Goodwill and Intangible assets	0.01%	0.01%	0.01%	0.01%	0.01%
Deferred tax assets	0.17%	0.09%	0.12%	0.13%	0.00%
Other assets	1.36%	0.58%	1.07%	0.84%	1.91%
<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	1.69%	1.41%	3.27%	5.56%	2.52%
Due to Nepal Rastra Bank	0.00%	0.00%	0.00%	2.93%	2.59%
Derivative financial instruments	0.00%	0.00%	0.00%	0.00%	0.00%
Deposits from customers	84.62%	85.35%	83.25%	78.09%	81.51%
Borrowing	0.00%	0.00%	0.00%	0.00%	0.00%
Current Tax Liabilities	0.00%	0.02%	0.00%	0.00%	0.00%
Provisions	0.00%	0.00%	0.14%	0.15%	0.14%
Deferred tax liabilities	0.00%	0.00%	0.00%	0.00%	0.07%
Other liabilities	1.28%	1.26%	1.31%	1.78%	1.41%
Debt securities issued	1.53%	1.54%	1.61%	0.00%	0.00%
Subordinated Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total liabilities</b>	<b>89.12%</b>	<b>89.57%</b>	<b>89.58%</b>	<b>88.50%</b>	<b>88.24%</b>
Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Share capital	6.60%	6.45%	6.74%	7.31%	7.04%
Share premium	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.68%	0.45%	0.43%	0.77%	1.49%
Reserves	3.60%	3.53%	3.24%	3.42%	3.22%
<b>Total equity attributable to equity holders</b>	<b>10.88%</b>	<b>10.43%</b>	<b>10.42%</b>	<b>11.50%</b>	<b>11.76%</b>
Non-controlling interest	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total equity</b>	<b>10.88%</b>	<b>10.43%</b>	<b>10.42%</b>	<b>11.50%</b>	<b>11.76%</b>
<b>Total liabilities and equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



## Statement of Profit or Loss

Particulars	F.Y 2081/82	F.Y 2080/81	F.Y 2079/80	F.Y 2078/79	F.Y 2077/78
Interest income	93.13%	95.88%	96.38%	91.71%	89.62%
Interest expense	56.06%	66.85%	68.38%	57.01%	51.96%
<b>Net interest income</b>	<b>37.07%</b>	<b>29.03%</b>	<b>28.00%</b>	<b>34.71%</b>	<b>37.66%</b>
Fee and commission income	4.48%	3.34%	2.86%	3.99%	5.06%
Fee and commission expense	0.54%	0.28%	0.25%	0.21%	0.15%
<b>Net fee and commission income</b>	<b>3.94%</b>	<b>3.06%</b>	<b>2.61%</b>	<b>3.77%</b>	<b>4.91%</b>
<b>Net interest, fee and commission income</b>	<b>41.01%</b>	<b>32.08%</b>	<b>30.61%</b>	<b>38.48%</b>	<b>42.57%</b>
Net trading income	0.00%	0.00%	0.02%	0.02%	0.00%
Other operating income	2.36%	0.70%	0.64%	3.54%	4.48%
<b>Total operating income</b>	<b>43.38%</b>	<b>32.79%</b>	<b>31.26%</b>	<b>42.03%</b>	<b>47.05%</b>
Impairment charge/(reversal) for loans and other losses	9.88%	4.75%	7.29%	0.66%	5.31%
<b>Net operating income</b>	<b>33.50%</b>	<b>28.04%</b>	<b>23.97%</b>	<b>41.37%</b>	<b>41.74%</b>
<b>Operating expense</b>	<b>21.83%</b>	<b>17.00%</b>	<b>15.76%</b>	<b>18.52%</b>	<b>20.00%</b>
Personnel expenses	13.16%	10.62%	9.80%	11.89%	12.75%
Other operating expenses	7.31%	5.37%	5.07%	5.60%	5.91%
Depreciation & Amortization	1.36%	1.01%	0.89%	1.04%	1.34%
<b>Operating Profit</b>	<b>11.68%</b>	<b>11.05%</b>	<b>8.21%</b>	<b>22.85%</b>	<b>21.75%</b>
Non-operating income	0.01%	0.08%	0.10%	0.74%	0.84%
Non-operating expense	0.32%	0.17%	0.14%	0.55%	0.23%
<b>Profit before income tax</b>	<b>11.37%</b>	<b>10.96%</b>	<b>8.18%</b>	<b>23.04%</b>	<b>22.36%</b>
<b>Income tax expense</b>	<b>3.27%</b>	<b>3.57%</b>	<b>2.75%</b>	<b>6.46%</b>	<b>6.85%</b>
Current Tax	4.97%	3.72%	2.91%	7.08%	6.52%
Deferred Tax Income/(Expenses)	-1.70%	-0.15%	-0.17%	-0.62%	0.32%
<b>Profit for the year</b>	<b>8.10%</b>	<b>7.39%</b>	<b>5.43%</b>	<b>16.59%</b>	<b>15.51%</b>

Under Vertical analysis of its balance sheet, the Bank has expressed each component of assets, liabilities and equity as a percentage of total assets. This approach helps assess the relative weight of different balance sheet components allowing clearer understanding of contribution of each to total financial position. This shows the deposits from customer make up a significant portion of the balance sheet, followed by loans and advances to customers.

Under the Vertical analysis of profit and loss statement, the Bank has expressed each item as a percentage of total income, allowing for a clearer view of how different expenses and revenues of the Bank relate to the total income.

# KEY MILESTONES AT A GLANCE

**FY 2077/78**

Launched Contactless (NFC – Near Field Communication) based payment card making payment easier and hassle free.  
Highest dividend declaration of 21.05%

**FY 2078/79**

Revamped its existing mobile banking system into omnichannel system with BankXP Service  
Balance Sheet Size crossed NPR. 50Billion

**FY 2076/77**

**Best Presented Award (BPA) – 2018**

Awarded by ICAN for excellence in financial reporting in Bangladesh, recognizing the Bank's outstanding presentation quality and disclosure standards.

Awarded SAFA for financial report and the certificate of merit for its emphasis for corporate governance in Bangladesh.

**FY 2079/80**

Successfully Organized Mahalaxmi Corporate Cricket League 2080  
Launched Mahalaxmi Credit Card

**FY 2075/76**

Launched Chip based USD Dollar card enhancing the advanced security based card transaction.

**FY 2080/81**

**ISO 9001:2015 Certification**

An international accreditation recognizing the Bank's commitment to global quality standards, corporate governance, operational efficiency, and customer satisfaction across its development banking services

**FY 2074/75**

2074/03/18 Mega Merger of Mahalaxmi Bikas Bank Ltd and Yeti Development Bank becomes the National Level Bank and one of the larger Bank.

**Learning & Development (L&D) Award – 2023**

Presented by BFIN, acknowledging the Bank's strong investment in people, capability building, and institutional learning programs.

**FY 2073/74**

Awarded in the category of Best Enterprise & Manager of the Year by European Business Asseembly in UK.

**FY 2081/82**

QR Based Loan Request service, Cross Border QR Payment, Visa 3D Secured Card launched, Mahalaxmi Smart sathi Mobile banking app inauguration, Scan2cash Service, Digital Payment Center started, Virtual credit card introduced, EMI service and International Remittance service in Recognized with Digital Banking services





**INDIA  
BUSINESS  
AWARDS  
2025**



“Excellence in Banking Innovation and Customer Delight” award by India Business Awards 2025.



ISO 9001:2015 Certification



Rising Star in Asset Quality (Development Bank Category-2025) Emerging Asia Banking Awards, New Delhi by Indian Chamber of Commerce (ICC)



Received SAFA award in Bangladesh for financial report and the certificate of Merit for its emphasis for corporate governance



Most Customer Centric Bank of the Year 2025 by Business Connect, India



Awarded with 'Best Presented Annual Report Award 2018' by ICAN in Nepal.



National Best Presented Annual Report Award 2024-Silver in Financial Services Sector by ICAN



Awarded with “Best Enterprise & Manager of the Year” by European Business Assembly in UK



Learning & Development (L&D Award-2023) by BFIN

# AWARDS & RECOGNITION

# INTEGRATED VALUE CREATION MODEL



## FINANCIAL CAPITAL

Financial capital includes paid-up capital, reserves, deposits, borrowings, and retained earnings.

### Value Creation

MLBL mobilizes deposits and allocates funds to productive and priority sectors such as retail, SME, agriculture, and deprived sectors in line with NRB directives, supporting sustainable profitability and financial stability.

Return on Equity of 6.14%, Operating Profit of NPR 611 Million, Net Profit of NPR 424 Million and Capital Adequacy Ratio of 17.06%.

### Risk & Regulatory Focus

Capital adequacy, liquidity management, ALM, and stress testing are maintained above regulatory thresholds, with risks managed under NRB risk management guidelines.



## MANUFACTURED CAPITAL

Manufactured capital comprises branch networks, ATMs, IT systems, digital platforms, and operational infrastructure.

There are 103 branches, 32 ATMs and 151,480 cards

### Value Creation

Investments in physical and digital infrastructure enhance service accessibility, operational efficiency, and customer experience.

### Risk & Regulatory Focus

Operational and technology risks are managed through cybersecurity controls, system redundancy, business continuity planning, and compliance with NRB IT governance standards.



## HUMAN CAPITAL

Human capital represents employee skills, experience, ethical standards, and leadership capability.

### Value Creation

MLBL strengthens value through training, performance-based management, leadership development, and a strong compliance culture, supporting service quality and risk awareness.

Conducted 97 trainings, with 1,565 participants and incurred a total of NPR 17,704,010 as training expenses. Out of 847 employees, 36.72% are female and 63.28% are male.

### Risk & Regulatory Focus

Human resource risks are mitigated through structured training, succession planning, clear authority frameworks, and adherence to NRB corporate governance requirements.



## INTELLECTUAL CAPITAL

Intellectual capital includes policies, procedures, governance frameworks, internal controls, brand reputation and institutional knowledge.

### Value Creation

Robust policies and risk frameworks support consistent decision-making, regulatory compliance, asset quality, operational discipline and the preservation of brand reputation.

### Risk & Regulatory Focus

Regular policy reviews, internal audits, and compliance monitoring ensure alignment with NRB directives, accounting standards and maintain the institution's credibility and brand standing





## SOCIAL AND RELATIONSHIP CAPITAL

This capital reflects relationships with customers, regulators, shareholders, employees, communities, and partners.

### Value Creation

MLBL builds trust through transparent operations, responsible lending, customer protection, and financial inclusion initiatives.

The proposed cash dividend is 5.37% and bonus share is 5% for the FY 2081-82. NPR 4,832,143 utilized towards CSR activities. Total of NPR 584 Million contributed to Government through taxes.

### Risk & Regulatory Focus

Reputational and conduct risks are managed through grievance mechanisms, ethical standards, regulatory reporting, and stakeholder communication in line with NRB requirements.



## NATURAL CAPITAL

Nature capital represents the Bank's reliance on environmental resources, energy, and ecosystem services, as well as its role in promoting sustainable development through responsible lending practices.

Natural capital relates to environmental resources impacted by the Bank's operations and financing activities.

### Value Creation

MLBL optimizes resource use through energy-efficient branches, digital banking, and eco-friendly office practices. Lending supports renewable energy, clean technology, and environmentally responsible projects, encouraging sustainable practices among clients.

### Risk & Regulatory Focus

Environmental and social considerations are integrated into operational practices and credit assessment, where applicable.



# Strategic Infrastructure Expansion at Gyaneswor

Mahalaxmi Bikas Bank Limited has commenced construction of its new corporate building at Gyaneswor, a strategic initiative currently underway that reflects the Bank's commitment to long-term growth and operational excellence. This landmark project represents a strategic investment in strengthening infrastructure, enhancing operational efficiency, and reinforcing the Bank's corporate presence.

The construction of the modern, state-of-the-art facility is currently underway, including technology-friendly Lounge Banking facilities specifically targeted at the younger generation. Designed to offer a dynamic, digital-first, and customer-centric environment, the new building will enhance service delivery, promote innovation, and foster greater collaboration. This initiative underscores the Bank's forward-looking vision, resilience, and dedication to creating sustainable long-term value for its stakeholders.



# KEY BUSINESS AREAS, PRODUCTS AND SERVICES

The Bank is primarily engaged in financial intermediation and related banking services, with a strategic focus on inclusive growth, prudent risk-taking, customer-centric service delivery, and digital transformation. Through its diversified portfolio of products and services, the Bank serves retail customers, micro, small and medium enterprises (MSMEs), corporates, institutions, and priority segments of the economy, thereby contributing to economic development and financial inclusion.

The Bank's business activities are broadly organized into **Credit Operations, Deposit Mobilization, Digital Banking and Payment Services, and Other Banking and Financial Services.** These core business areas are supported by sound governance structures, effective risk management practices, and continuous investment in technology and human capital.

## 1. Credit Operations

Credit operations represent the Bank's principal business activity and a major source of income. Mahalaxmi Bikas Bank follows a balanced lending strategy aimed at supporting productive sectors of the economy while maintaining asset quality and regulatory compliance. The Bank's credit portfolio is diversified across retail, MSME, corporate, and priority sectors, reducing concentration risk and enhancing portfolio resilience.

### 1.1 Retail Lending

Retail lending is a key component of the Bank's credit portfolio and is designed to meet the evolving financial needs of individuals and households. The Bank offers a range of retail loan products that provide customers with access to affordable and structured financing.

Housing and home loans are extended for the purchase, construction, extension, and renovation of residential properties. These loans support home ownership and urban development while being structured to ensure affordability and long-term repayment capacity. Education loans are provided to students and guardians to finance higher education within Nepal and abroad, enabling investment in human capital and future earning potential.

Vehicle loans are offered for private, commercial, and electric vehicles, catering to both personal and business transportation needs. The Bank has gradually expanded financing for electric vehicles in line with sustainability considerations and changing consumer preferences. Gold loans, secured against pledged gold, provide customers with quick access to short-term liquidity, particularly for personal or emergency needs.

In addition, the Bank offers personal loans to salaried individuals and self-employed professionals. These products are structured based on income stability, repayment capacity, and credit history, ensuring responsible lending practices.

### 1.2 MSME and Business Lending

Micro, small and medium enterprises play a vital role in employment generation and economic growth. Recognizing this, Mahalaxmi Bikas Bank places strong emphasis on MSME financing as a strategic business area. The Bank provides working capital loans, term loans, overdraft facilities, and project financing to

enterprises engaged in trade, manufacturing, services, agriculture, tourism, and other productive sectors.

Business loans are designed to support start-ups, business expansion, modernization, and capacity enhancement. The Bank works closely with entrepreneurs to understand their business models, cash flows, and growth plans, enabling tailored financing solutions. By supporting MSMEs, the Bank contributes to regional development, entrepreneurship, and income generation.

### 1.3 Corporate and Institutional Lending

Within the scope permitted to development banks, Mahalaxmi Bikas Bank also extends credit facilities to corporate and institutional clients. These facilities include term loans, working capital financing, and structured credit arrangements for established businesses and organizations with sound financial fundamentals. Corporate lending is undertaken selectively to ensure portfolio quality, risk diversification, and optimal capital utilization.

### 1.4 Priority Sector and Deprived Sector Lending

In line with national priorities and regulatory requirements, the Bank actively undertakes lending to priority and deprived sectors. This includes financing to micro-entrepreneurs, small farmers, agriculture-based activities, cottage and small industries, women-led enterprises, and low-income households. Such lending is carried out either directly or through partnerships with licensed microfinance institutions and cooperatives.

Priority and deprived sector lending reflects the Bank's commitment to financial inclusion and balanced economic development. By extending credit to underserved segments, the Bank supports livelihood generation, poverty alleviation, and social inclusion.

### 1.5 Margin Lending and Emerging Credit Products

The Bank offers margin lending facilities against listed securities to eligible customers, enabling them to meet short-term liquidity needs or investment-related financing requirements. In addition, the Bank has gradually introduced green and sustainable financing products, including loans for energy-efficient housing and renewable energy-related projects. These initiatives align with broader sustainability objectives and evolving market demand.

Through prudent credit appraisal, ongoing monitoring, and effective recovery mechanisms, the Bank seeks to maintain a healthy loan portfolio and sustainable growth in advances.



## 2. Deposit Mobilization

Deposit mobilization is the foundation of the Bank's funding and liquidity management strategy. Mahalaxmi Bikas Bank offers a comprehensive range of deposit products designed to meet the savings, transaction, and investment needs of individuals, businesses, and institutions.

### 2.1 Savings Deposits

Savings accounts form a significant portion of the Bank's deposit base. The Bank offers general savings accounts, remittance-linked savings accounts, social security and government-mandated savings accounts, priority savings schemes, and other special-purpose savings products. These accounts encourage a savings culture and provide customers with convenient access to banking services.

Savings products are designed with features such as competitive interest rates, flexible withdrawal options, and access to digital banking channels. By offering tailored savings solutions, the Bank strengthens customer relationships and promotes long-term deposit stability.

### 2.2 Current and Call Accounts

For business and institutional clients, the Bank provides current accounts that facilitate daily transactional requirements. Call accounts are offered to customers seeking short-term placement of surplus funds with

interest benefits while maintaining liquidity. These accounts play an important role in supporting trade, commerce, and institutional cash management.

### 2.3 Term Deposits

Term deposits, including fixed deposits and recurring deposit schemes, are offered with varying maturities and interest structures. Fixed deposits provide customers with stable and predictable returns, while recurring deposits encourage disciplined savings over time. These products support the Bank's asset-liability management objectives by providing stable funding sources.

### 2.4 Foreign Currency Deposits

The Bank offers foreign currency savings accounts, including USD accounts, to eligible customers. These products enable customers to safely manage foreign currency earnings and support cross-border financial needs within the regulatory framework.



### 3. Digital Banking and Payment Services

Digital transformation is a key strategic priority for Mahalaxmi Bikas Bank. The Bank has invested in technology-driven solutions to enhance service delivery, operational efficiency, and customer convenience.

#### 3.1 Mobile and Internet Banking

The Bank's mobile banking and internet banking platforms allow customers to access account information, view transaction history, transfer funds, pay utility bills, perform QR-based payments, recharge mobile services, and load digital wallets. These platforms provide round-the-clock access to banking services, reducing reliance on physical branches.

#### 3.2 Digital Payments and QR Services

The Bank offers QR-based merchant payment solutions, enabling cashless transactions for customers and merchants. Integration with national payment networks supports interoperability and wider acceptance of digital payments. These services contribute to the growth of a digital payment ecosystem and support financial transparency.

#### 3.3 Digital Innovation and Service Enhancement

Additional digital initiatives include online fixed deposit placement, digital onboarding support, and process automation. The Bank continues to enhance its digital capabilities to improve customer experience while ensuring information security and operational resilience.

### 4. Card Products and Services

Mahalaxmi Bikas Bank provides debit and credit card services to facilitate secure and convenient transactions. Debit cards enable customers to access funds through ATMs, point-of-sale terminals, and online platforms. Credit cards provide short-term credit access and support cashless spending. The Bank also offers USD-denominated cards for international online transactions within approved limits.

### 5. Remittance and Payment Services

Remittance services constitute an important business area for the Bank. Mahalaxmi Bikas Bank facilitates domestic and international remittances through partnerships with reputable remittance companies and payment networks. These services support household income, consumption, and foreign exchange inflows, contributing to economic stability.

### 6. Capital Market and Ancillary Services

The Bank provides DEMAT account services, enabling customers to participate in the capital market through electronic holding of securities. Locker and safe custody facilities are offered at selected branches to ensure secure storage of valuables and documents. Merchant acquiring services and branchless banking initiatives further expand the Bank's service outreach.

### 7. Customer-Centric Service and Relationship Banking

Customer satisfaction and long-term relationship building are central to the Bank's business philosophy. The Bank continuously reviews its products, processes, and service delivery channels to enhance customer experience. Relationship banking practices, personalized service, and responsive grievance handling mechanisms strengthen customer trust and loyalty.

### 8. Risk-Aware Growth and Portfolio Balance

Across all business segments, the Bank maintains a balanced approach to growth by aligning business expansion with risk management capacity and capital adequacy. Portfolio diversification, disciplined pricing, and regular portfolio review support sustainable performance.





## CHAIRMAN'S MESSAGE

*Remarks by Mr. Rajesh Upadhyay, the Chairman of the Board of Directors at the 24th Annual General Meeting of Mahalaxmi Bikas Bank Limited*

### **Respected Shareholders,**

It is with great honor and deep appreciation that I welcome you all to the prestigious 24th Annual General Meeting of Mahalaxmi Bikas Bank Limited. On behalf of the Board of Directors and myself, I extend a heartfelt welcome to our respected shareholders, the esteemed representatives of regulatory bodies, our external and internal auditors, our Chief Executive Officer, senior management, dedicated employees, media representatives and all dignitaries present here today.

To achieve sustainable financial performance, the Bank has adopted both short-term and long-term strategies at the policy level. Alongside this, the Bank has been pursuing balanced and consistent growth strategies. With the objective of building a strong institution rather than merely expanding in size, the Bank has continued to move forward with a clear strategic focus.

Recognizing information technology as the backbone of modern banking and a key determinant of customer satisfaction, the Bank has adopted appropriate technological solutions to ensure banking services are simple, fast, efficient, and easily accessible to customers.

The Bank has placed special emphasis on strengthening corporate governance and internal control systems, while also prioritizing the identification, mitigation, and management of risks observed within the banking sector. With the objective of becoming an excellent and trustworthy development bank, and in line with the slogan “सबल बैंक, सफल सहकार्य” the Bank has aligned its forward journey with business growth, development and modernization of human resources, employee career development and training, sound corporate governance, effective risk management, and full implementation of policies and procedures.

Considering employees as the core foundation of the institution, the Bank has strengthened its human resource management by adopting a performance-based compensation policy and has continuously enhanced employee capacity through appropriate training, motivation, and incentive mechanisms.

Furthermore, I would like to share that with the aim of establishing strategic partnerships with foreign banks and financial institutions, the Bank has been continuously strengthening its internal capabilities.

A result-oriented policy has been adopted instead of emphasizing business growth in quantitative terms. A decline has been observed in the Bank's non-interest-bearing income and a significant portion of interest income could not be recovered. Market growth has remained sluggish, and credit demand as well as recovery performance have not improved. Consequently, the Bank has continued to exercise strict control over avoidable expenditures in addition to essential expenses. Owing to prudent management of both expenses and capital, the Bank has been able to record improvement in its financial indicators despite operating in an adverse economic environment.

As we confronted a number of challenges inherent in the banking sector, the Bank has maintained its capital strength through profits earned during the year FY 2081/082. Accordingly, a proposal to distribute a total dividend of 10.37 percent of paid-up capital, comprising 5 percent bonus shares and 5.37 percent cash dividend amounting to NPR 445,542,710.98, has been approved for presentation at the Annual General Meeting.

I would like to take this opportunity to present a summary of our key achievements and significant milestones, reflect candidly on the challenges we have encountered, and outline our future outlook.

### 9 Years Dividend Distribution History:

S.No.	Fiscal Year	Paid up Capital (Rs)	Bonus Shares (%)	Cash Dividend (%)	Total (%)
1	2073/74	2,633,797,434	-	9.00	9.00
2	2074/75	2,633,797,434	8.00	7.00	15.00
3	2075/76	2,844,501,230	8.00	9.89	17.89
4	2076/77	3,072,061,328	8.80	0.46	9.26
5	2077/78	3,342,402,724	20.00	1.0526	21.05
6	2078/79	4,010,883,269	4.00	6.47	10.47
7	2079/80	4,171,318,600	-	6.40	6.40
8	2080/81	4,171,318,600	3.00	4.00	7.00
9	2081/82	4,296,458,158	5.00	5.37	10.37
		<b>Total</b>	<b>56.80</b>	<b>49.64</b>	<b>106.44</b>

If a shareholder held 100 shares in FY 2073/74, as at FY 2081-82, his shares would have added up to 171.28 shares. Accordingly, shareholders who had invested Rs. 10,000, 100 shares at the rate of Rs. 100 per share, would have received cumulative cash dividends amounting to Rs. 6,364.26 up to FY 2081/82. On the basis of the shares and cash dividends received, shareholders have earned a total return of 135 percent, and this information is hereby shared.

The Bank has commenced the construction of a building on its land located at Gyaneshwor, and the work related to interior setup, including technology-friendly Lounge Banking facilities targeted at the younger generation, is currently underway.

We would like to inform that a proposal to identify a suitable location for the construction of bank's corporate building, along with obtaining the required approvals from the concerned authorities, has been presented at this Annual General Meeting.

In this Annual General Meeting, in accordance with the prescribed election procedure, total of 6 (six) directors, with 3 (three) representing the promoter shareholders and 3 (three) representing the public shareholders will be elected. It is also believed that there will be notable participation of the shareholders present in the election and that capable and qualified candidates will be selected through this election.

The Bank wishes to inform the respected shareholders that the achievements attained so far, the activities carried out, and the future plans of the Bank have been described in detail in the Board of Directors' annual report

Finally, we would like to express our heartfelt gratitude to the shareholders and stakeholders present at this 24th annual general meeting for their continuous support and goodwill. We extend our sincere thanks to all those who have contributed, directly or indirectly, to the bank's progress and success, including the esteemed shareholders, members of the bank's board of directors, customers, other regulatory bodies, Nepal Rastra Bank, the office of the Company Registrar, Nepal Stock Exchange Limited, the Nepal Securities Board, CIDS & Clearing Ltd., as well as various associations, auditors, and the bank's entire staff and well-wishers. We hope that in the coming days, we will continue to receive your support and good wishes. We trust that the valued customers will continue to stand by us, and we aim to further elevate the level of service and performance of the bank by prioritizing their needs. We remain committed to providing simple, convenient, transparent, and excellent services to our respected shareholders, customers, and stakeholders, diversifying the services we offer.

I would like to express my sincere gratitude to all shareholders, customers, regulatory authorities, directors, employees, and all other stakeholders for their continued trust, support, and cooperation.

Thank you.

Rajesh Upadhyay

Chairman, Board of Directors

Mahalaxmi Bikas Bank Ltd.





# CEO'S MESSAGE

*Message from the Chief Executive Officer: Strengthening Our Foundations for a Smarter Future*

## Dear Shareholders,

On behalf of the Board of Directors and the entire management team, it is my honor to present the performance review and strategic outlook for Mahalaxmi Bikas Bank Ltd. for the fiscal year 2081/82.

Our theme for this year, "Stable Foundations, Smarter Solutions," is more than just a slogan; it reflects our successful navigation of a volatile economic landscape. This was a year of resilience and strategic repositioning a year where we chose to look past short-term market noise to build a "Smarter" institution capable of delivering long-term value.

## 1. Macroeconomic Context: Navigating Sectoral Headwinds

The fiscal year was defined by a cautious economic climate. The global market remained volatile, and the domestic banking sector felt the impact of fluctuating interest rates and subdued credit demand.

- ▶ **The Development Bank Challenge:** While the overall banking industry in Nepal saw a deposit growth of 11.88%, the Development Bank sector faced significant pressure, growing by only 2.62%.
- ▶ **Our Response:** In this environment of restricted growth, Mahalaxmi Bikas Bank demonstrated superior resilience. We focused on the "Quality of Growth" rather than just the volume, ensuring our capital was deployed where it could be most effective.

## 2. Financial Performance: Resilience in Numbers

Despite the challenging environment, our core financial indicators remain a testament to our stability:

- ▶ **Asset Strength:** Our total assets reached NPR 65.13 Billion. We made a strategic move to convert non-banking assets into productive long-term corporate property, resulting in a 56% increase (NPR 193 Million) in our Property, Plant & Equipment (PPE) base.

- ▶ **Capital Adequacy:** Our Capital Adequacy Ratio (CAR) stands at 17.06%. This robust buffer is our "Anchor," ensuring we remain well-capitalized to absorb shocks and fund future expansion.
- ▶ **Lending Excellence:** Our loan portfolio grew by 5.04% to NPR 47.21 Billion, notably outpacing the Development Bank sector average of 4.43%.
- ▶ **Distributable Profit:** While industry-wide Net Profits faced pressure (ours standing at NPR 42.43 Crore), our disciplined financial management led to a 52.43% increase in distributable profit. Consequently, we are pleased to propose a total dividend of 10.37% (5% Bonus Shares and 5.37% Cash).

### 3. Strategic Pivot: Cost Rationalization & The CASA Revolution

Perhaps our most significant achievement this year was the fundamental restructuring of our funding base. We moved from a reliance on expensive fixed deposits to a low-cost, sustainable model.

- ▶ **The CASA Shift:** We achieved a massive 12-percentage-point swing in our deposit mix, increasing our CASA (Current and Savings Account) ratio from 44% to 56%.
- ▶ **Reducing Funding Costs:** This shift allowed us to slash our cost of deposits by 34%, dropping from 6.73% to 4.45%. This dramatic reduction has significantly improved our Net Interest Margin (NIM) and positioned us as a more efficient competitor.

### 4. "Mission Digitization": Smarter Solutions

To live up to our promise of "Smarter Solutions," we accelerated our technological roadmap:

- ▶ **Core Banking Upgrade:** We successfully transitioned to Pumori Plus IV, enhancing our transaction speed and internal controls.
- ▶ **Data Security & Resilience:** We established a dedicated Disaster Recovery Site in Bhairahawa, ensuring that our customers' data and our banking operations remain uninterrupted even in the face of unforeseen disasters.
- ▶ **Customer Centricity:** Our digital footprint expanded across all major platforms, ensuring that our 800,000+ customers can interact with us seamlessly, 24/7.

### 5. Future Strategy: The Clear Path Forward

Our strategic blueprint for the coming years is built on four actionable pillars:

1. **High-Performance Culture:** We have deployed new performance-based incentive plans that link staff compensation directly to institutional KPIs. Through continuous training, we are building a workforce that is agile and result-oriented.
2. **Asset Quality & Risk Governance:** Managing Non-Performing Loans (NPL) remains our top priority. We are strengthening our credit monitoring systems and risk management frameworks to protect our balance sheet.
3. **SME & Retail Deepening:** Leveraging our network of 103 branches—from Dhangadhi to Dadeldhura—we will continue to be the bank of choice for small and medium enterprises, the backbone of Nepal's economy.
4. **Sustainable Banking:** With NPR 42.43 Lakh allocated to CSR this year, we will continue to invest in the communities that support us, ensuring our growth is inclusive and ethical.

### 6. Global Recognition

Our efforts have not gone unnoticed as in 2025, Mahalaxmi Bikas Bank was honored with the Silver Award for "Rising Star in Asset Quality" at the Emerging Asia Banking Awards, named "Most Customer-Centric Bank of the Year" by Business Connect and National Best Presented Annual Report(BPA) Award-Silver category. These accolades validate our direction and motivate us to set even higher standards.

In Conclusion, we have emerged from a year of repositioning with a stronger balance sheet, a lower cost of funds, and a modernized technological core. I want to express my deepest gratitude to our shareholders for their unwavering trust, to our regulators for their guidance, and to our employees for their hard work.

Together, we are building a Strong Bank through Successful Collaboration (सबल बैंक, सफल सहकार्य).

Dipesh Lamsal  
Chief Executive Officer



## KPIs to Measure Achievement Against Strategic Objectives

Strategic Objectives	KPI	Achievements
Innovation- Driving digital transformations and Product Excellence	Digital Adoption & Experience Product Innovation Operational Innovation Technology & Infrastructure Ecosystem & Partnerships Customer Satisfaction Investment in Innovations	Introduced Mahalaxmi Virtual Credit Card (VCC) in the development banking sector Successful integration of a Centralized Remittance Hub Entered strategic partnership agreement with HDFC Bank India Successfully implemented an automated system for crediting outward cheques, integrating the NCHL-ECC system Introduced the Real-Time Loan Against Fixed Deposit (FD) service Introduced Scan to Cash (Scan2Cash) in collaboration with Fonepay Introduced a special savings product for children, offering fixed-deposit equivalent interest rates on recurring savings Digital Payment Center at Durbarmarg Branch, Entered partnership with Daraz for e-commerce transactions Introduced Mahalaxmi Loan at 9.99% and Green Home Loan at 8.99% supporting sustainable housing initiatives Organized Mahalaxmi BizzChitra Season 3, a flagship business campaign for customer engagement and enhancing brand awareness
Improvement – Optimizing efficiency and Service Delivery	Operational Efficiency Service Delivery & Customer Experience Process Improvement Productivity Metrics Quality & Accuracy Channel Optimization Cost Efficiency	Commenced construction of its own building at Gyaneshwor with the objective of creating a technology-enabled branch to deliver modern, user-friendly services to customers Implemented Loan Process System (LPS) and BPM-Memo Management system Procurement of a central account opening system and Robotic Process Automation (RPA) platform Implemented Call Center and Grievance Management System Implemented Reconciliation System, digitized the account opening process, adopted API Management System, Upgraded Bank's Human Resource Management System Got ISO 9001:2015 certification Introduced Mahalaxmi Smart Sathi, a new digital service Initiative towards the cost control and rationalization with strategic focus to control the cost with business growth Tie-up with Alipay enables cross-border transactions, implemented VISA 3D Secure
Corporate Governance- Ensuring Compliance and Risk Management	Board Effectiveness Risk Oversight & Management Compliance & Regulatory Ethics & Conduct Transparency & Disclosure Stakeholder Management Internal Controls	Bank's focus on corporate governance through integrity, transparency, and accountability with effective Board oversight Implemented 0% tolerance policy for non-compliance Clearer decision-making processes with documented accountability, Effective board oversight of management actions Established robust risk management through transparent reporting systems that reduce potential fraud or misconduct Implemented effective internal controls to identify, assess, and mitigate key operational and financial risks while ensuring adherence to regulatory requirements.
Culture- Building Talent and Culture	Employee Engagement & Satisfaction Inclusion & Diversity Leadership & Management Quality Learning & Development Recognition & Appreciation Employee Wellbeing Communication Effectiveness Conduct & Ethics Culture	Implemented Learning Management System (LMS) - Digital Learning Platform Launched a Toastmasters platform to strengthen employee engagement Provide expecting mothers with special care ensuring their well-being during pregnancy, introduced the Mahalaxmi Health & Fitness Program Started Performance based Incentive to staffs with strategic focus on motivating its workforce and cultivating a high-performance culture Carried out comprehensive training programs to enhance staff skills, knowledge, and professional capacity Implemented a proactive, structured, and highly responsive system for managing staff transfer grievances Conducted Regular Team Building Exercises

## New Initiatives

- ▶ Successful launch of digital innovations such as Smart Sathi, Virtual Credit Card, Credit Card EMI, Scan2Cash, QR-based Loan Application, and Visa 3D Secure
- ▶ Establishment of Digital Payment Centers and expansion of cross-border payment solutions such as UPI/PhonePay and Alipay
- ▶ Initiation of the construction of a Digital Hub office building
- ▶ Introduction of new smart products and loan schemes such as Baal Bachat Recurring Deposit Account, Grihalaxmi Savings, and Green Home Loan
- ▶ Strategic partnerships with Adhyanta Fund Management and various payment platforms



## Stakeholder Engagement

The Bank has placed strong emphasis on continuous dialogue and collaboration through direct engagement with various stakeholders.



### Customers:

Regular feedback collection, call center services, branch-level interactions, digital support, and a grievance resolution system.

### Employees:

Training programs, leadership workshops, employee engagement initiatives, recognition and motivation programs, and open communication channels.

### Regulatory Bodies:

Active compliance with the directives of Nepal Rastra Bank, transparent reporting, and timely disclosures.

### Shareholders & Investors:

Annual General Meetings, financial reports, dividend information, and performance updates.

### Community and Society:

Through institutional social initiatives, financial literacy programs, various social inclusion activities, and disaster relief efforts, the Bank has built direct partnerships with local stakeholders.



# SWOT ANALYSIS

S



## Strengths

- ▶ **Established Market Presence**
- ▶ **Regulatory Compliance and Governance**
- ▶ **Diversified Business Portfolio**
- ▶ **Growing Customer Base**
- ▶ **Digital Banking Initiatives**

W



## Weaknesses

- ▶ **Limited Scale Compared to Commercial Banks**
- ▶ **Asset Quality Sensitivity**
- ▶ **Margin Pressure**
- ▶ **Technology and Operating Costs**

O



## Opportunities

- ▶ **Financial Inclusion and SME Growth**
- ▶ **Digital Transformation**
- ▶ **Government and NRB Initiatives**
- ▶ **Cross-Selling and Product Innovation**

T



## Threats

- ▶ **Macroeconomic Uncertainty**
- ▶ **Regulatory Changes**
- ▶ **Intense Competition**
- ▶ **Cybersecurity and Operational Risks**
- ▶ **Climate and Disaster Risks**

The SWOT analysis indicates that Mahalaxmi Bikas Bank Limited possesses a solid market foundation, strong regulatory compliance, and growing digital capabilities. However, challenges related to scale, asset quality sensitivity, and competitive pressures persist. Leveraging opportunities in financial inclusion, digital banking, and government-supported lending programs, while strengthening risk management and operational efficiency, will be critical to sustaining long-term growth and resilience.

# PESTLE

## ANALYSIS

### P – Political Factors



- **Political Stability:** Frequent changes in government and policy uncertainty may affect overall economic confidence, credit demand, and loan recovery. Political instability can indirectly elevate credit risk, particularly in infrastructure, SME, and priority sector lending.
- **Government Policies and Programs:** Government-led development initiatives, subsidized lending schemes, and financial inclusion policies provide opportunities for portfolio expansion. However, delayed policy implementation and fiscal constraints may limit the effectiveness of such programs.

### E – Economic Factors



- **Macroeconomic Environment:** Economic growth trends, inflation, and liquidity conditions significantly influence the Bank's lending activities and profitability. Sluggish economic growth may constrain credit expansion, while inflationary pressures can increase operating expenses and impact borrowers' repayment capacity.
- **Interest Rate and Liquidity Conditions:** Fluctuations in interest rates affect the Bank's cost of funds, net interest margin, and asset-liability management. Excess liquidity in the banking system coupled with subdued credit demand may compress margins.
- **External Sector Dynamics:** Remittance inflows, trade deficits, and foreign exchange stability indirectly affect the banking sector's performance and depositor confidence, thereby influencing deposit mobilization and credit growth.

### S – Social Factors



- **Financial Inclusion:** Mahalaxmi Bikas Bank Limited plays an important role in expanding access to banking services, particularly in semi-urban and rural areas. Increased financial literacy and formalization of economic activities support growth in retail and SME banking.
- **Changing Customer Expectations:** Customers increasingly demand efficient service delivery, transparency, and digital access. Meeting these expectations is essential for customer retention and brand strength.
- **Demographic Trends:** A young and digitally aware population is driving demand for mobile banking, digital payments, and innovative financial products, compelling the Bank to continuously enhance service delivery models.

## T – Technological Factors



- **Digital Banking and Automation:** Adoption of digital platforms, core banking system upgrades, and electronic payment solutions improves operational efficiency and customer convenience.
- **Cybersecurity and Operational Risk:** Increased reliance on digital channels exposes the Bank to cybersecurity threats and operational risks, necessitating robust IT governance, data protection measures, and disaster recovery systems.
- **Technology Investment:** Continuous investment in technology infrastructure and staff capability development is essential to remain competitive and compliant in an increasingly digital banking environment.

## L – Legal and Regulatory Factors



- **Regulatory Oversight:** Mahalaxmi Bikas Bank Limited operates under the regulatory supervision of Nepal Rastra Bank (NRB). Periodic amendments to monetary policy, capital adequacy norms, loan classification, provisioning requirements, and interest rate guidelines have a direct impact on the Bank's operations, compliance costs, and strategic planning.
- **Compliance Requirements:** The Bank must comply with NRB directives, banking and company laws, and applicable financial reporting standards, including Nepal Financial Reporting Standards (NFRS).
- **Credit Risk and Provisioning Standards:** Implementation of NFRS 9 impacts loan loss provisioning, capital adequacy, and earnings volatility, requiring strengthened credit risk assessment and monitoring mechanisms.
- **Corporate Governance and Consumer Protection:** Compliance with governance standards, AML/CFT regulations, and consumer protection laws enhances transparency, accountability, and stakeholder confidence.

## E – Environmental Factors



- **Climate and Disaster Risk:** Nepal's vulnerability to natural disasters such as floods, landslides, and earthquakes poses indirect risks to the Bank through potential deterioration in borrowers' asset quality.
- **Sustainable and Green Financing:** Increasing regulatory and societal emphasis on environmental sustainability encourages the Bank to integrate environmental risk considerations into credit appraisal and to support environmentally responsible financing.
- **Environmental Compliance:** Adoption of environmentally responsible operational practices contributes to long-term sustainability and corporate social responsibility objectives.

## Value Added Statement

The value-added statement shows how much value (wealth) has been created by the bank through the utilization of its capacity, capital, manpower and other resources and allocated the same to the stakeholders, employees, government, community, shareholder and expansion and growth of the Bank.

Particulars	NPR in Million		
	2081-82	2080-81	Change %
Net Interest Income	1,941.22	1,966.42	-1.28%
Net Fees and Commission Income	206.56	207.21	-0.31%
Net Trading Income	0.23	0.22	4.41%
Other Income	124.55	53.15	134.36%
Operating Expenses (Other than Depreciation and Personnel)	(394.68)	(368.63)	7.07%
Impairment	(517.37)	(321.58)	60.88%
<b>Total Value Added</b>	<b>1,360.52</b>	<b>1,536.80</b>	<b>-11.47%</b>
<b>Application Statement</b>			
<b>To Employees</b>			
Salaries and other benefits	689.17	719.43	-4.21%
<b>To Government</b>			
Income Taxes	260.04	252.35	3.05%
<b>To Community</b>			
Corporate Social Responsibility	4.83	6.33	0.00%
<b>To Shareholders</b>			
Dividend and Bonus Share	444.85	292.32	52.18%
<b>To Expansion and Growth</b>			
Reserve and Surplus	(20.53)	208.05	-109.87%
Depreciation and Amortization	71.20	68.52	3.91%
Deferred Tax	(89.05)	(10.20)	772.89%
<b>Total Value Added-Allocation</b>	<b>1,360.52</b>	<b>1,536.80</b>	<b>-11.47%</b>

## Market Value Added

Market value is the difference between the market value and total book value of the bank. It shows the difference between the current market value of the bank and capital contributed by investors. It is the sum of all capital claims held against the bank plus the market value of debt and equity. Positive market value added depicts the bank has added value.

Particulars	2081-82	2080-81
Market Price Per Share	411.67	352.00
Number of Shares (In Mn)	42.96	41.71
Total Market Value (In Mn)	17,687.23	14,683.04
Book Value Per Share	166.93	157.27
Total Book Value (In Mn)	7,171.89	6,560.35
<b>Market Value Added (In Mn)</b>	<b>10,515.34</b>	<b>8,122.69</b>



## Economic Value Added

Economic Value Added (EVA) measures the value the Bank creates beyond the cost of capital. It reflects efficient resource use, prudent lending, and profitability while ensuring long-term shareholder value. Monitoring EVA helps align management decisions with sustainable growth and stakeholder interests.

NPR in Million

Particulars	2081-82
Net Operating Profit After Tax	424.32
Paid up Capital	4,296.46
Cost of Capital	13.27%
Cost of Capital Employed	570.17
<b>Economic Value Added</b>	<b>(145.86)</b>

The Bank remains committed to enhancing shareholder value through prudent operations and efficient capital management. While EVA was slightly negative during the year, strategic initiatives to optimize resource use and improve profitability are expected to strengthen value creation in the coming periods.

## Sector Wise Concentration of Loans and Advances

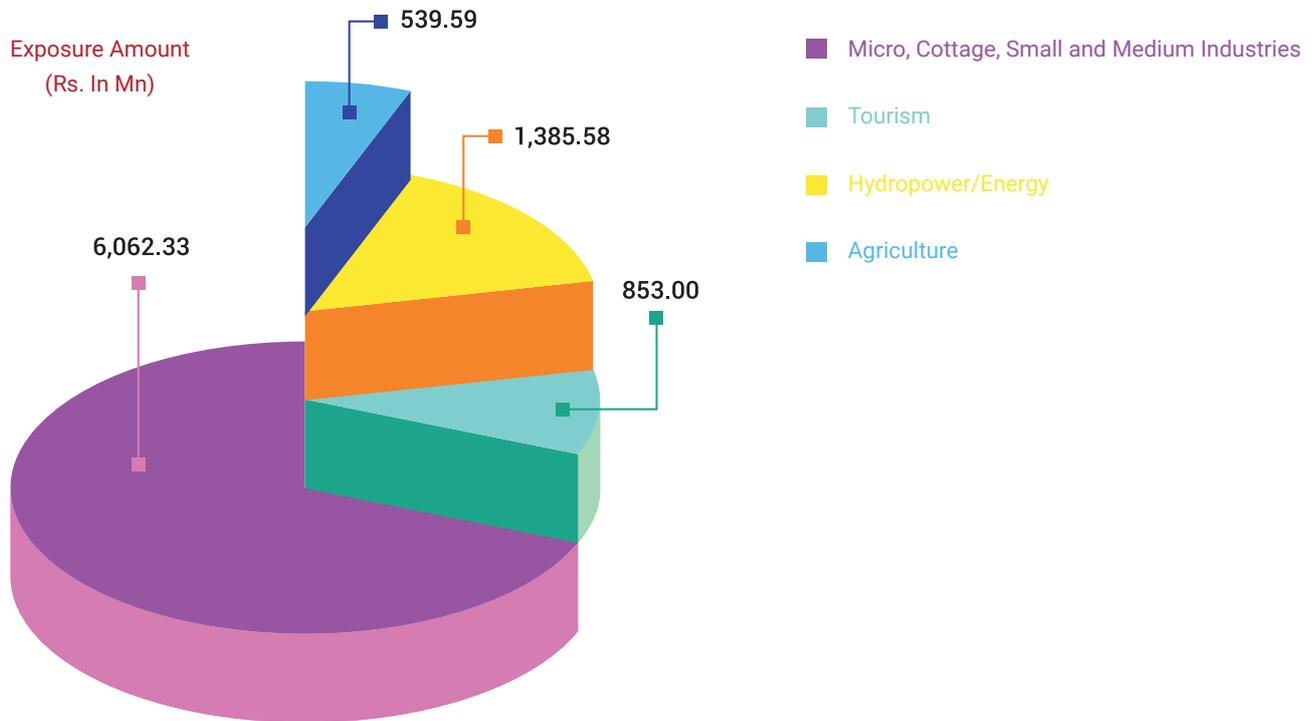
NPR in Million

S.No.	Sector	No. of Accounts	Outstanding Amount
1	Agricultural and Forest Related	1,493	428
2	Fishery Related	36	31
3	Mining Related	2	2
4	Agriculture, Forestry & Beverage Production Related	100	97
5	Non-food Production Related	178	821
6	Construction	2,631	7,644
7	Power, Gas and Water	13	1,430
8	Metal Products, Machinery & Electronic Equipment & Assemblage	35	305
9	Transport, Communication and Public Utilities	192	490
10	Wholesaler & Retailer	3,669	10,382
11	Finance, Insurance and Real Estate	248	5,332
12	Tourism Service	164	853
13	Other Services	109	482
14	Consumption Loans	10,775	18,859
15	Local Government	-	-
16	Others	51	58
<b>TOTAL</b>		<b>19,696</b>	<b>47,214</b>

## Compliance with Priority Sector Lending

The Nepal Rastra Bank (NRB) mandates priority sector lending to support specific sectors deemed crucial for economic development, poverty reduction and financial inclusion. This policy requires banks and financial institutions to allocate a set percentage of their loans to sectors deemed crucial for national development, such as agriculture, hydropower/energy, tourism and micro, cottage small, and medium enterprises (MSMEs). By directing credit to these areas, the NRB aims to ensure financial inclusion for deprived communities and balance economic development across all sectors.

Priority Sector Lending Sector	Exposure Amount (Rs. In Mn)	Percentage (%)
Agriculture	539.59	1.15%
Hydropower/ Energy	1,385.58	2.96%
Tourism	853.00	1.82%
Micro, Cottage, Small and Medium Industries	6,062.33	12.97%
<b>Total</b>	<b>8,840.50</b>	<b>18.91%</b>



## MARKET SHARE INFORMATION

Particulars	2078/79	2079/80	2080/81	2081/82
<b>Deposit</b>				
Total Deposit of Banking Industry (NPR in Million)	5,159,175	5,771,238	6,495,583	7,303,531
Total Deposit of MLBL (NPR in Million)	45,898	53,519	56,124	56,217
Market Share of MLBL	0.89%	0.93%	0.86%	0.77%
Industry Growth Rate	8.84%	11.86%	12.55%	12.44%
MLBL Growth Rate	15.09%	16.60%	4.87%	0.17%
<b>Loans and Advances</b>				
Total Lending of Banking Industry (NPR in Million)	4,713,537	4,877,407	5,168,664	5,591,287
Total Lending of MLBL (NPR in Million)	40,425	41,809	44,946	47,214
Market Share of MLBL	0.86%	0.86%	0.87%	0.84%
Industry Growth Rate	12.91%	3.48%	5.97%	8.18%
MLBL Growth Rate	13.85%	3.43%	7.50%	5.05%



<b>Total Debit Cards</b>				
Total Debit Cards of Banking Industry	10,856,357	12,245,485	12,893,528	13,665,792
Total Debit Cards of MLBL	53,368	91,542	126,364	151,480
Market Share of MLBL	0.49%	0.75%	0.98%	1.11%
Industry Growth Rate	22.81%	12.80%	5.29%	5.99%
MLBL Growth Rate	21.92%	71.53%	38.04%	19.88%
<b>Total Credit Cards</b>				
Total Credit Cards of Banking Industry	238,794	283,772	289,239	318,428
Total Credit Cards of MLBL	15	160	779	1,043
Market Share of MLBL	0.01%	0.06%	0.27%	0.33%
Industry Growth Rate	24.13%	18.84%	1.93%	10.09%
MLBL Growth Rate		966.67%	386.88%	33.89%
<b>Total Mobile Banking Users</b>				
Total Mobile Banking Users of Banking Industry	18,307,255	21,363,989	24,648,846	27,741,284
Total Mobile Banking Users of MLBL	351,348	442,987	510,963	559,284
Market Share of MLBL	1.92%	2.07%	2.07%	2.02%
Industry Growth Rate	28.97%	16.70%	15.38%	12.55%
MLBL Growth Rate	14.19%	26.08%	15.34%	9.46%
<b>ATM Networks</b>				
Total ATM Networks of Banking Industry	4,602	4,855	5,193	5,263
Total ATM Networks of MLBL	49	49	49	46
Market Share of MLBL	1.06%	1.01%	0.94%	0.87%
Industry Growth Rate	6.40%	5.50%	6.96%	1.35%
MLBL Growth Rate	40.00%	0.00%	0.00%	-6.12%

## Market Value Per Share

Fiscal Year	Market Value per Share	Market Capitalization (In Bn)
2077-78	445.00	14.87
2078-79	374.00	15.00
2079-80	325.50	13.58
2080-81	352.00	14.68
2081-82	411.67	17.69

## Share Trading Information

Fiscal Year	Maximum Price	Minimum Price	Closing Price	Number of Share Traded During the Year	Total Transaction
2077-78	514.00	183.00	445.00	17,930,951	6,065.66
2078-79	883.00	305.20	374.00	35,499,519	21,088.73
2079-80	446.00	281.00	325.50	9,476,880	3,392.43
2080-81	379.00	291.00	352.00	9,125,467	3,059.18
2081-82	498.00	350.00	411.67	24,828,094	10,370.47

## SUSTAINABILITY PHILOSOPHY AND STRATEGIC COMMITMENT

Mahalaxmi Bikas Bank Limited believes that sustainable banking is fundamental to long-term financial stability, institutional credibility, and national development. As a national-level Class “B” development bank, the Bank recognizes its responsibility to balance financial performance with social inclusion, environmental responsibility, and strong governance.

Sustainability at the Bank is not treated as a standalone initiative; rather, it is embedded into strategy, governance, risk management, operations, and community engagement. The Bank aligns its sustainability approach with the directives and supervisory expectations of Nepal Rastra Bank (NRB), the Bank and Financial Institutions Act (BAFIA), and internationally recognized frameworks such as Environmental, Social, and Governance (ESG) principles and the United Nations Sustainable Development Goals (SDGs).

Through responsible financial intermediation, inclusive service delivery, digital innovation, and disciplined governance, the Bank aims to create long-term value for customers, shareholders, employees, regulators, and society at large.

### ROLE OF A DEVELOPMENT BANK IN SUSTAINABLE GROWTH

As a development bank, Mahalaxmi Bikas Bank plays a vital role in channeling financial resources into productive and priority sectors of the economy. The Bank supports sustainable growth by:

- ▶ Expanding access to formal financial services
- ▶ Supporting MSMEs, agriculture, tourism, and service sectors
- ▶ Promoting entrepreneurship and employment generation
- ▶ Encouraging digital and financial inclusion
- ▶ Strengthening regional and rural outreach

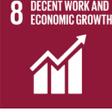
By directing capital toward inclusive and productive activities, the Bank contributes to poverty reduction, economic resilience, and balanced regional development in Nepal.



# INTEGRATION OF SUSTAINABILITY INTO STRATEGY

## Sustainable Development Goals and ESG Commitment

Sustainable Banking forms the foundation of the Bank's operations, through which Environmental, Social, and Governance (ESG) principles and the United Nations' Sustainable Development Goals (SDGs) have been cohesively integrated across all activities.

Environmental (E)			
SDG	Focus Area	Aligned Bank Initiatives	ESG Contribution
	Climate Action	Green home loans, electric vehicle loans, paperless banking, energy-efficient branches, use of EVs, tree plantation and clean-up drives	Reduced carbon footprint, promoted climate-friendly financing, and supported environmental awareness
	Responsible Consumption & Production	Waste management campaigns, waste segregation awareness, digital transactions, e-statements	Encouraged sustainable resource use and responsible consumption behavior
	Sustainable Cities & Communities	Community clean-up drives, heritage-area cleaning, environmental awareness programs	Supported cleaner, healthier, and more sustainable community environments
Social (S)			
SDG	Focus Area	Aligned Bank Initiatives	ESG Contribution
	Good Health & Well-being	Health and humanitarian CSR, medical supplies distribution, blood donation support	Strengthened community health security and crisis response
	Quality Education	Scholarships for marginalized and special-needs students, financial literacy programs	Promoted inclusive education, financial awareness, and lifelong learning
	Decent Work & Economic Growth	MSME financing, women entrepreneur support, responsible lending, digital payment expansion	Enabled entrepreneurship, employment generation, and inclusive economic growth
	Reduced Inequalities	Disability-friendly branches, PWD support initiatives, women-focused products, inclusive banking services	Reduced financial and social access barriers for vulnerable groups
	Sustainable Cities & Communities	Disaster relief, community welfare, accessibility initiatives	Enhanced community resilience and social inclusion
Governance (G)			
SDG	Focus Area	Aligned Bank Initiatives	ESG Contribution
	Peace, Justice & Strong Institutions	NFRS 9 (ECL) implementation, NRB compliance, ISO adoption, strengthened internal controls	Improved governance, transparency, accountability, and risk management
	Industry, Innovation & Infrastructure	Secure digital platforms, Visa 3D Secure, UPI & Alipay+ QR integration, scalable IT systems	Strengthened institutional systems, digital resilience, and innovation governance
	Partnerships for the Goals	Collaboration with local governments, schools, care centers, technology and payment partners	Leveraged partnerships to enhance ESG outcomes and sustainable development impact

# HIGHLIGHTS OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

## Honored 31 women entrepreneurs (31st Anniversary)

On the occasion of its 31st anniversary, Mahalaxmi Bikas Bank Limited, through its branch network, honored 31 women entrepreneurs by recognizing their meaningful contributions to the local economy, community development, and business expansion, and presented them with certificates of appreciation. The Bank's primary objective of this initiative was to acknowledge and encourage women who have demonstrated excellence, innovation, and leadership in their respective fields. This initiative reflects the Bank's strong commitment to Sustainable Development Goal (SDG) 5 – Gender Equality and SDG 8 – Decent Work and Economic Growth. By promoting women-led enterprises and encouraging economic self-reliance, the Bank has played a catalytic role in women empowerment, enterprise development, and inclusive economic participation. As at the end of Ashad 2022, there were 301 women entrepreneur loan clients under the collateral-free subsidized loan scheme, with a total outstanding amount of NPR 99,270,630.





# KEY CSR ACTIONS CONDUCTED NATIONWIDE



**300+ Units Blood Donation Drive:** A nationwide health initiative conducted in coordination with medical partners, contributing to the national blood supply.



**Scholarship Support:** Scholarships of NPR 50,000 per student (total NPR 150,000) provided to academically deserving students from economically disadvantaged families to support continuity in education.



**Mahottari Fire Relief:** Immediate relief support extended to 755 affected individuals following the fire incident on 12 Baisakh 2081 in Matihani Municipality-6, Mahottari, including distribution of essential materials.



**Support to Elderly and Disability Care Homes:** Provision of hygiene kits, essential supplies, and rehabilitation materials to care and rehabilitation institutions.



**Branch-Wide Community Outreach:** Active participation of all branches in localized CSR initiatives such as welfare distribution, health awareness, and community support programs.



**Institutional Partnerships:** Collaboration with community-based organizations and social service homes to enhance the scale and impact of CSR interventions.



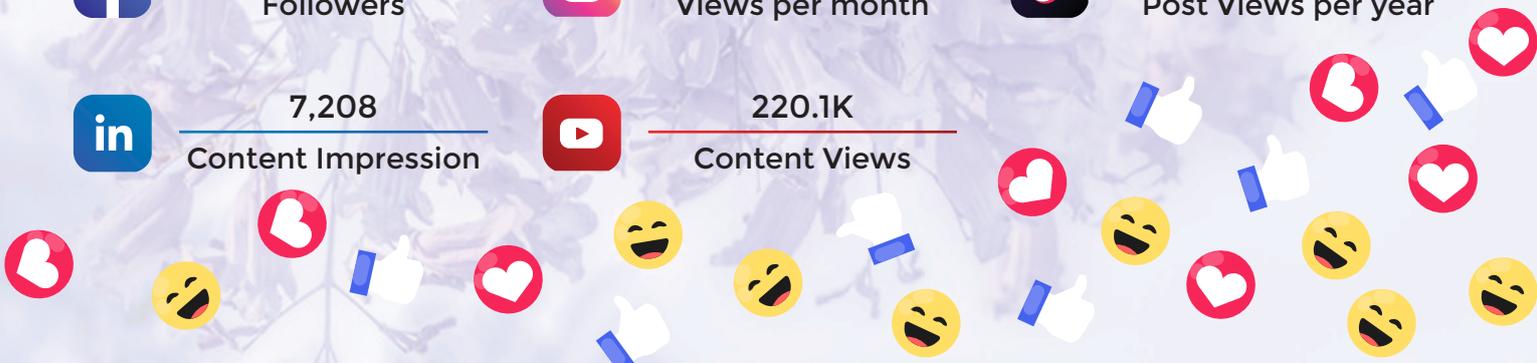


## MODERN DIGITAL ECOSYSTEM

Mahalaxmi Bikas Bank has embraced a Digital First approach, reflecting its commitment to modern banking and transparent communication. Through a strong presence on verified social media platforms such as Facebook and Viber, the Bank ensures direct, trustworthy, and effective engagement with stakeholders. Its digital platforms are actively used for brand promotion, customer education, financial literacy, and product awareness, with significant growth in followers and engagement during the review period.

Innovative digital solutions—including Smart Sathi, Virtual Credit Card, Credit Card EMI facility, Scan2Cash, QR-based loan applications, and Digital Payment Centers—have modernized payment systems, credit flows, and customer interactions. The Bank's prompt response to queries and well-planned, campaign-focused content have strengthened customer satisfaction and trust. Through responsible, data-driven digital practices, Mahalaxmi Bikas Bank continues to enhance its brand image, service accessibility, and overall customer experience, steadily advancing toward digital excellence.

### Social Media Presence



# SERVICES ACCESSIBLE TO ALL

**A**ccessible Banking is a core principle through which the Bank is committed to ensuring financial access for all segments of society, including women, youth, rural households, persons with disabilities, and small entrepreneurs. Key initiatives undertaken by the Bank in this area include the following:

Disability-friendly branch



Grihalaxmi Savings Account



Financial Literacy Program



Scholarship



Girl Child and Education-Focused Account for children



Women Entrepreneurs Support Program



## FINANCIAL INCLUSION

# RESILIENT SYSTEMS AND GOVERNANCE

**R**esilient Banking reflects the Bank's priority on strengthening its governance framework, risk management practices, and operational stability. To enhance institutional resilience and ensure robust governance, the Bank has undertaken the following key initiatives:

- ▶ Successful implementation of NFRS 9 (ECL)
- ▶ Strengthening of internal control and compliance systems
- ▶ Adoption of ISO standards
- ▶ Full compliance with the directives of Nepal Rastra Bank

All these measures help the Bank manage financial fluctuations, maintain asset quality, safeguard customer interests, and ensure long-term stability.



# TECHNOLOGY-DRIVEN INNOVATION

The Technology-Driven approach places technology at the core of the Bank's transformation. Key initiatives such as advanced digital platforms, secure card systems (Visa 3D Secure), cross-border QR integration (UPI, Alipay+), and the development of new digital infrastructure have strengthened the Bank's information technology and digital capabilities.

- ▶ Enhancing service availability and speed.
- ▶ Strengthening the level of security.
- ▶ Developing data-driven insights.
- ▶ Building scalable systems capable of future expansion.

This enables Mahalaxmi Bikas Bank to continuously carry out innovation initiatives and provide even more effective services to customers.

## ENABLING SEAMLESS CROSS-BORDER DIGITAL PAYMENTS FOR PILGRIMS AND TOURISTS

Mahalaxmi Bikas Bank has taken a significant leap in digital innovation by partnering with **Manakamana Darshan Pvt. Ltd.** to introduce **cross-border QR payment services**, making it easier than ever for Indian nationals to make digital payments in Nepal. With the technological support of **PhonePe**, visitors from India can now seamlessly scan MBLB's QR code using widely used Indian payment platforms such as **BHIM, UPI, PhonePe, Google Pay** and **others** to pay for Manakamana Darshan services.

This initiative not only enhances convenience for thousands of cross-border pilgrims and tourists but also promotes safe, transparent, and cashless transactions—reducing dependency on physical currency and strengthening Nepal's digital payment ecosystem. The collaboration reflects the Bank's commitment to **digital inclusion, tourism facilitation, and cross-border financial connectivity**, aligning strongly with national priorities and **SDG 8 (Decent Work & Economic Growth)** and **SDG 9 (Industry, Innovation & Infrastructure)**. Through this milestone, Mahalaxmi Bikas Bank continues to pave the way for smart, modern, and customer-friendly digital financial solutions that bridge communities across borders.



# CUSTOMER SUCCESS STORIES

## Modernizing Nepal's Mushroom Industry

### Mr. Suman Maharjan

Chairman, Mush Nepal  
Balambu, Nepal

Balambu, known as Nepal's "Mushroom Village," is home to **Mush Nepal**, a modern and innovative mushroom seed company led by Mr. Suman Maharjan. The company produces and analyzes diverse varieties of mushroom seeds, supplying farmers nationwide while promoting modern cultivation practices.

With advanced training from India, China, Japan, and the Netherlands, Mr. Maharjan introduced improved technologies to Nepal's mushroom sector. After returning from Japan with expertise in Shiitake mushroom cultivation, he aimed to expand production and introduce high-value varieties. However, scaling operations required investment in climate control systems, specialized machinery, and modern production facilities.

At this pivotal stage, Mahalaxmi Bikas Bank provided timely financial support through its Business loan facilities. The partnership enabled Mush Nepal to modernize infrastructure, expand production capacity, and strengthen market outreach.

As a result:

- ▶ Production capacity significantly increased
- ▶ Modern climate-controlled systems were installed
- ▶ New mushroom varieties, including Shiitake and Red Mushroom, were introduced
- ▶ Supply to farmers expanded, supporting local agricultural growth

Mush Nepal now plays a vital role in upgrading Nepal's mushroom technology, helping meet rising market demand with modern, high-quality production standards.

### Customer Voice

"With the support of Mahalaxmi Bikas Bank, I was able to modernize my business and bring advanced mushroom technology to Nepal. It has made it possible to fulfill my dream in my own country."

Mr. Maharjan expresses sincere gratitude to Mahalaxmi Bikas Bank for its continued cooperation and commitment to strengthening Nepal's agricultural sector.



## From Vision to Success: Expanding Local Enterprise

### Mr. Sagar Nepal

Founder, A-One Bakery  
Dhading District, Nepal

“From dream to success” defines the entrepreneurial journey of Mr. Sagar Nepal, Founder of **A-One Bakery** in Dhading District.

Starting small, Mr. Nepal began marketing and distributing his bakery products using a two-wheeler scooter. As demand increased, he recognized the need for business expansion including the purchase of a commercial vehicle and additional machinery to improve production and distribution capacity.

To realize this goal, he approached Mahalaxmi Bikas Bank's Dhadingbesi Branch. Through a Business Overdraft (OD) facility, the Bank provided timely and accessible short-term credit support at a competitive rate. This financial assistance enabled him to acquire a delivery vehicle, invest in upgraded baking equipment, and streamline operations.

The impact has been significant:

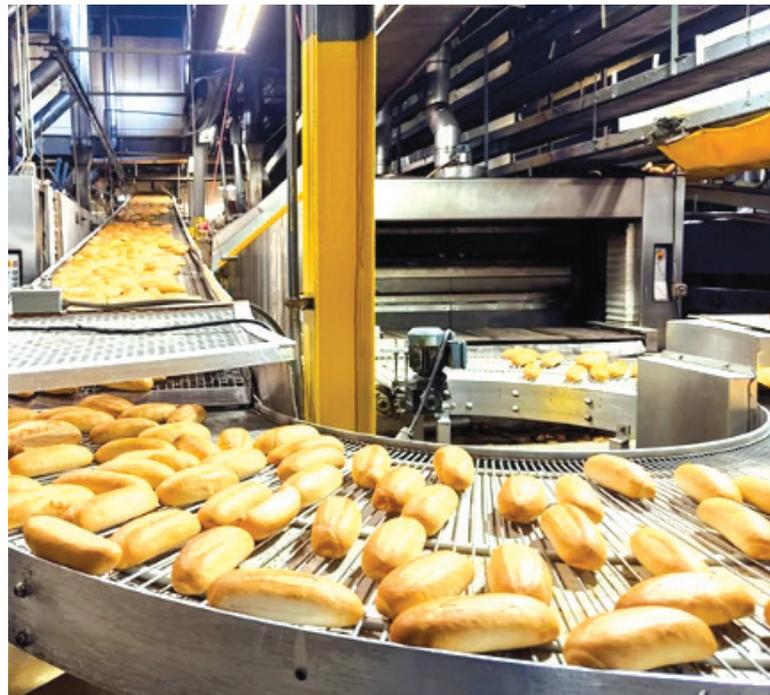
- ▶ Distribution capacity expanded beyond initial local reach
- ▶ Production efficiency improved with new machinery
- ▶ Employment increased from a small team to 12–15 staff members
- ▶ Stable income opportunities created for local youth

Today, A-One Bakery stands as a growing enterprise in Dhading, with ambitions to expand beyond the district. Mr. Nepal views Mahalaxmi Bikas Bank as a key financial partner in achieving his long-term vision.

### Customer Voice

“Mahalaxmi Bikas Bank supported my business when I needed it most. With their financial assistance, I was able to expand operations and create employment opportunities. I believe the Bank will continue to play an important role in my future growth.”

Mr. Nepal expresses sincere appreciation for the Bank's cooperation and support in turning his entrepreneurial dream into sustainable success.



# QUALITY STANDARDS STRENGTHENING

The Bank's ISO 9001:2015 certification confirms its commitment to a structured, process-driven, and quality-focused management system. This certification has further strengthened the Bank's governance practices and operational reliability.

This international standard ensures effectiveness and consistency across the following areas:



# MAHALAXMI CORPORATE CRICKET LEAGUE

Season 1

# 16

Banks and Financial Institutions



Season 4

# 24

Banks and Financial Institutions

The Mahalaxmi Corporate Cricket League (MCCL) has successfully evolved into a prestigious and highly anticipated tournament among banks and financial institutions. The journey began in **Season 1** with participation from **16 banks and financial institutions**, and by **Season 4**, participation had expanded to **24 institutions**, including banks, financial institutions, life and non-life insurance companies, and merchant banks.

This tournament has further enriched the Bank's anniversary celebrations, making them more meaningful and engaging. Through the organization of this event, the Bank has successfully achieved the following objectives:

- ▶ Promoting friendship and cooperation
- ▶ Encouraging health and sports development
- ▶ Strengthening camaraderie within the banking and financial community





Within the institutional sector, the **Mahalaxmi Corporate Cricket League Indoor Cricket Tournament** has successfully emerged as one of the largest competitions. This tournament has played a significant role in strengthening the Bank's brand, establishing its identity within the institutional sector, and building stronger relationships with various partners.

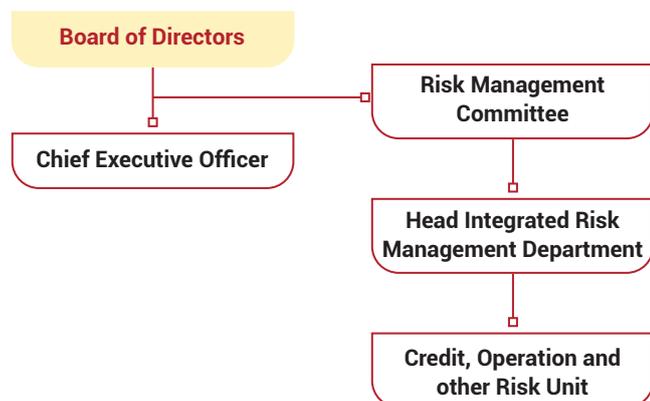
Furthermore, information related to the tournament has been widely disseminated through the Bank's official social media platforms, contributing to the enhancement of the Bank's public image among the general audience.



# RISK MANAGEMENT EFFECTIVENESS

## 1. Integrated Risk Management Approach

Mahalaxmi Bikas Bank Ltd. has institutionalized an **Integrated Risk Management framework** to ensure systematic identification, assessment, monitoring, and mitigation of risks that may impact the Bank's financial performance, regulatory compliance, reputation, and long-term sustainability.



The Bank's risk management practices are aligned with the **Bank and Financial Institutions Act (BAFIA), Nepal Rastra Bank Directives and Risk Management Guidelines**, and are supported by internally approved policies, frameworks, and procedures. The Integrated Risk Management Department functions independently and reports to the **Risk Management Committee**, thereby ensuring effective governance and oversight.

## 2. Quantitative Risk Metrics (Pillar 3 Disclosures)

As a publicly accountable financial institution, the Bank discloses its actual performance against Board approved risk limits, enabling shareholders to transparently assess financial resilience.

### a) Capital Adequacy Position

Capital Measure	Bank Position (FY 2081/82)
Tier 1 Capital to Total Risk Weighted Exposures	13.53
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	17.06

The Bank maintained a comfortable capital buffer over the NRB-mandated minimum, ensuring resilience against credit, market, and operational shocks.

### b) Liquidity Risk Position

Liquidity Indicator	Regulatory Benchmark	Bank Position
Leverage Ratio	>= 4%	9.17%

The Bank's liquidity position demonstrates strong short-term shock absorption capacity and a stable long term funding structure.

### c) Credit Quality Movement

Particulars	Amount
Gross NPL	4.98%
Net NPL	0.76%
Write-offs	16,836,355
Impairment Charge as per the NRB Directive	2,654,449,628
Impairment Charge as per NFRS	2,179,007,892

Continuous monitoring, early warning signals, and focused recovery initiatives supported credit quality stability during the year.

## 3 Implementation of NFRS 9 - Expected Credit Loss (ECL) Framework

In line with NRB circulars and ICAN guidance for FY 2081/82, the Bank has initiated the transition from the Incurred Loss Model to the Expected Credit Loss (ECL) framework under NFRS 9.

### 3.1 Readiness & Impact

- ▶ Data architecture and loan segmentation aligned with ECL requirements
- ▶ Forward-looking risk assessment capabilities strengthened
- ▶ Expected increase in impairment volatility, particularly during economic stress cycles

### 3.2 Stage-wise Loan Classification (Disclosure)

ECL Stage	Description	Gross Carrying Amount	Impairment Charge
Stage 1	Performing Assets	39,262,498,342	191,886,878
Stage 2	Performing but has exhibited Significant Increase in Credit Risk	3,998,357,995	239,393,253
Stage 3	Non Performing/ Credit-Impaired Assets	4,913,620,932	1,747,727,761

### 3.3 Forward-Looking Macroeconomic Factors

The ECL model incorporates multiple macroeconomic scenarios, including:

- ▶ GDP growth trends
- ▶ Interest rate trajectory
- ▶ Sectoral stress indicators

This ensures pro-cyclical risk recognition and improved capital planning.

### 4. Risk Governance: Three Lines of Defense Model

The Bank formally adopts the Three Lines of Defense Model to ensure clarity of accountability and effective risk ownership.

Line of Defense	Responsibility
1st Line	Business Units (Branch Managers, Credit Officers) – Own and manage risks
2nd Line	Integrated Risk Management Department (IRMD) & Compliance – Oversight, challenge, policy enforcement
3rd Line	Internal Audit – Independent assurance to the Board

This model ensures that risk management is embedded within operations and not confined to a back office function.

### 5. Role of the Risk Management Committee

The **Risk Management Committee (RMC)** oversees the overall risk governance of the Bank and provides strategic direction to ensure that risks are managed within the approved **Risk Appetite and Tolerance Limits**. The Committee meets at least **once every quarter or on a need basis**, depending on the risk environment and business conditions.

#### Composition of Risk Management Committee

Director	Coordinator
Director (Coordinator, Audit Committee)	Member
Head of Operation Department	Member
Head of Integrated Risk Management Department	Member Secretary

In carrying out its mandate, the Committee:

- ▶ Oversees the effectiveness of the Bank's **Enterprise Risk Management framework** across all material risk categories.
- ▶ Reviews the level of risks inherent in business activities and evaluates the Bank's capacity to absorb such risks.
- ▶ Evaluates risk management strategies, policies, and

guidelines to ensure alignment with business objectives and regulatory expectations.

- ▶ Reviews periodic risk reports, dashboards, and key risk indicators submitted by management and provides guidance for corrective actions where required.
- ▶ Reviews capital adequacy, Risk-Weighted Assets (RWA), and Internal Capital Adequacy Assessment Process (ICAAP) to ensure capital resilience.
- ▶ Oversees stress testing and reverse stress testing exercises and evaluates their implications on capital, liquidity, and earnings.
- ▶ Reviews asset structure, asset quality trends, and Asset Liability Committee (ALCO) activities on a quarterly basis.
- ▶ Monitors sector-specific economic developments and their potential impact on the Bank's financial condition.
- ▶ Submits quarterly reports and recommendations to the **Board of Directors**, enabling informed and timely decision-making.

### 6. Integrated Risk Management Department

The **Integrated Risk Management Department (IRMD)** plays a central role in implementing the Bank's risk management framework at an operational and enterprise level. The Department ensures that risk considerations are embedded across products, services, business units, and strategic initiatives.

The Department operates through the following units:

1. **Credit Risk Unit**
2. **Operation and Other Risk Unit**, covering:
  - i. Liquidity Risk
  - ii. Market Risk
  - iii. Interest Rate Risk
  - iv. Foreign Exchange Risk
  - v. Operational Risk
  - vi. AML/CFT Risk
  - vii. Cyber Security and Information Technology Risk

These units submit **risk reports** to the Head of Integrated Risk Management Department, enabling consolidated risk analysis and timely escalation to the Risk Management Committee.

### 7. Risk Management Practices

The Bank continuously strengthens its **Risk Management** practices by:

- ▶ Designing, implementing, and enhancing risk management processes covering **credit, market, liquidity, operational, IT/cyber, compliance, legal, strategic, and reputational risks**.



- ▶ Reviewing and updating the **Risk Appetite and Tolerance Limits** annually in line with strategic objectives and regulatory requirements.
- ▶ Integrating risk considerations into business planning, pricing decisions, product development, and portfolio management.
- ▶ Establishing Key Risk Indicators (KRIs) and early warning mechanisms to proactively identify emerging risks.

## 8. Regulatory Compliance and Risk Governance

The Integrated Risk Management Department ensures that the Bank remains compliant with applicable regulatory and prudential requirements, including NRB directives, AML/CFT standards, and other relevant guidelines.

In this regard, the Department:

- ▶ Coordinates with regulators and internal governance bodies on risk-related matters.
- ▶ Prepares and presents risk dashboards, stress testing results, and compliance-related reports to the Risk Management Committee and the Board.
- ▶ Reviews internal policies periodically to ensure alignment with evolving regulatory expectations and industry best practices.

## 9. Risk Identification, Assessment, and Monitoring

The Bank adopts a forward-looking approach to risk identification and assessment. Regular risk assessments are conducted to identify vulnerabilities arising from internal operations and external developments.

Key practices include:

- ▶ Continuous monitoring of risk exposures across the enterprise.
- ▶ Periodic stress testing and scenario analysis to assess resilience under adverse conditions.
- ▶ Monitoring adherence to approved risk policies and limits, with escalation and corrective actions for any breaches or exceptions.

## 10. Management of Key Risk Areas

The Bank actively manages the following major risk categories:

- ▶ **Credit Risk:** Portfolio quality review, monitoring of non-performing loans, assessment of concentration risks, and adherence to credit policies.
- ▶ **Liquidity Risk:** Monitoring liquidity ratios, maturity mismatches, and funding stability.

- ▶ **Market and Interest Rate Risk:** Assessment of interest rate sensitivity, foreign exchange exposure, and investment risks.
- ▶ **Operational Risk:** Identification and monitoring of risks arising from processes, systems, people, fraud, and external events.
- ▶ **IT and Cyber Risk:** Assessment and monitoring of technology risks, cybersecurity incidents, and system resilience.
- ▶ **AML/CFT and Compliance Risk:** Monitoring compliance with AML/CFT regulations and financial integrity standards.
- ▶ **Environmental and Social Risk:** Incorporation of ESRM and Green Finance principles into lending and investment decisions.

## 11. Supporting Policies and Frameworks

Risk management activities are supported by approved internal policies and frameworks, including:

- ▶ Risk Management Policy
- ▶ Risk Appetite and Tolerance Limit Framework
- ▶ Risk-Based Pricing Policy
- ▶ Operational Risk Management Policy
- ▶ Environmental & Social Risk Management (ESRM) and Green Finance Policy
- ▶ Contingency Management Framework
- ▶ Risk Register
- ▶ Information Technology Incident Management Procedure (ITIMP)
- ▶ Information Technology Risk Assessment Procedure (ITRAP)

## 12. Emerging Risk Domains

The IRMD has expanded its scope to address modern banking threats:

- ▶ **Cyber & IT Risk:** Managing system resilience and cybersecurity incidents.
- ▶ **AML/CFT Compliance:** Ensuring financial integrity and adherence to international standards.
- ▶ **Environmental & Social Risk (ESRM):** Integrating Green Finance principles into the lending lifecycle.

## 13. Strategic Performance Review: FY 2081/82

In the current fiscal year, the IRMD has executed several high impact activities to strengthen our financial position:

- ▶ **Portfolio Health:** Regular review of loan appraisals and intensive monitoring of Non-Performing Loans (NPLs).
- ▶ **On Ground Verification:** Conducted surprise branch visits for vault inspections and operational risk identification.
- ▶ **Benchmarking:** Performed peer-group analysis to ensure the Bank's risk profile remains competitive and resilient compared to the industry.
- ▶ **Policy Compliance:** Ensured all activities remained within the Board-approved Risk Appetite and Tolerance Limits.

## 14. Stress Testing Summary – FY 2081/82

In accordance with NRB Guidelines, Mahalaxmi Bikas Bank Limited conducted comprehensive stress testing to assess its resilience under severe but plausible adverse scenarios across credit, market, liquidity, and operational risks. The exercise aims to evaluate the adequacy of capital and liquidity buffers and identify potential vulnerabilities under stressed conditions.

Pre-Stress Position

Key Indicator	Level
Capital Adequacy Ratio (CAR)	17.06%
Gross NPL Ratio	4.98%
Liquidity Ratio	26.18%
Credit-Deposit Ratio	83.99%

The Bank entered the stress testing period with strong capital and liquidity buffers, comfortably above regulatory minimum requirements.

### Key Stress Testing Results (Post-Shock)

#### Credit Risk (Most Material Risk)

Scenario	CAR (%)
15% Pass to Substandard	15.32
5% Pass to Loss	14.59
Sectoral Shock (Pass to Loss)	15.17
Top 2 Large Exposures Downgraded	16.93

Observation: Capital adequacy remains above regulatory minimum even under severe credit shocks; however, aggressive deterioration of pass loans leads to a sharp increase in NPL ratios, confirming credit risk as the most material vulnerability.

#### Market Risk (Interest Rate, FX, Equity)

Shock Type	Lowest CAR (%)
Interest Rate Shock (Combined)	16.95
Exchange Rate Shock	17.03
Equity Price Fall (50%)	16.02

Observation: Market risk shocks have limited impact on capital, reflecting effective ALM practices, modest FX exposure, and controlled equity investments.

#### Operational Risk

Scenario	CAR (%)
20% income loss	15.42
50% income loss	12.96

Observation: Severe operational loss scenarios, including cyber fraud and other operational failures, could materially erode capital, underscoring the importance of strong IT controls, cybersecurity measures, and fraud risk management.

#### Liquidity Risk

- ▶ Liquidity stress becomes critical only under prolonged and cumulative withdrawal scenarios
- ▶ Liquidity ratio falls below comfort level when total deposit withdrawal reaches 20%

Scenario	Liquidity Ratio
Non-FD withdrawal - 15%	19.30%
Total deposit withdrawal - 20%	7.73%
Day-5 cumulative withdrawal	Illiquid position observed

Observation: The Bank maintains adequate short-term liquidity buffers; however, extreme and sustained deposit withdrawals could lead to liquidity stress, emphasizing the need for a robust Contingency Funding Plan (CFP).

#### Reverse Stress Testing (Break Point Analysis)

Threshold Breach	Required Shock
CAR reduced to 11%	48.28% of Pass loans to Substandard
CAR reduced to 11%	11.53% of Pass loans to Loss
Tier 1 Capital reduced to 8.5%	38.35% of Pass loans to Substandard
NPL reaches 5%	0.03% of Pass loans

Observation: Breach of regulatory capital thresholds requires extreme and highly improbable levels of credit deterioration, indicating strong shock absorption capacity of the Bank.

Conclusion: Stress testing results demonstrate that Mahalaxmi Bikas Bank Limited maintains adequate capital and liquidity buffers under a wide range of adverse scenarios. Credit risk deterioration and prolonged liquidity stress remain the most material vulnerabilities. However, capital adequacy remains above regulatory thresholds in most plausible stress scenarios. The Bank continues to strengthen early warning systems, sectoral exposure limits, contingency funding arrangements, and operational risk controls to enhance overall resilience.



## IT Systems and Controls Including Data Privacy and Cyber Security

Mahalaxmi Bikas Bank Limited has further strengthened its Cyber Security and Information Technology Governance framework by embedding robust access control mechanisms and comprehensive data privacy policies within its overall Corporate Governance structure. These initiatives are aimed at protecting critical information assets, ensuring data confidentiality, integrity, and availability, and complying with the Nepal Rastra Bank (NRB) directives and supervisory expectations on IT and cyber risk management.

The Bank continues to expand its digital banking platforms and delivery channels to enhance customer service efficiency, accessibility, and experience. In parallel, appropriate safeguards have been implemented to proactively manage cyber threats and technology-related risks arising from increased digitalization. Oversight of cyber security and IT risks is provided through continuous support and guidance from the Board of Directors and relevant management-level committees, ensuring that such risks are identified, assessed, monitored, and mitigated on a timely basis. The Bank undertakes periodic and annual reviews of its IT, information security, and data protection policies to address emerging risks and ensure ongoing regulatory compliance.

In order to further enhance Security Governance, the Bank has successfully completed an Information Systems (IS) Audit, along with Vulnerability Assessment and Penetration Testing (VAPT), in line with regulatory requirements and industry best practices. The findings and recommendations from these assessments have been duly addressed, resulting in strengthened access control frameworks, improved system monitoring, and enhanced incident response and escalation mechanisms.

Additionally, to reinforce IT infrastructure resilience and business continuity, the Bank has adopted modern technologies to strengthen its Data Center (DC) and Disaster Recovery (DR) capabilities. These improvements are intended to ensure high system availability, minimize operational disruptions, and support uninterrupted banking services during system failures, cyber incidents, or other unforeseen events.

## MANAGEMENT AND AUDIT COMMITTEE/ AUDITOR COMMENTS/ASSURANCE ON INTERNAL CONTROLS OF THE MANAGEMENT

Mahalaxmi Bikas Bank has established a robust internal control system designed to ensure the integrity of financial reporting, operational efficiency, and regulatory compliance. The system aims to safeguard assets, detect fraud, and ensure that all operations align with the bank's strategic objectives. The bank's internal control framework includes comprehensive procedures for risk management, compliance, financial reporting, and operational efficiency.

The management of Mahalaxmi Bikas Bank is committed to maintaining an effective internal control system it is responsible for:

- ▶ Designing, implementing, and monitoring internal controls that align with best practices.
- ▶ Ensuring that the controls are working effectively to mitigate financial and operational risks.
- ▶ Regularly reviewing and updating controls to address new risks and improve overall efficiency.
- ▶ Reporting any material weaknesses or deviations from the established control framework.

The Audit Committee plays a vital role in overseeing the effectiveness of internal controls of Mahalaxmi Bikas Bank.

## KEY RESPONSIBILITIES OF AUDIT COMMITTEE

- ▶ Review quarterly and annual financial statement of the Bank.
- ▶ Overview compliance with applicable accounting standard and regulatory requirements.
- ▶ Evaluate the adequacy and internal control system.
- ▶ Monitor key operational, credit and compliance risks.
- ▶ Ensure timely correction actions of control weaknesses.
- ▶ Approve the internal audit plan and resources.
- ▶ Review internal audit report and major audit findings.
- ▶ Monitor management resources and timely closure of audit issues.
- ▶ Ensure independence and effectiveness of internal audit function.
- ▶ Review cases of repetitive lapses and recommend Human Resource Department for disciplinary or corrective measures.
- ▶ Monitor compliance with laws regulations, NRB directions and internal policies.

- ▶ Review regulatory inspection reports and management responses.
- ▶ Ensure timely submission of quarterly audit reports.

Furthermore, The Audit Committee is supported in its role by independent assurance provider “P&B Associates” as our internal auditors.

## Governance, Conduct, and Ethics

Through a review of NRB inspection, internal and external audit reports, the Committee ensured that Management’s role over the first and the second lines is clearly defined and segregated to fortify good governance. The Committee strongly advocated for and strengthened the Internal Audit function. The Head Internal Audit is independent from the Management in their reporting lines, and holds no operational decision-making responsibilities, which provides an additional degree of independence and governance.

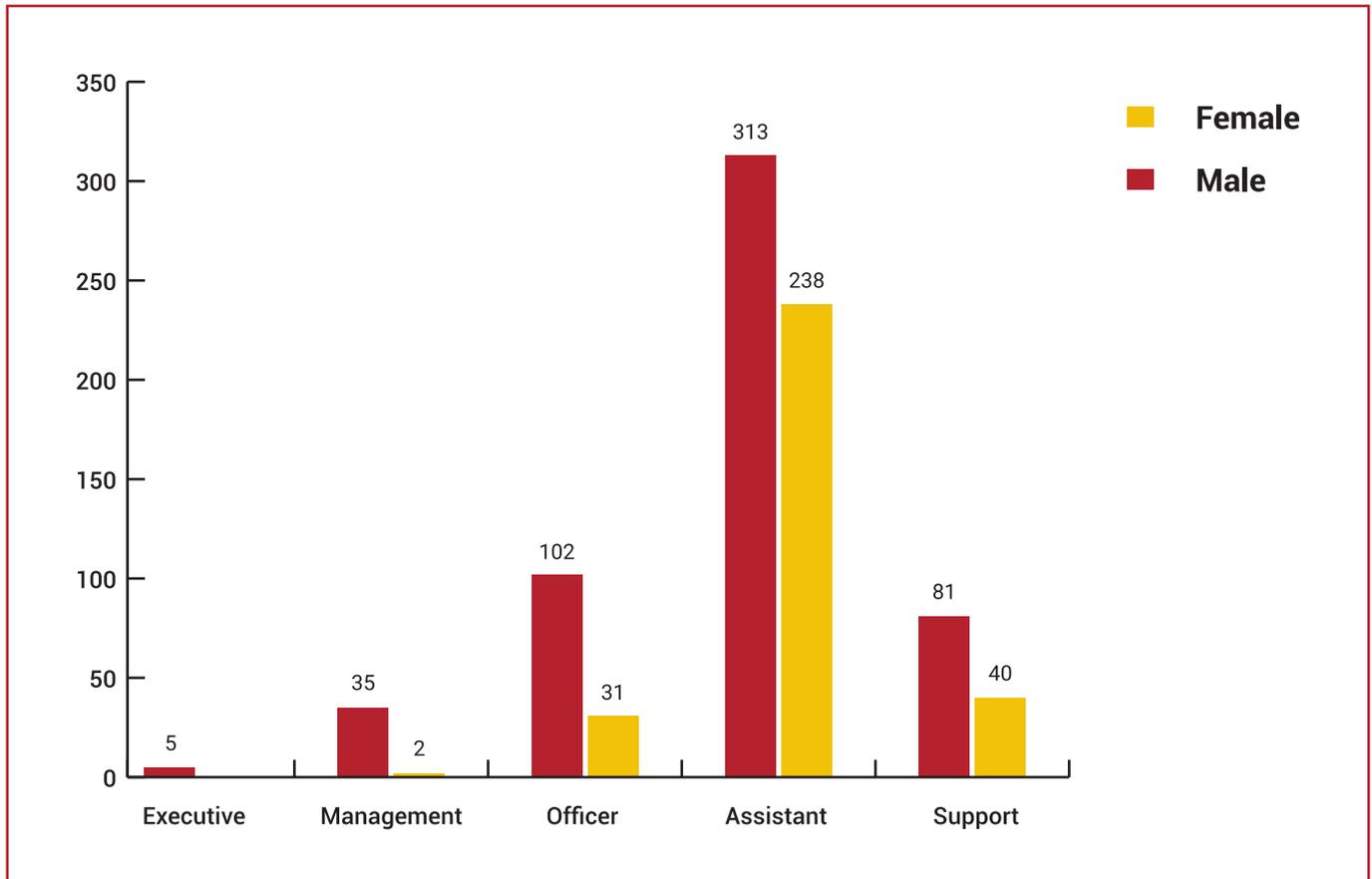
The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, the Bank has developed Employee Code of Conduct as per NRB Directive and a Whistleblowers Policy in place, which ensure and encourage all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

Highest standards of corporate governance and adherence to the Employee Code of Conduct were ensured. All appropriate procedures were in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means.

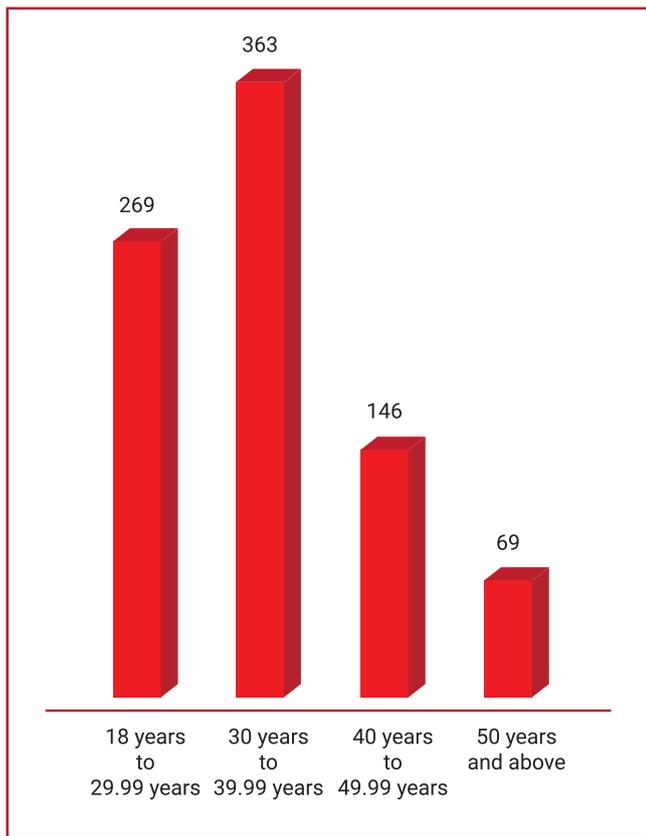
Overall, the management and Audit Committee are committed to addressing any identified deficiencies and strengthening internal control where necessary. The Audit Committee will continue to monitor the effectiveness of the internal control and ensure that management takes appropriate corrective actions where needed. The ongoing efforts to improve internal control system including enhancing fraud prevention, operational efficiency, and IT control will ensure that the Bank remains well-positioned to manage risk and achieve its strategic goals.

## Human Resource Dashboard

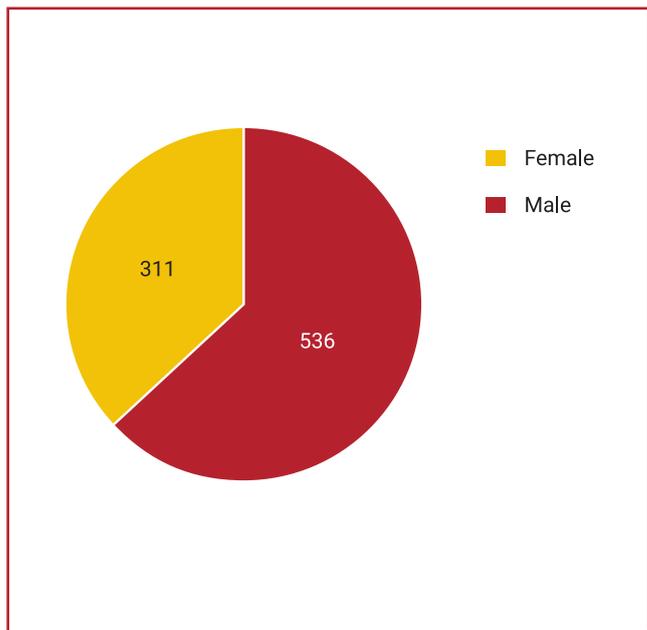
### Employee Mix as per Job Level



### Employee Mix as per Age Group

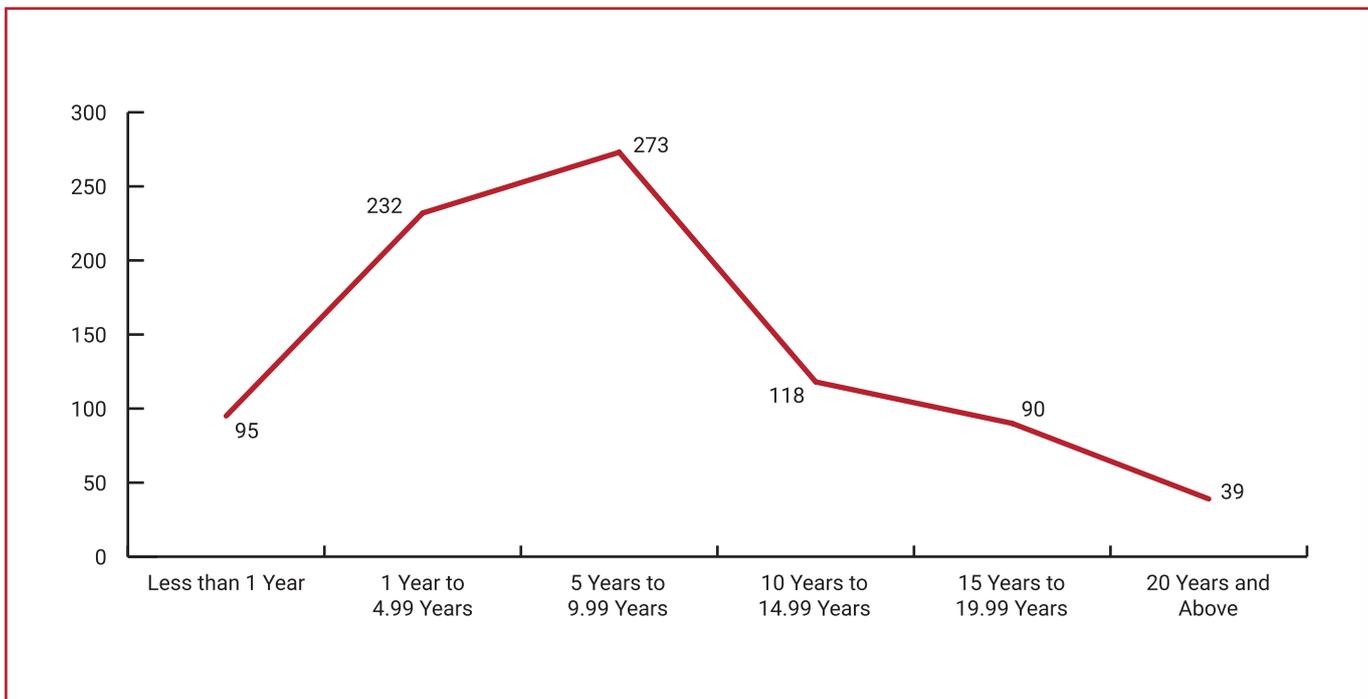


### Employee Mix as per Gender

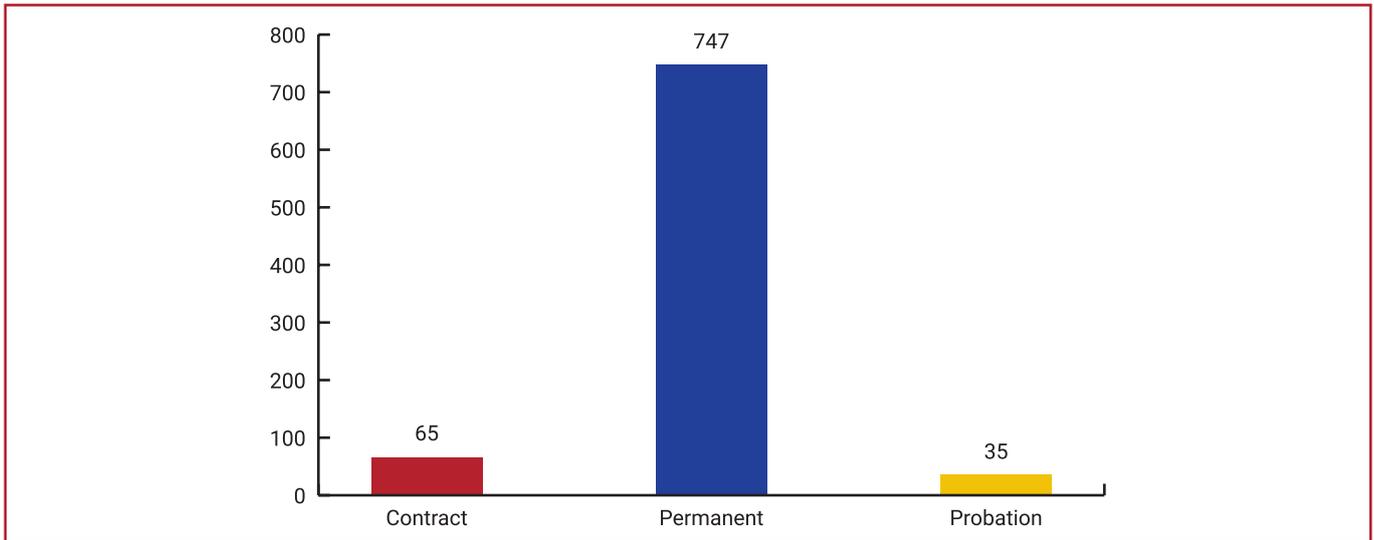


Bank is always committed to fostering a diverse and inclusive workforce. As depicted in the above pie cart, Bank has a mix of 36.72 % of Female employees and 63.28 % of Male employees in the end of Fiscal year 2081.82.

### Employee Mix as per Service Tenure



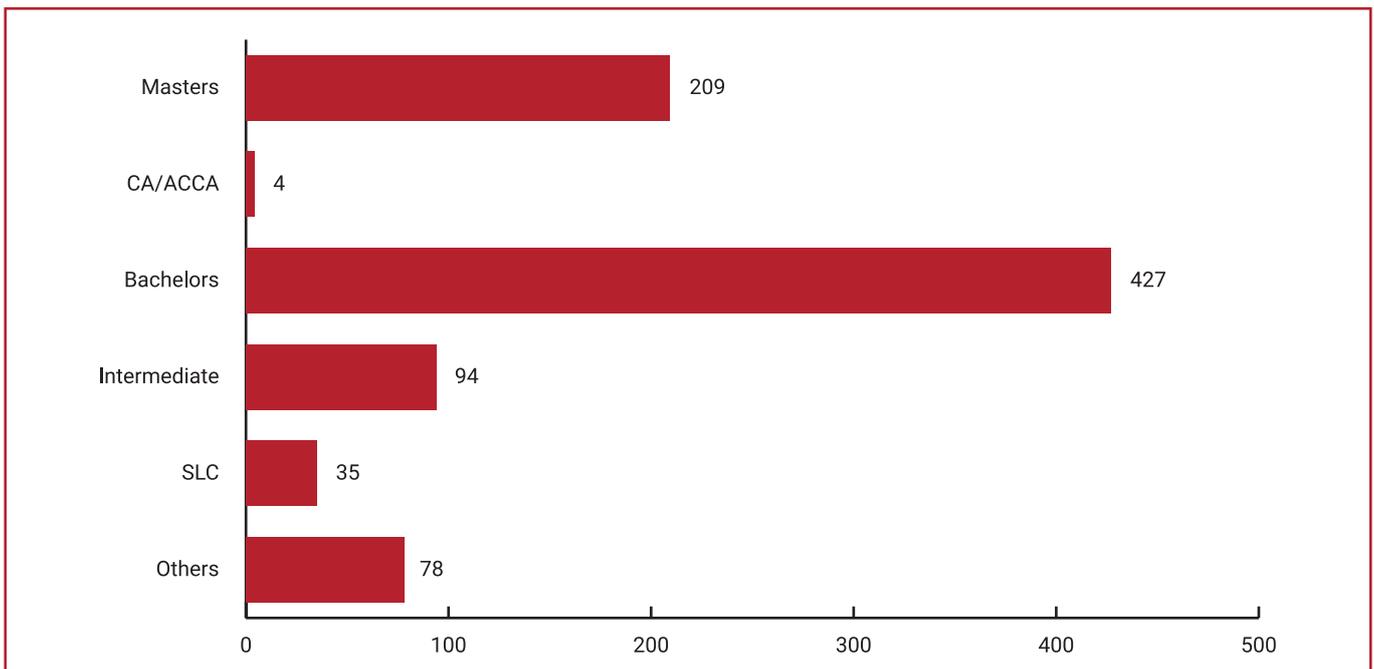
## Employee Mix as per Employee Mode



## Employee Mix as per Province Wise and Head Office

Province Office	Female	Male	Grand Total
Head Office	48	99	147
Bagmati Province Office (Ka) - 998	85	51	136
Bagmati Province Office (Kha) - 997	40	44	84
Gandaki Province Office - 992	20	30	50
Koshi Province Office - 993	12	26	38
Lumbini Province Office (Ka) - 996	21	50	71
Lumbini Province Office (Kha) - 995	23	47	70
Madhesh Province Office - 994	24	86	110
Sudur Paschim Province Office - 991	38	103	141
<b>Grand Total</b>	<b>311</b>	<b>536</b>	<b>847</b>

## Employee Mix as per Education Qualification



## Recruitment Detail

Level	Total Number	Male	Female
Executive Level	1	1	
Managerial Level	2	1	1
Officer Level	14	4	10
Assistant Level	81	47	34
<b>Total Staffs</b>	<b>98</b>	<b>53</b>	<b>45</b>
<b>Recruitment %</b>		<b>13.54%</b>	

## Turnover Detail

Level	In FY 2081/82
Executive Level	1
Managerial Level	0
Officer Level	15
Assistant Level	79
<b>Total Staffs</b>	<b>95</b>
<b>Turnover %</b>	<b>13.12%</b>

## Employee Loan Facilities

Loan Type	No. of Employees Availing Staff Loan Facility	Outstanding Loan Amount
Hire Purchase Loan	36	4,273,765
Home Loan	110	350,057,609
Social Loan	228	60,033,188
Term Loan	13	4,697,637
Overdraft Loan	536	100,504,895
<b>Grand Total</b>		<b>519,567,095</b>

## Training Budget

Level	In FY 2081/82
Training Budget	18,000,000
Expenses	17,704,010
<b>Budget Utilized</b>	<b>98.36%</b>

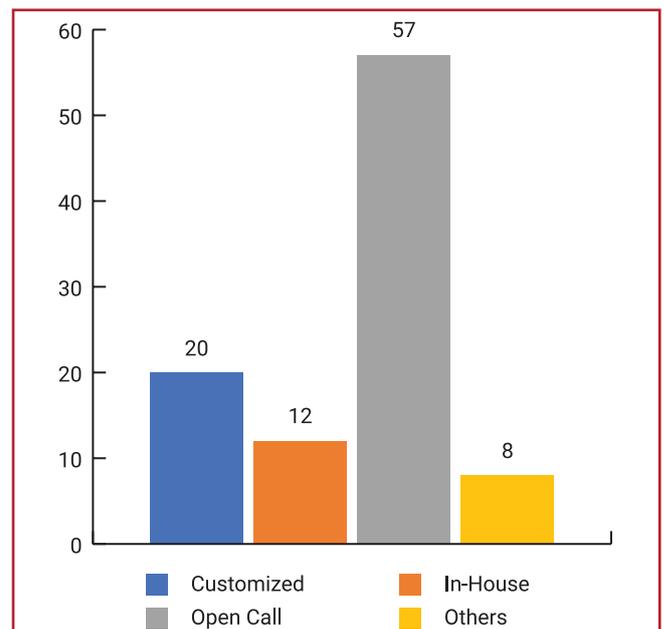
## Province Wise Training Detail

SN	Province	Number of Trainings	Number of Participants
1	Head Office-999	41	438
2	Bagmati Province Office (Ka) -998	14	428
3	Bagmati Province Office (Kha) -997	6	75
4	Gandaki Province Office -992	5	105
5	Koshi Province Office -993	5	62
6	Lumbini Province Office (Ka) -996	6	107
7	Lumbini Province Office (Kha) -995	7	131
8	Madhesh Province Office -994	9	68
9	Sudur Paschim Province Office -991	4	151
<b>Total</b>		<b>97</b>	<b>1565</b>

## Staffs cost for the Fiscal Year 2081/82

Job Mode	Total Expenses	Percentage
Permanent	591,915,547	96.52%
Probation	1,707,701	0.28%
Contract	19,608,831	3.20%
<b>Total</b>	<b>613,232,079</b>	<b>100.00%</b>
<b>Total Cost Per Staff</b>	<b>724,005</b>	<b>0.12%</b>

## Types of Training



## Staff Welfare, Health, Safety & Work Environment

The Bank places its people at the heart of its operations and firmly believes that sustainable growth is driven by a motivated, healthy, and secure workforce. Guided by this philosophy, the Bank remains committed to fulfilling its responsibilities toward employees by promoting their well-being, ensuring workplace safety, and fostering a positive, inclusive, and empowering work environment.

### Health & Well-being

The Bank actively safeguards the physical and mental health of its employees through comprehensive and structured initiatives. Employees and their dependents are covered under health insurance schemes and provided access to emergency medical support. In addition, employees are insured against critical illnesses, with necessary assistance extended during times of need by the Bank.

Recognizing the evolving challenges of the banking profession, the Bank places strong emphasis on mental health and work-life balance. Employee-friendly policies, adequate leave provisions, and supportive management practices enable staff to balance professional and personal responsibilities effectively. In pursuit of a stress-free and energetic workplace, the Bank has allocated a dedicated budget for fitness and recreational initiatives, including trekking programs, walkathons, and wellness challenges. These activities encourage healthy lifestyles, reduce occupational stress, and strengthen interpersonal bonds among employees.

Special care is extended to pregnant employees through support such as cushions and stools to ensure comfort and health as well as Bank always ensures that first-aid boxes are available at all branches, provinces, and departments, reinforcing a culture of preparedness and care.

### Safety & Security

In line with regulatory requirements and international best practices, the Bank maintains robust workplace safety standards across all branches and offices. Facilities are equipped with fire detection and suppression systems, CCTV surveillance, and secure vaults. Regular disaster preparedness drills and security awareness programs are conducted to ensure that employees remain alert, informed, and prepared for unforeseen situations.

The Bank enforces a zero-tolerance policy toward workplace harassment, discrimination, and misconduct. Clear policies, transparent reporting mechanisms, and fair processes are in place to safeguard dignity, equity, and respect. These measures promote a culture of trust, professionalism, and ethical conduct throughout the organization.

The Bank is particularly attentive to the safety of female staff and provides secure drop facilities for female employees required to work late hours. To enhance communication while preserving confidentiality, Closed User Group (CUG) facilities are extended to employees, ensuring secure and seamless internal and external (Client) connectivity.

### Work Environment & Employee Engagement

The Bank strives to create a professional and supportive workplace culture that encourages collaboration, innovation, and accountability. Modern office layouts, adequate lighting, proper ventilation, and ergonomic furniture enhance employee comfort and productivity as well as flexible work arrangements, where feasible, along with employee-centric policies, support a healthy work-life balance.

Open communication channels, grievance-handling mechanisms, and periodic staff engagement surveys enable management to understand employee concerns and respond constructively. Grievances related to transfers arising from family or health considerations are given priority, reflecting the Bank's people-focused approach.

Employees are encouraged to share innovative ideas, which are carefully reviewed and, where viable, presented to senior management for implementation. This participative culture nurtures ownership and continuous improvement. The Bank places strong emphasis on learning and development through regular training programs, leadership initiatives, and structured career progression pathways.

Furthermore, to foster confidence, leadership, and communication excellence, the Bank has chartered a Toastmasters Club that equips employees with essential interpersonal and presentation skills. Complementing this, a diverse range of engagement activities such as photo contests, TikTok challenges, and Rangoli competitions to promote creativity and strengthen bonding among employees.

Beyond internal engagement, the Bank actively builds external networks by organizing inter-institutional cricket tournaments on the occasion of its anniversary. These events promote teamwork, stress management, and healthy relationships across the financial and other sector.

Through these integrated efforts, the Bank nurtures a safe, healthy, and engaging workplace, strengthens organizational performance, enhances staff satisfaction and retention, and reaffirms its commitment to being an employer of choice in the banking sector.



## Employee Recognition

On the occasion of its 31st Anniversary, Mahalaxmi Bikas Bank proudly honored 36 long-serving employees who have dedicated more than 20 years of service to the institution. These individuals have been the backbone of the Bank's journey—demonstrating unwavering honesty, responsibility, professionalism, and commitment across decades of transformation, growth, and challenges. Their contributions have played a vital role in strengthening the Bank's foundation, enhancing operational resilience, and shaping the culture of excellence that MLBL stands for today. By celebrating their loyalty and hard work, the Bank reaffirms its belief that its greatest strength lies in its people—those who continue to inspire, lead by example, and uphold the values that drive sustainable success.



## Walking Together on the Path of Purpose

The vibrant march captured in this moment reflects more than a gathering—it symbolizes the collective journey of the Mahalaxmi Bikas Bank family toward a shared vision. Walking side by side in the Bank’s colors, our employees demonstrate unity, discipline, and unwavering commitment to progress. This path represents our culture of togetherness, where every step forward is powered by collaboration, respect, and a common purpose. It illustrates how MLBL moves ahead as one team, embracing challenges, celebrating achievements, and building a stronger institution through the strength of its people. As we continue evolving toward sustainable, modern, and technology-driven banking, this spirit of walking together remains the driving force behind our growth and transformation.



## Mahalaxmi Toastmasters Club

On the proud occasion of the 31st Anniversary of Mahalaxmi Bikas Bank Ltd., a significant step toward employee development and leadership excellence was marked with the official inauguration of the Mahalaxmi Toastmasters Club.

The club has been successfully chartered under Toastmasters International – District 41, Division B, Area B4, strengthening the Bank's commitment to fostering communication, confidence, and leadership skills among its team members. The establishment of this club reflects the Bank's vision of nurturing well-rounded professionals who excel not only in banking operations but also in public speaking, critical thinking, and personal growth.

The club begins its journey with a strong foundation of 20 charter members, demonstrating enthusiastic participation and commitment from employees across departments. To guide the club's operations and ensure structured growth, a 7-member Executive Committee has been formed, responsible for leading the club's activities, organizing meetings, and upholding Toastmasters standards.

The inauguration of the Mahalaxmi Toastmasters Club is more than the formation of a communication platform – it is an investment in human capital. This initiative aligns with the Bank's broader objective of building a confident, capable, and leadership-driven workforce prepared to represent the organization with excellence at every level.

This milestone adds a new dimension to the Bank's legacy, reinforcing the belief that strong communication builds strong institutions.



## Brief Overview of Financial Performance

During the review period, Mahalaxmi Bikas Bank focused on achieving balanced and sustainable financial growth by emphasizing deposit mobilization and quality credit deployment to drive profit growth.



The Bank successfully established branch-level campaigns to open new savings accounts through deposit products such as the Mahalaxmi MahaBachat Account, which strengthened the Bank's deposit base.

The Bank has maintained prudent cost management while continuing to invest in digital infrastructure and human capital.



Through the implementation of NFRS (ECL) and strengthened risk management practices, the Bank has successfully improved asset quality and provisioning discipline.



The Bank has successfully maintained healthy capital adequacy and key financial indicators in line with regulatory expectations.



Overall, the Bank's strong financial performance, resilient operations, disciplined risk management, and growing customer trust have enabled its overall progress.



Mid Term Review Meet  
2081

# Annual Report of the Board of Directors presented at the 24th Annual General Meeting of Mahalaxmi Bikas Bank Ltd.

## 1. GLOBAL ECONOMIC OVERVIEW

At the onset of trade policy shifts and the surge in uncertainty, the April 2025 World Economic Outlook (WEO) revised the 2025 global growth projection downward by 0.5 percentage point to 2.8 percent. This was predicated on tariffs being supply shocks for tariff-imposing countries and demand shocks for the targeted, with uncertainty being a negative demand shock all around. By July, announcements that lowered tariffs from their April highs prompted a modest upward revision to 3.0 percent. Inflation projections, while little changed overall, went up for the United States and down for many other economies.

After a resilient start, the global economy is showing signs of a moderate slowdown, as predicted. Incoming data in the first half of 2025 showed robust activity. Inflation in Asian economies was subdued, while it remained steady in the United States. This apparent resilience, however, seems to be largely attributable to temporary factors such as front-loading of trade and investment and inventory management strategies rather than to fundamental strength. As these factors fade, weaker data are surfacing. The front-loading is unwinding, and labor markets are softening. Pass-through of tariffs to US consumer prices, previously muted, appears increasingly likely. Advanced economies, traditionally reliant on immigration, are seeing sharp declines in net labor inflows, with implications for potential output.

Global growth is projected to slow from 3.3 percent in 2024 to 3.2 percent in 2025 and to 3.1 percent in 2026. This is an improvement relative to the July WEO Update but cumulatively 0.2 percentage point below forecasts made before the policy shifts in the October 2024 WEO, with the slowdown reflecting headwinds from uncertainty and protectionism, even though the tariff shock is smaller than originally announced. On an end-of-year basis, global growth is projected to slow down from 3.6 percent in 2024 to 2.6 percent in 2025. Advanced economies are forecast to grow about 1½ percent in 2025–26, with the United States slowing to 2.0 percent. Emerging market and developing economies are projected to moderate to just above 4.0 percent. Inflation is expected to decline to 4.2 percent globally in 2025 and to 3.7 percent in 2026, with notable variation: above-target inflation in the United States with risks tilted to the upside—and subdued inflation in much of the rest of the world. World trade volume is forecast to grow at an average rate of 2.9 percent in 2025-26 boosted by front-loading in 2025 yet still much slower than the 3.5 percent growth rate in 2024 with persistent trade fragmentation limiting gains.

Risks to the outlook remain tilted to the downside, as they were in previous WEO reports. Prolonged policy uncertainty could dampen consumption and investment. Further escalation of protectionist measures, including nontariff barriers, could suppress investment, disrupt supply chains, and stifle productivity growth. Larger-than-expected shocks to labor supply, notably from restrictive immigration policies, could reduce growth, especially in economies facing aging populations and skill shortages. Fiscal vulnerabilities and financial market fragilities may interact with rising borrowing costs and increased rollover risks for sovereigns. An abrupt repricing of tech stocks could be triggered by disappointing results on earnings and productivity gains related to artificial intelligence (AI), marking an end to the AI investment boom and the associated exuberance of financial markets, with the possibility of broader implications for macro financial stability. Pressure on the independence of key economic institutions, such as central banks, could erode hard-earned policy credibility and undermine sound economic decision making, including as a result of reduced data reliability. Commodity price spikes stemming from climate shocks or geopolitical tensions pose additional risks, especially for low-income, commodity-importing countries. On the upside, a breakthrough in trade negotiations could lower tariffs and reduce uncertainty. Renewed reform momentum in an effort to navigate the intensifying challenges could give a boost to medium-term growth. Faster productivity growth because of AI could bring economy-wide gains.

The task ahead is to restore confidence through credible, predictable, and sustainable policy actions. Policymakers should establish clear, transparent, and rules-based trade policy road maps to reduce uncertainty and support investment and to reap the productivity and growth benefits that more trade brings. Trade rules should be modernized for the digital age and offer opportunities for stronger multilateral cooperation. Pairing trade diplomacy with macroeconomic adjustment is crucial for correcting persistent external imbalances by addressing their underlying causes and securing lasting gains. Rebuilding fiscal buffers and safeguarding debt sustainability remain a priority.

Medium-term fiscal consolidation should involve realistic, balanced plans that combine spending rationalization and revenue generation. Any new support measures should be temporary, well-targeted, and offset by clear savings. Monetary policy should be calibrated to balance price stability and growth risks, in line with central banks' mandates. Preserving the independence of central banks remains critical for anchoring inflation expectations and enabling them to achieve their mandates. Past actions to improve policy frameworks have served emerging market and developing economies well in increasing resilience to risk-off shocks. Countries should embrace reform without any further delay to enhance resilience as a new global economic landscape takes shape. Efforts on structural reforms promoting labor mobility, encouraging workforce participation, investing in digitalization, and strengthening institutions—should be

redoubled now to lift growth prospects. Industrial policy may have a role in improving resilience and growth, but full consideration should be given to opportunity costs and trade-offs involved in its use. For low-income countries, mobilizing domestic resources, including through governance and administrative reforms, is essential as external aid declines. In times of uncertainty, scenario planning and predesigned policy playbooks can improve preparedness and credibility, ensuring that policy responses are both effective and timely.

## 2. Macroeconomic and Financial Situation of Nepal

### 2.1 Gross Domestic Product

Real GDP has growth of 4.61% for FY 2024/25 in comparison to the growth of 3.67% for FY 2023/24. National Statistics Office has estimated economic growth of 4.61 percent for 2024/25. Agriculture, industry and service sectors are estimated to grow 3.28 percent, 4.53 percent and 4.21 percent respectively.

### 2.2 Inflation

The annual average consumer price inflation stood at 4.06 percent in 2024/25 compared to 5.44 percent a year ago.

The y-o-y consumer price inflation stood at 2.20 percent in mid-July 2025 compared to 3.57 percent a year ago.

Under the food and beverage category, the annual average consumer price index of vegetable sub-category increased 10.71 percent, ghee & oil 8.72 percent, pulses & legumes 7.90 percent and cereal grains & their products 6.13 percent while the annual average consumer price index of spices decreased 2.62 percent and meat & fish 0.34 percent.

Under the non-food and services category, the annual average consumer price index of miscellaneous goods & services sub-category increased 9.39 percent, clothes & footwear 6.09 percent, alcoholic drinks 5.65 percent, furnishing and household equipment 4.78 percent and tobacco products 4.37 percent.

### 2.3 Merchandise Trade

During 2024/25, merchandise exports increased 81.8 percent to Rs. 277.03 billion against a decrease of 3.0 percent in the previous year. Destination-wise, exports to India, China, and other countries increased 117.8 percent, 1.6 percent, and 6.7 percent respectively. Exports of soyabean oil, polyester yarn and thread, jute goods, tea, and shoes and sandals among others increased whereas exports of palm oil, zinc sheet, juice, ginger, and readymade garments among others decreased in the review year.

During 2024/25, merchandise imports increased 13.3 percent to Rs.1804.12 billion against a decline of 1.2 percent a year ago. Destination-wise, imports from India, China, and other countries increased 7.5 percent, 14.2 percent, and 31.7 percent respectively. Imports of crude soyabean oil, transport equipment, vehicle and spare parts, rice/paddy, edible oil, and sponge iron among others increased whereas imports of petroleum products, aircraft spare parts, gold, chemical fertilizer, and electrical equipment among others decreased in the review year.

Total trade deficit increased 6.0 percent to Rs.1527.09 billion in 2024/25. Such deficit had decreased 1.0 percent in the previous year. The export-import ratio increased to 15.4 percent in the review year from 9.6 percent in the previous year.

### 2.4 Foreign Exchange Reserves

Gross foreign exchange reserves increased 31.2 percent to Rs.2677.68 billion in mid July 2025 from Rs.2041.10 billion in mid July 2024. In the US dollar terms, the gross foreign exchange reserves increased 27.7 percent to 19.50 billion in mid-July 2025 from 15.27 billion in mid-July 2024.

Of the total foreign exchange reserves, the reserves held by NRB increased 30.6 percent to Rs.2414.64 billion in mid July 2025 from Rs.1848.55 billion in mid July 2024. Reserves held by banks and financial institutions (except NRB) increased 36.6 percent to Rs.263.04 billion in mid-July 2025 from Rs.192.55 billion in mid-July 2024. The share of Indian currency in total reserves stood at 23.1 percent in mid-July 2025.

Based on the imports of 2024/25, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 18.2 months, and merchandise and services imports of 15.4 months.

### 2.5 Current Account

The current account remained at a surplus of Rs. 409.20 billion in the review year compared to a surplus of Rs.221.71 billion in the previous year. In the US Dollar terms, the current account registered a surplus of 3.01 billion in the review year against a surplus of 1.67 billion in the previous year.



In the review year, net capital transfer amounted to Rs.9.84 billion. In the same year of the previous year, such transfer amounted to Rs.5.81 billion. Similarly, in the review year, Rs.12.02 billion foreign direct investment (equity only) was received. In the previous year, foreign direct investment inflow (equity only) amounted to Rs.8.47 billion.

## 2.6 Balance of Payments

Balance of Payments (BOP) remained at a surplus of Rs.594.54 billion in the review year compared to a surplus of Rs.502.49 billion in the previous year. In the US Dollar terms, the BOP remained at a surplus of 4.37 billion in the review year compared to a surplus of 3.77 billion in the previous year.

## 2.7 Remittances

Remittance inflows increased 19.2 percent to Rs.1723.27 billion during 2024/25 compared to an increase of 16.5 percent in the previous year. During mid-June to mid-July 2025 (Asar month), remittance inflows stood at Rs. 189.11 billion. In the same period, such inflows were Rs. 117.78 billion.

## 2.8 Fiscal deficit/surplus

Fiscal position of government of Nepal, based on banking transactions, remained at a deficit of Rs. 404.42 billion in 2024/25 compared to a deficit of Rs. 379.38 billion a year ago. The fiscal position of all three governments combined together remained at a surplus of Rs.130.73 billion at the end of Mid July 2025.

## 2.9 Foreign Employment

The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stands at 505,957 and taking approval for renew entry stands at 333,309. In the previous year, such numbers were 460,102 and 281,195 respectively.

## 2.10 Interest Rates

The weighted average 91-day treasury bills rate has remained 2.95 percent in the last month of 2024/25, which was 3.00 percent a year ago. The weighted average interbank transaction rate among BFIs stood 2.96 percent in the last month of 2024/25, which was 2.99 percent a year ago.

The average base rate of commercial banks, development banks and finance companies stood 6.02 percent, 8.03 percent and 8.97 percent respectively in the last month of 2024/25. Such rates were 8.00 percent, 9.71 percent and 11.21 percent respectively in the corresponding month a year ago.

Weighted average deposit rate of commercial banks, development banks and finance companies stood 4.19 percent, 4.88 percent and 6.01 percent respectively in the last month of 2024/25. Such rates were 5.77 percent, 6.63 percent and 7.93 percent respectively in the corresponding month a year ago.

Weighted average lending rate of commercial banks, development banks and finance companies stood 7.85 percent, 8.95 percent and 10.22 percent respectively in the last month of 2024/25. Such rates were 9.93 percent, 11.34 percent and 12.55 percent respectively in the corresponding month a year ago.

## 2.11 Monetary Situation

Broad money (M2) expanded 12.5 percent in 2024/25 compared to the growth of 12.9 percent in the previous year. The net foreign assets (NFA after adjusting foreign exchange valuation gain/loss) increased Rs.594.54 billion in the review year compared to an increase of Rs.502.49 billion in the previous year. Reserve money expanded 16.1 percent in the review year compared to the growth of 7.7 percent in the previous year.

## 2.12 Deposit Mobilization

Deposits at Banks and Financial Institutions (BFIs) increased 12.6 percent (Rs.811.49 billion) in the review year compared to an increase of 13.0 percent (Rs.742.37 billion) in the previous year.

The share of demand, saving, and fixed deposits in total deposits stands at 7.1 percent, 36.8 percent and 48.3 percent respectively in mid-July 2025. Such shares were 5.8 percent, 30.3 percent and 56.4 percent respectively a year ago.

The share of institutional deposits in total deposit of BFIs stands at 36.1 percent in mid-July 2025. Such a share was 36.2 percent in mid-July 2024.

## 2.13 Credit Disbursement

Private sector credit from BFIs increased Rs.423.73 billion (8.4 percent) in the review year compared to an increase of Rs.276.94 billion (5.8 percent) in the previous year.

The shares of private sector credit from BFIs to non-financial corporation and household stand at 62.8 percent and 37.2 percent respectively in mid-July 2025. Such shares were 63.3 percent and 36.7 percent a year ago.

In the review year, private sector credit from commercial banks, development banks and finance companies increased 8.6 percent, 6.1 percent and 8.4 percent respectively.

In the review year, out of the total outstanding credit of the BFIs, 64.7 percent is against the collateral of land and buildings and 14.5 percent against the collateral of current assets (such as agricultural and non-agricultural products). Such ratios were 66.5 percent and 13.2 percent respectively a year ago.

In the review year, term loan extended by BFIs increased 7.1 percent, real estate loan (including residential personal home loan) 5.9 percent, margin nature loan 56.2 percent, hire purchase loan 3.7 percent, working capital loan 13.2 and trust receipt (import) loan 51.1 percent while that of overdraft decreased 10.4 percent.

## 2.14 Liquidity Management

In the review year, NRB absorbed, a total liquidity of Rs.24651.35 billion including Rs.21508.40 billion through standing deposit facility (SDF) and Rs.3142.95 billion through deposit collection auction. Meanwhile, the NRB injected Rs.2.7 billion liquidity through Overnight Liquidity Facility (OLF). Consequently, Rs.24648.65 billion net amount of liquidity was absorbed through various instruments in the review year. In 2023/24, Rs.3868.84 billion net amount of liquidity was absorbed through various instruments.

## 3. Major Financial Indicators

The financial report for the FY 2081-82 has been prepared based on generally accepted accounting principles under Nepal Financial Reporting Standards (NFRS). According to the financial statements for the FY 2081/82 and FY 2080/81, the comparative status and key indicators of the financial position of this bank are as follows.

Ratios	FY 2081-82	FY 2080-81	Change
Capital Adequacy Ratio	17.06%	14.93%	2.13%
<b>Financial Position</b>	<b>FY 2081-82</b>	<b>FY 2080-81</b>	<b>Change</b>
Share Capital	4,296,458,158	4,171,318,600	3.00%
Retained Earnings and Reserves	2,787,387,935	2,572,811,084	8.34%
Deposit	56,217,085,943	56,124,429,496	0.17%
Loans and Advances	47,213,549,234	44,945,785,057	5.05%
Investment	12,468,929,182	14,629,897,439	-14.77%
Total Assets	65,129,203,720	64,688,995,218	0.68%
<b>Profit and Loss Account</b>	<b>FY 2081-82</b>	<b>FY 2080-81</b>	<b>Change</b>
Net Interest Income	1,941,216,848	1,966,423,275	-1.28%
Other Income	330,605,378	255,102,672	29.60%
Operating Expense	1,143,042,430	1,151,536,108	-0.74%
Operating Profit	611,406,893	748,409,031	-18.31%
Net Profit	424,318,476	500,364,925	-15.20%
<b>Financial Ratios</b>	<b>FY 2081-82</b>	<b>FY 2080-81</b>	<b>Change</b>
Earning Per Share (EPS)	9.88	12.00	-17.67%
Non-Performing Loan (NPL)	4.98%	4.07%	0.91%



### 3.1 Capital Adequacy Ratio

The capital adequacy ratio has been calculated according to the Capital Adequacy Framework 2015, as mandated by Nepal Rastra Bank. At the end of the FY 2081/82, the bank's Tier 1 capital adequacy ratio stood at 13.53 percent and the total capital adequacy ratio stood at 17.06 percent, which is above the minimum capital requirement set by Nepal Rastra Bank.

### 3.2 Capital Structure

The bank's paid-up capital at the end of FY 2080/81 stood at NPR 4.17 billion and at the end of FY 2081/82 stands at NPR 4.30 billion, as 3 percent bonus shares were issued.

### 3.3 Retained Earnings and Reserves

The Retained Earnings and Reserves for FY 2080-81 stood at NPR 2.57 billion. Likewise, the Retained Earnings and Reserves for FY 2081/82 stood at NPR 2.79 billion, with increment by 8.34 percent.

### 3.4 Deposits

The bank's deposit collection grew by 0.17 percent during the fiscal year, increasing from an initial NPR 56.12 billion to NPR 56.22 billion. The majority of these deposits were held in saving accounts, which contributed 45.01% of the total. Fixed Deposit accounts made up 44.10%, while call accounts and current accounts represented 7.33% and 3.54%, respectively.

The bank has been providing various deposit facilities according to the needs of various institutional and individual depositors. Taking special precautions in deposit management, various types of deposit schemes have been put into operation with special emphasis on the collection of small deposits of a stable nature to reduce the risk that may arise due to over-concentration only on institutional and short-term deposits. The bank is continuing to launch various customer-friendly deposit schemes based on market analysis and depositors' needs.

### 3.5 Loans and Advances

At the beginning of the fiscal year, the bank's loans and advances stood at NPR 44.95 billion. This amount increased by 5.05 percent to reach NPR 47.21 billion. The bank aims to expand its services in the future by introducing timely and effective new plans.

### 3.6 Investments

In the process of diversifying the bank's business, the bank has been generating income by utilizing various investment opportunities. With the strategic view of long-term benefits, under investment diversification, the bank has been investing in investment instruments such as various companies as a promotor shareholder in various sectors, portfolio services operated by the capital market, secondary stock market, collective investment funds, government treasury bills, development bonds, etc.

By the end of the fiscal year, the bank's total investments amounted to NPR 12.47 billion. This includes NPR 11.36 billion invested in government bonds, treasury bills, and Nepal Rastra Bank's deposit instruments, NPR 1.10 billion invested in shares of other institutions and NPR 6.47 million in associate companies.

Investment	FY 2081-82	FY 2080-81	Change
Government Bond	5,520,775,000	5,724,375,000	-3.56%
Government Treasury Bills	4,038,684,417	3,373,843,104	19.71%
NRB Deposit Instrument	1,800,000,000	4,500,000,000	-60.00%
Quoted equity securities	978,769,065	902,711,134	8.43%
Unquoted equity securities	124,234,300	124,234,300	0.00%
Associate Company	6,466,400	4,733,900	36.60%
<b>Total</b>	<b>12,468,929,182</b>	<b>14,629,897,439</b>	<b>-14.77%</b>

### 3.7 Total Assets

The total assets of the Bank reached NPR 65.13 billion in FY 2081/82 from NPR 64.69 billion in FY 2080/81 with growth rate of 0.68 percent.

### 3.8 Net Interest Income

The bank's Net Interest Income for the FY 2081/82 is NPR 1.94 billion which was NPR 1.97 billion for FY 2080/81, with negative growth rate of 1.28 percent. Interest Spread Rate at Ashad end 2082 stands at 4.48%.

The bank has adopted a strategy to properly manage the loan-to-deposit ratio and place special emphasis on the net interest margin to maximize the utilization of available funds.

### 3.9 Other Operating Income

In the FY 2080/81, the bank's other operating income was NPR 255.10 million but in the FY 2081/82, it increased by 29.60 percent to NPR 330.61 million.

### 3.10 Operating Expense

Total operating expenses of the bank in FY 2080/81 were NPR 1.15 billion. In FY 2081/82, there was a decrease of 0.74 percent and it reached NPR 1.14 billion.

### 3.11 Operating Profit

In FY 2080/81, the bank's operating profit was NPR 748.41 million, and in FY 2081/82, it decreased by 18.31 percent to NPR 611.41 million.

### 3.12 Net Profit

The bank's net profit in FY 2080/81 was NPR 500.36 million, and in FY 2081/82 it decreased by 15.20 percent to NPR 424.32 million.

## 4. Information System

Mahalaxmi Bikas Bank Limited places the highest priority on delivering simple, secure, and efficient services to its customers. In this context, the Bank has continuously upgraded its service delivery system by adopting the latest and modern technologies available in the market. During the year, the Bank operated its business using the advanced core banking software Pumori Plus IV, which has significantly enhanced service capacity and quality.

Under the "Mission Digitization" initiative, the Bank has focused on automating internal administration and operational processes to improve efficiency and effectiveness in customer service delivery. Investments in software and hardware have been increased to further strengthen system security, enabling the Bank to provide reliable and prompt services. The Bank has adopted a strategic approach to continuously enhance its information technology systems and introduce innovative, technology-driven services for customers. All branches are connected online, allowing customers to conduct Anytime, Anywhere Banking Services (ABBS) from any branch.

To ensure data security and business continuity, a Disaster Recovery Site has been established in Bhairahawa and a Data Hub in Kathmandu. The Bank has also engaged independent IT consultants to strengthen its information systems.

Furthermore, initiatives such as security enhancement, alert automation, Robotic Process Automation (RPA) pilot testing, Business Process Management (BPM), process re-engineering, and system-wide digitization have been implemented. The Document Management System (DMS) has been upgraded and integrated with the Loan Origination System, resulting in faster turnaround time and reduced paperwork.

Alongside technological advancements, the Bank remains committed to identifying and mitigating emerging IT-related risks to continuously enhance the quality and reliability of its services.

## 5. Digital Banking

### 5.1 Digital Transformation Strategy

Mahalaxmi Bikas Bank Limited accords high priority to digital transformation and has been implementing structured plans to progressively digitize its entire range of banking services. In line with this strategic focus, the Bank is continuously enhancing its digital infrastructure to improve service efficiency, security, and customer experience.

### 5.2 Mobile and Omni-Channel Banking

As part of its digital advancement initiatives, the Bank is upgrading its existing mobile banking platform to an advanced, Omni-Channel-based Bank XP System. This enhancement is aimed at making mobile banking services more robust, feature-rich, and customer-centric, ensuring seamless service delivery across multiple digital touchpoints.



### 5.3 Digital Payment and Card Services

The Bank has expanded its portfolio of digital payment services, including E-cash, E-vouchers, and other technology-enabled solutions to promote convenient and cashless transactions. To facilitate secure and reliable international transactions, the Bank offers VISA EMV chip-based Travel Cards, eCommerce Cards, and Dollar Cards, catering to the diverse needs of customers engaged in foreign travel and cross-border payments.

### 5.4 Digital Banking Products and Services

Mahalaxmi Bikas Bank provides a comprehensive range of digital banking services, including Mahalaxmi QR Merchant Payment, Mahalaxmi Smart Banking, Mahalaxmi Internet Banking, Mahalaxmi Missed Call Service, and Mahalaxmi Online Fixed Deposit. These services are designed to enhance accessibility, convenience, and efficiency for customers.

### 5.5 CMS Cheque Collection services and Electronic Cash Management Services (e-CMS) under Cash Management Services (CMS)

To promote digital financial services and to facilitate cross-border payment related activities from India to Nepal, Mahalaxmi Bikas Bank Limited has entered into a collaboration with HDFC Bank Limited, a leading financial institution of India. Under this arrangement, customers gain access to HDFC Bank's advanced Cash Management Services (CMS), including CMS Cheque Collection and Electronic Cash Management Services (e-CMS). Through these services, any individual or institution can directly deposit funds into accounts maintained with Mahalaxmi Bikas Bank Limited in Nepal through HDFC Bank in India. In addition, cheques issued by other banks in India can also be collected and remitted to Nepal.

## 6. Cards and QR

For the convenience of the customers, the bank has been providing ATM, Debit Card, Mahalaxmi USD Ecommerce Card and Dollar Card services. Also, during the expansion of card services, the total number of debit cards of the bank has reached 151,480 and QR reached 32,441 by the end of this financial year.

In line with the Bank's policy to provide customers with modern, secure, and convenient banking facilities, Mahalaxmi Bikas Bank Limited, in partnership with Fonepay, has introduced a fully digital Virtual Credit Card service. Under this service, customers can access the Mahalaxmi Fonepay Virtual Credit Card through the Bank's mobile banking application, Mahalaxmi Smart Saathi. This facility enables customers to make secure and convenient payments from any location via Fonepay QR merchants, as well as to make payments for online purchases.

The Bank has initiated a feasibility study with a plan to introduce Point of Sale (POS) services in the future. In FY 2081/82, the bank has managed to earn NPR 88.16 million through ATM services, mobile banking, cards and internet banking.

## 7. Remittance Transaction

To provide fast and secure remittance services, the Bank has been conducting remittance operations by entering into agreements with various reputed remittance companies. In FY 2081/82, the bank has managed to bring in a total of NPR 2,172,018,918 international remittances and received NPR 2,257,864 remittance commission income.

In the coming days, with the objective of making remittance operations more effective, the Bank has adopted a strategy to further expand its remittance business by entering into additional agreements with various banks and remittance companies operating both domestically and internationally.

## 8. Customer Relationship

The Bank remains consistently committed to placing its valued customers at the highest priority. Guided by this principle, the Bank has been introducing various new and innovative products and services in the areas of lending and deposit mobilization, with the objective of delivering high-quality services tailored to the evolving needs of customers. The Bank aspires to be recognized as a customer-centric institution capable of providing superior service standards in line with customer expectations.

The Bank's success is attributed to the continued trust and confidence of its customers, and the Bank is committed to further enhancing the quality of customer service. In this regard, with customer satisfaction and relationship management as key priorities, the Bank has established a Central Customer Support Center. Through this facility, customers are able to contact customer service representatives via telephone and email without the need to physically visit branch offices, enabling efficient resolution of their queries and concerns.

## 9. Human Resources

In the highly competitive banking environment, the Bank recognizes that competent and committed human resources are the most critical foundation for achieving sustainable success. Accordingly, the Bank has adopted policies aimed at creating a conducive working environment and motivating employees through timely service facilities, fair remuneration, and performance-based incentives. These initiatives are designed to enhance employee engagement and productivity while fostering a results-oriented work culture.

With the objective of achieving the Bank's business goals by delivering reliable, prompt, and effective services to customers, the enhancement of employee competence has been accorded high priority. In line with this objective, the Bank has placed human resource development and management at the core of its operations and has been continuously conducting various training programs, seminars, and capacity-building initiatives to ensure ongoing professional development of its employees.

In accordance with the Bank's policy to internally develop the skilled workforce required for business expansion, activities such as employee recruitment, transfer, promotion, and disciplinary actions have been carried out in line with prevailing policies and procedures. Recognizing skilled employees as the foundation of the Bank's sustainable growth, the Human Resource Department has also prepared a Human Resource Succession Plan.

With the aim of providing faster and more effective services to customers, training programs have been conducted across various functional areas for all employees through both internal and external experts. During the fiscal year, a total expenditure of NPR 17,704,010 was incurred for employee capacity enhancement. Furthermore, the Bank has adopted a policy to continue implementing necessary training and capacity development programs in the coming years as well.

## 10. Responsibilities and Contributions towards Employees

The Bank places high priority on the safety and welfare of its employees and has arranged group accident insurance coverage of NPR 10 Lakh. In addition, the Bank has made provisions to deposit an amount equivalent to one month's salary per annum for each employee into the Bank's internal fund to cover medical treatment expenses, ensuring availability of funds during times of need. Without imposing any additional financial burden on the Bank, this internal medical fund has also been utilized to operate health insurance coverage for employees.

Furthermore, in accordance with the minimum obligations prescribed under prevailing labor laws, provisions for gratuity have been made, and benefits related to gratuity and leave have been provided as per the Employee Service Regulations. To ensure long-term employee benefits, the Bank conducts actuarial valuation of gratuity and accumulated leave liabilities each fiscal year and makes necessary provisions accordingly. Gratuity amounts are deposited under the Citizen Investment Trust (CIT) Gratuity Fund Scheme and Global IME Retirement Fund. In addition, the Bank has honored 35 employees who have continuously contributed to the institution for 20 years through a Long-Term Service Recognition Program.

Likewise, the Bank has promoted a supportive and inclusive workplace culture by providing appropriate facilities and assistance to pregnant female employees, ensuring they are not required to undertake physically strenuous work.

From the profits of the current fiscal year, an amount of NPR 66,146,137 has been allocated for employee bonus in accordance with the Bonus Act. Moreover, as per the Employee Regulations, the Bank has extended concessional loan facilities to employees in the form of housing loans, vehicle loans, social loans, and educational loans, amounting to a total of NPR 519,567,095 during the year.

## 11. Corporate Social Responsibility

The bank is not only focusing on profit but also taking responsibility towards the society. The bank has been conducting various programs under the corporate social responsibility program since its inception to bring about positive changes in social, economic, cultural, educational etc. As a continuation of this, in FY 2081/82, the bank provided financial support and goods in various sectors to various social organizations with a total of NPR 4,832,143.

Sector	FY 2081/82	FY 2080/81
Social Welfare Activities	3,300,624	3,756,690
Medicine and Supplies	678,777	222,158
Donation and Aid (Given to orphanages, children's homes, and old age homes)	269,647	
Donation and Aid	117,648	1,422,270



## Sustainable Development Goals

Digital Transaction Promotion	106,500	379,550
Financial Literacy	358,948	548,364
<b>Total</b>	<b>4,832,143</b>	<b>6,329,033</b>

Although the small support of the bank does not bring about a big change in the society, we are confident that it will provide a positive message for the society. The bank aims to carry out programs under corporate social responsibility in a planned manner through the bank's central office, regional offices and branch offices to make social service activities more effective in the coming days for the greater good of the society. In this year 2081/82, the bank has set aside NPR 4.24 million for social responsibility.

## 12. Corporate Governance

The Bank recognizes corporate governance as a fundamental pillar for sustainable growth and long-term value creation. The Bank has adopted sound corporate governance practices to ensure accountability, transparency, fairness, and responsibility in all its operations. The Bank conducts its activities in compliance with prevailing laws, regulations, directives, and guidelines issued by Nepal Rastra Bank and other regulatory authorities. Corporate governance principles are integrated into the Bank's operational framework, policies, and procedures, ensuring effective oversight and prudent management.

The Board of Directors and management are committed in maintaining high standards of professional integrity, ethical conduct, and transparency while carrying out the Bank's business activities. All operations are conducted within the framework of applicable laws, regulations, and internal control systems. The Bank strictly adheres to policies and directives issued by regulatory bodies and ensures that all governance-related practices are implemented effectively. Various governance-related policies, rules, and procedures have been formulated and enforced to strengthen internal controls and risk management systems.

Integrity, transparency, and fairness are upheld as core values in all dealings of the Bank. The Bank ensures the protection of the interests of its shareholders, depositors, customers, employees, and other stakeholders by maintaining transparent disclosure practices and providing timely and accurate information regarding its policies and governance mechanisms. In accordance with the NRB Unified Directive no. 6, 1(10), the Bank has complied with all prescribed corporate governance requirements. The Bank remains committed to continuously strengthening its corporate governance framework and prioritizing good governance practices in the future.

## 13. AML/CFT

In accordance with prevailing laws and the directives issued by Nepal Rastra Bank, the Bank has formulated and implemented separate internal policies and procedures related to asset laundering prevention. These policies and procedures are effectively enforced to strengthen the Bank's asset laundering control framework. The key arrangements adopted by the Bank are as follows:

- ▶ An Asset Laundering Prevention Committee has been constituted as a Board-level committee. The committee reviews activities related to asset laundering prevention at least on a quarterly basis and evaluates the adequacy of existing policies, procedures, and operational practices. Necessary directives are provided to management for improvement where required.
- ▶ As per Nepal Rastra Bank directives on asset laundering control, a Compliance Officer has been designated at the central office to ensure effective implementation of AML/CFT measures.
- ▶ A structured Customer Identification (KYC) system has been implemented along with a risk-based customer classification approach.
- ▶ Provisions have been made to submit required details and reports to the Financial Information Unit within the prescribed timelines, in accordance with regulatory directives.
- ▶ A monitoring mechanism has been adopted to identify and review potentially suspicious transactions, and reports are submitted to the Financial Information Unit as required.
- ▶ An automated transaction monitoring system and online reporting mechanism (GoAML) have been implemented for timely and accurate reporting.
- ▶ Regular training programs are conducted for branch-level employees to enhance awareness of legal provisions related to asset laundering prevention and the Bank's roles, responsibilities, and procedures.

## 14. Internal Control and Risk Management

Considering the inherent credit, market, and operational risks in banking business, the Bank has adopted policies to strengthen its internal control system. Necessary policies and procedures have been formulated and implemented across all areas of banking operations to ensure effective control and compliance. The Bank's activities are conducted in accordance with prevailing laws and regulations. To ensure independent assurance on compliance and control effectiveness, an autonomous Internal Audit Department has been established. The department operates under the supervision of the Audit Committee of the Board and carries out internal audits in a systematic manner. To continuously identify, monitor, and manage risks inherent in banking operations, a Risk Management Committee has been constituted under the responsibility of the Board. The committee provides appropriate recommendations and guidance to the Board based on regular risk assessments. A separate Credit Risk Department has been established and made operational to mitigate risks associated with lending activities. In addition, mechanisms have been put in place to assess customer risk levels and address compliance gaps identified during monitoring processes. An Asset Laundering Prevention Committee has also been formed to monitor and manage risks related to asset laundering and regulatory compliance. To ensure orderly and efficient execution of functions, internal policies, rules, and directives have been issued and implemented across various departments.

For effective and timely decision-making, the following management-level committees have been formed and are functioning: Executive Committee to support efficient and prompt management decisions. Asset–Liability Management Committee (ALCO) to manage balance sheet structure, liquidity, interest rate risk, and overall risk-return considerations. IT Steering Committee to develop, upgrade, and oversee information systems and technology infrastructure required for daily operations. Logistics and Procurement Management Framework to manage operational logistics and procurement activities in accordance with approved policies. The Bank remains committed to continuously strengthening its internal control and risk management framework in line with regulatory expectations and prudent banking practices.

## 15. Bank's Contribution to Government Revenue

The bank has been contributing directly and indirectly to the national economy. In FY 2081/82, the bank deposited Rs. 33 crore 64 lakh 65 thousand as advance tax and deposited Rs. 24 crore 78 lakh 64 thousand as TDS amounting a total of Rs. 58 crore 43 lakh 28 thousand in the large tax payer's office.

## 16. Board of Directors

The board of directors of the bank has 7 members under the chairmanship of Mr. Rajesh Upadhyay. The Board of Directors plays an active role in the formulation and monitoring of all the policies and regulations required by the bank while performing the role of the apex body that makes policy decisions of the bank within the scope of the current Bank and Financial Institution Act and the Company Act. In addition, this committee has implemented its code of conduct to monitor the bank's key indicators and issue necessary instructions to the management, approve the bank's business plan and budget, organize the meeting of the board of directors and keep the directors within the scope of the rules and regulations.

S.No.	Director's Name	Designation
1	Mr. Rajesh Upadhyay	Chairman
2	Mr. Sanjay Giri	Director
3	Mr. Deepak Kumar Rauniyar, till 2082/05/07 Mr. Sagar Malla, from 2082/05/08 (On behalf of Growing Pvt. Ltd)	Director
4	Mr. Shyam Sundar Rungta	Director
5	Mr. Rupendra Poudel	Director
6	Mr. Rahul Agrawal	Director
7	Ms. Ambika Shrestha, till 2082/03/21 Mr. Ashwini Kumar Thakur, from 2082/03/22	Independent Director

During the fiscal year 2081/82, there were a total of 31 Board meetings held. All members of the Board complied with the codes of conduct prescribed under the directives of Nepal Rastra Bank.



Meeting allowances were provided as follows:

For the Chairman, a meeting allowance of NPR 12,000 per meeting was paid up to 2081/11/08, and NPR 13,000 per meeting thereafter.

For other board members, a meeting allowance of NPR 11,000 per meeting was paid up to 2081/11/08, and NPR 12,000 per meeting thereafter.

## 17. Other Board Level Committees

In accordance with Nepal Rastra Bank Directive No. 6/081(7)(1)(ka) and the provisions of Sections 26 and 27 of the Banks and Financial Institutions Act, (2073), the Board of Directors, under its responsibility, has constituted Audit Committee, Risk Management Committee, Human Resources, Service and Facilities Committee and Asset Laundering Prevention Committee.

### 17.1 Audit Committee

In accordance with Section 154 of the Companies Act, (2063) and the directives issued by Nepal Rastra Bank, an Audit Committee comprising three members was constituted for the fiscal year 2081/82 under the coordination of Mr. Deepak Kumar Rauniyar. The Audit Committee is responsible for:

- ▶ Recommending the appointment of the Bank's external auditor
- ▶ Determining the scope of internal audit
- ▶ Reviewing observations and findings arising from internal, external, and inspections conducted by Nepal Rastra Bank
- ▶ Reviewing issues highlighted in the internal audit reports submitted by the Internal Audit Department

The members of the Audit Committee are as follows:

Name		Designation
Mr. Deepak Kumar Rauniyar	Director	Coordinator
Mr. Rahul Agrawal	Director	Member
Mr. Ashish Adhikari	Head Internal Audit Department	Member Secretary

With effect from 2082/04/27, Mr. Rahul Agrawal has been appointed as the Coordinator and Mr. Shyam Sundar Rungta has been appointed as the member of the Audit Committee.

There was a total of 49 meetings held in FY 2081/82. Meeting allowance to the coordinator are paid at Rs. 11,000 per meeting till 2081/11/08 and Rs 12,000 thereafter, and to the other board members at Rs. 10,000 per meeting till 2081/11/08 and Rs. 11,000 thereafter. There is no provision of meeting allowance to the member secretary of the committee.

### 17.2 Risk Management Committee

As per the directive of Nepal Rastra Bank, a four-member Risk Management Committee has been formed under the leadership of Mr. Rupendra Paudel as coordinator, to timely identify various risks arising in the banking system, minimize them, and present appropriate views and management to the supervisory committee. This committee has been formed to develop the risk minimization system, assess its effectiveness, and related aspects. The risk management by the committee involves submitting reports on matters including credit risk, market risk, operational risk, liquidity, and capital adequacy in the bank's regular operations. The committee is responsible for measuring various risks, guiding, and directing the management in minimizing these risks.

Members have been appointed to this committee as indicated above.

Name		Designation
Mr. Rupendra Poudel	Director	Coordinator
Mr. Deepak Kumar Rauniyar	Audit Committee Coordinator	Member
Mr. Shekhar Acharya	Head Operation Department	Member
Mr. Sushil Timilsina	Head Risk Management Department	Member Secretary

Mr. Rahul Agrawal has been appointed as a member of the Risk Management Committee effective from 2082/04/27.

During the review period, the committee held a total of 39 meetings. The Risk Management Committee meetings provided sitting allowances to the members as follows: NPR 11,000 per meeting until 2081/11/08, NPR 12,000 from 2081/11/09 onwards, and NPR 10,000 per meeting to the BOD members until 2081/11/08, NPR 11,000 from 2081/11/09. The committee members, including the Head of Operations Department and the Member Secretary, have not been provided with meeting allowances.

### 17.3 AML/CFT Committee

In accordance with NRB Unified Directive No. 6 issued by Nepal Rastra Bank, the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Committee is operational in the Bank. The committee assist the Board of Directors to address the matters related to anti money laundering and compliance in the Bank, and to combat terrorism finance and financial crimes. The committee is responsible for ensuring that the Bank has a comprehensive and effective AML program with oversight that is designed to promote compliance with AML regulations. The members of this committee are as follows:

Name		Designation
Mr. Sanjay Giri	Director	Coordinator
Mr. Sushil Timilsina	Head Risk Management Department	Member
Mr. Santosh Kumar Gautam	Head Compliance Department	Member Secretary

During the review period, the committee held a total of 6 meetings. Sitting allowances to the board members are as follows: NPR 11,000 per meeting to coordinator until 2081/11/08, NPR 12,000 from 2081/11/09 onwards, and NPR 10,000 per meeting to the BOD members until 2081/11/08, NPR 11,000 from 2081/11/09. The Member Secretary have not been provided with meeting allowances.

### 17.4 Employee Service and Facilities Committee (HR Committee)

The Bank has established an Employee Service and Facilities Committee to oversee and implement related activities. The Committee is responsible for analyzing and evaluating employee compensation, reviewing performance appraisal systems, and developing policies and procedures related to recruitment, appointment, placement, transfers, promotions, and labor-related plans. It also provides guidance on succession planning, employee development, and workforce management. A four-member committee has been formed to supervise these functions and make recommendations to the Board of Directors.

Name		Designation
Ambika Shrestha	Director	Coordinator
Dipesh Lamsal	Chief Executive Officer	Member
Anuj Acharya	Chief Financial Officer	Member
Bishal Raj Karki	Head Human Resource Department	Member Secretary

Mr. Ashwini Kumar Thakur has been appointed as the coordinator of the Employee Service and Facilities Committee effective from 2082/04/27.

During the review period, the committee held a total of 6 meetings. Sitting allowances to the board members are as follows: NPR 11,000 per meeting to coordinator until 2081/11/08, NPR 12,000 from 2081/11/09 onwards, and NPR 10,000 per meeting to the BOD members until 2081/11/08, NPR 11,000 from 2081/11/09. Other member and member secretary have not been provided with meeting allowances.

With the objective of ensuring the efficient and effective operation of the Bank's activities, a Recruitment Committee at the management level has also been constituted, in accordance with the directives of Nepal Rastra Bank, to carry out the selection of eligible candidates and to execute tasks related to new appointments and position fulfilment within the Bank.

## 18. Management, Managerial Responsibilities, and Management Committees

During the review period, there has been below mentioned changes in the Management:

Mr. Dhruva Raj Tiwari, Deputy Chief Executive Officer, has taken Voluntary Retirement from the Bank under the Bank's Voluntary Retirement Scheme, effective from date 2081/03/06.

To make the Bank's various operational activities simple, efficient, and transparent, and to carry out other managerial functions, various management-level committees have been constituted.



## 18.1 Assets and Liabilities Management Committee (ALCO)

For the proper management of the Bank's assets and liabilities, liquidity management, determination and revision of interest rates on loans and deposits, evaluation of various investment proposals prior to investment, undertaking GAAP analysis, and for related purposes, an Assets and Liabilities Management Committee (ALCO) has been formed under the chairmanship of the Chief Executive Officer, with the Assistant Chief Executive Officers, Head NPL Management & Enforcement / Resolution Department, Head Marketing & Corporate Communication Department as members and Head Finance Department as the Member Secretary.

During the review period, the Committee convened 15 meetings. No meeting allowances were paid for these meetings.

## 18.2 Recruitment and Selection (HR) Committee

In order to achieve success in the prevailing competitive banking sector, this Committee has been formed to recruit competent human resources and deploy them across various branches, provincial offices, units, and departments; to carry out employee-related actions such as transfers, promotions, and position adjustments; to provide necessary advice and suggestions on policies and procedures; to enhance employee performance; and to prepare and implement a succession plan, under the chairmanship of Assistant Chief Executive Officer Mr. Jalaj Kumar Adhikari, with the participation of other concerned Executive Officers and the Head of the Human Resources Department as Member Secretary, the Human Resources Management Committee was in operation. During the review period, the Committee held 20 meetings. No meeting allowances were paid for these meetings.

## 18.3 Financial Direction Committee

Under the chairmanship of the Chief Financial Officer, with the involvement of the concerned Executive Officers and representatives from the Accounts and Finance Departments as Member Secretary, the Finance Directive Committee was constituted to ensure transparency, competitiveness, fairness, efficiency, accountability, and quality in the procurement of goods, construction/reconstruction works, consultancy services, and other necessary materials and services required by the Bank.

The Committee formulated policies, standards, and procedures relating to procurement; enhanced institutional capacity in procurement management; promoted productive, economical, and cost-effective procurement; ensured equal opportunity and fair competition without discrimination; and emphasized timely, high-quality procurement at reasonable cost.

During the review period, the Committee held 117 meetings. No meeting allowances were paid for these meetings.

## 18.4 Procurement Committee

For procurement of goods, construction/reconstruction works, consultancy services, and other required goods and services for the Bank, a Procurement Committee was constituted under the chairmanship of the Chief Financial Officer, with the Head of the Accounts and Finance Departments as member and the Head of the General Services Department as Member Secretary.

The Committee carried out procurement activities by ensuring compliance with prescribed procurement standards, promoting transparency, competitiveness, fairness, and effectiveness, and adhering to relevant procurement rules and procedures.

During the review period, the Committee held 163 meetings. No meeting allowances were paid for these meetings.

## 19. Response of the Audit Committee and Senior Management on the Audit Report

The Audit Report contains suggestions and observations on general matters identified during the statutory audit. The Audit Committee, in coordination with senior management, has remained actively engaged in implementing corrective measures in accordance with the recommendations received.

In accordance with Nepal Financial Reporting Standards (NFRS), the balance sheet as at Ashad end 2082, the profit and loss statement, statement of other comprehensive income, statement of changes in equity, cash flow statement, related schedules, and the auditor's report for FY 2081/82 (2024/25) are presented as integral parts of this report.

## 20. Response of the board of directors on the internal control system

The Board of Directors must adopt clear policies and procedures to ensure the effectiveness and reliability of the internal control system. The Board is responsible for overseeing, evaluating, and providing necessary guidance to improve the bank's internal control mechanism. The bank's internal control system should focus on evaluating the effectiveness of overall operations, risk management, internal control, and governance systems. Internal control system should not be limited only to identifying errors or fraud in financial information or documents, but should also contribute to the improvement of the overall system.

To make the internal control system effective, the Board of Directors has formed various sub-committees. The Audit Committee reviews the adequacy and independence of the bank's internal audit function and submits its report to the Board of Directors. The Internal Audit Department ensures compliance with policies, procedures, and directives, evaluates the effectiveness of the internal control system, and submits reports to the Audit Committee, which are then reviewed by the Board of Directors.

In addition, various management-level committees have been formed to further strengthen and enhance the internal control system. The bank has issued policies, rules, and guidelines to make the internal control system more effective. In accordance with the requirements of Nepal Rastra Bank Directive 2081, the bank is in the process of developing additional policies to further strengthen the internal control system.

## 21. Major Factors That May Affect the Bank's Operations

Various types of risks that may affect the bank's operations are presented below:

- ▶ Risks that may arise due to changes in the country's overall economic conditions.
- ▶ Potential risks arising from changes in national economic, monetary, and fiscal policies.
- ▶ Possible risks resulting from changes in banking-related policies introduced by the Government of Nepal and Nepal Rastra Bank.
- ▶ Risks that may arise from fluctuations in foreign exchange rates while conducting foreign currency transactions.
- ▶ Risks arising from fluctuations in liquidity levels, which may affect deposit and lending interest rates, and from insufficient investible liquidity that may hinder business growth.
- ▶ Risks arising from a contraction in deposit mobilization, investments, and credit expansion.
- ▶ Risks resulting from loan defaults or failure in loan recovery.
- ▶ Economic risks arising from recession in the international market and other global events that may impact the Nepali market.
- ▶ Risks arising from volatility in the capital market.
- ▶ Lack of alternative investment opportunities.
- ▶ Risks arising from fluctuations in remittance inflows, which may create negative impacts on the overall economy.
- ▶ Impacts that may arise due to political instability in the country.
- ▶ Impacts arising from intense competition in the banking sector.
- ▶ Risks arising due to the lack of centralized data and adequate technology in the country to prevent money laundering.
- ▶ Operational risk-related challenges associated with the development and integration of information technology.

## 22. Future Programs

Under its future programs, the bank has prepared a five-year strategic plan and has been moving forward accordingly. The major activities the bank plans to carry out in the coming year are as follows:

- ▶ To expand the bank's brand and increase business through advertising and business promotion programs.
- ▶ To operate various additional programs under corporate social responsibility and establish the bank as a socially responsible institution, thereby further strengthening the bank's brand.
- ▶ To make banking services and customer transactions faster, more efficient, and more secure by further enhancing banking software and continuing to provide modern banking services.
- ▶ To design and implement new deposit schemes aimed at reducing the average cost of deposits, while increasing the deposit base and gradually reducing reliance on institutional deposits.
- ▶ To adopt special precautionary measures to control banking-related risks such as AML, KYC, ATM card fraud, and similar activities.
- ▶ To improve loan quality and while expanding credit, increase investment in productive sectors such as agriculture, energy, tourism, and small and cottage industries.
- ▶ To implement advanced digital technologies in digital banking as required, considering the increasing risks in this area, and to transform internal systems and service delivery into digital platforms as much as possible.
- ▶ To strengthen the internal control system with special emphasis on risk minimization and to effectively implement a culture of risk-based managerial decision-making.



- ▶ Drive balanced growth in both deposit and loan portfolios, aiming to regain and expand the Bank's market share across these areas.
- ▶ Boost profitability by improving operational efficiency through strategic decisions and enhanced risk management practices.
- ▶ Continue expansion of the Bank's reach and product offerings to meet the evolving financial needs of its customers more effectively.
- ▶ Streamline operations through increased automation and digitization to foster productivity gains and service quality enhancements.
- ▶ Invest in staff productivity by implementing robust performance monitoring, effective target setting, comprehensive training programs, and cultivating a positive and performance-oriented workplace culture.
- ▶ To safeguard the bank's financial health and operational efficiency by implementing effective cost control strategies (Branch Relocation strategies, Rental Negotiations etc), while simultaneously preserving service excellence and supporting continued business expansion

**23. The details related to Rule 26, Sub-rule (2) of the Securities Registration and Issue Regulations, 2073 have been included as an integral part of this report.**

**24. The additional disclosures required under Section 109, Sub-section (4) of the Companies Act, 2063 have been included as an integral part of this report.**

**25. Amount proposed for declaration and distribution of dividend**

As of the end of Ashad 2082, the bank's paid-up capital stands at NPR 4,296,458,158 (In words: Nepalese Rupees Four Billion, Two Hundred Ninety-Six Million, Four Hundred Fifty-Eight Thousand, One Hundred Fifty-Eight only). Out of this, it has been proposed to distribute: 5.37% cash dividend, amounting to NPR 230,719,803.08 (In words: Nepalese Rupees Two Hundred Thirty Million, Seven Hundred Nineteen Thousand, Eight Hundred Three and Paise Eight only), and 5% bonus shares, amounting to NPR 214,822,907.90 (In words: Nepalese Rupees Two Hundred Fourteen Million, Eight Hundred Twenty-Two Thousand, Nine Hundred Seven and Paise Ninety only).

**Vote of Thanks**

We extend our heartfelt gratitude to all our esteemed customers who have continuously trusted the bank and conducted business with us in a cordial and cooperative environment. We highly appreciate the valuable support and cooperation we have consistently received from our customers, and we remain committed to providing even higher-quality services to them in the days ahead.

We acknowledge with sincere appreciation the trust placed in us by our respected shareholders, who have entrusted us with the significant responsibility of managing the bank. We express our gratitude for their continuous support, encouragement, and inspiration toward the bank's growth and progress. With the confidence of receiving their continued cooperation and goodwill, we reaffirm our commitment to achieving all-round progress of the bank.

For the bank's continuous development, qualitative progress, and sustainable growth, we would like to sincerely thank our respected shareholders for their ongoing guidance and support. We also extend our heartfelt appreciation to regulatory authorities and institutions including the Government of Nepal, Nepal Rastra Bank, Nepal Securities Board, Office of the Company Registrar, Nepal Stock Exchange Ltd., internal and external auditors, and all other institutions and individuals who have provided direct or indirect support and cooperation to the bank. We are confident of receiving the same cooperation and support in the future as well.

Finally, we would like to extend special thanks to all employees who have remained actively engaged in customer service and have contributed through their hard work, dedication, and commitment to the bank's progress. The Board of Directors looks forward to continued cooperation from all stakeholders in the coming years.

On behalf of the Board of Directors

Rajesh Upadhyay  
Chairman  
Date: 2082/08/24

# Corporate Governance

## Governance Philosophy

Mahalaxmi Bikas Bank is committed to a high standard of institutional governance built on the pillars of transparency, accountability, fairness, and responsibility. The Bank's governance practices are designed to ensure effective oversight by the Board of Directors, ethical decision-making by management, and strong internal control systems across all levels of the organization.

## Board of Directors

The Board of Directors determines the Bank's long-term direction, approves key policies, oversees operations and risk management, and provides strategic guidance. The Board comprises individuals with experience and expertise in banking, finance, law, business, and management, ensuring balanced perspectives in the decision-making process.

## Risk Management Framework

Mahalaxmi Bikas Bank has adopted a comprehensive risk management framework covering credit, market, liquidity, operational, and emerging risks. Policies, limits, monitoring tools, and governance structures ensure that risk identification, assessment, and mitigation are carried out in an active and effective manner.

## NFRS (ECL)

The Bank has successfully implemented NFRS 9 (Expected Credit Loss), making credit risk management and the provisioning system more scientific and forward-looking. The ECL model incorporates Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), making loan-loss provisioning more transparent, accurate, and future-oriented.

## Internal Control and Compliance

A strong internal control system and a dedicated compliance unit ensure that all the Bank's activities are conducted in accordance with prevailing laws, directives issued by Nepal Rastra Bank, internal policies, and ethical standards.

## Management Team

The management team, led by the Chief Executive Officer, is responsible for implementing the Bank's strategy, managing day-to-day operations, driving digital transformation, and ensuring that all activities are conducted in line with policies and regulatory requirements. The team comprises experienced professionals from business, risk, operations, finance, digital, human resources, and other supporting functions, who work within their respective domains to achieve the Bank's strategic and operational objectives.



# Annual Corporate Governance Report

(as per Corporate Governance Directives, 2074)

<b>Name of Listed Company</b>	Mahalaxmi Bikas Bank Limited
<b>Address, E-mail and website</b>	Annapurna Arcade-II, Durbarmarg, Kathmandu Email: info@mahalaxmibank.com.np Website: www.mahalaxmibank.com
<b>Phone No.</b>	01-5368719
<b>Report of the Fiscal Year</b>	2081/82

## 1. Report on Board of Directors:

### 1.1 Name of the Chairman and Appointment Date:

Mr. Rajesh Upadhyay, 2078/11/13 B.S.

### 1.2 Share Structure (Promoter, Ordinary and Others):

S.No.	Share Structure	No. of Shares
1	Promoters	21,911,936.61
2	Public	21,052,644.97
3	Others	-
<b>Total</b>		<b>42,964,581.58</b>

### 1.3 Details of Board of Directors:

S.No.	Name and address of Directors	Group	No. of Shares	Date of Appointment	Date of Oath of Service	Method of Appointment of Director	Date of notification of appointment to the Board
1	Mr. Rajesh Upadhyay	Promoter	57,531 (Promoter) 24,032 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
2	Mr. Sanjay Giri	Promoter	5,73,466 (Promoter) 1,40,638 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
3	Mr. Deepak Kumar Rauniyar (on behalf of Growing P.Ltd) (Currently Mr. Sagar Malla)	Promoter	2,230 (Promoter) 131 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
4	Mr. Shyam Sundar Rungta	Public	3,839 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
5	Mr. Rupendra Poudel	Public	5,101 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
6	Mr. Rahul Agrawal	Public	800 (Public)	13/11/2078	16/11/2078	Elected	15/11/2078
7	Ms. Ambika Shrestha (upto 2082/03/21) Mr. Ashwini Kumar Thakur (2082/03/22 onwards)	Independent Director	N/A	22/03/2082	29/03/2082	Appointed	24/03/2082

## 1.4 Board of Directors Meeting

### Meeting Details of Board of Directors

S.No.	Date of Meeting in Current Fiscal Year	No. of Directors Present	No. of Directors Writing note of Dissent to the meeting decisions	Date of Meeting in Last Fiscal Year
1	04/04/2081	7	No	17/04/2080
2	16/04/2081	7	No	22/05/2080
3	25/04/2081	7	No	27/05/2080
4	30/04/2081	7	No	29/05/2080
5	06/05/2081	7	No	21/06/2080
6	14/05/2081	7	No	03/07/2080
7	02/06/2081	6	No	21/07/2080
8	04/06/2081	6	No	06/08/2080
9	13/06/2081	7	No	15/08/2080
10	23/06/2081	7	No	27/08/2080
11	11/07/2081	7	No	03/09/2080
12	21/07/2081	7	No	06/09/2080
13	06/08/2081	7	No	16/09/2080
14	14/08/2081	7	No	28/09/2080
15	01/09/2081	7	No	10/10/2080
16	05/09/2081	7	No	20/10/2080
17	11/09/2081	7	No	2080/10/23 (morning)
18	18/09/2081	7	No	2080/10/23 (evening)
19	08/10/2081	7	No	04/11/2080
20	15/10/2081	6	No	18/11/2080
21	28/10/2081	7	No	05/12/2080
22	20/11/2081	7	No	23/12/2080
23	26/11/2081	6	No	16/01/2081
24	22/12/2081	7	No	13/02/2081
25	10/01/2082	7	No	25/02/2081
26	17/01/2082	7	No	09/03/2081
27	26/02/2082	7	No	25/03/2081
28	13/03/2082	5	Two	
29	2082/03/20 at 9 AM	6	Two	
30	2082/03/20 at 10 AM	7	No	
31	29/03/2082	4	No	

Details regarding any Board of Directors Meeting that had to be adjourned due to non-presence of mandatory quorum of Board Members: None



## Other Details related with Board of Directors Meeting:

Presence/Absence of any Director or Alternative Director in the Board of Directors Meeting	No Alternative Directors on the Board of Director
Availability of a separate record of Meeting minutes including directors present in Board of Directors meeting, meeting agenda and meeting decisions	A separate record has been kept
Maximum Gap in number of days between two consecutive meeting of Board of Directors	39 Days
Date of Annual General Meeting to determine Meeting Allowance for the Board of Directors	2081/09/29
Meeting Allowance per meeting for the Board of Directors	Up to 2081/11/08 Chairman: Rs 12,000/- Directors: Rs 11,000/- From 2081/11/09 Chairman: Rs 13,000/- Directors: Rs 12,000/-
Total expenses of BOD meeting for the Fiscal Year	Rs 2,384,450

## 2. Conduct of the Board of Directors and other details:

Availability of Code of Conduct of related institutions for the Board of Directors	Available
Presence of one or more Board of Directors belonging to same immediate family	N/A

### Details on Annual Training and Refreshment Programs for the Board of Directors

S.No.	Subject	Date	No. of Participating Directors	Training Venue/Location
1.	Corporate Governance, Risk, AML/CFT and regulatory compliance	2081/10/18 (31 January 2025, Friday)	7	Waterfront Resort, Lakeside, Pokhara.

### Details regarding information presented by the Board of Directors within 15 days of their appointment or nomination as Director:

All of the Board of Directors have informed in written form within 15 days of their appointment

Any kind of contract done or to be done between the Director or their immediate family members and the Bank	Informed
Details if any of the immediate family members of the Director holds a designation or works as an employee in any member organizations	Informed
Details if the Director holds Promoter Shares or is in the role of Board of Director in any organization	Mr. Rajesh Upadhyay holds promoter shares in ICFCPO
Details if any of the immediate family members of the Director holds a designation or works as an employee in any member organizations	Not in the capacity of official or employee
Details if the Director has worked as Director, salaried official, Chief Executive Officer or employee in any other organizations of similar objectives	Not Informed
Any disciplinary action taken by regulatory bodies or other authorities against the Board of Directors	Not Informed

### 3. Details regarding Risk Management and Internal Control Mechanisms of the Bank:

a. **Any committee established or not established for risk management of the Bank:** Established

b. **Details regarding Risk Management Committee:**

i. Composition of Risk Management Committee (Names and Designations of Coordinator and Members):

S.No.	Name	Designation
1	Mr. Rupendra Poudel	Co-ordinator
2	Mr. Deepak Rauniyar	Member
3	Head Operation Department	Member
4	Head Risk Management Department	Member Secretary

ii. Number of meetings of the Committee: 39

iii. A Risk Management Committee has been constituted with the objective of identifying risks associated with the Bank's internal systems and operations, providing relevant information, and making recommendations for the development and strengthening of the Risk Management System. The Committee identifies and assesses inherent risks arising from business operations, evaluates the Bank's risk-bearing capacity, and reviews the policies, strategies, and guidelines formulated for risk management, including an assessment of their effectiveness and implementation. The Committee also examines risk management reports received from management and submits necessary recommendations to the Board of Directors based on its analysis. Furthermore, in view of the prevailing condition of the national economy, the Committee has submitted its opinions and recommendations to the Board of Directors regarding potential impacts that may affect the institution.

c. **Availability of Internal Control Policy and Procedures:** The Bank has developed and implemented several policies and procedures to streamline and systematize its internal control mechanisms.

d. **Reasons behind establishment or non-establishment of internal control mechanism:** Different board level and management level committees have been formed to strengthen the internal control mechanisms of the Bank.

e. **Details regarding Internal Control Committee:**

i. Composition of the Board Level Committee (Name and Designation of Members):

1. Audit Committee

S.No.	Name	Designation
1	Mr. Deepak Kumar Rauniyar, Director	Coordinator
2	Mr. Rahul Agrawal, Director	Member
3	Head Internal Audit Department	Member Secretary

■ Number of meetings of the Committee: 49

■ Short Description on Work done by the Committee:

To conduct periodic reviews of the organization's overall financial condition, internal control system, audit plan, and the matters included in the internal audit, and to suggest to the management to take necessary corrective measures. Furthermore, based on the audit reports submitted by the external auditor, the committee to review the highlighted issues and key points and to suggest the management to undertake corrective actions accordingly.

2. Employee Service and Facilities Committee (Board Level):

S.No.	Name	Designation
1	Ambika Shrestha, Director	Coordinator
2	Dipesh Lamsal, Chief Executive Officer	Member
3	Anuj Acharya, Chief Financial Officer	Member
4	Bishal Raj Karki, Head Human Resource Department	Member Secretary

■ Number of meetings of the Committee: 6

■ Short Description on Work done by the Committee:

To enhance the efficiency of employees, provisions related to employee services and facilities HR Bylaws, 2075 were amended. Through talent hunt and new recruitment processes, employees were appointed.



3. Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Committee (Board Level):

S.No.	Name	Designation
1	Mr. Sanjay Giri, Director	Coordinator
2	Head Risk Management Department	Member
3	Head Compliance Department	Member Secretary

- Number of meetings of the Committee: 6
- Short Description on Work done by the Committee:

In accordance with the existing laws related to the prevention of money laundering, the management's report on the actions and proceedings carried out within the institution was discussed, necessary instructions were given to the management, and submitted a report along with their informed opinion on the matter to the board of directors.

ii. Composition of the Management Level Committee (Name and Designation of Members):

1. Recruitment Committee (Management Level):

S.No.	Name	Designation
1	Jalaj Kumar Adhikari, Assistant Chief Executive Officer	Coordinator
2	Amit Bahadur Chand, Assistant Chief Executive Officer	Member
3	Anuj Acharya, Assistant Chief Executive Officer	Member
4	Subash Joshi, Acting Assistant Chief Executive Officer	Member
5	Bishal Raj Karki, Head Human Resource Department	Member Secretary

- Number of meetings of the Committee: 30
- Short Description on Work done by the Committee:

The committee has been responsible for identifying vacant positions, developing recruitment plans, reviewing candidates, conducting interviews/written exams, selecting suitable employees, recruiting employees, and managing employee performance evaluations.

2. Asset Liabilities Management Committee (Management Level):

S.No.	Name	Designation
1	Dipesh Lamsal, Chief Executive Officer	Coordinator
2	Jalaj Kumar Adhikari, Assistant Chief Executive Officer	Member
3	Amit Bahadur Chand, Assistant Chief Executive Officer	Member
4	Anuj Acharya, Assistant Chief Executive Officer	Member
5	Subash Joshi, Acting Assistant Chief Executive Officer	Member
6	Sanjay Shrestha, Head NPL Management	Member
7	Basanta Bakshi, Head Marketing Department	Member
8	Sheela Aryal, Head Finance and Treasury Department	Member Secretary

- Number of meetings of the Committee: 15
- Short Description on Work done by the Committee:

It carries out proper management of assets and liabilities, liquidity management, interest rate evaluation, and the study and necessary management of changes in loans and deposits. Accordingly, this committee analyzes national and international economic activities, reviews the bank's investments, makes appropriate investment-related decisions, conducts gap analysis and reviews liquidity plans, and also recommends new financial products and services in line with market demand.

3. Procurement Committee (Management Level):

S.No.	Name	Designation
1	Assistant Chief Executive Officer	Coordinator
2	Head Risk Management Department	Member
3	Head Compliance Department	Member Secretary

- Number of meetings of the Committee: 163
- Short Description on Work done by the Committee:

The committee has been carrying out the necessary activities related to procurement within the institution in accordance with the provisions of the Asset Quality, Valuation, and Financial Administration Bylaws, 2075.

4. Financial Direction Committee (Management Level):

S.No.	Name	Designation
1	Dipesh Lamsal, Chief Executive Officer	Coordinator
2	Anuj Acharya, Assistant Chief Executive Officer	Member
3	Head Central Operation Department	Member
4	Head Finance and Treasury Department	Member
5	Head General Service Department	Member Secretary

- Number of meetings of the Committee: 117
- Short Description on Work done by the Committee:

This committee evaluates the quality, cost-effectiveness, efficiency, risk level, and reliability of goods or services offered by various suppliers or service providers identified by the General Services Department, and recommends the name of the most suitable supplier or service provider. The committee remains active to ensure that procured goods or services meet the required standards related to effectiveness, efficiency, and financial management.

f. **Availability of Financial Administration Bylaws:** Available

4. **Details regarding flow of information:**

a. Details of information publicly disseminated by the Bank:

Subject	Medium	Date of publish
Notice regarding Annual General Meeting	National Newspaper	2081/09/08 Annapurna Post Rastriya Dainik
		2081/09/14 Abhiyan Rastriya Dainik
Notice regarding Special General Meeting		No Special General Meeting in the F.Y 2081/82
Annual Report	National Newspaper	2081/09/08 Annapurna Post Rastriya Dainik
Quarterly Report	National Newspaper	1st Quarter: 2081/07/07, Aarthik Abhiyan Rastriya Dainik
		2nd Quarter: 2081/10/07, Aarthik Abhiyan Rastriya Dainik
		3rd Quarter: 2082/01/07, Karobar Rastriya Dainik
		4th Quarter: 2082/04/30, Karobar Rastriya Dainik
Notice related with Price Sensitivity affecting price of the Bank's		The Board of Directors' resolution on 2081/09/01 for proposed dividend of 3% bonus share and 4% cash dividend has been formally conveyed to the Securities Board of Nepal, Nepal Stock Exchange Limited, and CDS and Clearing Limited, and presently under approval with the respective authorities.
Others		

- b. Disciplinary actions taken against the Bank by Securities Exchange Board of Nepal or other bodies for lack of dissemination of information or any other reasons: No such actions taken
- c. Date of last Annual and Special General Meeting: Bank's 23rd AGM held on 2081/09/29

5. **Details regarding Organizational Structure and Employees:**

- a. Availability of Staff Service Bylaws with clear explanations of employee structure/hierarchies, recruitment, training and development, remuneration, allowances and other benefits, attendance and leaves and code of conduct: Available
- b. Inclusion of Organizational Structure: Included along with this report



c. Details regarding name, educational qualification and work experience of senior management team members:

S.No.	Name	Designation	Educational Qualification	Work Experience
1	Dipesh Lamsal	Chief Executive Officer	Masters	27 Years
2	Jalaj Kumar Adhikari	Assistant Chief Executive Officer	Masters	29 Years
3	Amit Bahadur Chand	Assistant Chief Executive Officer	Masters	23 Years
4	Anuj Acharya	Assistant Chief Executive Officer	Masters	15 Years
5	Subash Joshi	Acting Assistant Chief Executive Officer	Masters	18 Years

d. Other details related with employees:

Recruitment of staff as per organizational structure	Yes
Recruitment process for new employees	As per the Bank's Staff Service Bylaws, it follows the recruitment process through publishing vacancy announcement, head hunting and talent hunt
No. of employees in managerial level	42
Total No. of employees	847
Succession Plan of employees	Available
No. of employee trainings and no. of participants in the fiscal year	No. of Training: 97 No. of Participants: 1,565
Training Cost for the fiscal year	NPR 17,704,010
Percentage of Employee Cost to Total Cost	16.78%
Percentage of Employee Training Cost to Total Employee Cost	2.57%

## 6. Details regarding Accounts and Audit activities of the Bank:

a. Details regarding Accounts:

Preparation of the Bank's Financial Report for the last fiscal year based on NFRS; if not prepared as per NFRS, reasons for the same	Prepared based on NFRS
Date of approval of the financial report by the Board of Directors	2082/07/17
Date of publication of quarterly financial reports	1st Quarter: 2081/07/07, Aarthik Abhiyan Rastriya Dainik
	2nd Quarter: 2081/10/07, Aarthik Abhiyan Rastriya Dainik
	3rd Quarter: 2082/01/07, Karobar Rastriya Dainik
	4th Quarter: 2082/04/30, Karobar Rastriya Dainik
Date of Final Audit Completion	2082/07/17
Financial Report approved by Annual General Meeting	2081/09/29
Details regarding Internal Audit of the Bank:	
a. Internal Audit done by the Bank or Appointment of External Parties	a. Appointment of External Parties
b. Relevant details if any External Parties are appointed	b. P. & B. Associates, Chartered Accountants
c. Frequency of Internal Audit (quarterly, every four months or semiannually)	c. Quarterly

b. Details regarding Audit Committee:

**Name, Designation and Qualification of Coordinator and Members of the Committee**

S.No.	Name	Designation	Qualification
1	Deepak Kumar Rauniyar	Coordinator	Masters
2	Rahul Agrawal	Member	Masters
3	Head Internal Audit Department	Member Secretary	ACCA

**Meeting Date and No. of Attendees**

S.No.	Date	No. of Attendees
1	17/04/2081	3
2	29/04/2081	3
3	2081/04/32	3
4	05/05/2081	3
5	14/05/2081	3
6	18/05/2081	3
7	21/05/2081	3
8	28/05/2081	3
9	31/05/2081	3
10	07/06/2081	3
11	11/06/2081	3
12	16/06/2081	3
13	20/06/2081	3
14	04/07/2081	3
15	08/07/2081	3
16	11/07/2081	3
17	12/07/2081	3
18	13/07/2081	3
19	20/07/2081	3
20	06/08/2081	3
21	13/08/2081	3
22	20/08/2081	3
23	24/08/2081	3
24	01/09/2081	3
25	02/09/2081	3
26	05/09/2081	2
27	08/09/2081	3
28	12/09/2081	3
29	14/09/2081	3
30	16/09/2081	3
31	24/09/2081	3
32	13/10/2081	3
33	05/11/2081	3
34	11/11/2081	3
35	25/11/2081	3
36	03/12/2081	3
37	08/12/2081	3
38	31/12/2081	3
39	03/01/2082	3



40	07/01/2082	3
41	21/01/2082	3
42	01/02/2082	3
43	09/02/2082	3
44	16/02/2082	3
45	27/02/2082	3
46	08/03/2082	3
47	10/03/2082	3
48	12/03/2082	3
49	27/03/2082	3

**Allowance per Meeting**

Meeting No.: 214-248  
Coordinator: Rs 11,000  
Member: Rs 10,000  
Meeting No.: 249-262  
Coordinator: Rs 12,000  
Member: Rs 11,000  
Submitted

**Submission of Report by the Audit Committee regarding its work:**

**7. Other Details:**

Cash received in the form of Loans and Advances by the Directors or their immediate family members from individuals, banks and financial institutions with their financial interests	No such amount taken
Whether any person, firm, company, employee, advisor or consultant having a financial interest in a listed corporate body has in any way used or disposed of any property of the body, other than the facilities or benefits received in a capacity of director, shareholder, employee, advisor or consultant of the company in accordance with the prevailing law.	N/A
Adherence to terms and conditions set by regulatory authorities while issuing operational license	Yes
Adherence to instructions given by regulatory authorities during their visit/supervision of the Bank	Yes

Details on any ongoing lawsuits against the Bank or its Directors:

No information received so far regarding lawsuits on the Bank's Directors except for matters related with the Bank. Following lawsuits have been ongoing in the name of the Bank:

S.No.	Name of the Court	No. of Lawsuits
1	Supreme Court	7
2	High Court	3
3	District Court (Inside Valley)	10
4	Debt Recovery Tribunal	14
5	District Court and High Court (Outside Valley)	22
6	Cases where the Government is plaintiff	4

Name of the Compliance Officer : Mr. Shekhar Acharya  
Designation : Deputy Manager  
Date : 2082/08/23  
Signature :  
Approval Date for the Report by the Board of Directors : 2082/08/24

**Verified By Auditors**

CA Sanjeev Dhakal  
PKF TR Upadhya & Co.  
Chartered Accountants  
Date : 2082/08/24  
Stamp :

## Disclosure Related to Sub-rule 2 of Rule 26 of Securities Registration and Issue Regulation, 2073

### 1. Board of Directors Report:

Attached along with this Report

### 2. Auditor's Report:

Attached along with this Report

### 3. Audited Financial Statements:

Attached along with this Report

### 4. Details regarding Legal Actions:

- 4.1 **If any lawsuits have been filed by the Bank or against the Bank in the FY 2081/82:** During the review period, no such law suits have been filed by the Bank or its Directors or against the Bank or its Directors. However, Lawsuits have been filed by the Bank and against the Bank in matters related with credit recovery.
- 4.2 **If any lawsuits have been filed by or against the Bank's Directors because of non- compliance or criminal offence:** No such information has been received by the Bank till reporting date.
- 4.3 **If any lawsuits have been filed against any of the Bank's promoters or directors for financial irregularities and offence:** No such information has been received by the Bank till reporting date.

### 5. Details regarding share transactions and growth of the Bank:

- 5.1 **Management's opinion regarding share transactions of the Bank in the secondary market:** The Bank's shares have been listed in the Nepal Stock Exchange and are being traded based on the open market dynamics and under the close supervision of Securities Exchange Board of Nepal.
- 5.2 **Quarterly Share details of last fiscal year:** As per Nepal Stock Exchange's website -www.nepalstock.com.np, the share transactions in the review period are as follows:

Particulars	Ashwin end 2081	Poush end 2081	Chaitra end 2081	Ashad end 2082
Maximum Share Price	498.00	498.00	467.90	419.10
Minimum Share Price	350.00	365.00	365.00	358.00
Close Share Price	421.00	367.00	369.00	411.67
Transaction Volume (No. of Shares)	7,902,824	2,998,613	8,624,571	5,302,086
Transaction Days	57	55	56	63

### 6. Problems and Challenges:

#### (a) Internal Problems and Challenges:

- Maintaining the interest rate spread in accordance with the directives of Nepal Rastra Bank.
- Challenges in expanding the branch network.
- Risk management challenges arising from operational risks and the use of information technology.
- Associated risks that may arise while providing long-term, medium-term, and working capital-based loans, as well as off-balance-sheet facilities provided by the bank.
- Increasing operating costs and human resource management challenges.
- Due to increasing competition, challenges in the availability of competent human resources and in retaining existing bank staff.
- Challenges in increasing non-interest income.
- Risks arising from fluctuations in interest rates on deposits and loans.
- Financial risks arising from delays or failure in timely loan recovery.
- Potential problems and risks due to technical glitches in banking software.



## (b) External Problems and Challenges:

- Challenges arising from the adverse impact on the international and national economy due to the COVID-19 pandemic that spread globally.
- Market risk and financial management challenges arising from unexpected economic downturns, liquidity constraints, and policy uncertainty.
- Challenges arising from potential risks due to changes in policies, directives, and laws issued by Nepal Rastra Bank and the Government of Nepal.
- Increasing competition due to limited lending opportunities.
- Lack of a conducive lending environment.
- Challenges in credit risk management caused by reduced economic activities in the market, deterioration in borrowers' income and repayment capacity, and difficulties in loan recovery.
- Challenges arising from the entry of new institutions in the financial sector.
- Challenges related to potential risks arising from instability in the national economy.
- Sector-wide challenges including liquidity shortages, contraction in lending activities, increased risk levels, and the impact of geopolitical tensions and external shocks on the overall financial system and economic growth.

## (c) Strategies Adopted to Address Problems and Challenges:

- Strengthening the Bank's policies, rules, and internal control systems.
- Conducting detailed study and analysis while extending credit facilities.
- Performing financial analysis of deposit costs, human resource expenses, and operating expenses and undertaking activities accordingly.
- Formulating strategies to address challenges in the national economy and expanding lending in priority and productive sectors.
- Identifying potential risks in a timely manner and adopting appropriate measures for risk mitigation.
- Providing necessary training to employees to cope with future risks.
- Enhancing banking services by using modern technology and software to directly provide customer-friendly banking services.
- Identifying new lending opportunities and maintaining interest rate spreads based on market conditions.
- Adopting software-based solutions.
- Maintaining necessary backups to mitigate potential technical failures in banking software.
- Strengthening risk management systems and managing credit risks effectively.
- Expanding existing services and introducing new and innovative services.
- Identifying secure and productive sectors for short-term, medium-term, and long-term lending and diversifying the credit portfolio.
- Proper management of assets and liabilities.
- Conducting regular monitoring and analysis of operations.
- In response to increasing competition and the shortage of skilled and competent manpower across banks and financial institutions, formulating necessary policies to attract and retain qualified and competent employees.

## 7. Corporate Governance

- The Audit Committee remains continuously active in implementing the instructions and guidelines issued by regulatory authorities through effective management oversight.
- To strengthen the Bank's overall risk management function, a Risk Management Committee has been formed to identify, analyze, and manage risks related to information technology observed in the current market environment, to reduce operational risks, and to streamline internal processes.
- Directives, guidelines, and circulars issued by Nepal Rastra Bank and other regulatory authorities have been fully complied with and implemented.
- To strengthen the internal control system of the Bank, an Internal Auditor has been appointed, and an Internal Audit Department has been established.
- Various committees have been formed as per the requirements of the Bank.

- Meetings of the Board of Directors, Management Committee, and other committees are being held on a regular basis.
- The Board of Directors and management remain committed to maintaining sound corporate governance practices within the institution.
- Asset, liability, and risk management functions have been carried out with strict compliance.
- The Corporate Governance Policy has been approved by the Board of Directors and implemented accordingly.

**8. Details in case of 20 percent or more deviation in projected and audited financial statements:**

Attached along with this report

**9. Details regarding special incidents or scenario related with Clause 26, Sub Clause (5):**

Attached along with this report



## DISCLOSURE OF INFORMATION UNDER SECTION 109(4) OF THE COMPANY ACT, 2063

### a. Business review of last year:

This has been disclosed in detail in the Board of Directors' Report.

### b. Any impact caused to the business of the company due to national and international conditions

This has been disclosed in detail in the Board of Directors' Report.

### c. Current year's (2082-83) achievement until the date of preparation of Report and Board of Director's view on 2081-82:

With reference to the progress achieved to date during the current financial year and the initiatives to be undertaken in the future, an overview of the Bank's overall operational and financial position as of the end of the first three months of the current financial year are as:

S.No.	Particulars	Ashwin end 2082
1	Deposits	54,881,448,962
2	Loans and Advances	45,543,141,711

With regard to the future initiatives required for the Bank's continued progress, the perspectives of the Board of Directors have been elaborately set out in the report of the Board of Directors.

### d. Industrial and professional relation:

The Company has maintained cordial and professional relationships with its stakeholders, including customers, business and industrial establishments, associations, institutions, and various regulatory and other bodies related to its operations. The Bank is a member of the Development Bankers' Association and the Federation of Nepalese Chambers of Commerce and Industry. The Company's industrial, business, and social relationships will be further expanded in the days ahead, and such relationships will also be leveraged for the promotion of its interests and the expansion of its business

### e. Changes in the Board of Directors and the reason thereof:

This has been disclosed in the Board of Directors' Report.

### f. Main factors that affect business activities:

This has been disclosed in the Board of Directors' Report.

### g. Any remarks and observation stated in the Independent Auditors' Report and response of Board of Director towards the same:

In this regard, the matter has been duly incorporated in the report of the Board of Directors. The financial statements of the Bank for FY 2081/82 were approved by Nepal Rastra Bank on 2082/08/01, and the directives issued thereon have been incorporated in the subsequent section of this report.

### h. Amount recommended for distribution of dividend:

This has been disclosed in the Board of Directors' Report.

### i. Details of shares forfeited (number of shares, face value, amount received by the Company prior to forfeiture, amount received by the Company after putting such forfeited shares into subscription and amount refunded on account of forfeited shares):

The bank has not forfeited any shares.

### j. Review of the progress made by the Company and its subsidiary(s) in the reporting fiscal year 2081/82 and the position of the same at the end of fiscal year:

The progress made by the Company has been disclosed under various points of this report. The Company do not have any subsidiary company.

**k. Main activities carried out by the Company and its subsidiary(s) in last fiscal year and any significant changes in the business activities of the Company and its subsidiary during the same period:**

As of the reporting date, the Bank's principal transactions and the changes therein are reflected in the accompanying schedules, including the Statement of Financial Position, Statement of Profit or Loss, the Cash Flow Statement, and other relevant accounting disclosures.

**l. Any information given to the Company by its principal shareholder during the financial year:**

No such information provided by the principal shareholders.

**m. Shares held by the directors and officials of the Company and information received by the Company on their involvement in trading of shares:**

The shareholding details of the directors are disclosed below. The directors are not engaged in share trading. Other than shares allotted under the employee share ownership scheme, no directors or key management personnel hold shares of the Company.

Director's Name	Address	Represented	No. of Shares	Group
Mr. Rajesh Upadhyay	Chandol, Kathmandu	Promoter	57,531	Promoter
			24,032	Public
Mr. Sanjay Giri	Birgunj 12, Parsa	Promoter	5,73,466	Promoter
			1,40,638	Public
Mr. Deepak Kumar Rauniyar (On behalf of Growing Pvt Ltd)	Dhobidhara 33, Kathmandu	Promoter	2230	Promoter
			131	Public
Mr. Shyam Sundar Rungta	Parsa 4, Birgunj	Public	3,839	Public
Mr. Rupendra Poudel	Kirtipur 1, Kathmandu	Public	5,101	Public
Mr. Rahul Agrawal	Siddharthanagar 4, Rupandehi	Public	800	Public
Ms Ambika Shrestha (Till 2082/03/21)	Dholahiti, Kathmandu			
Mr. Ashwini Kumar Thakur (From 2082/03/22)	Battisputali, Gaushala, Kathmandu	Independent Director		

**n. Information provided on personal interest of Board of Directors and their relatives (nearest kin) regarding contract or agreement done with the Company during the year:**

There is no record of such event/ transaction.

**o. Buyback of share by the Company, reason thereof for buyback, number of shares bought back, face value of share and amount paid during the buyback:**

The Bank has not bought back any shares.

**p. Information on existence of Internal control system and if there is, its detail**

This has been disclosed in detail in the Board of Directors' Report.

**r. Details related to the operating expense during 2081/82:**

For the Bank's FY 2081/82, the employee expenses (including employee bonus) amounted to Rs. 689,169,995, other operating expenses amounted to Rs. 382,674,499 and depreciation and amortization expenses amounted to Rs. 71,197,637 totaling the operating expenses of the Bank to Rs 1,143,042,430. The detailed breakdown of the Bank's total operating expenses has been presented in Schedules 4.36, 4.37, and 4.38 of the Bank's financial statements.

**s. Name list of internal audit committee, their allowance and benefits, details of disciplinary action taken by committee and any suggestions given:**

As per the details below, the Audit Committee comprising the following officials was active during the period.



Name	Position	Designation
Deepak Kumar Rauniyar, currently Rahul Agrawal	Director	Coordinator
Rahul Agrawal, currently Shyam Sundar Rungta	Director	Member
Ashish Adhikari	Head, Internal Audit Department	Member Secretary

The Coordinator of the Committee was paid a meeting allowance of Rs. 11,000 per meeting up to 2081/11/08, and Rs. 12,000 per meeting from 2081/11/09 onwards. The Director Members were paid a meeting allowance of Rs. 10,000 per meeting up to 2081/11/08, and Rs. 11,000 per meeting from 2081/11/09 onwards. No allowances or facilities were provided to the Member Secretary.

The Committee provided guidance and advice to management regarding the Bank's financial position, internal control system, compliance with various legal directives, and risk minimization, and also informed the Board of Directors accordingly.

**t. Dues payable to the Company by any director, MD, CEO, principal shareholders or their relatives or firms or institutions in which they have their interest:**

No dues payable to the Company.

**u. Remuneration, allowances and benefits paid to Director, MD, CEO, and other officials:**

**i) Chairperson and Director**

The Chairperson and directors were paid meeting allowances as per the provisions mentioned in the Articles of Association. Meeting allowance to the Chairperson at the rate of NPR 12,000 per meeting till 2081/11/08 and NPR 13,000 from 2081/11/09. Meeting allowance to the directors at the rate of NPR 11,000 per meeting till 2081/11/08 and NPR 11,000 from 2081/11/09. In addition, monthly telephone service and newspaper/internet facilities have been provided to both.

In FY 2081/82, a total of NPR 4,586,450 was incurred for meeting allowances paid to the directors.

**ii) Amounts of Remuneration, Allowances and Benefits Paid to the Chief Executive Officer and Other Officials**

S.N.	Description of Benefits	Chief Executive Officer	Other Management Officials
1	Salary	5,148,000	8,335,473
2	Provident Fund	514,800	833,547
3	Dashain Allowance	715,000	969,691
4	Allowances	4,862,000	7,991,902
5	Employee Bonus	1,271,543	1,423,258
6	Others	59,820	9,297,482
<b>Total</b>		<b>12,571,163</b>	<b>28,851,354</b>

Apart from salary and allowances, the following services and facilities have been provided to the Chief Executive Officer:

- Provident fund and bonus facilities as per prevailing rules.
- Medical expenses and life insurance as per bank regulations.
- Vehicle facility, fuel expenses, and mobile expenses as per bank regulations.

**v. Uncollected dividend by the Shareholders:**

Name	Amount
erstwhile Yeti Finance Ltd.	108,153
erstwhile Valley Finance Ltd.	452,716
erstwhile Mahalaxmi Finance Ltd.	4,212,714
erstwhile Siddhartha Finance Ltd.	721,665
erstwhile Malika Bikas Bank Ltd.	3,362,996
Mahalaxmi Bikas Bank Ltd.	107,555,703
<b>Total</b>	<b>116,413,946</b>

**w. Details of assets purchased or sold as per Section 141**

The details of the company's assets (such as vehicles, office equipment, capital construction, leased assets, etc.) and their purchase or sale are disclosed in Notes 4.13 and 4.14 of the financial statement.

**x. Details of Transactions with Related Companies as per Section 175**

The bank does not have any subsidiary, parent, or other related companies.

**y. Other Matters to be Disclosed in the Board of Directors' Report as per This Act and Prevailing Laws**

All matters related to this have been disclosed in detail in the Board of Directors' Report.

**z. Any other necessary matters**

None



## Details as per Directive no. 20, Clause 9(f) of the Unified Directives Issued by Nepal Rastra Bank

In order to listen to and address inconveniences faced by service recipients as well as grievances from the general public, and to facilitate the resolution of complaints and petitions received, the Bank has established an "Information and Grievance Handling Desk" in each of its branch offices.

To operate the grievance handling and resolution function in an effective manner, the Grievance Management Policy, 2023 has been formulated and implemented. Customers have been provided with mechanisms to lodge their grievances through various channels such as the Bank's hotline number, Mahalaxmi Call Center, the Bank's official website, the Bank's official social media platforms, suggestion boxes, and email addresses. Furthermore, details of the grievance handling officer responsible for addressing grievances in an effective manner have been published on the Bank's website.

As per Clause 9(f) of Directive no. 20 of the Unified Directives issued by Nepal Rastra Bank, details of complaints received and actions taken during the reporting period are disclosed below:

S.N.	Details of Complaints / Grievances	Total Received	Resolved	Pending
1	Written complaints received	0	0	0
2	Verbal complaints received	17	17	0
3	Complaints received through SMS, telephone, and electronic media	729	729	0
<b>Total</b>		<b>746</b>	<b>746</b>	<b>0</b>
4	Subject matter of Complaints/Grievances			
a	Related to Loan	0	0	0
b	Related to Deposits	0	0	0
c	Related to Digital Banking Services	624	624	0
d	Related to Service Fees	0	0	0
e	Related to Other services	105	105	0

### Means to Lodge Complaints and Obtain Information

- ▶ Toll-Free Number: 166001115015
- ▶ Phone Number: 01-5368719
- ▶ Website: [www.mahalaxmibank.com.np](http://www.mahalaxmibank.com.np)
- ▶ Facebook: <https://www.facebook.com/mahalaxmibikasbank>
- ▶ Email: [info@mahalaxmibank.com.np](mailto:info@mahalaxmibank.com.np), [complaint@mahalaxmibank.com.np](mailto:complaint@mahalaxmibank.com.np)
- ▶ LinkedIn: [www.linkedin.com/company/mahalaxmi-bikas-bank-limited/](http://www.linkedin.com/company/mahalaxmi-bikas-bank-limited/)

### Details of Grievance Handling Officers

**Name: Jalaj Kumar Adhikari**

- ▶ Designation: Assistant Chief Executive Officer
- ▶ Phone: 01-5368719
- ▶ Mobile: 9709036303
- ▶ Email: [jalaj.adhikari@mahalaxmibank.com.np](mailto:jalaj.adhikari@mahalaxmibank.com.np)

**Name: Basant Bakshi**

- ▶ Designation: Acting Manager
- ▶ Phone: 01-5368719
- ▶ Mobile: 9709036391
- ▶ Email: [basant.bakshi@mahalaxmibank.com.np](mailto:basant.bakshi@mahalaxmibank.com.np)



## Mahalaxmi Temple Support and Digital QR Donation System

The Bank has been providing support to Mahalaxmi Temple, Lalitpur, for heritage preservation. In addition, following the installation of a digital QR donation system at the temple, devotees are now able to make donations conveniently through cashless payments.

This initiative integrates cultural preservation and digital convenience into a single strategic effort.



## Mahalaxmi Bikas Bank Limited: Rating reaffirmed with continuation of ‘Watch with Negative Implications’

May 08, 2025

### Summary of rating action

Facility	Rated Amount	Rating Action
Issuer Rating	NA	[ICRANP-IR] BB@*; reaffirmed with continuation of ‘Watch with Negative Implications’.

\*The symbol ‘@’ indicates ‘Rating Watch with Negative Implications’. Please refer [here](#) for details on rating watch.

### Rating Action

ICRA Nepal has reaffirmed the issuer rating of Mahalaxmi Bikas Bank Limited (MLBL) at [ICRANP-IR] BB@ (pronounced ICRA NP issuer rating double B @) with continuation of the rating ‘Watch with Negative Implications’ (denoted by ‘@’). Issuers with this rating are considered to have a moderate risk of default regarding timely servicing of financial obligations. The rating is only an opinion on the general creditworthiness of the rated entity and is not specific to any debt instrument.

### Rationale

The continuation of rating watch with negative implications mainly factors in the bank’s sustained asset quality pressures as reflected in elevated non-performing loans (NPLs) of 4.99% as of mid-April 2025 (4.21% as of mid-January 2024, when last rated) and high 0+ delinquencies of ~26% as of mid-April 2025 (notwithstanding the improvement compared to ~41% as of mid-January 2024 i.e. last rating exercise). The continuation of a difficult operating/economic environment raises concern for the bank’s incremental asset quality outlook. Moreover, the sustained asset quality stress has also impacted on the bank’s profitability metrics. Despite recent improvements, the bank’s return indicators remain moderate among peers with return on net worth (RoNW) of 8.45% (8.65% during last rating) and return on assets (RoA) of 0.91% for 9MFY2025 (0.89% during last rating). MLBL’s relatively higher operating expenses ratio also offsets the advantages of relatively low cost of funds to an extent. The deposit degrowth in 9MFY2025 has also stretched the bank’s credit to deposit ratio (CD ratio) to ~87% as of mid-April 2025 (regulatory ceiling of ~90%), thereby limiting the room for incremental credit growth, especially in the event of sharp volatility in interest rates. ICRA Nepal also continues to note the regulatory restriction on the class-B development banks in areas such as hypothecation loans, foreign currency-based transactions (such as import letter of credits), etc., which coupled with relatively small scale of operations compared to class-A commercial banks offering wider range of services, remains a long-term credit negative for the industry.

Nonetheless, the rating continues to derive comfort from the bank’s adequate track record (since 2001) along with its diverse presence across the country (103 branches as of mid-April 2025). The bank has also reported improvement in capitalization profile, despite the deteriorating asset quality, mainly owing to rebalancing of portfolio towards lower risk segments. Furthermore, higher-than-industry-average current and saving accounts (CASA of ~54% as against ~37% for the industry, as of mid-January 2025) and hence the bank’s competitive cost of funds, have also been positively factored. MLBL’s granular credit/deposit profile also remains a rating positive. Going forward, the bank’s ability to control incremental slippages and improve the asset quality will have a bearing on its profitability/capitalisation and hence remains a key rating sensitivity. Further, MLBL’s ability to maintain adequate capital cushion, liquidity position and maintain/improve the deposits profile, remain among the key monitorable.

### Key rating drivers

#### Rating strengths

**Adequate track record with diversified presence across the country** – Operating since 2001, MLBL has an adequate operational track record in the Nepalese banking arena. The bank also has a fair track record of post-merger operations,

given that the most recent merger/acquisition took place in 2017. MBL's diverse presence across the country through its 103 branches as of mid-April 2025, has supported credit growth of ~8% during FY2024 (slightly higher than overall banking industry growth of ~6%). However, the bank has continued to report higher than banking industry's annualised credit growth during H1FY2025 as well, at ~8% (against ~7% for banking industry), which remains an area of concern, albeit partially mitigated by largely similar credit concentration. Nonetheless, the sustained credit growth amid deposits degrowth has led to increased credit to deposit (CD) ratio of ~87% as of mid-April 2025 from ~81% as of mid-July 2024.

**Fair deposit profile with healthy CASA resulting in competitive cost** – MBL's CASA deposits continued to remain above the industry average, contributing to its relatively lower cost of deposits vis-à-vis its peers and the industry average (5.62% for H1FY2025 as against the development bank industry average of 5.87%). The bank's CASA deposit mix of ~54% as of mid-January 2025, remains better compared to the development banking industry average of ~37%. Moreover, the deposit concentration continues to remain moderate, despite the recent rise (~12% from top-20 depositors as of mid-January 2024 to ~15% as of mid-April 2025), which comforts the stability of the funding profile to an extent, amid the volatile interest rate environment and asset quality pressures. Nonetheless, the bank's relatively higher operating expenses ratio offsets the advantages of lower cost of funds to an extent, as reflected in its base rate.

**Improvement in capitalization profile** – The bank has reported improved capital to risk-weighted assets ratio (CRAR) of 14.93% as of mid-July 2024 (12.77% as of mid-January 2024), despite piling NPLs/delinquencies and credit portfolio growth. This improvement was mainly supported by increase in tier-I capital to 11.80% as of mid-July 2024 (9.70% as of mid-January 2024) after reduction in risk weights to certain loan segments by the central bank and also owing to the bank's realignment of high-risk claim assets towards low-risk segments. As on mid-April 2025, the bank continued to report comfortable CRAR of 14.93%, with tier-I capital slightly declining to 11.54%. Although this is adequate vis-à-vis the regulatory minimum of 11% and 8.50% respectively, the continued asset quality stress could have an impact on the same.

## Rating challenges

**Sustained deterioration in asset quality** – MBL's gross NPLs spiked to 4.99% as of mid-April 2025 (4.21% as of mid-January 2024, during last rating), despite the portfolio growth and non-banking assets (NBA) bookings in the interim. The asset quality concerns are further exacerbated by the bank's high delinquency, with 0+ days delinquent portfolio of ~26% (including NPLs) as of mid-April 2025 (albeit improved from ~41% as of mid-January 2024). Moreover, the current economic slowdown and the sustained stress on borrowers could potentially lead to further spike in NPLs and weaken the bank's solvency profile (net NPLs to net worth ratio of ~10% as of mid-April 2025, decreasing from ~14% as of mid-January 2024). The bank's asset quality is likely to remain under pressure thereby impacting its incremental profitability, solvency and capitalisation, and hence could have a bearing over the rating.

**Return indicators remain suppressed among peers amid lower asset base** – The bank reported marginal improvement in return indicator with RoA of 0.91% in 9MFY2025 (0.89% in H1FY2024) while RoNW remained at similar level at 8.45% in 9MFY2025 (8.65% in H1FY2024). Despite improving net interest margins (NIMs) amid decreasing cost of deposit in 9MFY2025, the bank's profitability indicators remained suppressed amid relatively higher operating expense to total asset ratio (partly due to lower asset base) coupled with asset quality deterioration. Going forward, the bank's ability to maintain adequate NIMs, achieve operational efficiency and manage the assets quality would have a strong bearing on its profitability profile.

**Intense competition from commercial banks** – As per the regulatory provisions, class-B banks are restricted to undertake certain activities viz. credit secured only against hypothecation of stock and receivables, opening of foreign currency-denominated letter of credit/ guarantees, etc. These provisions erode the competitive positioning of the development banks such as MBL vis-à-vis the commercial banks with stronger brand, diverse branch network, larger customer base, a wider range of services and finer lending rates. Further, banks like MBL would generally have moderate borrower profile against the commercial banks owing to disadvantage in terms of rates.

**Analytical approach:** For arriving at the rating, ICRA Nepal has applied its rating methodologies as indicated below.

**Links to the applicable criteria:**

[Bank Rating Methodology](#)

[Issuer Rating Methodology](#)

**Link to the last rating rationale:**

[Rationale- Mahalaxmi Bikas Bank Limited-Issuer Rating Surveillance January 2024](#)

## Bank profile

Mahalaxmi Bikas Bank Limited (MLBL) is a national development bank, formed after the merger of the erstwhile Mahalaxmi Bikas Bank Limited and the erstwhile Yeti Development Bank Limited in July 2017. Both these merging entities also had a prior history of mergers/acquisitions of other smaller class B and class C institutions in the past. MLBL's corporate office is located at Durbar Marg, Kathmandu. The company's share capital is held by the promoter and public shareholders in the ratio of 51:49. MLBL is operating through its network of 103 branches as of mid-April 2025. The bank had a market share of ~8.7% in terms of deposit and ~9.0% in terms of advances of the development banking industry (comprising 17 players) as of mid-January 2025.

## Key financial indicators

YEAR ENDED	Mid-July 2022 (Audited)	Mid-July 2023 (Audited)	Mid-July 2024 (Audited)	Mid-January 2025 (Provisional)	Mid-April 2025 (Provisional)
Net Interest Income – NPR Million	1,893	1,946	1,966	1,019	1,536
Profit before tax – NPR Million	1,257	569	743	410	624
Profit after tax – NPR Million	905	378	500	287	437
Loans and advances – NPR Million	40,425	41,809	44,946	46,749	47,084
Total assets – NPR Million	54,867	61,857	64,689	63,032	62,730
<b>OPERATING RATIOS</b>					
Net Interest Margin/Avg. Total Assets	3.70%	3.33%	3.11%	3.19%	3.22%
Non-interest Income/Avg. Total Assets	0.86%	0.40%	0.41%	0.46%	0.46%
Operating Expenses/Avg. Total Assets	2.03%	1.89%	1.84%	1.76%	1.83%
Credit Provisions / Avg. Total Assets	0.07%	0.87%	0.51%	0.61%	0.54%
PAT / Avg. Total Assets	1.77%	0.65%	0.79%	0.90%	0.91%
PAT / Net Worth	15.22%	5.93%	7.59%	8.42%	8.45%
Gross NPLs	2.43%	3.51%	4.07%	4.93%	4.99%
0+ days delinquencies	22.91%	28.17%	21.18%	23.98%	25.64%
<b>CAPITALISATION RATIOS</b>					
Capital Adequacy Ratio	11.65%	12.99%	14.93%	14.92%	14.93%
Tier-I Capital	10.26%	10.10%	11.80%	11.28%	11.54%
Net NPLs/Net Worth	6.41%	4.78%	9.17%	11.39%	9.92%
<b>COVERAGE &amp; LIQUIDITY RATIOS</b>					
Total Liquid Assets/Total Liability	25.40%	31.32%	29.54%	24.64%	24.10%
Total Advances/Total Deposits	88.07%	78.12%	81.41%	87.80%	88.50%
Credit to deposit ratio as per NRB directive	88.55%	78.12%	80.83%	86.43%	87.41%

*Source: Company Data*

For further details please contact:

### Analyst contacts

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### Relationship contacts

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[barsha@icranepal.com](mailto:barsha@icranepal.com)

### About ICRA Nepal Limited

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For more information, visit [www.icranepal.com](http://www.icranepal.com)

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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF MAHALAXMI BIKAS BANK LIMITED

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the Financial Statements of Mahalaxmi Bikas Bank Limited which comprise statement of financial position as at 32 Ashad 2082 (16 July 2025), statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity for the year 1 Shrawan 2081 to 32 Ashad 2082 (16 July 2024 to 16 July 2025) 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 as at 32 Ashad 2082 (16 July 2025), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

##### *Basis for Opinion*

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

<b>a) Information Technology ('IT') systems and controls impacting financial reporting in relation to the Bank</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations.	In assessing the integrity of the IT systems relevant to financial reporting, our team obtained an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls.
The accuracy and reliability of the financial reporting process depend on the IT systems and the related control environment, including:	We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of



- IT general controls over user access management and change management across applications, networks, databases, and operating systems;
- IT application controls.

Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a Key Audit Matter for the current year audit.

applications to the same and understanding financial risks posed by people-process and technology.

We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested the segregation of duties, including preventive controls to ensure that access to change applications, the operating system, or databases in the production environment was granted only to authorized personnel.

Other areas that were assessed under the IT control environment were whether requests for access to systems were appropriately logged, reviewed and authorized. Entity level controls pertaining to policy and procedure were also part of our audit procedure.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

**b) Identification and provisioning for non-performing assets ('NPAs') and recognition of interest income on loans and advances in relation to the Bank**

**Gross Non-performing Loans and Advances as at 32 Ashad 2082: NPR 2349 million, Provision for NPA as at 32 Ashad 2082 : (NPR 1989 million).**

*(Refer Note 3.4 (g) of the financial statements)*

Key Audit Matter	How our audit addressed the key audit matter
<p>The Guidance Note on Interest Income Recognition 2025, NFRS-9 Expected Credit Loss Related Guidelines 2024, and Unified Directives issued by NRB and provision of NFRS along with carve out issued by ICAN prescribes the prudential norms for Income Recognition, Identification, Classification and Provisioning of Non-Performing Loans and Advances.</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors.</p> <p>The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p> <p>The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, the value of security and other qualitative factors and is subject to the minimum provisioning norms specified by NRB. Further, in line with the</p>	<p>Our key procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We understood the process &amp; controls, and tested the design and operating effectiveness of key controls, including IT-based controls, focusing on the following: <ul style="list-style-type: none"> <li>a) Approval of new lending facilities against the Bank's credit policies and the performance of annual loan assessments.</li> <li>b) Controls over the monitoring of credit quality which amongst other things included, the monitoring of overdue reports, drawing power limits, pending security creation.</li> <li>c) Identification and classification of NPAs in line with NRB's Directives, the impairment requirement as per NFRS and NFRS-9 Expected Credit Loss Related Guidelines, 2024 issued by NRB and certain qualitative aspects.</li> <li>d) Assessment of adequacy of NPA provisions being the higher of NRB norms and the impairment requirement as per NFRS 9-</li> </ul> </li> </ul>



NFRS-9 (along with carve out issued by ICAN) and Expected Credit Loss (ECL) Related Guidelines, 2024 issued by NRB, impairment is recognized at the higher of the provision as per NRB norms or the impairment loss computed under NFRS-9 ECL requirements.

As at 32 Ashad 2082, the total provision requirement as per NRB norms amounted to NPR 2,654,449,628 while the impairment allowance determined under the NFRS-9 ECL model stood at NPR 2,179,007,892. In accordance with applicable requirements, the Bank has recognized the higher of the two amounts, i.e., NPR 2,654,449,628 in the financial statements.

The identification of NPAs and provisioning for loans and advances require a significant level of estimation and given its significance to the overall audit including possible observation by NRB which could result in disclosure in the financial statements.

The determination of ECL involves significant judgment by management in relation to the assessment of credit risk, the staging of loans, and the use of forward-looking macroeconomic information in estimating probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Given the complexity, regulatory carve-outs, and the degree of estimation involved, we identified this as a key audit matter.

Expected Credit Loss Related Guidelines, 2024 issued by NRB.

- To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed whether there was a need to classify such loans as NPAs.
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.
- Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.
- As per our review of the impairment calculation, we noted that the impairment is calculated as the higher of the following prescribed methods:
  - i) NRB Prudential Norms;
  - ii) NFRS-9 Expected Credit Loss (ECL) Related Guidelines, 2024.
- In respect of the NFRS-9 Expected Credit Loss (ECL) calculations, we specifically:
  - i) Reviewed the data inputs used for the ECL model (loan tapes, customer credit ratings, collateral information, historical loss data, and macroeconomic overlays).
  - ii) Verified the Bank's ECL modeling policy and assessed whether it was consistent with regulatory guidance and industry practice.
  - iii) Evaluated the appropriateness of staging criteria (Stage 1, Stage 2 and Stage 3) and assessed whether significant increase in credit risk was properly identified.
  - iv) Tested the reasonableness of key assumptions including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).
  - v) Testing the accuracy and completeness of underlying data used in the ECL calculation
  - vi) Comparing the results of the ECL model against prudential provisioning requirements to ensure the higher of the two was recorded.



	<p>vii) Assessed the incorporation of forward-looking information and management overlays into the ECL estimate.</p> <p>viii) Verified that the Bank's Internal Audit function has validated the Expected Credit Loss (ECL) approach and the underlying model.</p>
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### **Other Matter**

The financial statements of the Company for the year ended 31 Ashad 2081 were audited by the predecessor auditor, who on 1<sup>st</sup> Poush 2081 expressed an unmodified opinion on those financial statements.

### **Information other than the Financial Statements and Auditor's Report thereon**

The Management is responsible for the other information. The other information comprises the information included in the annual report, including the report of the Board of Directors, but does not include the Financial Statements and our auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the financial statements, management is responsible for assessing the 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 Responsibility for Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.



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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 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 Other Legal and Regulatory Requirements***

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 16 July 2025 (32 Ashad 2082), the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of significant accounting policies have prepared in the format prescribed by the Nepal Rastra Bank Unified Directives No. 4 and in accordance with the requirements of



the Companies Act, 2063 and Section 59 of the Banks and Financial Institution Act, 2073 and are in agreement with the books of account maintained by the Bank, and proper books of account as required by law including relevant records relating to the preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Bank. In our opinion, the returns received from the branches were sufficient for the purpose of the audit though these statements were independently not audited.

In our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Bank on a sample basis for the purpose of our audit, we have not come across cases where the Board of Directors or any employees of the Bank have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank, its depositors and investors except than those mentioned in the note 5.10.1 of the financial statements.



Sanjeev Dhakal  
*Partner*

PKF T R Upadhyaya & Co.  
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal

Date: 17 Kartik 2082  
UDIN: 251103CA01152Mtg6C

# Mahalaxmi Bikas Bank Ltd.

## Statement of Financial Position

As on 32 Ashad 2082

Amount in NPR

Assets	Note	Current Year	Previous Year
Cash and Cash Equivalent	4.1	2,952,870,738	2,478,680,743
Due from Nepal Rastra Bank	4.2	2,215,803,424	2,004,682,212
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loan and Advances to B/FIs	4.6	3,833,409,822	3,712,564,513
Loans and Advances to Customers	4.7	41,510,404,522	40,550,087,131
Investment Securities	4.8	12,462,462,782	14,625,163,539
Current Tax Assets	4.9	60,465,953	-
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	6,466,400	4,733,900
Investment Property	4.12	547,660,001	532,454,431
Property and Equipment	4.13	537,693,098	344,370,504
Goodwill and Intangible Assets	4.14	5,366,926	6,237,690
Deferred Tax Assets	4.15	111,346,829	57,549,740
Other Assets	4.16	885,253,225	372,470,817
<b>Total Assets</b>		<b>65,129,203,720</b>	<b>64,688,995,218</b>
<b>Liabilities</b>			
Due to Bank and Financial Institutions	4.17	1,101,615,285	914,146,754
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	55,115,470,657	55,210,282,742
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	12,006,842
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	832,827,862	813,345,450
Debt Securities Issued	4.24	995,443,823	995,083,747
Subordinated Liabilities	4.25	-	-
<b>Total Liabilities</b>		<b>58,045,357,627</b>	<b>57,944,865,535</b>
<b>Equity</b>			
Share Capital	4.26	4,296,458,158	4,171,318,600
Share Premium		-	-
Retained Earnings		445,596,833	292,319,290
Reserves	4.27	2,341,791,102	2,280,491,793
<b>Total Equity Attributable to Equity Holders</b>		<b>7,083,846,093</b>	<b>6,744,129,684</b>
<b>Non-controlling Interest</b>			
<b>Total Equity</b>		<b>7,083,846,093</b>	<b>6,744,129,684</b>
<b>Total Liabilities and Equity</b>		<b>65,129,203,720</b>	<b>64,688,995,218</b>
Contingent Liabilities and Commitment	4.28	1,442,452,306	1,506,785,978
Net Assets value per share		164.88	161.68

As per our report of even date

<b>Rajesh Upadhyay</b> Chairman	<b>Sanjay Giri</b> Director	<b>Shyam Sundar Rungta</b> Director	<b>Rupendra Poudel</b> Director	<b>Rahul Agrawal</b> Director	<b>CA Sanjeev Dhakal</b> For and on behalf of PKF TR Upadhyay & Co.
<b>Ashwini Kumar Thakur</b> Director	<b>Sagar Malla</b> Director	<b>Dipesh Lamsal</b> Chief Executive Officer	<b>Anuj Acharya</b> Chief Financial Officer	<b>Sheela Aryal</b> Head Finance & Treasury	

Date: 3<sup>rd</sup> November, 2025  
Place: Kathmandu



# Mahalaxmi Bikas Bank Ltd.

## Statement of Profit or Loss

For the year ended 32 Ashad 2082

Amount in NPR

	Note	Current Year	Previous Year
Interest Income	4.29	4,877,104,524	6,495,350,389
Interest Expense	4.30	2,935,887,676	4,528,927,114
<b>Net Interest Income</b>		<b>1,941,216,848</b>	<b>1,966,423,275</b>
Fee and Commission Income	4.31	234,846,574	226,085,038
Fee and Commission Expense	4.32	28,282,592	18,873,177
<b>Net Fee and Commission Income</b>		<b>206,563,982</b>	<b>207,211,860</b>
<b>Net Interest, Fee and Commission Income</b>		<b>2,147,780,830</b>	<b>2,173,635,135</b>
Net Trading Income	4.33	231,137	221,372
Other Operating Income	4.34	123,810,259	47,669,440
<b>Total Operating Income</b>		<b>2,271,822,226</b>	<b>2,221,525,947</b>
Impairment Charge/(Reversal) for Loans and Other Losses	4.35	517,372,903	321,580,807
<b>Net Operating Income</b>		<b>1,754,449,323</b>	<b>1,899,945,139</b>
<b>Operating Expense</b>		<b>1,143,042,430</b>	<b>1,151,536,108</b>
Personnel Expenses	4.36	689,169,995	719,432,629
Other Operating Expenses	4.37	382,674,799	363,585,097
Depreciation & Amortization	4.38	71,197,637	68,518,382
<b>Operating Profit</b>		<b>611,406,893</b>	<b>748,409,031</b>
Non Operating Income	4.39	744,690	5,477,830
Non Operating Expense	4.40	16,836,355	11,370,565
<b>Profit before Income Tax</b>		<b>595,315,229</b>	<b>742,516,296</b>
Income Tax Expense	4.41	170,996,753	242,151,371
Current Tax		260,044,132	252,352,857
Deferred Tax Income/(Expenses)		(89,047,379)	(10,201,485)
<b>Profit for the year</b>		<b>424,318,476</b>	<b>500,364,925</b>
<b>Profit Attributable to</b>			
Equity holders of the Bank		424,318,476	500,364,925
Non-controlling Interest		-	-
<b>Profit for the year</b>		<b>424,318,476</b>	<b>500,364,925</b>
<b>Earnings per Share</b>			
Basic earnings per share		9.88	12.00
Diluted earnings per share		9.88	12.00

As per our report of even date

**Rajesh Upadhyay**  
Chairman

**Sanjay Giri**  
Director

**Shyam Sundar Rungta**  
Director

**Rupendra Poudel**  
Director

**Rahul Agrawal**  
Director

**CA Sanjeev Dhakal**  
For and on behalf of  
PKF TR Upadhyay & Co.

**Ashwini Kumar Thakur**  
Director

**Sagar Malla**  
Director

**Dipesh Lamsal**  
Chief Executive Officer

**Anuj Acharya**  
Chief Financial Officer

**Sheela Aryal**  
Head Finance & Treasury

Date: 3<sup>rd</sup> November, 2025  
Place: Kathmandu

# Mahalaxmi Bikas Bank Ltd.

## Statement of Comprehensive Income

For the year ended 32 Ashad 2082

Amount in NPR

	Current Year	Previous Year
<b>Profit for the year</b>	<b>424,318,476</b>	<b>500,364,925</b>
<b>Other Comprehensive Income</b>	-	-
<b>a) Items that will not be reclassified to profit or loss</b>	-	-
Gains/(losses) from investments in equity instruments measured at fair value	75,799,099	63,449,991
Gain/(loss) on revaluation	-	-
Atuarial gain/(loss) on defined benefit plans	41,701,868	30,307,521
Income tax relating to above items	(35,250,290)	(28,127,254)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>82,250,677</b>	<b>65,630,258</b>
<b>b) Items that are or may be reclassified to profit or loss</b>	-	-
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss	-	-
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>	-	-
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>82,250,677</b>	<b>65,630,258</b>
<b>Total comprehensive income for the year</b>	<b>506,569,153</b>	<b>565,995,183</b>
<b>Total comprehensive income attributable to</b>		
Equity holders of the Bank	506,569,153	565,995,183
Non-controlling interest	-	-
<b>Total comprehensive income for the year</b>	<b>506,569,153</b>	<b>565,995,183</b>

As per our report of even date

**Rajesh Upadhyay**  
Chairman

**Sanjay Giri**  
Director

**Shyam Sundar Rungta**  
Director

**Rupendra Poudel**  
Director

**Rahul Agrawal**  
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Director

**Sagar Malla**  
Director

**Dipesh Lamsal**  
Chief Executive Officer

**Anuj Acharya**  
Chief Financial Officer

**Sheela Aryal**  
Head Finance & Treasury

Date: 3<sup>rd</sup> November, 2025

Place: Kathmandu



# Mahalaxmi Bikas Bank Ltd.

## Statement of changes in equity

As on 32 Ashad 2082

### Attributable to equity holders of the Bank

Amount in NPR

	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Capital Redemption Reserve	Employee Capability Enhancement Fund	Investment Adjustment Reserve	Actuarial Gain/Loss Reserve	CSR Fund	Deferred Tax Reserve	Total	Non controlling interest	Total equity
Balance at Shrawan 1, 2080	4,171,318,600	-	1,394,353,400	2,356,414	662,324,661	(39,603,825)	-	267,191,344	-	1,802,045	2,500,000	(23,484,733)	6,340,985	-	6,445,098,891	-	6,445,098,891
Adjustment/Restatement	-	-	-	-	-	4,853,492	-	(4,853,492)	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2080	4,171,318,600	-	1,394,353,400	2,356,414	662,324,661	(34,750,333)	-	262,337,852	-	1,802,045	2,500,000	(23,484,733)	6,340,985	-	6,445,098,891	-	6,445,098,891
Profit for the year	-	-	-	-	-	-	-	500,364,925	-	-	-	-	-	-	500,364,925	-	500,364,925
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/loss on defined benefit plans	-	-	-	-	(21,215,265)	-	-	21,215,265	-	-	-	21,215,265	-	-	21,215,265	-	21,215,265
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	(100,072,985)	-	-	-	-	-	-	-	-	-
<b>Transfer to reserve during the year</b>	-	-	100,072,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	100,072,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision on Non Banking Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	431,430,446	-	-	(431,430,446)	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	429,907	-	-	-	(429,907)	-	-	-	-	-	-	-	-	-



	Share capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Capital Redemption Reserve	Employee Capability Enhancement Fund	Investment Adjustment Reserve	Actuarial Gain/Loss Reserve	CSR Fund	Deferred Tax Reserve	Total	Non controlling interest	Total equity
Fair Value Reserve	-	-	49,139,814	(4,724,820)	-	-	-	-	-	-	-	-	-	-	44,414,994	-	44,414,994
Corporate Social Responsibility Fund	-	-	(5,003,649)	-	-	-	-	-	-	-	-	-	5,003,649	-	-	-	-
Employee Capability Enhancement Fund	-	-	(5,589,202)	-	-	-	-	-	-	5,589,202	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfer from reserve during the year</b>																	
Provision on Non Banking Assets			(77,113,828)	77,113,828													
Interest Receivable			(181,644,195)	181,644,195													
Fair Value Reserve			(39,603,825)	39,603,825													
Actuarial Loss Reserve			(17,925,768)	17,925,768													
Deferred Tax Reserve			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilization of Institution CSR Fund			6,329,033	-	-	-	-	-	-	-	-	-	(6,329,033)	-	-	-	-
<b>Transactions with owners, directly recognised in equity</b>																	
Share issued			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dividends to equity holders</b>																	
Bonus shares issued			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid			-	-	-	-	(266,964,390)	-	-	-	-	-	-	-	(266,964,390)	-	(266,964,390)
<b>Balance at 31st Ashadh 2081</b>	<b>4,171,318,600</b>	<b>-</b>	<b>1,494,426,385</b>	<b>2,786,322</b>	<b>756,252,225</b>	<b>14,389,480</b>	<b>-</b>	<b>292,319,290</b>	<b>-</b>	<b>7,391,247</b>	<b>2,500,000</b>	<b>(2,269,468)</b>	<b>5,015,602</b>	<b>-</b>	<b>6,744,129,684</b>	<b>-</b>	<b>6,744,129,684</b>

	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Capital Redemption Reserve	Employee Capability Enhancement Fund	Investment Adjustment Reserve	Actuarial Gain/Loss Reserve	CSR Fund	Deferred Tax Reserve	Total	Non controlling interest	Total equity
<b>Balance at Shrawan 1, 2081</b>	4,171,318,600	-	1,494,426,385	2,786,322	756,252,225	14,389,480	-	292,319,290	-	7,391,247	2,500,000	(2,269,468)	5,015,602	-	6,744,129,684	-	6,744,129,684
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at Shrawan 1, 2081</b>	4,171,318,600	-	1,494,426,385	2,786,322	756,252,225	14,389,480	-	292,319,290	-	7,391,247	2,500,000	(2,269,468)	5,015,602	-	6,744,129,684	-	6,744,129,684
Profit for the period	-	-	-	-	-	-	-	424,318,476	-	-	-	-	-	-	424,318,476	-	424,318,476
Other	-	-	105,624	-	-	52,531,249	-	-	-	-	-	-	-	-	52,636,873	-	52,636,873
Comprehensive Income	-	-	-	-	-	-	-	424,318,476	-	-	-	-	-	-	424,318,476	-	424,318,476
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	422,496	-	-	-	-	-	-	422,496	-	422,496
<b>Transfer to reserve during the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	84,863,695	-	-	-	-	(84,863,695)	-	-	-	-	-	-	-	-	-
Provision on Non Banking Assets	-	-	-	-	95,007,117	-	-	(95,007,117)	-	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	253,834,844	-	-	(253,834,844)	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	526,994	-	-	-	(526,994)	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	(4,243,185)	-	-	-	-	4,243,185	-	-	-	-
Employee Capability Enhancement Fund	-	-	-	-	-	-	-	4,126,693	-	(4,126,693)	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Capitalized Reserve	-	-	-	-	1,068,388	-	-	(1,068,388)	-	-	-	-	-	-	-	-	-
Deffered Tax Reserve	-	-	-	-	68,292,459	-	-	(68,292,459)	-	-	-	-	-	-	-	-	-
<b>Transfer from reserve during the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Capital Redemption Reserve	Employee Capability Enhancement Fund	Investment Adjustment Reserve	Actuarial Gain/Loss Reserve	CSR Fund	Deferred Tax Reserve	Total	Non controlling interest	Total equity
Provision on Non Banking Assets	-	-	-	(87,439,305)	87,439,305	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	(431,430,446)	431,430,446	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Loss Reserve	-	-	-	(2,269,468)	2,269,468	-	-	29,191,308	-	-	-	29,191,308	-	-	29,191,308	-	29,191,308
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	(1,732,500)	1,732,500	-	-	-	-	1,732,500	-	-	-	-	-	-
Utilization of Institution CSR Fund	-	-	-	-	4,832,143	-	-	-	-	-	-	-	(4,832,143)	-	-	-	-
<b>Transactions with owners, directly recognised in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dividends to equity holders</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	125,139,558	-	-	-	-	-	-	(125,139,558)	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(166,852,744)	-	-	-	-	-	-	(166,852,744)	-	(166,852,744)
<b>Balance at 32nd Ashad 2082</b>	<b>4,296,458,158</b>	<b>-</b>	<b>1,579,395,704</b>	<b>3,313,315</b>	<b>653,315,815</b>	<b>66,920,729</b>	<b>-</b>	<b>445,596,833</b>	<b>-</b>	<b>3,264,555</b>	<b>4,232,500</b>	<b>26,921,840</b>	<b>4,426,644</b>	<b>-</b>	<b>7,083,846,093</b>	<b>-</b>	<b>7,083,846,093</b>

As per our report of even date

**Rajesh Upadhyay** Chairman  
**Sanjay Giri** Director  
**Shyam Sundar Rungta** Director  
**Rupendra Poudel** Director  
**Rahul Agrawal** Director

**Ashwini Kumar Thakur** Director  
**Sagar Malla** Director  
**Dipesh Lamsal** Chief Executive Officer  
**Anuj Acharya** Chief Financial Officer  
**Sheela Aryal** Head Finance & Treasury

**CA Sanjeev Dhakal**  
For and on behalf of  
PKF TR Upadhyay & Co.

Date: 3<sup>rd</sup> November, 2025  
Place: Kathmandu

# Mahalaxmi Bikas Bank Ltd.

## Statement of Cash Flows

For the year ended 32 Ashad 2082

Amount in NPR

	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	4,426,712,198	6,201,335,693
Fees and other income received	234,846,574	226,085,038
Dividend received	-	-
Receipts from other operating activities	30,135,098	19,935,572
Interest paid	(2,825,167,523)	(4,526,357,837)
Commission and fees paid	(28,282,592)	(18,873,177)
Cash payment to employees	(650,612,789)	(545,261,263)
Other expense paid	(810,172,028)	(374,955,662)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>377,458,937</b>	<b>981,908,364</b>
<b>(Increase)/Decrease in operating assets</b>		
Due from Nepal Rastra Bank	(211,121,212)	(258,643,344)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(120,845,310)	(122,873,438)
Loans and advances to customers	(960,317,391)	(3,220,084,974)
Other assets	(706,201,696)	74,789,286
	<b>(1,998,485,609)</b>	<b>(3,526,812,470)</b>
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	187,468,532	(1,108,689,609)
Due to Nepal Rastra Bank	-	-
Deposit from customers	(94,812,085)	3,713,849,521
Borrowings	-	-
Other liabilities	(15,485,388)	(205,362,551)
	<b>77,171,059</b>	<b>2,399,797,360</b>
<b>Net cash flow from operating activities before tax paid</b>	<b>(1,543,855,613)</b>	<b>(145,106,746)</b>
Income taxes paid	(170,996,753)	242,151,371
<b>Net cash flow from operating activities</b>	<b>(1,714,852,365)</b>	<b>(387,258,118)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	-	(944,362,921)
Receipts from sale of investment securities	2,275,093,299	-
Purchase of property and equipment	(261,947,847)	(41,183,845)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	(3,354,410)
Receipt from the sale of intangible assets	(938,000)	-
Purchase of investment properties	(10,471,325)	10,587,471
Receipt from the sale of investment properties	-	-
Interest received	448,942,164	-
Dividend received	48,719,204	31,713,440
<b>Net cash used in investing activities</b>	<b>2,499,397,495</b>	<b>(946,600,265)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	(166,852,744)	(266,964,390)
Interest paid	(110,360,076)	-
Other receipt/payment	(35,250,290)	-
<b>Net cash from financing activities</b>	<b>(312,463,110)</b>	<b>(266,964,390)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>472,082,020</b>	<b>(1,600,822,773)</b>
Cash and cash equivalents at Shrawan 1, 2081	2,478,680,743	4,077,783,886
Effect of exchange rate fluctuations on cash and cash equivalents held	2,107,975	1,719,630
<b>Cash and cash equivalents at 32 Ashad 2082</b>	<b>2,952,870,738</b>	<b>2,478,680,743</b>

As per our report of even date

<b>Rajesh Upadhyay</b> Chairman	<b>Sanjay Giri</b> Director	<b>Shyam Sundar Rungta</b> Director	<b>Rupendra Poudel</b> Director	<b>Rahul Agrawal</b> Director	<b>CA Sanjeev Dhakal</b> For and on behalf of PKF TR Upadhyay & Co.
<b>Ashwini Kumar Thakur</b> Director	<b>Sagar Malla</b> Director	<b>Dipesh Lamsal</b> Chief Executive Officer	<b>Anuj Acharya</b> Chief Financial Officer	<b>Sheela Aryal</b> Head Finance & Treasury	

Date: 3<sup>rd</sup> November, 2025

Place: Kathmandu

# Mahalaxmi Bikas Bank Ltd.

## Statement of Distributable Profit or Loss

For the year ended 32 Ashad 2082

(As per NRB Regulation)

Amount in NPR

Particulars	Current Year	Previous Year
<b>Net profit or (loss) for the period end Ashad 82</b>	<b>424,318,476</b>	<b>500,364,925</b>
<b>Appropriations:</b>		
a. General reserve	(84,863,695)	(100,072,985)
b. Capital redemption reserve	-	-
c. Exchange fluctuation fund	(526,994)	(429,907)
d. Corporate social responsibility fund	(4,243,185)	(5,003,649)
e. Employees' training fund	4,126,693	(5,589,202)
f. Other-		
Investment Adjustment Reserve	(1,732,500)	-
Fair value reserve	-	(4,724,820)
CSR expense reversal	4,832,143	6,329,033
<b>Profit or (loss) before regulatory adjustment</b>	<b>341,910,938</b>	<b>390,873,393</b>
<b>Regulatory adjustment :</b>		
a. Interest receivable (-)/previous accrued interest received (+)	177,595,602	(249,786,251)
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 (+)	(7,567,812)	77,113,828
e. Deferred tax assets recognised (-)/ reversal (+)	(68,292,459)	17,925,768
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	2,269,468	21,215,265
i. Other (+/-)		
Fair Value Loss	-	39,603,825
Interest Capitalized Reserve	(1,068,388)	-
<b>Net profit for the period end Ashad 2082 available for distribution</b>	<b>444,847,348</b>	<b>296,945,829</b>
Opening Retained Earning	292,319,291	267,191,345
Adjustment(+/-)	422,496	(4,853,492)
<b>Distribution:</b>		
Bonus Share issued	(125,139,558)	-
Cash Dividend Paid	(166,852,744)	(266,964,390)
<b>Total Distributable Profit or (Loss) as on Ashad End, 2082</b>	<b>445,596,833</b>	<b>292,319,291</b>
Annualised Distributable Profit/Loss per Share	10.37	7.01

As per our report of even date

**Rajesh Upadhyay**  
Chairman

**Sanjay Giri**  
Director

**Shyam Sundar Rungta**  
Director

**Rupendra Poudel**  
Director

**Rahul Agrawal**  
Director

**CA Sanjeev Dhakal**  
For and on behalf of  
PKF TR Upadhyay & Co.

**Ashwini Kumar Thakur**  
Director

**Sagar Malla**  
Director

**Dipesh Lamsal**  
Chief Executive Officer

**Anuj Acharya**  
Chief Financial Officer

**Sheela Aryal**  
Head Finance & Treasury

Date: 3<sup>rd</sup> November, 2025

Place: Kathmandu



# Notes to the financial statements for the year ended 32nd Ashad 2082

## 1. General Information

### 1.1 Reporting Entity

Reporting Entity Mahalaxmi Bikas Bank Limited ('The Bank') is domiciled and incorporated in Nepal under the Companies Act, 2063 on 7th Poush 2056. The bank received the license to commence banking operations as a 'B Class' National level financial institution from Nepal Rastra Bank on 17th Jestha 2058. The bank is a limited liability company having its shares listed on Nepal Stock Exchange. The registered office of the Bank is situated at Annapurna Arcade-Durbarmarg, Kathmandu, Nepal.

The Bank is listed on Nepal Stock Exchange and its stock symbol is "MLBL".

The bank's principal offerings include comprehensive range of financial services encompassing accepting of deposits, corporate and retail credit, project financing, hire purchase financing, micro credit, trade financing, personal and corporate banking, foreign currency operations, digital products such as debit cards, internet banking, mobile banking, QR services, demat service, virtual credit card, remittance facilities including dealing in government securities and treasury related products, agency services and others ancillary services permitted by the Banking and Financial Regulation Act, 2073.

## 2. Basis of Preparation

The financial statements of the bank have been prepared on accrual basis of accounting in accordance with 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 line with format issued by Nepal Rastra Bank as per Directive No.4.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Accounts.

### 2.1 Going Concern

The financial statements are prepared on a going concern basis, as the Bank has the resources to continue its business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

### 2.2 Statement of Compliance

The financial statements have been prepared on going concern basis and under historical cost conventions except where the standards require otherwise. The financial statements of the bank have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) developed by the Accounting Standards Board, Nepal (ASB, Nepal) and pronounced for implementation by the Institute of Chartered Accountants of Nepal (ICAN). The financial statements comprise of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, Statement in Changes in Equity, Statement of Cash flows and Notes to the Accounts on the format and structure prescribed by NRB Directive No. 4.

### 2.3 Reporting Period and Approval of Financial Statements:

The Bank follows the Nepalese financial year based on Nepali calendar starting from 1st Shrawan 2081 and ending on 32nd Ashad 2082. (16th July 2024 to 16th July 2025).

The accompanied financial statements have been approved and authorized for issue by the Board of Directors in its 635th meeting held on 17th Kartik, 2082 and have been recommended for approval by Nepal Rastra Bank and shareholders in 24th Annual General Meeting of the bank.

### 2.4 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR) which is the functional and presentation currency of the bank. The financial figures presented has been rounded off to nearest rupee except where otherwise stated.

### 2.5 Use of Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

## 2.6 Changes in Accounting Policies

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS compliant Statement of Financial Position as at 1st Shrawan, 2074 being the date of transition to NFRS.

## 2.7 New Standards Issued but not yet effective

A number of new standards and amendments to the existing standards have been issued by IASB after the pronouncements of IFRS with varying effective dates. These become applicable when ASB Nepal incorporates them within NFRS and interpretation thereon.

## 2.8 New Standards and interpretation not adopted

All the new standards and amendments including interpretation thereon issued and effective have been applied in the preparation of Financial statements.

## 2.9 Discounting

The bank determines amortized cost of a financial asset or a financial liability using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of a financial asset or a financial liability to the net carrying amount of the financial asset or liability. If expected life cannot be determined reliably, then the contractual life is used.

## 3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3.1 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except mentioned otherwise: Investment in Securities through SOCI- Fair Value, Employees Defined Benefit Obligation- Present value of defined benefit obligation less the fair value of the plan assets, lease – right to use in present value.

### 3.2 Basis of Consolidation

#### a) Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date i.e., when control is transferred to the bank. Control is power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable. The consideration transferred in a business combination is measured at fair value, which is calculated as sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the profit or loss as incurred.

Bank doesn't possess any control to govern the financial and operating policies of any entities in the reporting period.

#### b) Non-Controlling Interest

Non-controlling interest represents the equity in a subsidiary not attributable directly or indirectly to a parent. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank.

For each business combination, the bank elects to measure any non-controlling interests in the acquiree either:

- ▶ at fair value; or
- ▶ at their proportionate share of the acquire identifiable net assets, which are generally at fair value.

#### c) Subsidiaries

Subsidiaries are 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 entity and has the ability to affect those returns through its power over the entity. The Bank reassesses whether it still has control, if there are changes to one or more of the elements of control. An investment in a



subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

The bank does not have any subsidiaries in the reporting date.

**d) Loss of Control**

When the bank loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The bank recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. It is accounted for as an equity-accounted investee or in accordance with the group's accounting policy for financial instruments depending on the level of influence retained. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with NFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any gain or loss associated with the loss of control attributable to the former controlling interest is also recognized.

The bank does not have any loss of control up to the reporting date.

**e) Special Purpose Entity (SPE)**

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Bank and the SPE's risks and rewards, The bank concludes that it controls the SPE.

The bank does not have any Special Purpose Entity.

**f) Transaction elimination on consolidation**

Intra-group balances, transactions and any unrealized profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

**g) Investment in Associates – Equity Accounting**

An associate is an entity over which the bank has significant influences but not control or joint control. This is generally the case where the bank holds between 20% to 50% of the voting rights or the bank has power to participate in the financial and operating policy decision of the investee.

The existence of significant influence by an entity is usually evidences in one or more of the following ways:

- a. Representation of board of directors or equivalent governing body of investee.
- b. Participation in Policy making processes, including participation in decision about dividends or other distributions.
- c. Material transaction between the entity and investee etc.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of Financial Position at cost and adjusted thereafter to recognize the group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the group's share of losses of an associates or joint ventures exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associates or joint ventures

The bank does not have control over any other entity for consolidation of Financial Statements.

**3.3 Cash & Cash Equivalent**

Cash and cash equivalent comprise short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value and carried at amortized cost.

The cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with banks, money at call and money market funds and financial assets with original maturity less than 3 months from the date of acquisition.

## 3.4 Financial Assets and Financial Liabilities

### 3.4.1 Recognition

The bank recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

### 3.4.2 Classification and Measurement

The financial assets and liabilities are subsequently measured at amortized cost or fair value based on business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are classified under three categories as required by NFRS 9, namely:

- i. **Financial Assets measured at amortized cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.
- ii. **Financial Assets measured at fair value through other comprehensive income:** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).
- iii. **Financial Assets measured at fair value through profit or loss:** The bank classifies the financials assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss.

Any other financial asset not classified as either amortized cost or FVTOCI, is classified as FVTPL.

Financial liabilities are classified under two categories as required by NFRS 9, namely:

- i. **Financial liabilities at fair value through profit or loss:** Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Upon initial recognition, transaction cost directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.
- ii. **Financial liabilities measured at amortized cost:** All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

### 3.4.3 De-recognition

- i. **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.
- ii. **De-recognition 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

### 3.4.4 Determination of Fair Value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank follow three levels of the fair-value-hierarchy are described below:

**Level 1:** Quoted (unadjusted) prices for identical assets or liabilities in active markets.



When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument or dealer price quotations, without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

**Level 2:** Significant inputs to the fair value measurement are directly or indirectly observable or valuations of quoted for similar instrument in active markets or quoted prices for identical or similar instrument in inactive markets.

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

**Level 3:** Significant inputs to the fair value measurement are unobservable.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

### 3.4.5 Impairment

#### Credit Risk Management Practice

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate loans and advances, commitment or investment. The bank's major credit risks arise from loans and advances, treasury operations and off-balance sheet related credit risk exposures.

#### Impairment of Financial Assets - Adoption of NFRS 9 - Financial Instruments

The Bank has adopted NFRS 9: Financial Instruments, which introduces a forward-looking Expected Credit Loss (ECL) model for the recognition of impairment on financial assets. NFRS 9 replaces the previous incurred loss model under NAS 39, and requires recognition of credit losses based on a three-stage model, reflecting changes in credit risk since initial recognition.

NFRS 9 mandates an impairment model that requires the recognition of Expected Credit Losses (ECL) on all financial debt instruments held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), undrawn loan commitments and financial guarantees.

Although NFRS 9 was originally announced by the **Institute of Chartered Accountants of Nepal (ICAN)** to be effective from **16 July 2021 (Shrawan 1, 2078)**, full implementation—particularly of the ECL framework—was deferred for banks and financial institutions until **fiscal year 2080/81**, due to various operational and technical challenges including the impact of COVID-19, limited model readiness, and resource constraints.

Accordingly, the provisions of NFRS 9, including the ECL impairment model, have been made fully applicable from **fiscal year 2081/82** for licensed banks and financial institutions.

To facilitate a consistent and robust implementation of the ECL framework, the **Nepal Rastra Bank (NRB)** has issued detailed **ECL Implementation Guidelines**, developed in alignment with international practices and regulatory frameworks of comparable jurisdictions. These guidelines are intended to support institutions in applying NFRS 9 requirements prudently and uniformly across the banking sector.

#### Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure. The bank has defined the criteria for Significant increase in credit risk in

its Expected Credit Loss Policy, 2025 which are in consistent with the NFRS 9 – Expected Credit Loss Related Guidelines, 2024 issued by Nepal Rastra Bank. The criteria are as follow:

1. More than 30 days past dues
2. Absolute lifetime PD is 5% or more
3. Relative lifetime PD is increased by 100% or more.
4. Risk rating downgraded by 2 notches since initial recognition.
5. Risk rating downgraded to non-investment grade by external credit rating agency.
6. Deterioration of relevant determinant of credit risk
7. Expectation of forbearance or restructuring due to financial difficulties
8. Deterioration of prospects for sector or industries within which a borrower operates
9. Borrower affected by macroeconomic conditions based on reasonable and supportable forecasts.
10. Modification of terms resulting in restructuring/ rescheduling.
11. 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.

The bank is determined to develop mechanisms for implementation of all SICR criteria in near future, however for this period, the bank has used following criteria for determining whether there has been a significant increase in credit risk:

#### 1. Qualitative Factor

The bank uses the Asset Classification as per the Directive issued by Nepal Rastra Bank for determining the increase in Credit Risk. Eg: Loan which was in Pass Category in previous quarter has been moved to Watchlist Category then such loan is deemed to have significant increase in credit risk as a result the loan is categorized under stage 2 from stage 1.

#### 2. Quantitative Factor

The bank uses the backstop measure for determining the quantitative factor for determining the increase in credit risk. The bank uses NFRS 9- Expected Credit Loss Related Guidelines, 2024 for determining the SICR criteria which is more than one month past due. Eg: Loans which are one month past due are categorized under stage 2 from stage 1.

#### Default Definition

- ▶ The bank considers loan to be in default when it is unlikely that the borrower will repay its credit obligations in full without recourse to actions such as realizing security, or when the borrower is past due on any material credit obligation by **more than 3 months**.
- ▶ The bank may consider other qualitative factors, such as management's assessment of the borrower's creditworthiness, which could indicate a significant deterioration in the ability to meet obligations. The bank may use their own definitions of default if they are consistent with this principle and applied in a manner aligned with their credit risk management practices. Default definitions play a critical role in determining expected credit losses (ECL) and the bank has applied it consistently across the ECL measurement process.

#### Portfolio Segmentation of credit risk exposures

For measurement of ECL, portfolio segmentation is based on similar credit risk characteristics. In performing the portfolio segmentation of credit assets, the bank considers product types, customer types, industry and customer size. The bank retests and revises the rationality of portfolio segmentation of credit risk exposures every year.

#### Staging of Financial Instruments

NFRS 9: Financial Instruments, the bank classifies financial assets into three stages based on the change in credit risk since the initial recognition. This staging framework forms the basis for calculating Expected Credit Losses (ECL) and reflects the level of credit deterioration.

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12 month expected credit losses provisions is recognized.

Instrument will remain in stage 1 until they experience significant credit deterioration (Stage 2) or they become credit impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision is recognized when there has been a significant change in Credit risk compared to what was expected at origination.



The framework used to determine a significant increase in credit risk is set out below:

Particulars	Financial Instrument	ECL
Stage 1	Performing	12 months
Stage 2	Performing but has exhibited Significant increase in credit risk	Lifetime
Stage 3	- Non-Performing - Credit Impaired	Lifetime
Purchased or Originated Credit Impaired (POCI) financial assets		Lifetime

### Parameters for Estimating Expected Credit Losses

Expected credit losses are a probability weighted estimate of credit losses (i.e. Present Value of all cash shortfalls) over the expected life of the financial instruments. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that an entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

The relevant parameters of ECL measurement include Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The bank establishes its PD models, LGD models and EAD models on the basis of the historical information available with the bank along with the incorporation of forward-looking information.

The parameters are defined as follows:

S.N.	Component	Definition
1.	Probability of Default (PD)	<p>The Probability of Default (PD) represents the likelihood that the counterparty will not be able to meet its contractual obligation.</p> <p>For Stage 1 assets, PD is calculated over the next 12 months; for Stage 2, PD reflects the lifetime of the asset. Stage 3 exposures are assumed to have a PD of 100% (Since already in default).</p> <p>PD estimates incorporate forward-looking macroeconomic assumptions (e.g., GDP growth, inflation) and are updated periodically based on statistical models calibrated to historical defaults and adjusted for the current and expected economic environment.</p>
2.	Loss Given Default (LGD)	<p>Loss Given Default (LGD) represents the proportion of exposure not expected to be recovered in the event of default, after considering the present value of expected cash flows from recoveries and collateral realizations, net of costs.</p> <p>The LGD is determined based on the historical recovery rates and takes into accounts the recovery of any collateral (applying haircuts) that is integral to the financial assets.</p>
3.	Exposure at Default (EAD)	<p>The Exposure at Default (EAD) represents the potential exposure to the lender in the event of a default by the borrower. It reflects the total amount the lender is at risk of losing if the borrower defaults, considering both the outstanding balance and any potential increases in exposure due to undrawn commitments or principal repayments.</p> <p>For revolving loans, the EAD is calculated as the outstanding balance of the loan, plus any additional undrawn amounts that may be utilized, adjusted for the Credit Conversion Factor (CCF). The CCF reflects the likelihood that the undrawn portions of the loan will be utilized before the default occurs. This adjustment is important as it accounts for the potential increase in exposure if the borrower draws on the available credit.</p> <p>The bank has utilized the CCF ratio and Utilization ratio provided by Nepal Rastra Bank in its Expected Credit Losses (ECL) Guideline, 2024</p> <p>For term loans, the EAD is based on the outstanding balance of the loan, adjusted for any principal repayments made by the borrower. Since term loans are typically repaid over time according to a fixed amortization schedule, the EAD decreases as principal is repaid, reducing the exposure in the event of default. Therefore, the EAD for term loans reflects the amount remaining after accounting for any principal recoveries, as per the amortization plan.</p>

To determine the expected credit loss, these components are multiplied together. PD for the reference period (up to 12 months or lifetime) \* LGD \* EAD and discounted to the balance sheet dates using the **Coupon Rate** of the reporting date as the discount rate.

For stage 3 loans, the Probability of Default is already 100% (since already defaulted) so the Expected Credit Loss is calculated as  $LGD * EAD$ .

### Credit Impaired Financial Instrument

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:

- i. Significant financial difficulty of the issuer or the borrower.
- ii. A breach of contract, such as a default or past due event
- iii. The lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider.
- iv. It is becoming probable that the borrower will enter bankruptcy or other financial re-organization.
- v. The disappearance of an active market for that financial instrument because of financial difficulties
- vi. The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses.
- vii. The borrower is overdue for more than 90 days in any principal, advances, interest or investment in bonds due to the bank.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

### Estimation of Expected Credit loss for Credit Impaired Financial Assets

For credit-impaired exposures, the Probability of Default (PD) is assumed to be 100%, as these loans have already met the default criteria under the Bank's credit risk policy.

The recovery horizon for such exposures is determined based on Plateau Analysis, which assesses historical recovery trends over time. The Loss Given Default (LGD) is derived from the Bank's recovery model for exposures where the recovery period has not yet expired. For exposures where the recovery period has lapsed, an LGD of 100% is applied to reflect full loss recognition.

The Exposure at Default (EAD) for credit-impaired exposures is measured as the total outstanding balance of the loan, including accrued interest and fees, as at the reporting date.

Purchased or originated credit impaired financial assets are those financial assets that are credit-impaired on initial recognition.

The bank has not purchased or originated any financial assets that were credit impaired at the time of initial recognition. Accordingly, no financial assets are classified as Purchase or Originated Credit Impaired (POCI) as at the reporting date.

### Investment

The bank applies the **NFRS 9 Expected Credit Loss (ECL) model** on investments in **debt instruments measured at amortised cost and FVOCI**. The **Vasicek single-factor credit risk model** is used to estimate probability of default (PD), incorporating both systematic and idiosyncratic risk. The model is calibrated using **S&P Global historical default and transition data**, adjusted for the Bank's portfolio and forward-looking macroeconomic scenarios. **Loss Given Default (LGD)** is estimated based on recovery experience and external benchmarks, while **Exposure at Default (EAD)** represents the amortised cost carrying amount including accrued interest.

### Staff Loans

Staff loans are classified at amortised cost in accordance with NFRS 9. In the absence of historical default events, the Bank has adopted the regulatory floor Probability of Default (PD) of 2.5% as prescribed by NFRS 9, ECL Guideline issued by Nepal Rastra Bank, together with an average Loss Given Default (LGD) derived from Bank's recovery experience. The Exposure at Default (EAD) is represented by the outstanding loan balance, including accrued interest. Although staff loans are generally considered low risk due to repayment through salary deductions and end-of-service benefits, an Expected Credit Loss (ECL) is recognized to ensure compliance with NFRS 9 and regulatory requirements. The staff loans are assessed under stage 1 unless objective evidence of impairment exists. This conservative approach ensures prudence in financial reporting and alignment with sound risk management practices.

### Off Balance Sheet items

Off-balance sheet items such as letters of credit, guarantees, and unutilized loan commitments are not recognized as financial assets or liabilities in the statement of financial position. However, these exposures are subject to Expected Credit Loss (ECL) under NFRS 9. For estimating ECL, the Bank applies the Probability of Default (PD) and Loss Given Default (LGD) derived from its



business portfolio, and utilizes the credit conversion factors (CCF) / utilization ratios as prescribed in the NFRS 9 ECL Guideline issued by Nepal Rastra Bank (NRB). This approach ensures that ECL reflects both the likelihood of default and the expected drawdown of off-balance sheet exposures. All off-balance sheet exposures are recognized under Stage 1 (12-month ECL) unless there is objective evidence of impairment. This approach ensures that ECL reflects both the likelihood of default and the expected drawdown, maintaining prudence and compliance with NFRS 9 and NRB requirements.

### Write off

Financial assets are written off (either partially or fully) when recovery is no longer considered realistic. A write-off is treated as a de-recognition event, where the asset's carrying amount is reduced by the amount written off. This occurs when the bank determines that further collection efforts are unlikely to result in significant recoveries. Any recoveries on written-off amounts are recognized as income in the period in which they are received.

The following loans were written off during the period.

S.N.	Particulars	Gross Carrying Amount	Write off Amount	Written off Date	Recovery (after written off)
1	Ram Das Shrestha	2,241,180	1,177,121	30-Sep-24	
2	Temba Rinji Sherpa	1,112,305	741,701	18-Oct-24	
3	Dhirendra Kumar Sah	253,455	189,841	07-Feb-25	263,350
4	Ghatal Halo Block Udhog	1,475,091	1,475,091	21-Feb-25	
5	Raju Kumar Tamang	1,271,103	1,271,103	23-Feb-25	
6	Debaki Tayals Suppliers	10,653,666	10,653,666	20-Jun-25	
7	Dipendra Prasad Dahal	1,344,745	1,327,832	08-Jul-25	
<b>Total</b>			<b>16,836,355</b>		

### Enforcement Activity after Write off

The bank conducts the following enforcement activity after the write off of a financial instrument:

1. A separate Debt Recovery unit has been established under the central office,
2. Systematic record maintenance for each loan written off with proper allocation of serial number. The Bank maintains records that clearly state the level and name of the employees involved in the approval process, the type, condition and valuation process of the collateral secured by the collateral-related loan, detailed details of the guarantor, and any efforts made to recover such loans prior to their write-off, and the basis/justification used in writing off the loans.
3. The Bank shall recover the amount of the written-off loans. As the claim remains valid, the Bank will retain the right to recover the amount due from the security taken by the borrower, other assets or collateral for recovery. Action will be taken to recover written-off loans in the same manner as other loans, without any discrimination between written-off loans and other loans
4. The recovery process for loans that have been written off will be in accordance with the prevailing laws and the credit policy of the bank, including registering a law suit on Debt Recovery Tribunal as per the cases.
5. Regular monitoring to ensure that the recovery of written-off loans is carried out as per the plan.

### Transfer between stages

Financial assets can be 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 bank's assessments. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment as described above as per the ECL Policy.

#### Transfer from Stage 2 to Stage 1:

If all due contractual payments associated with such credit facility as at the date of upgrading are fully settled.

#### 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 **3 months** to upgrade from Stage 3.

## For Restructured/Rescheduled Exposures:

Restructured and rescheduled facilities are gradually upgraded upon satisfactory repayment for a stipulated period according to the policy while exercising prudence principles. The Bank monitor restructured/rescheduled exposures classified under Stage 3 for a minimum probationary period of **24 months** before upgradation.

## Key Inputs, Assumptions and Estimation Techniques

### Recognition of Expected Credit Losses – Approaches

#### a. General Approach

The bank applies the general approach for recognition of Expected Credit Losses loans and advances to customers, loans to banks and financial institutions, investment securities measured at amortised cost or FVOCI, and loan commitments and financial guarantees and staff loans. Under this approach, exposures are classified into Stage 1, Stage 2, or Stage 3 based on changes in credit risk since initial recognition, with a 12-month ECL recognized for Stage 1 and lifetime ECL for Stages 2 and 3. Interest income is calculated on the gross carrying amount for Stages 1 and 2, and on the actual receipt basis for Stage 3.

#### b. Simplified Approach

The Bank's policy is to apply the simplified approach to trade receivables without a significant financing component, lease receivables, contract assets under NFRS 15, and certain short-term staff or retail loans. Under this approach, lifetime ECL is recognized from initial recognition without staging assessment, typically using a provision matrix or simplified statistical model adjusted for forward-looking information. However, no ECL has been calculated for these items during the reporting period.

### Methodology and Data Source

The Bank's Expected Credit Loss (ECL) estimates are based on a combination of internal historical data, regulatory guidance and forward-looking macroeconomic information. Historical default rates are derived from the bank's internal portfolio performance records, covering default rates actually observed by the bank in past. Historical loss rates are derived from the banks internal portfolio covering default, recoveries and write offs over the past years. This includes portfolio level default histories, Days Past Due (DPD) migration trends, collateral recovery rates and cure rates.

Where internal history is insufficient to produce statistically reliable estimates- particularly for certain loan products or off-balance sheet exposures – the bank supplements its analysis with:

- ▶ Parameters and indicative ratios provided in the Nepal Rastra Bank's ECL Implementation Guidelines (eg, Credit Conversion Factor [CCF], utilization ratios.
- ▶ Floor rates prescribed by Nepal Rastra Bank for Probability of Default (PD)

Forward looking adjustments are applied to historical rates to reflect expected changes in the economic environment. These adjustments are informed by macroeconomic forecasts sourced from the International Monetary Fund (IMF). The Bank uses scenario-weighted projections (baseline, upturn, downturn) to modify Probability of Default (PD) estimates, ensuring that the ECL reflects both past performance and anticipated future conditions.

### Incorporation of Forward-Looking Information

It is a fundamental principal of NFRS 9 that the provisions bank hold against the potential future Credit Risk losses should depend, not just on the health of the economy today, but should also take into account potential changes to the economic environment.

To capture the effect of changes to the economic environment, the Probability of Default (PD) used to calculate ECL incorporate the forward- looking information in the form of forecasts of the values of economic variable.

### Variable Selection

The bank initially considered a broad range of macroeconomic variables sourced from the International Monetary Fund (IMF). Through statistical testing – including correlation analysis, regression significant testing and model fit evaluation- only those variables with a consistent and statistically significant relationship with default rates for the Bank's portfolios were retained in the final model.

Different portfolios may use different subsets of these variables, depending on their relevance to the credit behavior.



## Macroeconomic Scenario

Para 5.5.17 (a) requires the estimate of expected credit losses to reflect an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. The three possible scenarios are taken into account i.e. Baseline, Upturn and downturn. The base line forecasts are used to create the upturn and downturn scenarios. The bank determines the upturn and downturn of the macroeconomic variable using **+/- Standard Deviation** of the baseline. The bank uses the following probability weights:

Particulars	Probability Weights
Base Line	40%
Upturn	30%
Downturn	30%

These weights reflect management's assessment of the relative likelihood of each scenario over the forecast horizon.

### Macro-Economic Variables used in the model

The table below presents the variables incorporated in the ECL model for the next 12 months. These variables are applied at a portfolio level, with relevance determined by the statistical significance and predictive power for each product segment.

#### Baseline

Variables	Units	Q1	Q2	Q3	Q4
General government total expenditure (diff_B2)	Percent of GDP	0.148	0.175	0.152	0.093
General government gross debt (diff_B5)	Percent of GDP	0.325	0.186	0.143	0.175
Gross domestic product, constant prices (diff_X1)	Percent change	0.605	0.433	0.266	0.111

#### Upturn

Variables	Units	Q1	Q2	Q3	Q4
General government total expenditure (diff_B2)	Percent of GDP	2.848	3.019	2.874	2.489
General government gross debt (diff_B5)	Percent of GDP	-1.040	-1.175	-1.217	-1.186
Gross domestic product, constant prices (diff_X1)	Percent change	1.418	1.303	1.192	1.090

#### Downturn

Variables	Units	Q1	Q2	Q3	Q4
General government total expenditure (diff_B2)	Percent of GDP	0.848	1.019	0.874	0.489
General government gross debt (diff_B5)	Percent of GDP	1.325	1.186	1.143	1.175
Gross domestic product, constant prices (diff_X1)	Percent change	-0.582	-0.697	-0.808	-0.910

#### Probability Weighted

Variables	Units	Q1	Q2	Q3	Q4
General government total expenditure (diff_B2)	Percent of GDP	1.1678	1.2815	1.1853	0.9306
General government gross debt (diff_B5)	Percent of GDP	0.2156	0.0779	0.0350	0.0668
Gross domestic product, constant prices (diff_X1)	Percent change	0.4928	0.3551	0.2215	0.0984

The above quarterly macroeconomic forecasts are applied in the bank's ECL models to adjust Probability of Default (PD) estimates for each quarter within the forecast horizon. For lifetime ECL calculations, these quarterly forecasts are extended beyond 12 months using econometric models.

### 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 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. The bank has used collateral value from the valuation conducted as per the policy of the Bank.

Collateral values are excluded from the loss allowance calculation for loans that have defaulted and where the collateral has not been realized within 5 years of default.

The Bank determines the Net Realizable value of collateral as the current fair value reduced by estimated realization costs and the applicable haircut, in accordance with the **Nepal Rastra Bank's NFRS 9 – Expected Credit Loss Related Guidelines, 2024**.

The realization cost and haircuts used are as follows:

S.N.	Collateral Details	Realization Cost	Haircut
1.	Land & Building	5%	25%
2.	Vehicle	0%	50%
3.	Guarantees	0%	0%
4.	Fixed Assets	5%	25%
5.	Gold & Silver	5%	10%
6.	Non-Governmental Securities	5%	10%
7.	Others	0%	25%
8.	Insurance Policy	5%	25%
9.	Governmental Securities	2%	0%
10.	Share Securities	5%	10%
11.	Gold	10%	0%
12.	Other Fixed Assets	5%	25%

The bank has not recognized an ECL Provision for the following loans, as the collateral held is considered sufficient to fully mitigate the credit risk.

S.N.	Loan type	Gross Carrying Amount	NRB Provision	ECL Provision	Reason for no ECL
1.	Loan Against Fixed Deposit	675,934,552	6,752,506	NIL	Guaranteed by Fixed Deposit
2.	Investments	11,359,459,417	-	-	Government Backed Securities

## Quantitative Information

### A. Impairment Charges

The following table shows the total Impairment Allowance of the Bank for the year ending.

Particulars	Current Year 2081/82
Loans and Advances to Customers and BFIs (A)	2,177,286,777
Loans to Staffs (B)	1,506,243
Off- Balance sheet Items (C)	214,872
Investments (D)	-
<b>Total Impairment (A+B+C+D)</b>	<b>2,179,007,892</b>

### B. Impairment Charges as per Staging

The following table shows the total impairment allowance of the bank as per the staging.

Particulars	Expected Credit Loss (ECL) For the year ending on 2082			
	Stage 1	Stage 2	Stage 3	Total
Loans & Advances to Customers and BFIs (A)	190,165,763	239,393,253	1,747,727,761	2,177,286,777
Loans to Staffs (B)	1,506,243			1,506,243
Off Balance Sheet Items (C)	214,872			214,872
Investment (D)	-			-
<b>Total (A+B+C+D)</b>	<b>191,886,878</b>	<b>239,393,253</b>	<b>1,747,727,761</b>	<b>2,179,007,892</b>

### C. Recognition of Impairment Charges on Loans and Advances

The Bank, following regulatory backstop as mentioned in Clause 16 of "NFRS 9- Expected Credit Loss Related Guidelines, 2024" has recognized 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.



Following is the details of impairment under both methods:

Particulars	Amount
Total Impairment as per NRB	2,654,449,628
Total Impairment as per ECL	2,179,007,892

The higher of two above, i.e. 2,654,449,628/- has been taken in account for impairment loss on **loan and advances** for the reporting period.

#### D. Movement of Impairment during the year ending on Ashad 2082.

The following table below shows the movement of the impairment during the year for Loans and Advances.

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Gross Carrying amount	ECL	Gross Carrying amount	ECL	Gross Carrying amount	ECL	Gross Carrying amount	ECL
At Beginning	34,888,838,191	256,936,472	5,300,892,178	274,318,229	5,668,199,610	1,064,686,060	45,857,929,978	1,595,940,761
New assets originated or purchased	11,208,289,900	51,513,030	359,570,572	23,525,167	65,571,766	8,920,602	11,633,432,238	83,958,799
Assets derecognized	(29,670,491,688)	(213,108,070)	(4,788,610,402)	(252,885,289)	(5,404,824,614)	(1,028,346,834)	(39,863,926,704)	(1,494,340,193)
Transfers to Stage 1	3,054,109,866	215,437,442	(2,178,244,155)	(109,746,439)	(875,865,712)	(105,691,004)	-	-
Transfers to Stage 2	(1,708,989,372)	(16,223,793)	2,264,810,915	82,328,344	(555,821,544)	(66,104,551)	-	-
Transfers to Stage 3	(616,089,883)	(5,184,919)	(891,059,561)	(46,491,017)	1,507,149,444	51,675,936	-	-
Unwind of Discount		24,282,808		11,049,705		96,311,153	-	131,643,666
Change in Model(b/f)		(123,487,207)		257,294,553		1,726,276,399	-	1,860,083,745
GCA_Adjustment (b/f)	22,106,831,326		3,930,998,448		4,509,211,982		30,547,041,757	-
At closing	39,262,498,342	190,165,763	3,998,357,995	239,393,253	4,913,620,932	1,747,727,761	48,174,477,269	2,177,286,777

\*GCA is the Gross Carrying of the Loan.

\*ECL is the Expected Credit Loss

The following table below shows the movement of the impairment during the year for Staff Loans.

Particulars	Gross Carrying Amount (GCA)	ECL
Opening Balance	498,604,263	1,581,036
<b>New assets originated</b>	<b>99,904,144</b>	<b>266,407</b>
<b>Assets derecognized</b>	<b>(45,497,790)</b>	<b>(137,610)</b>
Unwinding of Discount		133,008
Change in Model		(336,599)
GCA Adjustment	4,924,702	
<b>Closing Balance</b>	<b>557,935,319</b>	<b>1,506,243</b>

The following table below shows the movement of the impairment during the year for Off Balance Sheet Items:

Particulars	Gross Carrying Amount (GCA)	ECL
Opening Balance	82,377,722	265,182
<b>New assets originated</b>	<b>23,925,000</b>	<b>74,177</b>
<b>Assets derecognized</b>	<b>(41,055,426)</b>	<b>(97,863)</b>
Unwinding of Discount		21,969
Change in Model		(48,593)
GCA Adjustment	(900,000)	
<b>Closing Balance</b>	<b>64,347,296</b>	<b>214,872</b>

### Loan Loss Provision as per Nepal Rastra Bank

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

### Policy

The bank has measured impairment loss on loans and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per Expected Credit Loss (ECL) model under NFRS-9

### Reversal of impairment

If the amount of an impairment loss decreases in a subsequent period, the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the loan impairment allowances accordingly. The write back is recognized in the Statement of Profit and Loss.

## 3.5 Trading Assets

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. They are recognized on trade date, when the bank enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss.

The bank has not classified any of its assets as trading assets.

## 3.6 Derivative Assets and Derivative Liabilities

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The bank does not have any derivative instrument during the reporting period.

The bank does not deal with any derivative financial instruments.



### 3.7 Property and Equipment

#### 3.7.1 Recognition and measurement:

The Bank applies the cost model to all property and equipment and recognize these at the cost of acquisition plus expenditures directly attributable to the acquisition of the asset, less accumulated depreciation and any accumulated impairment losses, if any. Cost also includes the cost of replacing part of the equipment when the recognition criteria are met.

#### 3.7.2 Depreciation:

The bank depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

S.No.	Asset	Estimated Useful Life
1.	Building	50 Years
2.	Vehicle Office	7 Years
3.	Machinery	8 Years
5.	Furniture	8 Years
6.	Office Equipment	7 Years
7.	Computer Hardware	5 Years
8.	Leasehold Expenditure	Over the leasehold period
9.	Computer Software	5 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

At each reporting date, assets are also assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

Assets having acquisition cost less than or equal NPR 5,000 have been written off as an expense in the Statement of Profit or Loss.

#### 3.7.3 Derecognition

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

#### 3.7.4 Capital Work in progress

These are expenses of a capital nature directly incurred in the construction of buildings and system development, awaiting capitalization. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is 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.

### 3.8 Goodwill/Intangible Assets

#### 3.8.1 Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Goodwill is measured at cost less any accumulated impairment losses. The Bank follows partial goodwill method for computation of goodwill in business combinations. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The Bank has no any goodwill up to the reporting period.

#### 3.8.2 Intangible Assets

Intangible assets are recognized when the cost of the asset can be measured reliably, there is control over the asset as a result of past events, and future economic benefits are expected from the asset. These intangible assets are recognized at historical

cost less impairment less amortization over their estimated useful life. Amortization of the intangible assets is calculated using straight-line method over the useful life of 5 years.

### 3.9 Investment Property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Land and Building acquired as non-banking assets are recognized as investment property. Investment properties shall be measured at cost, inclusive of transaction costs, for both initial recognition and subsequent measurement. No depreciation is charged in investment property as they are not intended for owner-occupied use.

### 3.10 Income Tax

Tax expenses comprise of current tax and deferred tax.

#### 3.10.1 Current Tax

Current tax is the income tax expense recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income. Current tax is the amount expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

#### 3.10.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting bank and relate to income taxes levied by the same taxation authority, and when the bank has a legal right to offset.

### 3.11 Deposit, debt securities issued and subordinated liabilities

#### 3.11.1 Deposits

Deposits by banks & customers are financial liabilities of the bank as there is an obligation to deliver cash or financial assets back to the depositing bank or customer and are initially recognized at fair value, plus for those financial liabilities not at fair value through profit and loss. The transaction price is considered as the fair value for measuring the deposits.

#### 3.11.2 Debt Securities Issued

Debt Securities are initially measured at the fair value less incremental direct cost and subsequently at their amortized cost using effective interest method except where the bank designates liabilities at fair value through profit or loss.

#### 3.11.3 Subordinated Liabilities

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings etc.

### 3.12 Provisions

A provision is recognized as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates and are reversed if there is not the probability of outflow of resources.

The contingent liability are the liabilities for which it is uncertain as to whether it will become an obligation as it depends on the occurrence of an uncertain future event. These amounts are off-balance sheet items and are disclosed when there is a possible obligation that may but probably will not require an outflow of resources.

A provision for onerous contracts is recognized when the expected benefits to be derived by the bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract.



### 3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to bank and the consideration can be reliably measured. The following specific recognition criteria shall also be met for revenue recognition:

#### 3.13.1 Interest Income

Interest income on Loans and Advances is recognized as per Guidance Note on Interest Income Recognition, 2025.

This guidance note has been prepared for interest income recognition of financial assets measured at amortized cost within the context of NFRS 9 Expected Credit Loss Related Guidelines, 2024 (ECL Guidelines).

As per the Guideline on Recognition of Interest Income, 2025 by NRB, Interest Income recognition shall be as below:

**Stage 1 Financial Assets:** Based on coupon interest rate on principal outstanding for all financial assets (Accrual Basis)

**Stage 2 Financial Assets:** Based on coupon interest rate on principal outstanding for all financial assets (Accrual Basis)

**Stage 3 Financial Assets:** Based on cash basis approach (incremental) and coupon interest rate applied on principal outstanding.

For all financial assets measured at amortized cost, interest bearing financial assets classified as Fair value through profit and loss, interest income is recorded using the rate that closely approximates the effective interest rate (EIR) because the bank considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

#### 3.13.2 Fee and Commission Income

Fees and commissions income are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

#### 3.13.3 Dividend Income

Dividend income received other than cash dividend from equity shares and mutual funds are recognized in the books when the bank's right to receive the dividend is established.

#### 3.13.4 Net Trading Income

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

#### 3.13.5 Net Income from Other Financial Instrument at Fair Value Through Profit or Loss

Net income from other financial instrument measured at fair value through Profit or Loss includes all gains/(losses) arises from the revaluation of financial instrument at fair value.

### 3.14 Interest Expenses

Interest Expenses include interest on deposits from customers, deposits from banks and financial institutions and other interest-bearing financial liabilities. Interest expense is recognized in the profit or loss using effective interest rate for all the financial liabilities measured at amortized cost.

### 3.15 Employee Benefits

#### 3.15.1 Short term employee benefits

Short term Employee Benefits include items such as following, if expected to be settled before twelve months after the end of annual reporting period in which employee rendered the related services.

- ▶ Wages, salaries and Social Security contribution.
- ▶ Paid annual leave and paid sick leave
- ▶ Profit Sharing and Bonuses
- ▶ Non-Monitory Benefits for current employees

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

### 3.15.2 Long term employee benefits

#### ▶ **Defined Contribution Plans**

The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees which the bank contributes fixed percentage of the salary to the Employee's Provident Fund. The bank has no further obligations under these plans beyond its periodic contributions.

#### ▶ **Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on corporate bonds, that have maturity dates approximating the terms of the bank's obligation and that are denominated in the currency in which the benefits are expected to be paid.

The defined benefit obligation is recognized on the basis of the report of qualified actuary using the projected unit credit method. The bank recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit and loss account.

Measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest income) and the effect of the assets ceiling (if any excluding interest) is recognized immediately in Other Comprehensive Income. The bank determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefits liability (assets), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefits payments. Net interest expenses and other expenses related to defined benefit plans are recognized as personnel expenses in Statement of profit and Loss.

The Bank provides gratuity, leave encashment and medical allowance as the defined benefits plans to its employees and has obligation up to contributed amount.

### 3.16 Leases

As per NFRS 16, Lease expense shall be recognized at the commencement date, a lessee shall recognize a right-to-use asset and a lease liability. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate

For a lessee, a lease that is accounted for under NFRS 16 results in the recognition of:

- ▶ a right-to-use asset and lease liability
- ▶ interest expense (on the lease liability)
- ▶ depreciation expense (on the right-of-use asset).

After the commencement date, a lessee shall measure the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments

### 3.17 Foreign Currency Translation

The financial statements are presented in Nepalese Rupees which is the functional and presentation currency of the bank. Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.



Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognized in the statement of profit and loss as the gain/losses on the revaluation of foreign currencies. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognized in the statement of profit and loss, except to the extent that it relates to items recognized in the other comprehensive income or directly in equity. An amount equivalent to the net exchange gain /loss during the year is transferred to/other operating Income.

### 3.18 Financial Guarantee and Loan Commitments

Financial Guarantees are contingent liabilities that arise out of the contract that the bank might make specified payments to reimburse the holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with terms of debt instrument. Guarantee liabilities being the off-balance items are disclosed if the outflow of economic resources is probable. 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 statements as commitments.

### 3.19 Share Capital and Reserves

Equity is the residual interest in the total assets of the bank after deducting all of its liability. Shares are classified as equity when the bank has an unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the bank and there is no contractual obligation whatsoever to that effect. 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.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Reserves are the allocation out of profit or retained earnings. These are created as statutory requirement, accounting standard requirement and bank's own requirement.

### 3.20 Earnings per Share (EPS) including diluted EPS

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.

### 3.21 Segment Reporting

The bank's operating segments are organized and managed separately through the respective department/business managers according to the nature of products and services provided with each segment representing a strategic business unit. These business units are reviewed by executives of the bank. The bank has identified four segments namely: Business Banking, Treasury, Card and remittance.

Segment report include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The income, expenses, assets & liabilities that cannot be allocated to aforesaid segment or those related to head office are unallocated are included in Banking. The unallocated items generally comprise of head office assets, head office expenses, and tax assets and liabilities. The geographical segment has been identified on the basis of the location of the branches in 7 different provinces of the country.

### 3.22 Investment in Associates

For the purpose of consolidation, the bank applies NAS 28 - Investments in Associates. Associates are entities in which the bank has significant influence, but not control, over the operating and financial policies. Generally, the bank holds more than 20%, but less than 50%, of their voting shares.

The investments in associates are initially recognized at cost and increased (or decreased) each year by the Bank's share of the post-acquisition profit/(loss) using equity method. The Bank ceases to recognize its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses.

The Bank classified equity investment of Rs. 6,466,400 (Banking Finance & Insurance Institute of Nepal & Credit Information Center) as associates as a result of representative in Board of Directors.

#### 4. Scheduled Forming part of Financial Statements

##### 4.1 Cash and cash equivalent

Amount in NPR

Particulars	Current Year	Previous Year
Cash in hand	716,682,189	706,899,598
Balances with B/FIs	8,888,635	221,743,200
Money at call and short notice	2,227,299,914	1,550,037,944
Other	-	-
<b>Total</b>	<b>2,952,870,738</b>	<b>2,478,680,743</b>

The fair value of cash and cash equivalent is its carrying value. Cash at vault is adequately insured for physical and financial risks. Cash balance at vault is maintained on the basis of the availability and regular business requirements. Balance with BFIs includes balance held at various local banks and financial institutions. Cash held in foreign currency is subject to risk of changes in the foreign exchange rates which are closely monitored, if any risk identified then are promptly managed. Money at call and short notice includes the amount deposited in call account of various bank and financial institution. Comparative figures of previous year have been reclassified to separately present 'Balance with BFIs' and 'Money at call and short notice', which were previously reported in aggregate, for consistency and improved disclosure.

##### 4.2 Due from Nepal Rastra Bank

Amount in NPR

Particulars	Current Year	Previous Year
Statutory balances with NRB	2,212,124,631	1,994,614,926
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	3,678,792	10,067,285
<b>Total</b>	<b>2,215,803,424</b>	<b>2,004,682,212</b>

Statutory balance with NRB represents the balance maintained for regulatory cash reserve ratio required by the NRB. Other deposit and receivable from NRB includes the FCY deposit due from NRB.

##### 4.3 Placements with Bank and Financial Institutions

Amount in NPR

Particulars	Current Year	Previous Year
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

As of 32 Ashad 2082, Bank does not have placement with Bank and Financial institutions.

##### 4.4 Derivative financial instruments

Amount in NPR

Particulars	Current Year	Previous Year
<b>Held for trading</b>		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Held for risk management</b>		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

As of 32 Ashad 2082, Bank does not have Derivative Financial Instruments.



#### 4.5 Other trading assets

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pledged	-	-	-	-
Non-pledged	-	-	-	-

Trading assets are those assets that the bank has acquired for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit are presented under this head. The bank has presented the equity held for trading under this head.

#### 4.5.1 Information relating to Other trading assets

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity	-	-	-	-
Investment in mutual fund	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Loans to microfinance institutions	3,872,105,104	-	3,757,615,832	-
Other	-	-	-	-
Less: Allowances for impairment	38,695,281	-	45,051,319	-
<b>Total</b>	<b>3,833,409,822</b>	<b>-</b>	<b>3,712,564,513</b>	<b>-</b>

Loans and advances to Banks and Financial institutions are presented above. Impairment allowance on Loans and advances to B/FIs have been considered as per NRB directive. All the loans outstanding with B/FIs have been classified in pass category. Loan includes accrued interest receivable on loans and advances to B/FIs amounting to NPR 2,576,990 in Current Year.

#### 4.6.1 Allowances for impairment

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Balance at Shrawan 1	45,051,319	-	46,627,809	-
Impairment loss for the year:				
Charge for the year	(6,356,038)	-	(1,576,490)	-
Recoveries/reversal	-	-	-	-
Amount written off	-	-	-	-
<b>Balance at Ashad end</b>	<b>38,695,281</b>	<b>-</b>	<b>45,051,319</b>	<b>-</b>

No individual loans to banks and micro finance has terms and conditions that significantly affect the amount, timing or certainty of cash flows of the Bank. These assets have been classified as loans and advances and are subsequently measured at amortized costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

#### 4.7 Loans and advances to customers

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Loan and advances measured at amortized cost	44,126,158,869	-	42,642,112,537	-
Less: Impairment allowances	2,615,754,347	-	2,092,025,406	-
Collective impairment	380,629,597	-	454,575,317	-
Individual impairment	2,235,124,749	-	1,637,450,089	-
<b>Net amount</b>	<b>41,510,404,522</b>	<b>-</b>	<b>40,550,087,131</b>	<b>-</b>
<b>Loan and advances measured at FVTPL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>41,510,404,522</b>	<b>-</b>	<b>40,550,087,131</b>	<b>-</b>

Loans and advances to Customers and Employees other than Banks and Financial Institutions are presented above. Loans and advances are presented net of impairment allowances as per ECL guidelines 2024 issued by Nepal Rastra Bank. Impairment allowance is considered higher of total impairment charge calculated under ECL provision as per NFRS 9 and as per existing regulatory provisions as per NRB directive. Impairment in loans and advances to BFIs and loans and advances to customer as per NRB Directive no.2 is NPR 2,654,449,628 /- which is higher than total impairment as per NFRS 9 NPR 2,179,007,892/-.

#### 4.7.1 Analysis of loan and advances - By Product

Amount in NPR

	Current Year	Previous Year
<b>Long Term loans</b>	<b>18,868,953,258</b>	<b>16,609,069,317</b>
Personal	13,061,513,533	-
Business	5,807,439,725	-
Working Capital	-	-
Overdraft(Personal)	2,632,205,418	8,868,891,072
Cash Credit Loan	5,923,782,952	-
Trust receipt/Import loans	-	-
Short Term WC/ Demand Loan	72,047,862	18,066,515
Personal residential loans	7,186,126,551	6,179,835,460
Real estate loans	1,177,252,913	1,326,415,040
Margin lending loans	2,344,115,854	2,251,868,524
Hire purchase loans	1,228,612,534	1,250,369,425
Deprived sector loans	114,594,755	177,860,318
Bills purchased	-	-
Staff loans	515,833,897	477,304,309
Other	3,796,329,024	4,509,132,764
<b>Sub Total</b>	<b>43,859,855,018</b>	<b>41,668,812,743</b>
Interest receivable	266,303,850	973,299,793
<b>Grand Total</b>	<b>44,126,158,869</b>	<b>42,642,112,537</b>

#### 4.7.2 Analysis of loan and advances - By Currency

Amount in NPR

Particulars	Current Year	Previous Year
Nepalese rupee	44,126,158,869	42,642,112,537
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>44,126,158,869</b>	<b>42,642,112,537</b>

#### 4.7.3 Analysis of loan and advances - By Collateral

Amount in NPR

Particulars	Current Year	Previous Year
<b>Secured</b>		
Movable/immovable assets	39,053,839,532	37,086,989,860
Gold and silver	284,541,413	231,019,513
Guarantee of domestic B/FIs	433,040,311	552,599,477
Government guarantee	-	-
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	679,560,577	848,209,743
Collateral of Government securities	-	-
Counter guarantee	-	-



Personal guarantee	275,012,819	184,434,839
Other collateral	3,400,164,217	3,738,859,106
<b>Subtotal</b>	<b>44,126,158,869</b>	<b>42,642,112,537</b>
Unsecured	-	-
<b>Grant Total</b>	<b>44,126,158,869</b>	<b>42,642,112,537</b>

#### 4.7.4 Allowances for impairment

Amount in NPR

Particulars	Current Year	Previous Year
<b>Specific allowances for impairment</b>		
<b>Balance at Shrawan 1 2081</b>	<b>1,637,450,089</b>	<b>239,055,459</b>
Impairment loss for the year:		
Charge for the year	597,674,661	1,398,394,630
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashad end 2082</b>	<b>2,235,124,749</b>	<b>1,637,450,089</b>
<b>Collective allowances for impairment</b>		
<b>Balance at Shrawan 1 2081</b>	<b>454,575,317</b>	<b>1,529,812,650</b>
Impairment loss for the year:		
Charge/(reversal) for the year	(73,945,720)	(1,075,237,333)
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at Ashad end 2082</b>	<b>380,629,597</b>	<b>454,575,317</b>
<b>Total allowances for impairment</b>	<b>2,615,754,347</b>	<b>2,092,025,406</b>

#### 4.8 Investment securities

Amount in NPR

Particulars	Current Year	Previous Year
Investment securities measured at amortized cost	11,359,459,417	13,598,218,104
Investment in equity measured at FVTOCI	1,103,003,365	1,026,945,434
<b>Total</b>	<b>12,462,462,782</b>	<b>14,625,163,539</b>

Investment made by the Bank in financial instruments has been presented under this account head in two categories i.e. Investment Securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment other than those measured at amortized cost is measured at fair value and changes in fair value has been recognized in other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment is made by increasing the number of shares without changing the cost of investment.

#### 4.8.1 Investment securities measured at amortized cost

Amount in NPR

Particulars	Current Year	Previous Year
Debt securities	-	-
Government bonds	5,520,775,000	5,724,375,000
Government treasury bills	4,038,684,417	3,373,843,104
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	1,800,000,000	4,500,000,000
Other	-	-
Less: specific allowances for impairment	-	-
<b>Total</b>	<b>11,359,459,417</b>	<b>13,598,218,104</b>

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

Amount in NPR

Particulars	Current Year	Previous Year
Equity instruments		
Quoted equity securities	978,769,065	902,711,134
Unquoted equity securities	124,234,300	124,234,300
<b>Total</b>	<b>1,103,003,365</b>	<b>1,026,945,434</b>

The investment in unquoted equity has been presented as cost considering the effect that net worth of equity will not be less than cost of investment.

#### 4.8.3 Information relating to investment in equities

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
Api Power Company Ltd. (322 Ordinary share of Rs. 100 each)	28,000	95,286	28,000	58,828
Arun Kabeli Power Limited (1 Ordinary share of Rs. 100 each)	100	263	100	185
Arun Valley Hydropower Development Co. Ltd. (25830 ordinary Share of Rs. 100 each)	-	-	2,355,800	4,595,157
Asian Life Insurance Co. Limited (12963 Ordinary share of Rs. 100 each)	7,233,031	6,460,241	7,233,031	5,947,781
Asian Life Insurance company Limited Promoter Share (924 Promoter share of Rs. 100 each)	58,110	250,958	58,110	288,288
Butwal Power Company Limited (116 ordinary Share of Rs. 100 each)	-	-	42,387	35,960
CEDB Hydropower Development Company Limited (5130 ordinary Share of Rs. 100 each)	-	-	3,354,507	5,945,670
Chhimek Laghubitta Bikas Bank Limited (1 Ordinary share of Rs. 100 each)	-	1,036	-	900
Chilime Hydropower Company Limited (10 Ordinary share of Rs. 100 each)	-	5,335	25,642,385	22,768,260
Citizen Investment Trust (6931 Ordinary share of Rs. 100 each)	12,838,036	13,693,715	13,892,400	11,788,645
Citizens Mutual Fund-1 (1637046 Mutual Fund of Rs. 10 each)	-	-	16,370,460	15,781,123
Citizens Mutual Fund-2 (10000 Mutual Fund of Rs. 10 each)	106,200	106,800	106,200	103,200
Citizens Super 30 Mutual Fund (100000 Mutual Fund of Rs. 10 each)	1,000,000	1,008,000	1,000,000	1,000,000
Forward Microfinance Laghubitta Bittiya Sanstha Limited (1 Ordinary share of Rs. 100 each)	-	1,294	-	-
Garima Samriddhi Yojana (3000000 Mutual Fund of Rs. 10 each)	30,000,000	29,850,000	-	-
Global IME Balance Fund-I (2000000 Mutual Fund of Rs. 10 each)	20,000,000	21,820,000	20,000,000	18,200,000
Himalayan 80-20 (100000 Mutual Fund of Rs. 10 each)	1,000,000	1,160,000	1,000,000	999,000
Himalayan Distillery Limited (8561 Ordinary share of Rs. 100 each)	11,244,718	10,586,019	11,244,718	10,302,496
Himalayan Life Insurance Limited (29797 Ordinary share of Rs. 100 each)	16,899,869	12,130,657	16,899,869	10,219,958
Hydroelectricity Investment And Development Company Limited Promoter Share (11000 Promoter share of Rs. 100 each)	1,091,603	1,621,312	1,091,603	1,133,000
IGI Prudential Insurance Limited Promoter Shares (78030 Promoter share of Rs. 100 each)	5,043,884	18,571,140	5,043,884	39,881,913
IGI Prudential Insurance Limited (4595 Ordinary share of Rs. 100 each)	3,570,085	2,559,369	4,461,323	10,436,832
Kumari Dhanabridhhi Yojana (3000000 Mutual Fund of Rs. 10 each)	30,000,000	30,150,000	30,000,000	29,010,000



Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
Kumari Equity Fund (2406670 Mutual Fund of Rs. 10 each)	24,066,700	23,946,367	24,066,700	23,248,432
Kumari Sabal Yojana (500000 Mutual Fund of Rs. 10 each)	5,000,000	5,000,000	5,000,000	5,000,000
Kumari Sunaulo Lagani Yojana-Open Ended (200000 Mutual Fund of Rs. 10 each)	2,000,000	2,462,000	2,000,000	2,368,000
Laxmi Equity Fund (3008661 Mutual Fund of Rs. 10 each)	-	-	30,086,610	29,454,791
Laxmi Unnati Kosh (1355052 Mutual Fund of Rs. 10 each)	13,364,211	14,078,990	-	-
Laxmi Value Fund-II (100000 Mutual Fund of Rs. 10 each)	1,000,000	1,012,000	1,000,000	924,000
Life Insurance Company Nepal (12332 Ordinary share of Rs. 100 each)	10,656,248	10,965,984	20,772,787	15,631,060
MBL Equity Fund (2000000 Mutual Fund of Rs. 10 each)	20,000,000	19,860,000	-	-
Mega Mutual Fund-1 (436340 Mutual Fund of Rs. 10 each)	4,363,400	4,180,137	4,363,400	3,368,545
Mithila Laghubitta Bittiya Sanstha Limited (1 Ordinary share of Rs. 100 each)	-	1,599	-	-
Mountain Energy Nepal Limited (3450 Ordinary share of Rs. 100 each)	1,945,114	2,205,206	906,017	895,500
Muktinath Mutual Fund 1 (2000000 Mutual Fund of Rs. 10 each)	20,000,000	19,800,000	-	-
Nabil Balanced Fund-2 (10000 Mutual Fund of Rs. 10 each)	112,200	101,100	112,200	90,000
National Laghubitta Bittiya Sanstha Limited (1 Ordinary share of Rs. 100 each)	-	1,400	-	-
National Life Insurance Company Limited (22418 Ordinary share of Rs. 100 each)	17,897,238	13,979,416	17,897,238	12,825,820
Neco Insurance Co. Ltd. (29343 Ordinary share of Rs. 100 each)	25,605,141	20,844,093	25,018,129	19,622,592
Nepal Doorsanchar Company Limited (824 Ordinary share of Rs. 100 each)	-	722,870	7,786,409	5,771,350
Nepal Infrastructure Bank Limited (3954 Ordinary share of Rs. 100 each)	2,017,542	1,113,565	2,017,542	901,512
Nepal Insurance Co. Ltd. (751 Ordinary share of Rs. 100 each)	-	484,530	4,137,225	5,801,840
Nepal Life Insurance Company Limited (9345 Ordinary share of Rs. 100 each)	14,223,398	7,223,405	14,223,398	5,259,024
Nepal Re-Insurance Company Limited (2805 Ordinary share of Rs. 100 each)	4,016,396	3,534,609	8,540,153	3,591,908
Ngadi Group Power Limited (1 Ordinary share of Rs. 100 each)	100	399	-	-
NIBL Growth Fund (500000 Mutual Fund of Rs. 10 each)	5,000,000	4,930,000	5,000,000	5,320,000
NIBI Sahabagita Fund (1000498 Mutual Fund of Rs. 10 each)	12,245,000	11,425,687	12,245,000	10,545,249
NIBL Samriddhi Fund-II (30000 Mutual Fund of Rs. 10 each)	300,000	264,900	300,000	247,500
NIC Asia Balanced Fund (157935 Mutual Fund of Rs. 10 each)	1,557,744	1,543,025	-	-
NIC Asia Flexi CAP Fund (4000000 Mutual Fund of Rs. 10 each)	40,000,000	40,600,000	40,000,000	37,000,000
NIC Asia Growth Fund 2 (250000 Mutual Fund of Rs. 10 each)	2,500,000	2,380,000	2,500,000	2,050,000
NIC Asia Growth Fund (2000000 Mutual Fund of Rs. 10 each)	-	-	20,000,000	19,800,000
NIC Asia Select Fund 30 (4930605 Mutual Fund of Rs. 10 each)	49,306,050	45,805,320	49,306,050	47,333,808
NICA Dynamic Debt Fund-Open Ended (664830 Mutual Fund of Rs. 10 each)	6,648,300	7,087,088	6,648,300	7,372,965
Nlg Insurance Company Limited (1438 Ordinary share of Rs. 100 each)	109,386	1,120,605	5,938,610	5,914,851
NMB 50 (2000000 Mutual Fund of Rs. 10 each)	20,000,000	21,380,000	23,364,312	25,143,744
NMB Hybrid Fund L-II (2000000 Mutual Fund of Rs. 10 each)	20,000,000	18,120,000	-	-

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
NMB Saral Bachat Fund-E- Open Ended (9490 Mutual Fund of Rs. 10 each)	94,900	106,288	94,900	92,433
NMB Sulav Investment Fund - II (1000000 Mutual Fund of Rs. 10 each)	10,000,000	11,290,000	10,000,000	10,060,000
Prabhu Insurance Co. Ltd. (6415 Ordinary share of Rs. 100 each)	4,506,249	5,909,883	4,506,249	5,059,250
Prabhu Mahalaxmi Life Insurance Company Limited Promoter Share (846450 Promoter share of Rs. 100 each)	71,250,000	179,472,794	71,250,000	137,355,750
Prabhu Select Fund (1468090 Mutual Fund of Rs. 10 each)	14,680,900	16,574,736	14,680,900	14,372,601
Prabhu Smart Fund (500000 Mutual Fund of Rs. 10 each)	5,000,000	5,735,000	5,000,000	4,805,000
Prabhu Systematic Investment Scheme (500000 Mutual Fund of Rs. 10 each)	5,000,000	5,025,000	-	-
Rasuwadaghi Hydropower Company Limited (500 ordinary Share of Rs. 100 each)	-	-	290,140	147,500
RBB Mutual Fund 1 (2500000 Mutual Fund of Rs. 10 each)	25,000,000	24,900,000	25,000,000	20,400,000
RBB Mutual Fund 2 (350000 Mutual Fund of Rs. 10 each)	3,500,000	3,528,000	3,500,000	3,325,000
Ridi Hydropower Development Company Limited (1 Ordinary share of Rs. 100 each)	-	258	-	191
Ru Ru Jalabidhyut Pariyoajana Ltd. (1150 Ordinary share of Rs. 100 each)	670,843	838,281	670,843	662,000
Sagarmatha Lumbini Insurance Company Limited (2301 Ordinary share of Rs. 100 each)	2,646,630	1,670,733	8,358,720	6,855,610
Sahas Urja Limited (5400 Ordinary share of Rs. 100 each)	2,789,916	3,456,216	2,789,916	2,595,000
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited (1 Ordinary share of Rs. 100 each)	-	884	-	-
Sanima Equity Fund (1919997 Mutual Fund of Rs. 10 each)	-	-	20,417,957	20,947,167
Sanima Flexi Fund (2000000 Mutual Fund of Rs. 10 each)	20,000,000	20,280,000	-	-
Sanima GIC Insurance Limited (172 Ordinary share of Rs. 100 each)	135,202	104,918	135,202	92,320
Sanima Growth Mutual Fund (500000 Mutual Fund of Rs. 10 each)	5,000,000	5,160,000	5,000,000	5,070,000
Sanima Large Cap Fund (4000000 Mutual Fund of Rs. 10 each)	40,000,000	40,920,000	40,000,000	37,160,000
Shikhar Insurance Company Limited (6462 Ordinary share of Rs. 100 each)	7,244,346	4,998,551	7,244,346	4,246,902
Shivam Cements Limited (12943 Ordinary share of Rs. 100 each)	10,134,412	6,925,023	10,134,412	5,988,923
Siddhartha Equity Fund (2302965 Mutual Fund of Rs. 10 each)	22,832,769	23,697,510	6,051,740	4,898,703
Siddhartha Investment Growth Scheme-2 (5136600 Mutual Fund of Rs. 10 each)	50,790,477	53,934,300	32,534,000	30,874,766
Siddhartha Investment Growth Scheme-3 (200000 Mutual Fund of Rs. 10 each)	2,000,000	2,088,000	2,000,000	1,890,000
Siddhartha Premier Insurance Limited (38146 Ordinary share of Rs. 100 each)	36,446,866	32,055,991	41,904,566	37,692,857
Subha Laxmi kosh -Open Ended (50000 Mutual Fund of Rs. 10 each)	496,525	619,000	496,525	552,500
Sunrise Bluechip Fund (4605026 Mutual Fund of Rs. 10 each)	46,050,260	46,050,260	46,050,260	38,083,565
Sunrise First Mutual Fund (1520100 Mutual Fund of Rs. 10 each)	15,260,697	16,234,668	15,260,697	15,733,035
Sunrise Focused Equity Fund (250000 Mutual Fund of Rs. 10 each)	2,500,000	2,510,000	2,500,000	2,060,000



Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>				
SuryaJyoti Life Insurance Company Limited (18887 Ordinary share of Rs. 100 each)	12,861,753	8,436,634	12,861,753	7,364,187
Synergy Power Development Limited (1 Ordinary share of Rs. 100 each)	100	418	100	255
United Insurance Company (Nepal) Limited (525 ordinary Share of Rs. 100 each)	-	-	366,650	345,933
<b>Total</b>	<b>880,940,651</b>	<b>978,769,065</b>	<b>882,154,735</b>	<b>902,711,134</b>
<b>Investment in unquoted equity</b>				
Aadhyanta Fund Management Ltd. (200,000 promotor Share of Rs. 100 each)	20,000,000	20,000,000	20,000,000	20,000,000
Avasar Equity Diversified Fund (50,000 ordinary equity of Rs. 1000 each)	50,000,000	50,000,000	50,000,000	50,000,000
Nepal Opportunity Fund (150,000 Private equity of Rs. 1000 each)	50,000,000	50,000,000	50,000,000	50,000,000
Nepal Clearing House Limited (338,151 ordinary Share of Rs. 100 each)	4,234,300	4,234,300	4,234,300	4,234,300
<b>Total</b>	<b>124,234,300</b>	<b>124,234,300</b>	<b>124,234,300</b>	<b>124,234,300</b>

The investment in unquoted equity has been presented as cost.

#### 4.9 Current tax assets

Amount in NPR

Particulars	Current Year	Previous Year
Current tax assets	320,510,085	240,346,015
Current year income tax assets	320,510,085	240,346,015
Tax assets of prior periods	-	-
<b>Current tax liabilities</b>	<b>260,044,132</b>	<b>252,352,857</b>
Current year income tax liabilities	260,044,132	252,352,857
Tax liabilities of prior periods	-	-
<b>Total</b>	<b>60,465,953</b>	<b>(12,006,842)</b>

Current Tax Assets includes advance income tax paid by the Bank under self assessment tax returns filed as per the Income Tax Act 2058 and tax deducted at source (TDS) by several parties on behalf of the Bank. Similarly, current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058.

#### 4.10 Investment in subsidiaries

Amount in NPR

Particulars	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>		
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

##### 4.10.1 Investment in quoted subsidiaries

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost		Cost	
.....Ltd. ....shares of Rs. ....each	-		-	
<b>Total</b>	<b>-</b>		<b>-</b>	

##### 4.10.2 Investment in unquoted subsidiaries

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost		Cost	
.....Ltd. ....shares of Rs. ....each	-		-	
<b>Total</b>	<b>-</b>		<b>-</b>	

#### 4.10.3 Information relating to subsidiaries of the Bank

Amount in NPR

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
.....Ltd. ....shares of Rs. ....each	-	-
<b>Total</b>		

#### 4.10.4 Non controlling interest of the subsidiaries

Amount in NPR

Particulars	Current Year	Previous Year
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Asar end.....	-	-
Dividend paid to NCI	-	-

#### 4.11 Investment in associates

Amount in NPR

Particulars	Current Year	Previous Year
Investment in quoted associates	-	-
Investment in unquoted associates	6,466,400	4,733,900
<b>Total investment</b>	<b>6,466,400</b>	<b>4,733,900</b>
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	<b>6,466,400</b>	<b>4,733,900</b>

##### 4.11.1 Investment in quoted associates

Amount in NPR

Particulars	Current Year	Previous Year
	Cost	Cost
.....Ltd. ....shares of Rs. ....each	-	-
.....Ltd. ....shares of Rs. ....each	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

##### 4.11.2 Investment in unquoted associates

Amount in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Credit Information Centre Limited (204,348 ordinary Share of Rs. 100 each including bonus share)	2,233,900	2,233,900	2,233,900	2,233,900
Banking Finance & Insurance Institute of Nepal ( 44,000 ordinary Share of Rs. 100 each including bonus share )	4,232,500	4,232,500	2,500,000	2,500,000
<b>Total</b>	<b>6,466,400</b>	<b>6,466,400</b>	<b>4,733,900</b>	<b>4,733,900</b>

The entity on which the bank has significant influence is classified as associate. The bank has significant influence evidenced by representation on board of directors of BFIN and CIC. The investment in associate is measured at cost. During the current year bank represents on board of directors in CIC and BFIN, hence classified to Investment in Associates as per NFRS 10.

#### 4.11.3 Information relating to associates of the Bank

Amount in NPR

Particulars	Percentage of ownership held by the Bank	
	Current Year	Previous Year
Credit Information Center Ltd.	5.56%	5.56%
Banking Finance & Insurance Institute of Nepal Ltd.	8.89%	4.68%

#### 4.11.4 Equity value of associates

.....Ltd. ....shares of Rs. ....each	-	-
.....Ltd. ....shares of Rs. ....each	-	-
.....	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



#### 4.12 Investment properties

Amount in NPR

Particulars	Current Year	Previous Year
<b>Investment properties measured at fair value</b>		
Balance as on Shrawan 1	-	-
Addition During the year	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
<b>Net amount</b>	<b>-</b>	<b>-</b>
<b>Investment properties measured at cost</b>		
Balance as on Shrawan 1	532,454,431	543,041,901
Addition During the year	190,892,340	6,959,325
Addition/disposal during the year	(175,686,769)	(17,546,796)
Accumulated impairment loss	-	-
<b>Net amount (B)</b>	<b>547,660,001</b>	<b>532,454,431</b>
<b>Total</b>	<b>547,660,001</b>	<b>532,454,431</b>

#### 4.13 Property and Equipment

Amount in NPR

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Ashad End 2082	Ashad End 2081
<b>Cost</b>										
As on Shrawan 1, 2080	73,566,517	39,590,214	212,685,060	46,587,722	129,710,699	60,390,713	49,274,095	148,805,236	760,610,255	680,426,362
Addition during the Year	-	-	1,809,286	2,971,830	28,264,700	1,961,630	-	15,318,386	50,325,832	94,938,800
Acquisition	-	-	1,809,286	2,971,830	28,264,700	1,961,630	-	15,318,386	50,325,832	94,938,800
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	21,862,082	-	492,660	395,750	22,750,492	14,754,907
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashad end 2081</b>	<b>73,566,517</b>	<b>39,590,214</b>	<b>214,494,346</b>	<b>49,559,552</b>	<b>136,113,317</b>	<b>62,352,343</b>	<b>48,781,435</b>	<b>163,727,872</b>	<b>788,185,596</b>	<b>760,610,255</b>
Addition during the Year	112,048,566	22,919,315	17,687,301	16,669,894	27,664,059	8,537,582	1,470,576	13,083,126	220,080,419	50,325,832
Acquisition	112,048,566	22,919,315	17,687,301	16,669,894	27,664,059	8,537,582	1,470,576	13,083,126	220,080,419	50,325,832
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	42,761	-	23,333,700	-	-	1,259,582	24,636,044	22,750,492
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashad end 2082</b>	<b>185,615,082</b>	<b>62,509,529</b>	<b>232,138,885</b>	<b>66,229,446</b>	<b>140,443,676</b>	<b>70,889,925</b>	<b>50,252,011</b>	<b>175,551,415</b>	<b>983,629,970</b>	<b>788,185,596</b>
<b>Depreciation and Impairment</b>										
As on Shrawan 1, 2080	-	18,068,257	138,885,884	25,026,925	61,590,701	38,642,002	26,755,573	81,290,261	390,259,603	341,333,305
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	592,881	16,139,195	6,911,997	14,993,252	4,785,969	4,012,179	19,728,519	67,163,993	60,787,876
Disposals	-	-	-	-	12,768,446	-	492,659	347,399	13,608,505	11,861,579
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>As on Ashad end 2081</b>	<b>-</b>	<b>18,661,138</b>	<b>155,025,079</b>	<b>31,938,922</b>	<b>63,815,507</b>	<b>43,427,971</b>	<b>30,275,093</b>	<b>100,671,381</b>	<b>443,815,091</b>	<b>390,259,603</b>
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	625,364	15,974,542	7,257,278	17,543,156	4,759,427	3,929,827	19,299,280	69,388,873	67,163,993
Disposals	-	-	8,638	-	18,153,344	-	-	1,226,293	19,388,275	13,608,505
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>As on Ashad end 2082</b>	<b>-</b>	<b>19,286,502</b>	<b>170,990,983</b>	<b>39,196,200</b>	<b>63,205,319</b>	<b>48,187,398</b>	<b>34,204,920</b>	<b>118,744,369</b>	<b>493,815,690</b>	<b>443,815,091</b>
Capital Work in Progress	-	31,963,334	15,915,484	-	-	-	-	-	47,878,818	-
<b>Net Book Value</b>										
As on Ashad end 2080	73,566,517	21,521,957	73,799,176	21,560,797	68,119,998	21,748,711	22,518,522	67,514,975	370,350,653	339,093,057
As on Ashad end 2081	73,566,517	20,929,076	59,469,266	17,620,630	72,297,810	18,924,372	18,506,342	63,056,491	344,370,504	370,350,653
As on Ashad end 2082	185,615,082	75,186,361	77,063,386	27,033,246	77,238,357	22,702,527	16,047,091	56,807,047	537,693,098	344,370,504



The cost of an item of property and equipment has been recognized as an asset, initially recognized at cost. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Bank. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in other income in profit or loss account.

#### 4.14 Goodwill and Intangible Assets

Amount in NPR

Particulars	Goodwill	Software		Other	Ashad End 2082	Ashad End 2081
		Purchased	Developed			
<b>Cost</b>						
As on Shrawan 1, 2080	-	57,165,538	-	-	57,165,538	54,631,463
Addition during the Year		3,354,410			3,354,410	2,534,075
Acquisition		3,354,410			3,354,410	2,534,075
Capitalization					-	-
Disposal during the year					-	-
Adjustment/Revaluation					-	-
<b>Balance as on Ashad end 2081</b>	<b>-</b>	<b>60,519,948</b>	<b>-</b>	<b>-</b>	<b>60,519,948</b>	<b>57,165,538</b>
<b>Amortization and Impairment</b>						
As on Shrawan 1, 2080	-	52,927,870	-	-	52,927,870	51,865,250
Amortization charge for the Year		1,354,388			1,354,388	1,062,620
Impairment for the year					-	-
Disposals					-	-
Adjustment					-	-
<b>As on Ashad end 2081</b>	<b>-</b>	<b>54,282,258</b>	<b>-</b>	<b>-</b>	<b>54,282,258</b>	<b>52,927,870</b>
Amortization charge for the Year		1,808,764			1,808,764	1,354,388
Impairment for the year					-	-
Disposals					-	-
Adjustment					-	-
<b>As on Ashad end 2082</b>	<b>-</b>	<b>56,091,022</b>	<b>-</b>	<b>-</b>	<b>56,091,022</b>	<b>54,282,258</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>						
<b>As on Ashad end 2080</b>	<b>-</b>	<b>4,237,668</b>	<b>-</b>	<b>-</b>	<b>4,237,668</b>	<b>2,766,214</b>
<b>As on Ashad end 2081</b>	<b>-</b>	<b>6,237,690</b>	<b>-</b>	<b>-</b>	<b>6,237,690</b>	<b>4,237,668</b>
<b>As on Ashad end 2082</b>	<b>-</b>	<b>5,366,926</b>	<b>-</b>	<b>-</b>	<b>5,366,926</b>	<b>6,237,690</b>

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense upfront.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than NPR 5,000 are charged off on purchases as revenue expenditure.

#### 4.15 Deferred Tax

Current Year

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loans and Advances to BFIs	1,156,184	-	1,156,184
Loans and Advances to Customers	78,156,619	-	78,156,619
Investment properties	-	-	-
Investment securities	-	28,906,650	(28,906,650)
Property & equipment	-	12,095,802	(12,095,802)
Employee's Defined Benefit Obligation	12,824,161	12,510,560	313,601
Lease Liabilities	47,599,515	38,790,689	8,808,826
Other Temporary Difference	63,914,051	-	63,914,051
<b>Deferred tax on temporary differences</b>	<b>203,650,530</b>	<b>92,303,702</b>	<b>111,346,829</b>
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on Year end of Ashad 2082</b>			<b>111,346,829</b>
Recognised in profit or loss			125,842,199
Recognised in other comprehensive income			(14,495,370)
Recognised directly in equity			-
<b>Deferred tax asset/(liabilities) as on Shrawan 1, 2081</b>			<b>57,549,740</b>
<b>Origination/(Reversal) during the year</b>			<b>53,797,089</b>
<b>Deferred tax expense/(income) recognised in SOPL</b>			<b>(89,047,379)</b>
<b>Deferred tax expense/(income) recognised in SOCI</b>			<b>35,250,290</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>-</b>

Previous Year

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loans and Advances to BFIs	-	-	-
Loans and Advances to Customers	-	-	-
Investment properties	-	-	-
Investment securities	-	6,166,920	(6,166,920)
Property & equipment	-	13,786,110	(13,786,110)
Employee's Defined Benefit Obligation	3,585,478	-	3,585,478
Lease Liabilities	45,014,014	36,524,004	8,490,010
Other Temporary Difference	65,427,282	-	65,427,282
<b>Deferred tax on temporary differences</b>	<b>114,026,773</b>	<b>56,477,034</b>	<b>57,549,740</b>
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on Ashad end 2081</b>			<b>57,549,740</b>
Recognised in profit or loss			72,808,916
Recognised in other comprehensive income			(15,259,176)
Recognised directly in equity			-
<b>Deferred tax asset/(liabilities) as on Shrawan 1, 2080</b>			<b>75,475,508</b>
<b>Origination/(Reversal) during the year</b>			<b>(17,925,768)</b>
<b>Deferred tax expense/(income) recognised in SOPL</b>			<b>(10,201,485)</b>
<b>Deferred tax expense/(income) recognised in SOCI</b>			<b>28,127,254</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>-</b>



#### 4.16 Other assets

Amount in NPR

Particulars	Current Year	Previous Year
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	62,430,457	17,822,821
Accrued income	117,362,088	103,892,084
Prepayments and deposit	152,939,629	91,042,496
Income tax deposit	-	15,873,936
Deferred employee expenditure	3,733,197	1,462,703
Right of Use Assets	129,302,298	121,746,680
Stationery	6,000,847	7,133,650
Others	413,484,709	13,496,446
<b>Total</b>	<b>885,253,225</b>	<b>372,470,817</b>

#### 4.17 Due to Bank and Financial Institutions

Amount in NPR

Particulars	Current Year	Previous Year
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	1,101,615,285	914,146,754
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
<b>Total</b>	<b>1,101,615,285</b>	<b>914,146,754</b>

The balance in accounts maintained with the Bank by other local financial institution have been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution is presented under due to bank and financial institutions.

#### 4.18 Due to Nepal Rastra Bank

Amount in NPR

Particulars	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>

#### 4.19 Derivative financial instruments

Amount in NPR

Particulars	Current Year	Previous Year
<b>Held for trading</b>		-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Held for risk management</b>		-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

As of 32 Ashad 2082 the bank does not have Derivative Financial Instruments.

#### 4.20 Deposits from customers

Amount in NPR

Particulars	Current Year	Previous Year
<b>Institutions customers:</b>	<b>15,317,205,325</b>	<b>11,574,344,280</b>
Term deposits	10,579,657,101	7,109,484,740
Call deposits	3,366,742,423	3,540,167,853
Current deposits	1,351,560,222	900,499,947
Other	19,245,580	24,191,740
<b>Individual customers:</b>	<b>39,798,265,332</b>	<b>43,635,938,462</b>
Term deposits	13,485,699,089	24,139,590,296
Saving deposits	25,291,098,989	19,207,707,303
Current deposits	479,177,611	281,316,024
Other	542,289,643	7,324,839
<b>Total</b>	<b>55,115,470,657</b>	<b>55,210,282,742</b>

#### 4.20.1 Currency wise analysis of deposit from customers

Amount in NPR

	Current Year	Previous Year
Nepalese rupee	55,107,977,740	55,202,043,452
Indian rupee		
United State dollar	7,492,917	8,239,289
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>55,115,470,657</b>	<b>55,210,282,742</b>

Currency wise include NPR converted value of deposit on different currencies as on reporting date converted at closing spot rate.

#### 4.21 Borrowing

Amount in NPR

Particulars	Current Year	Previous Year
<b>Domestic Borrowing</b>		-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
<b>Foreign Borrowing</b>		-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 4.22 Provisions

Amount in NPR

Particulars	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>



#### 4.22.1 Movement in Provisions

Amount in NPR

Particulars	Current Year	Previous Year
Balance at Shrawan 1		-
Provisions made during the year		-
Provisions used during the year		-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Ashad end</b>	<b>-</b>	<b>-</b>

#### 4.23 Other Liabilities

Amount in NPR

Particulars	Current Year	Previous Year
Liability for employees defined benefit obligations	-	11,951,592
Liability for long-service leave	98,829,646	118,384,368
Short-term employee benefits	-	-
Bills payable	5,535,202	4,048,146
Creditors and accruals	15,892,071	48,575,904
Interest payable on deposit	455,602	2,245,149
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	116,413,946	114,723,654
Liabilities under NFRS Lease	158,665,052	150,046,713
Employee bonus payable	66,146,136	82,501,811
Other	370,890,207	280,868,112
<b>Total</b>	<b>832,827,862</b>	<b>813,345,450</b>

Liabilities relating to employees benefits like liabilities for defined benefit obligation on gratuity and pension fund, liabilities for long-service leave, short-term employee benefits etc., Creditors and accruals, unpaid dividend etc. are presented under this account head of other liabilities. Long service leave consists of sick leave and annual leave. Actuarial breakup for defined benefit obligations have been disclosed in 4.23.1 to 4.23.7

#### 4.23.1 Defined benefit obligations

The amounts recognised in the statement of financial position are as follows:

Amount in NPR

Particulars	Current Year	Previous Year
Present value of unfunded obligations	98,829,646	118,384,349
Present value of funded obligations	211,382,993	222,030,331
Total present value of obligations	310,212,639	340,414,680
Fair value of plan assets	225,941,914	210,078,739
<b>Present value of net obligations</b>	<b>84,270,725</b>	<b>130,335,941</b>

#### 4.23.2 Plan assets

Plan assets comprise

Amount in NPR

Particulars	Current Year	Previous Year
Equity securities	-	-
Government bonds	-	-
Global IME Retirement Fund	29,908,843	27,690,837
Citizen Investment Trust	196,033,012	182,387,902
<b>Total</b>	<b>225,941,854</b>	<b>210,078,739</b>

#### 4.23.3 Movement in the present value of defined benefit obligations

Amount in NPR

Particulars	Current Year	Previous Year
Defined benefit obligations at Shrawan 1	340,414,680	349,646,281
Actuarial losses	(72,761,100)	(30,659,066)
Benefits paid by the plan	(26,259,680)	(34,621,266)
Current service costs and interest	68,818,739	56,048,731
<b>Defined benefit obligations at Ashad end</b>	<b>310,212,639</b>	<b>340,414,680</b>

#### 4.23.4 Movement in the fair value of plan assets

Amount in NPR

Particulars	Current Year	Previous Year
Fair value of plan assets at Shrawan 1	210,078,739	207,955,860
Contributions paid into the plan	11,951,592	-
Benefits paid during the year	(6,052,513)	(13,636,305)
Actuarial (losses) gains	(9,767,859)	(1,614,577)
Expected return on plan assets	19,731,895	17,373,761
<b>Fair value of plan assets at Ashad end</b>	<b>225,941,854</b>	<b>210,078,739</b>

#### 4.23.5 Amount recognised in profit or loss

Amount in NPR

Particulars	Current Year	Previous Year
Current service costs	39,243,012	28,472,564
Interest on obligation	29,575,727	27,576,167
Expected return on plan assets	(19,731,895)	(17,373,761)
<b>Total</b>	<b>49,086,844</b>	<b>38,674,970</b>

#### 4.23.6 Amount recognised in other comprehensive income

Amount in NPR

Particulars	Current Year	Previous Year
Actuarial (gain)/loss	(41,701,868)	(30,307,521)
<b>Total</b>	<b>(41,701,868)</b>	<b>(30,307,521)</b>

#### 4.23.7 Actuarial assumptions

Amount in NPR

Particulars	Current Year	Previous Year
Discount rate	8.00%	9.00%
Expected return on plan asset	8.00%	9.00%
Future salary increase	5.00%	8.00%
Withdrawal Rate		
For Ages: - Less than 35 Years	3.00%	3.00%
- More than and equal to 35 Years	1.00%	1.00%

#### 4.24 Debt securities issued

Amount in NPR

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	995,443,823	995,083,747
<b>Total</b>	<b>995,443,823</b>	<b>995,083,747</b>

#### 4.25 Subordinated Liabilities

Amount in NPR

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



#### 4.26 Share capital

Amount in NPR

Particulars	Current Year	Previous Year
Ordinary shares	4,296,458,158	4,171,318,600
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
<b>Total</b>	<b>4,296,458,158</b>	<b>4,171,318,600</b>
Opening Share Capital	4,171,318,600	4,171,318,600
Addition :	125,139,558	-
<b>Closing Share Capital</b>	<b>4,296,458,158</b>	<b>4,171,318,600</b>

#### 4.26.1 Ordinary shares

Amount in NPR

Particulars	Current Year	Previous Year
<b>Authorized Capital</b>		
80,000,000 Ordinary share of Rs. 100 each	8,000,000,000	8,000,000,000
<b>Issued capital</b>		
42,964,582 Ordinary share of Rs. 100 each	4,296,458,158	4,171,318,600
<b>Subscribed and paid up capital</b>		
42,964,582 Ordinary share of Rs. 100 each	4,296,458,158	4,171,318,600
<b>Total</b>	<b>4,296,458,158</b>	<b>4,171,318,600</b>

#### 4.26.2 Ordinary share ownership

Amount in NPR

Particulars	Current Year		Previous Year	
	Percent	Amount (NPR)	Percent	Amount (NPR)
<b>Domestic ownership</b>				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions	5.41%	232,532,120	3.70%	154,418,032
Public	94.59%	4,063,926,038	96.30%	4,016,900,568
Other	-	-	-	-
<b>Foreign ownership</b>	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>4,296,458,158</b>	<b>100%</b>	<b>4,171,318,600</b>

Particulars	Current Year		Previous Year	
	Percent	Amount (NPR)	Percent	Amount (NPR)
Promoter	51.00%	2,191,193,661	51.00%	2,127,372,486
Public	49.00%	2,105,264,497	49.00%	2,043,946,114
<b>Total</b>	<b>100%</b>	<b>4,296,458,158</b>	<b>100%</b>	<b>4,171,318,600</b>

#### List of Shareholders Holding Share Capital of 0.5% or more

Current Year

Shareholders Name	No. of share	Total Amount	Percentage (%)
Raj Bahadur Singh	1,127,155	112,715,500	2.62%
Samjhana Aryal	1,093,522	109,352,200	2.55%
Arjun Prasad Sharma	858,887	85,888,700	1.99%
Rohit Gupta	846,417	84,641,700	1.97%
Rajesh Kumar Rauniar	781,230	78,123,000	1.82%
Purushotam Lal Sanghai	759,059	75,905,900	1.77%
Anil Das Shrestha	738,007	73,800,700	1.72%

Shareholders Name	No. of share	Total Amount	Percentage (%)
Sanjay Giri	714,104	71,410,400	1.66%
Sunil Ballav Pant	707,453	70,745,300	1.65%
Madhav Lal Shrestha	673,508	67,350,800	1.57%
Sita Sharma	659,479	65,947,900	1.53%
Sita Ram Prasai	547,241	54,724,100	1.27%
Dhana Kumari Shrestha	531,370	53,137,000	1.24%
Khuma Prasad Aryal	495,908	49,590,800	1.15%
Pramod Kumar Kabra	494,430	49,443,000	1.15%
Rajesh Babu Shrestha	475,998	47,599,800	1.11%
Harish Chand	420,062	42,006,200	0.98%
Employees Provident Fund	391,506	39,150,600	0.91%
Dhruba Kumar Shrestha	358,745	35,874,500	0.83%
Raj Kumar Agrawal	342,543	34,254,300	0.80%
Ram Gopal Goenka	329,261	32,926,100	0.77%
Ramesh Kumar Agrawal	291,101	29,110,100	0.68%
Parasar Prasai	290,532	29,053,200	0.68%
Shyam Krishna Shrestha	272,325	27,232,500	0.63%
Sandeep Kumar Agrawal	270,456	27,045,600	0.63%
Sunil Agarwal	248,909	24,890,900	0.58%
Aditya Sanghai	245,821	24,582,100	0.57%
Rahul Ranjan	239,915	23,991,500	0.56%
Life Insurance Corporation (Nepal) Limited	237,581	23,758,100	0.55%
Dileep Agrawal	230,121	23,012,100	0.54%
Raju Babu Shrestha	225,116	22,511,600	0.52%
Shashi Ranjan Kalwar	218,761	21,876,100	0.51%

#### 4.27 Reserves

Amount in NPR

Particulars	Current Year	Previous Year
Statutory general reserve	1,579,395,704	1,494,426,385
Exchange equilisation reserve	3,313,315	2,786,322
Corporate social responsibility reserve	4,426,644	5,015,602
Capital redemption reserve	-	-
Deferred tax reserve	-	-
Investment adjustment reserve	4,232,500	2,500,000
Capital reserve	-	-
Assets revaluation reserve	-	-
Regulatory Reserve	653,315,815	756,252,225
Dividend equalisation reserve	-	-
Actuarial gain	26,921,840	(2,269,468)
Fair Value Reserve	66,920,729	14,389,480
Other Reserve	3,264,555	7,391,247
<b>Total</b>	<b>2,341,791,102</b>	<b>2,280,491,793</b>

#### General Reserve

General Reserve maintained pertains to the regulatory requirement of the Bank and Financial Institutions Act, 2073. There is a regulatory requirement to set aside 20% of the net profit to the general reserve until the reserve is twice the paid up capital and thereafter minimum 10% of the net profit.

#### Exchange Equalization Reserve

Exchange equalization is maintained as per requirement of Nepal Rastra Bank Unified Directive. There is a regulatory requirement to set aside 25% of the foreign exchange revaluation gain on the translation of foreign currency to the reporting currency. The reserve is the accumulation of such gains over the years.



## Corporate Social Responsibility Reserve

Corporate Social Responsibility reserve of 1% of net profit after tax is maintained as per Nepal Rastra Bank Directive.

## Regulatory Reserve

Regulatory reserves includes any amount derived as a result of NFRS conversion and adoption with corresponding effect in retained earnings.

### 4.28 Contingent liabilities and commitments

Amount in NPR

Particulars	Current Year	Previous Year
Contingent liabilities	83,393,267	64,172,296
Undrawn and undisbursed facilities	1,147,364,147	1,230,918,790
Capital commitment	-	-
Lease Commitment	-	-
Litigation	211,694,892	211,694,892
<b>Total</b>	<b>1,442,452,306</b>	<b>1,506,785,978</b>

#### 4.28.1 Contingent liabilities

Amount in NPR

Particulars	Current Year	Previous Year
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	64,347,296	64,172,296
Underwriting commitment	-	-
Other commitments	19,045,971	-
<b>Total</b>	<b>83,393,267</b>	<b>64,172,296</b>

#### 4.28.2 Undrawn and undisbursed facilities

Amount in NPR

Particulars	Current Year	Previous Year
Undisbursed amount of loans	646,798,129	557,519,917
Undrawn limits of overdrafts	500,566,018	673,398,873
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
<b>Total</b>	<b>1,147,364,147</b>	<b>1,230,918,790</b>

#### 4.28.3 Capital commitments

Amount in NPR

Particulars	Current Year	Previous Year
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for	-	-
Approved but not contracted for	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>

#### 4.28.4 Lease commitments

Amount in NPR

Particulars	Current Year	Previous Year
<b>Operating lease commitments</b>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Sub total</b>		
<b>Finance lease commitments</b>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee	-	-
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Sub total</b>	-	-
<b>Grand total</b>	-	-

#### 4.28.5 Litigation

Litigation includes the disputed amount in lieu of tax assessment against which the Bank has filed an application for administrative review.

#### 4.29 Interest income

Amount in NPR

Particulars	Current Year	Previous Year
Cash and cash equivalent	19,760,873	36,355,868
Due from Nepal Rastra Bank	46,957,381	27,059,029
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	38,278,633	93,848,857
Loans and advances to customers	4,277,464,677	5,480,138,535
Investment securities	448,942,164	797,830,626
Loan and advances to staff	35,736,760	44,150,649
Other	9,964,037	15,966,824
<b>Total interest income</b>	<b>4,877,104,524</b>	<b>6,495,350,389</b>

#### 4.30 Interest expense

Amount in NPR

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposits from customers	2,824,861,846	4,417,741,889
Borrowing	665,753	861,096
Debt securities issued	110,360,076	110,324,129
Subordinated liabilities	-	-
Other	-	-
<b>Total interest expense</b>	<b>2,935,887,676</b>	<b>4,528,927,114</b>

#### 4.31 Fees and Commission Income

Amount in NPR

Particulars	Current Year	Previous Year
Loan administration fees	62,214,143	58,776,931
Service fees	61,006,277	64,753,285
Consortium fees	-	-
Commitment fees	368,879	370,625



DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	84,485,656	80,602,913
Prepayment and swap fees	4,057,385	4,918,700
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	4,100,410	4,227,854
Commission on letter of credit	-	-
Commission on guarantee contracts issued	403,000	840,803
Commission on share underwriting/issue	-	-
Locker rental	534,380	458,750
Other fees and commission income	17,676,444	11,135,177
<b>Total fees and Commission Income</b>	<b>234,846,574</b>	<b>226,085,038</b>

#### 4.32 Fees and commission expense

Amount in NPR

Particulars	Current Year	Previous Year
ATM management fees	19,571,546	15,557,287
VISA/Master card fees	2,923,357	3,269,500
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	5,787,689	46,391
<b>Total fees and Commission Expense</b>	<b>28,282,592</b>	<b>18,873,177</b>

#### 4.33 Net trading income

Amount in NPR

Particulars	Current Year	Previous Year
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	231,137	221,372
Other	-	-
<b>Net trading income</b>	<b>231,137</b>	<b>221,372</b>

#### 4.34 Other operating income

Amount in NPR

	Current Year	Previous Year
Foreign exchange revaluation gain	2,107,975	1,719,630
Gain/loss on sale of investment securities	38,325,943	2,451,596
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	48,719,204	31,713,440
Gain/loss on sale of property and equipment	763,621	616,361
Gain/loss on sale of investment property	4,734,245	2,119,043
Operating lease income	2,614,500	2,273,250
Gain/loss on sale of gold and silver	-	-
Other	26,544,770	6,776,120
<b>Total</b>	<b>123,810,259</b>	<b>47,669,440</b>

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

Amount in NPR

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	(6,356,038)	(1,576,490)
Impairment charge/(reversal) on loan and advances to customer	523,728,941	323,157,297

Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with B/Fis	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
- Impairment charge	-	-
- Impairment reversal	-	-
<b>Total</b>	<b>517,372,903</b>	<b>321,580,807</b>

#### 4.36 Personnel Expense

Amount in NPR

Particulars	Current Year	Previous Year
Salary	254,034,190	244,316,368
Allowances	210,339,877	208,260,889
Gratuity expense	37,107,043	38,707,239
Provident fund	24,075,816	23,156,546
Uniform	7,089,600	7,354,800
Training & development expense	17,704,010	8,991,053
Leave encashment	31,137,776	51,887,149
Medical	31,850,340	30,870,355
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	1,450,163	22,732,450
Other expenses related to staff	8,235,042	653,970
<b>Subtotal</b>	<b>623,023,858</b>	<b>636,930,818</b>
Employees bonus	66,146,137	82,501,811
<b>Grand total</b>	<b>689,169,995</b>	<b>719,432,629</b>

#### 4.37 Other operating expense

Amount in NPR

Particulars	Current Year	Previous Year
Directors' fee	4,586,450	3,924,000
Directors' expense	4,207,340	3,568,624
Auditors' remuneration	2,260,000	1,243,000
Other audit related expense	-	-
Professional and legal expense	2,957,607	2,376,956
Office administration expense	253,641,625	242,294,918
Operating lease expense	-	264,000
Operating expense of investment properties	-	-
Corporate social responsibility expense	4,832,143	6,329,033
Onerous lease provisions	-	-
Lease Expense Under NFRS	106,712,029	102,296,448
Other	3,477,605	1,288,119
<b>Total</b>	<b>382,674,799</b>	<b>363,585,097</b>

#### 4.37.1 Office administration expense

Amount in NPR

Particulars	Current Year	Previous Year
Water and electricity	19,598,843	20,029,860
Repair and maintenance	-	-
(a) Building	18,593	306,778
(b) Vehicle	2,426,843	2,164,420
(c) Computer and accessories	689,338	549,767
(d) Office equipment and furniture	3,054,040	2,814,615
(e) Other	2,538,647	2,321,775



Insurance	5,792,794	6,072,315
Postage, telex, telephone, fax	29,855,106	29,259,874
Printing and stationery	18,011,144	23,904,065
Newspaper, books and journals	139,748	218,696
Advertisement	8,468,550	8,630,218
Donation	-	-
Security expenses	38,731,964	36,851,436
Deposit and loan guarantee premium	25,371,278	24,349,346
Travel allowance and expense	4,429,972	4,994,859
Entertainment	107,389	172,988
Annual/ special general meeting expenses	999,879	1,613,343
Other		
(a) Technology Support Cost (Technical Services Fees)	10,992,931	8,494,489
(b) Transport expenses	10,100,404	10,107,013
(c) Customer & Public Relation Expenses	-	-
(d) Banking and Corporate Expenses	19,844,671	17,072,869
(e) Fees and Charges	10,630,894	10,649,226
(f) Miscellaneous	10,849,627	8,047,729
(g) Janitorial	11,386,485	8,727,644
(h) Amortization of Deferred Expenses & Software	-	-
(i) Fine & Penalties	-	-
(j) Low value Assets	367,966	294,515
(k) Internal Audit Fees & Expenses	7,528,750	6,408,066
(l) Annual Maintenance Charge	5,827,689	3,906,972
(m) Branch opening expenses	300	-
(n) Festival & Closing Exp	1,321,998	1,427,844
(o) Consultancy fee	4,555,784	1,401,760
(p) Budgeting & Planning Expenses	-	1,502,438
<b>Total</b>	<b>253,641,625</b>	<b>242,294,918</b>

#### 4.38 Depreciation & Amortisation

Amount in NPR

Particulars	Current Year	Previous Year
Depreciation on property and equipment	69,388,873	67,163,993
Depreciation on investment property	-	-
Amortisation of intangible assets	1,808,764	1,354,388
<b>Total</b>	<b>71,197,637</b>	<b>68,518,382</b>

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

#### 4.39 Non operating income

Amount in NPR

Particulars	Current Year	Previous Year
Recovery of loan written off	744,690	5,477,830
Other income	-	-
<b>Total</b>	<b>744,690</b>	<b>5,477,830</b>

The income that have no direct relationship with the operation of transactions are presented under this head. The income covered under this head includes loan recovery from loan written off and other income etc.

#### 4.40 Non operating expense

Amount in NPR

Particulars	Current Year	Previous Year
Loan written off	16,836,355	11,370,565
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
<b>Total</b>	<b>16,836,355</b>	<b>11,370,565</b>

The expenses that have no direct relationship with the operation of transactions are presented under this head.

#### 4.41 Income tax expense

Amount in NPR

Particulars	Current Year	Previous Year
Current year	270,532,960	252,352,857
Adjustments for prior years	(10,488,829)	
Current tax expense	260,044,132	252,352,857
Deferred tax expense		
Origination and reversal of temporary differences	(89,047,379)	(10,201,485)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
<b>Total income tax expense</b>	<b>170,996,753</b>	<b>242,151,371</b>

The amount of income tax on net taxable profit is recognized and presented under this head. This head includes current tax expense and deferred tax expense/deferred tax income.

#### 4.41.1 Reconciliation of tax expense and accounting profit

Amount in NPR

Particulars	Current Year	Previous Year
Profit before tax	595,315,229	742,516,296
Tax amount at tax rate of 30%	270,532,960	252,352,857
Add: Tax effect of expenses that are not deductible for tax purpose	(95,898,802)	(29,081,697)
Less: Tax effect on exempt income	3,960,411	9,972,557
Add/less: Tax effect on other items	2,891,013	9,985,520
<b>Total income tax expense</b>	<b>181,485,581</b>	<b>223,284,123</b>
<b>Effective tax rate</b>	<b>30.49%</b>	<b>30.07%</b>

## 5. Disclosures and Additional Information

### 5.1 Risk Management

Effective risk management forms a critical pillar of the institution's high-level control framework, embedded within the organizational culture through a robust control environment, proactive risk awareness, and disciplined management practices. The bank has established a comprehensive governance structure with clearly defined roles and responsibilities across multiple layers of oversight and execution. The Board of Directors provides strategic direction and ultimate oversight, supported by specialized committees including the Risk Management Committee and Audit Committee, which monitor key risk areas and ensure regulatory compliance.

The Chief Executive Officer and Senior Management team are responsible for implementing risk management policies and fostering a risk-aware culture throughout the organization. Operational execution is strengthened through dedicated Risk and Compliance Departments that identify, assess, and mitigate risks, while various support functions ensure seamless integration of risk management principles across all business activities. This multi-tiered governance framework ensures accountability, transparency, and continuous monitoring, enabling the bank to navigate risks effectively while maintaining operational resilience and regulatory adherence.

#### 5.1.1 Risk Governance

The Bank has implemented various policies and procedures to mitigate the risk at enterprises level arising to the Bank and has trained risk culture among the employees by establishing ownership mentality, accountability, capacity building programs, well defined job responsibilities and inhabiting good ethical culture. The Risk Management Committee is responsible for the establishment of, and compliance with, policies relating to Operation risk, Credit risk, Market and Liquidity Risk.

The Bank's risk governance structure is such that the responsibility for maintaining risk within the banks risk blanket is dropped down from the Board to the appropriate functional, client business, senior management and committees. The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation, and control/ monitoring in line with NRB directives, and has effectively implemented the same at the bank. The effectiveness of the bank's internal control system is reviewed regularly by the Board, its committees, senior management, and internal audit committee.

#### 5.1.2 Board of Directors

BOD approves the risk management policies and also sets limits by assessing the risk appetite, tolerance, skills available for managing risk and the risk bearing capacity. It supervises the implementation of the risk strategy. It guides the development of



policies, procedures and systems for managing risk. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the Bank and the risk appetite of the Bank. Sub-Committees of the Board of Directors have been constituted to oversee the various risk of management activities.

The BOD of the Bank has complied with all the code of conduct and corporate governance guidelines as per NRB Directives and applicable relevant policy and Acts.

### 5.1.3 Risk Management Committees

Pursuant to the NRB directive no 6, on Corporate Governance, the bank has established Risk Management Committee with well-defined terms of reference in line with the NRB directive. Risk Management Committee (RMC), chaired by the one of the members of BOD periodically examines Credit Risk, Market Risk, Liquidity Risk, and Operation Risk of the bank, oversee the sector portfolio/portfolio diversification and advise the management to review policy/process of the bank. The Committee review the current risk profile and assess potential impact on the activities of the bank or specific business, ensuring risks are identified, assessed, measured, mitigated, managed and monitored within acceptable parameters; where necessary, take appropriate remedial action.

### 5.1.4 CEO and Senior Management

The CEO and Senior management have ensured that Bank have a strong risk management culture with well-written policies, manuals and guidelines. Senior management review and reinforce the risk management system.

### 5.1.5 Risk Department

Risk Department has responsibility for high level Bank policy and procedures exposures including setting standards and reporting significant Risks and Corporate Governance issues to Senior management and BOD.

### 5.1.6 Internal Audit and Compliance Department

Audit Department reviews the implementation and adherence to the policy as part of its audit activities. It also works with the businesses and functions to prepare high-level risk maps to help identify and manage all aspects of risk, including Operational Risk and to help determine their Audit strategy.

Compliance Department of the bank plays the vital roles on compliance of regulatory requirements. Internal policies, procedures and guidelines are closely monitored by the compliance of respective departments along with the compliance department.

### 5.1.7 Anti-Money Laundering (AML) Committee

The Committee is constituted in line with the provision of directives of the Nepal Rastra Bank. The Committee oversees implementation of Assets (Money) Laundering Prevention Act, 2064, Assets (Money) Laundering Prevention Rules, 2073, NRB Unified Directives and other legal and regulatory requirements related to prevention of money laundering. The committee oversees risk arising from non-compliance of AML policies and procedures based on national and international best practices.

### 5.1.8 Classification of Risk

#### 1. Credit Risk

Credit risk management strategies include effectively managing the risk of financial losses arising out of booking an exposure on counterparty and also ensuring independence of the credit risk function from the origination, trading and sales function. Credit risk is managed through a defined framework which sets out policies, procedures and standards covering the measurement and management of credit risk. Clear segregation of duties has been established between transaction originator in the business and the approvers in the risk function.

#### Credit Risk Mitigation (CRM)

The Bank follows the well-defined procedures to manage and mitigate the credit related risk at the various level:

- ▶ The credit applications are initially reviewed at the branch where the branch assess the credit worthiness of the proposed borrower and the quality of the security offered.
- ▶ As a second level of defense the Cluster Head have been appointed at the regional level to independently oversee whether the proceeding of the loan approval, creditworthiness and collateral offered complies with the banks and central bank's norms.
- ▶ The credit proposal, if exceeds the prescribed threshold are then reviewed by the Credit Head/Risk Management Department which evaluates the underlying risk of the proposal and decides whether the proposal is within the risk appetite of the bank. This department is independent of the business unit and reports directly to the Board level committee, Risk Management Committee.

- ▶ After due review and identification of the underlying risk by the Risk Management Department, the proposal passes through different approving authorities depending upon the type of the proposal (funded or unfunded), level of underlying risk and amount of the proposal.
- ▶ Once the proposal is approved by the prescribed approving authority, the execution of security documents, post approval proceeding is initiated and completed at the branch level. The Credit Administration Department reviews the security documents to ensure compliance with the Bank's and Central Bank's norms before disbursement of the credit facilities.
- ▶ As a measure to mitigate the risk after disbursal, the bank monitors and reviews on quarterly to annual basis depending upon the type of the facilities. The level of risk and early warning signals (EWS) are identified on every review and necessary actions are taken if required.
- ▶ The internal audit function of the bank on the periodic basis independently observes the compliance and the status of the borrowers and recommends the management with the best practices that has to be adopted. The internal audit department directly reports the Audit Committee which is a board level committee.
- ▶ On the portfolio level, the bank's risk management strategies include diversifying the borrowing pool, risk-based pricing, establishing the suitable exposure limits for borrowers and bank of borrowers to ensure the risk exposure is under the risk appetite expressed by the Risk Management Policy of the bank.

## 2. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and system or from external events.

Measuring the size and scope of a bank's risk exposures is an integral part of risk management process. Bank has placed a process for regular monitoring and reporting of operational risk profiles and material exposures to losses. It offers the advantages of quickly detecting and correcting deficiencies in the policies, processes and procedures for managing operational risk

The monitoring has been undertaken with the following scopes:

- ▶ Monitor assessment of the exposure to all types of operational risk faced by the Bank.
- ▶ An effective risk reporting has been designed in line with authorities.
- ▶ Establish early warning system for increasing risk of future losses.

## 3. Market Risk

Market risk refers to the risk to a bank resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The risks subject to this requirement are as follows:

### Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### Currency Risk:

Foreign exchange risk is the potential for the bank to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency.

## 4. Liquidity Risk

Liquidity risk is the risk that a company or bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. 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 liquid asset positions is not available to the bank on acceptable terms.

The bank measures the liquidity by the various financial ratios. The favorable liquidity ratios are the outcome of the effective liquidity management policies of the bank. The bank monitors these ratios closely and determines whether the liquidity management strategies and policies adopted by are appropriate in circumstances. These ratios also function to fill the void that may exists between the changing economic environment vis-à-vis the bank liquidity management policies. The liquidity risk is daily monitored by the Treasury Department and the liquidity ratio is also maintained above the regulatory requirement. Liquidity Risk Profile as reported to NRB on 32nd Ashad 2082 is presented below.



Particulars	1-7 days	8-30 days	31-90 days	91-180 days	181-270 days	271-365 days	1-2 years	2-5 years	More than 5 years	Total
<b>Assets</b>										
Cash balance	-	-	717	-	-	-	-	-	-	717
Balance with NRB	-	-	2,216	-	-	-	-	-	-	2,216
<b>Balance with domestic BFIs</b>	-	-	<b>2,223</b>	-	-	-	-	-	-	<b>2,223</b>
Current account	-	-	69	-	-	-	-	-	-	69
Money at call, interbank lending, placement, etc.	-	-	2,153	-	-	-	-	-	-	2,153
<b>Balance with foreign BFIs</b>	-	-	<b>4</b>	-	-	-	-	-	-	<b>4</b>
Current account	-	-	4	-	-	-	-	-	-	4
Money at call, placement, etc.	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>	-	<b>214</b>	<b>1,967</b>	<b>306</b>	<b>1,475</b>	<b>3,137</b>	<b>1,441</b>	<b>3,087</b>	<b>765</b>	<b>12,392</b>
Government securities	-	-	-	60	200	1,000	409	3,087	765	5,521
Nepal Rastra bank instruments	-	214	1,967	246	1,275	2,137	-	-	-	5,839
Corporate securities	-	-	-	-	-	-	1,032	-	-	1,032
Others	-	-	-	-	-	-	-	-	-	-
Loans & advances	2,422	1,046	2,545	3,761	2,820	1,999	813	3,728	28,080	47,214
Interest receivable	-	-	1,038	297	148	-	-	-	-	1,483
Receivables from other institutions under commitment	-	-	-	-	-	-	-	-	-	-
Payments under s.no. Y42, Y43 and Y44	-	-	-	-	-	-	-	-	-	-
Others	3	17	33	336	17	51	1,824	62	352	2,696
<b>Total (a)</b>	<b>2,424</b>	<b>1,277</b>	<b>10,741</b>	<b>4,700</b>	<b>4,461</b>	<b>5,187</b>	<b>4,078</b>	<b>6,877</b>	<b>29,197</b>	<b>68,943</b>
<b>Liabilities</b>										
<b>Deposits</b>	<b>6,017</b>	<b>7,093</b>	<b>14,611</b>	<b>5,340</b>	<b>9,061</b>	<b>4,177</b>	<b>4,478</b>	<b>4,850</b>	<b>661</b>	<b>56,289</b>
Current deposits	-	1,988	-	-	-	-	-	-	-	1,988
Saving deposits	-	-	10,124	2,531	5,062	3,796	3,796	-	-	25,309
Call deposits	-	4,122	-	-	-	-	-	-	-	4,122
Fixed deposits	6,017	983	3,949	2,810	3,999	380	682	4,850	661	24,332
Compulsory saving deposits	-	-	-	-	-	-	-	-	-	-
Voluntary saving deposits	-	-	-	-	-	-	-	-	-	-
Gold Deposits	-	-	-	-	-	-	-	-	-	-
Other deposits	-	-	538	-	-	-	-	-	-	538
<b>Borrowings</b>	-	-	-	-	-	-	-	-	<b>995</b>	<b>995</b>
Call/short notice	-	-	-	-	-	-	-	-	-	-



Particulars	1-7 days							8-30 days		31-90 days		91-180 days		181-270 days		271-365 days		1-2 years		2-5 years		More than 5 years		Total
	1-7 days							8-30 days		31-90 days		91-180 days		181-270 days		271-365 days		1-2 years		2-5 years		More than 5 years		
Inter-bank/financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refinance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debentures/bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	995	-	995
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other liabilities and provisions</b>	-	-	-	-	-	-	-	-	-	<b>1,602</b>	<b>6</b>	<b>1,525</b>	<b>1,525</b>	<b>3,132</b>										
Sundry creditors	-	-	-	-	-	-	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	-	-	22
Bills payable	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	-	-	6
Interest payable	-	-	-	-	-	-	-	-	-	56	-	-	-	-	-	-	-	-	-	-	-	-	-	56
Provisions	-	-	-	-	-	-	-	-	-	1,525	-	-	-	-	-	-	-	-	-	-	-	-	-	3,049
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable to other institutions under commitment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrevocable loan commitment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letter of credit/guarantee (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable under s.no. Y16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	1,077	77	77	77	77	77	77	77	77	77	231	231	231	231	1,539
<b>Total (b)</b>	<b>6,017</b>	<b>7,093</b>	<b>17,290</b>	<b>5,423</b>	<b>9,138</b>	<b>4,254</b>	<b>6,234</b>	<b>4,850</b>	<b>4,850</b>	<b>17,290</b>	<b>5,423</b>	<b>9,138</b>	<b>4,254</b>	<b>6,234</b>	<b>4,850</b>	<b>4,850</b>	<b>4,850</b>	<b>4,850</b>	<b>4,850</b>	<b>6,234</b>	<b>6,234</b>	<b>1,656</b>	<b>1,656</b>	<b>61,955</b>
<b>Net financial assets (a-b)</b>	<b>(3,593)</b>	<b>(5,816)</b>	<b>(6,548)</b>	<b>(723)</b>	<b>(4,677)</b>	<b>934</b>	<b>(2,156)</b>	<b>2,027</b>	<b>2,027</b>	<b>(6,548)</b>	<b>(723)</b>	<b>(4,677)</b>	<b>934</b>	<b>(2,156)</b>	<b>2,027</b>	<b>2,027</b>	<b>2,027</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(22,580)</b>	<b>(22,580)</b>	<b>27,541</b>	<b>27,541</b>	<b>6,988</b>
<b>Cumulative net financial assets</b>	<b>(3,593)</b>	<b>(9,410)</b>	<b>(15,958)</b>	<b>(16,681)</b>	<b>(21,358)</b>	<b>(20,424)</b>	<b>(22,580)</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(15,958)</b>	<b>(16,681)</b>	<b>(21,358)</b>	<b>(20,424)</b>	<b>(22,580)</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(20,553)</b>	<b>(22,580)</b>	<b>(22,580)</b>	<b>6,988</b>	<b>6,988</b>	<b>-</b>

### 5.1.9 Fair value of financial assets and liabilities

Financial assets and liabilities are measured at amortized cost except mentioned otherwise.

## 5.2 Capital Management

### 5.2.1 Qualitative Disclosure

The Bank has formulated and implemented the "Internal Capital Adequacy Assessment Process 2021" which has been approved by the Board of Directors.

"ICAAP Policy 2021" provides the guidelines for the preparation of "Internal Capital Adequacy Assessment Process (ICAAP)" which set methodologies, techniques and procedures to assess the Capital adequacy requirements in relation to the bank's risk profile and effectiveness of its risk management, control environment and strategic planning.

The Bank has set the Internal Capital Adequacy Assessment Process (ICAAP) with the following fundamental purposes.

- ▶ Development of policy, practice, process and plan to meet the regulatory and economic capital under the BASEL-II Capital frameworks.
- ▶ Strengthen the governance and organizational effectiveness around risk and capital management.
- ▶ Inform the board about the ongoing assessment of Bank's risk profile, mitigation technique being applied and estimated future capital requirement of the Bank.
- ▶ Bring transparency on the capital assessment process by understanding the key drivers of capital requirement including oversight for reviewing and validating capital requirements.
- ▶ Communicate and justify the regulatory authority about the procedure and methodology adopted for ICAAP based on present and future risk profile of the Bank.
- ▶ Create the foundation and basis to have an informed view on capital requirements to state the Bank's position on capital adequacy against regulatory capital requirements.

Board and management shall jointly ensure that formality and sophistication of the risk management processes are appropriate in light of the bank's risk profile and business plan and shall put in place credible and consistent policies and procedures to identify measure and report all material risks that the bank faces. Board shall ensure that the Policy Framework is comprehensive for key business and support functions, and establish a method for monitoring compliance of the same.

The bank has followed Stress Testing Guidelines issued by the central bank in order to assess vulnerability of the bank under various stress situations typically, application of "what if" scenarios, especially in the problematic identification of low frequency but high severity events and identifying expected and unexpected losses. It focuses on capturing the impact of large, but still plausible events and understanding the overall risk profile in a coherent and consistent framework, including impact analysis on earnings, solvency and liquidity.

Board shall be primarily responsible for ensuring the current and future capital needs of the bank in relation to strategic objectives. Management shall review and understand the nature and level of various risks that the bank is confronting in the course of different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

Board shall ensure that the ICAAP does not become mere compliance activity only but ensure its integration into ongoing operations and planning.

### 5.2.2 Quantitative disclosures of FY 2081/82

#### 1. Capital Structure and Capital Adequacy as per audited financial statement of FY 2081/82

##### 1.1 Tier 1 Capital and a breakdown of its components.

Rs.'000

Particulars	Amount (Rs.)
1. Paid up Equity Share Capital	4,296,458
2. Share Premium	-
3. Proposed Bonus Equity Shares	-
4. Statutory General Reserves	1,579,396
5. Retained Earnings	445,597
6. Un-audited current year cumulative profit/(loss)	-
7. Capital Adjustment Reserve	-

8. Other Free Reserve	-
Less: Intangible Assets	5,367
Less: Investment in equity of institutions in excess of limits	100,00
Less: Purchase of land & building in excess of limit and unutilized	55,626
Less: Other Deductions	111,347
<b>Total core capital (Tier 1)</b>	<b>6,049,111</b>

## 1.2 Tier 2 Capital and a breakdown of its components Rs.'000

Particulars	Amount (Rs.)
1. Cumulative and/or Redeemable Preference Share	-
2. Subordinated Term Debt	995,444
3. Hybrid Capital Instruments	-
4. Stock Premium	-
5. General loan loss provision	504,128
6. Exchange Equalization Reserve	3,313
7. Investment Adjustment Reserve	4,233
8. Accrued Interest Receivable on pass loan included in Regulatory Reserve	70,378
9. Interest Capitalized Reserve included in Regulatory Reserve	1,068
10. Other Reserve	-
<b>Total Tier II Capital</b>	<b>1,578,564</b>

## 1.3 Details of Subordinated Term Debt

The bank has issued '11% Mahalaxmi Debenture 2080' in FY 2079/80 of NPR 1,000,000,000 with face value of NPR 1000 each. The salient features of '11 % Mahalaxmi Debenture 2080' are as follows:

Maturity period	10 Years
Interest rate	11%
Interest Payment Frequency	Semi Annual
Claim in case of liquidation	After depositors

Note:

- ▶ Debenture Redemption Reserve shall be created to redeem the debenture at maturity.
- ▶ The debenture can be pledged with other banks and financial institution.
- ▶ Listed with Nepal Stock Exchange (NEPSE)

With reference to NRB Unified Directive 2081 -Directive No 16(5)(2), Bank has decided to issue bonus share equivalent to debenture redemption reserve amount for the FY 2081-82.

The bank shall allocate the requisite amount to the Debenture Redemption Reserve over the remaining tenure of the debentures in subsequent financial years.

## 1.4 Deduction from Capital

Purchase of Land and building in excess of limit and unutilized in line with unified directive no 8 has been deducted from the Tier-I capital amounting to NPR 55,625,873/-.

Investment made by the Bank in below mentioned fund has been deducted from Core capital as per the provision of Unified Directive.

Particulars	Investment Amount
Avasar Equity Diversified Fund	50,000,000
Nepal Opportunity Fund-1	50,000,000
<b>Total</b>	<b>100,000,000</b>

## 1.5 Total Qualifying Capital Rs.'000

Total capital fund (Tier1 + Tier 2)	Amount (Rs.)
1. Core Capital (Tier 1 Capital)	6,049,111
2. Supplementary Capital (Tier 2)	1,578,564
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>7,627,675</b>



## 1.6 Capital Adequacy Ratio

S.N.	Particulars	Percent (%)
1.	Tier 1 Capital to Total Risk Weighted Exposures	13.53%
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	17.06%

## 2. Risk Exposure

### 2.1 Risk Weighted Exposures for Credit Risk, Market Risk and Operational Risk Rs.'000

Particulars	Amount (Rs.)
Risk Weighted Exposure for Credit Risk	40,330,232
Risk Weighted Exposure for Operational Risk	3,061,684
Risk Weighted Exposure for Market Risk	49,738
<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>43,441,653</b>
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income. Overall Operational risk management policies and procedures are not satisfied.	407,305
Add 2% of RWE. Overall risk management policies and procedures are not satisfied.	868,833
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>44,717,791</b>

### 2.2 Risk Weighted Exposures for Credit Risk Rs.'000

S.No.	Particulars	Risk Weighted Exposures
1.	Claims on domestic banks that meet capital adequacy requirements	1,220,401
2.	Claims on foreign bank incorporated in SAARC region and China operating with a buffer of 1% above their respective regulatory capital requirement	743
3.	Claims on Domestic Corporates (Unrated)	4,984,929
4.	Regulatory Retail Portfolio (Not Overdue)	14,463,392
5.	Claims secured by residential properties	4,224,147
6.	Claims secured by residential properties (Overdue)	344,746
7.	Past due claims (except for claims secured by residential properties)	3,030,773
8.	High Risk claims	5,662,035
9.	Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	93,392
10.	Lending against Shares	2,292,960
11.	Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	20,703
12.	Personal Hire-purchase/Personal Auto Loans	583,241
13.	Investments in equity and other capital instruments of institutions listed in stock exchange	978,769
14.	Investments in equity and other capital instruments of institutions not listed in the stock exchange	46,051
15.	Staff loan secured by residential property	175,029
16.	Other Assets (as per attachment)	1,500,976
17.	Off Balance Sheet Exposures	707,946
	<b>Total</b>	<b>40,330,232</b>

### 2.3 Risk Weighted Exposures for Operation Risk Rs.'000

S.N.	Particulars	Fiscal Year		
		2078/079	2079/080	2080/081
1.	Net Interest Income	1,893,182	1,946,063	1,966,423
2.	Commission and Discount Income	217,398	198,953	226,085
3.	Other Operating Income	193,081	44,385	47,669
4.	Exchange Fluctuation Income	1,793	1,123	221
5.	Addition/Deduction in Interest Suspense during the period	-	-	-

6.	<b>Gross income (a)</b>	<b>2,305,455</b>	<b>2,190,524</b>	<b>2,240,399</b>
7.	Alfa (b)	15%	15%	15%
8.	Fixed Percentage of Gross Income [c=(a×b)]	345,818	328,579	336,060
9.	Capital Requirement for operational risk (d) (average of c)			336,819
10.	Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9 .09
<b>Equivalent Risk Weight Exposure [f=(d×e)]</b>				<b>3,061,684</b>

#### 2.4 Risk Weighted Exposures for Market Risk

In full figure

S.No.	Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
1.	INR	20,030,234	1.60	32,048,374	32,048,374
2.	USD	561,868	137.60	77,313,094	77,313,094
3.	EUR	210	159.45	33,483	33,483
4.	JPY	2,984	9.29	27,720	27,720
5.	AED	294	37.51	11,012	11,012
<b>(a) Total Open Position</b>				<b>109,433,684</b>	<b>109,433,684</b>
(b) Fixed Percentage					5%
(c) Capital Charge for Market Risk (=a×b)					5,471,684
(d) Risk Weight (reciprocal of capital requirement of 11%) in times					9.09
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>					<b>49,737,610</b>

#### 2.5 Credit Risk Weighted Exposures calculation table

Rs.'000

A. Balance Sheet Exposures	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d×e
Cash Balance	716,682			716,682	0%	-
Balance With Nepal Rastra Bank	2,218,580			2,218,580	0%	-
Investment in Nepalese Government Securities	9,559,459			9,559,459	0%	-
All claims on Nepal Rastra Bank	1,800,000			1,800,000	0%	-
Claims on domestic banks that meet capital adequacy requirements	6,102,004		-	6,102,004	20%	1,220,401
Claims on foreign bank incorporated in SAARC region and China operating with a buffer of 1% above their respective regulatory capital requirement	3,713		-	3,712	20%	743
Claims on Domestic Corporates (Unrated)	5,034,429		49,500	4,984,929	100%	4,984,929
Regulatory Retail Portfolio (Not Overdue)	20,056,529		772,007	19,284,522	75%	14,463,392
Claims secured by residential properties	7,040,245		-	7,040,245	60%	4,224,147
Claims secured by residential properties (Overdue)	523,728	178,983	-	344,746	100%	344,746
Past due claims (except for claims secured by residential properties)	3,901,873	1,810,522	70,837	2,020,515	150%	3,030,773



High Risk claims	3,846,449		71,759	3,774,690	150%	5,662,035
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k))	74,714		-	74,714	125%	93,392
Lending against Shares	2,292,960		-	2,292,960	100%	2,292,960
Real Estate loans for land acquisition and development (For institutions/projects registred/licensed and approved by Government of Nepal for land acquisition and development purposes)	20,703		-	20,703	100%	20,703
Personal Hirepurchase/Personal Auto Loans	583,241		-	583,241	100%	583,241
Investments in equity and other capital instruments of institutions listed in stock exchange	978,769		-	978,769	100%	978,769
Investments in equity and other capital instruments of institutions not listed in the stock exchange	30,701		-	30,701	150%	46,051
Staff loan secured by residential property	350,058			350,058	50%	175,029
Interest Receivable/claim on government securities	117,362			117,362	0%	-
Other Assets	2,491,339	990,364	-	1,500,976	100%	1,500,976
<b>TOTAL (A)</b>	<b>67,743,539</b>	<b>2,979,868</b>	<b>964,102</b>	<b>63,799,569</b>		<b>39,622,286</b>

Rs.'000

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	17,757		-	17,757	40%	7,103
Financial Guarantee	46,590		-	46,590	100%	46,590
Irrevocable Credit commitments (short term)	500,566		-	500,566	20%	100,113
Irrevocable Credit commitments (long term)	646,798		-	646,798	50%	323,399
Other Contingent Liabilities	230,741		-	230,741	100%	230,741
<b>TOTAL (B)</b>	<b>1,442,452</b>	<b>-</b>	<b>-</b>	<b>1,442,452</b>		<b>707,946</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>69,185,991</b>	<b>2,979,868</b>	<b>964,102</b>	<b>65,242,021</b>		<b>40,330,232</b>
<b>Adjustments under Pillar II</b>						

SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE

SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE

<b>Total RWE for Credit Risk after Bank's adjustments under Pillar II</b>	<b>69,185,991</b>	<b>2,979,868</b>	<b>964,102</b>	<b>65,242,021</b>	<b>40,330,232</b>
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## 2.6 Compliance with external requirement

The bank has met all externally mandated capital requirements applicable if any.

## 2.7 Amount of Performing and Non-Performing Loans & Advances and Provisions

Rs.'000

Performing Loans			
Category	Gross Amount	Loss Provision	Net Amount
Good	40,432,998	419,325	40,013,673
Watch list	4,431,534	245,620	4,185,914
<b>Sub-Total</b>	<b>44,864,532</b>	<b>664,945</b>	<b>44,199,587</b>
Non-Performing Loans			
Category	Gross Amount	Loss Provision	Net Amount
Sub-Standard	202,266	49,899	152,367
Doubtful	398,865	203,006	195,859
Loss	1,747,887	1,736,600	11,287
<b>Sub-Total</b>	<b>2,349,017</b>	<b>1,989,504</b>	<b>359,513</b>
<b>Total</b>	<b>47,213,549</b>	<b>2,654,450</b>	<b>44,559,100</b>

## 2.8 Non-Performing Assets Ratios

Particulars	32nd Ashad, 2082
Gross NPA to Gross Loan and Advances	4.98%
Net NPA to Gross Loan and Advances	0.76%

## 5.3 Classification of financial assets and financial liabilities

The financial assets and liabilities are classified in Amortized Cost, fair value through profit and loss and fair value through other comprehensive income as per the applicable Accounting Standards.

## 5.4 Operating Segment Information

### 5.4.1 General information

An operating segment is a component of the bank that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the bank's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Based on the nature of the business, transactions, products and services, the management have identified two reporting segments for the purpose of financial reporting:

#### i. General Banking

The modern banking of the Bank provides the customer with the services like personal and corporate banking, corporate and retail credit, project financing, hire purchase financing, trade financing, foreign currency operations, issuing of debit cards, internet banking, mobile banking, money remittance facilities and other incidental services. The income includes all the revenue generated for providing aforesaid services while expenses include interest income, personnel expenses and operating expenses including the impairment charges created on the assets of the segment.



## ii. Treasury

Treasury function of the bank manages the liquidity on the branch level and of the banks as a whole. This segment encompasses the incomes derived from government securities, treasury bills, dividend on investment securities, forex trading and revaluation gain/loss. The interest cost of borrowing, personnel expenses, depreciation, provisions on the securities and other operating expenses are the cost included in this segment.

### 5.4.2 Information about profit or loss, assets and liabilities

Rs.'000

Particulars	Business	Treasury	Card	Remittance	All Other	Total
Revenues from external customers	4,525,929	615,006	88,157	4,101	3,544	5,236,737
Intersegment revenues	-	-	-	-	-	-
<b>Net Revenue</b>	<b>4,525,929</b>	<b>615,006</b>	<b>88,157</b>	<b>4,101</b>	<b>3,544</b>	<b>5,236,737</b>
Interest revenue	4,351,480	525,624	-	-	-	4,877,105
Interest expense	2,824,862	111,026	-	-	-	2,935,888
<b>Net interest revenue</b>	<b>1,526,618</b>	<b>414,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,941,217</b>
Depreciation and amortization	61,534	8,362	1,199	56	48	71,198
<b>Segment profit (loss) before tax</b>	<b>173,179</b>	<b>369,741</b>	<b>46,420</b>	<b>3,206</b>	<b>2,770</b>	<b>595,315</b>
Impairment of assets	517,373	-	-	-	-	517,373
<b>Segment assets</b>	<b>56,288,898</b>	<b>7,648,823</b>	<b>1,096,408</b>	<b>50,999</b>	<b>44,076</b>	<b>65,129,204</b>
<b>Segment liabilities</b>	<b>50,166,577</b>	<b>6,816,891</b>	<b>977,156</b>	<b>45,452</b>	<b>39,282</b>	<b>58,045,358</b>

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

#### ▶ Basis of Accounting

All transactions between the reportable segments are accounted as separate unit and allocation is based upon use of resources and output derived from the reportable segments.

#### ▶ Nature of differences between the measurements of the reportable segments' profits or losses and the Bank's profit or loss before income tax

There is no difference between the measurement of the reportable segments' profit and the Bank's profit before income tax.

#### ▶ Nature of differences between the measurements of the reportable segments' assets and the Bank's asset

There is no difference between the measurement of the reportable segments' assets and the Bank's asset.

#### ▶ Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any

No changes are made in the measurement methods used to determine reported segment profit or loss from prior periods.

#### ▶ Nature and effect of any asymmetrical allocations to reportable segments

No asymmetrical allocations are made to reportable segments.

### 5.4.4 Reconciliations

#### a. Revenue

Rs.'000

Particular	Amount
Total revenues for reportable segments	5,233,193
Other revenues	3,544
Elimination of intersegment revenues	-
<b>Entity's revenues</b>	<b>5,236,737</b>

#### b. Profit or loss

Rs.'000

Particular	Amount
Total profit or loss for reportable segments	592,545
Other profit or loss	2,770
Elimination of intersegment profits	-
<b>Profit before income tax</b>	<b>595,315</b>

**c. Assets** Rs.'000

Particular	Amount
Total assets for reportable segments	65,085,128
Other assets	44,076
<b>Total assets</b>	<b>65,129,204</b>

**d. Liabilities** Rs.'000

Particular	Amount
Total liabilities for reportable segments	58,006,075
Other liabilities	39,282
Unallocated liabilities	-
<b>Entity's liabilities</b>	<b>58,045,358</b>

**5.4.5 Revenue Information from products and services** Rs.'000

S.N.	Particulars	Amount
a.	Business-Loan and Advances	4,525,929
b.	Treasury Operation	615,006
c.	Card Operation	88,157
d.	Remittance Service	4,101
e.	Other Banking Service	3,544
	<b>Total</b>	<b>5,236,737</b>

**5.4.6 Revenue Information form geographical areas**

Geographical Area	Amount	Percentage (%)
<b>Domestic Territory</b>		
Koshi Province	159,816	3.05%
Madesh Province	687,974	13.14%
Bagmati Province	2,945,534	56.25%
Gandaki Province	334,883	6.39%
Lumbini Province	629,711	12.02%
Karnali Province	23,516	0.45%
Sudur-Paschim Province	455,303	8.69%
<b>Total</b>	<b>5,236,737</b>	

**5.4.7 Information about major customers**

No revenue from a single customer accounted for more than 10% during the reporting period

**5.5 Share options and share based payment**

The bank does not have a policy for share options to its employees. Similarly, during the year the bank has not made any payments or settlements by issuing new shares that are to be accounted as per NFRS 2 "Share based payments".

**5.6 Contingent liabilities and commitment**

Comprehensive disclosure of the contingent liabilities and commitments are made on Note 4.28.

**Income Tax Liability**

The final income tax assessment up to FY 2076/77 has been completed. In the course of assessment by Inland Revenue Department (IRD), bank has filed appeal for administrative review against the assessment done by Inland Revenue Department. Details of same are presented below.

Fiscal Year	Particulars	Assessment	Assessment Amount
2069/70	Mahalaxmi Bikas Bank Ltd. (Former Siddhartha Finance Ltd)	For TDS	1,555,590
2069/70	Mahalaxmi Bikas Bank Ltd. (Former Yeti Finance Ltd)	For TDS	1,914,859
2073-74	Mahalaxmi Bikas Bank Ltd. (Former Mahalaxmi Finance Ltd)	For TDS	849,271



2073-74	Mahalaxmi Bikas Bank Ltd. (PAN 301280728)	For TDS	129,532
2073-74	Mahalaxmi Bikas Bank Ltd. (PAN 500034363)	For TDS	52,107
2074/75	Mahalaxmi Bikas Bank Ltd.	For TDS	1,977,575
2074/75	Mahalaxmi Bikas Bank Ltd.	For Income Tax	55,859,978
2075/76	Mahalaxmi Bikas Bank Ltd.	For Income Tax	138,022,709
2076/77	Mahalaxmi Bikas Bank Ltd.	For Income Tax	11,333,271
<b>Total</b>			<b>211,694,892</b>

**Pending decision:** No provisions have been made against these additional demands and disclosed as contingent liabilities under Financial Statements.

The bank has filed tax returns to the Large Tax Office up to the FY 2081/82 under self-assessment procedures.

#### Other Contingent liabilities and commitments

Particulars	Amount
Contingent liabilities	83,393,267
Undrawn and undisbursed facilities	1,147,364,147
Litigation	211,694,892
<b>Total</b>	<b>1,442,452,306</b>

## 5.7 Related Party Disclosures

### 5.7.1 List of related party

The following parties have been identified as the related party transaction as per NAS 24:

Name	Relationship
Mr. Rajesh Upadhyay	Chairman
Mr. Sanjay Giri	Director
Mr. Deepak Kumar Rauniar	Director (Resigned dt 2082.04.22)
Mr. Shyam Sundar Rungta	Director
Mr. Rupendra Poudel	Director
Mr. Rahul Agrawal	Director
Mr. Ashwini Kumar Thakur	Director
Mrs. Ambika Shrestha	Director (Tenure completed dt 2082.03.21)
Mr. Dipesh Lamsal	Chief Executive Officer
Mr. Dhruva Raj Tiwari	DCEO (Retired dt 2082.03.06)
Mr. Jalaj Kumar Adhikari	ACEO
Mr. Amit Bahadur Chand	ACEO
Mr. Anuj Acharya	ACEO/CFO
Mr. Subash Joshi	Acting ACEO/CBO

### 5.7.2 Related Party Transactions

#### Board of Directors Allowances and Facilities

The Board of Directors have been paid board meeting fees of NPR 4,586,450/- (Including the board level committee fee) during the fiscal year. There were 31 Board Meetings conducted during the fiscal year.

The meeting allowance to members for Board meetings and Board level Committee meetings are as below:

Provided to	Effective Dates	Amount
Chairman	Upto 2081/11/08	12,000
	w.e.f 2081/11/09	13,000
Board member	Upto 2081/11/08	11,000
	w.e.f 2081/11/09	12,000
Committee Co-ordinator	Upto 2081/11/08	11,000
	w.e.f 2081/11/09	12,000
Committee Other Members	Upto 2081/11/08	10,000
	w.e.f 2081/11/09	11,000

Meeting fees paid to Board Level Committees are as follows:

NPR in '000

Board Level Committees	No of Meetings	Meeting Allowance
Audit Committee	49	1,057
Employee Service Facility Committee	6	70
Risk Management Committee	39	853
Anti-Money Laundering Committee	6	69
<b>Total</b>		<b>2,049</b>

In addition to above meeting allowance, the following amounts have been paid monthly to all Board members in accordance with AOA of the Bank:

Nature	Effective dates	Amount
Telephone Facility	Upto 2081/11/08	3,000
	w.e.f 2081/11/09	4,000
Newspaper and periodicals Facility	Upto 2081/11/08	2,000
	w.e.f 2081/11/09	3,000
Internet Facility	Upto 2081/11/08	2,500
	w.e.f 2081/11/09	3,500

### 5.7.3 Key Managerial Personnel's Emoluments and Facilities

S.N.	Particulars	Amount (NPR)
1	Short Term Employee Benefits	32,197,632
2	Post-Employment Benefits	1,538,291
3	Other Long-Term Benefits	-
4	Share Based Payment	-
5	Termination Benefits	7,686,595
<b>Total of Key Management Personnel Compensation</b>		<b>41,422,517</b>

In addition to above, the key managerial personnel are entitled to other benefit as per the policy of the bank.

The Salary and benefits paid to the Chief Executive Officer is as follow:

Particulars	Amount
Total annual Salary of CEO including allowances	11,239,800
Work-based remuneration paid to CEO this financial year	
a) Employee Bonus	1,271,543
b) Allowances as per prevailing law	-
c) Others	59,820
<b>Total Personnel Expenses this financial year</b>	<b>12,571,163</b>

### 5.7.4 Subsidiary and Associate Company

There is no any transaction with the subsidiary and associate company during the year.

### 5.8 Merger and Acquisition

The Bank has neither entered into merger nor acquired any bank and financial institutions during the reporting period.

### 5.9 Additional disclosure of non-consolidated entities

There are no such entities which are required to be consolidated but not done during the year.

### 5.10 Events after reporting date

There have been no material events after the reporting period affecting the financial status of the Bank as on Ashad end, 2082 except below mentioned event. The bank monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.



### 5.10.1 Cash Short Identified after Balance Sheet Date

Subsequent to the reporting date, the Management identified cash misappropriation involving employees. Accordingly, a provision amounting NPR 28,476,702 has been recognized in the financial statements in FY 2082-83. The matter has been reported to relevant authorities as per regulatory guidelines. Appropriate disciplinary and legal actions have been initiated against the concerned employee(s).

### 5.11 Variance between Audited and Unaudited Financial Statement along with reason for same

The mentioned variance between Audited and Unaudited Financial Statement along with reason for same is on page no. 199

### 5.12 Classification of Loans, Advances & Bill Purchase and Provisioning FY 2081-82 End

Particulars	Current Year		Previous Year	
	Amount	Provision	Amount	Provision
<b>1. Performing Loan and Advances</b>	<b>44,864,531,988</b>	<b>664,945,277</b>	<b>43,115,244,702</b>	<b>924,753,232</b>
1.1 Pass Loan	40,432,997,568	419,324,878	35,849,023,029	499,626,636
1.1.1 Pass Loan (other than Restructured/Rescheduled Covid Related)	40,432,997,568	419,324,878	35,849,023,029	499,626,636
1.1.2 Pass Loan (Restructured/Rescheduled Covid Related)	-	-	-	-
1.2 Watch List	4,431,534,420	245,620,398	7,266,221,672	425,126,595
<b>2. Non-Performing Loan and Advances</b>	<b>2,349,017,247</b>	<b>1,989,504,351</b>	<b>1,830,540,355</b>	<b>1,212,323,493</b>
2.1 Restructured / Rescheduled	-	-	-	-
2.2 Sub-standard	202,266,013	49,898,822	526,256,762	130,873,982
2.3 Doubtful	398,864,671	203,005,871	425,077,020	210,634,807
2.4 Loss	1,747,886,563	1,736,599,659	879,206,573	870,814,704
<b>3. Total Loan and Advances (1+2)</b>	<b>47,213,549,235</b>	<b>2,654,449,628</b>	<b>44,945,785,057</b>	<b>2,137,076,725</b>
<b>4. Staff Loans</b>	<b>515,833,897</b>	<b>-</b>	<b>478,767,012</b>	<b>-</b>
<b>5. Accrued Interest</b>	<b>268,880,840</b>	<b>-</b>	<b>976,639,003</b>	<b>-</b>
<b>6. Grand Total</b>	<b>47,998,263,972</b>	<b>2,654,449,628</b>	<b>46,401,191,072</b>	<b>2,137,076,725</b>

### 5.13 Statement of Principal Indicators (last 5 Fiscal Years)

The mentioned statement of principal indicators (last 5 fiscal years) is on page no. 201

## 6. Other Explanatory Notes

### 6.1 Reserves & Surplus

#### i. Statutory General Reserve

General Reserve maintained pertains to the regulatory requirement of the Bank and Financial Institutions Act, 2073. There is a regulatory requirement to set aside 20% of the net profit to the general reserve until the reserve is twice the paid-up capital and thereafter minimum 10% of the net profit.

During the year the Bank has transferred Rs. 84,969,319 to the statutory general reserve.

In Rs '000

<b>Opening Balance</b>	<b>1,494,426</b>
Transfer during the year	84,969
<b>Closing Balance</b>	<b>1,579,395</b>

#### ii. Exchange equalization Reserve

Exchange equalization is maintained as per requirement of BAFIA 2073. There is a regulatory requirement to set aside 25% of the foreign exchange revaluation gain on the translation of foreign currency to the reporting currency. The reserve is the accumulation of such gains over the years.

During the year, bank has transferred NPR 526,994 to this exchange equalization reserve.

In Rs '000

<b>Opening Balance</b>	<b>2,786</b>
Transfer of 25% of revaluation gain	527
<b>Closing Balance</b>	<b>3,313</b>

### iii. Regulatory Reserve

As per the NRB Directive 4/2081 Clause (4), the bank is required to credit an amount equal to the adjustments made as per NFRS while preparing Opening Statement of Financial Position and NFRS compliant financial statements of succeeding years to the Regulatory Reserve. The amount shall be transferred from Retained Earning to the Regulatory Reserve through the Statement of Changes in Equity. Accordingly, the bank has credited the following amounts During the FY 2081/82 In Rs '000

Particulars	Opening Balance	Transfer/(Reversal)	Closing Balance
Accrued Interest Recognized as Income (Net)	431,430	(177,596)	253,834
Investment Properties (Net)	265,003	7,568	272,571
Actuarial Loss (Net of tax)	2,269	(2,269)	-
Fair Value Loss Adjustment Reserve	-	-	-
Deferred Tax Reserve	57,550	68,292	125,842
Interest Capitalized Reserve	-	1,068	1,068
<b>Total</b>	<b>756,252</b>	<b>(102,936)</b>	<b>653,316</b>

The movement on regulatory reserve over the reporting period including previous fiscal years disclosed in the "Changes in Regulatory Reserve" as a part of Financial Statements.

The description of each item of regulatory reserve created as per NRB Directive 4(4)/2081 and Guidelines for Publication of Financial Statement, Dividend declaration and Annual General Meeting 2077(updated 2078) has been presented as:

#### a. Accrued Interest

Interest income recognized in statement of Profit or Loss account on accrual basis has been transferred to Regulatory Reserve from retained earnings. However, interest income of NPR 103,037,347/- recovered up to 15th Shrawan 2082 has not been transferred to regulatory reserve as per the NRB directive 4(4) (Kha)/2081

Total regulatory reserve of NPR 253,834,844 has been created for the interest income recognized on accrual Basis up to the reporting period.

#### Accrued Interest income Calculation and reconciliation

Accrued Interest Receivables	Amount
Accrued Interest as on 32nd Ashad, 2082	1,322,858,195
Less: AIR on Non-Performing Loan	709,805,087
<b>AIR Considered for the FY 2081-82</b>	<b>613,053,108</b>
Less: Interest Recovered up to Shrawan 15, 2082	103,037,347
<b>AIR Considered for RR calculation, FY 2081-82</b>	<b>510,015,760</b>
Regulatory Reserve to be Maintained, FY 2081-82	253,834,844
Opening Regulatory Reserve for AIR	431,430,446
<b>(Excess)/Deficit</b>	<b>(177,595,602)</b>
Amount transferred to/from Regulatory Reserve	(177,595,602)

#### b. Investment Properties (Non-Banking Assets)

Regulatory reserve on Non-Banking Assets has been created as per NRB directives 4(4) (Kha)/2081. Regulatory reserve of NPR 272,570,812/- has been created up to FY 2081/82.

#### c. Deferred Tax Assets

As per NRB Directives 4(4) (Kha)/2081, regulatory reserve shall be created from retained earnings for the amount equal to Deferred Tax Assets. Bank has Deferred Tax Assets (after netting off Deferred Tax Liability) in statement of financial Position.

Bank has created regulatory reserve of NPR 125,842,459/- up to Ashad end 2082 for the amount equal to deferred tax assets charged through SOPL.

#### d. Actuarial Gain/Loss

Bank has maintained reserve of actuarial gain on valuation of Defined Benefit Obligation (Gratuity of Staff) of NPR 26,921,840 net of tax during the FY 2081-82.

#### e. Interest Capitalized Reserve

As per Nepal Rastra Bank Directives 2(43)/2081, the interest accrued on moratorium period of loan provided to National Priorities sector like Hydro Electricity, Cement Industry project is allowed to capitalize during the period with prior approval



from the Nepal Rastra Bank. The Bank has capitalized the interest of Rs 13,471,532/- during FY 2081/82 with the approval & as per the directives/circular issued from Nepal Rastra Bank on time to time and created Interest Capitalized Reserve of NPR 1,068,388.48/-.

**f. Other Regulatory Reserve**

The movement on regulatory reserve over the reporting period in line with guidelines for publication of Financial Statement, Dividend declaration and Annual General Meeting 2082 has been presented as: Rs:000

Particular	Interest Receivable	Short Provision on NBA	Deferred Tax	Actuarial Loss Recognized	Fair Value loss Recognized in OCI	Interest Capitalized Reserve	Total
<b>Balance as on 31st Ashad, 76</b>	<b>36,864</b>	<b>336,367</b>	-	-	-	-	<b>373,230</b>
Net Addition/Reversal	125,703	-135,975	-	3,541	-	-	-6,731
<b>Balance as on 31st Ashad, 77</b>	<b>162,566</b>	<b>200,392</b>	-	<b>3,541</b>	-	-	<b>366,499</b>
Net Addition/Reversal	-100,597	-7,297	-	6,971	-	-	-100,923
<b>Balance as on 31st Ashad, 78</b>	<b>61,969</b>	<b>193,094</b>	-	<b>10,513</b>	-	-	<b>265,576</b>
Net Addition/Reversal	57,552	110,811	72,080	10,570	56,172	-	307,185
<b>Balance as on 31st Ashad, 79</b>	<b>119,521</b>	<b>303,905</b>	<b>72,080</b>	<b>21,083</b>	<b>56,172</b>	-	<b>572,761</b>
Net Addition/Reversal	62,123	38,211	3,396	2,402	-16,568	-	89,564
<b>Balance as on 31st Ashad, 80</b>	<b>181,644</b>	<b>342,116</b>	<b>75,476</b>	<b>23,485</b>	<b>39,604</b>	-	<b>662,325</b>
Net Addition/Reversal	249,786	-77,114	-17,926	-21,215	-39,604	-	93,927
<b>Balance as on 31st Ashad, 81</b>	<b>431,430</b>	<b>265,002</b>	<b>57,550</b>	<b>2,270</b>	-	-	<b>756,252</b>
Net Addition/Reversal	-177,596	7,568	68,292	-2,270	-	1,068	-102,937
<b>Balance as on 32nd Ashad, 82</b>	<b>253,834</b>	<b>272,570</b>	<b>125,842</b>	-	-	<b>1,068</b>	<b>653,315</b>

**iv. Fair Value Reserve**

Fair Value Reserve of the Bank includes fair value gain on Investment in Equity through OCI (Net of Tax) up to Ashad end 2082.

Bank has created fair value reserve (Net of Tax) that stood at NPR 66,920,729 up to Ashad end 2082.

**v. Other Reserves**

▶ **Staff Training Development Fund**

As per the NRB Directives 6/2081, the Bank shall spend 3% of the total Personnel expenses (Salary & Allowances) of preceding year on Staff training and development. Further if such amount could not be spent, short amount shall be credited to Staff training and development fund which shall be spent in the next year.

During the year, the Bank exceeded the 3% threshold of total Personnel expenses (Salary & Allowances) from the preceding year allocated for Staff training and development by NPR 4,126,693. Consequently, this excess amount has been transferred back from the fund and added to the distributable profit. In Rs '000

Particulars	Amount
Required Expenses to be incurred (3% of PY Salary and allowance)	13,577
Fund Utilized during the year	17,704
Excess/(Shortfall)	4,127
<b>Transfer during the year</b>	<b>(4,127)</b>

▶ **Investment Adjustment Reserve**

As per the NRB directives, Investment adjustment reserve shall be created against the unquoted share investment if they did not get listed within 3 years of investment date. However, in case of holding of more than 50% in entities which don't require to get listed and investment in Karja Suchana Kendra, Nepal Clearing House Ltd, National Banking Institute, Nepal Electronic Payment System (NEPS), Nepal Stock Exchange, such adjustment reserve need not to be created.

Bank has investment in unlisted shares of Karja Suchana Kendra, Nepal Clearing House Ltd, Banking Finance and Insurance Institute of Nepal and Mahalaxmi Life Insurance Ltd. Bank has created investment adjustment reserve for **Banking Finance and Insurance Institute of Nepal**.

Name of Entities	Investment	Reserve Created
Banking Finance and Insurance Institute of Nepal	4,232,500	4,232,500
<b>Total</b>	<b>4,232,500</b>	<b>4,232,500</b>

#### ► Corporate Social Responsibility Reserve

Clause 13 of the NRB Directive No. 6. requires the Bank to allocate 1% of its net profit to the corporate social responsibility fund and spent the same for the social causes and benefits.

During the year, bank has transferred NPR 4,974,984 to Corporate Social Responsibility Fund. The details of the movement of the Corporate Social Responsibility Fund are presented below: In Rs '000

Particulars	Amount
Opening Balance as on Shrawan 1st 2082	5,016
Addition during the year	4,243
CSR fund utilized during the year	(4,832)
<b>Closing Balance as on Ashad 32nd 2082</b>	<b>4,427</b>

The bank has made expenditure in the following head of expenditure in below mentioned province:

Particulars	Koshi	Madesh	Bagmati	Gandaki	Lumbini	Karnali	Sudur-paschim	Grand Total
Education	299,996	184,501	270,647	-	-	150,000	248,020	<b>1,153,164</b>
Health	88,085	386,421	649,007	19,005	55,350	113,000	30,000	<b>1,340,867</b>
Donation and Aid	-	50,000	411,675	15,290	78,326	-	95,970	<b>651,261</b>
Environment	-	-	236,500	-	12,480	-	-	<b>248,980</b>
Financial Literacy	34,950	47,693	194,745	25,950	113,360	-	48,750	<b>465,448</b>
Sustainable Development	-	-	-	-	-	-	-	<b>-</b>
Others	-	3,500	727,141	152,582	89,200	-	-	<b>972,423</b>
<b>Grand Total</b>	<b>423,031</b>	<b>672,114</b>	<b>2,489,714</b>	<b>212,827</b>	<b>348,716</b>	<b>263,000</b>	<b>422,740</b>	<b>4,832,143</b>

## 6.2 Impairment

The bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per Expected Credit Loss (ECL) model under NFRS 9.

Particulars	FY 2081/82	FY 2080/81
LLP as per NRB Directives (a)	2,654,449,628	2,137,076,725
Total Impairment as per NFRS (b)	2,179,007,892	1,597,786,979
<b>Impairment on Loan and Advances (Higher of a &amp; b)</b>	<b>2,654,449,628</b>	<b>2,137,076,725</b>

### Loan Loss Provision as per Unified Directive 2081

Particulars	FY 2081/82		FY 2080/81	
	Loans and Advances	Loan Loss Provision	Loans and Advances	Loan Loss Provision
Pass	40,432,997,568	419,324,878	35,849,023,029	499,626,636
Watch List	4,431,534,420	245,620,398	7,266,221,672	425,126,595
Substandard	202,266,013	49,898,822	526,256,761	130,873,981
Doubtful	398,864,671	203,005,871	425,077,020	210,634,807
Bad	1,747,886,563	1,736,599,659	879,206,572	870,814,704
<b>Total</b>	<b>47,213,549,234</b>	<b>2,654,449,628</b>	<b>44,945,785,056</b>	<b>2,137,076,725</b>

## 6.3 Lease

During the year, bank has made NPR 101,747,033 actual lease payment. Whereas NPR 106,712,029 has been recognized as lease expenses in statement of profit and loss.



Particulars	Amount
Right of Use Asset	129,302,298
Lease Liability	158,665,052
Right of Use Asset Depreciation	79,156,246
Interest Expense	27,555,783
<b>Total Lease Expenses</b>	<b>106,712,029</b>

#### 6.4 Investment Properties (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. Non-Banking Assets (NBA) has been shown under investment property. It has been recognized at lower of fair value or amount due at the time of assumption of NBA.

Movement in non-banking assets has been presented as

Particular	Amount
Balance as on Shrawan 1, 2081	532,454,431
Addition During the year	190,892,340
Disposal during the year	(175,686,769)
<b>Closing Balance as on Ashad 32, 2082</b>	<b>547,660,001</b>

#### 6.5 Deferred Tax Asset/Liabilities

Deferred Tax Asset/Liabilities are those assets and liabilities that arise due to temporary differences arising out of accounting and tax base of assets and liabilities. Details of such is presented as:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loans and Advances to BFIs	1,156,184	-	1,156,184
Loans and Advances to Customers	78,156,619	-	78,156,619
Investment properties	-	-	-
Investment securities	-	28,906,650	(28,906,650)
Property & equipment	-	12,095,802	(12,095,802)
Employee's Defined Benefit Obligation	12,824,161	12,510,560	313,601
Lease Liabilities	47,599,515	38,790,689	8,808,826
Other Temporary Difference	63,914,051	-	63,914,051
<b>Deferred tax on temporary differences</b>	<b>203,650,530</b>	<b>92,303,702</b>	<b>111,346,829</b>
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on Ashad end 2082</b>			<b>111,346,829</b>
Deferred tax asset/(liabilities) as on Shrawan 1, 2081			57,549,740
<b>Origination/(Reversal) during the year</b>			<b>53,797,089</b>
<b>Deferred tax expense/(income) recognized in SOPL</b>			<b>(89,047,379)</b>
<b>Deferred tax expense/(income) recognized in SOCI</b>			<b>35,250,290</b>
<b>Deferred tax expense/(income) recognized in directly in equity</b>			<b>-</b>

#### 6.6 Earnings Per Share

The bank measures earning per share on the basis of the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33.

Particulars	FY 2081/82	FY 2080/81
Earning Attributable to Equity Holder	424,318,476	500,364,925
Weighted Number of Equity Share	42,964,582	41,713,186
<b>Earnings Per Share</b>	<b>9.88</b>	<b>12.00</b>
<b>Restated Earnings Per Share adjusted for Bonus issue of Share during the year</b>	<b>9.88</b>	<b>11.65</b>

## 6.7 Proposed Distribution (Cash Dividend and Stock Dividend/Bonus Share)

The Board of directors in its 635th meeting dated 17th Kartik, 2082 has passed a resolution recommending for 5% bonus shares (stock dividend) amounting Rs. 214,822,907.90(including applicable taxes) and cash dividend of 5.37% amounting Rs. 230,719,803.08 from Retained Earnings.

## 6.8 Unclaimed Dividend

At the reporting date, unclaimed dividend over the years is as follow:

Particulars	As at 32nd Ashad 2082	As at 31st Ashad 2081
Unclaimed Dividend for more than 5 years	65,284,022	52,377,138
Not Collected up to 5 years	51,129,924	62,346,516
<b>Total</b>	<b>116,413,946</b>	<b>114,723,654</b>

Due to some technical difficulties, the fund is yet to be transferred to Investor Protection Fund. However, bank is in communication with Company Registrar to transfer the fund at earliest.

## 6.9 Legal Cases

Bank has pending legal cases in different level of courts and offices as follows:

Court Name	Cases pending as of Ashad end 2082
1. Supreme Court	7
2. High Court Patan	3
3. District Court (Inside Valley)	10
4. District Court & High Court (Outside Valley)	22
5. Debt Recovery Tribunal	14
6. Cases where Government is Plaintiff	4
<b>Total</b>	<b>60</b>

## 6.10 Concentration of Deposits, Loans & Advances and Contingents

In Rs. '000

Particulars	Loans & Advances		Deposits	
	As at 32nd Ashad 2082	As at 31st Ashad 2081	As at 32nd Ashad 2082	As at 31st Ashad 2081
Total Amount Outstanding	47,213,549	44,945,785	56,217,086	56,124,429
Highest Exposure of Single Unit	232,734	159,361	1,305,131	1,202,281
Concentration of exposure	0.49%	0.35%	2.32%	2.14%

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables. Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

## 6.11 Loan Written off and Recovery of Loan Written off

During the FY 2081/82 bank has recovered written off principal loan, accrued interest and other receivable relating to borrower amounting to NPR 744,690 and has written off principal loan, accrued interest and other receivable relating to borrower amounting to NPR 16,836,355.

## 6.12 Comparative Figures

Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation.



# Unaudited vs Audited Comparison

## Comparative Disclosure between Audited and Unaudited Financial Statement

### Statement of Financial Position

In Rs. '000

Assets	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Cash and Cash Equivalent	2,952,866	2,952,871	5	0.00%	Nostro Reconciliation adjustments.
Due from Nepal Rastra Bank	2,215,803	2,215,803	-	0.00%	
Placement with Bank and Financial Institutions	-	-	-	0.00%	
Derivative Financial Instruments	-	-	-	0.00%	
Other Trading Assets	-	-	-	0.00%	
Loan and Advances to B/FIs	3,830,833	3,833,410	2,577	0.07%	Adjustment of staff loan
Loans and Advances to Customers	42,018,174	41,510,405	(507,769)	-1.21%	amortization additional impairment and NFRS adjustment
Investment Securities	12,461,104	12,462,463	1,358	0.01%	Adjustment in valuation of securities
Current Tax Assets	103,368	60,466	(42,902)	-41.50%	Due to change in tax liability with the change in profit.
Investment in subsidiaries	-	-	-		
Investment in Associates	4,734	6,466	1,733	36.60%	Reclassification adjustment of Investment in associates
Investment Property	569,778	547,660	(22,118)	-3.88%	Year End Final Adjustment
Property and Equipment	537,693	537,693	(0)	0.00%	
Goodwill and Intangible Assets	5,367	5,367	0	0.00%	
Deferred Tax Assets	35,614	111,347	75,732	212.65%	Year End Final Adjustment
Other assets	425,584	885,253	459,669	108.01%	Other NFRS Adjustment.
<b>Total Assets</b>	<b>65,160,918</b>	<b>65,129,204</b>	<b>(31,714)</b>	<b>-0.05%</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	1,101,615	1,101,615	(0)	0.00%	
Due to Nepal Rastra Bank	-	-	-		
Derivative Financial Instruments	-	-	-		
Deposits from Customers	55,115,471	55,115,471	-	0.00%	
Borrowing	-	-	-		
Current Tax Liabilities	-	-	-		
Provisions	-	-	-		
Deferred Tax Liabilities	-	-	-		
Other Liabilities	814,746	832,828	18,082	2.22%	Change in staff bonus provision due to change in operating profit and other NFRS adjustment.
Debt Securities Issued	995,444	995,444	-	0.00%	
Subordinated Liabilities	-	-	-		
<b>Total Liabilities</b>	<b>58,027,275</b>	<b>58,045,358</b>	<b>18,082</b>	<b>0.03%</b>	
<b>Equity</b>					
Share Capital	4,296,458	4,296,458	-	0.00%	
Share Premium	-	-	-		
Retained Earnings	494,600	445,597	(49,003)	-9.91%	Change in profit and Reserve adjustment.
Reserves	2,342,585	2,341,791	(794)	-0.03%	
<b>Total Capital and Liabilities</b>	<b>65,160,918</b>	<b>65,129,204</b>	<b>(31,714)</b>	<b>-0.05%</b>	

# Unaudited vs Audited Comparison

## Comparative Disclosure between Audited and Unaudited Financial Statement

### Statement of Profit or Loss

In Rs. '000

Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	4,955,666	4,877,105	(78,561)	-1.59%	Nostro Reconciliation and NFRS adjustment
Interest expense	2,935,888	2,935,888	-	0.00%	
<b>Net interest income</b>	<b>2,019,778</b>	<b>1,941,217</b>	<b>(78,561)</b>	<b>-3.89%</b>	
Fee and commission income	234,578	234,847	269	0.11%	Fees and commission income adjustment
Fee and commission expense	28,283	28,283	-	0.00%	
<b>Net fee and commission income</b>	<b>206,295</b>	<b>206,564</b>	<b>269</b>	<b>0.13%</b>	
<b>Net interest, fee and commission income</b>	<b>2,226,074</b>	<b>2,147,781</b>	<b>(78,293)</b>	<b>-3.52%</b>	
Net trading income	231	231	-	0.00%	
Other operating income	164,749	123,810	(40,939)	-24.85%	Adjustment of Dividend income and other adjustment
<b>Total operating income</b>	<b>2,391,054</b>	<b>2,271,822</b>	<b>(119,232)</b>	<b>-4.99%</b>	
Impairment charge/(reversal) for loans and other losses	454,142	517,373	63,231	13.92%	Due to Additional Provision
<b>Net operating income</b>	<b>1,936,912</b>	<b>1,754,449</b>	<b>(182,463)</b>	<b>-9.42%</b>	
<b>Operating expense</b>	<b>1,197,013</b>	<b>1,143,042</b>	<b>(53,970)</b>	<b>-4.51%</b>	
Personnel expenses	744,196	689,170	(55,026)	-7.39%	NFRS adjustment and employee bonus impact
Other operating expenses	381,619	382,675	1,056	0.28%	Lease Expense and other adjustment
Depreciation & Amortization	71,198	71,198	-	0.00%	
<b>Operating Profit</b>	<b>739,899</b>	<b>611,407</b>	<b>(128,493)</b>	<b>-17.37%</b>	
Non-operating income	745	745	-	0.00%	
Non-operating expense	16,836	16,836	-	0.00%	
<b>Profit before income tax</b>	<b>723,808</b>	<b>595,315</b>	<b>(128,493)</b>	<b>-17.75%</b>	
<b>Income tax expense</b>	<b>217,142</b>	<b>170,997</b>	<b>(46,146)</b>	<b>-21.25%</b>	
Current Tax	217,142	260,044	42,902	19.76%	Year End Final Adjustment impact
Deferred Tax Income/(Expenses)		(89,047)	(89,047)		Year End Final Adjustment
<b>Profit for the year</b>	<b>506,665</b>	<b>424,318</b>	<b>(82,347)</b>	<b>-16.25%</b>	



# Mahalaxmi Bikas Bank Ltd.

## Major Financial Indicator of Last Five Years

Particulars	Indicators	F.Y 2077/78	F.Y 2078/79	F.Y 2079/80	F.Y 2080/81	F.Y 2081/82
1. Net Profit/Total Income	%	17.45	16.71	5.44	7.39	8.10
2. Earnings Per Share						
Basic Earning Per Share	Rs.	19.75	22.56	9.05	12.00	9.88
Diluted Earning Per Share	Rs.	19.75	22.56	9.05	12.00	9.88
3. Market Value per Share	Rs.	445.00	374.00	325.50	352.00	411.67
4. Price Earnings Ratio	Times	20.20	16.58	35.96	29.34	41.68
5. Dividend (including bonus) on share capital	%	21.0526	10.47	6.40	7.00	10.37
6. Cash Dividend on share Capital	%	1.0526	6.47	6.40	4.00	5.37
7. Interest Income/Loans & Advances	%	10.65	12.25	15.76	14.00	10.16
8. Employee Expenses/Total Operating Expenses	%	17.68	15.70	11.61	12.62	16.78
9. Interest Expenses on Total Deposit and Borrowings	%	5.38	6.55	8.88	8.07	5.22
10. Exchange Income/Total Income	%	(0.04)	0.03	0.01	0.03	0.04
11. Staff Bonus/ Total Employee Expenses	%	19.48	21.53	9.27	11.47	9.60
12. Net Profit/Loans & Advances	%	2.06	2.22	0.89	1.08	0.88
13. Net Profit/ Total Assets	%	1.55	1.65	0.61	0.77	0.65
14. Net Profit/ Equity	%	12.73	15.22	5.92	7.59	6.14
15. Total Loans & Advances/Total Deposit	%	89.03	88.07	78.12	80.08	83.98
16. Total Operating Expenses/Total Assets	%	6.47	7.53	9.48	8.81	6.31
17. Capital Adequacy Ratio						
(a) Common Equity Tier I Capital						
(b) Core Capital	%	12.27	10.26	10.11	11.80	13.53
(c) Supplementary Capital	%	1.25	1.39	2.88	3.13	3.53
(d) Total Capital Fund	%	13.52	11.65	12.99	14.93	17.06
18. Capital						
(a) Core Capital (In Mn)	Rs.	4,989	5,693	5,777	5,903	6,049
(b) Supplementary Capital (In Mn)	Rs.	510	771	1,654	1,564	1,579
(c) Total Capital Fund(In Mn)	Rs.	5,499	6,464	7,432	7,467	7,628
(d) Risk Weighted Exposure (In Mn)	Rs.	40,667	50,736	57,208	50,023	44,718
19. Cash Reserve Ratio (CRR)	%	4.29	3.42	3.83	4.13	4.36
20. NPAs/Total Loans & Advances	%	2.80	2.43	3.51	4.07	4.98
21. Net NPL	%	0.84	1.48	1.20	1.44	0.76
22. Base Rate	%	7.28	11.11	11.44	9.39	6.94
23. Weighted Average Interest Rate Spread	%	4.53	4.64	4.59	4.59	4.48
24. Book Net worth (Rs. In lakh)	Rs.	61,766	63,080	64,451	67,441	70,838
25. Total Shares	Number	33,424,027	40,108,833	41,713,186	41,713,186	42,964,582
26. Number of Promotor Equity Shares	Number	17,046,254	20,455,505	21,273,725	21,273,725	21,911,937
27. Number of Public Equity Shares	Number	16,377,773	19,653,328	20,439,461	20,439,461	21,052,645
28. Total Employees	Number	801	853	871	840	847
29. Others						
Per Employee Business (Rs. In Lakh)	Rs.	443.27	473.91	480.01	535.07	557.42
Employee Expenses / Total Income	%	12.86	11.98	9.81	10.63	13.16

# Mahalaxmi Bikas Bank Ltd.

## Comparison of Projected and Audited Financial Statements

### FY 2081/82

Bank has issued 11% Mahalaxmi Debenture 2088 on and issued projected financial statement for 10 years during FY 2079-80. Projected financial statement are based on certain assumptions, favorable economic activities and past trends and strategic plan of the bank. However, there are some variables between the audited and projected for FY 20801-82 has been noted as disclosed below

### Statement of Financial Position

In Rs. '000

Assets	Audited Financial Statement	Projected Financial Statement	Variance		Reason for Variance
			Amount	%	
Cash and cash equivalent	2,952,871	6,228,175	(3,275,304)	-52.59%	Slow down in banking transaction
Due from Nepal Rastra Bank	2,215,803	3,886,084	(1,670,281)	-42.98%	
Placement with Bank and Financial Institutions	-	-	-		
Derivative financial instruments	-	-	-		
Other trading assets	-	-	-		
Loan and advances to B/FIs	3,833,410	10,156,606	(6,323,196)	-62.26%	Slow down in national economy
Loans and advances to customers	41,510,405	77,743,569	(36,233,165)	-46.61%	Slow down in national economy
Investment securities	12,462,463	13,090,237	(627,774)	-4.80%	
Current tax assets	60,466	84,299	(23,833)	-28.27%	Due to decrease on profit
Investment in subsidiaries	-	-	-		
Investment in associates	6,466	4,734	1,733	36.60%	
Investment property	547,660	304,631	243,029	79.78%	Due to increase in NBA and slowdown in recovery
Property and equipment	537,693	687,681	(149,988)	-21.81%	Due to low Capex expenditure
Goodwill and Intangible assets	5,367	3,596	1,771	49.24%	Purchase of software
Deferred tax assets	111,347	42,484	68,863	162.09%	NFRS adjustment
Other assets	885,253	486,178	399,075	82.08%	Recognizatin of ROU assets and increase in receivables/ security deposit
<b>Total Assets</b>	<b>65,129,204</b>	<b>112,718,274</b>	<b>(47,589,070)</b>	<b>-42.22%</b>	
<b>Liabilities</b>					
Due to Bank and Financial Institutions	1,101,615	4,060,321	(2,958,706)	-72.87%	Regular Banking transaction
Due to Nepal Rastra Bank	-	2,136,794	(2,136,794)	-100.00%	Expiry of refinance facility
Derivative financial instruments	-	-	-		
Deposits from customers	55,115,471	93,091,771	(37,976,301)	-40.79%	Regular Banking transaction
Borrowing	-	-	-		
Current Tax Liabilities	-	-	-		
Provisions	-	78,273	(78,273)	-100.00%	Provision setoffs
Deferred tax liabilities	-	-	-		
Other liabilities	832,828	1,176,063	(343,235)	-29.19%	Discharge of liabilities
Debt securities issued	995,444	3,000,000	(2,004,556)	-66.82%	No additional debenture
Subordinated Liabilities	-	-	-		
<b>Total liabilities</b>	<b>58,045,358</b>	<b>103,543,222</b>	<b>(45,497,865)</b>	<b>-43.94%</b>	



Equity					
Share capital	4,296,458	5,244,310	(947,852)	-18.07%	
Share premium	-	-	-		
Retained earnings	445,597	921,996	(476,399)	-51.67%	Due to decrease on net profit
Reserves	2,341,791	3,008,746	(666,955)	-22.17%	
<b>Total equity attributable to equity holders</b>	<b>7,083,846</b>	<b>9,175,052</b>	<b>(2,091,206)</b>	<b>-22.79%</b>	
<b>Total liabilities and equity</b>	<b>65,129,204</b>	<b>112,718,274</b>	<b>(47,589,070)</b>	<b>-42.22%</b>	

## Statement of Profit or Loss

In Rs. '000

	Audited Financial Statement	Projected Financial Statement	Variance		Reason for Variance
			Amount	%	
Interest income	4,877,105	10,681,032	(5,803,928)	-54.34%	Business constrain
Interest expense	2,935,888	7,228,094	(4,292,206)	-59.38%	Business constrain & change in cost of fund
<b>Net interest income</b>	<b>1,941,217</b>	<b>3,452,938</b>	<b>(1,511,721)</b>	<b>-43.78%</b>	
Fee and commission income	234,847	330,635	(95,789)	-28.97%	Due to constrain in loan growth
Fee and commission expense	28,283	17,813	10,470	58.78%	Due to increase in transaction banking
<b>Net fee and commission income</b>	<b>206,564</b>	<b>312,822</b>	<b>(106,258)</b>	<b>-33.97%</b>	
<b>Net interest, fee and commission income</b>	<b>2,147,781</b>	<b>3,765,761</b>	<b>(1,617,980)</b>	<b>-42.97%</b>	
Net trading income	231	1,107	(876)	-79.11%	
Other operating income	123,810	315,555	(191,745)	-60.76%	Due to constrain in dividend and sale of NBA
<b>Total operating income</b>	<b>2,271,822</b>	<b>4,082,422</b>	<b>(1,810,600)</b>	<b>-44.35%</b>	
Impairment charge/(reversal) for loans and other losses	517,373	395,942	121,431	30.67%	Increase in NPL
<b>Net operating income</b>	<b>1,754,449</b>	<b>3,686,481</b>	<b>(1,932,031)</b>	<b>-52.41%</b>	
<b>Operating expense</b>	<b>1,143,042</b>	<b>1,670,747</b>	<b>(527,704)</b>	<b>-31.58%</b>	
Personnel expenses	689,170	1,066,757	(377,587)	-35.40%	Lower than projected
Other operating expenses	382,675	508,951	(126,276)	-24.81%	Lower than projected
Depreciation & Amortization	71,198	95,039	(23,841)	-25.09%	Lower than projected
<b>Operating Profit</b>	<b>611,407</b>	<b>2,015,734</b>	<b>(1,404,327)</b>	<b>-69.67%</b>	
Non operating income	745	-	745		
Non operating expense	16,836	-	16,836	100.00%	Loan write off
<b>Profit before income tax</b>	<b>595,315</b>	<b>2,015,734</b>	<b>(1,420,419)</b>	<b>-70.47%</b>	
Income tax expense	170,997	686,541	(515,544)	-75.09%	
Current Tax	260,044	604,720	(344,676)	-57.00%	Due to decrease on net profit
Deferred Tax Income/(Expenses)	(89,047)	81,821	(170,868)	-208.83%	NFRS adjustment
<b>Profit for the year</b>	<b>424,318</b>	<b>1,329,193</b>	<b>(904,874)</b>	<b>-68.08%</b>	



**नेपाल राष्ट्र बैंक**  
**वित्तीय संस्था सुपरिवेक्षण विभाग**

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/महालक्ष्मी/०८२/८३  
च.नं.: ९९.....

**श्री महालक्ष्मी विकास बैंक लिमिटेड,**  
**दरबारमार्ग, काठमाण्डौ ।**



केन्द्रीय कार्यालय  
बालुवाटार, काठमाण्डौ

फोन नं.: ९७७ ०१-५७९९६५३

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मिति: २०८२/०८/०९

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

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०८१/८२ को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैर-स्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०८१/८२ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा अनुरोध छ । साथै, संस्थाले प्रस्ताव गरे अनुसार आ.व. २०८१/८२ सम्मको सञ्चित मुनाफा रु.४४,५५,९६,८३३- बाट २०८२ असार मसान्तमा कायम रहेको चुक्ता पुँजी रु.४,२९,६४,५८,९५८- को ५ प्रतिशतले हुन आउने रकम रु.२१,४८,२२,९०७.९० (अक्षरेपी एक्काइस करोड अठचालीस लाख बाइस हजार नौ सय सात रुपैया र पैसा नब्बे मात्र) बोनस शेयर र ५.३७ प्रतिशतले हुन आउने रु.२३,०७,९९,८०३.०८ (अक्षरेपी तेइस करोड सात लाख उन्नाइस हजार आठ सय तीन रुपैया र पैसा आठ मात्र) बराबरको नगद लाभांश (कर प्रयोजनको लागि समेत) गरी कुल १०.३७ प्रतिशतले हुन आउने रकम रु.४४,५५,४२,७९०.९८ (अक्षरेपी चौवालीस करोड पचपन्न लाख बयालीस हजार सात सय दश रुपैया र पैसा अन्ठानब्बे मात्र) लाभांश (बोनस शेयर र नगद) वितरण गर्ने प्रस्ताव अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना हुने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्र वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. कर्जा प्रवाह पश्चात् अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
२. गैर-बैंकिङ्ग सम्पत्तिहरूको यथाशीघ्र उचित व्यवस्थापन गर्नुहुन ।
३. आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

(गुलाब धवल)

उप-निर्देशक

**बोधार्थ:**

१. श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-३ ।
३. श्री IBS (Individual Bank Supervisor) Officer





महालक्ष्मी विकास बैंक लि.  
Mahalaxmi Bikas Bank Ltd.

(नेपाल राष्ट्र बैंकबाट "ब" श्रेणीको राष्ट्रियस्तरको इजाजत प्राप्त संस्था)



सबल बैंक, सफल सहकार्य



च.नं.: MLBL/FIN/FY-082/83/319

मिति: २०८२।०८।२५

श्री नेपाल राष्ट्र बैंक  
वित्तीय संस्था सुपरिवेक्षण विभाग  
केन्द्रिय कार्यालय  
वालुवाटार, काठमाण्डौं ।



**विषय : वित्तीय विवरण प्रकाशित गर्न स्वीकृत प्रदान गर्दा प्राप्त भएको निर्देशन सम्बन्धमा ।**

महाशय,

उपरोक्त सम्बन्धमा तहाँको मिति २०८२/०८/०१ को पत्र संख्या वि.सं.सु.वि./गैरस्थलगत/महालक्ष्मी/०८२/८३ चलानी नं. ७७ को पत्रबाट यस संस्थाको आर्थिक वर्ष २०८१/८२ को लाभाश घोषणा/वितरण तथा वार्षिक वित्तीय विवरण प्रकाशन गर्न स्वीकृती प्रदान गर्ने क्रममा प्राप्त भएको निर्देशनहरुको सम्बन्धमा देहाय बमोजिमको व्यहोरा अनुरोध गर्दछौं ।

१. प्रवाहित कर्जाको सदुपयोगिता विश्लेषण गर्ने व्यवस्था गरिएको तथा आगामी दिनमा यसको कार्यान्वयन पक्ष थप सुदृढ बनाउँदै लगिने व्यहोरा अनुरोध गर्दछौं ।
२. गैर-बैंकिङ्ग सम्पत्तिहरुको व्यवस्थापनलाई उच्च प्राथमिकतामा राखिएको र सोको उचित व्यवस्थापनको लागि बजारको अवस्था अनुरूप आवश्यक कदमहरु चालिने व्यहोरा अनुरोध गर्दछौं ।
३. आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा त्यस बैंकबाट निरीक्षण तथा सुपरिवेक्षणको क्रममा देखिएका कौफियतहरु नदोहोरिने गरि आवश्यक कार्य गरिने व्यहोरा अनुरोध गर्दछौं ।



२/२५ Received

*(Handwritten signature)*

भवदीय

दिपेश लम्साल  
प्रमुख कार्यकारी अधिकृत

बोधार्थ:

- १) श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग
- २) श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-३
- ३) श्री IBS (Individual Bank Supervisor) Officer



## Three Tier Details

Amendments in the Memorandum of Association of this Development Bank are necessary due to the passage of time and the issuance of Bonus Shares, and the following provisions are presented for amendment of Mahalaxmi Bikas Bank Limited

Existing Provision	Proposed Amended Provision	Reason for Amendment
<p>5. Capital Structure of the Development Bank: The capital structure of the Development Bank is as follows:</p> <p><b>Clause 5 (b)</b> Issued capital of the Development Bank is NPR 4,296,458,185 (In words: Nepalese Rupees Four Billion, Two Hundred Ninety-Six Million, Four Hundred Fifty-Eight Thousand, One Hundred Eighty-Five only). This capital is divided into ordinary shares of face value NPR 100 per share, totaling 42,964,581.58 shares.</p> <p>Clause 5 (c) Paid-up capital of the Development Bank is NPR 4,296,458,185 (In words: Nepalese Rupees Four Billion, Two Hundred Ninety-Six Million, Four Hundred Fifty-Eight Thousand, One Hundred Eighty-Five only).</p>	<p>5. Capital Structure of the Development Bank: The capital structure of the Development Bank shall be as follows:</p> <p><b>Clause 5 (b)</b> Issued capital of the Development Bank is NPR 4,511,281,065.90 (In words: Nepalese Rupees Four Billion, Five Hundred Eleven Million, Two Hundred Eighty-One Thousand, Sixty-Five and Ninety Paise only). This capital is divided into ordinary shares of face value NPR 100 per share, totaling 45,112,810.66 shares.</p> <p>Clause 5 (c) Paid-up capital of the Development Bank is NPR 4,511,281,065.90 (In words: Nepalese Rupees Four Billion, Five Hundred Eleven Million, Two Hundred Eighty-One Thousand, Sixty-Five and Ninety Paise only).</p>	<p>The capital structure of the bank has changed due to the issuance of bonus shares.</p> <p>The capital structure of the bank has changed due to the issuance of bonus shares.</p>





# EXECUTIVES

## **Dipesh Lamsal**

Chief Executive Officer

## **Jalaj Kumar Adhikari**

Assistant Chief Executive Officer

## **Amit Bahadur Chand**

Assistant Chief Executive Officer

## **Anuj Acharya**

Assistant Chief Executive Officer

## **Subash Joshi**

Acting Assistant Chief Executive Officer

# EXECUTIVE TEAM



**Dipesh Lamsal**  
Chief Executive Officer



**Jalaj Kumar Adhikari**  
Assistant Chief  
Executive Officer



**Amit Bahadur Chand**  
Assistant Chief  
Executive Officer



**Anuj Acharya**  
Assistant Chief  
Executive Officer



**Subash Joshi**  
Acting Assistant  
Chief Executive Officer



# HEADS OF DEPARTMENT



**Navaraj Karki**

Chief Recovery Officer and NBA Management Department



**Sanjeev Pant**

Central Credit Administration Department



**Sanjay Kumar Shrestha**

NPL Management & Enforcement / Resolution Department



**Basant Bakshi**

Marketing & Corporate Communication Department



**Paras Mani Thapaliya**

Transaction Banking Department



**Shekhar Acharya**

AML CFT/ Compliance Department



**Rajesh Lamichhane**

General Service Department



**Bishal Raj Karki**

Human Resource Department



**Pritha Bahadur Sunar**

Information Technology Department



**Sheela Aryal**

Finance and Treasury Department



**Ashish Adhikari**

Internal Audit Department



**Sushil Timalisina**

Integrated Risk Management Department



**Sanchita Pokharel**

Central Operation Department

# HEADS OF PROVINCE



**Prakash Ghimire**

Bagmati Province 'Ka'



**Sunil Kumar Nepal**

Sudur-Paschim Province



**Khagendra Bdr. Saud**

Lumbini Province 'Kha'



**Shambhu Prasad Parajuli**

Bagmati Province 'Kha'



**Deepak Kumar Gupta**

Koshi Province



**Sudeep Chandra Pokhrel**

Madhesh Province



**Ganesh Prasad Acharya**

Gandaki Province



**Gautam Gupta**

Lumbini Province 'Ka'













# PROVINCE AND BRANCH NETWORK

## Province Office

Province	Address	Contact No.	E-mail address
Koshi Province Office	Itahari Sub-Metropolitan City-6, Purbaline	025-587217	koshiprovince@mahalaxmibank.com.np
Madhesh Province Office	Birgunj Metropolitan City-10, Adarsanagar	051-524340/ 520948	madeshprovince@mahalaxmibank.com.np
Bagmati Province Office (Ka)	Kathmandu Metropolitan City-26, Gongabu	01-4987982	bagmatiprovinceKA@mahalaxmibank.com.np
Bagmati Province Office (Kha)	Bharatpur Metropolitan City-2, Sahidchowk	056-596337	bagmatiprovinceKHA@mahalaxmibank.com.np
Lumbini Province Office (Ka)	Siddharthanagar Municipality-12, Prahari Road	9857011230	lumbiniprovinceKA@mahalaxmibank.com.np
Lumbini Province Office (Kha)	Nepalgunj Sub-Metropolitan City-19, Shantinagar	081-532799	lumbiniprovinceKHA@mahalaxmibank.com.np
Gandaki Province Office	Pokhara Lekhanath Metropolitan City-8, Newroad	061-570447	gandakiprovince@mahalaxmibank.com.np
Sudur Paschim Province Office	Dhangadhi Sub-Metropolitan City-2, Mainroad	091-523738	sudurpaschimprovince@mahalaxmibank.com.np

## Koshi Province

Branch	Branch Address	Branch Contact No.	E-mail address
Biratnagar	Biratnagar Metropolitan-2, Morang	021572010/11	biratnagar@mahalaxmibank.com.np
Birtamod	Birtamod Municipality-4, Jhapa	023534181/534916	birtamod@mahalaxmibank.com.np
Damak	Damak Municipality-7, Jhapa	023573560/61	damak@mahalaxmibank.com.np
Dharan	Dharan Sub Metropolitan-9, Sunsari	025570976/77	dharan@mahalaxmibank.com.np
Itahari	Itahari Sub Metropolitan-6, Sunsari	025587217/557265	itahari@mahalaxmibank.com.np

## Madhesh Province

Branch	Branch Address	Branch Contact No.	E-mail address
Bardibas	Bardibas Municipality-1, Mahottari	044-550523/550524	bardibas@mahalaxmibank.com.np
Birgunj	Birgunj Metropolitan City-4, Parsa	051-523271	birgunj@mahalaxmibank.com.np
Chandranighapur	Chandranighpur Municipality-4, Rautahat	055-540042	chandranighapur@mahalaxmibank.com.np
Dhalkebar	Mithila Municipality-6, Dhanusha	041-560186	dhalkebar@mahalaxmibank.com.np
Golbazar	Golbazar Municipality-4, Siraha	033-540611	golbazar@mahalaxmibank.com.np
Janakpur	Janakpur Sub Metropolitan City-1, Dhanusha	041-590346/590347	janakpur@mahalaxmibank.com.np
Kalaiya	Kalaiya Sub Metropolitan City-1, Bara	053-551554/550398	kalaiya@mahalaxmibank.com.np
Lahan	Lahan Municipality-4, Siraha	033-564612/564613	lahan@mahalaxmibank.com.np
Lalbandi	Lalbandi Municipality-7, Sarlahi	046-501722/501723	lalbandi@mahalaxmibank.com.np
Malangwa	Malangwa Municipality-3, Sarlahi	046-521438	malangwa@mahalaxmibank.com.np
Nijgadh	Nijgadh Municipality-9, Bara	053-540464/540465	nijgadh@mahalaxmibank.com.np
Parsauni	Parsauni Municipality-2, Bara	9855049397	parsauni@mahalaxmibank.com.np
Rupani	Rupani Municipality-1, Saptari	031-450010/450011	rupani@mahalaxmibank.com.np
Shreepur (Birgunj)	Birgunj Metropolitan City-11, Parsa	051-527147	shreepur@mahalaxmibank.com.np
Simara	Simara Sub Metropolitan City-2, Bara	053-521638	simara@mahalaxmibank.com.np

## Bagmati Province

Branch	Branch Address	Branch Contact No.	E-mail address
Baneshwor	Kathmandu Metropolitan-10, Kathmandu	01-4564518, 01-4569032	baneshwor@mahalaxmibank.com.np
Basundhara	Tokha Municipality-5, Kathmandu	01-4389608	basundhara@mahalaxmibank.com.np
Bhaktapur	Bhaktapur Municipality-9, Bhaktapur	01-6614486/6614088	bhaktapur@mahalaxmibank.com.np
Bhatbhateni	Kathmandu Metropolitan-4, Kathmandu	4426980/4443812	bhatbhateni@mahalaxmibank.com.np



Branch	Branch Address	Branch Contact No.	E-mail address
Chabahil	Kathmandu Metropolitan-7, Kathmandu	01-4569150/60	chabahil@mahalaxmibank.com.np
Charikot	Bhimeshowor Municipality-6, Dolakha	049-421916	charikot@mahalaxmibank.com.np
Dallu	Kathmandu Metropolitan-13, Kathmandu	01-5374045/47	dallu@mahalaxmibank.com.np
Dhadingbesi (Bichbazar)	Nilkantha Municipality-3, Dhading	010-521044/45/46	dhadingy@mahalaxmibank.com.np
Dharke (Dhading)	Dhunibeshi Municipality-6, Dhading	010414140/27	dharke@mahalaxmibank.com.np
Durbarmarg	Kathmandu Metropolitan-1, Kathmandu	5368719/20	durbarmarg@mahalaxmibank.com.np
Gongabu	Kathmandu Metropolitan-26, Kathmandu	014987982, 014987900	gongabu@mahalaxmibank.com.np
Hakim Chowk, Narayangarh	Bharatpur Metropolitan-10, Chitwan	056-595661/63	hakimchowk@mahalaxmibank.com.np
Hetauda	Hetauda Sub Metropolitan-10, Makwanpur	057-520822/523463	hetauda@mahalaxmibank.com.np
Jhamsikhel	Lalitpur Metropolitan-3, Lalitpur	5455426/5455457	jhamsikhel@mahalaxmibank.com.np
Kalimati	Kathmandu Metropolitan-13, Kathmandu	01-5906843	kalimati@mahalaxmibank.com.np
Kamane (HTD)	Hetauda Sub Metropolitan-8, Makwanpur	057-41403031	kamane@mahalaxmibank.com.np
Khadichaur	Balephi Rural Municipality-7, Sindupalchowk	482152/51/50	khadichour@mahalaxmibank.com.np
Khurkhure	Rapti Municipality-8, Chitwan	056-419132/419153	khurkhure@mahalaxmibank.com.np
Koteshwor	Kathmandu Metropolitan-32, Kathmandu	4610176/4611271	koteshwor@mahalaxmibank.com.np
Kumaripati	Lalitpur Metropolitan-19, Lalitpur	5408606/5408510	kumaripati@mahalaxmibank.com.np
Maharajgunj	Kathmandu Metropolitan-3, Kathmandu	4720660/4268719	maharajgunj@mahalaxmibank.com.np
Maitidevi	Kathmandu Metropolitan-30, Kathmandu	014532581, 4534078	maitidevi@mahalaxmibank.com.np
Manahari	Manahari Rural Municipality-7, Makwanpur	057-414030/31	manahari@mahalaxmibank.com.np
Narayangarh	Bharatpur Metropolitan-3, Chitwan	056-596337/47/57	narayangarh@mahalaxmibank.com.np
New Road	Kathmandu Metropolitan-22, Kathmandu	01-5342401, 5342402	newroad@mahalaxmibank.com.np
Palung	Thaha Municipality-4, Makawanpur	057-400041/400021	palung@mahalaxmibank.com.np
Putalisadak	Kathmandu Metropolitan-28, Kathmandu	01-5324179/5330668	putalisadak@mahalaxmibank.com.np
Sanobharyang	Kathmandu Metropolitan-15, Kathmandu	5249550, 01-5249551	sanobharyang@mahalaxmibank.com.np
Satdobato	Lalitpur Metropolitan-15, Lalitpur	01-5152068, 01-5152330	satdobato@mahalaxmibank.com.np
Satungal	Chandragiri Municipality-11, Kathmandu	015108114, 4316784	satungal@mahalaxmibank.com.np
Shankhamul	Kathmandu Metropolitan-10, Kathmandu	01-5242033/34	sankhamul@mahalaxmibank.com.np
Sorakhutte (Naya Bazar)	Kathmandu Metropolitan-16, Kathmandu	4268719/4268720	nayabazar@mahalaxmibank.com.np
Sukedhara	Kathmandu Metropolitan-4, Kathmandu	01-4373875/4373803	sukedhara@mahalaxmibank.com.np
Tadi	Ratnanagar Municipality-1, Chitwan	056-563078/79	tandi@mahalaxmibank.com.np
Thamel	Kathmandu Metropolitan-29, Kathmandu	01-5358609/5358629	thamel@mahalaxmibank.com.np
Thapathali	Kathmandu Metropolitan-11, Kathmandu	01-5911517/5911518	thapathali@mahalaxmibank.com.np
Tinchuli	Kathmandu Metropolitan-6, Kathmandu	01-4917972,4917973	tinchuli@mahalaxmibank.com.np

## Gandaki Province

Branch	Branch Address	Branch Contact No.	E-mail address
Abukhaireni	Abu Khaireni Rural Municipality-3, Tanahun	065-540561	abukhaireni@mahalaxmibank.com.np
Bijayapur-Pokhara	Pokhara Metropolitan-26, Kaski	061-411711/22	bijaypurpkr@mahalaxmibank.com.np
Damauli	Vyas Municipality-3, Tanahun	065-563338/39	damauli@mahalaxmibank.com.np
Kawasoti	Kawasoti Municipality-8, Nawalparashi	078540832 078540260	kawasoti@mahalaxmibank.com.np
Lakeside-Pokhara	Pokhara Metropolitan-6, Kaski	061-590155	lakesidepkr@mahalaxmibank.com.np
Nayabazar (Pokhara)	Pokhara Metropolitan-9, Kaski	061-573498/573898	nayabazarpkr@mahalaxmibank.com.np
Pokhara (Chipledhunga)	Pokhara Metropolitan-4, Kaski	061-587900/584900	pokhara.chipledhunga@mahalaxmibank.com.np
Pokhara (Newroad)	Pokhara Metropolitan-8, Kaski	061-570447	pokhara.newroad@mahalaxmibank.com.np
Sishuwa	Pokhara Metropolitan-30, Kaski	061-564980/81	shishuwa@mahalaxmibank.com.np

## Lumbini Province

Branch	Branch Address	Branch Contact No.	E-mail address
Amarpath, Butwal	Butwal Sub-Metropolitan-6, Rupandehi	071-531612	butwal@mahalaxmibank.com.np
Bansgadhi	Bansgadhi-5, Bardiya	084-400008/09	bansgadhi@mahalaxmibank.com.np
Bethari	Mayadevi Rural Municipality-6, Rupandehi	071-425054	bethari@mahalaxmibank.com.np
Bhairahawa	Siddharthanagar Municipality-12, Rupandehi	071-576863/571478	bhairahawa@mahalaxmibank.com.np
Chandrauta	Sivraj Municipality-5, Kapilvastu	076-540351	chandrauta@mahalaxmibank.com.np
Dhakdhai	Rohini Rural Municipality-3, Rupandehi	071-411073/411074	dhakdhai@mahalaxmibank.com.np
Ghorahi (Dang)	Ghorahi-15, Dang	082-561782	ghorahi@mahalaxmibank.com.np
Kohalpur	Kohalpur-10, Banke	081-542074/75	kohalpur@mahalaxmibank.com.np
Lamahi	Lamahi-5, Dang	082-540645/46	lamahi@mahalaxmibank.com.np
Mahilwar Lumbini	Lumbini Sanskritik Municipality-10, Rupandehi	071-580284/580285	lumbiniy@mahalaxmibank.com.np
Manigram	Tilottama Municipality-5, Rupandehi	071-562147/562146	manigram@mahalaxmibank.com.np
Nepalgunj	Nepalgunj-12, Banke	081-415071/415324	nepalgunj@mahalaxmibank.com.np
Pakadi	Mayadevi Rural Municipality-1, Kapilvastu	9857018300 9802623100	pakadi@mahalaxmibank.com.np
Parasi	Ramgram Municipality-5, Nawalparasi West	078-521021	parasi@mahalaxmibank.com.np
Rajapur	Rajapur-4, Bardiya	084-460078/79	rajapur@mahalaxmibank.com.np
Suryapura	Gaidahawa Rural Municipality-6, Rupandehi	071-590807/590808	suryapura@mahalaxmibank.com.np
Thutepipal	Omsatiya-1, Rupandehi	071-429468/429469	thutepipal@mahalaxmibank.com.np
Tulsipur	Tulsipur-5, Dang	082-521823/24	tulsipur@mahalaxmibank.com.np

## Karnali Province

Branch	Branch Address	Branch Contact No.	E-mail address
Rukum	Musikot-1, Rukum	088-530076/530224	rukum@mahalaxmibank.com.np
Surkhet	Birendranagar-6, Surkhet	083-524545/521667	surkhet@mahalaxmibank.com.np

## Sudurpashchim Province

Branch	Branch Address	Branch Contact No.	E-mail address
Attariya	Godawari Municipality-1, Kailali	091-550430/550779	attariya@mahalaxmibank.com.np
Bajhang (Chainpur)	Jaya Prithivi Municipality-10, Bajhang	092-421461/421462	bajhang@mahalaxmibank.com.np
Bajura (Martadi)	Badimalika Rural Municipality-8, Bajura	097-541294	bajura@mahalaxmibank.com.np
Belauri	Belauri Municipality-4, Kanchanpur	099-580342/099-580343 099-58044	belauri@mahalaxmibank.com.np
Bouniya	Bardagoriya Rural Municipality-2, Kailali	091-404014/404015	bauniya@mahalaxmibank.com.np
Dadeldhura	Amargadhi Municipality Bagbazar-5, Dadeldhura	096-420405,096-420299	dadeldhura@mahalaxmibank.com.np
Dhangadhi	Dhangadhi Sub- Metropolitan City-2, Kailali	091-523738/091-520782 091-527481	dhangadhi@mahalaxmibank.com.np
Gokuleswor Darchula	Shailyshikar Municipality-9, Darchula	093-400095	darchulla@mahalaxmibank.com.np
Hasuliya	Kailari Rural Municipality-1, Kailali	091-545006/545007	hasuliya@mahalaxmibank.com.np
Lamki	Lamki Chuwa Municipality-1, Kailali	091-540468/540469	lamki@mahalaxmibank.com.np
Mahendranagar	Bhimdatt Municipality-4, Kanchanpur	099- 524560, 524550 520414	mahendranagar@mahalaxmibank.com.np
Mangalsen	Mangalsen Municipality-5, Achham	097-620058/620059	mangalsen@mahalaxmibank.com.np
Masuriya	Gauriganga Municipality-8, Kailali	091-402065	masuriya@mahalaxmibank.com.np
Patan-Baitadi	Patan Municipality-6, Baitadi	095-400086	patan@mahalaxmibank.com.np
Pipalla Bazar	Dipayal Silgadi Municipality-4, Doti	094-412094/412126	pipalla@mahalaxmibank.com.np
Sanfebagar09	Sanfebagar Municipality-4, Achham	097-625013	sanfe@mahalaxmibank.com.np
Tikapur	Tikapur Municipality-1, Kailali	091-520781/520782	tikapur@mahalaxmibank.com.np







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