

WE TAKE CARE OF YOUR INTEREST

Everyone's  
Cup Of Tea



A PROUD MILESTONE  
A LASTING LEGACY

28<sup>th</sup>  
ANNIVERSARY

WE ARE IMMENSELY PROUD OF THIS MILESTONE AND STAY COMMITTED TO LEAVE BEHIND  
A LASTING LEGACY OF PERFORMANCE, EXCELLENCE & ASPIRATIONS.



वार्षिक प्रतिवेदन  
२०७८/७९



गुडविल फाइनान्स लिमिटेड (वित्तीय संस्था)

GOODWILL FINANCE LIMITED

नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतप्राप्त राष्ट्रियस्तरको संस्था



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## साधारण सभा सम्बन्धी जानकारी

१. सभामा उपस्थित हुने शेयरधनीहरूले यो पुस्तिका साथमा लिई आउनु हुन अनुरोध छ ।
२. मिति २०८० साल असार १२ गते देखि मिति २०८० असार २१ गतेसम्म संस्थाको शेयर नामसारी दाखिला खारेज बन्द गरिएको छ ।
३. शेयरधनी महानुभावहरूको सुविधाको लागि सभा हुने दिन अर्थात मिति २०८० साल असार २१ गते दिनको १०:०० बजे सभा स्थलमा उपस्थित जनाउने कार्यको लागि उपस्थित पुस्तिका राख्ने व्यवस्था मिलाईएको छ ।
४. प्रतिनिधि-पत्र ल्याउने व्यक्ति पनि यस संस्थाको शेयर धनी मध्येबाटै हुनु पर्नेछ । प्रतिनिधि पत्र सभा हुनु भन्दा ४८ घण्टा अगावै यस संस्थाको कार्यालयमा दाखिल भैसकेको हुनु पर्नेछ ।
५. नाबालक वा विक्षिप्त शेयरधनीहरूको तर्फबाट संरक्षकले सभामा भाग लिन वा शेयरधनीहरू मध्ये कै अन्य व्यक्तिलाई प्रतिनिधि तोक्न पाउने छन् । तर आफु संरक्षक भएको शेयरधनीहरूको बाहेक अरूको प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भागलिन पाउने छ ।
६. संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा लगत किताबमा पहिलो नाम उल्लेख भएका व्यक्ति वा सर्वसम्मत प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भागलिन पाउनेछ ।
७. एकै व्यक्तिले एक भन्दा बढी व्यक्तिलाई प्रतिनिधि-पत्र दिएको भएमा सबै प्रतिनिधि-पत्र रद्द हुने छन् ।
८. प्रतिनिधि-पत्र दिने शेयरधनी स्वयं सभामा उपस्थित भई उपस्थित किताबमा दस्तखत गर्नु भएमा प्रतिनिधि-पत्र दिइसकेको भएता पनि स्वतः बदर हुनेछ ।
९. प्रतिनिधि-पत्र पेश गर्नहुने शेयरधनी महानुभावले प्रतिनिधि-पत्र दिने शेयरधनीको नाम, शेयर प्रमाण पत्र नम्बर र शेयर कित्ता उल्लेख भएको सुची तयार गरी पेश गर्न पर्नेछ ।
१०. सभामा भाग लिन आउंदा शेयरधनी महानुभावहरूले प्रवेश-पत्र अथवा शेयर प्रमाण पत्र अनिवार्य रूपले ल्याउनु पर्नेछ ।
११. शेयरधनी महानुभावहरूलाई सभाकक्ष भित्र ब्याग तथा अन्य सर-समान नल्याउनु हुन अनुरोध गरिन्छ ।
१२. वार्षिक साधारण सभा सम्बन्धि प्रतिवेदन संस्थाको [www.goodwillfinance.com.np](http://www.goodwillfinance.com.np) वेबसाइटमा राखिएको छ ।
१३. प्रतिवेदन माथिको सल्लाह र सुझाव लिखित वा e-mail: [info@goodwill.net.np](mailto:info@goodwill.net.np) मार्फत जानकारी गराउँन सकिने छ ।
१४. अन्य जानकारीको लागि संस्थाको कर्पोरेट कार्यालय हात्तिसारमा सम्पर्क राख्न हुन अनुरोध गरिन्छ ।

## अट्वाइसौं वार्षिक साधारण सभाको सुचना ।

यस संस्थाको मिति २०८०/०२/३१ मा बसेको संचालक समितिको ४०३ औं बैठकको निर्णय बमोजिम अट्वाइसौं वार्षिक साधारण सभा निम्न लिखित मिति, समय र स्थानमा निम्न प्रस्ताव उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सबै शेयरधनी महानुभावहरुलाई उपस्थितको लागि हार्दिक अनुरोध गर्दछु ।

### क) सभा हुने मिति, समय र स्थान:

मिति : २०८० साल असार २१ गते बिहिवार (तदनुसार ६ जुलाई २०२३)

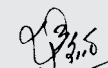
समय : ११:०० बजे

स्थान : गुडविल फाइनेन्स लिमिटेड, गुडविल कम्प्लेक्स, हात्तिसार, काठमाडौं ।

### ख) छलफलका विषयहरू:

- १) संचालक समितिको तर्फबाट अध्यक्षज्यूको प्रतिवेदन ।
- २) लेखा परीक्षकको प्रतिवेदन सहित २०७९ आषाढ मसान्तसम्मको वासलात तथा आ.व. २०७८/०७९ को नाफा-नोक्सान हिसाव र नगद प्रवाह विवरण स्वीकृत गर्ने ।
- ३) लेखा समितिको सिफारिस बमोजिम आ.व. २०७९/०८० को लागि लेखापरीक्षकको नियुक्ती र निजको पारिश्रामिक निर्धारण गर्ने । (वर्तमान लेखापरीक्षक श्री वि.आर.एस न्यौपाने एण्ड कम्पनीका पार्टनर ज्ञानेन्द्र बहादुर भारी पुनः नियुक्ती गर्न मिल्ने) ।
- ४) विविध ।

आज्ञाले



कम्पनी सचिव

### साधारण सभा सम्बन्धी जानकारी

- १) मिति २०८० साल असार १२ गते देखि मिति २०८० असार २१ गतेसम्म संस्थाको शेयर नामसारी दाखिला खारेज बन्द गरिएको छ ।
- २) शेयरधनी महानुभावहरुको सुविधाको लागि सभा हुने दिन अर्थात मिति २०८० साल असार २१ गते दिनको १०:०० बजे सभा स्थलमा उपस्थित जनाउने कार्यको लागि उपस्थित पुस्तिका राख्ने व्यवस्था मिलाइएको छ ।
- ३) वार्षिक साधारण सभा सम्बन्धि प्रतिवेदन संस्थाको [www.goodwillfinance.com.np](http://www.goodwillfinance.com.np) वेबसाइटमा राखिएको छ ।
- ४) प्रतिवेदन माथिको सल्लाह र सुझाव लिखित वा e-mail [info@goodwill.net.np](mailto:info@goodwill.net.np) मार्फत जानकारी गराउन सकिने छ ।
- ५) अन्य जानकारीको लागि संस्थाको कर्पोरेट कार्यालय हात्तिसारमा सर्म्पक राख्न हुन अनुरोध गरिन्छ ।

# २८ औं वार्षिक साधारण सभा



गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)  
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## साधारण सभामा प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फारम)

श्री सञ्चालक समिति,  
गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था),  
हात्तिसार, काठमाडौं ।

**विषय : प्रतिनिधि नियुक्त गरेको बारे ।**

महाशय,

जिल्ला.....म.न.पा./उप.म.न.पा./न.पा./गा.पा., वडा नं. .... बस्ने म/हामीले गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)को शेयरवालाको हैसियतले मिति .....का दिन हुने अठ्ठाईसौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन जिल्ला .....म.न.पा./उप.म.न.पा./न.पा./गा.पा., वडा नं. .... बस्ने त्यस कम्पनीका शेयरवाला श्री ..... शेयर प्रमाण-पत्र नं. .... लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

निवेदक

दस्तखत : .....

नाम : .....

ठेगाना : .....

शेयर प्रमाण-पत्र नं. ....

कित्ता नं. .... देखि ..... सम्म

मिति .....

द्रष्टव्य :

यो निवेदन अठ्ठाईसौं वार्षिक साधारण सभा हुनु भन्दा कम्तिमा  
४८ घण्टा अगावै कम्पनीको कार्यालयमा पेश गरिसक्नु पर्नेछ ।



गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)  
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## HEAD OFFICE

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## प्रवेश पत्र

शेयर धनीको नाम .....

शेयरधनी परिचय नं. .... शेयर संख्या ..... शेयरधनीको सही .....

गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को अठ्ठाईसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

मिति २०८० साल असार २१ गते बिहीबार हुने गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था) को  
अठ्ठाईसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।



कम्पनी सचिव



गुडविल फाइनेन्स लिमिटेड (वित्तीय संस्था)  
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# गुडविल फाइनान्स लिमिटेड (वित्तीय संस्था) को २८ औं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्ष श्री विश्व प्रकाश साखःज्यूले प्रस्तुत गर्नु भएको वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावज्यूहरू,

यस गुडविल फाइनान्स लिमिटेड (वित्तीय संस्था) को २८ औं वार्षिक साधारण सभामा आफ्नो अमूल्य समय दिई पाल्नु भएका सम्पूर्ण शेयरधनी महानुभावज्यूहरूलाई हार्दिक स्वागत गर्दै यस वर्ष विविध कारणले गर्दा समयमै वार्षिक साधारण सभा गर्न नसकेकोमा क्षमा मागदै यस गरिमामय सभामा आ.व. २०७८/०७९ को लेखा परीक्षकको प्रतिवेदन सहित वासलात, नाफा नोक्सान हिसाब र नगद प्रवाह विवरण सहित सम्पूर्ण अनुसूचिहरू समेत पारित गर्नका लागि अनुरोध गर्दै संचालक समितिको अध्यक्षको हैसियले प्रतिवेदन प्रस्तुत गर्ने अनुमति चाहन्छु ।

## क) समग्र आर्थिक अवस्थाको विश्लेषण:

संस्थाले ग्राहकहरूसँगको सम्बन्धलाई सुदृढ गर्दै व्यवसायिक पहिचान, क्षमताको अभिवृद्धि र गुणस्तरिय सेवा प्रदान गर्दै जाने हाम्रो रणनीति यथावत कायमै रहने छ । संस्थाको संस्थागत विकासको लागि सबैको सद्भाव र सहयोगबाट मात्र सम्भव हुने भएको ले आउँदा दिनमा पनि सदाभै यहाँहरू सबैको विश्वास, सद्भावना र सहयोगको अपेक्षा राख्दै यस संस्थाको उत्तरोत्तर प्रगति र समृद्धिको लागि आ-आफ्नो क्षेत्रबाट निरन्तर सहयोग पाइरहने छ भन्ने हामीले विश्वास लिएका छौं ।

यस समीक्षा वर्षमा आन्तरिक उत्पादनको तुलनामा तीव्र रूपमा विस्तार भएको समग्र मागका कारण चालु खाता एवम् शो धानान्तर घाटा उल्लेख्य बढ्न गएकोले बजारबाट तरलता प्रशोचित हुन गई व्याजदरमा दबाव पर्न गएको छ । अन्तराष्ट्रिय आर्थिक परिदृश्य, रूस-युक्रेन युद्ध, इन्धनको मूल्य वृद्धि, आन्तरिक उत्पादन तथा समष्टिगत मागको स्थिति, आयात तथा विप्रेषण आप्रवाहको प्रवृत्ति आदिलाई दृष्टिगत गर्दा मूल्य तथा बाह्य क्षेत्रमा परेको चाप केहि समय सम्म कायम नै रहने देखिन्छ ।

तरलताको अभावले गर्दा निक्षेपमा व्याजदर बढनुका साथै कर्जामा समेत असर परेको छ । तसर्थ व्याजदरलाई प्रभावित हुन नदिन आयातमा शिथिलता, विप्रेषण आप्रवाहमा सुधार, नेपालमै गुणस्तरीय शिक्षा र शोधनान्तर घाटा कम गर्न संरचनात्मक सुधार, वैदेशिक व्यापार संशोधन, दक्ष वैदेशिक रोजगारी, कर्जामा शिथिलता, विदेशी मुद्रा आम्दानी र पूँजीगत खर्च नहुन्जेल सम्म दीर्घकालिन रूपमा तरलतामा दबाव कायमै रहने देखिन्छ ।

संस्थाले मानव संसाधनलाई सम्पत्तिको रूपमा हेरिने गरिएको छ । संस्थाको प्रगति तथा सफलता भौतिक पूर्वाधार वा अन्य कारणले मात्र नभई स्वयम् संस्थामा कार्यरत जनशक्तिले दिलाउने विश्वास लिइएको छ । तसर्थ जनशक्तिको उचित उपयो गितालाई विशेष ध्यान दिने गरिएको छ । कर्मचारीहरूको क्षमता, दक्षता तथा आवश्यक तालिम तथा वृत्ति विकासको समेत पहिचान गरि सोहि बमोजिम कार्यान्वयन गरिएको छ ।

गैर कानूनी तथा अवाञ्छित ढंगबाट आर्जन गरेको सम्पत्ति शुद्धिकरण तथा अपराधिक क्रियाकलाप निवारण गर्ने सम्बन्धि श्री नेपाल राष्ट्र बैंकद्वारा जारी गरिएका निर्देशन बमोजिम ग्राहक पहिचान सम्बन्धि कार्यविधि लगायत सम्पत्ति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धि कार्यविधिलाई थप परिमार्जन गरि लागु गरिएको छ ।

## ख) वित्तीय उपलब्धी:

कोभिड-१९ महामारीको असर तथा वित्तिय बजारमा देखिएका विभिन्न चुनौतीका बावजुद पनि गत आ.व.मा संस्थाले मुनाफा आर्जन गर्न सफल भएको थियो । तर यस समीक्षा वर्षमा संस्थाले मुनाफा आर्जन गरे तापनि विभिन्न प्रोभिजनका कारणले लाभांश दिन नसकेकोमा हृदय देखि नै क्षमा माग्न चाहन्छु । वित्तीय स्थितिको झलक तल दिइएको छ ।



(क) आ.व. २०७८/०७९ को वित्तीय कारोबार :

निक्षेप :

समिक्षा अवधिमा देशमा आर्थिक क्रियाकलापले गत वर्षको तुलनामा तुलनात्मक रूपमा निक्षेपमा वृद्धि कायम गर्न सफल भएको छ । जस अन्तर्गत आ.व. २०७८/७९ मा करिब ८.८३% निक्षेप वृद्धि भई रु. १०,९८,४९,०४,९६८।०० पुऱ्याउन सक्षम भएका छौ ।

निक्षेपको भलक तल उल्लेख गरिएको छ

निक्षेप	आ.व. ०७७/०७८	आ.व. ०७८/०७९	(कम) वृद्धि	%
मुद्दती निक्षेप	६,०८,२१,८०,११६।००	८,३०,२७,३२,०७५।००	२,२२,०५,५१,९५९।००	३६।५१
बचत निक्षेप	२,८१,१५,४९,८००।००	१,९०,०३,०७,५१०।००	(९१,१२,४२,२९०।००)	(३२।४१)
कल निक्षेप	१,१७,२४,७७,२३३।००	७८,१८,६५,३८३।००	(३९,०६,११,६५०)	(३३।३२)
अन्य निक्षेप	२,७७,७७,८४८।००	०	(२,७७,७७,८४८।००)	(१००)
जम्मा	१०,०९,३९,८४,९९७।००	१०,९८,४९,०४,९६८।००	८९,०९,१९,९७१।००	८।८३

कर्जा :

समिक्षा अवधिको अन्त सम्ममा यहाँहरूको संस्थाले कर्जा तर्फ रु.९,४०,५८,४९,५३८.०० ऋण प्रवाह गरेको छ । जुन गत वर्षको रु. ७,९१,३३,८९,६८०.०० को तुलनामा १८.८६% बढी रहेको जानकारी गराउन चाहन्छौ ।

यस समिक्षा वर्षमा गरिएको कर्जा प्रवाहको भलक तल दिइएको छ ।

कर्जाको किसिम	आ.व. ०७७/०७८	आ.व. ०७८/०७९	(कम)/वृद्धि	फरक छ
हायर पर्चेज कर्जा	९४,३७,१४,९५०.००	९०,३३,७३,५६०.००	(४,०३,४१,३९०.००)	(४.२७)
आवास कर्जा (क+ख)	१,२८,९३,७६,७५४.००	१,१२,१०,०४,०००.००	(१६,८३,७२,७५४.००)	(१३.०६)
आवास कर्जा (क) रु.१,५०,००,००० सम्म	१,०२,३९,११,५९४.००	८९,२२,५५,२७०.००	(१३,१६,५६,३२४.००)	(१२.८८)
आवास कर्जा (ख) रु.१,५०,००,००० भन्दा माथि	२६,५४,६५,१६०.००	२२,८७,४८,७३०.००	(३,६७,१६,४३०.००)	(१३.८३)
रियलस्टेट कर्जा	५३,७४,०४,९१०.००	७४,२६,४३,४५०.००	२०,५२,३८,५४०.००	३८.१९
आवधिक कर्जा	३,६२,०३,०१,४८२.००	३,८१,६१,६७,६६०.००	१९,५८,६६,१७८.००	५.४१
मार्जिन कर्जा	३४,८५,४२,८२०.००	४२,५५,२०,४५०.००	७,६९,७७,६३०.००	२२.०९
विपन्न वर्ग कर्जा	४३,६५,६३,७८२.००	६७,६३,५६,०८०.००	२३,९७,९२,२९८.००	५४.९३
कृषि कर्जा	३२,२१,७२,८१७.००	१७,९८,६७,२२०.००	(१४,२३,०५,५९७.००)	(४४.१७)
अन्य कर्जा	४१,५३,१२,१६५.००	१,५४,०९,१७,१२०.००	१,१२,५६,०४,९५५.००	२७१.०३
जम्मा	७,९१,३३,८९,६८०.००	९,४०,५८,४९,५४०.००	१,४९,२४,५९,८६०.००	१८.८६

लगानी तथा तरलता :

समिक्षा अवधिको अन्त्यमा यस संस्थाको ने.रा.बैंक लगायत विभिन्न बैंक तथा वित्तीय संस्थाहरूको खातामा एवं आफ्नो ठुकुटीमा रहेको नगद मौज्जात समेत गर्दा रु. १,२२,२१,५८,८०४.०० रहेको छ । जुन गत आ.व. २०७७/०७८ मा रु. १,४७,१२,६५,०८३.०० रहेको थियो । यसरी तरलता गत वर्ष भन्दा रु. २४,९१,०६,२०३ ले कमी भएको छ । यसरी नै लगानी तर्फ गत वर्ष रु. ३,५६,२४,३०,६३२.०० रहेकोमा यस वर्ष रु. ३,८३,८६,२६,७००.०० रहन आएको छ । यद्यपी, लगानी एवं तरलताको हिसाबले गत वर्षमा रु. ५,०३,३६,९५,७१५.०० रहेकोमा यस आ.व. मा रु. ५,०६,०७,८५,५०४.०० रहेको छ । जुन गत आ.व.को तुलनामा ०.५४% ले वृद्धि भएको छ ।

**मुनाफाको स्थिती :**

यस समिक्षा वर्षमा संस्थाको कर्मचारी बोनस र कर अधिको मुनाफा रु. २३,९६,४९,५३७.०० रहेको छ। जस अन्तर्गत कर पछिको मुनाफा रु. १४,०९,७७,५७२.०० हुन आउँछ। तर कर पछिको मुनाफामा स्थगन कर खर्च रु. ५६,५४,७१५.०० समेतको हिसाब मिलान गर्दा खूद नाफा रु. १४,६६,३२,२८७.०० रहेको छ।

**ग) निक्षेप परिचालन, कर्जा विस्तार तथा व्यवस्थापन :**

संस्थाले हाल स्रोत परिचालनको लागि विभिन्न किसिमका योजनाहरू सञ्चालन गर्दै आएको छ। आवश्यकता अनुसार नयाँ योजनाहरू लागु गरी स्रोत परिचालनलाई प्रभावकारी बनाउनको लागि संस्थाले विशेष ध्यान दिई संस्थाका क्रियाकलापहरूलाई अगाडि बढाई रहेको छ। कर्जामा जोखिमको मात्रा बढ्दै गएकोले कर्जा लगानी गर्नुभन्दा अगाडि प्रभावकारी कर्जा विश्लेषण गरी कर्जा लगानी पश्चात पनि समयमै कर्जा सदुपयोगिता निरीक्षण गरी कर्जाको गुणस्तरियता वृद्धिमा विशेष जोड दिदै आएको छ।

**घ) संस्थागत सुशासन:**

संस्थाको दीर्घकालिन सफलताको निम्ति प्रभावकारी संस्थागत सुशासन अपरिहार्य रहेकोले संचालक समिति तथा व्यवस्थापनले संस्थागत सुशासन सम्बन्धि नियमन निकायहरूको निर्देशन र संस्थाको नीति तथा आन्तरिक एवं बाह्य लेखापरीक्षकबाट प्राप्त हुने सुझावहरूलाई समेत आत्मसाथ गर्दै कार्यान्वयन तर्फ व्यवस्थित र सुदृढ गर्दै लगिएको छ।

**ङ) सूचना प्रविधि :**

सूचना प्रविधिको माध्यबाट भरपर्दो सुरक्षित तथा प्रभावकारी सेवा सुविधाहरू उपलब्ध गरि प्रविधिको प्रयोगबाट प्रभावकारी, मितव्ययी तथा व्यवस्थित ढंगले संस्थाको आन्तरिक तथा बाह्य सूचना प्रणाली चुस्त दुरुस्त र छिटो छरितो रूपमा व्यवस्थित गराउनुका अतिरिक्त विद्युत्तिय माध्यमबाट वित्तीय कारोवार गर्नका लागि संस्थाले आवश्यक जनशक्ति तथा पूर्वाधार सहितको व्यवस्थित Digital Sewa प्रदान गर्दै आइरहेका छौं। सूचना प्रणालीलाई व्यवस्थित एवं प्रभावकारी गराउनका लागि समय सापेक्ष रूपमा परिमार्जन गर्दै आएका छौं।

**च) आन्तरिक नियन्त्रण प्रणाली र जोखिम व्यवस्थापन :**

संस्थाको आन्तरिक नियन्त्रण प्रणाली चुस्त तथा प्रभावकारी बनाउनुका साथै संचालन निहित जोखिमहरूलाई समेत सकेसम्म न्यूनीकरण गरेका छौं। संस्थामा प्रर्याप्त आन्तरिक नियन्त्रण कायम राख्न संचालक समिति, लेखापरीक्षण समिति तथा व्यवस्थापनले आन्तरिक नियन्त्रण प्रणालीका प्रभावकारीता पुनरावलोकन गर्ने गरेको छ।

**छ) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई परेको असर:**

नेपाल जस्तो सानो र आयातमा आधारित खुल्ला अर्थतन्त्र भएको मुलुकमा बाह्य क्षेत्रको स्थायित्व प्रत्याभूत गर्न सकेमा मात्र वित्तीय क्षेत्रलाई अधिकतम परिचालन गरि दिगो आर्थिक वृद्धि हासिल गर्न सकिने हुन्छ। विगतमा विश्वव्यापी रूपमा फैलिएको कोरोना महामारीले हरेक मानिसको दैनिक जीवन यापनमा प्रतिकूल असर परेकोमा हाल कोभिड संक्रमण कम हुनुका साथै पर्यटक आगमन तथा रोजगारिका लागि बाह्य मुलुक जाने नेपालीहरूको संख्या बढेको छ।

आयातको बढ्दो प्रवृत्ति र विदेशी विनियम संचितिमा आएको कमीले बाह्य क्षेत्र व्यवस्थापनमा दबाव सृजना भएको छ। चालु खाता एवम शोधनान्तर घाटाले गर्दा विदेशी विनियम संचिति घट्दै जादा बैंकिङ्ग प्रणालीको तरलतामा चाप पर्नुका साथै व्याजदरमा वृद्धि भएको छ भने खाद्य वस्तुको मुल्यवृद्धि उच्च मुद्रास्फीति, आपूर्ति प्रणालीमा आएको व्यवधान र नेपाली मुद्रा अमेरिकी डलरसँग थप कमजोर भएको कारण पछिल्लो समय मुद्रास्फीति बढ्न थालेको छ।

रुस-युक्रेन युद्धका कारण विश्व अर्थतन्त्रको वृद्धिदरमा गिरावट आउने देखिएको छ। अन्तराष्ट्रिय मुद्राकोषका अनुसार सन् २०२१ मा ६.१ प्रतिशतले विस्तार भएको विश्व अर्थतन्त्रको वृद्धिदर सन् २०२२ मा ३.६ प्रतिशतमा सिमित हुने देखिएको छ। विकसित अर्थतन्त्रको वृद्धिदर अघिल्लो वर्षको ५.२ प्रतिशतको तुलनामा सन् २०२२ मा ३.३ प्रतिशतमा सिमित हुने र उदीयमान अर्थतन्त्रको वृद्धिदर अघिल्लो वर्षको ६.८ प्रतिशतको तुलनामा सन् २०२२ मा ३.८ प्रतिशतमा सिमित हुने कोषको प्रक्षेपण छ।

रुस-युक्रेन युद्धका कारण अन्तराष्ट्रिय व्यापार समेत प्रभावित भएको छ। सन् २०२१ मा १०.१ प्रतिशतले विस्तार भएको विश्व व्यापार आयतको वृद्धि दर सन् २०२२ मा ५.० प्रतिशतमा सिमित हुने अन्तराष्ट्रिय मुद्राकोषको प्रक्षेपण रहेको छ। तसर्थ रुस-युक्रेन युद्धले अन्तराष्ट्रिय आर्थिक वातावरणलाई अनिश्चित बनाएको छ भने मूल्यमा चाप पर्दै गइरहेको छ।

**ज) प्रतिवेदन मिति सम्म चालु वर्षको उपलब्धी र भविष्यका सम्बन्धमा संचालक समितिको धारणा :**

प्रतिवेदन तयार गर्दा (२०८० जेष्ठ मसान्त) सम्म यस संस्थाको निक्षेप रु.११,१३,९६,३१,३२९ र कर्जा रु.९,७१,४६,६०,६१०.०० रहेको व्यहोरा जानकारी गराउन चाहन्छौं ।

सकेसम्म सम्भावित जोखिमलाई न्यूनीकरण गरि मानव संसाधन तथा सूचना प्रविधिको माध्यमबाट भरपर्दो, सुरक्षित तथा प्रभावकारी सेवाहरू उपलब्ध गराउने हाम्रो लक्ष्य यथावत कायमै रहनेछ ।

चालु आ.व.मा आर्थिक मन्दीका कारण आर्थिक गतिविधिले अपेक्षाकृत गतिलिन नसकेकाले ब्याज खर्चमा बढी हुन गई नाफामा प्रतिकूल असर परेको छ तथापी यस संवेदनशीलतालाई मध्यनजर गर्दै आवश्यक पहलकदमी अगाडी बढाइएको यस गरिमामय सभामा जानकारी गराउन चाहन्छौं ।

**झ) औद्योगिक तथा व्यवसायिक सम्बन्धमा :**

संस्थाले औद्योगिक तथा व्यवसायिक पक्षहरूसँग सौहार्दपूर्ण सम्बन्ध राखी आएको र यस्तो सम्बन्धलाई निरन्तर रूपमा भविष्यमा समेत पारदर्शी ढंगले संस्थाको हितमा उपभोग गर्ने प्रयासरत रहने छ । पारदर्शिता, व्यवसायिकता र ग्राहकहरूको आस्था र विश्वासका कारणबाट संस्थाको प्रगति र उन्नति हुने भएकोले भविष्यमा पनि हाम्रा महानुभावहरूबाट यस्तै सहयोग र सदभावको अपेक्षा लिएका छौं ।

**ञ) सामाजिक उत्तरदायित्व :**

व्यवसायिक संस्था केवल मुनाफा गर्ने मात्र नभई समाजको अभिन्न अंगको हैसियतले समाज प्रतिको उत्तरदायित्व र मान्यतालाई पनि आत्मसाथ गर्नु पर्ने हुन्छ । तसर्थ समाज प्रतिको उत्तरदायित्व बहन गर्ने क्रममा संस्थाले विभिन्न सामाजिक, आर्थिक, साँस्कृतिक, खेलकुद र शैक्षिक क्षेत्रमा सहयोग पुऱ्याउनुका साथै आर्थिक अवस्था कमजोर भएका जेहेन्दार विद्यार्थीहरूलाई छात्रवृत्ति दिने कार्य र वित्तीय जागरणका लागि I am MBA कार्यक्रमलाई यस वर्ष पनि निरन्तरता दिइएको छ ।

**ट) लेखा परिक्षण प्रतिवेदनमा संचालक समितिको प्रतिक्रिया :**

आन्तरिक तथा बाह्य लेखापरीक्षकहरूबाट यस अवधिमा सामान्य कुराहरू बाहेक नीतिगत तथा संस्थाको कारोवारमा असर पर्ने खालका कुनै कैफियतहरू उल्लेखित गरिएको छैन ।

**ठ) लाभांश बाँडफाँड :**

समिक्षा अवधिमा लाभांश बाँडफाँड गरिएको छैन ।

**ड) संचालक समितिमा भएको हेरफेर र सो को कारण :**

विद्यमान संचालक समितिमा कुनै हेरफेर भएको छैन ।

**शेयरधनी महानुभावज्यूहरू,**

अन्तमा, संस्थाको प्रगति तथा समृद्धिको लागि यहाँहरूले गर्दै आउनु भएको सहयोग, सदभाव, अमूल्य सुझाव तथा मार्ग दर्शन प्रति हार्दिक आभार व्यक्त गर्दै आउँदा दिनहरूमा पनि आ-आफ्नो क्षेत्रहरूबाट निरन्तर सहयोग पाइरहने हामीले आशा गरेका छौं । वर्तमान अवस्थासम्म आई पुग्न आ-आफ्नो क्षेत्रबाट निरन्तर सहयोग पुऱ्याउनु हुने सम्पूर्ण आदरणीय शेयरधनी महानुभावज्यूहरू, लगायत श्री नेपाल राष्ट्र बैंक, श्री कम्पनी रजिष्ट्रारको कार्यालय, श्री नेपाल धितोपत्र बोर्ड, श्री नेपाल स्टक एक्सचेन्ज लिमिटेड, श्री कर्जा सूचना केन्द्र लिमिटेड, श्री आन्तरिक राजस्व कार्यालय, श्री सिडिएस एण्ड क्लियरिङ लिमिटेड, श्री एनआईविएल एस क्यापिटल लिमिटेड, श्री नेपाल वित्तीय संस्था संघ, बैंक तथा वित्तीय संस्थाहरू, आन्तरिक तथा बाह्य लेखा परिक्षकज्यूहरू, शुभचिन्तक तथा ग्राहक वर्गहरू लगायत लगनशील कर्मचारी साथीहरू एवं समस्त प्रत्यक्ष अप्रत्यक्ष रूपमा सहयोग पुऱ्याउदै आउनु भएका सम्पूर्ण निकाय तथा महानुभावज्यूहरू प्रति हार्दिक कृतज्ञता एवं धन्यवाद व्यक्त गर्न चाहन्छु ।

धन्यवाद ।

विश्व प्रकाश साख  
अध्यक्ष

पशुपति भक्त श्रेष्ठ  
संचालक

मिति: २०८०/०३/२९

## कम्पनी ऐन २०६३ को दफा १०९ को उपदफा ४ अनुसारको अतिरिक्त विवरण :

- क) विगत आर्थिक वर्षको कारोबारको सिंहवलोकन: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर: राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई प्रत्यक्ष वा अप्रत्यक्ष रूपमा असर परेको हुन्छ । राष्ट्रिय एवं मौद्रिक नीतिको स्वरूप लगायत नियमन निकायहरूको नीतिगत परिवर्तनले निश्चय नै असर पार्ने कुरामा दुईमत हुन सक्दैन ।
- ग) प्रतिवेदन तयार भएको मितिसम्म चालु वर्षको उपलब्धी र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा संचालक समितिको धारणा: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- घ) कम्पनीको औद्योगिक वा व्यवसायिक सम्बन्ध: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- ङ) संचालक समितिमा भएको हेरफेर र सो को कारण: संचालक समितिको प्रतिवेदनमा संलग्न गरिएको छ ।
- च) कारोबारलाई असर पार्ने मुख्य कुराहरू: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर संचालक समितिको प्रकृया : सुधार निरन्तर चल्ने प्रकृया भएकोले आवश्यक निर्देशन दिने गरेको छ ।
- ज) लाभांश वाडफाड गर्ने सिफारिस गरिएको रकम: आ.व. २०७८/०७९ मा लाभांश वितरण गरिएको छैन ।
- झ) शेयर जफत भएको भए जफत भएको शेयर सङ्ख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयरको जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण: नभएको ।
- ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी: नभएको ।
- ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयर स्वामित्वको विवरण र कम्पनीले शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी: नभएको ।
- ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा गराइएको जानकारीको व्यहोरा: नभएको ।
- ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम: नभएको ।
- त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए, सोको विस्तृत विवरण: भएको, संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण: संचालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण: संस्थाका सञ्चालक प्रा. डा. श्री सुशिल भक्त माथेमाज्यूको संयोजकत्वमा व्यवस्थापनबाट श्री अञ्जली स्थापित र श्री पारस नरसिंह प्रधान सहित तीन जना सदस्य रहने गरी लेखापरीक्षण समिति बनाइएको छ । लेखापरीक्षण समितिमा रहेका



सञ्चालकज्यूलाई प्रति बैठक भत्ता रु.८००० को दरले व्यवस्था गरिएको छ । समितिले समयानुसार विभिन्न निर्देशनहरू दिने गरेको छ ।

- ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकको नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा सागठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा: नभएको ।
- न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, तथा पदाधिकारीहरूलाई भूक्तान गरिएको पारिश्रामिक, भत्ता तथा सुविधाको रकम:  
सञ्चालकहरूलाई भूक्तानी गरिने पारिश्रामिक, भत्ता तथा सुविधा बारेको विवरण प्रबन्धपत्र तथा नियमावलीमा उल्लेख गरिए अनुसार अध्यक्षज्यूलाई प्रति बैठक भत्ता रु. १०,००० र संचालकहरूलाई प्रति बैठक भत्ता रु.९,००० रहेको छ र आ.व. २०७८/०७९ मा संचालक समिति सम्बन्धि खर्च जम्मा रु.७,७३,०००/- भएको छ । यस वर्ष प्रमुख कार्यकारी अधिकृतलाई तलब भत्ता, दशैँ खर्च एवं सञ्चयकोष गरी जम्मा रु.७०,००,०००/- प्रदान गरिएको छ । कर्मचारीहरूलाई खर्च भूक्तानी गरिएको पारिश्रामिक भत्ता तथा सुविधाहरू रु.९,८०,३६,६६०/- रहेको छ ।
- प) शेयरधनीहरूले बूझिलिन बाकी रहेको लाभांशको रकम: नभएको ।
- फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा विक्री गरेको कुराको विवरण: नभएको ।
- ब) दफा १७५ बमोजिम सम्बन्ध कम्पनी बिच भएको कारोवारको विवरण: नभएको ।
- भ) यस ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा:  
यस प्रतिवेदनको उपयुक्त ठाउँमा प्रस्तुत गरिएको छ ।
- म) अन्य आवश्यक कुराहरू :  
यस प्रतिवेदनको उपयुक्त ठाउँमा प्रस्तुत गरिएको छ ।

वार्षिक साधारण सभा



### Who We Are

Goodwill Finance Limited is the leading provider of financial solutions with a unique mix of dedication and perfect execution. With the vision of providing the best financial services for success, Goodwill Finance Limited started its operation as financial institution under the license from Nepal Rastra Bank in 1995. It is a public limited company established under the Financial Company Act 2042, on 2051 BS.

The Authorized Capital of the company is Rupees 1,000,000,000/- and the Issued Capital is Rs. 946,115,200.00/-. 51 % of the Paid-Up Capital is held by the promoter and the remaining 49 % is held by the general public. The shares of the company are listed at Nepal Stock Exchange Limited (NEPSE).

### What We Do

Our objective is to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs, and providing a broad mix of financial services to business and individuals.

With our corporate office based in Hattisar, Kamalpokhari, Kathmandu, we are known for our financial stability and excellent customer services. We are a continuously growing company and at present our branches are spread over Dillibazar, Indrachowk, Lalitpur, Bhaktapur, Butwal, Birtamode, Itahari, Dang, Nepalgunj, Illam, Phidim, Tripureshwor, Dhangadhi, Bardibas, Nawalpur, Gaidakot and Bhairahawa.

Staying true to our vision mission and objective, we have made significant impact in the financial industry. This is why we are considered the best and professionally managed financial company.

### What is Our Future Plan

We strive to give optimum benefit to our shareholders. Our every strategic plan is designed to take us closer to our vision of becoming the best financial service provider based on operational excellence and establish a successful relationship with our customers.

Our prime focus is increasing our capital base, and enlarging our loan and deposit portfolio. To facilitate our customers with easy access to our products and services, we have plans of opening our branches in more provinces of Nepal soon.

### Vision

To be the best financial service provider because of operational excellence, while establishing a successful relationship with our customers.

### Mission

To become a market leader in the financial sector, known for its high profitability, customer centric quality products, and outstanding services to its customers and high rates of significant and attractive returns to its stakeholders.

# सञ्चालक समिति



श्री विश्व प्रकाश साखः  
अध्यक्ष  
(सर्वसाधारण समूह)



श्री दिलीप कुमार मुनंकर्मी  
सदस्य, सञ्चालक समिति  
(संस्थापक समूह)



जेनी जोशी  
सदस्य, सञ्चालक समिति  
(संस्थापक समूह)



श्री पशुपति भक्त श्रेष्ठ  
सदस्य, सञ्चालक समिति  
(सर्वसाधारण समूह)



प्रो. डा. सुशिल भक्त माथेमा  
सदस्य, सञ्चालक समिति  
(स्वतन्त्र संचालक)

# व्यवस्थापन समिति



सरोज काजी तुलाधर



स्वयम्भू शाक्य



पारस नरसिंह प्रधान



देवकी वैद्य



भरत बहादुर महत

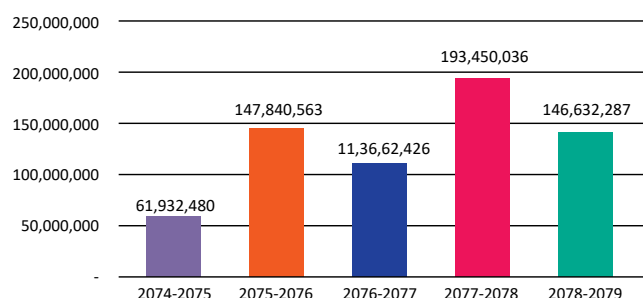


अजली रस्थापित

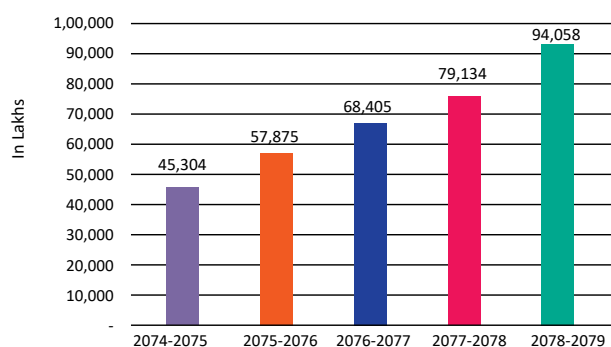


## Financial Highlights (Graphs)

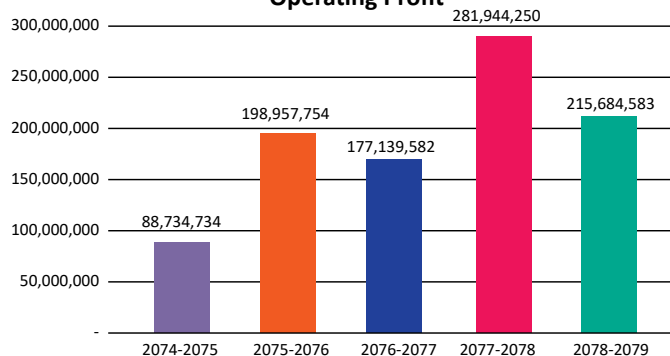
**Net Profit (Loss)**



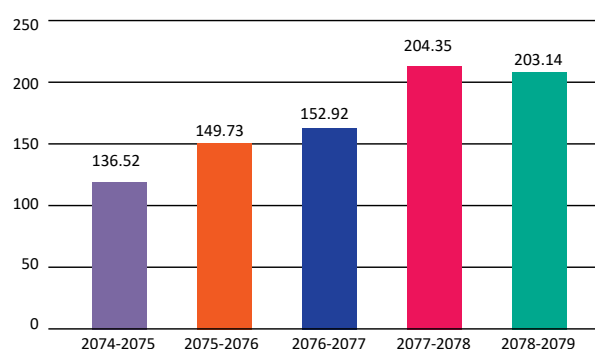
**Total Loan Port Folio**



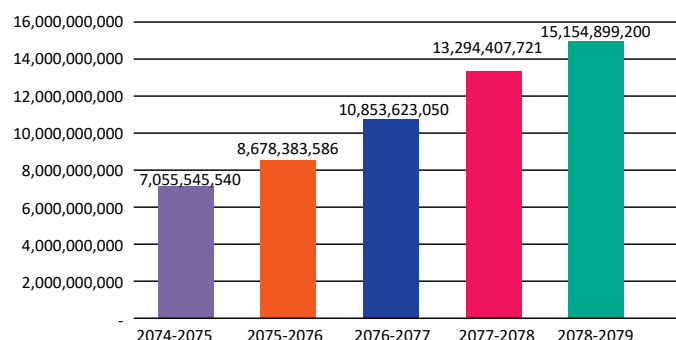
**Operating Profit**



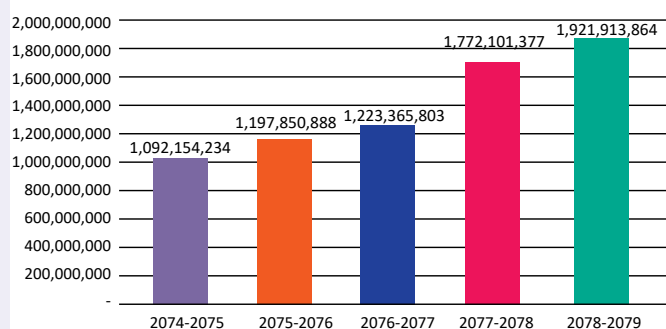
**Net Worth Per Share**



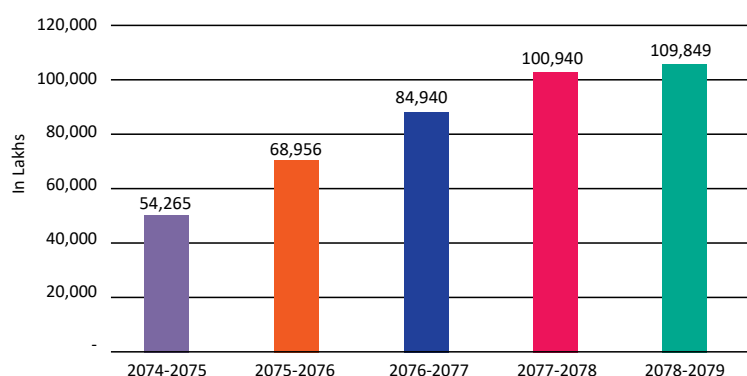
**Total Assets**



**Shareholder Fund**



**Total Deposit**



## Principal Indicators of Last 5 Years

SN	Indicators	UNIT	FY	FY	FY	FY	FY
			2074-75	2075-76	2076-77	2077-78	2078-79
			As per NFRS				
1	Net Profit/ Gross Income	Percent	8.32%	14.40%	9.82%	13.77%	10.33%
2	Earnings Per Share	NPR	7.74	18.48	14.21	22.31	15.50
3	Market Value Per Share	NPR	126	135	145	682	499
4	Price Earning Ratio	Ratio	16.28	7.31	10.21	30.57	32.20
5	Dividend (including bonus) on Share Capital	Percent	5.26%	10.00%	12.00%	9.10%	0.00%
6	Cash Dividend on Share Capital	Percent	0.00%	10.00%	3.60%	3.90%	0.00%
7	Interest Income/ Loans and Advances and Investments	Percent	13.05%	13.77%	13.76%	11.53%	12.57%
8	Staff Expenses/ Total Operating Expenses	Percent	47.41%	52.15%	48.62%	56.87%	57.70%
9	Interest Expenses/ Total Deposits & Borrowings	Percent	9.29%	9.49%	9.26%	6.98%	8.92%
10	Exchange Gain/ Total Income	Percent	0.00%	0.00%	0.00%	0.00%	0.00%
11	Staff Bonus/ Total Staff Expenses	Percent	15.51%	23.25%	16.66%	22.93%	16.33%
12	Net Profit/Total Loans & Advances	Percent	1.96%	3.47%	1.75%	2.60%	1.69%
13	Net Profit/ Total Assets	Percent	0.88%	1.69%	1.05%	1.46%	0.97%
14	Total Loans & Advances/ Total Deposits	Percent	83.51%	86.28%	86.93%	73.73%	79.37%
15	Total Operating Expenses/ Total Assets	Percent	1.82%	2.11%	1.83%	1.48%	1.68%
16	Capital Adequacy (On Risk Weighted Assets)						
	a. Core Capital	Percent	18.80%	14.40%	11.12%	13.49%	9.93%
	b. Supplementary Capital	Percent	0.56%	0.66%	4.62%	4.88%	3.77%
	c. Total Capital Fund	Percent	19.35%	15.05%	15.74%	18.37%	13.70%
17	Liquidity	Percent	33.29%	30.03%	37.88%	34.34%	24.66%
18	Non-Performing Loan/ Total Loans & Advances	Percent	2.67%	1.65%	1.51%	3.49%	2.64%
19	Base Rate		13.57	12.57	10.85	8.81	11.56
20	Weighted Average Interest Rate Spread	Percent	3.83%	4.50%	4.92%	4.99%	3.99%
21	Book Net Worth (Per Share)	NPR	136.52	149.73	152.92	204.35	203.14
22	Number of Shares	Nos.	8,000,000	8,000,000	8,000,000	8,672,000	9,461,152
23	Number of Staff	Nos.	96	119	115	127	124

B.R.S. Neupane & Co.  
Chartered Accountants  
Naya Basti Marg, House No. 22  
P.O. Box 8137, Baluwatar  
Kathmandu, Nepal

Tel : 977-1- 4411314  
Fax : 977-1- 4420572  
E-mail : chartered@brs.com.np  
Web : www.brs.com.np

**B.R.S. Neupane  
& Co.**

### Independent Auditor's Report

To the Shareholders of Goodwill Finance Limited.

#### Opinion on the Financial Statements

We have audited the financial statements of Goodwill Finance Limited (the "Finance"), which comprises the Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022) and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and Notes to the financial statements including A Summary of Significant Accounting Policies and Explanatory Notes.

In our opinion and to the best of our knowledge and according to the explanation given to us the aforesaid financial statements present fairly in all material respects, the financial position of company, as at Ashad 32, 2079 and its financial performance, changes in equity, cash flow for the year then ended and a summary of significant accounting policies and explanatory notes in accordance with Nepal Financial Reporting Standards (NFRS) with allowed carve-outs and comply with Companies Act 2063 and Bank and Financial Institution Act 2073.

#### Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with Code of Ethics issued by Institute of Chartered Accountants of Nepal together with ethical requirements that are relevant to the audit of the company under the provisions of Companies Act, 2063 and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 32 Ashad 2079. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	Auditor’s Response
<b>Investment Valuation, Identification, and Impairment</b>	
Investment of the Finance comprises of several investments in T-Bills, NRB/Government Bonds, and other quoted and unquoted equity investments. Valuation of these investments are conducted in line with NAS 39 read with NFRS 9 and NRB directive 8. Investment in T-Bills, NRB/Government Bonds are recognized on each reporting date on Amortized costs whereas other quoted and unquoted equity investments at Fair Value through Other Comprehensive Income (FVTOCI).  Given the variations of treatments used for valuation of investment based on the nature of cash flows, business model adopted and complexity of calculations, we have considered it as Key Audit Matters in our Audit.	Our audit approach regarding valuation, and verifications and identifications include following: a. Reviewing of the Investment of the Finance and its valuation with reference to the applicable NFRS and NRB directives. b. Assessing the expected cash flows and business model adopted by the Finance. c. For investment classified as FVTOCI and quoted, we ensured that Fair value was conducted by obtaining closing market rate as on 16.7.2022. And for unquoted investment the fair value being taken as par value of investment.
<b>Impairment of Loans and Advances</b>	
NRB directive 4 prescribe that BAFIs shall under measure impairment on Loan and advances at higher of following: • Provision amount derived as per norms prescribed by NRB • Impairment amount derived as per NAS 39 using Incurred Loss Model  The process of estimating the provision for loans and advances associated with credit risk is significant and complex. The materiality of the reported amounts for the loans and advances (and impairment allowance thereof). Considering the nature of the transaction, regulatory requirement, existing business environment, estimation/ judgement	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as under: a. Reviewing the overdue status of loans and advances. b. Evaluating the design of internal controls relating to implementation of circulars/directives issued by NRB and internal policies and procedure of the Finance. c. Examining all the large and other advances on a sample basis including review of valuation reports of the independent valuers as provided by the Finance's management. d. Reviewing the files of borrowers containing credit appraisal and other substantiating documents selected on sample basis and assessing the assigned risk premium and






involved in the valuation of securities, it is a matter of higher importance for the intended users of Financial Statements. Considering these aspects, we have determined this as Key Audit Matter.	appropriate action taken commensurate with the operation of such accounts. e. Performing relevant analytical procedures.
<b>Information Technology (IT) systems and controls over financial reporting</b>	
The entire preparation of financial statements is highly dependent on CBS and other supporting software and hardware controls. Adequate and appropriate IT controls are required to ensure that IT application process data are as expected. appropriate user access and changes are made in an appropriate manner. Such controls ensure mitigating the expected risk of erroneous output data. Audit outcome is dependent on the extent IT controls and systems, and accordingly the above areas are determined to be as key audit matter	We have carried out our audit procedures with Nepal Standards on Auditing guidelines towards implementation of IT policies and procedures followed by the Finance in order to effectively monitor, control, and evaluate the IT applications and controls to ensure effective implementation of such policies and procedures. Also our approach for Information Technology (IT) systems and controls over financial reporting was based on NRB Information Technology Guidelines 2012 and includes following: A. Reviewed report generated by CBS B. Verified few loans and deposits interest calculations on test basis. C. Verified the loan loss provision of loans and advances based on ageing for the date 16.07.2022.
<b>Recognition of Interest Income on Loans and advances</b>	
Following implementation of NFRS and NRB Interest Income Recognition Guidelines 2019, Finances are recognizing interest income on accrual basis. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue of interest and installment between 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing is specified. Considering the lack of in-built system for automatically suspending the recognizing, lack of reviewing the fair value of collateral on regular basis may create improper application of NRB guidelines.	Our audit method for recognition of interest income on Loan and Advances include the following: a. Reviewing the internal control process for accrued interest on loan and advances. b. Obtaining the accrued interest from CBS and testing on sample basis by manual computations. c. For fair value collateral mortgage as security, we considered the latest available valuation report provided by the independent valuers of the Finance.

### Other Information

Management is responsible for the preparation of other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as going concern, disclosing as applicable the matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 going concern basis of accounting.
- 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.



### Report on Other Legal and Regulatory Requirements

We have determined to communicate following matters in accordance with the requirements of NRB Directives, Companies Act 2063, BAFIA 2073 and other regulatory requirements.

- We have obtained all the information and the explanation which to the best of our knowledge and belief, where necessary for the purpose of our audit.
- Based on our audit, proper books of account as required by law have been kept by the company.
- Returns received from the branch offices of the company were adequate for the purposes of our audit though the statements are independently not audited.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the company are adequate considering the Directives issued by Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the company we have not come across any case where the Board of Directors or any office bearer of the company have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the company and violated Directives issued by Nepal Rastra Bank or acted in a manner, as would jeopardize the interest and security of the company, its shareholders and its depositors.
- The business of the company has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.

CA Gyanendra B. Bhari  
Partner



UDIN: 230530CA00070UEAPQ

Date: 16.02.2080

Place: Kathmandu, Nepal

**Goodwill Finance Ltd.**  
Statement of Financial Position  
As at 32 Ashad 2079 (16 July 2022)

Figures in NPR

Particulars	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Assets</b>			
Cash and cash equivalents	4.1	804,344,084	1,076,700,635
Due from Nepal Rastra Bank	4.2	420,692,025	394,564,448
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and advances to B/FIs	4.6	626,745,000	266,490,000
Loans and advances to customers	4.7	8,689,041,295	7,432,605,272
Investment securities	4.8	3,838,626,700	3,562,430,632
Current tax assets	4.9	36,896,654	61,742,061
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	106,214,525	51,572,816
Property and Equipment	4.13	527,160,665	335,634,400
Goodwill and Intangible assets	4.14	6,927,421	508,005
Deferred Tax Assets	4.15	-	-
Other assets	4.16	98,250,831	112,159,452
<b>Total Assets</b>		<b>15,154,899,200</b>	<b>13,294,407,721</b>

Particulars	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Liabilities</b>			
Due to Bank and Financial Institutions	4.17	36,924,520	713,022,699
Due to Nepal Rastra Bank	4.18	1,458,500,000	50,910,060
Derivative Financial Instrument	4.19	-	-
Deposits from customers	4.20	10,947,980,448	10,080,962,298
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	212,329,190	202,749,732
Other liabilities	4.23	329,236,842	226,946,518
Debt securities issued	4.24	248,014,336	247,715,037
Subordinated Liabilities	4.25	-	-
<b>Total liabilities</b>		<b>13,232,985,336</b>	<b>11,522,306,344</b>
<b>Equity</b>			
Share Capital	4.26	946,115,200	867,200,000
Share Premium		2,475,548	2,475,548
Retained Earnings		(47,187,217)	126,545,947
Reserves	4.27	1,020,510,333	775,879,882
<b>Total equity attributable to equity holders</b>		<b>1,921,913,864</b>	<b>1,772,101,377</b>
Non-controlling interest		-	-
<b>Total Equity</b>		<b>1,921,913,864</b>	<b>1,772,101,377</b>
<b>Total Liabilities and Equity</b>		<b>15,154,899,200</b>	<b>13,294,407,721</b>
Contingent Liabilities and commitment	4.28	922,263,550	107,640,019
Net Assets Value Per share		203.14	204.35

The accompanying notes are integral part of these financial statements.

As per our report of even date

Bishwa Prakash Saakha  
Chairman

Jenny Joshi  
Director

Pashupati Bhakta Shrestha  
Director

Dilip Kumar Munankarmi  
Director

Prof. Dr. Sushil Bhakta Mathema  
Independent Director

FCA. Gyanendra B. Bhari  
For  
B.R.S. Neupane & Co.  
Chartered Accountants

Date: 2080/02/16  
Place: Hattisar, Kamalpokhari  
Kathmandu, Nepal

Saroj Kaji Tuladhar  
Chief Executive Officer

Paras Narsingh Pradhan  
Chief Finance Officer



**Goodwill Finance Ltd.**  
**Statement of Profit or Loss**  
**For the year ended 32 Ashad 2079 (16 July 2022)**

*Figures in NPR*

Particulars	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
Interest income	4.29	1,297,289,534	1,058,237,766
Interest expense	4.30	979,446,293	753,245,209
<b>Net interest income</b>		<b>317,843,241</b>	<b>304,992,557</b>
Fees and commission income	4.31	92,841,972	125,579,757
Fees and commission expense	4.32	-	-
<b>Net fee and commission income</b>		<b>92,841,972</b>	<b>125,579,757</b>
<b>Net interest and commission income</b>		<b>410,685,213</b>	<b>430,572,314</b>
Net trading income	4.33	-	-
Other operating income	4.34	29,804,536	220,964,723
<b>Total operating income</b>		<b>440,489,749</b>	<b>651,537,038</b>
Impairment charge/(reversal) for loans and other losses	4.35	(29,470,509)	172,991,891
<b>Net operating income</b>		<b>469,960,258</b>	<b>478,545,146</b>
<b>Operating expense</b>			
Personnel expenses	4.36	146,727,322	111,801,651
Other Operating expenses	4.37	77,570,689	67,845,438
Depreciation and Amortisation	4.38	29,977,664	16,953,807
<b>Operating Profit</b>		<b>215,684,583</b>	<b>281,944,250</b>
Non operating Income	4.39	-	-
Non operating expense	4.40	-	-
<b>Profit before income tax</b>		<b>215,684,583</b>	<b>281,944,250</b>
Income tax expense	4.41		
Current Tax Expense		74,707,011	78,854,546
Deferred Tax Expense (Income)		(5,654,715)	9,639,669
<b>Profit for the period</b>		<b>146,632,287</b>	<b>193,450,036</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		146,632,287	193,450,036
Non-controlling interests		-	-
Profit for the period		146,632,287	193,450,036
<b>Earnings Per Share (EPS)</b>			
Basic EPS		15.50	22.31
Diluted EPS		15.50	22.31

The accompanying notes are integral part of these financial statements.

As per our report of even date

.....  
**Bishwa Prakash Saakha**  
 Chairman

.....  
**Jenny Joshi**  
 Director

.....  
**Pashupati Bhakta Shrestha**  
 Director

.....  
**Dilip Kumar Munankarmi**  
 Director

.....  
**Prof. Dr. Sushil Bhakta Mathema**  
 Independent Director

.....  
**FCA. Gyanendra B. Bhari**  
 For  
 B.R.S. Neupane & Co.  
 Chartered Accountants

Date: 2080/02/16  
 Place: Hattisar, Kamalpokhari  
 Kathmandu, Nepal

.....  
**Saroj Kaji Tuladhar**  
 Chief Executive Officer

.....  
**Paras Narsingh Pradhan**  
 Chief Finance Officer

**Goodwill Finance Ltd.**  
**Statement of Other Comprehensive Income**  
**For the year ended 32 Ashad 2079 (16 July 2022)**

*Figures in NPR*

Particulars	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
Profit for the year		146,632,287	193,450,036
Other Comprehensive Income, net of income tax			
<b>a Items that will not be reclassified to Profit or Loss</b>			
Gains / (Losses) from investment in equity instruments measured at fair value		25,229,295	567,719,139
Gains / (Losses) on revaluation			
Actuarial Gains / (Losses) on defined benefit plans		25,551,283	(19,025,513)
Income tax relating to above items		(15,234,173)	(164,608,088)
Net other Comprehensive Income that will not be reclassified to Profit or Loss		35,546,405	384,085,538
<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 translation of financial assets of foreign operation)		-	-
Income tax relating to above items		-	-
Reclassify to Profit or Loss		-	-
Net other Comprehensive Income that are or may be reclassified to Profit or Loss		-	-
<b>c Share of other comprehensive income of associate accounted as per equity method</b>		-	-
Other Comprehensive income for the year, net of income tax		35,546,405	384,085,538
<b>Total Comprehensive income for the year</b>		<b>182,178,692</b>	<b>577,535,574</b>
<b>Total Comprehensive income attributable to:</b>			
Equity shareholder of the bank		182,178,692	577,535,574
Non controlling interest		-	-
<b>Total Comprehensive income for the period</b>		<b>182,178,692</b>	<b>577,535,574</b>

The accompanying notes are integral part of these financial statements.

.....  
**Bishwa Prakash Saakha**  
 Chairman

.....  
**Jenny Joshi**  
 Director

.....  
**Pashupati Bhakta Shrestha**  
 Director

.....  
**Dilip Kumar Munankarmi**  
 Director

.....  
**Prof. Dr. Sushil Bhakta Mathema**  
 Independent Director

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**FCA. Gyanendra B. Bhari**  
 For  
 B.R.S. Neupane & Co.  
 Chartered Accountants

.....  
**Saroj Kaji Tuladhar**  
 Chief Executive Officer

.....  
**Paras Narsingh Pradhan**  
 Chief Finance Officer

Date: 2080/02/16

Place: Hattisar, Kamalpokhari  
 Kathmandu, Nepal

Figures in NPR

**Goodwill Finance Ltd.**  
**Statement of Changes in Equity**  
**For the year ended 32 Ashad 2079 (16 July 2022)**

Particulars	Attributable to equity holders of the Bank													Non-controlling interest	Total equity		
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	CSR Reserve	Deferred Tax Reserve	Employee training reserve	Debtenture Redemption Reserve			Actuary reserve	Total
Balance at 1 Shrawan 2077	800,000,000	2,475,548	167,130,478	-	85,434,474	(27,309,940)	85,349,593	109,682,533	603,117	1,328,147	-	194,018	-	(919,048)	1,223,365,803	-	1,223,365,803
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 2077	800,000,000	2,475,548	167,130,478	-	85,434,474	(27,309,940)	85,349,593	109,682,533	603,117	1,328,147	-	194,018	-	(919,048)	1,223,365,803	-	1,223,365,803
Comprehensive income for the year																	
Profit for the year																	
Other comprehensive income, net of tax																	
Gains / (Losses) from investment in equity instruments measured at fair value																	
Gains / (Losses) on revaluation						397,403,397									397,403,397	-	397,403,397
Actuarial Gains / (Losses) on defined benefit plans																-	-
Gains / (Losses) on Cash Flow Hedge														(13,317,859)	(13,317,859)	-	(13,317,859)
Exchange gains / (Losses) arising from translating financial assets of foreign operation																-	-
Total Comprehensive income for the year																-	-
Transfer to reserve during the year			38,690,007		(17,415,136)	16,322,140		(73,209,371)	51,934,500	1,934,500			50,000,000		16,322,140	-	16,322,140
Transfer from reserve during the year					6,381,605			(22,703,745)	-						(16,322,140)	-	(16,322,140)
Other Adjustments					(13,992,081)			15,326,495	(1,334,414)	(1,283,844)		(50,570)			-	-	-
Transactions with owners, directly recognised in equity																-	-
Right share issued																-	-
Share based payment																-	-
Dividends to equity holders																-	-
Bonus shares issued	67,200,000							(67,200,000)	-							-	-
Cash dividend paid	-							(28,800,000)							(28,800,000)	-	(28,800,000)
Other																	
Total contributions by and distributions to owners	67,200,000	-	38,690,007	-	(25,025,612)	413,725,537	-	16,863,415	37,282,227	650,656	-	(50,570)	50,000,000	(13,317,859)	548,735,574	-	548,735,574

Balance at 31 Ashad 2078	867,200,000	2,475,548	205,820,486	-	60,408,862	386,415,597	85,349,593	126,545,947	37,885,345	1,978,803	-	143,448	50,000,000	(14,236,907)	1,772,101,377	-	1,772,101,377
Balance at 1 Shrawan 2078	867,200,000	2,475,548	205,820,486	-	60,408,862	386,415,597	85,349,593	126,545,947	37,885,345	1,978,803	-	143,448	50,000,000	(14,236,907)	1,772,101,377	-	1,772,101,377
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 2078	867,200,000	2,475,548	205,820,486	-	60,408,862	386,415,597	85,349,593	126,545,947	37,885,345	1,978,803	-	143,448	50,000,000	(14,236,907)	1,772,101,377	-	1,772,101,377
Comprehensive income for the year																	
Profit for the year								146,632,287							146,632,287		146,632,287
Other comprehensive income, net of tax																	
Gains / (Losses) from investment in equity instruments measured at fair value						17,660,507									17,660,507		17,660,507
Gains / (Losses) on revaluation																	
Actuarial Gains / (Losses) on defined benefit plans									17,885,898					17,885,898	17,885,898		17,885,898
Gains / (Losses) on Cash Flow Hedge																	
Exchange gains / (Losses) arising from translating financial assets of foreign operation																	
<b>Total Comprehensive income for the year</b>																	
Transfer to reserve during the year			29,617,376		101,139,501	2,046,472		(182,380,285)	51,023,407	1,466,323		157,085	50,000,000		2,046,472		2,046,472
Transfer from reserve during the year					34,424,277			(36,470,748)							(2,046,472)		(2,046,472)
Other Adjustments					(8,582,191)			11,221,582	(1,184,795)	(1,184,795)					1,454,595		1,454,595
Transactions with owners, directly recognised in equity																	
Right share issued																	
Share based payment																	
Dividends to equity holders																	
Bonus shares issued	78,915,200							(78,915,200)									
Cash dividend paid								(33,820,800)							(33,820,800)		(33,820,800)
Other																	
<b>Total contributions by and distributions to owners</b>	<b>78,915,200</b>	<b>-</b>	<b>29,617,376</b>	<b>-</b>	<b>126,981,586</b>	<b>19,706,978</b>	<b>-</b>	<b>(173,733,164)</b>	<b>68,324,510</b>	<b>281,527</b>	<b>-</b>	<b>157,085</b>	<b>50,000,000</b>	<b>17,885,898</b>	<b>149,812,487</b>	<b>-</b>	<b>149,812,487</b>
Balance at 32 Ashad 2079	946,115,200	2,475,548	235,437,862	-	187,390,448	406,122,576	85,349,593	(47,187,217)	106,209,855	2,260,331	-	300,532	100,000,000	3,648,992	1,921,913,864	-	1,921,913,864



**Goodwill Finance Ltd.**  
**Statement of Cash Flows**  
**For the year ended 32 Ashad 2079 (16 July 2022)**

*Figures in NPR*

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	1,203,417,380	993,630,105
Fees and other income received	92,841,972	123,831,567
Dividend Received		
Receipts from other operating activities	24,377,469	197,647,380
Interest paid	(942,527,785)	(722,979,405)
Commission and fees paid		
Cash payment to employees	(124,669,149)	(88,983,742)
Other expense paid	(92,694,873)	(69,378,484)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>160,745,014</b>	<b>433,767,420</b>
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(26,127,577)	(99,934,145)
Placement with Bank and Financial Institutions		
Other trading assets		
Loans and advances to bank and financial institutions	(365,000,000)	11,221,682
Loans and advances to customers	(1,170,302,323)	(1,084,065,858)
Other assets	16,016,186	(15,920,170)
<b>Increase/(Decrease) in operating liabilities</b>		
Due to bank and financial institutions	(676,098,179)	(262,296,003)
Due to Nepal Rastra Bank	1,407,589,940	9,094,821
Deposit from customers	867,018,150	1,963,282,282
Borrowings		
Other liabilities	20,553,644	(3,022,241)
Net cash flow from operating activities before tax paid	234,394,855	952,127,789
Income taxes paid	(49,861,604)	(130,134,888)
Net cash flow from operating activities	184,533,251	821,992,901
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(265,630,521)	(2,178,493,978)
Proceeds from sale of investment securities	17,597,279	1,220,638,277
Purchase of property and equipment	(142,186,485)	(6,113,518)
Proceeds from the sale of property and equipment	-	240,900
Acquisition of intangible assets	(5,352,810)	-
Proceeds from the sale of intangible assets		
Purchase of investment properties		
Proceeds from the sale of investment properties	-	-
Interest received		
Dividend received	2,503,536	1,748,191
Net cash used in investing activities	(393,069,002)	(961,980,128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of debt securities	-	-
Repayment of debt securities		
Receipts from issue of subordinated liabilities		
Repayment of subordinated liability		
Receipts from issue of shares		
Dividends paid	(33,820,800)	(28,800,000)
Interest paid	(30,000,000)	(30,000,000)
Other receipt/payment	-	-
<b>Net cash from financing activities</b>	<b>(63,820,800)</b>	<b>(58,800,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(272,356,551)</b>	<b>(198,787,227)</b>
Cash and cash equivalents Beginning of the Period	1,076,700,635	1,275,487,862
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
<b>Cash and cash equivalents at 32 Ashad 2079</b>	<b>804,344,084</b>	<b>1,076,700,635</b>

The accompanying notes are integral part of these financial statements.

As per our report of even date

	<p>.....</p> <p><b>Bishwa Prakash Saakha</b> Chairman</p>	<p>.....</p> <p><b>Dilip Kumar Munankarmi</b> Director</p>	<p>.....</p> <p><b>Prof. Dr. Sushil Bhakta Mathema</b> Independent Director</p>	<p>.....</p> <p><b>FCA. Gyanendra B. Bhari</b> For B.R.S. Neupane &amp; Co. Chartered Accountants</p>
<p>.....</p> <p><b>Jenny Joshi</b> Director</p>	<p>.....</p> <p><b>Pashupati Bhakta Shrestha</b> Director</p>	<p>.....</p> <p><b>Saroj Kaji Tuladhar</b> Chief Executive Officer</p>	<p>.....</p> <p><b>Paras Narsingh Pradhan</b> Chief Finance Officer</p>	

Date: 2080/02/16  
Place: Hattisar, Kamalpokhari  
Kathmandu, Nepal

## Significant Accounting Policies and Notes to the Accounts

### 1 Reporting Entity

Goodwill Finance Limited ('the Finance' or "the Company") is a public company incorporated under the Companies Act, 2063 and licensed by Nepal Rastra Bank to conduct banking transaction as a "C" Class Financial Institution under the Bank and Financial Institution Act, 2073. The Finance has its Corporate Office at Hattisar Sadak, Kathmandu. The Finance received the license to commence banking operations on Baisakh 29, 2052 B.S (May 12, 1995 AD) The Finance's Equity Shares are listed in Nepal Stock Exchange. The objective of the Finance is to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs and providing broad mix of financial services to business and individuals.

The Authorized Capital of the company is Rupees 1,000,000,000/- and the Issued Capital is 946,115,200/- 51 percent of the Paid-Up Capital is held by the promoter and remaining 49 is held by the general public. The shares of the Company are listed at Nepal Stock Exchange Limited (NEPSE). The shareholder composition of the Finance is as follows (as of 2079-03-32).

S.N	Ownership	Percent
1	General Public	95.83
2	Other Institution	4.17
	Total	100

S.N	Ownership	Percent
1	Promoter Shares	51%
2	Ordinary Shares	49%
	Total	100

### 2 Basis of Preparation

The financial statements of the Finance have been prepared on accrual basis of accounting except the Cash flow information which is prepared, on a cash basis, using the indirect method. The interest income is recognized on effective interest rate method.

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

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal, pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the directives no. 4 of Unified Directives, 2078 issued by Nepal Rastra Bank (NRB).

The financial statements have been prepared on the going-concern basis.

#### 2.2 Reporting period and approval of financial statements

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

The current year period refers to 1st Shrawan 2078 to 32nd Ashad 2079 as per Nepalese Calendar corresponding to 16th July 2021 to 16th July 2022 as per English Calendar and corresponding previous year period is 1st Shrawan 2077 to 31st Ashad 2078 as per Nepalese Calendar corresponding to 16th July 2020 to 15th July 2021 as per English Calendar.

	Nepalese Calendar	English Calendar
Current Year	2078/79	2021/22
Previous Year	2077/78	2020/21
Current Year Period	1 <sup>st</sup> Shrawan 2078 to	16 <sup>th</sup> July 2021 to
	32 <sup>nd</sup> Ashad 2079	16 <sup>th</sup> July 2022
Previous Year Period	1 <sup>st</sup> Shrawan 2077 to	16 <sup>th</sup> July 2020 to
	31 <sup>st</sup> Ashad 2078	15 <sup>th</sup> July 2021

The Financial Statements were authorized for issue by the Board of Directors on 2080/02/16 The Company prepared its financial statements in accordance with the requirements of Nepal Financial Reporting Standards.

### 2.3 Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the company's functional currency. The Finance determines the functional currency and items included in the financial statements are measured using that functional currency.

### 2.4 Use of Estimates, assumptions and judgments

The preparation of the Finance's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.
- Assessment of the Finance's ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

### 2.5 Changes in Accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

### 2.6 New standards in issue but not yet effective

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Finance's financial statements are disclosed below. The Finance intends to adopt these standards, if applicable, when they become effective.

- **IFRS 17 Insurance Contracts**

IFRS 17 is an International Financial Reporting Standard that was issued by the International Accounting Standards Board in May 2017. It will replace IFRS 4 on accounting for insurance contracts and has an effective date of 1 January 2021. In November 2018 the International Accounting Standards Board proposed to delay the effective date by one year to 1 January 2022

- **IFRS 19 Employee Benefits**

Amendments regarding plan amendments, curtailments and settlements were done on February 2018 and shall be applicable for annual periods beginning on or after 1 January 2019.

### 2.7 New Standards and interpretation not adapted

All Nepal Accounting Standards and Nepal Financial Reporting Standards and other interpretation issued by ASB of Nepal have been adapted while preparing financial statements.

### 2.8 Discounting

Non- current assets and liabilities are discounted where discounting is material.

## 3 Significant Accounting Policies

The principal accounting policies applied by the Finance in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

### 3.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the following material items in the statement of financial position:

- Investment property is measured at fair value.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Investments held-for-trade is measured at fair value.
- Derivative financial instruments are measured at fair value.
- Defined benefit schemes, surpluses and deficits are measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company. Any revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in the future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in notes that follow.

### ***Distinction of Current and Non-Current***

#### **Assets**

All the assets except the property, plant and equipment and deferred tax assets are classified as current assets unless specific additional disclosure is made in the notes.

#### **Liabilities**

All the liabilities except the defined benefit plan obligations are classified as current liabilities unless specific additional disclosure is made in the notes.

### **Materiality and Aggregation**

In compliance with NAS 1 - Presentation of Financial Statements, each material class of similar items is presented separately in the financial Statements. Items of dissimilar nature or functions are presented separately unless they are material.

### **3.2 Basis of consolidation**

The Finance does not have any subsidiaries or special purpose entities over which it exercises control. Hence, only standalone financial statement is prepared.

### **3.3 Cash and cash equivalent**

Cash and cash equivalents include cash at vault and agency bank account balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash and Cash equivalent are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 07- Statement of Cash Flows.

### **3.4 Financial assets and financial liabilities**

#### ***Recognition***

The Finance initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Finance initially recognize loans and advances, deposits; and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Finance becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Finance commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

#### ***Classification***

##### **i. Financial Assets**

The Finance classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Finance's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

##### **1. Financial assets measured at amortized cost**

The Finance classifies a financial asset measured at amortized cost if both of the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding



## 2. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

### a) Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

### b) Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Finance makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

## ii. Financial Liabilities

The Finance classifies the financial liabilities as follows:

### a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

### b) Financial liabilities measured at amortized cost

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

## Measurement

### Financial assets at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

### A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognized in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in Statement of Profit and Loss are included in the 'Other income' line item.

### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates

any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated as at FVTPL.

*A financial liability is classified as held for trading if:*

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument

*A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:*

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and NFRS 9 permits the entire combined contract to be designated as at FVTPL in accordance with NFRS 9.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognized in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

#### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### De-recognition

##### i. De-recognition of financial assets

The Finance derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Finance neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Finance is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset, and the sum of

- The consideration received and
- Any cumulative gain or loss that had been recognized in other comprehensive income is recognized in Statement of Profit or Loss.

The Finance enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

## ii. De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

## Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Finance measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Finance uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value measurement hierarchy is as follows:

**Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Finance determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in profit or loss immediately.

## Impairment

At each reporting date, the Finance assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Finance on terms that the Finance would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Finance considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

### Impairment of financial assets measured at amortized cost

The Finance considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Finance first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. In assessing collective impairment, the Finance uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Finance. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Other operating income'.

### Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

### 3.5 Trading assets

Interest income on all trading assets are considered to be incidental to the finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Interest expense on all trading liabilities are considered to be incidental to the finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

### 3.6 Derivatives assets and derivative liabilities

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognized in the income statement in Net trading income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognized in the income statement in Net trading income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognized, the unamortised fair value adjustment is recognized immediately in the income statement.



### 3.7 Property and Equipment

#### a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Finance and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self-constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Neither class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.

Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

#### b) Capital work in progress

Assets in the course of construction are capitalised in the assets under capital work in progress account (CWIP). At the point when an asset is capable of operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

#### c) Depreciation

Property and equipment's are depreciated from the date they are available for use on property on written down value method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

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

Class of Assets	Useful Life	Rate of Depreciation
Building	20 years	5%
Vehicles	6.67 years	15%
Furniture-Wooden	6.67 years	15%
Furniture-Steel	10 Years	10%
Machinery	5 years	20%
Equipment and Others	6.67 years	15%
Computers	5 years	20%

- The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 years' period or within the ownership period.
- Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. For assets purchased/sold during the year, depreciation is provided upto the date of use on pro-rata basis.

### 3.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an

intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

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

Class of Assets	Useful Life	Rate of Depreciation
Computer software	5 years	20%

### 3.9 Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner-occupied property. The Finance holds investment property that has been acquired through the enforcement of security over the loan and advances.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred. If the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Investment property which initially measured at cost and subsequently at cost Model. Accordingly, such properties are subsequently measured at cost less accumulated depreciation and impairment loss if any.

Fair values are evaluated annually by an accredited external, independent valuator.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

### 3.10 Income tax

The Company is subject to tax laws of Nepal. Income Taxes have been calculated as per the provisions of the Income Tax Act, 2058. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax law carry-forwards become deductible. The company considers the expected reversal of deferred tax liabilities and projected future taxable income making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

#### Current Tax

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

#### Deferred Tax

Deferred tax is recognized on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets

are reviewed at each reporting date and reversed if it is no longer probable that the related tax benefits will be realised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Finance deposits consist of money placed into the Finance by its customers. These deposits are made to deposit accounts such as fixed deposit accounts, savings accounts, margin deposit accounts, call deposit accounts and current accounts. Details and further disclosures about deposits have been explained in Note that follows.

### 3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

### 3.13 Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Finance and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

**Interest income**

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of comprehensive income includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter banking lending etc.
- Interest on investment securities measured at fair value, calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets are considered to be incidental to the Finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

**Fee and commission income**

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of guarantee are recognized as the related services are performed.

**Dividend income**

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

**Net trading income**

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

**Net income from other financial instrument at fair value through Profit or Loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss is recognized in statement of Profit or Loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in other operating income when the right to the payment has been established.

**3.14 Interest expense**

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Finance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

**3.15 Employees Benefits****a) Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the prevailing Bonus



Act to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- paid annual leave and paid sick leave;
- profit-sharing and bonuses; and
- non-monetary benefits

**b) Post-Employment Benefit Plan**

Post-employment benefit plan includes followings:

**i. Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Finance to its employees:

**a) Employees Provident Fund**

In accordance with law, all employees of the Finance are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Finance contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Finance does not assume any future liability for provident fund benefits other than its annual contribution.

**ii. Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Finance's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Finance's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Finance 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 or loss.

The following are the defined benefit plans provided by the Finance to its employees:

**a) Gratuity**

Finance provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Finance. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service.

**b) Leave Salary**

The employees of the Finance are entitled to carry forward a part of their unavailed/ unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service Byelaws of the Finance. The Finance accounts for the liability for entire accumulated outstanding leave balance on accrual basis as per Employee Service Byelaws of the Finance.

**c) Termination Benefits**

Termination benefits are recognized as expense when the Finance is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Finance has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptance can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

### 3.16 Leases

Lease is a contract in which one party provides an asset to the other party for some consideration usually a periodic payment. The Finance assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 “Leases”; the Finance recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets as the Finance is lessee in all lease arrangements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The finance has used its base rate of Ashad, 2078 for discounting.

The lease liability is presented within other Liabilities in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of use asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Finance expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Finance depreciates Right-of-use assets from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The right-of-use assets are presented within Property, plant and Equipment in the Statement of Financial Position.

#### Transition

From 1st Shrawan 2078, the Finance has effectively adopted NFRS 16- “Leases”, which requires any lease arrangement to be recognized in the Statement of Financial Position of the lessee as a ‘right-of-use’ asset with a corresponding lease liability. Accordingly, depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognized on lease liabilities under Interest Expenses. As permitted by the standard, the Finance has applied this standard w.e.f. 1st Shrawan 2078 and comparatives for the previous period/year have not been restated.

### 3.17 Foreign Currency translation

The items included in the financial statements of the entity are measured using the functional currency of the Company.

### 3.18 Financial guarantee and loan commitment

The Finance makes available to its customers guarantees that may require that the Finance makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Finance to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Finance to similar risks to loans and are mitigated by the same control processes and policies.

### 3.19 Share capital and reserves

The Finance classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Finance and distributions thereon are presented in statement of changes in equity.

The Finance is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 11% for current year and the Finance has maintained the required ratio.

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

### 3.20 Earnings per share including diluted

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

### 3.21 Segment reporting

An operating segment is a component of the Finance that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Finance's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance. Since the Chief Operating Decision Maker monitors the activities of the Finance as a whole, the Finance has classified a single operating segment.

## 4 Explanatory Notes

The explanatory notes and significant disclosure relating to the financial statements are as follows:

### 4.1 Cash and Cash Equivalents

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

#### Cash and Cash equivalent (Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Cash in hand	175,818,450	204,202,510
Balance with B/FIs	625,648,383	827,854,973
Money at call and short notice		
Other	2,877,251	44,643,152
<b>Total</b>	<b>804,344,084</b>	<b>1,076,700,635</b>

### 4.2 Due from Nepal Rastra Bank

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

#### Due from Nepal Rastra Bank (Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Statutory Balances with NRB	420,692,025	394,564,448
Securities Purchased under re-sale agreement		
Other depoist and receivable from NRB		
<b>Total</b>	<b>420,692,025</b>	<b>394,564,448</b>

### 4.3 Placement with Bank and Financial Institutions

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

#### Placement with Bank and Financial Institutions (Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Placements with domestic B/Fis	-	-
Placement with foreign B/Fis	-	-
Less: Allowances for Impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.4 Derivative Financial Instruments**

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

**Derivative Financial Instruments****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<i>Held for trading</i>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<i>Held for risk management</i>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.5 Other Trading Assets**

There were no trading assets held by the Finance during the year.

**4.6 Loan and Advances to Banks and Financial Institutions**

Loan and advances given to microfinance financial institutions as well as other bank and financial institutions has been presented under this head. Specific impairment on loan and advance to bank and financial institutions has been deducted.

**Loans and advances to BF/Is****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loans to microfinance institutions	635,000,000	270,000,000
Other	-	-
Less: Allowances for Impairment	(8,255,000)	(3,510,000)
<b>Total</b>	<b>626,745,000</b>	<b>266,490,000</b>

Impairment allowances for the loans and advances forwarded to BFIs during the year are as follows:

**4.6.1 Allowances for Impairment****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Balance at 1 <sup>st</sup> Shrawan	3,510,000	2,800,101
Impairment loss for the year:		
Charge for the year	4,745,000	709,899
Recoveries/reversals	-	-
Amount written off	-	-
<b>Balance at Asadh end</b>	<b>8,255,000</b>	<b>3,510,000</b>

**4.7 Loans and advances to customers**

Outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the Finance has also be presented under this head.



Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loans and advances measured at amortized cost	8,979,214,890	7,756,994,377
Less: Impairment allowances	290,173,595	324,389,104
Collective Allowances	290,173,595	324,389,104
Individual Allowances		
<b>Net amount</b>	<b>8,689,041,295</b>	<b>7,432,605,272</b>
Loans and advances measured at FVTPL	-	-
<b>Total</b>	<b>8,689,041,295</b>	<b>7,432,605,272</b>

## 4.7.1 Analysis of Loans and Advances- By Product

(Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Product		
Term Loans	2,558,725,309	3,870,474,300
Overdraft		
Trust receipt/Import loans		
Demand and other working capital Loans	1,257,442,350	72,000,000
Personal residential loans	892,255,270	1,023,911,593
Real estate loans	971,392,180	802,870,077
Margin lending loans	425,520,450	348,542,818
Hire purchase loans	903,373,560	943,714,946
Deprived sector loans	41,356,081	166,563,782
Bills purchased		
Staff loans	14,639,451	23,141,156
Others	1,696,222,667	392,546,914
<b>Sub Total</b>	<b>8,760,927,318</b>	<b>7,643,765,586</b>
Interest receivable	218,287,572	113,228,791
<b>Grand Total</b>	<b>8,979,214,890</b>	<b>7,756,994,377</b>

## 4.7.2 Analysis of Loans and advances- By Currency

(Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Nepalese rupee	8,979,214,890	7,756,994,377
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yen	-	-
Other	-	-
<b>Total</b>	<b>8,979,214,890</b>	<b>7,756,994,377</b>

## 4.7.3 Analysis of Loans and advances- By Collateral

(Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Secured</b>		
Movable/immovable assets	7,081,229,848	7,010,589,800
Gold and silver	311,621,780	227,975,490
Guarantee of domestic B/Fis		
Government Guarantee		
Guarantee of International Rated bank		
Collateral of export document		
Collateral of fixed deposit receipt	398,127,460	132,030,146
Collateral of Government securities	6,657,520	3,656,519
Counter Guarantee		
Personal Guarantee		
Other collateral	1,181,578,282	382,742,423
<b>Subtotal</b>	<b>8,979,214,890</b>	<b>7,756,994,377</b>
Unsecured	-	-
<b>Grand Total</b>	<b>8,979,214,890</b>	<b>7,756,994,377</b>

## 4.7.4 Allowances for Impairment

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<i>Specific allowance for impairment</i>		
<b>Balance at Shrawan 1</b>	-	-
Impairment loss for the year		
Charge for the year	-	-
Recoveries/reversal during the year		
Write-offs		
Exchange rate variance on foreign currency		
Other Movement		
<b>Balance at Ashad end</b>	-	-
<i>Collective allowance for Impairment</i>		
<b>Balance at Shrawan 1</b>	<b>324,389,104</b>	<b>152,107,111</b>
Impairment loss for the year		
Charge/(reversal) for the year	(34,215,509)	172,281,993
Other movement	-	-
<b>Balance at Ashad end</b>	<b>290,173,595</b>	<b>324,389,104</b>

**Impairment of financial assets**

At each reporting date, the Finance has assessed whether there exists objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Finance on terms that the Finance would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Finance considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and

the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

#### 1. Use of Carve Outs for Financial Assets

##### a. a. NFRS-9: Financial Instruments (Impracticability to determine transaction cost of all previous years which is the part of effective interest rate)

As per NFRS-9, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses while calculating the effective interest rate. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

This Carve-out states that the effective interest rate calculation shall include all fees and points paid or received, unless it is immaterial or impracticable to determine reliably. The Bank has availed this Carve-out in the case of loans and advances for Financial Year 2078/79 and has not considered all fees and points paid or received which are impracticable to measure reliably while determining effective interest rate. As a result of this alternative treatment, the Bank has excluded the full amount of upfront loan management fees or commission received on loans and advances in the calculation of effective interest rate for the loan. The upfront fees and commission are recognized as income in the same period, the loan is approved.

##### b. NFRS-9: Financial Instruments: Recognition and Measurement (Incurred Loss Model to measure the Impairment Loss on Loan and Advances)

Carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the 'Incurred Loss Model' unless the reporting entity is a bank or a financial institution registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loans and advances at the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and amount determined as per NFRS. The Bank has adopted this mandatory treatment. As a result of this treatment, the Bank has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive no. 2/78 and the amount derived from incurred loss model as specified by NFRS. The Bank has recognized impairment loss on other financial assets measured at amortized cost in accordance with NFRS.

##### c. Interest calculation on Impaired Loan and advances

NAS 39 requires when a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. However, the Finance has charged interest income by applying the Normal interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

##### *Impairment of financial assets measured at amortized cost*

The Finance considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Finance first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. In assessing collective impairment the Finance uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates,

loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Finance. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

#### Impairment allowance for Loans and Advances

The Finance, at each reporting date, assesses whether there is objective evidence that loans and advances carried at fair value through profit or loss are impaired and impairment provided for if impairment assessment indicates so. Loans and advances are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that loans and advances are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Finance on terms that the Finance would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the Finance considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the Normal Interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's Normal Interest rate.

Prior to this change in policy, the Finance used to provide for impairment loss of loans and advances at 1% to 100% on the basis of classification of loans and advances in accordance with the directives of Nepal Rastra Bank.

The Finance believes the new policy is preferable as it more closely aligns the accounting for these transactions with the NFRS and will aid comparability.

Following table below show the NFRS provision under two different model:

#### A. LOAN LOSS PROVISION AS PER NRB DIRECTIVE:

##### Loans and advances to BF/Is

(Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loans to microfinance institutions		
Other		
Less: Allowances for Impairment		
<b>Total</b>		

Loans and advances to customers	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Loans and advances measured at amortized cost</b>		
Less:		
Impairment allowances		
Collective Allowances		
Individual Allowances		
<b>Net amount</b>		
Loans and advances measured at FVTPL		
<b>Total</b>		

**Movement of Loan Loss Provision as per NRB directive**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Specific allowance for impairment		
<b>Balance at Shrawan 1</b>		
<b>Impairment loss for the year</b>		
Charge for the year		
Recoveries/reversal during the year		
Write-offs		
Exchange rate variance on foreign currency		
Other Movement		
<b>Balance at Asadh end</b>		
Collective allowance for Impairment		
<b>Balance at Shrawan 1</b>	<b>152,107,111</b>	<b>140,584,328</b>
<b>Impairment loss for the year</b>		
Charge/(reversal) for the year	172,281,993	11,522,783
Exchange rate variance on foreign currency	-	-
Other movement	-	-
<b>Balance at Ashadh end</b>	<b>324,389,104</b>	<b>152,107,111</b>

**B. IMPAIRMENT AS PER NAS 39**

As per carve out issued by ICAN, higher of the loan loss provision to be maintained as per NRB Directives or Impairment calculated as per NFRS should be presented in financial statements. Hence, Loan Loss Provision as per NRB Directives has been presented in the financial statements.

**Loans and advances to BF/Is**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loans to microfinance institutions		
Other		
Impairment allowances (a+b)		
Collective Allowances (a)		
Individual Allowances (b)		
<b>Total</b>		

**Loans and advances to Customers**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Loans and advances measured at amortised cost</b>		
Loans and advances to Customers		
<b>Less: Impairment allowances (a + b)</b>		
Collective Allowances (a)		
Individual Allowances (b)		
<b>Total</b>		



**4.8 Investment securities**

Investments made by the Finance in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment.

**Investment securities****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Investment securities measured at amortised cost	2,944,975,000	2,735,075,000
Investment Securities measured at FVTOCI	893,651,700	827,355,632
<b>Total</b>	<b>3,838,626,700</b>	<b>3,562,430,632</b>

**4.8.1 Investment securities measured at amortized cost**

Detail of Investment Securities measured at amortized cost is as follows:

**Investment securities measured at amortized cost****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Debt securities	-	-
Government bonds	2,944,975,000	2,735,075,000
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
<b>Total</b>	<b>2,944,975,000</b>	<b>2,735,075,000</b>

**4.8.2 Investment in equity****Investment in equity measured at fair value through other comprehensive income****(Figures in NPR)**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Equity instrument		
<b>Quoted equity instrument</b>	<b>849,715,317</b>	<b>787,357,832</b>
<b>Unquoted equity instrument</b>	<b>43,936,383</b>	<b>39,997,800</b>
<b>Total</b>	<b>893,651,700</b>	<b>827,355,632</b>

**4.8.3 Information relating to investment in equities****Investment in Quoted Equity**

Particulars	As at 32 Ashad 2079		As at 31 Ashad 2078	
	Cost	Fair Value	Cost	Fair Value
Prabhu insurance ltd-ordinary 3330 shares of Rs. 100 each	2,467,685	1,425,240	1,585,253	1,920,000
Prabhu insurance ltd-promoters 8488 shares of Rs. 100 each	816,655	4,249,322	816,655	4,676,888
Asian Life Insurance Co Ltd 3252 shares of Rs. 100 each	3,952,448	2,211,048	2,590,035	2,696,000
AJOD Insurance limited 10650 shares of Rs. 100 each	9,091,283	4,771,200	7,241,598	6,528,390
Butwal Power Co. 5500 shares of Rs. 100 each	2,419,912	1,771,000	1,204,100	1,518,000
Chilime Hydro Power 5375 shares of Rs. 100 each	3,109,962	2,193,000	1,718,357	2,061,000
citizen Investment Trust 8415 shares of Rs. 100 each	30,215,506	21,163,725	26,841,533	25,885,765
Citizen Mutual Fund 100000 shares of Rs. 10 each	1,000,000	880,000	1,000,000	1,258,000
Everest Insurance Co. Ltd. 3712 shares of Rs. 100 each	2,421,832	1,856,000	1,261,017	1,498,749
First Micro finance dev bank ltd 761 shares of Rs. 100 each	521,044	506,065	521,044	569,516
General Insurance Company 2970 shares of Rs. 100 each	2,010,708	1,098,900	2,010,708	2,058,210

Gurans Life Insurance 5872 shares of Rs. 100 each	3,911,194	2,847,920	3,371,259	3,505,062
Himalayan General Insurance Co Ltd 5333 shares of Rs. 100 each	3,568,218	2,773,160	1,956,233	2,304,000
Jalvidhyut Lagani Tatha Bikash Co Ltd 2454 shares of Rs. 100 each	666,542	490,800	1,481,372	2,267,450
Kumari Equity Fund 100000 shares of Rs. 10 each	1,000,000	1,007,000	1,000,000	1,050,000
Laxmi Equity Fund 292478 shares of Rs. 10 each	2,924,780	2,895,532	2,924,780	4,036,196
Life Insurance Corporation 2398 shares of Rs. 100 each	4,249,489	3,393,170	2,116,387	2,342,000
Lumbini General Ins. Ltd. 3449 shares of Rs. 100 each	2,193,041	1,317,518	2,193,041	2,457,000
Nepal Reinsurance Company Limited 1007 shares of Rs. 100 each	1,296,082	740,145	1,296,082	1,378,810
Nabil Balance Fund 2 100000 shares of Rs. 10 each	1,000,000	1,078,000	1,000,000	1,410,000
Nabil Equity Fund(unit) 16323 shares of Rs. 10 each	163,230	163,230	163,230	238,316
National Life Insurance Co. Ltd. 6032 shares of Rs. 100 each	5,825,138	3,480,464	5,825,138	5,833,268
National Life Insurance Co. Ltd promoters 63298 shares of Rs. 100 each	27,645,192	37,409,118	27,645,192	33,830,112
Neco Insurance Co Ltd 5651 shares of Rs. 100 each	6,757,116	3,921,794	5,472,683	5,274,724
Nepal Doorsanchar 1393 shares of Rs. 100 each	1,483,999	1,224,308	1,483,999	1,525,554
Nepal Insurance Co. 5550 shares of Rs. 100 each	4,292,137	2,474,745	2,173,233	3,066,000
Nepal Life Insurance Co. Ltd 20224 shares of Rs. 100 each	31,991,733	15,107,328	15,272,694	13,782,258
NIBL Pragati Fund 35630 shares of Rs. 10 each	356,300	357,013	356,300	529,106
NIBL SF Fund - 2 250000 shares of Rs. 10 each	2,500,000	2,167,500	2,500,000	2,702,500
Nirdhan Utthan Bank 190 shares of Rs. 100 each	189,239	208,810	189,239	233,600
NLG Insurance-promoters 585 shares of Rs. 100 each	81,968	70,700	81,968	82,076
NLG Insurance 7480 shares of Rs. 100 each	3,580,775	3,575,440	4,633,955	9,760,000
NMB Hybrid Fund L 1(unit) 64135 shares of Rs. 100 each	541,350	606,312	641,350	875,443
Oriental Hotel Ltd 1000 shares of Rs. 100 each	474,660	483,000	474,660	654,000
Panchakanya Mai Hydro 5925 shares of Rs. 100 each	2,015,646	1,309,425	658,269	906,000
Premier Insurance Ltd. 6855 shares of Rs. 100 each	7,187,327	3,948,480	4,525,625	4,680,000
Prime life Ins Co. Ltd 3461 shares of Rs. 100 each	2,588,201	1,969,309	2,588,201	2,870,586
Prudential Insurance 3670 shares of Rs. 100 each	2,491,331	1,277,160	2,491,331	2,778,300
Rastriya Beema Co Ltd 400 shares of Rs. 100 each	7,094,310	5,360,000	7,094,310	8,640,000
Reliance Insurance Limited 13901 shares of Rs. 100 each	9,351,529	4,656,835	8,844,618	8,669,472
Rural Micro-finance Development Centre 1 shares of Rs. 100 each	100	2,317,500	1,110,563	1,392,222
RSDC laghubittabityasanstha ltd 2200 shares of Rs. 100 each	1,704,184	838	4,873,134	4,958,373
Rasuwadghi hydropower co ltd 2000 shares of Rs. 100 each	908,570	1,220,560	908,570	948,000
Sagarmatha Insurance Co. Ltd. 2682 shares of Rs. 100 each	2,843,771	546,000	2,700,878	2,842,560
Sanima General Insurance 7931 shares of Rs. 100 each	5,590,293	2,333,340	4,970,334	5,066,561
Sanima Mai Hydropower Ltd 4400 shares of Rs. 100 each	1,931,730	2,894,815	693,929	1,026,000
Shikhar Insurance Co. Ltd. 4511 shares of Rs. 100 each	6,906,422	1,346,400	11,765,728	11,713,952
Siddhartha Insurance Ltd 2576 shares of Rs. 100 each	2,203,893	3,640,377	2,203,893	2,369,920
Soaltee Hotel 1000 shares of Rs. 10 each	211,608	1,400,571	211,608	262,000
Surya Life Insurance ltd 5479 shares of Rs. 100 each	4,223,957	202,500	3,361,882	3,679,702
Sanjenjalavidhyut 7000 shares of Rs. 100 each	3,026,120	2,127,339	2,658,686	2,694,000
Sanima Large Capital Fund 100000 shares of Rs. 10 each	1,000,000	1,820,000	1,000,000	1,679,000
Taragaon Regency Hotel 1000 shares of Rs. 100 each	317,034	932,000	317,034	400,000
Unilever Nepal Ltd. 40 shares of Rs. 100 each	1,177,626	315,000	1,177,626	775,800
Universal Power Company Ltd 2993 shares of Rs. 100 each	1,057,419	734,400	645,309	945,000
United Insurance ltd. 3000 shares of Rs. 100 each	1,995,947	681,805	1,995,947	2,145,000

Upper Tamakoshi Hydropower Ltd 14126 shares of Rs. 100 each	10,854,274	1,050,000	9,854,179	8,538,112
Vijay Laghubitta Bittiya Sanstha 685714 (promoter) shares of Rs. 100 each	30,000,000	7,656,292	30,000,000	557,569,280
RBB mutual Fund -1 250000 unit of Rs. 10	2,500,000	669,256,864	-	-
Megha Mutual Fund - 1 100000 unit of Rs. 10	1,000,000	799,000	-	-
<b>Sub Total</b>	<b>274,900,509</b>	<b>849,715,317</b>	<b>237,694,750</b>	<b>787,357,832</b>

**Investment in Unquoted Equity**

Investment in quoted equity	As at 32 Ashad 2079		As at 31 Ashad 2078	
	Cost	Fair Value	Cost	Fair Value
Citizen Investment Trust (Unit) 1000 shares of Rs. 100 each	100,000	100,000	100,000	100,000
Credit Information Beureu 37691 shares of Rs. 100 each	4,050,983	4,050,983	613,400	2,587,600
NCHL 23102 shares of Rs. 100 each	1,925,200	728,540	1,925,200	2,310,200
Banking Finance & Insurance Institute Of Nepal 23102 shares of Rs. 100 each	2,500,000	2,500,000	2,500,000	2,500,000
Citizen Life Insurance Co Ltd 300000 shares of Rs. 100 each	30,000,000	30,000,000	30,000,000	30,000,000
RBB Mutual Fund 250000 unit shares of Rs. 10 each	-	-	2,500,000	2,500,000
<b>Total</b>	<b>38,576,183</b>	<b>46,936,383</b>	<b>43,638,600</b>	<b>39,997,800</b>

**4.8.4 Disclosure of Cost and Fair Value**

Particulars	As at 32 Ashad 2079		As at 31 Ashad 2078	
	Cost	Fair Value	Cost	Fair Value
Prabhu insurance ltd-ordinary 3330 shares of Rs. 100 each	2,467,685	1,425,240	1,585,253	1,920,000
Prabhu insurance ltd-promoters 8488 shares of Rs. 100 each	816,655	4,249,322	816,655	4,676,888
Asian Life Insurance Co Ltd 3252 shares of Rs. 100 each	3,952,448	2,211,048	2,590,035	2,696,000
AJOD Insurance limited 10650 shares of Rs. 100 each	9,091,283	4,771,200	7,241,598	6,528,390
Butwal Power Co. 5500 shares of Rs. 100 each	2,419,912	1,771,000	1,204,100	1,518,000
Chilime Hydro Power 5375 shares of Rs. 100 each	3,109,962	2,193,000	1,718,357	2,061,000
citizen Investment Trust 8415 shares of Rs. 100 each	30,215,506	21,163,725	26,841,533	25,885,765
Citizen Mutual Fund 100000 shares of Rs. 10 each	1,000,000	880,000	1,000,000	1,258,000
Everest Insurance Co. Ltd. 3712 shares of Rs. 100 each	2,421,832	1,856,000	1,261,017	1,498,749
First Micro finance dev bank ltd 761 shares of Rs. 100 each	521,044	506,065	521,044	569,516
General Insurance Company 2970 shares of Rs. 100 each	2,010,708	1,098,900	2,010,708	2,058,210
Gurans Life Insurance 5872 shares of Rs. 100 each	3,911,194	2,847,920	3,371,259	3,505,062
Himalayan General Insurance Co Ltd 5333 shares of Rs. 100 each	3,568,218	2,773,160	1,956,233	2,304,000
Jalvidhyut Lagani Tatha Bikash Co Ltd 2454 shares of Rs. 100 each	666,542	490,800	1,481,372	2,267,450
Kumari Equity Fund 100000 shares of Rs. 10 each	1,000,000	1,007,000	1,000,000	1,050,000
Laxmi Equity Fund 292478 shares of Rs. 10 each	2,924,780	2,895,532	2,924,780	4,036,196
Life Insurance Corporation 2398 shares of Rs. 100 each	4,249,489	3,393,170	2,116,387	2,342,000
Lumbini General Ins. Ltd. 3449 shares of Rs. 100 each	2,193,041	1,317,518	2,193,041	2,457,000
Nepal Reinsurance Company Limited 1007 shares of Rs. 100 each	1,296,082	740,145	1,296,082	1,378,810
Nabil Balance Fund 2 100000 shares of Rs. 10 each	1,000,000	1,078,000	1,000,000	1,410,000
Nabil Equity Fund(unit) 16323 shares of Rs. 10 each	163,230	163,230	163,230	238,316
National Life Insurance Co. Ltd. 6032 shares of Rs. 100 each	5,825,138	3,480,464	5,825,138	5,833,268
National Life Insurance Co. Ltd promoters 63298 shares of Rs. 100 each	27,645,192	37,409,118	27,645,192	33,830,112
Neco Insurance Co Ltd 5651 shares of Rs. 100 each	6,757,116	3,921,794	5,472,683	5,274,724
Nepal Doorsanchar 1393 shares of Rs. 100 each	1,483,999	1,224,308	1,483,999	1,525,554

Nepal Insurance Co. 5550 shares of Rs. 100 each	4,292,137	2,474,745	2,173,233	3,066,000
Nepal Life Insurance Co. Ltd 20224 shares of Rs. 100 each	31,991,733	15,107,328	15,272,694	13,782,258
NIBL Pragati Fund 35630 shares of Rs. 10 each	356,300	357,013	356,300	529,106
NIBL SF Fund - 2 250000 shares of Rs. 10 each	2,500,000	2,167,500	2,500,000	2,702,500
Nirdhan Utthan Bank 190 shares of Rs. 100 each	189,239	208,810	189,239	233,600
NLG Insurance-promoters 585 shares of Rs. 100 each	81,968	70,700	81,968	82,076
NLG Insurance 7480 shares of Rs. 100 each	3,580,775	3,575,440	4,633,955	9,760,000
NMB Hybrid Fund L 1(unit) 64135 shares of Rs. 100 each	541,350	606,312	641,350	875,443
Oriental Hotel Ltd 1000 shares of Rs. 100 each	474,660	483,000	474,660	654,000
Panchakanya Mai Hydro 5925 shares of Rs. 100 each	2,015,646	1,309,425	658,269	906,000
Premier Insurance Ltd. 6855 shares of Rs. 100 each	7,187,327	3,948,480	4,525,625	4,680,000
Prime life Ins Co. Ltd 3461 shares of Rs. 100 each	2,588,201	1,969,309	2,588,201	2,870,586
Prudential Insurance 3670 shares of Rs. 100 each	2,491,331	1,277,160	2,491,331	2,778,300
Rastriya Beema Co Ltd 400 shares of Rs. 100 each	7,094,310	5,360,000	7,094,310	8,640,000
Reliance Insurance Limited 13901 shares of Rs. 100 each	9,351,529	4,656,835	8,844,618	8,669,472
Rural Micro-finance Development Centre 1 shares of Rs. 100 each	100	2,317,500	1,110,563	1,392,222
RSDC laghubitta bittiya sanstha ltd 2200 shares of Rs. 100 each	1,704,184	838	4,873,134	4,958,373
Rasuwadadhi hydropower co ltd 2000 shares of Rs. 100 each	908,570	1,220,560	908,570	948,000
Sagarmatha Insurance Co. Ltd. 2682 shares of Rs. 100 each	2,843,771	546,000	2,700,878	2,842,560
Sanima General Insurance 7931 shares of Rs. 100 each	5,590,293	2,333,340	4,970,334	5,066,561
Sanima Mai Hydropower Ltd 4400 shares of Rs. 100 each	1,931,730	2,894,815	693,929	1,026,000
Shikhar Insurance Co. Ltd. 4511 shares of Rs. 100 each	6,906,422	1,346,400	11,765,728	11,713,952
Siddhartha Insurance Ltd 2576 shares of Rs. 100 each	2,203,893	3,640,377	2,203,893	2,369,920
Soaltee Hotel 1000 shares of Rs. 10 each	211,608	1,400,571	211,608	262,000
Surya Life Insurance ltd 5479 shares of Rs. 100 each	4,223,957	202,500	3,361,882	3,679,702
Sanjenjalavidhyut7000 shares of Rs. 100 each	3,026,120	2,127,339	2,658,686	2,694,000
Sanima Large Capital Fund 100000 shares of Rs. 10 each	1,000,000	1,820,000	1,000,000	1,679,000
Taragaon Regency Hotel 1000 shares of Rs. 100 each	317,034	932,000	317,034	400,000
Unilever Nepal Ltd. 40 shares of Rs. 100 each	1,177,626	315,000	1,177,626	775,800
Universal Power CompanyLtd2993 shares of Rs. 100 each	1,057,419	734,400	645,309	945,000
United Insurance ltd. 3000 shares of Rs. 100 each	1,995,947	681,805	1,995,947	2,145,000
Upper Tamakoshi Hydropower Ltd 14126 shares of Rs. 100 each	10,854,274	1,050,000	9,854,179	8,538,112
Vijay Laghubitta Bittiya Sanstha 685714 (promoter)shares of Rs. 100 each	30,000,000	7,656,292	30,000,000	557,569,280
RBB mutual Fund -1 250000 unit of Rs. 10	2,500,000	669,256,864	-	-
Megha Mutual Fund - 1 100000 unit of Rs. 10	1,000,000	799,000	-	-
<b>Sub Total</b>	<b>274,900,509</b>	<b>849,715,317</b>	<b>237,694,750</b>	<b>787,357,832</b>
Citizen Investment Trust (Unit) 1000 shares of Rs. 100 each	100,000	100,000	100,000	100,000
Credit Information Beureu37691 shares of Rs. 100 each	4,050,983	4,050,983	613,400	2,587,600
NCHL 23102 shares of Rs. 100 each	1,925,200	728,540	1,925,200	2,310,200
Banking Finance & Insurance Institute Of Nepal 23102 shares of Rs. 100 each	2,500,000	2,500,000	2,500,000	2,500,000
Citizen Life Insurance Co Ltd 300000 shares of Rs. 100 each	30,000,000	30,000,000	30,000,000	30,000,000
RBB Mutual Fund 250000 unit shares of Rs. 10 each	-	-	2,500,000	2,500,000
<b>Grand Total</b>	<b>313,476,692</b>	<b>893,651,700</b>	<b>275,333,350</b>	<b>827,355,632</b>



## 4.9 Current Tax Assets and Liabilities

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Current tax assets</b>		
Current year income tax assets	111,603,665	140,596,607
Tax assets of prior periods		
<b>Total</b>	<b>111,603,665</b>	<b>140,596,607</b>
<b>Current tax Liabilities</b>		
Current year income tax liabilities	74,707,011	78,854,546
Tax Liabilities of prior periods		
<b>Total</b>	<b>74,707,011</b>	<b>78,854,546</b>
<b>Total</b>	<b>36,896,654</b>	<b>61,742,061</b>

## 4.10 Investment in Subsidiaries

There was no Investment by the Finance in Subsidiaries.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
<b>Total Investment</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances	-	-
Net carrying amount	-	-

## 4.10.1 Investment in Quoted Subsidiaries

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 4.10.2 Investment in Unquoted Subsidiaries

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 4.10.3 Information relating to subsidiaries of the Bank

Particulars	Percentage of Ownership held by the Bank	
	As at 32 Ashad 2079	As at 31 Ashad 2078
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 4.10.4 Non controlling Interest of the subsidiaries

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Equity Interest held by NCI(%)	-	-
Profit/(Loss) allocated during the year	-	-
Accumulated balances of NCIs as on Asadh end	-	-
Dividend paid to NCI	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.11 Investment in Associates**

There was no Investment by the Finance in Associates.

(Figures in NPR)

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Investment in Quoted Associates	-	-
Investment in Unquoted Subsidiaries	-	-
Total Investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

**4.11.1 Investment in Quoted Associates**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Total</b>	-	-

**4.11.2 Investment in Unquoted Associates**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Total</b>	-	-

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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Total</b>	-	-

**4.11.4 Equity value of Associates**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Total</b>	-	-

**4.12 Investment Properties**

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard has been presented under this account head. This also includes land, land and building acquired as non-banking assets by the Finance but not sold. After Initial Recognition, the Finance chose either the fair value model to subsequently measure Investment Properties. No Investment properties are measured at cost. The detail of Investment properties measured at fair value is as follows:

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Investment Properties measured at fair value</b>		
Balance as on Shrawan 1	51,572,816	51,572,816
Addition/Disposal during the year	54,641,709	-
Net changes in fair value during the year	-	-
Adjustment/Transfer		
<b>Net Amount</b>	<b>106,214,525</b>	<b>51,572,816</b>
<b>Investment Properties measured at cost</b>		
Balance as on Shrawan 1		
Addition/Disposal during the year		
Adjustment/Transfer		
Accumulated impairment loss		
Net Amount	-	-
<b>Total</b>	<b>106,214,525</b>	<b>51,572,816</b>

## Details

S.N.	Name of Borrower	Amount	Date
1	Yash Bahadur Budhathoki	19,522,782	9/28/2078
2	K.S.D Housing And Land Pvt.Ltd	48,590,640	5/22/2075
3	Ramesh Kumar Barakoti	2,982,176	10/28/2075
4	Bhuwan Shankar Subedi	1,073,963	3/23/2079
5	Samjhana Sunuwar	4,344,351	3/30/2079
6	Big Development Company Pvt. Ltd	22,121,176	3/32/2079
7	Big Development Company Pvt. Ltd	5,421,160	3/31/2079
8	Hem Bahadur Gurung	757,969	2/20/2079
9	Karna Maya Rai	323,859	2/20/2079
10	Dinesh Rai	1,076,447	2/20/2079
	<b>Total</b>	<b>106,214,525</b>	

## 4.13 Property and Equipment

All All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the Finance has been presented under this head.

(Figures in NPR)

Particulars	Land	Building	(Leasehold Properties) ROU	Computer and Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment and Others	Total	Total
									As at 32 Ashad 2079	As at 31 Ashad 2078
Cost										
Balance as on 1 Shrawan 2077	217,930,313	52,032,447	-	19,048,846	48,543,535	79,747,689	-	55,439,796		472,742,626
Addition during the Year										
Acquisition				309,050	4,656,250	94,336		1,053,882	-	6,113,518
Capitalization										-
Disposal during the year										-
Adjustment/Revaluation					(240,900)			-		(240,900)
Balance as on 31 Ashad 2078	217,930,313	52,032,447	-	19,357,896	52,958,885	79,842,024	-	56,493,678		478,615,243
Addition during the Year										
Acquisition	93,827,027	4,445,164		4,189,155	7,908,100	24,704,429		7,112,611	142,186,485	
Capitalization									-	
Disposal during the year					-				-	
Adjustment/Revaluation				(2,352,394)					(2,352,394)	
Right of Use Assets			80,384,051						80,384,051	
Balance as on 32 Ashad 2079	311,757,340	56,477,610	80,384,051	21,194,657	60,866,985	104,546,453	-	63,606,290	698,833,385	
Depreciation and Impairment										
Balance as on 1 Shrawan 2077	-	21,327,909	-	11,993,593	20,764,868	41,193,189	-	30,982,231		126,261,790
Impairment for the year										-
Depreciation charge for the Year		1,535,227		1,579,468	4,417,322	5,573,815		3,720,973		16,826,805
Disposal					(107,752)			-		(107,752)
Adjustment		-						-		-
Balance as on 31 Ashad 2078	-	22,863,136	-	13,573,061	25,074,438	46,767,004	-	34,703,204		142,980,843
Impairment for the year									-	
Depreciation charge for the Year		1,680,724		1,361,580	5,056,508	6,112,214		3,741,462	17,952,488	
Disposals									-	
Adjustment		10,739,388							10,739,388	
Balance as on 32 Ashad 2079	-	35,283,248	-	14,934,641	30,130,946	52,879,218	-	38,444,667	171,672,720	
Capital Work in Progress		-	-	-	-	-	-	-		
Net Book Value as on 31st Ashad 2078	217,930,313	29,169,311	-	5,784,835	27,884,447	33,075,020	-	21,790,474		335,634,400
Net Book Value as on 32 Ashad 2079	311,757,340	21,194,362	80,384,051	6,260,016	30,736,039	51,667,235	-	25,161,623	527,160,665	

## 4.14 Goodwill and Intangible Assets

Goodwill and intangible assets like computer software both purchased and internally generated, trade mark etc has been presented under this account head.

Particulars	Goodwill	Software		Other	Total	Total
		Purchased	Developed		As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Cost</b>						
Balance as on 1 Shrawan 2077		2,352,394	-	-		2,352,394
Addition during the Year						
Acquisition	-	-	-	-		-
Capitalization	-	-	-	-		-
Disposal during the year	-	-	-	-		-
<b>Adjustment/Revaluation</b>						
Balance as on 31 Ashad 2078	-	2,352,394	-	-		2,352,394
Opening Adjustment		2,352,394			2,352,394	
Addition during the Year						
Acquisition	-	5,352,810	-	-	5,352,810	
Capitalization	-	-	-	-	-	
<b>Disposal during the year</b>	-	-	-	-	-	
<b>Adjustment/Revaluation</b>	-	-	-	-	-	
<b>Balance as on 32 Ashad 2079</b>	-	<b>10,057,598</b>	-	-	<b>10,057,598</b>	
Ammortization and Impairment						
Balance as on 1 Shrawan 2077		1,717,388	-	-		1,717,388
Ammortization charge for the Year		127,001	-	-		127,001
<b>Impairment for the year</b>	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as on 31 Ashad 2078	-	1,844,390	-	-		1,844,390
Ammortization charge for the Year	-	1,285,788			1,285,788	
Impairment for the year	-	-	-	-	-	
Disposals	-	-	-	-	-	
Adjustment	-	-	-	-	-	
Balance as on 32 Ashad 2079	-	3,130,177	-	-	3,130,177	
Capital Work in Progress						
Net Book Value as on 31 Ashad 2077		635,006				
Net Book Value as on 31 Ashad 2078	-	508,005	-	-		508,005
Net Book Value as on 32 Ashad 2079	-	6,927,421	-	-	6,927,421	

**Reclassification of Intangible assets (Software):**

The amount of NPR 2,352,394 has been reclassify from the computer and accessories in the opening balance of software heading (Intangible assets).



**4.15 Deferred Tax Assets**

Deferred tax assets recognized as per NFRSs on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. has been presented under this account head.

*(Figures in NPR)*

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred Tax on Temporary differences on following items</b>			<b>Current Year 2078-89</b>
Loans and Advances to B/FIs			-
Loans and Advances to customers			-
Investment Properties			-
Investment Securities		(174,052,502)	(174,052,502)
Property and equipment		(42,409,162.5)	(42,409,163)
Employees' defined benefit plan	(109,901)		(109,901)
Lease liabilities	1,424,763		1,424,763
Provisions			-
Other temporary differences	2,817,613		2,817,613
<b>Deferred Tax on Temporary differences</b>	<b>4,132,475</b>	<b>(216,461,665)</b>	<b>(212,329,190)</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 2078-79</b>			<b>(212,329,190)</b>
Deferred tax asset / (liabilities) as on Ashad 31, 2078			(202,749,732)
<b>Origination/(Reversal) during the year</b>			<b>9,579,458</b>
<b>Deferred tax expense/ (income) recognised in profit or loss</b>			<b>(5,654,715)</b>
<b>Deferred tax expense/ (income) recognised in other comprehensive income</b>			<b>15,234,173</b>
<b>Deferred tax expense/ (income) recognised directly in equity</b>			

*(Figures in NPR)*

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred Tax on Temporary differences on following items</b>			<b>Previous year 2077-78</b>
Loans and Advances to B/FIs	-	-	-
Loans and Advances to customers	-	-	-
Investment Properties	-	-	-
Investment Securities	-	(165,606,685)	(165,606,685)
Property and equipment	-	(40,538,179)	(40,538,179)
Employees' defined benefit plan	1,958,924	-	1,958,924
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	1,436,208	-	1,436,208
<b>Deferred Tax on Temporary differences</b>	<b>3,395,132</b>	<b>(206,144,864)</b>	<b>(202,749,732)</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 2077-78</b>		<b>(202,749,732)</b>	
Deferred tax(asset)/liabilities as on shrawan 1, 2077			(28,501,975)
<b>Origination/(Reversal) during the year</b>			<b>174,247,756</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>		<b>9,639,669</b>	
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>	<b>164,608,088</b>		
<b>Deferred tax expense/(income) recognised directly in equity</b>		-	

## 4.16 Other assets

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Assets held for sale	-	-
Other Non-Banking Assets		
Bills Receivable		
Accounts receivable	-	-
Accrued income	-	-
Prepayments and deposits	-	1,129,750
Income tax deposit		
Deferred Employee Expenditure	9,922,220	7,814,655
Other	88,328,611	103,215,047
<b>Total</b>	<b>98,250,831</b>	<b>112,159,452</b>

## 4.17 Due to Bank and financial institution

The balances in accounts maintained with the institution by other local and foreign banks and financial institution has 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 has also been presented under this account head.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Money market deposits	-	-
Interbank borrowing	-	700,000,000
Other deposits from BFIs	36,924,520	13,022,699
Settlement and clearing accounts	-	-
<b>Total</b>	<b>36,924,520</b>	<b>713,022,699</b>

## 4.18 Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Refinance from NRB	1,458,500,000	50,910,060
Standing liquidity facility	-	-
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreement	-	-
Other payable to NRB	-	-
<b>Total</b>	<b>1,458,500,000</b>	<b>50,910,060</b>

## 4.19 Derivative financial instruments

There were no derivative financial instruments held by the Finance during the year.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Held for trading</b>	<b>1,458,500,000</b>	<b>50,910,060</b>
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Held for risk management</b>	<b>1,458,500,000</b>	<b>50,910,060</b>
Interest rate swap		
Currency swap		
Forward exchange contract		
Others		
<b>Total</b>		

**4.20 Deposits from Customers**

All deposit accounts other than deposit from BFIs (local and foreign) and NRB has been presented under this account head.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Institutions Customers:		
Term deposits	1,258,548,920	767,944,679
Call Deposits	685,526,560	1,159,454,534
Current Deposits	9,466,460	-
Other	10,450,810	-
Sub total:	1,963,992,750	1,927,399,213
Individual Customers:		
Term deposits	6,883,011,120	5,314,235,436
Saving Deposits	1,887,631,080	2,811,549,800
Current Deposits	504,380	-
Other	212,841,118	27,777,848
<b>Sub total:</b>	<b>8,983,987,698</b>	<b>8,153,563,085</b>
<b>Total</b>	<b>10,947,980,448</b>	<b>10,080,962,298</b>

**4.20.1 Currency wise analysis of deposits from customers**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Nepalese rupee	10,947,980,448	10,080,962,298
Indian rupee	-	-
United state dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>10,947,980,448</b>	<b>10,080,962,298</b>

**4.21 Borrowing**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Domestic Borrowing:</b>	-	-
Nepal Government	-	-
Other institution	-	-
Other	-	-
<b>Sub total</b>	-	-
<b>Foreign Borrowing:</b>	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Bank	-	-
Other institutions	-	-
<b>Sub total</b>	-	-
<b>Total</b>	-	-

## 4.22 Provisions

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contract	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 4.22.1 Movement in provision

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Balance at shrawan 1st	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Ashadh End</b>	<b>-</b>	<b>-</b>

## 4.23 Other liabilities

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Liability for employees defined benefit obligations	(366,336)	6,529,748
Liability for long-service leave	9,196,228	4,681,383
Short-term employee benefits	195,814	105,977
Bills payable	-	-
Creditors and Accruals	15,642,984	26,017,606
Interest payable on deposit	149,055,660	111,653,192
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under finance lease	74,393,874	-
Employee bonus payable	23,964,954	28,194,425
Other	57,153,664	49,764,187
<b>Total</b>	<b>329,236,842</b>	<b>226,946,518</b>

## 4.23.1 Defined benefit obligation

The Finance provides Pension & Gratuity Plan, Retirement Plan and Leave Encashment Plan (in terms of Annual Leave and Sick Leave) as defined benefits to its employees. These benefits are post-employment benefit plans and are paid based on length of service. These benefit plans are funded whereas the Finance makes earmark investment of these funds. The gratuity plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed year of service.

The pension plan provides for lump sum payments to vested employees at retirement or equated payment till death of the employee (and half thereafter to the spouse of the employee). Further, employees of the Finance are entitled to avail Annual Leave and Sick Leave. The employees can carry forward the un-availed leave and are entitled to encash the cumulative leave at the time of the retirement.

The Finance has not done actuarial valuation of leave payment and plan assets for the fiscal year 2078.79.

The disclosure relating to defined benefit plans are as follows:



Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Present value of unfunded obligations	-	-
Present value of funded obligations	42,083,744	46,263,896
Total present value of obligations	42,083,744	46,263,896
Fair value of plan assets	42,450,081	39,734,149
Present value of net obligations	(366,336)	6,529,748
Recognised liability for defined benefit obligation	(366,336)	6,529,748

**4.23.2 Plan Assets**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Equity securities	-	-
Government bonds	-	-
Bank deposits	42,450,081	39,734,149
Other	-	-
<b>Total</b>	<b>42,450,081</b>	<b>39,734,149</b>

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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Defined benefit obligation at shrawan 1st	46,263,896	37,714,389
Actuarial (Gains) / losses	(24,681,775)	19,025,513
Benefit paid by the plan	(4,621,574)	(19,053,525)
Current service cost and interest	25,123,197	8,577,519
Defined benefit obligation at Ashad end	42,083,744	46,263,896

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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Fair value of plan assets at shrawan 1st	39,734,149	12,500,000
Contributions paid into the plan	-	38,954,751
Benefit paid during the year	(537,625)	(19,053,525)
Actuarial (losses) gains	869,508	-
Expected return on plan assets	2,384,049	7,332,923
Fair value of plan assets at Ashad end	42,450,081	39,734,149

**4.23.5 Amount recognised in profit or loss**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Current service cost	2,885,332	6,140,783
Past Service Cost	19,462,031	
Interest on obligation	2,775,834	2,436,736
Expected return on plan assets	(2,384,049)	(7,332,923)
<b>Total</b>	<b>22,739,148</b>	<b>1,244,596</b>

**4.23.6 Amount recognised in other comprehensive income**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Actuarial (gains) / losses	(25,551,283)	19,025,513
<b>Total</b>	<b>(25,551,283)</b>	<b>19,025,513</b>

## 4.23.7 Actuarial assumptions

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
	Gratuity	Gratuity
Discount rate	8.50%	6.00%
Expected return on plan assets	8.50%	6.00%
Future salary increase	6.50%	6.50%
Withdrawal rate	1.00%	1.00%

## 4.24 Debt securities issued

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Debt securities issued designated at fair value through profit or loss	-	-
Debt securities issued at amortised cost	248,014,336	247,715,037
<b>Total</b>	<b>248,014,336</b>	<b>247,715,037</b>

## 4.25 Subordinated Liabilities

No Subordinated Liabilities has been issued by the Finance.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Redeemable preference shares	-	-
Irredeemable cummulative preference shares	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 4.26 Share Capital

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Ordinary shares	946,115,200	867,200,000
Convertible preference share(Equity component)	-	-
Irredeemable preference share(Equity component)	-	-
Perpetual debt(Equity component only)	-	-
<b>Total</b>	<b>946,115,200</b>	<b>867,200,000</b>

## 4.26.1 Ordinary Shares

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Authorized capital:		
10,000,000 ordinary share of Rs.100 each	1,000,000,000	1,000,000,000
Issued capital:		
9,461,152 ordinary share of Rs.100 each	946,115,200	867,200,000
Subscribed and paid of capital:		
9,461,152ordinary share of Rs.100 each	946,115,200	867,200,000
<b>Total</b>	<b>946,115,200</b>	<b>867,200,000</b>

## 4.26.2 Ordinary share ownership

Particulars	As at 32 Ashad 2079		As at 31 Ashad 2078	
	Percent	Amount	Percent	Amount
Domestic ownership:				
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed institutions	-	-	-	-
Other institutions	4.17%	39,453,004	2.23%	19,338,560
Public	95.83%	906,662,196	97.77%	847,861,440
Other	-	-	-	-
Foreign ownership	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>946,115,200</b>	<b>100%</b>	<b>867,200,000</b>

## 4.27 Reserves

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Statutory General Reserve	235,437,862	205,820,486
Exchange equilisation reserve	-	-
Corporate social responsibility reserve	2,260,331	1,978,803
Capital redemption reserve	-	-
Regulatory reserve	187,390,448	60,408,862
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	85,349,593	85,349,593
Fair value reserve	406,122,576	386,415,597
Dividend equalisation reserve	-	-
Actuarial gains	3,648,992	(14,236,907)
Other reserve	100,300,532	50,143,448
Debenture Redemption Reserve	100,000,000	50,000,000
Employee training	300,532	143,448
<b>Total</b>	<b>1,020,510,333</b>	<b>775,879,882</b>

## 4.27.1 General Reserve

General Reserve is created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 20% of the net profit earned during the year until the reserve is twice the paid-up share capital of the Bank after which 10% of the net profit earned during the year shall be set aside as General Reserve. In addition to that additional 20% of Rs.14,54,595.00 amounting Rs.2,90,919.00 (other adjustment of SOPDL) has been added to general reserve.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank.

## 4.27.2 Exchange Fluctuation Reserve Fund

Exchange Fluctuation Reserve is the reserve created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 25% of the foreign exchange gain realized on the translation of foreign currency to the reporting currency during the year other than Indian Rupees.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank other than to set off revaluation loss incurred, if any during the year.

## 4.27.3 Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the regulatory requirement equivalent to 100% of investment in securities which are not listed within the prescribed time except on investment on shares specifically allowed by Nepal Rastra Bank. It is presented within regulatory reserve in Statement of changes in equity.

**4.27.4 Fair Value Reserve**

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets has been presented under this account head

**4.27.5 Assets Revaluation Reserve**

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, investment Property) has been presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

**4.27.6 Regulatory Reserve**

The amount that is allocated from profit or retained earnings of the Finance to this reserve as per the Directive of NRB for the purpose of implementation of NFRSs and which has not been regarded as free for distribution of dividend (cash as well as bonus shares) has been presented under this account head. The amount allocated to this reserve includes interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRSs (in case lower impairment is recognized under NFRSs), amount equals to deferred tax assets, actuarial loss recognized in other comprehensive income, amount of goodwill recognized under NFRSs etc.

The interest income received within Shrawan 14 which were receivable as on Ashad end has been adjusted in the financial statement and the regulatory reserve has been created only for the remaining balance of interest receivable as on Shrawan 14.

Interest Receivable as on Shrawan 14, 2079 = NPR 218,287,572  
Interest Received within Shrawan 14, 2079 = NPR 61,716,935

**4.27.7 Corporate Social Responsibility Fund**

The fund created for the purpose of corporate social responsibility by allocating profit has been presented under this account head.

**4.27.8 Other Reserve Fund**

Any reserve created with specific or non-specific purpose (except stated in above) has been presented under this by disclosing accounting heads.

**Movement of Other Reserves are as follows:**

Particulars	CSR	Employee Training	Debenture Redemption Reserve	Actuarial gain or loss	DTR	Total
2078.04.01	1,328,147	194,018		(919,048)	-	603,117
NFRS Adjustment						
Expensed off from CSR	(1,283,844)	(50,570)				(1,334,414)
Allocated during 2077.78	1,934,500		50,000,000	(13,317,859)		38,616,641
Other Adjustment						-
2078.03.31	1,978,803	143,448	50,000,000	(14,236,907)	-	37,885,344
NFRS Adjustment						
Expensed off from CSR	(1,184,795)	-				(1,184,795)
Allocated during 2078.79	1,466,323	157,085	50,000,000	17,885,898		69,509,306
Other Adjustment						-
2079.03.32	2,260,331	300,532	100,000,000	3,648,992	-	106,209,855

**Employee training Reserve:**

The amount transferred to employee training reserve from unspent expenses for staff training is given below:

Particulars	Amount (NPR)
Opening Training Reserve Fund	143,448
Previous Year Employee Expenses	66,356,054
Expenses To be made @ 3%	1,990,682
Expenses During the year	1,833,597
Remaining Expenses transferred to Training Reserve	157,085
Closing Training reserve fund balance	300,532

**4.28 Contingent Liabilities and Commitment**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Contingent Liabilities	19,450,000	42,600,000
Undrawn and undisbursed facilities	902,813,550	65,040,019
Capital commitment	-	-
Lease commitment	-	-
Litigation	-	-
<b>Total</b>	<b>922,263,550</b>	<b>107,640,019</b>

**4.28.1 Contingent Liabilities**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Acceptance and Documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	19,450,000	42,600,000
Underwriting commitments	-	-
Other commitments	-	-
<b>Total</b>	<b>19,450,000</b>	<b>42,600,000</b>

**4.28.2 Undrawn and Undisbursed Facilities**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Undisbursed amount of loans	869,764,620	-
Undrawn limits of overdraft	-	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	33,048,930	65,040,019
Undrawn limits of guarantee	-	-
<b>Total</b>	<b>902,813,550</b>	<b>65,040,019.00</b>

**4.28.3 Undrawn and Undisbursed Facilities****Capital commitments**

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
<b>Operating lease commitments</b>	-	-
Future minimum lease payment 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 payment 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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Case file	-	-
<b>Total</b>	-	-

## 4.29 Interest Income

The interest income recognized as per NFRSs has been presented under this head. This includes interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Cash and cash equivalents	8,833,800	22,645,162
Due from Nepal Rastra Bank	-	-
Placement with Banks and Financial Institutions	-	-
Loans and Advances to Bank and Financial Institutions	44,099,110	15,841,750
Loans and advances to customers	1,081,875,271	875,145,444
Investment securities	159,878,375	141,480,889
Loans and advances to staff	2,602,978	3,124,521
Other	-	-
<b>Total interest income</b>	<b>1,297,289,534</b>	<b>1,058,237,766</b>

## 4.30 Interest Expenses

The interest expenses recognized as per NFRS have been presented under this head. The interest expenses include accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Due to Bank and Financial Institutions	289,078	424,649
Due to Nepal Rastra Bank	51,089,808	4,619,178
Deposits from customers	891,148,900	717,935,578

Borrowing	-	-
Debt securities issued	30,299,300	30,265,804
Subordinated liabilities	-	-
Other	6,619,208	-
<b>Total interest expense</b>	<b>979,446,293</b>	<b>753,245,209</b>

**4.31 Fees and Commission Income**

Fee income is earned for diverse ranges of services provided by the Finance to its customers. Fee income arises on the execution of a significant act completed or from provision of services like service fees, Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loan Administration fees	-	-
Service fees	64,008,027	58,126,954
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Assets management fees	-	-
Brokerage fees	-	-
Remittance fees	-	-
Commission on letter of credit	-	-
Commission on Guarantee Contracts issued	175,000	524,000
Commission on share underwriting/issued	-	-
Locker rental	336,890	342,700
Other Fees and Commission Income	28,322,054	66,586,104
<b>Total Fees and Commission Income</b>	<b>92,841,972</b>	<b>125,579,757</b>

**4.32 Fees and Commission Expense**

Payment on account of fee and commission for services obtained by the Finance has been presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other Fees and Commission Expense	-	-
<b>Total Fees and Commission Expense</b>	<b>-</b>	<b>-</b>

**4.33 Net trading income**

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 has been presented under this account head.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/Loss Foreign Exchange Transaction	-	-
Other	-	-
<b>Total Net trading income</b>	<b>-</b>	<b>-</b>

**4.34 Other operating income**

Receipt of all other operating income not specifically provided under the income heads above has been booked and presented under this head. This includes foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, income of Finance lease etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Foreign Exchange Revaluation Gain	-	-
Gain/loss on sale of investment Securities	6,812,981	216,337,981
Fair value gain/loss on investment property	-	-
Dividend on equity instruments	2,835,844	1,797,001
Gain/loss on sale of property and equipment	-	(13,148)
Gain/loss on sale of investment property	-	-
Operating lease income	984,000	1,004,000
Gain/loss on sale of gold and silver	-	-
Other	19,171,712	1,838,890
<b>Total other operating income</b>	<b>29,804,536</b>	<b>220,964,723</b>

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

It includes impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Impairment charge/(reversal) on loan and advances to B/FIs	4,745,000	709,899
Impairment charge/(reversal) on loan and advances to customer	(34,215,509)	172,281,993
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with bank and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment property	-	-
<b>Total impairment charge/(reversal) for loan and other losses</b>	<b>(29,470,509)</b>	<b>172,991,891</b>

**4.36 Personnel Expense**

All expenses related to employees of the Finance has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, Finance expense under NFRSs, cash-settled share-based payments etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Salary	73,518,162	56,969,997
Allowances	4,240,575	4,005,275
Gratuity expenses	22,739,148	8,898,824
Provident fund	4,913,727	4,622,973
Uniform	1,205,083	28,125
Training & Development Expense	1,833,597	50,570
Leave encashment	9,019,966	4,768,616
Medical	-	-
Insurance	63,040	729,684
Employees Incentive	-	-
Cash-settled share-based payments	-	-
Pension Expense	-	-
Finance expenses under NFRS	257,492	746,583
Other Expenses Related to Staff	4,971,578	2,786,579
<b>Subtotal</b>	<b>122,762,368</b>	<b>83,607,226</b>
Employees Bonus	23,964,954	28,194,425
<b>Grand Total</b>	<b>146,727,322</b>	<b>111,801,651</b>

#### 4.37 Other operating expense

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Directors' fee	956,000	840,000
Directors' expense	118,975	17,350
Auditors' remuneration	841,550	548,050
Other audit related expense	750,404	964,506
Professional and legal expense	259,986	808,019
Office administration expense	64,311,962	44,730,149
Operating lease expense	608,194	12,035,047
Operating expense of investment properties	-	-
Corporate Social Responsibility Expense	1,184,795	1,283,844
Onerous lease provision	-	-
Other	8,538,823	6,618,473
<b>Total other operating expense</b>	<b>77,570,689</b>	<b>67,845,438</b>

#### 4.37.1 Office Administration Expenses

Office Administration expenses is the expenses incurred in the operation of the organization specifically incurred by the office. It includes water and electricity, repair and maintenance, insurance, printing and stationery, newspaper, advertisement, donation, security, deposit and guarantee premium, travel allowance and expenses, entertainment, annual general/special general meeting expenses, internet expenses, etc.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Water and electricity	4,497,648	3,463,800
Repair and maintenance		
(a) Building	1,510,273	859,350
(b) Vehicle	1,912,057	1,708,682
(c) Computer and accessories	706,329	325,453
(d) Office equipment and furniture	304,332	144,361
(e) Other	500,793	665,119
Insurance	2,182,871	1,968,752
Postage, telex, telephone, fax	1,837,082	1,556,608
Printing and stationery	3,385,210	2,792,243
News paper, books and journals	225,527	392,877
Advertisement	11,086,482	4,150,994
Donation	-	-
Security expense	11,664,126	10,403,364
Deposit and loan guarantee premium	2,332,179	2,315,994
Travel allowance and expense	1,124,561	502,934
Entertainment	2,349,249	1,540,390
Annual/special general meeting expense	320,978	271,838
<b>Other</b>		
Website	3,557,067	3,384,942
Software	7,332,377	3,881,270
Others	7,482,822	4,401,179
<b>Total</b>	<b>64,311,962</b>	<b>44,730,149</b>

#### 4.38 Depreciation & Amortisation

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 NFRSs on property and equipment, and investment properties, and amortization of intangible assets has been presented under this account head.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Depreciation on Property and Equipment	28,691,876	16,826,805
Depreciation on investment property	-	-
Amortisation of intangible assets	1,285,788	127,001
<b>Total depreciation and amortisation</b>	<b>29,977,664</b>	<b>16,953,807</b>

#### 4.39 Non-operating income

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

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Recovery of loan written off	-	-
Other income	-	-
<b>Total non operating income</b>	<b>-</b>	<b>-</b>



**4.40 Non-Operating Expenses**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Loan Written Off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other expense	-	-
<b>Total non operating Expenses</b>	<b>-</b>	<b>-</b>

**4.41 Income tax Expense**

The amount of income tax on net taxable profit has been recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Current tax expense		
Current year	74,707,011	78,854,546
Adjustment for prior years	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences	(5,654,715)	9,639,669
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
<b>Total income tax expense</b>	<b>69,052,296</b>	<b>88,494,214</b>

**4.41.1 Reconciliation of tax expense and accounting profit**

Particulars	As at 32 Ashad 2079	As at 31 Ashad 2078
Profit before tax	215,684,583	281,944,250
Tax amount at tax rate of 30 %	64,705,375	84,583,275
Add: Tax effect of expenses that are not deductible for tax purpose	74,645,821	9,236,200
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	(64,644,185)	(14,964,929)
Total income tax expense	74,707,011	78,854,546
Effective tax rate	34.64%	27.97%

**Statement of Distributable profit or loss**  
**For the year ended 32 Ashad 2079 (16 July 2022)**  
**As per NRB Regulation**

Particulars	Current Year 2078-79	Previous Year 2077-78
<b>Opening Retained Earnings Before Allocation (Adjusted)</b>	<b>126,545,947</b>	<b>109,682,533</b>
<b>Adjustments:</b>		
Cash Dividend	(33,820,800)	(28,800,000)
Bonus Share Issued	(78,915,200)	(67,200,000)
CSR Expenses	929,323	191,523
Employee Training Reserve	-	50,570
CSR Reserve	255,472	1,092,321
Opening FV Reserve for Loss on Shares charged to Retained Earning	(2,046,472)	(16,322,140)
Other Adjustment	1,454,595	-
<b>Net Profit/(loss) as per Statement of Profit or Loss</b>	<b>146,632,287</b>	<b>193,450,036</b>
<b>Appropriation</b>		
a. General Reserve	29,617,376	38,690,007
b. Foreign Exchange Fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	1,466,323	1,934,500
e. Employees training fund	157,085	-
f. Other (Debt Redemption Reserve)	50,000,000	50,000,000
<b>Profit/(loss) before regulatory adjustment</b>	<b>65,391,503</b>	<b>102,825,528</b>
<b>Regulatory Adjustments:</b>		
a. Interest Receivable (-)/previous accrued interest received(+)	(98,639,501)	17,415,136
b. Short loan loss provision in accounts(-)/reversal(+)		
c. Short provision for possible losses on investment(-)/reversal(+)	(2,500,000)	-
d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+)	(34,424,277)	(6,381,605)
e. Deferred Tax Assets recognized(-)/reversal(+)	(5,654,715)	
f. Goodwill recognized (-)/Impairment of Goodwill(+)		
g. Bargain purchase gain recognized (-)/reversal(+)		
h. Actuarial Loss recognized (-)/reversal(+)	14,236,907	(13,317,859)
i. Other (+/-) (Fair Value Loss Recognized)	-	27,309,940
<b>Profit or (Loss) after Regulatory Adjustments</b>	<b>(61,590,083)</b>	<b>127,851,141</b>
<b>Total Retained Earnings</b>	<b>(47,187,217)</b>	<b>126,545,947</b>

## 5. Disclosures & Additional Information

### 5.1 Risk Assessment and Management

#### Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Factors for the credit risk include Counterparty Risk, Concentration Risk and Securitization Risk.

The Finance has applied following mitigates for management of Credit Risk factors:

- Independent and ongoing credit quality review
- Limiting credit exposures
- Problem credit management system
- Diversification of risk asset portfolio among several sectors and sub sectors of the economy over a large number of customers
- Deposit of borrower in bank, cash margin and additional collateral at individual level
- Proper valuation, storage, maintenance and insurance of collaterals.

Such mitigates are monitored by Board of Directors, Risk Management Committee which is Board Level Committee, Credit Risk Management Department, NRB Inspection team and Internal Audit Department of the Finance

#### Market Risk

Market risk is the possibility of a customer experiencing losses due to factors that affect the overall performance of the Finance in which the customer is involved. Market risk is systematic risk of the financial market.

Factors of Market Risk includes Interest Rate Risk, Equity Risk in Banking Book.

The Finance has applied following mitigates for management of the Market Risk factors:

- Stress testing/simulation of market conditions
- Gap Analysis
- Limiting trading activity of instruments in the different markets
- Regular review of risk management processes
- Regular review of Risk Tolerance and appetite limit.
- Measurement of Equity price shocks.
- Measurement of Interest Rate Shocks
- Interest rate related Risk Monitoring.

Such mitigates are monitored by Board of Directors, Risk Management Committee, Internal Audit Department

#### Liquidity Risk

Liquidity risk is the risk that the Finance 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.

Factors of Liquidity Risk includes Deterioration in quality of credit portfolio Concentrations in either assets or liabilities, Rapid asset growth funded by highly volatile large deposits, A large size of off-balance sheet exposure.

The Finance has applied following mitigates for the management of Liquidity Risk:

- Appropriate composition of assets and liabilities
- Diversified and stable sources of funds
- Access to inter-bank market
- Contingency funding plan for crisis situations
- Regular stress testing
- Cushion of liquid assets held
- Consistent analysis using liquidity ratios
- Review of Deposit Mix Concentration.

Such mitigates are monitored by BOD, Finance and Credit Department, Internal Audit Department.

#### Fair value of Financial Assets and Liabilities

Fair Value of financial assets and liabilities risk management includes effective portfolio management by finance department which is monitored by BOD, and other high-level officials.

### 5.2 Capital Management

The capital management approach of the Finance is driven by its desire to maintain a strong capital base to support the development of its business and to meet the regulatory capital requirements at all times.

As Capital is the centrepiece of the Finance's performance matrix, a sound capital management forms the very core of the overall performance landscape to ensure that the Finance delivers on its objective of maximizing the shareholder's value. The senior management of the Finance is engaged and responsible for prudent capital management at all times. In compliance with the regulatory requirement of increasing the capital base as prescribed by the Central Bank, the Finance is comfortable in meeting the minimum capital requirements and is strongly positioned to meet the performance benchmarks.

### 1. Capital Structure and a Breakdown of its Components:

**Tier 1 Capital and a breakdown of its components is as follows:**

S.N.	Particulars	Amount in 000's	Amount in 000's
1	Paid up Equity Share Capital	946,115.20	867,200.00
2	Irredeemable Non-cumulative preference shares		
3	Share Premium	2,475.55	2,475.55
4	Proposed Bonus Equity Shares		
5	Statutory General Reserves	235,437.86	205,820.49
6	Retained Earnings	(47,187.22)	126,545.95
7	Un-audited current year cumulative profit/(loss)		
8	Capital Redemption Reserve	100,000.00	50,000.00
9	Capital Adjustment Reserve		
10	Dividend Equalization Reserves		
11	Other Free Reserve		
12	Less: Goodwill		
13	Less: Deferred Tax Assets		
14	Less: Fictitious Assets	(6,927.42)	(508.00)
15	Less: Investment in equity in licensed Financial Institutions		
16	Less: Investment in equity of institutions with financial interests		
17	Less: Investment in equity of institutions in excess of limits		
18	Less: Investments arising out of underwriting commitments		
19	Less: Reciprocal crossholdings		
20	Less: Purchase of land & building in excess of limit and unutilized	-	
21	Less: Other Deductions		
<b>Total Tier 1 Capital</b>		<b>1,229,913.97</b>	<b>1,251,533.98</b>

**Tier 2 Capital and a breakdown of its components is as follows:**

S.N.	Particulars	Amount in 000's	Amount in 000's
1	Cumulative and/or Redeemable Preference Share		
2	Subordinated Term Debt	248,014.34	247,715.04
3	Hybrid Capital Instruments	-	-
4	General loan loss provision	132,828.23	119,123.29
5	Exchange Equalization Reserve		
6	Investment Adjustment Reserve		
7	Assets Revaluation Reserve		
8	Other Reserves	85,349.59	85,349.59
<b>Total Tier 2 Capital</b>		<b>466,192.15</b>	<b>452,187.92</b>

**Total Qualifying Capital:**

S.N.	Particulars	Amount in 000's	Amount in 000's
i.	Core Capital (Tier 1)	1,229,913.97	1,251,533.98
ii.	Supplementary Capital (Tier 2)	466,192.15	452,187.92
<b>Total Capital Fund</b>		<b>1,696,106.13</b>	<b>1,703,721.90</b>

1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	9.93%	13.49%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13.70%	18.37%

**2. Risk Exposures***NRS in '000*

1.1 Risk Weighted Exposures	Current Period	Previous Period
Risk Weighted Exposure for Credit Risk	11,246,531	8,769,416
Risk Weighted Exposure for Operational Risk	657,152	506,567
Risk Weighted Exposure for Market Risk	-	6
Total Risk Weighted Exposures (Before adjustments of Pillar II)	11,903,683	9,275,990
Adjustments under Pillar II		
Add: 3% of the total RWE due to non compliance to Disclosure Requirement (6.4 a 10)	357,110	-
Add: ....% of the total deposit due to insufficient Liquid Assets (6.4 a 6)	119,036.83	-
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>12,379,830</b>	<b>9,275,990</b>

**RISK WEIGHTED EXPOSURE FOR CREDIT RISK**

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	175,818			175,818	0%	-
Balance With Nepal Rastra Bank	420,692			420,692	0%	-
Gold				-	0%	-
Investment in Nepalese Government Securities	2,944,975			2,944,975	0%	-
All Claims on Government of Nepal				-	0%	-
Investment in Nepal Rastra Bank securities				-	0%	-
All claims on Nepal Rastra Bank				-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)			-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-
Claims on Other Multilateral Development Banks			-	-	100%	-
Claims on Domestic Public Sector Entities			-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	635,000	8,255	-	626,745	20%	125,349



Claims on Public Sector Entity (ECA 2)			-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	628,526		-	628,526	20%	125,705
Claims on domestic banks that do not meet capital adequacy requirements			-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)			-	-	20%	-
Claims on foreign bank (ECA Rating 2)			-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)			-	-	100%	-
Claims on foreign bank (ECA Rating 7)			-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement			-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)			-	-	50%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)			-	-	70%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)			-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)			-	-	100%	-
Claims on Domestic Corporates (Unrated)			-	-	100%	-
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)			-	-	100%	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)			-	-	75%	-
Claims fulfilling all criterion of regularity retail except granularity	6,399,677	290,174	-	6,109,503	100%	6,109,503
Claims secured by residential properties	892,255		-	892,255	60%	535,353
Claims on Personal Hire purchase/Auto loan	269,081		-	269,081	150%	403,621
Claim on Personal Overdraft loan			-	-	150%	-
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)			-	-	100%	-
Claims secured by Commercial real estate	245,852		-	245,852	100%	245,852
Claims secured by Commercial real estate (Acquisition of land and development)	725,540		-	725,540	150%	1,088,310
Past due claims (except for claims secured by residential properties)			-	-	150%	-
High Risk claims	425,520		-	425,520	150%	638,281
Lending Against Securities (Bonds & Shares)	6,650		-	6,650	100%	6,650
Investments in equity and other capital instruments of institutions listed in stock exchange	849,715		-	849,715	100%	849,715
Investments in equity and other capital instruments of institutions not listed in the stock exchange	43,936		-	43,936	150%	65,905
Staff loan secured by residential property	14,639		-	14,639	50%	7,320
Interest Receivable/claim on government securities	-		-	-	0%	-
Cash in transit and other cash items in the process of collection	-		-	-	20%	-
Other Assets (as per attachment)	738,553	106,215	-	632,339	100%	632,339
<b>TOTAL (A)</b>	<b>15,416,431</b>	<b>404,643</b>	<b>-</b>	<b>15,011,788</b>		<b>10,833,903</b>

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Revocable Commitments				-	0%	-
Bills Under Collection				-	0%	-
Forward Exchange Contract Liabilities			-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	33,049		33,049	-	20%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	19,450		-	19,450	40%	7,780
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee			-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)	100,114		-	100,114	20%	20,023
Irrevocable Credit commitments (long term)	769,651		-	769,651	50%	384,825
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement				-	20%	-
Other Contingent Liabilities			-	-	100%	-
Unpaid Guarantee Claims			-	-	200%	-
<b>TOTAL (B)</b>	<b>922,264</b>	<b>-</b>	<b>33,049</b>	<b>889,215</b>		<b>412,628</b>
<b>Total RWE for credit Risk Before Adjustment (A) + (B)</b>	<b>16,338,695</b>	<b>404,643</b>	<b>33,049</b>	<b>15,901,003</b>		<b>11,246,531</b>
Adjustments under Pillar II						
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a3)	-	-	-	-		-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a4)	-	-	-	-		-
<b>Total RWE for Credit Risk after Bank's adjustments under Pillar II</b>	<b>16,338,695</b>	<b>404,643</b>	<b>33,049</b>	<b>15,901,003</b>	<b>-</b>	<b>11,246,531</b>

## FORM NO. 7 RISK WEIGHTED EXPOSURE FOR MARKET RISK

S.No.	Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
1	INR	-	1.60	-	-
2	USD			-	-
3	GBP			-	-
4	EUR			-	-
5	THB			-	-
6	CHF			-	-
7	AUD			-	-
8	CAD			-	-
9	SGD			-	-
10	JPY			-	-
11	HKD			-	-
12	DKK			-	-
13	SEK			-	-
14	SAR			-	-
15	QAR			-	-
16	AED			-	-
17	MYR			-	-
18	KRW			-	-
19	CNY			-	-
20	KWD			-	-
21	BHD			-	-
(a) Total Open Position					-
(b) Fixed Percentage					5%
(c) Capital Charge for Market Risk (=a×b)					-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times					10.00
(e) Equivalent Risk Weight Exposure (=c×d)					-

FORM NO. 6: RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK	Fiscal Year		
	2075/76	2076/77	2077/78
Particulars			
Net Interest Income	279,454	268,506	304,993
Commission and Discount Income	105,356	104,992	12,558
Other Operating Income	3,139	14,340	220,965
Exchange Fluctuation Income	-	-	-
Addition/Deduction in Interest Suspense during the period	-	-	-
<b>Gross income (a)</b>	<b>387,950</b>	<b>387,838</b>	<b>538,515</b>
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	58,192	58,176	80,777
Capital Requirement for operational risk (d) (average of c)			65,715
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			10.00
Equivalent Risk Weight Exposure [f=(d×e)]			657,152
<b>PILLAR-II ADJUSTMENTS</b>			
If Gross Income for all the last three years is negative(6.4 a 8)			
Total Credit and Investment (net of Specific Provision)			
Capital Requirement for operational risk (5%)			
Risk Weight (reciprocal of capital requirement of 11%) in times	9.09		
Equivalent Risk Weight Exposure [g]			
Equivalent Risk Weight Exposure [h=f or g]	657,152		

## • Amount of NPAs (Both Gross and Net) In 'NPR'

Particulars	Gross NPA (Rs.)	Loan-Loss Provision (Rs.)	Net NPA (Rs.)
Substandard	115,131,423	47,382,856	67,748,567
Doubtful	29,378,650	14,689,325	14,689,325
Bad	103,528,189	103,528,189	-
<b>Total</b>	<b>248,038,261</b>	<b>165,600,369</b>	<b>82,437,892</b>

## NPA Ratios:

- Gross NPA to Gross Advances : 2.64%
- Net NPA to Net Advances : 0.91%

## Movement of Non-Performing Assets

In NPR

Particulars	Current Year	Previous Year	Changes %
Non-Performing Assets	248,038,261	275,331	900
Non-Performing Assets (%)	2.64%	3.50%	-25%

## Write off of Loans and Interest Suspense

Following Loans and Interest Suspense have been written off during the year 2021-22.  
-None

## Movements in Loan Loss provision and Interest Suspense:

NPR In '000'

Particulars	Loan Loss Provision	Interest Suspense
Opening balance	327,899.10	143,968.00
Write Back/off in the years		
Addition in the year	-29,470.51	117,594.49
<b>Balance as at 16 July 2022</b>	<b>298,428.59</b>	<b>261,562.10</b>

- Details of Subordinated Term Debt:
  - The Finance has issued Debenture of Fair Value NPR 25 Crore, of coupon rate 12%, maturing in the F/Y 2082/83.
- Details of Additional Loan Loss Provision:
  - Reversal of Loan Loss Provision of NPR 29,470,509 has been made during the year 2021-22.

## • Segregation of Investment Portfolio

S. No.	Investment Category	Amount Rs. (000)
1.	Held for Trading	-
2.	Held to Maturity	2,944,975,000
3.	Available for Sale	895,961,900

### 5.2.3 Risk Management Function

GFIL is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Finance is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to. The Finance has set up a strong control and monitoring environment for comprehensive risk management at all levels of operation.

#### Measurement of Risks for Capital Adequacy Purpose:

Under Pillar 1 of the specific NRB guidelines, the finance company currently follows Simplified Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Net Open Position approach for Market risk.

#### A. Credit Risk

##### Strategies and Process:

All credit related aspects are governed by Operation Manual of GFIL. These documents outline the type of products that can be offered, customer categories, credit approval process and limits. These documents are approved by the Board of directors.

The Finance Company's main emphasis is on SME credit. Different limits of lending power have been assigned at branch level, department head level and the credit committee level. Every aspect relating to credit such as procedure, documentation etc. are clearly defined in the Operation Manual and the Credit Policy of the Finance.

##### Pre-Sanction:

The branch managers have the authority to approve the credit within their permissible limits after due scrutiny of background of the promoter, nature of business, turnover in the account, other financial indicators, income, collateral and security. Loans above the authority of branch are recommended to head office for further decision.

##### Credit Risk Assessment Process:

Risk Management Department carries out a comprehensive credit risk assessment process that encompasses analysis of relevant quantitative and qualitative information to ascertain credit rating of the borrower. The credit rating process involves assessment of risk emanating from various sources such as market risk, management risk, environmental risk, financial risk and security risk taking into consideration as much as 30 sub-parameters under each of these categories. Credit thresholds have been set for forwarding the credit files for risk rating before they are submitted for approval in the credit committee by the concerned credit units.

##### Post Sanction Monitoring/ Follow up:

Concerned branch are required to obtain regular information of the business. In case of revolving loans, the drawing power is checked commensurate with the existing level of stocks and working capital checked and verified at regular interval. The credit units at the Head Office are also required to prepare quarterly credit report to submit at higher level as a part of formal monitoring process.

#### B. Operation Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Finance's business activities.

The board level committee that undertakes supervision and review of operational risk aspects are the Risk Management Committee and Audit Committee. The board and the risk committee review the operational risk level and the material operational risk exposure. The Audit committee supervises audit and compliance related aspects. Internal Audit department on the other hand carries out audit according to the audit plan and reports findings to the audit committee.

##### Risk Arising from breakdown of Information and Operating System:

The Finance has implemented centralized software FINMAN Accounting Software and has improved in its MIS infrastructure in order to ensure the associated operational risks being brought down to an acceptably low level.

To safeguard the probable losses resulting from system failure or natural disaster, the Finance has taken following policies to minimize the risk:

- Back up – Daily back up of all balances are taken at the end of the day. the Finance is developing a system of auto back up in the near future.
- Disaster Recovery Site – the Finance has established disaster recovery site.
- Validation of Entry and Password control – There is a system of maker and checker for entry validation before posting. Access authority for data entry, update, modification and validation has been given on the basis of levels of staffs.
- Exception Reporting – The system creates exception report as and when required.



**Risk Arising from Procedural Lapses and Internal control:**

The company has defined every banking procedures in the Operation Manual related to banking transactions. Internal circulars are issued whenever required. Reporting by branches is regular.

**Corporate Governance:**

NRB Guidelines with respect to Corporate Governance are duly complied with.

**C. Market Risk****a. Investments**

Currently GFIL has not made any investment for trading purpose. The investment in government securities have been made to hold till maturity. The investment in equity of listed institutions has been held as available for sale.

**b. Foreign Exchange**

The company's policy is to maintain the net open position of convertible foreign currency where exchange rate risk persists in matching position.

**5.3 Classification of financial assets and financial liabilities**

Particulars	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
<b>Financial Assets:</b>				
Cash and cash equivalents		804,344,084		804,344,084
Due from Nepal Rastra Bank		420,692,025		420,692,025
Loans and advances to B/FIs		626,745,000		626,745,000
Loans and advances to customers		8,689,041,295		8,689,041,295
Investment securities (Govt. & Development Bonds)		2,944,975,000		2,944,975,000
Investment securities (Equity)			893,651,700	893,651,700
Other Financial assets		88,328,611		88,328,611
<b>Total financial Assets</b>		<b>13,574,126,015</b>	<b>893,651,700</b>	<b>14,467,777,715</b>
<b>Financial Liabilities:</b>				
Due to Bank and Financial Institutions		36,924,520		36,924,520
Due to Nepal Rastra Bank		1,458,500,000		1,458,500,000
Deposits from customers		10,947,980,448		10,947,980,448
Other Financial Liabilities		15,642,984		15,642,984
Debt securities issued		248,014,336		248,014,336
<b>Total financial Liabilities</b>		<b>12,707,062,289</b>		<b>12,707,062,289</b>

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

The Finance's operation is managed centrally through Head Office. All strategic, financial and operational policies and operations are controlled and directed from the head office. The finance operates in 16 branches though has a single jurisdiction

The Finance has identified following segments as reportable:

Banking Segment involves functions like collecting deposits and lending activities among other similar activities.

Treasury Segment involves short term and long-term investment activities like investing in T-Bills, Bonds, Shares of companies etc.

Remittance Segment involves activities of transferring /receiving funds locally and/or globally.

There is no inter-unit cost transfer mechanism within the Finance.

## 5.4.2 Information about profit or loss, assets and liabilities.

Name Of Segment	Banking	Treasury	Remittance	All Other Segments
a. Revenues from external customers	967,524,348	184,416,743	-	267,994,951
b. Intersegment revenues	-	-	-	-
c. Net Revenue	<b>967,524,348</b>	<b>184,416,743</b>	-	<b>267,994,951</b>
d. Interest revenue	1,128,577,358	168,712,176	-	-
e. Interest Expense	891,437,978	88,008,316	-	-
f. Net interest revenue (b)	<b>237,139,381</b>	<b>80,703,860</b>	-	-
g. depreciation and amortization*	-	-	-	-
h. Segment Profit / (Loss)	<b>237,139,381</b>	<b>80,703,860</b>	-	-
i. Entity's interest in the profit or loss of associates accounted using equity method	-	-	-	-
j. Other Material non cash item	-	-	-	-
k. Impairment of assets	-	-	-	-
l. Segment Assets*	10,647,036,929	3,838,626,700	-	-
m. Segment liabilities*	12,443,404,968	248,014,336	-	-

\* Depreciation and amortization cannot be allocated to reportable segment from internal data record keeping system.

\*\* The presented assets and liabilities exclude assets such as PPE, Intangibles, Advances and payables that are not allocable to particular segment.

## 5.4.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

## a) Revenue

Total revenue of reportable segments	<b>1,151,941,092</b>
Other revenue	267,994,951
Elimination of intersegment revenue	
Entity's revenues	<b>1,419,936,042</b>

## b) Profit or Loss

Total profit or loss for reportable segments	<b>317,843,241</b>
Other profit or loss	
Elimination of intersegment profits	
Unallocated amounts:	(102,158,658)
Profit before income tax	<b>215,684,583</b>

## c) Assets

Total assets for reportable segments	<b>14,485,663,629</b>
Other assets	
Unallocated amounts	669,235,571
Entity's assets	<b>15,154,899,200</b>

## d) Liabilities

Total liabilities for reportable segments	<b>12,443,404,968</b>
Other liabilities	
Unallocated liabilities	789,580,368
Entity's liabilities	<b>13,232,985,336</b>

**5.4.4 Information about product and service**

Revenue from each type of product and services described in point 1(b) above.

Banking	967,524,348
Treasury	184,416,743
Remittance	

**5.4.5 Information about geographical areas**

Bank has been assessing segment results differently than as required.

**5.4.6 Information about major customer:**

None of the customer individually or as a group contribute to 10% or more of the Finance's revenue.

**5.5 Share options and share based payment**

There is no share-based payment made by the Finance.

**5.6 Contingent Liabilities and Commitments**

Litigation is a common occurrence in the banking industry due to the nature of business undertaken. The finance company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the finance makes adjustment to account for adverse effect which the claims may have on its financial standing. Contingent liabilities on other matters have already been disclosed in notes 4.28.

In addition to the above disclosed in the notes 4.28, the Finance company has three litigation case which had registered in the Supreme Court. The details of cases were as follows:

S.N.	Legal Case	Court	Applicant	Against
1.	Dushit Dristibandhak Likhit Badar	Kathmandu District Court	Bindira Subedi	Goodwill Finance Limited
2.	Impulsive Mandate	High Court	Security guard Suvash Bikram Rana (Everest Casino)	Goodwill Finance Limited
3.	Issue an order of Prohibition	Supreme Court	Goodwill Finance Limited	Kathmandu Metropolitan city

**5.7 Related party disclosures**

The related parties of the Finance which meets the definition of related parties as defined in "NAS 24 Related Parties Disclosure" are as follows:

**i. Key Management Personnel (KMP)**

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Finance includes members of its Board of Directors, Chief Executive Officer, and other higher-level employee of the Finance. The name of the key management personnel who were holding various positions in the office during the year were as follows:

Name of the Key Management Personnel	Post
Bishwa Prakash Saakha	BOD Chairman
Dilip Kumar Munankarmi	Director
Jeny Joshi	Director
Prof. Dr. Shushil bhakta mathema	Director
Pashupati Bhakta Shrestha	Director

Saroj Kaji Tuladhar	Chief Executive Officer
Swayambhu Shakya	Executive Manager/Company Secretary
Paras Narsingh Pradhan	Executive Manager
Devaki Baidya	Manager
Bharat Bahadur Mahat	Manager
Anjali Sthapit	Manager

**5.7.1 Compensation to Key Management Personnel**

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief

Executive Officer is based on the contract entered by the Finance with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees loan, termination benefits are also provided to KMP.

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

Particulars	Current Year
Meeting Fees	956,000
Other Expenses	118,975
<b>Total</b>	<b>1,074,975</b>

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	Amount
<b>Short term employee benefits(including Bonus and Paid Leave)</b>	<b>NPR. 23,294,967</b>
<b>Vehicle Facility</b>	<b>No</b>
<b>*Other Benefits</b>	<b>Yes</b>
<b>Other long-term benefits</b>	<b>No</b>
<b>**Post-Employment</b>	<b>Mentioned in Note 3.15 (b)</b>

\* Other benefits and payments include Finance cost calculated towards subsidized Loans and advances provided to staffs.

\*\* Post employment benefit includes Provident fund, Gratuity and Leave provision created, the bifurcation of which is not quantifiable separately to KMPs. The provision is made on lump sum as per the Actuarial Valuation.

#### 5.7.2 Transaction with Vijay Laghubiita Bittiya Sanstha

Vijaya Laghubitta BittiyaSanstha Ltd. (VLBS) is a micro finance institution licensed as a national level “D” class financial institution from Nepal Rastra Bank, the central bank of Nepal. Established on 7th Aug 2012 as a Public Limited Company under Company Act of Nepal and licensed from the Central Bank of Nepal on 3rd January 2013, its head office is at Gaidakot – 5, Nawalparasi. It aims to provide banking services to the rural unbanked population and contribute to the overall poverty reduction program through increment of production and productivity of rural Nepal. The Finance holds investment of promoter shares of Rs. 48,006,700 in share capital of VLBS which comes to 18.01% of the total capital of VLBS.

The aggregate amounts of the transactions during the year from the relevant related party at the year-end are summarized below:

Particulars	Amount (NPR)
Total Interest Paid on deposits	Rs.1,393
Total Interest Income	10,357,816
Total Outstanding Loan Balance As on Ashad End 2078	270,000,000
Total Outstanding Loan Balance As on Ashad End 2079	300,000,000
Increase in LLP Amount	390,000

The investment in promoter shares of VLBS has been accounted for at fair value in financial statements of the Finance.

#### 5.8 Merger and acquisition

No any Merger and acquisition has taken in the years presented.

#### 5.9 Additional Disclosure of Non-consolidated entities

Since, the finance company does not have any subsidiaries, there are no such non-consolidated entities.

#### 5.10 Events after reporting date

(i) Following are the adjusting events qualifying for adjustment in respect to creating Regulatory Reserve

(Amounts in NPR)	
AIR opening 2078.04.01	121,419,352
Interest Income Recognized For the Period	96,868,220
<b>Eligible AIR for interest recognition as on 32.03.2079</b>	<b>218,287,572</b>
AIR Closing 2079.03.32	261,562,102
AIR for loan and advances overdue for more than 12 months	43,274,531
AIR for other than loan and advances overdue for more than 12 months	218,287,572
Interest income received till Shrawan 14	61,716,935

### 5.11 Valuation Hierarchy

Following tables demonstrates the valuation hierarchy of Bank's Assets and Liabilities. This fair value may differ from the actual amount that may be received or paid on settlement, realization or maturity of those Financial Assets and Liabilities.

#### *Fair Value of Financial Assets and Liabilities Measured at Fair Value*

The fair value measurement hierarchy is as follows:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

Fair Value Disclosure	Level 1		Level 2		Level 3	
	As on 32.03.2079	As on 31.03.2078	As on 32.03.2079	As on 31.03.2078	As on 32.03.2079	As on 31.03.2078
Quoted Equity Shares	849,715,317	787,357,831		-	-	-
Unquoted equity	-	-	46,246,583	39,997,800	-	-

### 5.12 Loan Loss Provision as per NRB Directives No. 2

Loan Category	Loan O/s	LLP Rate	Provision
Pass	8,785,468,638	1.30%	114,211,093
Watch List	372,342,638	5.00%	18,617,132
Restructured loan	0	12.50%	0
Substahdard	115,131,422.92	25.00%	47,382,855.74
Doubtful	29,378,650	50.00%	14,689,325
Bad loan	103,528,188.91	100.00%	103,528,189
<b>Total</b>	<b>9,405,849,538</b>		<b>298,428,595</b>

### 5.13 Disclosure of Shareholders holding more than 0.5% of total Shareholding

Holder No	Shareholder Name	Quantity	Percentage (in %)
1	JENI JOSHI	563985	5.96
2	SUDHIR MAN MASKEY	538914	5.70
3	SAROJ KAJI TULADHAR	374110	3.95
4	PARAMESHWAR BHAKATA MALLA	329259	3.48
5	RAJA RAM JOSHI	297722	3.15
6	JAYAKAR PRASAD GAUCHAN	292273	3.09
7	SWORGA MAN SINGH SHRESTHA	278241	2.94
8	MANJU KUMARI AMATYA	257342	2.72
9	JAY PRAKASH AGRAWAL	243214	2.57



10	INDIRA JOSHI	194597	2.06
11	ARUN AGARWAL	188961	2.00
12	NAZMA KHAN	180944	1.91
13	PANNA RATNA TULADHAR	166872	1.76
14	KESHAV TULADHAR	136357	1.44
15	JYOTI KUMARI SARAWAGI	135770	1.44
16	RAJENDRA TULADHAR	130854	1.38
17	ASSETS NEPAL	130318	1.38
18	SEFINA MASKEY	130318	1.38
19	SHANTI PRABHA TULADHAR	110440	1.17
20	DAMAR KESHAR SHRESTHA	108566	1.15
21	MEGHA SHRESTHA	108468	1.15
22	GLOBAL IME SAMMUNAT YOJANA -1	96802	1.02
23	SURYA CAPITAL PVT. LTD.	92428	0.98
24	SASHIKANTA AGRAWAL	79615	0.84
25	RAMITA SHRESTHA	76969	0.81
26	GANESH BHAKTA SAKA	67914	0.72
27	ANISH TULADHAR	66371	0.70
28	KEDAR NARAYAN MANANDHAR	61491	0.65
29	DHARMA BHAKTA BALLA	59752	0.63
30	MANOHAR KRISHNA SHRESTHA	58134	0.61
31	SUMIT KUMAR AGARWAL	55488	0.59
32	TRIBHUBAN DHAR TULADHAR	55221	0.58
33	TRIKAL DHAR TULADHAR	55221	0.58
34	TUSHAR DHAR TULADHAR	55221	0.58
35	SAMYAK DHAR TULADHAR	55221	0.58
36	ROMI RATNA TULADHAR	54413	0.58
37	RAJA RATNA TULADHAR	54295	0.57

#### 5.14 Additional Disclosure for Accrued Interest Receivable (AIR)

AIR opening 2078.04.01	121,419,352
Interest Income Recognized For the Period	96,868,220
<b>Eligible AIR for interest recognition as on 32.03.2079</b>	<b>218,287,572</b>
AIR Closing 2079.03.32	261,562,102
AIR for loan and advances overdue for more than 12 months	43,274,531
AIR for other than loan and advances overdue for more than 12 months	218,287,572
Interest income received till Shrawan 14	61,716,935

#### 5.15 Additional Disclosure

##### 5.15.1 Regulatory Reserve

Regulatory Reserve is composed of AIR income included in Interest Income as per Accrual Basis of Accounting, Losses on re-measurement of Actuarial Liabilities, Provisions for Losses in Investment whose carrying cost is lower than Market Value, Provisions for Non- Banking Assets. Allocation to Regulatory Reserve is made out of profit of FY 2078-79. Compositions of Regulatory Reserve are as follows:

- Interest Receivable as on 2079.03.32 (net of tax and bonus effect) after taking into consideration, interest collected till shrawan 14 of next Fiscal Year.
- Losses on re-measurement of Defined Benefit Obligation (net of tax effect) which has been charged to OCI, is allocated to Regulatory Reserve.

Particulars	Creation Due to						Total
	AIR	Actuarial Loss	Investment adjustment	Provision for NBA	Deferred tax income	Fair Value	
Opening Regulatory Reserve as on 2077.04.01	31,096,217	919,048	-	26,109,269	-	27,309,940	85,434,474
Creation		13,317,859		6,381,605	-		19,699,464
Reversal	(17,415,136)		-	-		(27,309,940)	(44,725,076)
Closing As on 2078.03.31	13,681,081	14,236,907	-	32,490,874	-	-	60,408,862
Creation	98,639,501			34,424,277			133,063,778
Reversal		(14,236,907)	2,500,000	-	5,654,715	-	(6,082,191)
Closing As on 2079.03.32	112,320,582	-	2,500,000	66,915,151	5,654,715	-	187,390,448

## 5.15.3 Comparison of Unaudited and Audited Financial Statement

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Assets					
Cash and Cash Equivalent	801,466,833	804,344,084	2,877,251	0.36%	Due to reclassification of assets
Due from Nepal Rastra Bank	420,692,025	420,692,025	-	0.00%	
Placement with Bank and Financial Institutions	-	-	-	0.00%	
Derivative Financials Instrument	-	-	-	0.00%	
Other Trading Assets	-	-	-	0.00%	
Loans and Advances to Bank and Financial Institutions	635,000,000	626,745,000	(8,255,000)	-1.30%	Change in Ammortization of Loans
Loans and Advances to Customers	8,602,933,524	8,689,041,295	86,107,771	1.00%	Change in Ammortization of Loans
Investment Securities	3,283,031,128	3,838,626,700	555,595,572	16.92%	Fair value adjustment in investment in securities
Current Tax Assets	-	36,896,654	36,896,654	0.00%	Included in other Assets
Investment in Subsidiaries	-	-	-	0.00%	
Investment in Associates	-	-	-	0.00%	
Investment Property	106,214,525	106,214,525	-	0.00%	
Property and Equipment	456,738,220	527,160,665	70,422,445	15.42%	Depreciation of Intangible assets included and Addition of ROU assets in PPE
Goodwill and Intangible Assets	7,705,204	6,927,421	(777,783)	-10.09%	Depreciation charged and reclassify the software in intangible assets
Deferred Tax Assets	-	-	-	0.00%	
Other Assets	952,051,530	98,250,831	(853,800,699.24)	-89.68%	Due to reclassification of assets
<b>Total Assets</b>	<b>15,265,832,989</b>	<b>15,154,899,200</b>	<b>(110,933,789)</b>	<b>-0.73%</b>	<b>Consequential effect of above items.</b>

## Liabilities

Due to Bank and Financial Institutions	582,659,440	36,924,520	(545,734,920)	-93.66%	Regrouping
Due to Nepal Rastra Bank	1,458,500,000	1,458,500,000	-	0.00%	-
Derivative Financials Instrument	-	-	-	0.00%	-
Deposits from Customers	10,402,245,528	10,947,980,448	545,734,920	5.25%	Regrouping
Borrowings	-	-	-	0.00%	-
Current Tax Liabilities	79,758,265.00	-	(79,758,265)	-100.00%	Regrouping
Provisions	-	-	-	0.00%	-
Deferred Tax Liabilities	202,749,732	212,329,190	9,579,458	4.72%	Due to reclassification of liability
Other Liabilities	340,809,336.00	329,236,842	(11,572,494)	-3.40%	Due to reclassification of liability
Debt Securities Issued	247,754,951	248,014,336	259,385	0.10%	Application of NFRS -9 "Financial Instruments"
Subordinated Liabilities	-	-	-	0.00%	-
<b>Total Liabilities</b>	<b>13,314,477,252</b>	<b>13,232,985,336</b>	<b>(81,491,915)</b>	<b>-0.61%</b>	<b>Consequential effect of above items.</b>

<b>Equity</b>					
Share Capital	946,115,200	946,115,200	-	0.00%	
Share Premium	2,475,548	2,475,548	0	0.00%	
Retained Earnings	85,031,326.00	(47,187,217)	132,218,543	155.49%	Due to reclassification from Reserve & Surplus and change in profit
Reserves	917,793,663.00	1,020,510,333	(102,716,670)	-11.19%	Due to reclassification to Retained earning
<b>Total Equity Attributable to Equity Shareholders</b>	<b>1,951,415,737</b>	<b>1,921,913,864</b>	<b>(29,501,873)</b>	<b>-1.51%</b>	
Non Controlling Interest	-	-	-	-	
<b>Total Equity</b>	<b>1,951,415,737</b>	<b>1,921,913,864</b>	<b>(29,501,873)</b>	<b>-1.51%</b>	
<b>Total Equity and Liabilities</b>	<b>15,265,892,989</b>	<b>15,154,899,200</b>	<b>15,154,899,200</b>	<b>99.27%</b>	<b>Consequential effect of above items.</b>

(0)

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Interest Income	1,319,967,409	1,297,289,534	(22,677,875)	-1.72%	AIR considered as Income
Interest Expenses	972,833,503	979,446,293	6,612,790	0.68%	interest adjustment liability
Net Interest Income	347,133,906	317,843,241	(29,290,665)	-8.44%	
Fee and Commission Income	65,907,802	92,841,972	26,934,170	40.87%	Including Commission incomes previously classified under other Operating Income
Fee and Commission Expenses	-	-	-	0.00%	
<b>Net Fee and Commission Income</b>	<b>65,907,802</b>	<b>92,841,972</b>	<b>26,934,170</b>	<b>40.87%</b>	-
<b>Net Interest, Fee and Commission Income</b>	<b>413,041,708</b>	<b>410,685,213</b>	<b>(2,356,495)</b>	<b>-0.57%</b>	-
Net Trading Income	-	-	-	0.00%	-

Other Operating Income	48,946,916	29,804,536	(19,142,380)	-39.11%	Few Commission incomes previously classified under Other Operating Income
<b>Total Operating Income</b>	<b>461,988,624</b>	<b>440,489,749</b>	<b>(21,498,875)</b>	<b>-4.65%</b>	-
Impairment Charge/(reversal) for loans and other losses	(41,646,234)	(29,470,509)	12,175,725	-29.24%	
<b>Net Operating Income</b>	<b>503,634,858</b>	<b>469,960,258</b>	<b>(33,674,600)</b>	<b>-6.69%</b>	-
<b>Operating Expenses</b>					
Personnel Expenses	127,069,433	146,727,322	19,657,889	15.47%	Revised calculation of Interest on staff loan
Other Operating Expenses	93,886,711	77,570,689	(16,316,021)	-17.38%	Reclassify the operating lease into ROU assets
Depreciation & Amortization	19,238,277	29,977,664	10,739,387	55.82%	Depreciation charged on ROU assets.
<b>Operating Profit</b>	<b>263,440,439</b>	<b>215,684,583</b>	<b>(47,755,856)</b>	<b>-18.13%</b>	-
Non Operating Income	4,873,450	-	(4,873,450)	-100.00%	Due to reclassification of other operating income
Non Operating Expenses	-	-	-	0.00%	-
Profit before Income Tax	268,313,889	215,684,583	(52,629,306)	-19.61%	-
Income Tax Expenses	-	-	-	0.00%	-
Current Tax	79,758,265	74,707,011	(5,051,254)	-6.33%	Due to change in profit
Deferred Tax	-	(5,654,715)	(5,654,715)	0.00%	Deferred tax calculation not made.
<b>Profit for the Period</b>	<b>188,555,624</b>	<b>146,632,287</b>	<b>(41,923,337)</b>	<b>-22.23%</b>	<b>Consequential effect of above items.</b>

Consolidated Statement of Comprehensive Income	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Profit/(Loss) for the period	188,555,624	146,632,287	41,923,337	22.23%	-
Other Comprehensive Income	24,579,535	35,546,405	(10,966,870)	-44.62%	NFRS Adjustment and Change in Actuary Valuation
<b>Total Comprehensive Income</b>	<b>213,135,159</b>	<b>182,178,692</b>	<b>30,956,467</b>	<b>14.52%</b>	<b>Consequential effect of above items.</b>

#### 5.15.4 Staff Loan

The fair value of staff loan as at ashadh 32 2079 was Rs.24561671. The difference between the fair value and NAS carrying amount was Rs. 9922220 has been netted off against staff loans & recognized as deferred employee expenditure.



## नेपाल राष्ट्र बैंक वित्तीय संस्था सुपरिवेक्षण विभाग

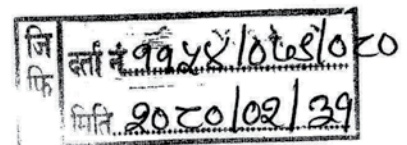
पत्रसंख्या : वि.सं.सु.वि./गैरस्थलगत/गुडविल/०७९/८०

च.नं. ४१४

केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन नं.: ०१-४४१२३०७  
Site: www.nrb.org.np  
Email: nrbfis@nrb.org.np  
पोष्ट बक्स: ७३

मिति : २०८०/०२/३१

गुडविल फाइनेन्स लि.,  
हात्तीसार, काठमाडौं ।



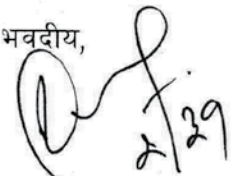
विषय : वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७८/७९ को लेखापरीक्षण भएको वित्तीय अवस्थाको विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७८/७९ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा अनुरोध छ ।

- (१) यस बैंकबाट स्थलगत निरीक्षण गरी दिइएको निर्देशन अनुसार कर्जा नोकसानी व्यवस्था लगायतका निर्देशनहरूको पूर्ण पालना गर्नुहुन ।
- (२) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगताको सुनिश्चितता गर्नुहुन ।
- (३) यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०७९ बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (४) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,



(राजु पौडेल)  
उप-निर्देशक

बोधार्थ:

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।

श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।



## Branch Network

### Province No. 1

#### Itahari Branch

Itahari, Sunsari  
Tel:: 025-587051  
Fax: 025-587050  
Branch Incharge: Pramod Gautam  
Mob. No.: 9841312140/9852048252  
Email: itahari@goodwill.net.np

#### Phidim Branch

Phidim Main Road, Phidim  
Tel:: 024-523068  
Branch Incharge: Bikram Tiwari  
Mob. No: 9852684078  
Email: phidim@goodwill.net.np

#### Ilam Branch

Prakash Path, Ilam  
Tel:: 027-520949  
Fax: 027-520947  
Branch Incharge: Kalpana Khatiwada  
Mob. No: 9844629610/9852680949  
Email: ilam@goodwill.net.np

#### Birtamode Branch

Birtamode, Jhapa  
Tel:: 023-530548  
Fax: 023-530549  
Branch Incharge: Suman Poudel  
Mob. No: 9852674776  
Email: birtamode@goodwill.net.np

### Province No. 2

#### Nawalpur Branch

Nawalpur Chowk  
Tel:: 046-570060  
Branch Incharge: Lalit Narayan Shrestha  
Mob. No: 9801603530/9854057060  
Email: nawalpur@goodwill.net.np

#### Bardibas Branch

Address: Bardibas, Mahottari  
Tel:: 044-550291  
Branch Incharge: Rajendra Shrestha  
Mob. No: 9802747066/9854030102  
Email: bardibas@goodwill.net.np

### Bagmati Province

#### Head office

Hattisar, Kamalpokhari  
Tel:: 01-4544039  
Fax: 01-4543414  
PO Box: 8867  
Branch Incharge: Nabin Gautam  
Mob. No: 9851193732  
Email: info@goodwill.net.np

#### Bhaktapur Branch

Taumadi, Bhaktapur  
Tel:: 01-6620067/6620068  
Fax: 01-6620056  
Branch Incharge: Binaya Shrestha  
Mob. No: 9851130556  
Email: bhaktapur@goodwill.net.np

#### Dillibazar Branch

Dillibazar, Kathmandu  
Tel:: 01-4422290  
Fax: 01-4416052  
Branch Incharge: Anjali Sthapit  
Mob. No: 9851127742  
Email: dillibazar@goodwill.net.np

#### Indrachowk Branch

Indrachowk, Kathmandu  
Tel:: 01-5329554 / 5329556  
Fax: 01-5329595  
Branch Incharge: Sudeep Manandhar  
Mob. No: 9851190141  
Email: indrachowk@goodwill.net.np

#### Kumaripati Branch

Kumaripati, Lalitpur  
Tel:: 01-5408690/ 5408691 / 5408693  
Fax: 01-5408693  
Branch Incharge: Manjur Pradhan  
Mob. No: 9851131235  
Email: kumaripati@goodwill.net.np

#### Tripureshwor Branch

Address: Tripureshwor, Kathmandu  
Tel:: 01-5331583/5331533  
Branch Incharge: Pravin Upadhyaya  
Mob. No: 9851217862  
Email: tripureshwor@goodwill.net.np

#### Nayabazar Extension Counter

Incharge: Pawan rajkarnikar  
Email: Pawan@goodwill.net.np  
Contact No: 9851325922  
Address: Nayabazar, Khushibu  
Telephone: 01-5910738 / 5910739  
Email: nayabazar@goodwill.net.np

### Gandaki Province

#### Gaindakot Branch

Nawalparasi  
Tel:: 078-501411  
Branch Incharge: Durga Prasad Sharma (Dipesh)  
Mob. No: 9843626470/9857028030  
Email: gaindakot@goodwill.net.np

### Lumbini Province

#### Nepalgunj Branch

Surkhet Road Banke, Nepalgunj  
Tel:: 081-532056 / 532057  
Fax: 081-532058  
Branch Incharge: Subesh Shrestha  
Mob. No: 9849676510/9858024056  
Email: nepalgunj@goodwill.net.np

#### Dang Branch

Ghorahi, Dang  
Tel:: 082-563350/ 563351  
Fax: 082-563352  
Branch Incharge: Ananda Panthi  
Mob. No: 9857832050  
Email: dang@goodwill.net.np

#### Butwal Branch

Ram Mandir line, Butwal  
Tel:: 071-537281/ 537282/ 537283  
Branch Incharge: Dipak Chapagain  
Mob. No: 9857047762  
Email: butwal@goodwill.net.np

#### Bhairahawa Branch

Siddharthanagar, Municipality-5  
Tel:: 071-590963/590964/590965  
Branch Incharge: Vishal Thapa  
Mob. No: 9857052219  
Email: bhairahawa@goodwill.net.np

### Sudurpashchim Province

#### Dhangadhi Branch

Dhangadhi Chauraha, Bhansar Road  
Tel:: 091-417357/417359  
Branch Incharge: Amar Bogati  
Mob. No: 9858029199/9858485199  
Email: Dhangadhi@goodwill.net.np

## टिपोट





WE TAKE CARE OF YOUR INTEREST

28<sup>th</sup>  
A PROUD MILESTONE  
A LASTING LEGACY

## LOAN

- ▶ Agriculture
- ▶ Bank Guarantee
- ▶ Education
- ▶ Gold Loan
- ▶ Personal
- ▶ Loan Against Fixed Deposit
- ▶ Loan Against Government Bond
- ▶ Margin Lending
- ▶ Trading
- ▶ Foreign Employment
- ▶ Housing Loan
- ▶ Deprive Sector
- ▶ Industrial Loan

## SERVICES

- ▶ Connect IPS e-payment
- ▶ Mobile Banking
- ▶ Debit Card
- ▶ Remittance Service
- ▶ Locker Facilities
- ▶ Fund Transfer
- ▶ Cheque Clearance
- ▶ ABBS
- ▶ C-ASBA

## DEPOSIT

### Saving

Call

Current

Fixed

Recurring

Glad Benefit

Normal

Premium

Macha

I am MBA\*

Salary

Nari

Agraz

Basic saving account

Super saving account

## २७ औं साधारण सभाका केही भलकहरू

