

Building **TRUST & PARTNERSHIP**

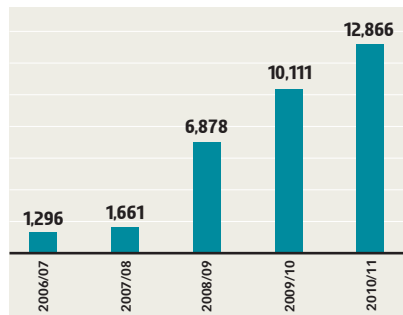


NMB BANK LIMITED
एनएमबि बैंक लिमिटेड

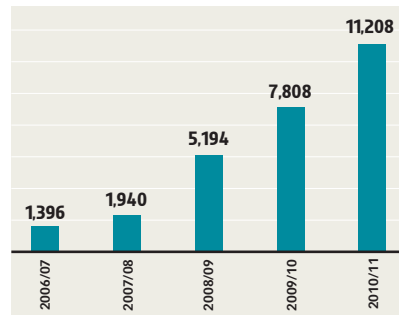
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Our Performance

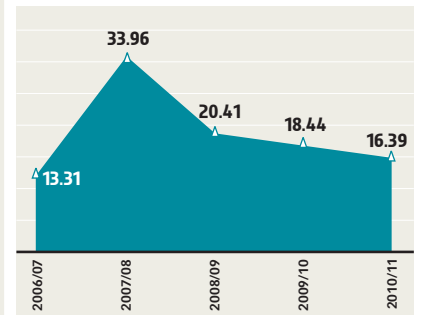
DEPOSITS (IN MILLION)



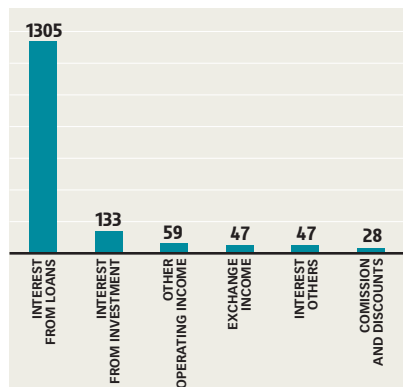
LOANS, ADVANCES & BILLS PURCHASED (IN MILLION)



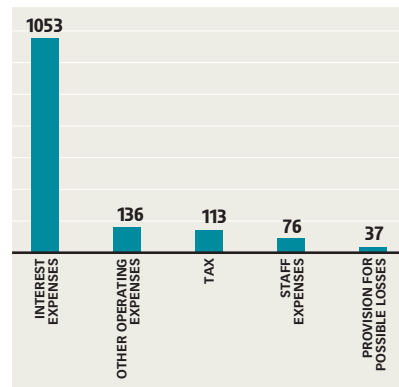
CAPITAL ADEQUACY RATIO (%)



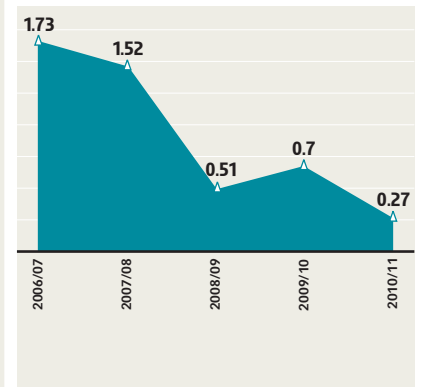
REVENUE (IN MILLION)



COST (IN MILLION)



NON-PERFORMING ASSETS





Vision

To establish ourselves as a leader in banking by providing a range of financial services suitable to the needs of the market with high priority on customer care while simultaneously embracing the interests of all stakeholders and value of a good corporate citizen.

Mission

To gain supremacy in growth, profit, customer care and social response in banking by way of:

- Leveraging and integrating the existing strengths of the institution
- Reaching out and serving wide range of customers within and outside the country
- Developing a culture of "Giving Extra Care to the Customers"
- Being innovative in designing and delivering services
- Adopting prudent investment practices for building up a sound assets base
- Developing internal and external efficiencies by prudent use of technology
- Building operational efficiency through smarter processes and controls
- Providing exciting and challenging career prospects for the employees
- Placing high priority on stakeholders' interest and statutory compliance
- Acting responsibly for making contributions to the society at large

Banking-Customer Relationship

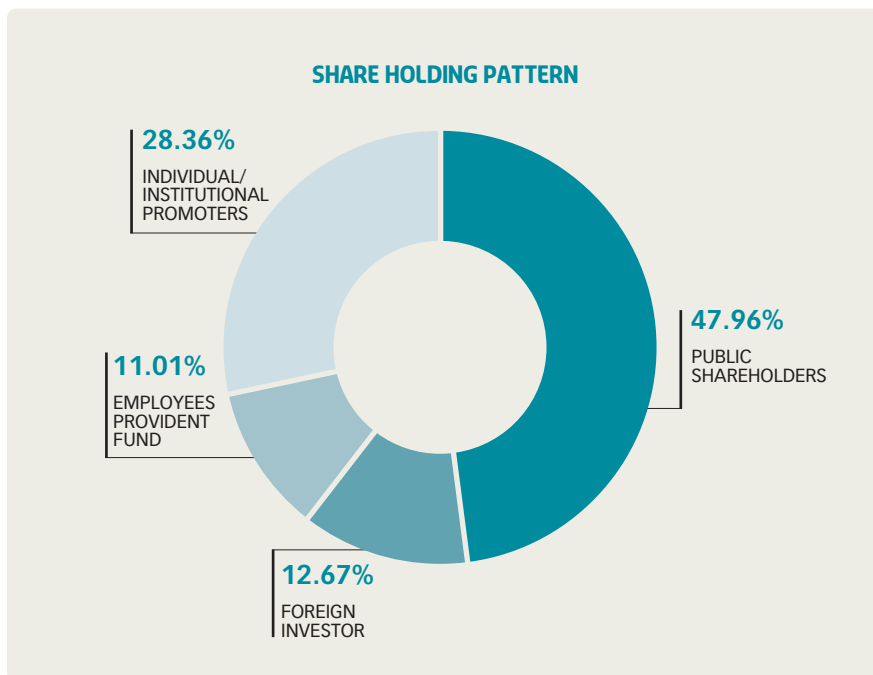
We firmly believe in providing superlative financial services to our customers as well as our business partners making sure of their optimum satisfaction, contributing to society sincerely, continuing the legacy of innovation, establishing a proper mechanism to maintain banking sanctity and ethics.

NMB Bank Limited, established in 1996, is the first commercial Bank in the financial history of Nepal that has been successfully graduated as "A" class commercial Bank from a "C" class Finance Company. The Bank has established itself as a leading player in the banking sector in Nepal during the period.

SHAREHOLDERS & PROMOTERS

NMB Bank is a Public Limited company with NPR 2 billion in paid-up capital, promoted by members of prominent business houses, businessmen along with one of the leading financial institutions in the country viz Employees Provident Fund, and a foreign joint venture partner Yong Lian Realty Malaysia. ■

The Bank has established itself as a leading player in the banking sector in Nepal during the period.



Board of Directors

The Bank Board comprises of prominent personalities having diverse areas of expertise and wide range of professional excellence. There are altogether 8 non-executive directors chaired by Mr. Pawan Kumar Golyan.



STANDING
(FROM LEFT TO RIGHT)

Shanti Byahut
DIRECTOR, REPRESENTATIVE EMPLOYEE PROVIDENT FUND

Deepak Narasinha Shrestha
DIRECTOR, REPRESENTATIVE PUBLIC SHAREHOLDERS

Harischandra Subedi
DIRECTOR, REPRESENTATIVE PUBLIC SHAREHOLDERS

Prof. Dr. Hari Prasad Shrestha
DIRECTOR, REPRESENTATIVE PUBLIC SHAREHOLDERS

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

SITTING
(FROM LEFT TO RIGHT)

Pawan Kumar Golyan
CHAIRMAN

Rita Pant
DIRECTOR, PROFESSIONAL

Atma Ram Murarka
DIRECTOR

Purushotam Lal Sanghai
DIRECTOR



MANAGEMENT TEAM

Banking Professionals on the Move

The management team of the Bank comprises of pool of professionals with a vast experience in Banking, led by Mr.Upendra Poudyal, Chief Executive Officer.



Upendra Poudyal

CHIEF EXECUTIVE OFFICER

Upendra Poudyal, CEO of the Bank, is an MBA with more than 25 years of experience in the banking sector, including 14 years in a leading joint venture bank of the country. He has been leading the Bank since April 2000.



Sunil KC

GENERAL MANAGER

Sunil KC, General Manager of the Bank, possesses more than 20 years of experience in various areas of banking including Corporate and Institutional Banking, Treasury, International Trade etc. Prior to joining NMB Bank, he was the Head of Global Markets Division in one of the leading international banks in Nepal.



Pradeep Pradhan

CHIEF OPERATING OFFICER

Pradeep Pradhan, COO of the Bank, holds an MBA degree and has more than 26 years of experience in Banking including 14 years with international bank. He has substantial experience in Banking Operations.



Suman Sharma

HEAD, BUSINESS BANKING

Suman Sharma, Head- Business Banking, holds MBA degree, MSM- The Netherlands and M.A in economics. Mr. Sharma has more than 14 years of experience in banking that includes more than 7 years in Credit/Relationship Management with a reputed joint venture bank in Nepal.



Bijay Giri

HEAD, HUMAN RESOURCES

Bijay Giri, Head-Human Resources, has more than 15 years of experience in banking. Prior to this he was also associated with a international bank in Nepal in various roles for 11 years.



Pratibha Lohani

HEAD, COMPLIANCE

Pratibha Lohani, Head-Compliance, Chartered Accountant from Institute of Chartered Accountants of India, has been associated with the Bank for more than 3 years. Prior to this she was associated with an internationally affiliated reputed Auditing firm of Nepal.

Department Heads

SANJU SHRESTHA

Head-Retail & Priority Banking

SUSHAMA SHARMA

Head-Institutional Banking & Corporate Affairs

GOVIND GHIMIRE

Manager-New Road Branch

ROSHAN REGMI

Head-Information Technology

PUSPA ARYAL

Head-Trade Finance & Correspondent Banking

ALOK SHRESTHA

Manager-Operations & Branch Coordination

PRAMOD DAHAL

Head-Credit Risk Management

MADHAV PRADHAN

Head-Central Administration

NEERAJ MAN SAINJU

Head-Treasury

DINESH CHAND

Head-Transaction Banking

SIZEN PUDASAINI

Relationship Manager -Micro Finance Unit



Aspirations Remain the Same

Our strategy to take balanced approach on business growth and risk management has helped the Bank to manage the challenges posed by extremely unfavorable business conditions. The consistent performance of the Bank over the past 15 years clearly reflects the successful implementation of our strategy.

It gives me great pleasure to welcome you all in the 16th Annual General Meeting of NMB Bank Ltd. FY 2010/11 was yet another year of excellent performance for your Bank and I am delighted with the success we have achieved amid the continuing challenge of the most difficult business environment.

The past few years have been one of the most challenging period for the Banking Industry in Nepal. The prolonged liquidity crisis in the market, deteriorating overall macro economic situation and political impasse in the country, has had an inevitable impact on our business. Our strategy to take balanced approach on business growth and risk management has helped the Bank to manage the challenges posed by extremely unfavorable business conditions. The consistent performance of the Bank over the past 15 years clearly reflects the successful implementation of our strategy. I am confident that on the basis of the long term growth strategy we have been carrying out, the Bank is well placed to continue to achieve sustainable growth.

The Bank selectively invested in its business by expanding its branch network and infrastructures for creating other alternative delivery channels during the period. Currently, there are 19 branches of the Bank across the country with 15 ATMs

and the Bank has plans to gradually expand its footprints to new strategic locations in days to come. The Bank continued to focus on strong fundamentals of balance sheet and remains well capitalized. Overall our strong balance sheet position has helped the Bank to manage through difficult business conditions. During FY 2010/11, the Bank increased its Paid up capital by NPR 348.35 million to NPR 2 billion through the rights issue.

I am very pleased to inform you that this year we are proposing 9% Cash Dividend from the accumulated profit which has already been approved by the Nepal Rastra Bank.

Now, I would like to present you with the Bank's Annual Report for the Financial Year 2010/11.

A snapshot of the financial performance for the year is as under:

- Overall Deposit volume increased by 27% to NPR 12.86 billion compared to NPR 10.11 billion in the previous year.
- Loans and Advances volume also increased by 44% to NPR 11.21 billion.
- Net profit after tax recorded at NPR 221.5 million an increase by 39 % compared with the last year.

The Bank continued to focus on strong fundamentals of balance sheet and remains well capitalized. Overall our strong balance sheet position has helped the Bank to manage through difficult business conditions.



Our focus, this year will be on reaching out to unbanked and under banked places, small-micro and medium enterprises and promoting profitable and sustainable agriculture and related activities which are critical for employment generation and equitable economic growth in the country.



- Paid up capital increased to NPR 2 billion from NPR 1.65 billion.
- Earning per share increased to NPR 11.08 from NPR 10.65.
- Non Performing Assets significantly improved to 0.27% from 0.70% in the preceding year.
- In accordance with the regulatory requirement of Nepal Rastra Bank, 20% of total net profit amounting to NPR 44.37 million has been transferred to General Reserves Fund.
- The bank's overall capital base remains strong with Capital Adequacy Ratio of 16.39%.
- Cost to Income ratio maintained at 36.96%.

With the world's biggest economies on the verge of double dip recession, the global economy is once again going through one of the most difficult phases in its history. Downgrading of US Country ratings, Sovereign risk concern especially in Euro zone have resulted sharp fall in confidence in global markets increasing the downside risks. With anticipated even weaker performance by Euro zone next year, the global economy is expected to further slowdown in 2012. The weakness in advanced economies is however expected to be counterbalanced by relatively stronger and more sustainable growth trends in Asia Pacific and Latin America.

Nepal's economic growth continues to remain sluggish during FY 2010/11, with GDP growth at 3.5%. The continued energy crisis, adverse weather conditions, lack of adequate policy framework, and infrastructures attributed for lower growth during the period. The

Government has projected 5% growth in year 2011/12 with inflation forecast at 7%, which considering the progress so far, deem unachievable.

The prolonged liquidity crisis and deteriorating overall macroeconomic situation in the country, fuelled by various other financial as well as non-financial factors have had adverse impact on performance of financial markets as a whole. With the recent developments underway towards resolving the political instability in the country, we are hopeful of better business prospects and many new opportunities. Overall, we are optimistic that this will lead to more stable business environment in the country.

Our focus, this year will be on reaching out to unbanked and under banked places, small-micro and medium enterprises and promoting profitable and sustainable agriculture and related activities which are critical for employment generation and equitable economic growth in the country. We have already initiated rural Micro Finance programs through our dedicated Micro Finance Cell which we are planning to further expand in various other rural districts in Nepal. NMB's Micro Finance program provides wide range of product solutions and affordable financial services to unbanked rural population of the country. We support and invest in local communities where we operate by partnering with local community groups, government agencies, international development agencies, etc. In order to support these initiatives and further enhance our retail focus, we are planning to roll out other alternative delivery channels such as Branchless Banking, Cards, Mobile Banking, etc, this year.

Going forward, we will continue to focus on keeping our balance sheet sound through both organic as well as inorganic growth, development of distribution network, investing on our people and managing the cost in more disciplined manner. In line with our long term growth plan, we shall keep our option open for Merger and Acquisition in order to seize opportunities in the market place due to recent developments.

ACKNOWLEDGEMENT

I, on behalf of the Board of Directors, would like to thank all our respected shareholders for your continued support and guidance. We express our sincere gratitude to our regulators, the Government of Nepal, Ministry of Finance, Nepal Rastra Bank, Securities Board of Nepal, Nepal Stock Exchange for their valuable support and patronage. We reiterate our commitment to ensure high level of corporate governance within the Bank. We are also very grateful to Media, journalists, product partners and all our well wishers for their support throughout.

I am also pleased to record my appreciation to the management team and all staff for their hard work and commitment.

Finally, I take this opportunity to express sincere gratitude to all our valued customers for their support and patronage. We look forward to your continued support in our challenging journey ahead.

We once again promise to continue to deliver value to all our stakeholders in year 2011/12.

Thank you.

Pawan K. Golyan
CHAIRMAN



Strategically Well-positioned

The Bank had an exceptionally rewarding year in FY 2010/11 achieving a net profit after tax of NPR 221.5 million, an increase by 39% from NPR 159.9 million, in FY 2009/10. The achievement is attributed chiefly to robust growth in business volume. Total Risk Assets of the Bank grew by 44% to NPR 11.21 billion. Despite of extremely difficult market conditions, the Bank's deposits and loans and advances increased by 27% and 44% respectively. The growth in business has been better than the industry average. Effective management of foreign exchange portfolio and additional revenue from various Transaction Banking initiatives also contributed positively towards the bottom line. The Bank also focused on rationalizing costs which helped control costs. We have focused, over the past 12 months, to successfully manage growth and change.

Other key achievements of the Bank during the year include:

- NPA level of the Bank of 0.27% is one of the lowest in the industry.
- The Bank's Cost to Income ratio has been maintained at 36.96% evidencing satisfactory operational efficiency of the Bank.
- The Bank successfully increased its paid-up capital from NPR 1.5 billion to NPR 2 billion by way of Right Issue in the situation of subdued capital market conditions. The Bank's Capital Adequacy ratio continues at very comfortable 16.39% The Bank is therefore sufficiently capitalized to seize business opportunities in future.
- The Bank successfully established its subsidiary unit, NMB Capital Limited, to undertake its investment banking activities. The establishment of the first subsidiary unit of the Bank has been considered with greater optimism as it is expected to open multiple frontiers for the Bank. The subsidiary will focus on providing full range of investment banking solutions to the capital market in Nepal and supplementing the core commercial banking activities of the parent unit. The Bank aims to promote a mutual fund in association with the subsidiary unit in the near future.
- The Bank has successfully launched Bancassurance which is expected to contribute on non-fund based activities of the Bank.

The growth in business has been better than the industry average. Effective management of foreign exchange portfolio and additional revenue from various Transaction Banking initiatives also contributed positively towards the bottom line.



Our focus is to continue to build sustainable growth and profitability and strengthen our balance sheet and build long-term value for our stakeholders.



- The Bank is one of the pioneers in local cash management services in the country through the use of extensive branch network in all development regions of the country.
- The Bank is also involved in direct micro finance to the rural community. Several such prospects have been considered pioneering initiatives in the country.
- Despite of significant increase in paid-up capital, the Bank has managed to provide cash dividend of 9% out of the profit for the FY 2010/11.

The current year (FY 2011/12) remain extremely challenging particularly in terms of business growth as well as maintaining quality of assets considering the worsening overall macro economic situation and prevailing uncertainties over the global and domestic economic recovery.

The country witnessed the worst ever liquidity constraints, very difficult and challenging phase in its banking history. While the situation appears to have eased out to a large extent, ominous risks still persist.

Capital market continued to remain bearish and various initiatives by the regulating authorities to entice the market could not bring about desired result, reflecting a dampened confidence of the investors in the market. Recent improvement in macro economic situation in the country fuelled particularly the BOP situation and liquidity position is expected to gradually bring back confidence of the investors in the market.

We believe there will be many opportunities for the Bank. We are excited with an impressive growth in FY 2010/11 which has laid firm foundation for a better tomorrow. However, considering the

current scenario, economic recovery in the country is expected to continue to remain slow; and in fact a slowdown in recovery cannot be ruled out.

Overall, our focus is to continue to build sustainable growth and profitability and strengthen our balance sheet and build long-term value for our stakeholders. The Bank continues to focus on effective management of resources to ensure shareholders are receiving a reasonable return.

Risk management, compliance and audit functions are accorded due importance and are considered to be as important as revenue generating functions in the Bank. The Bank's dedicated recovery cell has exhibited its effectiveness as the Bank has been able to manage the NPAs at a lower level and write back on account of recoveries from some of the impaired assets.

The Bank has been continually investing substantially in the brand in order to build upon our strong brand presence in the market. We aim to make the Bank a household name throughout the country.

We continued to work hard in building a professional and service oriented culture in the Bank during the period. We believe that a strong culture of positive attitude and behavior ensued consistently across various departments and business segments are crucial for building our customer's confidence in the Bank. The Bank has an excellent team of committed and dedicated people with positive attitude and passion to serve. There is a clear understanding of what is expected of them to succeed so that the Team can contribute to its full potential. We believe this will help improve the alertness in responding to opportunities that require "One Bank" feeling within the organization.

We also believe in building this environment through an unwavering commitment to deliver services as a good corporate citizen to the interest of all the stakeholders without compromising our values of Customer Care – Our Religion. The Bank is continually focusing on creating a culture that puts the customer in the centre of our activities.

The Bank aims primarily to provide the customers with entire range of banking services. We are therefore continually reviewing and improving our operations in order to ensure delivery of quality services as per the needs of our valued customers.

We are now well positioned to provide superior performance for the Bank. The Bank will strive to deliver value added services to its targeted customers with continued focus on high quality services and enhanced banking products.

The Bank is committed to a safe and sustainable growth, maintaining and improving the assets quality, reducing costs/income ratio, creating a better working environment for the people in the Bank and making the Bank a household name within the country.

The Bank management is aware of the imperative to become bigger in size both by the way of organic as well as inorganic growth. We are also exploring the possibilities of strategic alliance, mergers and acquisitions.

The Bank management is dedicated to achieve superior result for the Bank, delight our customers, satisfy employees, be accountable to our stakeholders and also be part of the community we work with. We will work towards our goal by consistently delivering innovative and superior products and services that exceed the expectation of our customers. With tremendous support from staff members who have shown excellent attitude to excel, dedication, sincerity and hard work and excellent support and guidance from the Board and regulators, we will strive to become one of the best banks in the country.

Finally, I would like to express my appreciation to the executive committee and all staff members who have worked closely on this journey and provided tremendous support and contribution as a team.

I would also like to thank the Chairman of the Bank's Board, Directors, Promoters, Public Shareholders, and Regulators and other stakeholders for their support during the year. The collective efforts, enthusiasm and expertise are driving this Bank forward as we continue to grow to become one of the major players in the financial sector of the country.

Thank you,

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

Significant Achievements

The Bank has recorded a growth of 44% in the Risk Assets as compared to the last fiscal year.

Likewise, deposits witnessed a growth of 27% during the period.



The NMB Bank Board of Directors are pleased to present their report together with Balance sheet, Profit and Loss Account, Cash Flow statement for the year ended 16th July 2011. This report is in conformity with provisions of the Company Act 2063 and Banks & Financial Institutions Act 2063 including the directives issued by Nepal Rastra Bank.

NMB Bank has delivered another solid performance during the FY 2010/2011, despite array of challenges viz. continuing political uncertainty, the deepening liquidity crunch etc. Regardless of the adverse economic situation of the country, the Bank has successfully generated Net Profit of NPR 221.50 million. An increase in the Net Profit after tax of 39% as compared to the last fiscal year which is commendable amid current business environment.

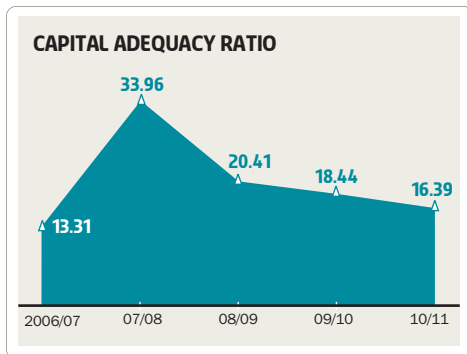
The Bank has recorded a growth of 44% in the Risk Assets as compared to the last fiscal year. Likewise, deposits witnessed a growth of 27% during the period. Despite the growth in risk assets the Bank has been able to manage the

credit portfolio better as a result of which the loan loss provision has reduced by 9.24% to NPR 36.53 million from NPR 40.25 million last year. Similarly the ratio of Non-performing credit to total credit has reduced from 0.70 to 0.27, which is amongst the best in the industry. The provisions made are adequate to cover all the possible credit losses of the Bank as of the balance sheet date.

The Bank's overall liquidity position has also remained at comfortable level. The liquidity ratio of the Bank is 29.9%, which is being strictly monitored by the Central Bank during the year.

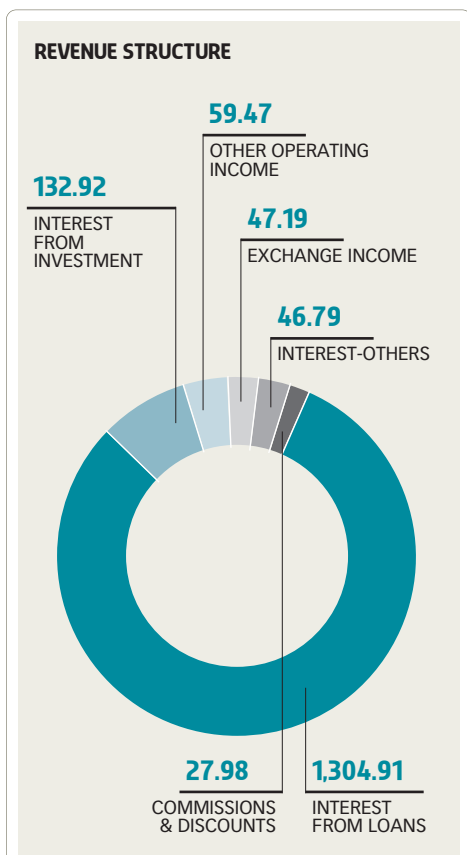
FINANCIAL HIGHLIGHTS

NPR (In million)	16-Jul-11	16-Jul-10	% change
Total Deposits	12,866	10,110	27.25
Total Loan	11,343	7,931	44
Total Investments	2,614	2,716	(3.72)
Total Operating Income	573	446	28.57
Total Operating Expenses	215	164	29.04
Operating Profit	321	241	34.55
Net Profit	221	159	38.55
Paid Up Capital	2,000	1,651.65	21.09
Capital Adequacy Ratio	16.39%	18.44%	(2.05)



CAPITAL ADEQUACY

The capital position remains strong as per the standards laid down by BASEL II with the capital adequacy ratio of 16.39% as on 16th July 2011 exceeding the 10% capital adequacy requirement stipulated by the Central Bank.



REVENUE

Despite squeeze in the exchange spread due to stiff competition, the bank has remarkably increased foreign exchange income by NPR 24.19 million, an increase of 106% as compared to last FY. The fees and other income decreased by 45 percent to NPR 27.9 million and other operating income have also decreased by 11 percent to NPR 59.47 million compared to previous year.

With increasing branch network and ever growing business area, the operating cost also increased by 29% to 212.01 million compared to 162.30 million during last year. Furthermore, staff expenses increased by 42% to NPR 79.11 million due to increase in the number of staffs for existing as well and new branches and units. Besides, other operating expenses also increased by 26 % to NPR 136.39 million as a result of opening of new branches and increase in the business volume. However, the Bank has maintained cost-to-income ratio at 39.96% evidencing satisfactory operational efficiency of the bank.

The Bank believes in developing internal and external efficiency by prudent use of technology. The Bank will continue to invest in technology.



CAPITAL STRUCTURE

During the FY 2010/11, the Bank has increased its paid up capital to NPR 2 billion from NPR 1.65 billion through issuance of right share. The Bank has managed to generate NPR 10,078 thousand as a share premium on account of sale of unsubscribed right shares through auction.

BRANCH NETWORK

In line with the Bank's strategy to expand our footprints for serving our customers, the Bank added 3 new branches during the year viz. Dipayal Silgadi (Doti), Kirne (Dolakha) and Birgunj (Parsa) taking its number of branches to 18.

In addition to the new branches, services are being also extended through 13 ATMs; the Bank added 4 new ATMs at Lubhoo (Lalitpur), Pepsicola (Kathmandu), New Baneshwor (Kathmandu) and Nepalgunj (Banke).

FUTURE PLANS

The Bank will continue to focus on providing superlative financial solutions to our customers through innovative products and services and will expand the working scope of the Bank, and also improvise services related to Insurance, Branchless Banking, Mobile Banking and other related areas.

NMB Bank will harmonize the work of the subsidiary company, NMB Capital Limited by synergizing efforts in development of capital market to tap the opportunities in the changing environment. Further, the Bank will continue to expand banking

services to the as-yet-unreached sections of the society by adhering to the monetary policy of the Nepal Rastra Bank. In this effort, the Bank will also increase its investment in productive sectors by focusing on Micro-finance lending. The Bank plans to expand scope of business in microfinance unit and will join hands with other banks to establish a national level microfinance bank.

The Bank believes in developing internal and external efficiency by prudent use of technology. The Bank will continue to invest in technology.

INTERNAL CONTROL SYSTEM

There is a separate Internal Audit Department in the Bank headed by Head-Compliance, who reports to the Audit Committee and is responsible for monitoring compliance with Nepal Rastra Bank directives and guidelines. Similarly, the Compliance Department of the Bank ensures effective implementation of law, rules and regulations.

In the banking industry, banks are exposed to various kinds of operational, credit and market risks. For the purpose of minimizing such risks, the Bank has set up dedicated units viz. Operational Risk Management Department, Credit Risk Management Department and Asset and Liability Management Committee headed by the senior officials of the Bank. Their responsibility is to identify, assess and monitor all of the Bank's principal risks in accordance with well defined policies, procedures and guidelines of the Bank.

AUDIT COMMITTEE

In FY 2010/11, there were no changes in the audit committee of the bank as from the previous year. The Committee comprises of three members including two Non-Executive Directors: Ms Shanti Byahut, who continues as Convener of the Committee, Mr. Harischandra Subedi and the Compliance Officer of the Bank as the Member Secretary.

The Committee governed by detailed Terms of Reference approved by the Bank Board, is responsible for the Bank's financial conditions, internal controls and audit issues. It also provides guidelines and feedback to the management.

The Bank has appointed two reputed firms M/S G.P. Rajbahak & Co. and M/S T.R. Upadhy & Co. for internal and external audit purpose respectively. All the comments of the auditors were discussed extensively in the audit committee and recommended to the Board for further instruction to the Management. No adverse comments were recorded in the reports.

CORPORATE GONERNANCE

We place high priority on stakeholders' interest and statutory compliance. The Bank has a separate Compliance Department to oversee compliance on internal control procedures in line with its policies, procedures and regulatory requirements.

There are altogether 8 non-executive directors in the Board including Mr. Pawan Kumar Golyan, the Chairman, Mr. Atma Ram Murarka, Mr. Purushotam Lal Sanghai and Ms. Shanti Byahut representing the promoters. Ms. Rita Pant continues to represent the Board as an independent Professional Director. Among the Public Directors are Mr. Harischandra Subedi, Mr. Deepak Narasinha Shrestha and Prof. Dr. Hari Prasad Shrestha.

BOARD MEETINGS HELD DURING THE FISCAL YEAR

During the review period, a total of 17 board meetings were held.

Directors	Meetings Attended
Mr. Pawan Kumar Golyan (Chairman)	17
Mr. Atma Ram Murarka	15
Mr. Purushotam Lal Sanghai	8
Ms. Shanti Byahut	17
Ms. Rita Pant	17
Mr. Harischandra Subedi	17
Prof. Dr. Hari Prasad Shrestha	9
Mr. Deepak Narsinha Shrestha	15

The management during the review period was led by Mr. Upendra Poudyal, Chief Executive Officer, who has been playing the role of Company Secretary as well. Following table presents the details regarding allowances paid to the members of Executive Committee during the period.

REMUNERATION PAID TO EXECUTIVE COMMITTEE MEMBERS

Details	Chief Executive officer	Other Officials of Executive Committee
Salary	5,040,000	6,070,100
Allowances	3,360,000	3,359,687
Dashain Bonus	700,000	791,600
Provident fund	504,000	607,010
Total Amount	9,604,000	10,828,397
Number	1	6

DETAILS OF SHAREHOLDINGS BY THE DIRECTORS OF THE BANK

Name	Total Number of Shares
Mr. Pawan Kumar Golyan (Chairman)	770,257
Mr. Atma Ram Murarka	770,257
Mr. Purushotam Lal Sanghai	770,256
Ms. Shanti Byahut	267
Ms. Rita Pant	477
Mr. Harischandra Subedi	952
Prof. Dr. Hari Prasad Shrestha	381
Mr. Deepak Narasinha Shrestha	400

NEW BUSINESS INITIATIVES

Fresh business efforts undertaken during the fiscal year principally aim to impart value and comfort to our increasing clientele, derive associated benefits and realize the strategic vision of escalating the Bank to a sustainable growth path. Such efforts are listed as follows:

- The Bank in the continuous pursuit of introducing new products and services to the customers, offered five

different products, viz. NMB Bank Shahuliyat Mahila Bachat, NMB Bank Education Plan, NMB Bank Local Bachat , NMB Bank Samriddha Bachat and NMB Bank Bishesh Bachat.

- The Bank has started retailing of micro-finance related loans to the individual customers. Previously the Bank lent to institutional borrowers only under this segment.
- The Bank has implemented Data Protection Manager (DPM) software for recovering from any event that may hamper normal services of the Bank by the way of system or technological failure. The software also provides backup services.
- The Bank has joined hands with some of the banks and financial institutions to provide Local Cash Management Services. Through this service our customers can deposit and withdraw from other banks and financial institutions with which the Bank has such arrangements. Likewise, customers of other banks and financial institutions can also deposit and withdraw from our Bank.
- NMB has set up a new 'Bancassurance' unit that provides insurance services for both life and non-life to our customers. The Bank has made an arrangement with various leading insurance companies to provide insurance policies instantly to the Bank's customers from any branch/unit of the Bank.

ADDITIONAL DISCLOSURE

- **Details of shares forfeited by the Bank:**
No shares have been forfeited during the year
- **Amount, if any, outstanding and payable to the company, any director, managing director, chief executive, substantial shareholder or his/ her close relative or by any firm company, corporate body in which he/she is involved-**

Details	Outstanding loan amount as on 16th July 2011
Himali Pashmina Udhyog	50,000,000
Shakti Kumar Golyan	24,800,892
United Distributor (Nepal) Pvt. Ltd.	73,924,153
Anuj Agrawal	59,699,379
Vishal Enterprises Nepal Pvt. Ltd.	34,965,704
Rameshwor Housing And Developers	9,734,000

- **Information on unclaimed dividends distributed by the Bank:**
Out of the total dividend distributed by the Bank for the FY 2000/01, 2001/02, 2002/03, 2003/04, 2006/07 and 2009/10, NPR 13.6 million has remained unclaimed. All the shareholders are requested to contact the Bank to collect their dividend.
- **Financial report of the subsidiary company of the Bank, and its review as of July 2011:**
The Bank has established a solely owned subsidiary company-NMB Capital Limited (NMBCL) with a capital of NPR 70 million to carry out the investment banking activities during the FY 2010/11.

NMBCL has declared 10 % cash dividend during the review period which will be included in the Bank's income in the next FY as per the accounting standards of Nepal.

- **The major transactions of the Bank and its subsidiary company, and important changes, if any, recorded during the period:**

The Bank has promoted NMB Capital Ltd, an independent subsidiary company for investment banking purposes, and invested in 70 percent of the equity capital.

After obtaining authorization for the NMB Capital Ltd from the Securities Board of Nepal in September 2010, separate books of account for the company has been adopted.

- **Disclosures made by the Basic Shareholders to the Bank:**
There have been no disclosures made by the basic shareholders of the Bank during the year.
- **Any information, if available, on the conflict of interest related to the management during the period under review:** None

- **Details if the Bank has acquired its own shares:**
No such information available
- **Industrial or professional business relationship of the Bank:**
The Bank has been able to maintain healthy professional relationship with its customers, regulators and other stakeholders and is consistent with the existing laws/directives formulated by the government and the regulators. The Bank has also made necessary disclosures.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere gratitude to all our valued shareholders, customers and well-wishers for their invaluable support and cooperation. I would also like to thank our management team and staff for their untiring efforts to deliver excellent result.

The Board is also thankful to Nepal Rastra Bank, Government of Nepal, Securities Board of Nepal (SEBON), Nepal Stock Exchange (NEPSE) for their valuable support and guidance during the period.

Pawan K. Golyan
CHAIRMAN
NMB BANK LTD.

SUBSIDIARY

Unfolding Yet Another Chapter

NMBCL is equally responsible in catering the motto of its parent company NMB Bank – “Customer Care Our Religion”.



NMB Capital Limited (NMBCL) establishment relates to the full service of erstwhile Investment Banking Department of NMB Bank Limited (NMB). The brand NMB built its capacity as a leading Investment Banker in the country.

To professionally perform investment banking services, an area different from core banking activities, NMBCL was established as a wholly owned subsidiary of NMB to expand by offering new range of financial and investment banking products to the market: NMBCL formally started its operation from September 17, 2010.

It is a licensed institution by Securities Board of Nepal (SEBON) for the management of public offering and underwriting of securities, providing trusteeship services for issuance of bonds, debentures and other marketable securities. It is also licensed to provide ancillary services for administration of stocks to the issuing companies like Registrar to Shares, Debentures and Bonds to the unit holders. NMB is one of the pioneers in providing investment banking services introducing innovative products, adaptation to technological changes, supporting regulators to implement and improve the policies and procedures for betterment of processes and stronger compliance framework for sustainable market growth. In fact, we have positioned ourselves as a market leader of the country by managing more than 150 public issues so far.

NMBCL is extensively working for introducing new financial and investments products like mutual funds, valuation of

securities, management of private placements, private equity and venture capital, consultancy related services like investment advisory services, offering customized portfolio management services, etc. The Nepalese capital market can be considered to be still at a primitive stage in comparison to the global market operations. In this regard, SEBON is expected to bring new regulations to increase the scope and breadth of the Nepalese Capital market. The investment banking business is expected to prosper with the new openings which shall drive the Nepalese capital market into new heights. The initiatives like Central Depository System can be taken as an effort to create structural infrastructure support for new market openings. NMBCL is committed to continue to be a part in development of capital market in Nepal. Our history, prudence, experience and dedication is our asset to maintain our leadership position. We shall keep on offering new and innovative products to the market and play a vital role on market developments.

NMBCL believes in building long term relationships by providing innovative solutions and seamless services; we call it “Progress through Partnership” and “Benefit from our Experience”. NMBCL is equally responsible in catering the motto of its parent company NMB Bank – “Customer Care Our Religion”. ■

Customer Care our Religion

It has been widely recognized that an organisation's success rests on how it understands the needs of its customers and how it responds to those needs. Keeping this in view, we at NMB Bank, have set a standard for service excellence where we intend to give optimum satisfaction to the customers and get their loyalty in return. Our customers are at the heart of our business strategy. We are committed toward superior services at all time hence each customer grievance is considered in totality to further our cause towards service excellence.

With a motto as 'Service Excellence' a concrete standard has been set to regularly measure how well these standards are being met. We continuously seek modern and effective ways to meet demands of our customers and also believe that we have met the expectation of our customers most of the time. The bottlenecks/deterrents are removed after each review to make 'service excellence' a reality. Monitoring of the service standard is therefore a continuous process and the Management accords priority in revising the process in the cases where it does not work.

We ensure that each individual across the organization understands and is committed to the 'service excellence' in

every banking area and are expected to deliver all time. We have and will continue to recruit highly focused people who take it in their stride to understand each need of the customer at every wake of the hour.

Powerful vision for service excellence alone is not enough; it must be executed with perfection hence the Bank is well equipped with latest technology and excellent resources in delivering the goal. We, at NMB Bank, are dedicated to our customers in delivering 'Service Excellence'. We are also confident that with mantra 'Service Excellence', banking experience at NMB Bank for each customer is par excellence. ■

We at NMB Bank are dedicated to our customers in delivering 'Service Excellence'.



People Matters

We believe that we can achieve the desired results and meet our goals because of our skilled and committed human resources.



We owe our progress and success to our staff, shareholders, customers and business partners. We are grateful to our customers and business partners for the confidence reposed on us by them and look forward to the same kind of support from all in days to come. We are committed to have a continuous effort in providing one full-stop service to our customers thriving on our principles of innovation, entrepreneurship and sustainable approach to banking relationships. We are a group with diversified business catering to the diverse sectors and lives across the nation. We are committed to our people and to the nation.

Our staff from diverse backgrounds work synergistically to bring about desired outcomes. We believe that we can achieve the desired results and meet our goals because of our skilled and committed human resources. It is the effort of each staff that has enabled the Bank to achieve success as of date.

The Bank recognizes the value of its staff and the need to develop them into people capable of delivering high standards of service. The bank attributes the credit for its continued superior performance to the remarkable talents within the Bank. The staff recruitment process is transparent

and it has been developed to select the best talent irrespective of caste, creed and gender. The Bank supports the lasting success of its business model from a human resource perspective by systematically investing in training of its employees. The Bank believes that training is a necessary investment and an effective tool to enhance knowledge and skills. Hence the Bank follows a policy of continuous training, development and re-education through internal and external trainings and regular feedback. The Bank also takes special care in hiring local staff depending on the location of its branches. ■

Enhancing Social Wellbeing

NMB Bank has also been going beyond its core banking services to contribute to the society. Since the last 15 years the Bank has been continuously providing value-added products and services to its clients, promoting a corporate culture that adheres to the highest ethical standards and shouldering on social issues beyond banking.

The Bank values the community where it operates and has been responsible in enhancing the social well being of the community through various programs and contributions. Since its inception, some of the acknowledgeable responsibilities towards the society taken by the Bank are towards healthcare, culture, education, construction, heritage preservation, support casualties during the natural calamities, donations, scholarship programs and many more social activities.

This year, keeping in mind the proverb "Happiness lies, first of all, in health" the Bank greatly focused on the healthcare of the people to value that a healthy life is a happy life which results to social and economic well being of the people. The Bank in association with Venus International Hospital, Kathmandu and Manipal Teaching Hospital, Pokhara organized free health camps and medicine distribution through the Bank's various branches. In Kathmandu valley, the health camp was carried out from

branches at Babarmahal, Chabahil, New Road, and Thaiba. The health camps lasted from one to three days where around 1,242 people benefitted. The people visiting the health camp were provided free health checkup and also received free medical services and counseling from specialist doctors.

Further contributing to the society, the Bank financially supported one of the outstanding children in a school to pursue further education. The Bank has been funding the orphanage - Pranabananda Ashram since last several years. Pranabananda Ashram is a care center for destitute children coming from different parts of the country.

The Bank values the society in which it functions and like any other corporate organizations, the Bank continuously works for the social wellbeing of the community. The Bank will continue to serve for the betterment of the society. ■

"Happiness lies, first of all, in health" NMB Bank greatly focused on the healthcare of the people to value that a healthy life is a happy life which results to social and economic wellbeing of the people.



Outreaching the Needy One

We share the pride of the development of microfinance sector in Nepal and our contribution in the sector for the last three years have been conspicuously visible with the successful partnership with development organizations including governmental and non-governmental entities.

One major achievement through MFU has been the contribution to the empowerment of women in indigent areas.



Amid country's current economic transformation, we believe that it is of paramount importance to reach out to the financially under-privileged people of our country in assisting and making them aware of their potential in skill development and utilizing such skills to be financially self sufficient and understand the importance of their role in the economic growth of their home, society and the country.

Ever since its evolution as a commercial bank, the Bank has placed microfinance as a priority sector. We have an independent Micro Finance Unit (MFU) and its primary focus is to take our services to the marginalized and unbanked segment, typically in rural and suburban areas of the country. Currently, this objective is being attained in several ways including strategic tie ups with several development organizations, direct sales of banking services to individuals or group, wholesale lending etc. By providing wholesale lending through MFUs, the Bank has been able to serve the financial needs of people that might not have come in contact to the Bank directly. The Bank provides collateral/non-collateral loan to clients on group guarantee basis, with reasonable interest rate, which enables them to initiate productive income generating activities on their own. The beneficiaries of our services are usually

self-employed – farmers, household entrepreneurs, artisans, small retail shops etc, who fall in the low income stratum, and do not have access to other formal financial institutions. One major achievement through MFU has been the contribution to the empowerment of women in indigent areas. The Bank provides finances, as well as encourages skill building activities for women, which gives them a sense of existence and identity, increases their awareness level, and helps them to attain some level of financial independence.

Further, lending is not the end result but the vehicle of microfinance for other banking services. Through microfinance the Bank is also providing other banking services to the impoverished segment. It is a new challenge to the Bank to successfully diversify its microfinance activities viz. micro savings, insurance and money transfer etc. It offers a unique opportunity for tapping in the small money reserves that are currently an uncharted territory of financial market. Our Bank believes that by providing financial services to the poor and marginalized sector, we are contributing in the individual/household's long term increase in income and consumption, which in turn uplifts their standard of living; and thus contributes to the overall economic development of the nation. ■

Balancing Risk & Return

There is a tradeoff between risk and return, but effective risk management balances risk and return by capitalizing on opportunities and avoiding unnecessary risk exposure. While carrying out its activities, the Bank is exposed to various risks. The Bank always ensures effective risk management through continuously identifying, measuring and monitoring the risks. The Bank has independent units for minimizing exposed risk.

CREDIT RISK MANAGEMENT

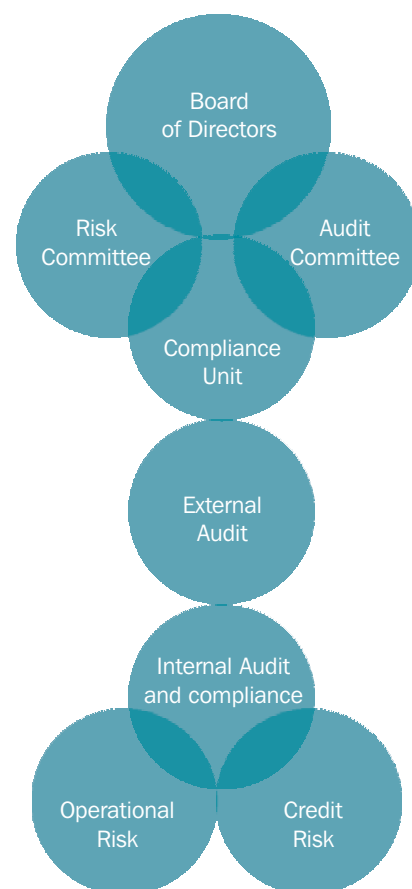
Economic slowdown, bearish securities market, stumbling realty sector has exposed greater risks to the Bank. For promising a secured investment the Bank's Credit Risk Management Unit is responsible to indentify and measure the credit risk. In the process of controlling and mitigating the possible risks each and every credit products are classified into different categories as per Central Bank guidelines. The Bank is also sensitive towards minimizing the concentration risk.

Each credit exposure from the individual level to large project is scrutinized in a one by one process. As every business is directly affected by one or the other external and internal factors exposing various types of external and internal risks such as Market Risk, Business/Management Risk, Financial Risk etc, all such risk are identified, measured and mitigation measures initiated by the business is further analyzed by the Credit Risk Management. After thorough analysis of the above factors, appropriate risk

control measures in the form of financial and non-financial covenants are applied so as to minimize the associated risk with the proposed exposure. Finally, based on the above facts and figures appropriate decision is taken for the proper management of the credit risks.

OPERATIONAL RISK MANAGEMENT

'Operational risk' is event or action resulting in failure of internal process, people, system and external events. The failure to manage operational risk can expose the bank to significant financial losses. 'Operational Risk Procedures' has therefore been devised by the Bank to ensure that these risks are addressed in time. To this end, 'Operational Risk Unit' has been set up which is an independent unit with the responsibility of setting polices and standards for operational risk and also ensures effective implementation of the same across the Bank. The unit also carries out 'Assurance Reviews' of all Units/Branches' to provide assurance to the Management and the Board of effective controls adapted by all Units.



To create accountability on risks management, Committees has been established which oversee an entire process of risk identification to risk resolution.

Operational Risk Committee (ORC)

All Unit Heads are the members of this committee which meets once a month, chaired by CEO. All the Medium and High risks identified at the unit levels are escalated and discussed in ORC. The risk issues are monitored by ORC till the issue is satisfactorily resolved.

Risk Management Committee (RMC)

A high level Risk Management Committee has been formed with a non -Executive Director as the Chairperson with Chief Operating Officer, Head Credit Risk, and Head Compliance, Operational Risk & Audit being the members. It meets at least once every quarter.

The Committee also oversees 'High' risk issues till its resolution amongst other responsibilities.

For effective management of 'Risk' awareness amongst the staff is important, without adequate trainings, staff may not be in a position to carry out their roles and responsibilities hence the Bank arranges for regular trainings both in-house and external.

With Risk structure as above in place, the Bank provides assurance to all its stakeholders of effective management of risks in the Bank. ■

Independent Auditor's Report

The Shareholders of NMB Bank Limited

We have audited the accompanying financial statements of NMB Bank (the "Bank") which comprise the balance sheet as at 16 July 2011, and the profit and loss account, statement of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of

the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE REQUIREMENTS OF THE COMPANIES ACT 2063, BANK AND FINANCIAL INSTITUTION ACT 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the profit and loss account and the cash flow statement, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of account of the Bank; and proper books of account as required by law have been kept by the Bank. In our opinion the returns received from the branches were adequate for the purpose of the audit though the statements are independently not audited.

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

To the best of our information and according to explanations given to us and from our examination of the books of account of the Bank necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardise the interest and security of the Bank, its depositors and investors.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 16 July 2011, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with prevailing laws and comply with the provision of the Companies Act 2063, Nepal Rastra Bank Directives and Bank and Financial Institution Act 2063.

Shashi Satyal

Shashi Satyal
PARTNER

T R Upadhy & Co.
Chartered Accountants
Kathmandu, 31 October 2011



Consolidated Balance Sheet

As at July 16, 2011

Amount in NPR

Capital & Liabilities	Current Year	Previous Year
1. Share Capital	2,000,000,000	-
2. Reserve and Funds	219,627,661	-
3. Debentures and Bonds	-	-
4. Borrowings	497,200,000	-
5. Deposits	12,799,493,788	-
6. Bills Payables	92,816,400	-
7. Proposed Dividend	180,000,000	-
8. Income Tax Liabilities	2,610,706	-
9. Other Liabilities	192,276,452	-
Total Liabilities	15,984,025,007	-

Assets	Current Year	Previous Year
1. Cash Balance	264,690,797	-
2. Balance with Nepal Rastra Bank	876,756,594	-
3. Balance with Banks/Financial Institutions	375,599,898	-
4. Money at Call and Short Notice	259,166,634	-
5. Investments	2,612,446,359	-
6. Loans, Advances and Bills Purchased	11,208,573,935	-
7. Fixed Assets	286,372,657	-
8. Non-Banking Assets	-	-
9. Other Assets	100,418,133	-
Total Assets	15,984,025,007	-

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

Pawan Kumar Golyan
CHAIRMAN

Atma Ram Murarka
DIRECTOR

As per our attached report of even date

Purushotam Lal Sanghai
DIRECTOR

Shanti Byahut
DIRECTOR

Harischandra Subedi
DIRECTOR

Rita Pant
DIRECTOR

Dr. Hari Prasad Shrestha
DIRECTOR

Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF-ACCOUNTS

Consolidated Profit and Loss Account

For the period from 17th July 2010 to 16th July 2011

Amount in NPR

Particulars	Current Year	Previous Year
1. Interest Income	1,492,385,078	-
2. Interest Expenses	1,047,082,780	-
Net Interest Income	445,302,298	-
3. Commission and Discount	32,412,130	-
4. Other Operating Income	67,658,019	-
5. Exchange Fluctuation Income	47,190,859	-
Total Operating Income	592,563,306	-
6. Staff Expenses	78,819,128	-
7. Other Overhead Expenses	138,894,877	-
8. Exchange Fluctuation Loss	-	-
Operating Profit Before Provision for Possible Loss	374,849,301	-
9. Provision for Possible Losses	36,531,519	-
Operating Profit	338,317,782	-
10. Non-operating Income/Loss	2,398,182	-
11. Loss Provision Written-Back	25,610,230	-
Profit from Regular Operations	366,326,194	-
12. Profit/Loss from extra-ordinary activities	14,384,942	-
Net Profit after considering all activities	380,711,136	-
13. Staff Bonus Provision	34,610,103	-
14. Provision for Income Tax	116,430,423	-
Current Year	106,006,781	-
Previous Year	-	-
Current Year Deferred Tax Income/(Loss)	10,423,642	-
Net Profit/Loss	229,670,610	-

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

Pawan Kumar Golyan
CHAIRMAN

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DIRECTOR

As per our attached report of even date

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Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF-ACCOUNTS

Consolidated Profit and Loss Appropriation Account

For the period from 17th July 2010 to 16th July 2011

Amount in NPR

Particulars	This Year	Previous Year
Income		
1. Accumulated profit up to the last year	4,432,573	-
2. Current Year's Profit	229,670,610	-
3. Exchange Equalization Fund	-	-
Total	234,103,183	-
Expenses		
1. Accumulated Loss up to the last year	-	-
2. Current Year's Loss	-	-
3. General Reserve	44,300,955	-
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserve Fund	-	-
8. Proposed Dividend	180,000,000	-
9. Proposed issue of Bonus Shares	-	-
10. Special Reserve Fund	-	-
11. Exchange Equalization Fund	3,011,293	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Others	(8,507,863)	-
a) Deferred Tax Reserve	(8,507,863)	-
b) Investment Adjustment Reserve	-	-
Total	218,804,385	-
15. Accumulated Profit/(Loss)	15,298,798	-

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

Pawan Kumar Golyan
CHAIRMAN

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DIRECTOR

As per our attached report of even date

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DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF-ACCOUNTS

Consolidated Cash Flow Statement

For the period from 17th July 2010 to 16th July 2011

Amount in NPR

Particulars	This Year	Previous Year
(a) Cash flow from Operating Activities	90,756,904	-
1. Cash Received	1,549,685,785	-
1.1 Interest Income	1,376,023,909	-
1.2 Commission and Discount Income	31,470,805	-
1.3 Income from foreign exchange transaction	47,190,859	-
1.4 Recovery of Loan written off	-	-
1.5 Other Income	95,000,212	-
2. Cash Payment	1,458,928,881	-
2.1 Interest Expenses	1,056,689,102	-
2.2 Staff Expenses	78,819,128	-
2.3 Office Overhead Expenses	139,457,896	-
2.4 Income Tax Paid	113,891,599	-
2.5 Other Expenses	70,071,156	-
Cash Flow before changes in Working Capital	(942,091,970)	-
Increase/(Decrease) of Current Assets	(3,117,365,209)	-
1. (Increase)/Decrease in Money at Call and Short Notice	323,142,157	-
2. (Increase)/Decrease in Short-term Investment	(67,500,000)	-
3. (Increase)/Decrease in Loan and Bills Purchase	(3,400,455,248)	-
4. (Increase)/Decrease in Other Assets	27,447,882	-
Increase/(Decrease) of Current Liabilities	2,175,273,239	-
1. Increase/(Decrease) in Deposits	2,688,804,057	-
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	116,944,734	-
4. Increase/(Decrease) in Other Liabilities	(630,475,552)	-
(b) Cash flow from Investment Activities	280,121,060	-
1. (Increase)/Decrease in Long-term Investment	171,010,759	-
2. (Increase)/Decrease in Fixed Assets	(31,077,878)	-
3. Interest income from Long-term Investment	140,187,079	-
4. Dividend Income	1,100	-
5. Others	-	-

Contd...Consolidated Cash Flow Statement

Contd...Consolidated Cash Flow Statement

Particulars	This Year Rs.	Previous Year Rs.
(c) Cash flow from Financing Activities	358,427,915	-
1. Increase/(Decrease) in Long-term Borrowings (Bond, Debentures etc.)	-	-
2. Increase/(Decrease) in Share Capital	348,350,000	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Increase/(Decrease) in Share Premium	10,077,915	-
(d) Income/Loss from change in exchange rate in Cash and Bank Balances	-	-
(e) Current Year's Cash Flow from All Activities	(212,786,091)	-
(f) Opening Balance of Cash and Bank Balances	1,729,833,380	-
(g) Closing Balance of Cash and Bank Balances	1,517,047,289	-

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

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Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF-ACCOUNTS

Consolidated Statement of Changes in Equity

For the period from 17th July 2010 to 16th July 2011

Particulars	Amount in NPR									
	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve Fund	Share Premium	Exchange Equalization Fund	Deferred Tax Reserve	Investment Adjustment Reserve	Other Reserve and Fund	Total Amount
Opening Balance	1,651,650,000	4,432,573	141,758,791	-	-	3,403,149	8,507,863	1,776,760	-	1,811,529,136
Balance	1,651,650,000	4,432,573	141,758,791	-	-	3,403,149	8,507,863	1,776,760	-	1,811,529,136
Adjustments										
Right Shares	332,236,140	-	-	-	-	-	-	-	-	332,236,140
Auction of Right Shares	16,113,860	-	-	-	-	-	-	-	-	16,113,860
Share Premium	-	-	-	-	10,077,915	-	-	-	-	10,077,915
Current Year's Net Profit	-	229,670,610	-	-	-	-	-	-	-	229,670,610
General Reserve	-	(44,300,955)	44,300,955	-	-	-	-	-	-	-
Exchange Equalization Fund	-	(3,011,293)	-	-	-	3,011,293	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	8,507,863	-	-	-	-	(8,507,863)	-	-	-
Proposed Dividend	-	(180,000,000)	-	-	-	-	-	-	-	(180,000,000)
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-
Closing Balance	2,000,000,000	15,298,798	186,059,746	-	10,077,915	6,414,442	-	1,776,760	-	2,219,627,661

Balance Sheet

As at July 16, 2011

Amount in NPR

Capital & Liabilities	Schedule	Current Year	Previous Year
1. Share Capital	4.1	2,000,000,000	1,651,650,000
2. Reserve and Funds	4.2	211,461,825	159,879,137
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	497,200,000	380,255,266
5. Deposits	4.5	12,866,221,928	10,110,689,731
6. Bills Payables	4.6	2,838,460	9,531,335
7. Proposed Dividend		180,000,000	150,150,000
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	190,469,832	764,422,924
Total Liabilities		15,948,192,045	13,226,578,393

Assets	Schedule	Current Year	Previous Year
1. Cash Balance	4.8	264,687,523	239,918,098
2. Balance with Nepal Rastra Bank	4.9	876,756,594	522,557,690
3. Balance with Banks/Financial Institutions	4.10	352,442,823	967,357,592
4. Money at Call and Short Notice	4.11	259,166,634	582,308,791
5. Investments	4.12	2,614,946,359	2,715,957,118
6. Loans, Advances and Bills Purchased	4.13	11,208,573,935	7,808,118,687
7. Fixed Assets	4.14	276,548,622	255,294,779
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	95,069,555	135,065,638
Total Assets		15,948,192,045	13,226,578,393

Contingent Liabilities	Schedule	4.17
Declaration of Directors	Schedule	4.29
Statement of Capital Fund	Schedule	4.30(A1)
Statement of Credit Risk	Schedule	4.30 (B)
Statement of Credit Risk Mitigation	Schedule	4.30 (C)
Statement of Operation Risk	Schedule	4.30 (D)
Statement of Market Risk	Schedule	4.30 (E)
Principal Indicators	Schedule	4.31
Principal Accounting Policies	Schedule	4.32
Notes to Accounts	Schedule	4.33
Statement of Promoter's Loan	Schedule	4.34
Comparative Report of Unaudited and Audited Financial Result	Schedule	4.35
Unaudited Financial Results	Schedule	4.36

Schedules 4.1 to 4.17 and 4.32, 4.33 are integral parts of this Balance Sheet.

Uendra Poudyal
CHIEF EXECUTIVE OFFICER

Pawan Kumar Golyan
CHAIRMAN

Atma Ram Murarka
DIRECTOR

As per our attached report of even date

Purushotam Lal Sanghai
DIRECTOR

Shanti Byahut
DIRECTOR

Harischandra Subedi
DIRECTOR

Shashi Satyal, FCA
PARTNER
T.R. Upadhy & Co.
Chartered Accountant

Rita Pant
DIRECTOR

Dr. Hari Prasad Shrestha
DIRECTOR

Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF - ACCOUNTS

Profit and Loss Account

For the period from 17th July 2010 to 16th July 2011

Particulars	Schedules	Amount in NPR	
		Current Year	Previous Year
1. Interest Income	4.18	1,492,385,078	866,182,436
2. Interest Expenses	4.19	1,053,450,938	559,544,023
Net Interest Income		438,934,140	306,638,413
3. Commission and Discount	4.20	27,982,688	49,952,632
4. Other Operating Income	4.21	59,471,772	66,524,327
5. Exchange Fluctuation Income	4.22	47,190,859	23,006,185
Total Operating Income		573,579,459	446,121,557
6. Staff Expenses	4.23	75,614,266	55,958,441
7. Other Overhead Expenses	4.24	136,395,362	108,342,515
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		361,569,831	281,820,601
9. Provision for Possible Losses	4.25	36,531,519	40,253,447
Operating Profit		325,038,312	241,567,154
10. Non-operating Income/Loss	4.26	3,902,526	1,983,377
11. Loss Provision Written-Back	4.27	25,610,230	4,006,036
Profit from Regular Operations		354,551,068	247,556,567
12. Profit/Loss from extra-ordinary activities	4.28	14,384,942	1,005,055
Net Profit after considering all activities		368,936,010	248,561,622
13. Staff Bonus Provision		33,539,637	22,596,511
14. Provision for Income Tax		113,891,599	66,094,621
Current Year		103,396,075	69,892,552
Previous Year		-	-
Current Year Deferred Tax Income/(Loss)		10,495,524	(3,797,931)
Net Profit/Loss		221,504,774	159,870,490

Schedule No. 4.18 to 4.28 are integral parts of this Profit and Loss Account.

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

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CHAIRMAN

Atma Ram Murarka
DIRECTOR

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Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF - ACCOUNTS

Profit and Loss Appropriation Account

For the period from 17th July 2010 to 16th July 2011

Particulars	Schedules	Amount in NPR	
		This Year	Previous Year
Income			
1. Accumulated profit up to the last year		4,432,573	46,637,588
2. Current Year's Profit		221,504,774	159,870,490
3. Exchange Equalization Fund		-	-
Total		225,937,347	206,508,078
Expenses			
1. Accumulated Loss up to the last year		-	-
2. Current Year's Loss		-	-
3. General Reserve		44,300,955	31,974,098
4. Contingent Reserve		-	-
5. Institutional Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Staff Related Reserve Fund		-	-
8. Proposed Dividend		180,000,000	150,150,000
9. Proposed issue of Bonus Shares		-	11,294,061
10. Special Reserve Fund		-	-
11. Exchange Equalization Fund		3,011,293	3,082,655
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	-
14. Others		(8,507,863)	5,574,691
a) Deferred Tax Reserve		(8,507,863)	3,797,931
b) Investment Adjustment Reserve		-	1,776,760
Total		218,804,385	202,075,505
15. Accumulated Profit/(Loss)		7,132,962	4,432,573

Upendra Poudyal
CHIEF EXECUTIVE OFFICER

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Shanti Byahut
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Harischandra Subedi
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Shashi Satyal, FCA
PARTNER
T.R. Upadhyaya & Co.
Chartered Accountant

Rita Pant
DIRECTOR

Dr. Hari Prasad Shrestha
DIRECTOR

Deepak Narasinha Shrestha
DIRECTOR

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF - ACCOUNTS

Cash Flow Statement

For the period from 17th July 2010 to 16th July 2011

Amount in NPR

Particulars	This Year	Previous Year
(a) Cash flow from Operating Activities	88,588,097	53,374,316
1. Cash Received	1,538,011,418	906,163,873
1.1 Interest Income	1,359,469,501	759,915,350
1.2 Commission and Discount Income	27,982,688	49,952,632
1.3 Income from foreign exchange transaction	47,190,859	23,006,185
1.4 Recovery of Loan written off	-	1,005,055
1.5 Other Income	103,368,370	72,284,652
2. Cash Payment	1,449,423,321	852,789,557
2.1 Interest Expenses	1,053,450,938	559,544,023
2.2 Staff Expenses	75,614,266	55,958,441
2.3 Office Overhead Expenses	136,395,362	108,342,515
2.4 Income Tax Paid	113,891,599	66,094,621
2.5 Other Expenses	70,071,156	62,849,958
Cash Flow before changes in Working Capital	(895,636,045)	(5,244,129,007)
Increase/(Decrease) of Current Assets	(3,037,317,008)	(2,236,514,711)
1. (Increase)/Decrease in Money at Call and Short Notice	323,142,157	293,218,587
2. (Increase)/Decrease in Short-term Investment	-	(5,959,349)
3. (Increase)/Decrease in Loan and Bills Purchase	(3,400,455,248)	(2,613,908,020)
4. (Increase)/Decrease in Other Assets	39,996,083	90,134,071
Increase/(Decrease) of Current Liabilities	2,141,680,963	(3,007,614,296)
1. Increase/(Decrease) in Deposits	2,755,532,197	3,232,782,295
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	116,944,734	66,294,718
4. Increase/(Decrease) in Other Liabilities	(730,795,968)	(6,306,691,309)
(b) Cash flow from Investment Activities	212,673,593	(783,378,271)
1. (Increase)/Decrease in Long-term Investment	101,010,759	(858,393,642)
2. (Increase)/Decrease in Fixed Assets	(21,253,843)	(31,480,803)
3. Interest income from Long-term Investment	132,915,577	106,267,085
4. Dividend Income	1,100	229,089
5. Others	-	-

Contd...Cash Flow Statement

Contd...Cash Flow Statement

Particulars	This Year	Previous Year
(c) Cash flow from Financing Activities	358,427,915	223,617,221
1. Increase/(Decrease) in Long-term Borrowings (Bond, Debentures etc.)	-	-
2. Increase/(Decrease) in Share Capital	348,350,000	76,858,650
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Increase/(Decrease) in Share Premium	10,077,915	146,758,571
(d) Income/Loss from change in exchange rate in Cash and Bank Balances	-	-
(e) Current Year's Cash Flow from All Activities	(235,946,440)	(5,750,515,741)
(f) Opening Balance of Cash and Bank Balances	1,729,833,380	7,480,349,121
(g) Closing Balance of Cash and Bank Balances	1,493,886,940	1,729,833,380

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DIRECTOR

T.R. Upadhy & Co.
Chartered Accountant

Date : 31 October, 2011

Place : NMB Bhawan, Babar Mahal, Kathmandu

Pradeep Pradhan
CHIEF OPERATING OFFICER

Alok Shrestha
CHIEF - ACCOUNTS

Statement of Changes in Equity

For the period from 17th July 2010 to 16th July 2011

Particulars	Amount in NPR									
	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve Fund	Share Premium	Exchange Equalization Fund	Deferred Tax Reserve	Investment Adjustment Reserve	Other Reserve and Fund	Total Amount
Opening Balance	1,651,650,000	4,432,573	141,758,791	-	-	3,403,149	8,507,863	1,776,760	-	1,811,529,136
Balance	1,651,650,000	4,432,573	141,758,791	-	-	3,403,149	8,507,863	1,776,760	-	1,811,529,136
Adjustments										
Right Shares	332,236,140	-	-	-	-	-	-	-	-	332,236,140
Auction of Right Shares	16,113,860	-	-	-	-	-	-	-	-	16,113,860
Share Premium	-	-	-	-	10,077,915	-	-	-	-	10,077,915
Current Year's Net Profit	-	221,504,774	-	-	-	-	-	-	-	221,504,774
General Reserve	-	(44,300,955)	44,300,955	-	-	-	-	-	-	-
Exchange Equalization Fund	-	(3,011,293)	-	-	-	3,011,293	-	-	-	-
Proposed Dividend	-	(180,000,000)	-	-	-	-	-	-	-	(180,000,000)
Deferred Tax Reserve	-	8,507,863	-	-	-	-	(8,507,863)	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-
Closing Balance	2,000,000,000	7,132,962	186,059,746	-	10,077,915	6,414,442	-	1,776,760	-	2,211,461,825

Share Capital and Ownership

As at 16th July 2011

Schedule 4.1

Amount in NPR

Particulars	This Year	Previous Year
1. Share Capital		
1.1 Authorized Capital		
a) 20,000,000 Ordinary Shares of Rs.100 each	2,000,000,000	2,000,000,000
b) Non-redeemable preference shares of Rs. each		
c) Redeemable Preference Shares of Rs.each		
1.2 Issued Capital		
a) 20,000,000 Ordinary Shares of Rs.100 each	2,000,000,000	1,501,500,000
b) Non-redeemable preference shares of Rs. each		
c) Redeemable Preference Shares of Rs. each		
1.3 Paid up Capital		
a) 20,000,000 Ordinary Shares of Rs.100 each	2,000,000,000	1,501,500,000
b) Non-redeemable preference shares of Rs. each		
c) Redeemable Preference Shares of Rs. each		
1.4 Proposed Bonus Share	-	150,150,000.00
1.5 Call in Advance	-	-

Share Ownership	This Year		Previous Year	
	%	Share Capital	Share Capital	%
1. Local Ownership	87.33	1,746,673,223	1,313,282,330	87.47
1.1 Government of Nepal	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	11.01	220,133,344	165,265,040	11.01
1.4 Other Entities	6.30	126,098,916	95,200,160	6.34
1.5 Individual	70.02	1,400,440,963	1,052,817,130	70.12
1.6 Others	-	-	-	-
2. Foreign Ownership	12.67	253,326,777	188,217,670	12.53
Total	100.00	2,000,000,000	1,501,500,000	100.00

Contd...Share Capital and Ownership

Contd...Share Capital and Ownership

Details of shareholders holding more than 0.5% of Share Capital are mentioned below :

Name of the Shareholders	This Year	
	Amount	% of Total
Haribabu Neupane	10,000,000	0.50
Sagun Pant	12,507,198	0.63
Shankar Electric Industry Pvt. Ltd.	13,320,100	0.67
Sharad Goyal	14,384,300	0.72
Shivaratan Sharda	15,749,866	0.79
Rajesh Agrawal	18,181,625	0.91
Bishal Agrawal	19,083,020	0.95
Subhash Chandra Shangai	19,083,020	0.95
Ashok Kumar Murarka	23,107,920	1.16
Narpat Singh Jain	27,435,419	1.37
Balram Neupane	29,673,392	1.48
Din Bandhu Agrawal	30,097,020	1.50
Manju Tapadiya	31,670,789	1.58
Anant Kumar Golyan	40,996,720	2.05
Santosh Rathi	61,491,575	3.07
Atmaram Murarka	77,025,800	3.85
Pawan Kumar Golyan	77,025,800	3.85
Purushtom Lal Shangai	77,025,800	3.85
Trilok Chand Agrawal	81,050,700	4.05
M/S. Gayatri Investment & Management (P) Ltd.	85,147,300	4.26
Nanda Kishor Rathi	103,078,069	5.15
Karmachari Sanchaya Kosh	220,133,344	11.01
Yong Lian Realty, Malaysia	253,326,777	12.67

Note : The above details of shareholders holding more than 0.5% of share capital includes the divested shares also.

Reserve and Funds

As at 16th July 2011

Schedule 4.2

Amount in NPR

Particulars	This Year	Previous Year
1. General Reserve Fund	186,059,746	141,758,791
2. Capital Reserve Fund	10,077,915	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserve Fund	1,776,760	10,284,624
5.1. Contingent Reserve	-	-
5.2. Institution Development Fund	-	-
5.3. Dividend Equalization Fund	-	-
5.4. Special Reserve Fund	-	-
5.5. Assets Revaluation Reserve	-	-
5.6. Deferred Tax Reserve	-	8,507,864
5.7. Other Free Reserves	-	-
5.8. Other Reserves	1,776,760	1,776,760
6. Accumulated Profit/Loss	7,132,962	4,432,573
7. Exchange Equalization Fund	6,414,442	3,403,149
Total	211,461,825	159,879,137

Debentures and Bonds

As at 16th July 2011

Schedule 4.3

Amount in NPR

Particulars	This Year	Previous Year
1 Percent Bond/Debentures of Rs. each Issued on and Matured on (Outstanding balance of Redemption Reserve Rs.)	-	-
2 Percent Bond/Debentures of Rs. each Issued on and Matured on (Outstanding balance of Redemption Reserve Rs.)	-	-
3	-	-
Total (1+2+3)	-	-

Borrowings

As at 16th July 2011

Schedule 4.4

Amount in NPR

Particulars	This Year	Previous Year
A. Local		
1. Government of Nepal	-	-
2. Nepal Rastra Bank	256,000,000	-
3. Repo Obligation	170,000,000	-
4. Inter-Bank and Financial Institutions	71,200,000	380,255,266
5. Other Organized Institutions	-	-
6. Others	-	-
Total	497,200,000	380,255,266
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A+B)	497,200,000	380,255,266

Deposits

As at 16th July 2011

Schedule 4.5

Amount in NPR

Particulars	This Year	Previous Year
1. Non-Interest Bearing Accounts		
A. Current Deposits	518,480,341	628,771,524
1. Local Currency	515,611,303	622,223,052
1.1. Government of Nepal	1,206,305	1,537,947
1.2. "A" Class Licensed Institutions	600,263	177,870
1.3. Other Licensed Institutions	350,413,348	410,068,189
1.4. Other Organized Institutions	141,714,752	187,901,196
1.5. Individuals	21,676,635	22,537,850
1.6. Others	-	-
2. Foreign Currency	2,869,038	6,548,472
2.1. Government of Nepal	-	-
2.2. "A" Class Licensed Institutions	-	-
2.3. Other Licensed Institutions	1,424	793,394
2.4. Other Organized Institutions	2,867,614	5,755,078
2.5. Individuals	-	-
2.6. Others	-	-

Contd...Deposits

Particulars	This Year	Previous Year
B. Margin Deposits	57,884,508	42,040,802
1. Employees Guarantee	-	-
2. Guarantee Margin	57,884,508	7,144,754
3. Letters of Credit Margin	-	34,896,048
C. Others	-	-
1. Local Currency	-	-
1.1. Financial Institutions	-	-
1.2. Other Organized Institutions	-	-
1.3. Individuals	-	-
2. Foreign Currency	-	-
2.1. Financial Institutions	-	-
2.2. Other Organized Institutions	-	-
2.3. Individuals	-	-
Total of Non-Interest Bearing Accounts	576,364,849	670,812,326
2. Interest Bearing Accounts		
A. Saving Deposits	1,883,501,165	1,421,594,626
1. Local Currency	1,858,806,445	1,415,068,461
1.1. Organized Institutions	12,001,080	-
1.2. Individuals	1,846,805,365	1,415,068,461
1.3. Others	-	-
2. Foreign Currency	24,694,720	6,526,165
2.1. Organized Institutions	-	-
2.2. Individuals	24,694,720	6,526,165
2.3. Others	-	-
B. Fixed Deposits	6,563,092,775	4,020,041,753
1. Local Currency	5,923,668,275	3,523,978,419
1.1. Organized Institutions	3,900,010,398	2,557,266,805
1.2. Individuals	2,023,657,877	966,711,614
1.3. Others	-	-
2. Foreign Currency	639,424,500	496,063,334
2.1. Organized Institutions	639,424,500	495,959,974
2.2. Individuals	-	103,360
2.3. Others	-	-
C. Call Deposit	3,843,263,139	3,998,241,026
1. Local Currency	3,340,660,604	3,767,768,383
1.1. "A" Class Licensed Institutions	-	405,099,104
1.2. Other Licensed Financial Institutions	1,093,636,735	1,307,297,266
1.3. Other Organized Institutions	1,987,867,934	1,849,426,892
1.4. Individuals	259,155,935	205,945,121
1.5. Others	-	-
2. Foreign Currency	502,602,535	230,472,643
2.1. "A" Class Licensed Institutions	145,850,895	-
2.2. Other Licensed Financial Institutions	317,079,665	115,681,169
2.3. Other Organized Institutions	39,671,975	114,791,474
2.4. Individuals	-	-
2.5. Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
Total of Interest Bearing Accounts	12,289,857,079	9,439,877,405
Total Deposit (1+2)	12,866,221,928	10,110,689,731

Bills Payable

As at 16th July 2011

Schedule 4.6

Amount in NPR

Particulars	This Year	Previous Year
1. Local Currency	2,589,260	9,307,785
2. Foreign Currency	249,200	223,550
Total	2,838,460	9,531,335

Other Liabilities

As at 16th July 2011

Schedule 4.7

Amount in NPR

Particulars	This Year	Previous Year
1. Pension/Gratuity Fund	11,588,989	7,277,122
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	33,539,637	22,596,511
5. Interest Payable on Deposits	30,407,515	42,722,792
6. Interest Payable on Borrowings	2,960,493	251,539
7. Unearned Discount and Commission	5,569,914	709,966
8. Sundry Creditors	4,342,720	35,555,683
9. Branch Account	-	-
10. Deferred Tax Liabilities	1,987,661	-
11. Dividend Payable	14,240,232	7,294,347
12. Others	85,832,671	648,014,964
a) NEA Power Bond Interest Payable *	54,459,572	55,300,261
b) Merchant Banking-IPO Collection	1,497,647	534,597,598
c) Merchant Banking-Collection Commission payable	14,802	9,694,396
d) Audit fee payable	152,550	127,125
e) Employees Accumulated Sick Leave	8,008,898	5,099,843
f) Others	21,699,202	43,195,741
Total	190,469,832	764,422,924

* Note: Total interest received from NEA to be paid to their respective bondholders in semi-annual basis.

Cash Balance

As at 16th July 2011

Schedule 4.8

Amount in NPR

Particulars	This Year	Previous Year
1. Local Currency (including coin)	250,192,545	231,776,438
2. Foreign Currency	14,494,978	8,141,660
Total	264,687,523	239,918,098

Balance with Nepal Rastra Bank

As at 16th July 2011

Schedule 4.9

Amount in NPR

Particulars	Local Currency		Foreign Currency			Grand Total	Previous Year
		INR	Convertible		Total		
1. Nepal Rastra Bank	856,326,468	-	20,430,126		20,430,126	876,756,594	522,557,690
a) Current Account	856,326,468	-	20,430,126		20,430,126	876,756,594	522,557,690
b) Other Account	-	-	-		-	-	-
Total							

Balance with Banks/Financial Institutions

As at 16th July 2011

Schedule 4.10

Amount in NPR

Particulars	Local Currency		Foreign Currency			Grand Total	Previous Year
		INR	Convertible		Total		
1. Local Licensed Institutions	83,110,448	-	-		-	83,110,448	504,395,488
a) Current Account	83,110,448	-	-		-	83,110,448	12,983,644
b) Other Account	-	-	-		-	-	491,411,844
2. Foreign Banks	-	12,618,221	256,714,154		269,332,375	269,332,375	462,962,104
a) Current Account	-	12,618,221	256,714,154		269,332,375	269,332,375	462,962,104
b) Other Account	-	-	-		-	-	-
Total	83,110,448	12,618,221	256,714,154		269,332,375	352,442,823	967,357,592

Note :

a) Total Balance for which the confirmations are received from respective licensed institutions Rs. 366,284,466.39. The difference is being reviewed and reconciled.

Money at Call and Short Notice

As at 16th July 2011

Schedule 4.11

Amount in NPR

Particulars	This Year	Previous Year
1. Local Currency	-	582,308,791
2. Foreign Currency	259,166,634	-
Total	259,166,634	582,308,791

Investments

As at 16th July 2011

Schedule 4.12

Amount in NPR

Particulars	Purpose		This Year	Previous Year
	Trading	Other		
1. Government of Nepal Treasury Bills	-	863,309,960	863,309,960	837,749,220
2. Government of Nepal Savings Bond	3,000,000	1,021,243,403	1,024,243,403	760,470,229
3. Government of Nepal Other Securities	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	501,160,000	501,160,000	764,300,000
7. Foreign Banks	-	124,603,517	124,603,517	247,566,014
8. Corporate Shares	-	83,450,549	83,450,549	88,838,003
9. Corporate Bonds and Debentures	-	20,000,000	20,000,000	20,000,000
10. Other Investment	-	-	-	-
Total Investment	3,000,000	2,613,767,429	2,616,767,429	2,718,923,466
Provision	-	1,821,070	1,821,070	2,966,348
Net Investment	3,000,000	2,611,946,359	2,614,946,359	2,715,957,118

Investment in Shares, Debentures and Bonds

As at 16th July 2011

Schedule 4.12 (A)

Particulars	<i>Amount in NPR</i>				
	Cost Price	Market Price	Provision Amount	This Year Amount	Previous Year
1. Investment in Shares	83,450,549	11,970,336	1,821,070	83,450,549	88,838,003
1.1. Nepal Stock Exchange Ltd. 50 Ordinary shares of Rs. 100 each fully paid up	5,000	-	5,000	5,000	5,000
1.2. Bottlers Nepal (Tarai) Ltd. 7,900 Ordinary shares of Rs 100 each fully paid up	-	-	-	-	5,387,454
1.3. United Insurance Co. (Nepal) Ltd. 1,800 Ordinary shares of Rs 100 each fully paid up	489,877	531,000	-	489,877	489,877
1.4. Neco Insurance Co. Ltd. 1,491 Ordinary shares of Rs 100 each fully paid up	272,508	175,938	96,570	272,508	272,508
1.5. National Life Insurance Co. Ltd. 20 Ordinary shares of Rs 100 each fully paid up (Bonus Share 112 Kitta)	17,509	44,088	-	17,509	17,509
1.6. NLIG Insurance Company Limited 30 Ordinary shares of Rs 100 each fully paid up	-	-	-	-	-
1.7. Everest Insurance Co. Ltd. 30 Ordinary shares of Rs 100 each fully paid up (Bonus Share 71 Kitta)	13,855	31,310	-	13,855	13,855
1.8. Sagarmatha Insurance Co. Ltd. 73 Ordinary shares of Rs 100 each fully paid up (Bonus Share 53 Kitta)	7,300	30,000	-	7,300	7,300
1.9. Nepal Life Insurance Co. Ltd. 500 Ordinary shares of Rs 100 each fully paid up (Bonus Share 100 Kitta)	50,000	283,000	-	50,000	50,000

Contd...Investment in Shares, Debentures and Bonds

Contd...Investment in Shares, Debentures and Bonds

Particulars	Cost Price	Market Price	Provision Amount	This Year Amount	Previous Year
1.10. Credit Information Bureau Ltd. 945 Ordinary shares of Rs 100 each fully paid up (Bonus Share 999 Kitta)	94,500	-	94,500	94,500	94,500
1.11. Taragaon Regency Hotels Ltd. 125,000 Ordinary shares of Rs 100 each fully paid up	12,500,000	10,875,000	1,625,000	12,500,000	12,500,000
1.12. NMB Capital Ltd. 700,000 Promotor shares of Rs 100 each fully paid up	70,000,000	-	-	70,000,000	70,000,000
2. Investment in Debentures and Bonds	20,000,000	-	-	20,000,000	20,000,000
2.1. Nepal Electricity Authority 7.75 % 5 Years Power Bond of Rs1,000 each (Maturity Date-14th Chaitra, 2069)	20,000,000	-	-	20,000,000	20,000,000
2.2.	-	-	-	-	-
2.3.	-	-	-	-	-
Total Investment	103,450,549	11,970,336	1,821,070	103,450,549	108,838,003
3. Provision for Loss					
3.1. Up to previous year				2,966,348	2,841,133
3.2. Adjustments this year increased/(decreased)				(1,145,278)	125,215
Total Provision				1,821,070	2,966,348
Net Investment				101,629,479	105,871,655

Note: 1) The following Companies have not declared and distributed dividend for the last three years:

- a) United Insurance Co. (Nepal) Ltd.
- b) Taragaon Regency Hotels Ltd.
- c) Nepal Life Insurance Co. Ltd.
- d) Neco Insurance Co. Ltd.
- e) National Life Insurance Co. Ltd.
- f) NLI Insurance Company Limited

2) Thirty ordinary shares in NLI Insurance Company Ltd. have been obtained as a result of holding of shares in its parent company National Life Insurance Co. Ltd. without paying any amount and hence the cost price is zero.

Investments (Held for Trading)

As at 16th July 2011

Schedule 4.12.1

Amount in NPR

Particulars	Cost Price	Previous Market Value (A)	Current Market Value (B)	Current Year Profit/ (Loss) (B-A)	Previous Year Profit/(Loss)	Remarks
1. Government of Nepal Treasury Bills	-	-	-	-	-	
2. Government of Nepal Savings Bond	3,000,000	-	-	-	-	
3. Government of Nepal Other Securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Bonds & Debentures of Organized Institutions	-	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Inter Bank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	3,000,000	-	-	-	-	

Investments (Held to Maturity)

As at 16th July 2011

Schedule 4.12.2

Amount in NPR

Particulars	Cost Price (A)	Accumulated Loss as on date (B)	Current Year Loss (C)	Current Year Profit/ (Loss) (A-B-C)	Previous Year Profit/(Loss)	Remarks
1. Government of Nepal Treasury Bills	863,309,960	-	-	863,309,960	837,749,220	
2. Government of Nepal Savings Bond	1,021,243,403	-	-	1,021,243,403	752,670,229	
3. Government of Nepal Other Securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Bonds & Debentures of Organized Institutions	20,000,000	-	-	20,000,000	20,000,000	
9. Placement in Foreign Banks	124,603,517	-	-	124,603,517	247,566,014	
10. Other Investment	501,160,000	-	-	501,160,000	764,300,000	
Total Investment	2,530,316,880	-	-	2,530,316,880	2,622,285,463	

Investments (Available for Sale)

As at 16th July 2011

Schedule 4.12.3

Amount in NPR

Particulars	Cost Price	Previous Market Value (A)	Current Market Value (B)	Current Year Adj. Fund (B-A)	Previous Year Profit/(Loss)	Remarks
1. Government of Nepal Treasury Bills	-	-	-	-	-	
2. Government of Nepal Savings Bond	-	-	-	-	-	
3. Government of Nepal Other Securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Shares of Local Licensed Institutions	83,450,549	16,698,602	11,970,336	(4,728,266)	(125,215)	
7. Bonds & Debentures of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Bonds & Debentures of Organized Institutions	-	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Other Investment	-	-	-	-	-	
Total Investment	83,450,549	16,698,602	11,970,336	(4,728,266)	(125,215)	

Classification of Loan and Bills Purchase and Provisioning

As at 16th July 2011

Schedule 4.13

Amount in NPR

Particulars	Advances						Bills Purchased & Discounted			This Year	Previous Year
	Domestic			Foreign	Total	Domestic	Foreign	Total			
	Insured	Deprived							Other		
		Uninsured									
1. Performing Loan	-	319,513,363	10,465,033,214	-	10,784,546,577	528,385,591	-	528,385,591	11,312,932,168	7,861,981,938	
1.1. Pass Loan	-	319,513,363	10,465,033,214	-	10,784,546,577	528,385,591	-	528,385,591	11,312,932,168	7,861,981,938	
2. Non-Performing Loan	-	-	30,159,747	-	30,159,747	-	-	-	30,159,747	69,157,049	
2.1. Restructured	-	-	5,725,639	-	5,725,639	-	-	-	5,725,639	13,326,538	
2.2. Substandard	-	-	8,935,669	-	8,935,669	-	-	-	8,935,669	27,192,925	
2.3. Doubtful	-	-	3,104,923	-	3,104,923	-	-	-	3,104,923	7,715,823	
2.4. Loss	-	-	12,393,516	-	12,393,516	-	-	-	12,393,516	20,921,763	
(A) Total Loan	-	319,513,363	10,495,192,961	-	10,814,706,324	528,385,591	-	528,385,591	11,343,091,915	7,931,138,987	
3. Loan Loss Provision	-	-	-	-	-	-	-	-	-	-	
3.1. Pass	-	3,195,134	104,750,332	-	107,945,466	5,283,856	-	5,283,856	113,229,322	78,619,819	
3.2. Restructured	-	-	4,923,801	-	4,923,801	-	-	-	4,923,801	10,750,920	
3.3. Substandard	-	-	2,233,917	-	2,233,917	-	-	-	2,233,917	7,413,765	
3.4. Doubtful	-	-	1,737,423	-	1,737,423	-	-	-	1,737,423	5,314,032	
3.5. Loss	-	-	12,393,517	-	12,393,517	-	-	-	12,393,517	20,921,763	
(B) Total Provisioning	-	3,195,134	126,038,990	-	129,234,124	5,283,856	-	5,283,856	134,517,980	123,020,299	
4. Provisioning up to Previous Year	-	-	-	-	-	-	-	-	-	-	
4.1. Pass	-	2,586,340	71,800,073	-	74,386,413	4,233,406	-	4,233,406	78,619,819	52,424,931	
4.2. Restructured	-	-	10,750,920	-	10,750,920	-	-	-	10,750,920	10,358,844	
4.3. Substandard	-	-	7,413,765	-	7,413,765	-	-	-	7,413,765	373,013	
4.4. Doubtful	-	-	5,314,032	-	5,314,032	-	-	-	5,314,032	511,631	
4.5. Loss	-	-	20,921,763	-	20,921,763	-	-	-	20,921,763	23,229,685	
(C) Total Previous Year's provision	-	2,586,340	116,200,553	-	118,786,893	4,233,406	-	4,233,406	123,020,299	86,898,104	
(D) Written Back from Last year provision	-	-	24,464,952	-	24,464,952	-	-	-	24,464,952	3,774,183	
(E) Additional Provision This Year	-	608,794	35,632,242	-	34,912,183	1,050,450	-	1,050,450	35,962,632	39,896,379	
Changes in this year	-	608,794	11,167,290	-	10,447,231	1,050,450	-	1,050,450	11,497,680	36,122,196	
Net Loan (A-B)	-	316,318,229	10,369,153,971	-	10,685,472,200	523,101,735	-	523,101,735	11,208,573,935	7,808,118,687	

Loan, Advances and Bills Purchased Security Wise

As at 16th July 2011

Schedule 4.13 (A)

Amount in NPR

Particulars	This Year	Previous Year
(A) Secured	11,343,091,915	7,931,138,987
1. Movable/Immovable Assets	10,999,130,106	7,162,471,963
2. Guarantee of Local Licensed Institutions	198,293,604	220,522,942
3. Government Guarantee	52,811,088	479,156,972
4. Internationally Rated Bank Guarantee	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	92,857,117	20,467,815
a) Own FDR	92,857,117	15,967,815
b) FDR of other Licensed Institutions	-	4,500,000
7. Government Bonds	-	48,519,295
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	-	-
(B) Unsecured	-	-
Total	11,343,091,915	7,931,138,987

Fixed Assets

As at 16th July 2011

Schedule 4.14

Amount in NPR

Particulars	Assets					This Year	Previous Year
	Building	Vehicles	Machinery	Office Equipment	Others		
1. At Cost							
a. Previous Year Balance	82,627,883	49,908,946	-	74,417,184	48,214,122	255,168,135	214,275,048
b. Addition this year	107,859	18,210,445	-	9,895,678	8,715,206	36,929,188	49,229,350
c. Revaluation/written back this year	-	-	-	-	-	-	-
d. This year sold	-	(6,597,593)	-	(207,920)	-	(6,805,513)	(5,316,156)
e. This year written off	-	-	-	-	-	-	(1,906,301)
Total Cost (a+b+c+d+e)	82,735,742	61,521,798	-	84,104,942	56,929,328	285,291,810	256,281,941
2. Depreciation							
a. Up to Previous Year	4,002,778	12,616,339	-	23,102,315	10,001,076	49,722,508	44,041,732
b. For This Year	2,066,442	9,618,301	-	12,971,121	8,271,163	32,927,027	31,037,300
c. Depreciation on revaluation/written back	-	-	-	-	-	-	-
d. Depreciation adjustment/written back	-	(4,360,039)	-	(163,992)	-	(4,524,031)	(5,294,789)
Total Depreciation (a+b+c+d)	6,069,220	17,874,601	-	35,909,444	18,272,239	78,125,504	69,784,243
3. Book Value (SLM*) (1-2)	76,666,522	43,647,197	-	48,195,498	38,657,089	207,166,306	186,497,698
4. Land	25,026,505	-	-	-	-	25,026,505	25,026,505
5. Capital Construction (pending capitalization)	-	-	-	-	-	-	-
6. Leasehold assets	44,355,811	-	-	-	-	44,355,811	43,770,576
Total (3+4+5+6)	146,048,838	43,647,197	-	48,195,498	38,657,089	276,548,622	255,294,779

* Straight Line Method

Other Assets

As at 16th July 2011

Schedule 4.16

Amount in NPR

Particulars	This Year	Previous Year
1. Stock of Stationery	3,943,232	1,700,206
2. Income Receivable on Investments	25,937,221	33,208,724
3. Accrued Interest on Loan	49,220,036	30,646,919
Less: Interest Suspense Amount	(49,220,036)	(30,646,919)
4. Commission Receivable	-	-
5. Sundry Debtors	8,593,868	29,123,125
6. Staff Loan and Advances	29,752,168	16,445,395
7. Prepayments	8,136,629	7,382,956
8. Cash in Transit	-	-
9. Other Transit items (including cheques)	-	35,042,523
10. Drafts Paid without Notice	-	-
11. Expenses Not Written off	-	-
12. Branch Account	-	-
13. Deferred Tax Assets	-	8,507,863
14. Others	18,706,437	3,654,846
a) Advance Income Tax (Net of Provisions)	1,759,191	1,764,884
b) Others	16,947,246	1,889,962
Total	95,069,555	135,065,638

Other Assets (Additional Statement)

As at 16th July 2011

Schedule 4.16 (A)

Amount in NPR

Particulars	This Year				Previous Year
	Up to 1 Year	1 to 3 Years	Above 3 Years	Total	
1. Accrued Interest on Loan	47,379,215	1,840,821	-	49,220,036	30,646,919
2. Drafts Paid without Notice					
3. Branch Account					
4. Local and Foreign Agency A/C's					

Contingent Liabilities

As at 16th July 2011

Schedule 4.17

Amount in NPR

Particulars	This Year	Previous Year
1. Claims on institution but not accepted by the Institution	-	-
2. Letters of credit (full amount)	476,012,348	527,428,931
a) Less than 6 months maturity	323,913,298	527,428,931
b) More than 6 months maturity	152,099,050	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	230,252,630	92,749,707
a) Bid Bonds	7,186,000	1,823,162
b) Performance Bonds	223,066,630	90,926,545
c) Other Guarantee/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills under Collection	-	-
8. Acceptance and Endorsements	51,742,479	1,363,304
9. Underwriting Commitments	-	46,600,000
10. Irrevocable Loan Commitments	709,827,358	-
11. Counter Guarantee of Internationally Rated Banks	16,640,830	-
12. Advance Payment Guarantee	47,379,488	28,740,658
13. Financial Guarantee	-	2,000,000
14. Contingent Liabilities on Income Tax	-	3,184,875
15	-	-
16	-	-
17	-	-

Interest Income

For the period from 17th July 2010 to 16th July 2011

Schedule 4.18

Amount in NPR

Particulars	This Year	Previous Year
A. On Loan, Advances and Overdraft	1,304,906,560	725,604,945
1. Loan and Advances	992,870,064	560,305,672
2. Overdraft	312,036,496	165,299,273
B. On Investment	132,915,577	106,267,084
1. Government of Nepal Securities	114,743,045	68,319,501
a. Treasury Bills	58,600,194	31,345,061
b. Development Bonds	55,312,112	33,922,830
c. National Savings Certificates	830,739	3,051,611
2. Foreign Securities	-	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	1,550,000	1,554,248
5. Interest on Inter-bank Investment	16,622,532	36,393,335
a. Bank/Financial Institutions	16,622,532	36,393,335
b. Other Organizations	-	-
C. On Agency Balances	-	-
1. Local Banks	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	7,772,474	28,701,247
1. Local Banks/Financial Institutions	7,772,474	28,701,247
2. Foreign Banks	-	-
E. On Others	46,790,467	5,609,159
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others	46,790,467	5,609,159
Total	1,492,385,078	866,182,436

Interest Expenses

For the period from 17th July 2010 to 16th July 2011

Schedule 4.19

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	1,004,020,466	538,039,202
1. Fixed Deposits	565,589,561	257,527,443
1.1 Local Currency	544,302,913	237,183,900
1.2 Foreign Currency	21,286,648	20,343,543
2. Saving Deposits	117,314,612	88,882,010
2.1 Local Currency	117,128,005	88,645,349
2.2 Foreign Currency	186,607	236,661
3. Call Deposits	321,116,293	191,629,749
3.1 Local Currency	314,440,635	190,216,491
3.2 Foreign Currency	6,675,658	1,413,258
4. Certificate of Deposits	-	-
B. On Borrowings	49,430,472	21,504,821
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	20,428,852	10,149,038
3. Inter Bank/Financial Institutions Borrowing	29,001,620	11,355,783
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1	-	-
2	-	-
Total	1,053,450,938	559,544,023

Commission and Discount Income

For the period from 17th July 2010 to 16th July 2011

Schedule 4.20

Amount in NPR

Particulars	This Year	Previous Year
A. Bills Purchase and Discount	989,180	530,339
1. Local	-	-
2. Foreign	989,180	530,339
B. Commission	15,284,126	29,349,193
1. Letters of Credit	7,101,602	3,249,114
2. Guarantee	2,456,266	1,306,748
3. Collection Fee	220,231	61,123
4. Remittance Fee	836,296	1,782,228
5. Credit Cards	-	-
6. Share Underwriting/Issues	1,523,216	20,196,679
7. Government Transactions	-	-
8. Agency Commission	3,073,618	2,753,301
9. Exchange Fee	72,897	-
C. Others	11,709,382	20,073,100
1. Income from trading in Gold and Silver	9,403,793	17,482,255
2. Others	2,305,589	2,590,845
Total	27,982,688	49,952,632

Other Income

For the period from 17th July 2010 to 16th July 2011

Schedule 4.21

Amount in NPR

Particulars	This Year	Previous Year
1. Safe Deposit Lockers Rental	310,000	181,000
2. Issue and Renewals of Credit Cards	-	-
3. Issue and Renewals of ATM Cards	715,600	322,400
4. Telex/T.T.	1,891,978	1,006,320
5. Service Charges	45,532,230	32,374,630
6. Renewal Fees	409,001	239,195
7. Others	10,612,963	32,400,782
a) Income on subscription share money	1,584,297	28,970,189
b) Others	9,028,666	3,430,593
Total	59,471,772	66,524,327

Exchange Gain/Loss

For the period from 17th July 2010 to 16th July 2011

Schedule 4.22

Amount in NPR

Particulars	This Year	Previous Year
(A) Revaluation Gain	12,045,173	12,330,621
(B) Trading Gain (except Exchange Fee)	35,145,686	10,675,564
Total Income (Loss)	47,190,859	23,006,185

Expenses Relating to Employees

For the period from 17th July 2010 to 16th July 2011

Schedule 4.23

Amount in NPR

Particulars	This Year	Previous Year
1. Salary	35,394,888	24,707,849
2. Allowances	24,367,222	21,024,727
3. Contribution to Provident Fund	3,066,004	2,067,504
4. Training Expenses	926,042	999,694
5. Uniform	-	-
6. Medical	-	1,497
7. Insurance	-	-
8. Pension and Gratuity Provision	4,891,130	2,659,904
9. Others	6,968,980	4,497,266
a) Leave Fare	2,727,252	1,736,410
b) Staff Welfare	875,006	1,121,382
c) Accumulated Sick Leave	3,366,722	1,639,474
Total	75,614,266	55,958,441

Office Overhead Expenses

For the period from 17th July 2010 to 16th July 2011

Schedule 4.24

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	15,360,634	9,377,450
2. Electricity and Water	5,241,440	4,235,964
3. Repair and Maintenance	1,978,762	1,251,795
(a) Building	934,609	508,577
(b) Vehicles	590,593	501,653
(c) Others	453,560	241,565
4. Insurance	3,672,479	3,123,829
5. Postage, Telex, Telephone, Fax	9,705,987	7,583,639
6. Office Equipment, Furniture and Repair	1,077,576	483,589
7. Travelling Allowances and Expenses	1,992,546	1,033,782
8. Stationery and Printing	4,156,793	4,588,485
9. Periodicals and Books	84,037	65,111
10. Advertisements	14,550,072	9,864,430
11. Legal Expenses	1,661,164	1,867,489
12. Donations	242,852	281,787
13. Expenses Relating to Board of Directors	1,243,867	1,445,838
(a) Meeting Fees	1,043,000	1,363,000
(b) Other Expenses	200,867	82,838
14. Annual General Meeting Expenses	867,186	779,721
15. Expenses Relating to Audit	351,996	127,125
(a) Audit Fees	152,550	127,125
(b) Other Expenses	199,446	-
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	38,171,775	34,193,969
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	1,905,009	1,358,509
20. Technical Services Fee	-	-
21. Entertainment	3,325,260	1,712,194
22. Written Off Expenses	-	-
23. Security Expenses	9,231,873	6,429,798
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	21,574,054	18,538,011
(a) Office Expenses	5,309,956	3,592,977
(b) Vehicle fuel	5,478,372	3,779,365
(c) Membership Fee	4,050,211	2,123,539
(d) Merchant Banking Expenses	287,964	3,927,157
(e) Others	6,447,551	5,114,973
Total	136,395,362	108,342,515

Provision for Possible Losses

For the period from 17th July 2010 to 16th July 2011

Schedule 4.25

Amount in NPR

Particulars	This Year	Previous Year
1. Increase in Loan Loss Provision	35,962,632	39,896,379
2. Increase in Provision for Loss on Investment	-	357,068
3. Provision Against Non-Banking Assets	-	-
4. Provision Against Other Assets	568,887	-
Total	36,531,519	40,253,447

Non-Operating Income/Loss

For the period from 17th July 2010 to 16th July 2011

Schedule 4.26

Amount in NPR

Particulars	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	321,529	-
2. Profit (Loss) on Sale of Assets	2,638,572	-
3. Dividend	1,100	229,089
4. Subsidies Received from Nepal Ratra Bank	-	-
a) Reimbursement of losses of specified branches	-	-
b) Interest Subsidy	-	-
c) Exchange Counter	-	-
5. Others	941,325	1,754,228
a) Rent Income	941,325	1,754,228
Total Non-Operating Income (Loss)	3,902,526	1,983,317

Loss Provisions Written Back

Fiscal Year 2010/11

Schedule 4.27

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	24,464,952	25,262,444
2. Provision against Non-Banking Assets Written Back	-	1,034,000
3. Investment Provision Written Back	1,145,278	1,266,685
4. Provision against Other Assets Written back	-	-
Total	25,610,230	27,563,129

Profit/Loss from Extra-ordinary Activities

For the period from 17th July 2010 to 16th July 2011

Schedule 4.28

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
1. Recovery of write off Loan	-	1,005,055
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write-Offs (4.28) (a)	(4,543,528)	-
4. Other Expenses/Income	-	-
5. Write Back from Depreciation adjustment	18,928,470	-
Total	14,384,942	1,005,055

Statement of Loans Written-Off

Fiscal Year 2010/11

Schedule 4.28 (A)

Amount in NPR

Types of Loan	Written Off Amount	Type of Security Security & Amount	Basis of Valuation of Collateral	Loan Approved by Name/ Designation	Initiation made for recovery	Remarks
1. Working Capital Loan						
2. Project Loan						
3. Fixed Capital Loan						
4. Personal Loan						
5. Other Loan	4,543,528	5 units of Vehicles/ Personal Guarantee- NPR 6,750,000/- (initial value)	As per quotation	Mr.Ashish Acharya -Chief, Credit & Marketing	Case filed with Debt Recovery Tribunal/Auctioned the vehicle in NPR 6.25 lakhs, 1.25 lakh each vehicle	
Total Loan	4,543,528					

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders

As at 16th July 2011

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the organizations or companies in which such individuals are managing agent, are as follows :

Schedule 4.29

Amount in NPR

Name of Promoter/ Director/Chief Executive	Last Year's Balance		This Year Recovery		This Year Additions	Balance as of Ashad End	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors							
1.							
2.							
(B) Chief Executive							
1.							
2.							
(C) Promoters							
1.							
2.							
(D) Employees							
1.							
2.							
(E) Shareholders							
1.							
2.							
Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Capital Adequacy Table

As at 16th July 2011

Schedule 4.30 (A1)

Amount in NPR

1. 1 RISK WEIGHTED EXPOSURES	This Year	Previous Year
a) Risk Weighted Exposure for Credit Risk	12,830,791,083	9,428,149,895
b) Risk Weighted Exposure for Operational Risk	638,978,410	434,417,880
c) Risk Weighted Exposure for Market Risk	13,736,050	44,828,845
Total Risk Weighted Exposures (a+b+c)	13,483,505,543	9,907,396,620
Add: 3% of the total RWE due to non compliance to Disclosure Requirement (6.4 a 10)		
Add: 3% of the total deposit due to insufficient Liquid Assets (6.4 a 6)		
Add: 2% of the the total RWE due to Supervisory add up	269,670,111	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13,753,175,654	9,907,396,620
1.2 CAPITAL	Current Period	Previous Period
Core Capital (Tier 1)	2,133,270,623	1,736,349,228
a) Paid up Equity Share Capital	2,000,000,000	1,501,500,000
b) Irredeemable Non-cumulative preference shares		
c) Share Premium	10,077,915	
d) Proposed Bonus Equity Shares	-	150,150,000
e) Statutory General Reserves	186,059,746	141,758,791
f) Retained Earnings	7,132,962	4,432,573
g) Un-audited current year cumulative profit	-	-
h) Capital Redemption Reserve		
i) Capital Adjustment Reserve		
j) Dividend Equalization Reserves		
k) Other Free Reserve -Deferred Tax Reserves	-	8,507,864
l) Less: Goodwill		
m) Less: Miscellaneous Expenditure not written off		
n) Less: Investment in equity in licensed Financial Institutions		
o) Less: Investment in equity of institutions with financial interests	(70,000,000)	(70,000,000)
p) Less: Investment in equity of institutions in excess of limits		
q) Less: Investments arising out of underwriting commitments		
r) Less: Reciprocal crossholdings		
s) Less: Other Deductions		

Contd...Capital Adequacy Table

Contd...Capital Adequacy Table

1.2 CAPITAL	Current Period	Previous Period
Supplementary Capital (Tier 2)	121,420,524	83,799,728
a) Cumulative and/or Redeemable Preference Share		
b) Subordinated Term Debt		
c) Hybrid Capital Instruments		
d) General loan loss provision	113,229,322	78,619,819
e) Exchange Equalization Reserve	6,414,442	3,403,149
f) Investment Adjustment Reserve	1,776,760	1,776,760
g) Assets Revaluation Reserve		
h) Other Reserves		
Total Capital Fund (Tier I and Tier II)	2,254,691,147	1,820,148,956
1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier 1 Capital to Total Risk Weighted Exposures	15.51	17.53
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	16.39	18.37

Risk Weighted Exposure for Credit Risk

16th July 2011

Schedule 4.30 (B)

Amount in NPR

	16th July 2010							Previous Fiscal Year	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)	Net Value	Risk Weighted Exposures	
A. Balance Sheet Exposures									
Cash Balance	264,687,522	-	-	264,687,522	0%	-	236,636,574	-	
Balance With Nepal Rastra Bank	876,756,594	-	-	876,756,594	0%	-	522,557,690	-	
Gold	-	-	-	-	0%	-	3,281,523	-	
Investment in Nepalese Government Securities	1,901,964,731	-	-	1,901,964,731	0%	-	1,598,219,449	-	
All Claims on Government of Nepal	54,570,278	-	-	54,570,278	0%	-	59,672,009	-	
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 on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-	
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-	
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-	
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-	
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-	
Claims on Public Sector Entity (ECA 7)	20,000,000	-	-	20,000,000	150%	30,000,000	20,000,000	30,000,000	
Claims on domestic banks that meet capital adequacy requirements	538,986,923	-	-	538,986,923	20%	107,797,385	1,851,004,278	370,200,856	

Contd... Risk Weighted Exposure for Credit Risk

Contd...Risk Weighted Exposure for Credit Risk

	16th July 2010						Previous Fiscal Year	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)	Net Value	Risk Weighted Exposures
Claims on domestic banks that do not meet capital adequacy requirements	81,019,349	-	-	81,019,349	100%	81,019,349	-	-
Claims on foreign bank (ECA Rating 0-1)	307,786,261	-	-	307,786,261	20%	61,557,252	464,726,131	92,945,226
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-	245,801,987	122,900,994
Claims on foreign bank (ECA Rating 3-6)	309,580,441	-	-	309,580,441	100%	309,580,441	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above regulatory capital requirement	-	-	-	-	20%	-	-	-
Claims on Domestic Corporates	7,376,192,075	-	-	7,376,192,075	100%	7,376,192,075	4,154,941,547	4,154,941,547
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)	1,038,695,589	-	-	1,038,695,589	75%	779,021,692	273,662,008	205,246,506
Claims fulfilling all criterion of regulatory retail except granularity	57,515,520	-	-	57,515,520	100%	57,515,520	188,802,372	188,802,372
Claims secured by residential properties	456,730,787	-	-	456,730,787	60%	274,038,472	570,917,756	342,550,654
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	16,494,269	-	-	16,494,269	100%	16,494,269	1,243,431	1,243,431
Claims secured by Commercial real estate	1,006,681,541	-	-	1,006,681,541	100%	1,006,681,541	1,473,054,340	1,473,054,340
Past due claims (except for claim secured by residential properties)	29,820,837	-	-	29,820,837	150%	44,731,256	8,429,644	12,644,466
High Risk claims	1,308,150,210	-	89,877,712	1,218,272,499	150%	1,827,408,748	1,110,552,911	1,665,829,367
Investments in equity and other capital instruments of institutions listed in the stock exchange.	13,351,049	1,821,070	-	11,529,979	100%	11,529,979	15,769,226	15,769,226

Contd...Risk Weighted Exposure for Credit Risk

	16th July 2010							Previous Fiscal Year	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)	Net Value	Risk Weighted Exposures	
Investments in equity and other capital instruments of institutions not listed in the stock exchange	99,500	-	-	99,500	150%	149,250	99,500	149,250	
Other Assets (as per attachment)	354,878,732	-	-	354,878,732	100%	354,878,732	371,412,396	371,412,396	
TOTAL	16,013,962,208	1,821,070	89,877,712	15,922,263,427		12,338,595,961	13,170,784,773	9,047,690,632	
B. Off Balance Sheet Exposures									
Revocable Commitments	-	-	-	-	0%	-	-	-	
Bills Under Collection	-	-	-	-	0%	-	-	-	
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-	
LC Commitments With Original Maturity									
Upto 6 months domestic counterparty	323,913,298	-	15,336,380	308,576,917	20%	61,715,383	513,525,765	102,705,153	
foreign counterparty (ECA Rating 0-1)	-	-	-	-	50%	-	-	-	
foreign counterparty (ECA Rating 2)	-	-	-	-	100%	-	-	-	
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-	
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-	
LC Commitments With Original Maturity									
Over 6 months domestic counterparty	152,099,050	-	8,820,036	143,279,015	50%	71,639,507	-	-	
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	230,252,630	-	6,243,600	224,009,030	50%	112,004,515	91,618,060	45,809,030	
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-	

Contd...Risk Weighted Exposure for Credit Risk

	16th July 2010							Previous Fiscal Year	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)	Net Value	Risk Weighted Exposures	
foreign counterparty (ECA Rating 2)	13,702,165	-	-	13,702,165	50%	6,851,083			
foreign counterparty (ECA Rating 3-6)	2,938,665	-	-	2,938,665	100%	2,938,665			
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-			
Underwriting commitments	-	-	-	-	50%	-	46,600,000	23,300,000	
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-			
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-			
Advance Payment Guarantee	47,379,488	-	1,132,970	46,246,518	100%	46,246,518	24,835,658	24,835,658	
Financial Guarantee	-	-	-	-	100%	-	2,000,000	2,000,000	
Acceptances and Endorsements	51,742,479	-	2,908,500	48,833,979	100%	48,833,979	1,363,304	1,363,304	
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-			
Irrevocable Credit commitments (short term)	709,827,358	-	-	709,827,358	20%	141,965,472	886,306,214	177,261,243	
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-			
Other Contingent Liabilities	-	-	-	-	100%	-	3,184,875	3,184,875	
TOTAL	1,531,855,133	-	34,441,486	1,497,413,647		492,195,122	1,569,433,876	380,459,263	
Total RWE for credit Risk (A) +(B)	17,545,817,341	1,821,070	124,319,198	17,419,677,074		12,830,791,083	14,740,218,649	9,428,149,895	
Adjustments under Pillar II									
Add : 10% of the loan and facilities in excess of Single Obligor Limits 6.4 a 3)									
Add : 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)									
Total RWE for Credit Risk (After Bank's adjustments of Pillar II)									

Eligible Credit Risk Mitigants (CRM)

16th July 2011

Schedule 4.30 (C)

Amount in NPR

Credit exposures	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
Balance Sheet Exposures										
Cash Balance										-
Balance With Nepal Rastra Bank										-
Gold										-
Investment in Nepalese Government Securities										-
All Claims on Government of Nepal										-
Investment in Nepal Rastra Bank securities										-
All claims on Nepal Rastra Bank										-
Claims on Foreign government and Central Bank (ECA - 1)										-
Claims on Foreign government and Central Bank (ECA - 2)										-
Claims on Foreign government and Central Bank (ECA - 3)										-
Claims on Foreign government and Central Bank (ECA-4-6)										-
Claims on Foreign government and Central Bank (ECA - 7)										-
Claims on BIS, IMF, ECB, EC And Multilateral Development Banks										-
Claims on Other Multilateral Development Banks										-
Claims on Public Sector Entity (ECA 0-1)										-
Claims on Public Sector Entity (ECA 2)										-
Claims on Public Sector Entity (ECA 3-6)										-

Contd...Eligible Credit Risk Mitigants (CRM)

Contd....Eligible Credit Risk Mitigants (CRM)

Credit exposures	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (h)	Total
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-

Contd....Eligible Credit Risk Mitigants (CRM)

Credit exposures	Deposits with Bank (a)	Deposits with other banks/ FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
Claims secured by Commercial real estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claim secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	89,877,712	-	-	-	-	-	-	-	-	89,877,712
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Investment in Equipment	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
Off Balance Sheet Exposures										
Revocable Commitments	-	-	-	-	-	-	-	-	-	-
Bills Under Collection	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	18,244,880	-	-	-	-	-	-	-	-	18,244,880
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	8,820,036	-	-	-	-	-	-	-	-	8,820,036

Contd....Eligible Credit Risk Mitigants (CRM)

Credit exposures	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs of Foreign Banks (h)	Total
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	6,243,600	-	-	-	-	-	-	-	6,243,600
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	1,132,970	-	-	-	-	-	-	-	1,132,970
Financial Guarantee	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-
Unpaid portion of Party paid shares and Securities	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-
TOTAL	124,319,198								124,319,198

Contd....Eligible Credit Risk Mitigants (CRM)

Risk Weighted Exposure for Operational Risk

16th July 2011

Schedule 4.30 (D)

Amount in NPR

Particulars	2008/09	2009/10	2010/11
Net Interest Income	148,321,662	306,638,413	438,934,140
Commission and Discount Income	27,261,774	49,952,632	27,982,688
Other Operating Income	42,914,334	66,524,327	59,471,772
Exchange Fluctuation Income	9,343,425	23,006,185	47,190,859
Addition/Deduction in Interest Suspense during the period	1,912,488	9,929,010	18,573,117
Gross income (a)	229,753,683	456,050,567	592,152,576
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	34,463,052	68,407,585	88,822,886
Capital Requirement for operational risk (d) (average of c)			63,897,841
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			638,978,410
<i>If Gross Income for all the last three years is negative (6.4 a 8)</i>			
Total Credit and Investments (net of specific Provision)			
Capital Requirement for Operational Risk (5%)			
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (h= f + g)			

Risk Weighted Exposure for Market Risk

16th July 2011

Schedule 4.30 (E)

Currency	16th July 2011			16th July, 2010 Relevant Open Position (NPR)
	Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	
1. INR	(9,115,023)	(14,593,152)	14,593,152	22,231,104
2. USD	(21,001)	(1,495,304)	1,495,304	18,910,302
3. GBP	(2,470)	(283,810)	283,810	23,927,978
4. CHF	(1,000)	(87,340)	87,340	102,824
5. EUR	(23,427)	(2,360,719)	2,360,719	20,719,503
6. JPY	(1,119,351)	(1,007,248)	1,007,248	1,398,794
7. HKD	(1,590)	(14,525)	14,525	-
8. AUD	(15,339)	(1,162,756)	1,162,756	928,124
9. AED	(23,215)	(450,023)	450,023	214,851
10. MYR	(56,448)	(1,336,689)	1,336,689	505,866
11. THB	(41,190)	(97,620)	97,620	59,879
12. DKK	-	-	-	2,600
13. QAR	(48,838)	(954,783)	954,783	165,653
14. SGD	(15,435)	(901,327)	901,327	2,721
15. CNY	(2,403)	(26,469)	26,469	8,390
16. CAD	(4,545)	(339,330)	339,330	46,803
17. SAR	(124,329)	(2,361,008)	2,361,008	432,299
Total Open Position (a)			27,472,103	89,657,691
Fixed Percentage (b)			5%	5%
Capital Charge for Market Risk [c=(a×b)]			1,373,605	4,482,885
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10	10
Equivalent Risk Weight Exposure [e=(c×d)]			13,736,050	44,828,845

Principal Indicators

For Last Five Years

Schedule 4.31

Particulars	Indicators	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
1. Percent of Net Profit/Gross Income	Percent	24.30	21.24	12.31	15.80	13.37
2. Earning Per Share	Rs.	37.57	7.28	4.42	10.65	11.08
3. Market Value Per Share	Rs.	840.00	930.00	499.00	295.00	195.00
4. Price Earning Ratio	Ratio	22.36	127.71	112.93	27.71	17.61
5. Dividend (including bonus) on share capital	Percent	30.00	10.53	0.00	10.53	9.00
6. Cash Dividend on Share Capital	Percent	30.00	0.00	-	10.00	9.00
7. Interest Income/Loan & Advances	Percent	9.60	7.40	5.63	9.15	11.50
8. Staff Expenses/Total Operating Expenses	Percent	64.36	48.98	38.97	42.03	44.45
9. Interest Expenses on Total Deposit and Borrowing	Percent	6.28	7.17	3.54	5.33	7.88
10. Exchange Gain/Total Assets	Percent	-	-	0.06	0.17	0.30
11. Staff Bonus/Total Staff Expenses	Percent	77.53	53.71	22.05	40.38	44.36
12. Net Profit/Loan and Advances	Percent	5.17	3.62	1.19	2.02	1.95
13. Net Profit/Total Assets	Ratio	1.70	0.82	0.40	1.21	1.39
14. Total Credit/Deposit	Percent	112.02	120.96	76.78	78.44	88.16
15. Total Operating Expenses/Total Assets	Percent	0.89	0.71	0.80	1.41	1.54
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	11.76	32.66	19.75	17.61	15.51
b) Supplementary Capital	Percent	1.54	1.30	0.66	0.83	0.90
c) Total Capital Fund	Percent	13.31	33.96	20.41	18.44	16.39
17. Liquidity (CRR)	Ratio	5.29	9.28	10.12	6.02	6.85
18. Non-performing credit/Total credit	Percent	1.73	1.52	0.51	0.70	0.27
19. Weighted Average Interest Rate Spread	Percent	3.58	2.41	3.58	3.19	3.18
20. Book Net-worth	Rs. in '000	284,474	1,213,481	1,592,053	1,843,503	2,211,462
21. Total Shares	Nos. in '000	2,000	10,000	14,246	15,015	20,000
22. Total Staff	Number	34	54	126	159	189
23. Others	-	-	-	-	-	-

Details of Loan Availed by Promoters/ Institutional Promoters by Pledging Shares of NMB Bank Ltd. with Other Banks & Financial Institutions

For the period from 17th July 2010 to 16th July 2011

Schedule 4.34

Amount in NPR

Name of the Promoter/Institutional Promoter	No of shares held by the promoter		Percentage of paid up share Capital	Loan Details			Remarks
	No of shares	No of shares mortgaged		Name of Bank/ Financial Institution where loan is availed	Loan Amount	No of shares mortgaged	
1. Anand Kumar Rungta	47,797		0.24	Nepal SBI Bank Limited.	48,500,000	1,780	Third party collateral held as additional security
2. Bal Ram Neupane	296,734		1.48	Nepal Investment Bank Limited	4,098,109	41,677	OD Facility used by Mrs. Nirmala Neupane with shares mortgaged of Mr. Balaram Neupane.
				Siddhartha Bank Limited.	5,696,765	133,913	Third Party collateral together with mortgage of shares of Goma Devi Neupane w/o Mr Balaram Neupane.
				Prime Commercial Bank Limited.	4,099,636	54,699	
				Janta Bank Limited.	14,899,880	25,000	Additional security of 100,000 kitta in the name of Hari Babu Neupane also utilised.
3. Bishal Agrawal	190,830		0.95	Nepal Bank Limited-Dharmapath	-	64,428	
				NCC Bank Limited.	2,040,000	50,000	
4. Gayatri Investment and Management Pvt.Ltd.	851,473		4.26	International Development Bank Limited.	34,474,038	506,605	

Contd...Details of Loan Availed by Promoters/ Institutional Promoters by Pledging Shares of NMB Bank Ltd. with Other Banks & Financial Institutions

Name of the Promoter/Institutional Promoter	No of shares held by the promoter		Percentage of paid up share Capital	Loan Details			Remarks
	No of shares	No of shares mortgaged		Name of Bank/ Financial Institution where loan is availed	Loan Amount	No of shares mortgaged	
5. Goma Devi Neupane	27,573		0.14	Siddhartha Bank Limited.	4,490,000	22,770	Third Party collateral together with mortgage of shares of Mr Balaram Neupane husband of Ms. Goma Devi Neupane.
6. Hari Babu Neupane	100,000		0.50	Janta Bank Limited.	14,899,880	100,000	Mortgage for loan availed by Mr Bala Ram Beupane.
7. Manju Tapadia	316,707		1.58	United Finance Limited.	2,737,500	70,192	Third Party collateral
8. Sagun Pant	125,071		0.63	ICFC Bittiya Sanstha Limited.	5,856,184	125,071	Third Party collateral.
9. Subash Chandra Sanghai	190,830		0.95	Himalayan Bank Limited.	50,384,213	110,080	
10. Manoj Prasad Dhital	60,106		0.30	ICFC Bittiya Sanstha Limited.	2,000,000	51,683	
11. Trilok Chandra Agrawal	810,506		4.05	Nepal Bank Limited - Dharmapath	-	393,962	
12. Yong Lian Realty Sdn Bhd	2,533,257		12.67	DCBL Bank Limited.	37,327,311	616,475	
				Clean Energy Development Bank Limited.	50,333,687	754,916	

Note: 1) Total number of shares held by promoters include divested shares and public shares also.
2) Loan amount due from Nepal Bank Ltd. could not be obtained.

Comparison of Unaudited and Audited Financial Statements

As of FY 2010/11

Schedule 4.35

Amount in NPR '000

Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for variance
			In Amount	In %	
1. Total Capital and Liabilities(1.1 to 1.7)	16,094,852	16,082,710			
1.1. Paid Up Capital	2,000,000	2,000,000	-	0.00%	
1.2. Reserve and Surplus	402,646	211,462	(191,184)	-47.48%	Amount of Deferred tax and Provision for taxes adjusted. Transfer of 20% of current year profit to Statutory General Reserve as per NRB Directives. Declaration of Cash Dividend.
1.3. Debenture and Bond	-	-	-		
1.4. Borrowings	497,200	497,200	-	0.00%	
1.5. Deposits (a+b)	12,866,222	12,866,222	(0)	0.00%	
a. Domestic Currency	11,696,631	11,696,631	0	0.00%	
b. Foreign Currency	1,169,591	1,169,591	0	0.00%	
1.6. Income Tax Liability	-	-	-		
1.7. Other Liabilities	328,784	507,826	(179,042)	-54.46%	Increase in Deferred Tax liability. Decrease in Provision for Staff Incentive and Bonus.Declaration of Cash Dividend.
2. Total Assets (2.1 to 2.7)	16,094,852	16,082,710			
2.1. Cash and Bank Balance	1,493,887	1,493,887	(0)	0.00%	
2.2. Money at Call and Short Notice	259,167	259,167	0	0.00%	
2.3. Investment	2,614,946	2,614,946	(0)	0.00%	
2.4. Loans and Advances(Gross)(a+b+c+d+e+f)	11,343,092	11,343,092	-	0.00%	
a. Real Estate Loan	1,625,830	1,625,830	-	0.00%	
1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 80 Lacs)	292,978	292,978	-	0.00%	
2. Business Complex & Residential Apartment Construction Loan	563,889	563,889	-	0.00%	

Contd....Comparison of Unaudited and Audited Financial Statements

Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for variance
			In Amount	In %	
3. Income Generating Commercial Complex Loan	-	-	-		
4. Other Real Estate Loan (including land purchase & plotting)	768,963	768,963	-	0.00%	
b. Personal Home Loan of Rs. 80 Lacs or Less	697,940	697,940	-	0.00%	
c. Margin Type Loan	456,933	456,933	-	0.00%	
d. Term Loan	1,326,399	1,326,399	-	0.00%	
e. Overdraft Loan/ TR Loan/ WC Loan	3,249,003	3,249,003	-	0.00%	
f. Others	3,986,987	3,986,987	-	0.00%	
2.5. Fixed Assets	276,549	276,549	0	0.00%	
2.6. Non-banking Assets	-	-	-		
2.7. Other Assets	107,211	95,069	(12,142)	-11.32%	Reversal of Deferred Tax Reserve and Corresponding adjustment due to Provision for taxation.
3. Profit and Loss Account					
3.1. Interest Income	1,492,385	1,492,385	(0)	0.00%	
3.2. Interest Expenses	1,053,295	1,053,451	(156)	-0.01%	Omission in Call deposit interest calculation rectified.
A. Net Interest Income (3.1-3.2)	439,090	438,934	156	0.04%	
3.3. Fees, Commission and Discount	27,965	27,983	18	0.06%	Omission in booking of remittance income rectified.
3.4. Other Operating Income	59,472	59,472	(0)	0.00%	
3.5. Foreign Exchange Gain/Loss (Net)	47,191	47,191	0	0.00%	
B.Total Operating Income(A+3.3+3.4+3.5)	573,718	573,580	138	0.02%	
3.6. Staff Expenses	79,133	75,614	3,519	4.45%	Reversal of Staff Incentive expenses.
3.7. Other Operating Expenses	136,395	136,395	(0)	0.00%	
C. Operating Profit Before Provision (B.-3.6-3.7)	358,190	361,571	(3,381)	-0.94%	
3.8. Provision for Possible Losses	36,432	36,532	(100)	-0.27%	Adjustment of additional Loan Loss Provision as recommended by the auditors.
D. Operating Profit (C.-3.8)	321,758	325,039	(3,281)	-1.02%	

Contd... Comparison of Unaudited and Audited Financial Statements

Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for variance
			In Amount	In %	
3.9. Non-Operating Income/Expenses(Net)	3,901	3,903	(2)	-0.04%	Cash Dividend received from one of the invested shares.
3.10. Write Back of Provision for Possible Loss	25,610	25,610	(0)	0.00%	
E. Profit from Regular Activities(D+3.9+3.10)	351,269	354,552	(3,283)	-0.93%	
3.11. Extraordinary Income/Expenses(Net)	14,385	14,385	0	0.00%	
F. Profit before Bonus and Taxes(E.+3.11)	365,654	368,937	(3,283)	-0.90%	
3.12. Provision for Staff Bonus	33,241	33,540	(299)	-0.90%	Increase in Provision for Bonus as per corresponding increase in Profit before bonus and taxes.
3.13. Provision for tax	99,724	113,892	14,168	14.21%	Deferred tax booked in the Audited Financial Results subsequently. Increase in Provision for Bonus as per corresponding increase in Profit before Bonus and taxes.
G. Net Profit/Loss(F.-3.12-3.13)	232,689	221,505			

Unaudited Financial Results (Quarterly)

As at 4th Quarter (16/07/2011) of the Fiscal Year 2011/12

Schedule 4.36

Amount in NPR

Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1. Total Capital and Liabilities(1.1 to 1.7)	16,094,852	15,810,216	13,349,600
1.1. Paid Up Capital	2,000,000	1,651,650	1,651,650
1.2. Reserve and Surplus	402,646	336,679	159,879
1.3. Debenture and Bond	-	-	-
1.4. Borrowings	497,200	412,500	380,255
1.5. Deposits (a+b)	12,866,222	12,932,313	10,110,690
a. Domoestic Currency	11,696,631	11,752,289	9,371,079
b. Foreign Currency	1,169,591	1,180,024	739,611
1.6. Income Tax Liability	-	75,772	-
1.7. Other Liabiltiies	328,784	401,302	1,047,126
2. Total Assets (2.1 to 2.7)	16,094,852	15,810,216	13,349,600
2.1. Cash and Bank Balance	1,493,887	679,098	1,729,834
2.2. Money at Call and Short Notice	259,167	418,379	582,309
2.3. Investment	2,614,946	2,539,791	2,715,957
2.4. Loans and Advances (Gross) (a+b+c+d+e+f)	11,343,092	11,443,908	7,931,139
a. Real Estate Loan	1,625,830	1,806,424	1,520,671
1. Residential Real Estate Loan (Except personal Home Loan upto Rs. 80 Lacs)	292,978	322,129	60,400
2. Business Complex & Residential Apartment Construction Loan	563,889	585,049	354,642
3. Income generating Commercial Complex Loan	-	-	-
4. Other Real Estate Loan (including land purchase & plotting)	768,963	899,246	1,105,629
b. Personal Home Loan of Rs. 80 Lacs or Less	697,940	665,264	482,224
c. Margin Type Loan	456,933	455,206	557,237
d. Term Loan	1,326,399	1,207,384	707,123
e. Overdraft Loan/ TR Loan/ WC Loan	3,249,003	3,411,969	2,498,028
f. Others	3,986,987	3,897,661	2,165,856
2.5. Fixed Assets	276,549	292,814	255,295
2.6. Non-banking Assets	-	-	-
2.7. Other Assets	107,211	436,226	135,066

Contd...Unaudited Financial Results (Quarterly)

Contd...Unaudited Financial Results (Quarterly)

Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
3. Profit and Loss Account	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
3.1. Interest Income	1,492,385	1,042,142	866,182
3.2. Interest Expenses	1,053,295	727,386	559,544
A. Net Interest Income (3.1-3.2)	439,090	314,756	306,638
3.3. Fees, Commission and Discount	27,965	20,497	49,953
3.4. Other Operating Income	59,472	45,119	66,524
3.5. Foreign Exchange Gain/Loss (Net)	47,191	42,119	23,006
B. Total Operating Income (A+3.3+3.4+3.5)	573,718	422,491	446,121
3.6. Staff Expenses	79,133	56,508	55,958
3.7. Other Operating Expenses	136,395	93,510	108,342
C. Operating Profit Before Provision (B.-3.6-3.7)	358,190	272,473	281,821
3.8. Provision for Possible Losses	36,432	16,949	40,253
D. Operating Profit (C.-3.8)	321,758	255,524	241,568
3.9. Non-Operating Income/Expenses(Net)	3,901	3,407	1,983
3.10. Write Back of Provision for Possible Loss	25,610	898	4,006
E. Profit from Regular Activities (D+3.9+3.10)	351,269	259,829	247,557
3.11. Extraordinary Income/Expenses(Net)	14,385	18,000	1,005
F. Profit before Bonus and Taxes (E.+3.11)	365,654	277,829	248,562
3.12. Provision for Staff Bonus	33,241	25,257	22,597
3.13. Provision for tax	99,724	75,772	66,095
G. Net Profit/Loss (F.-3.12-3.13)	232,689	176,800	159,870
4. Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1. Capital Fund to RWA	17.80%	14.49%	18.37%
4.2. Non Performing Loan(NPL) to Total Loan	0.27%	0.28%	0.70%
4.3. Total Loan Loss Provision to Total NPL	445.69%	443.24%	220.35%
4.4. Cost of Funds	9.96%	9.71%	7.88%
4.5. Credit to Deposit Ratio (Calculated as per NRB Directives)	77.13%	79.12%	67.59%

Note: 1. Above figures are subject to change from Supervisory Authority and External Audit.

2. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.

Significant Accounting Policies

Financial Year 17 July 2010 to 16 July 2011 (1 Shrawan 2067 to 32 Ashad 2068)

Schedule 4.32

1. GENERAL INFORMATION

NMB Bank Limited (the "Bank") is a limited liability company domiciled in Nepal. The registered office of the Bank is G.P.O. Box 11543, Babar Mahal, Kathmandu, Nepal. The Bank has a primary listing on the Nepal Stock Exchange Limited.

The Bank carries out commercial banking activities in Nepal under license from Nepal Rastra Bank as Class A licensed institution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Bank are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented herein.

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the Nepal Accounting Standards (NAS) issued by the Nepal Accounting Standards Board (NASB) except otherwise stated, the Generally Accepted Accounting Principles (GAAP), the provisions of Bank and Financial Institution Act, 2063 (BAFIA), the requirements of NRB Directives and in compliance with the Companies Act 2063.

2.2 BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis. The preparation of the financial statements is in conformity with NAS and GAAP requires use of certain critical accounting

estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies.

2.3 INTEREST INCOME

Interest income on Loans & Advances has been recognized on cash basis as per Directive of the Nepal Rastra Bank, although this practice is inconsistent with NAS 7 (Revenue Accounting), which prescribes that the revenue should be recognized on accrual basis. Interest income on Investments is recognised on accrual basis.

2.4 COMMISSION INCOME

All the commission incomes are accounted for on accrual basis except for commission income less than NPR 1 lakh or generated out of a transaction with tenure less than 12 month which are accounted for on cash basis.

Service charges on loans and advances are recognized as income when it becomes due on approval of loans.

2.5 DIVIDEND INCOME

Dividend is recognised as income when the right to receive the dividend is established. For bonus shares, the numbers of shares alone are increased without any changes in the cost price of shares.

2.6 FOREIGN EXCHANGE TRANSACTIONS

Assets and liabilities denominated in foreign currencies as on the balance sheet date have been converted into local

currency at mid-point exchange rates published by Nepal Rastra Bank after adjustment for effective trading rate.

Net difference arising from the conversion of foreign currency assets and liabilities is accounted for as revaluation gain/loss under Exchange Gain in Schedule 4.22. 25% of such revaluation gain is transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account as per NRB Directives.

Income realised from the difference between buying and selling rates of Foreign Exchange is accounted for as trading gains and shown as "Trading Gains" under "Exchange Gain" in Schedule 4.22

2.7 INTEREST EXPENSE

Interest on deposit liabilities and borrowing from other banks are accounted for on accrual basis.

2.8 LOANS AND ADVANCES, OVERDRAFTS AND BILLS PURCHASED

Loans and advances, overdrafts & bills purchased include direct finance provided to the customers such as bank overdrafts, term loans, working capital loan, consumers' loans given to deprived sector, etc. All loans are subject to regular review. They are graded according to the level of credit risk and classified as per Nepal Rastra Bank's Directives. Loans and advances, overdrafts and bills purchased are shown net of provision for possible losses.

2.9 STAFF LOANS

Loans and advances granted to staff in accordance with the staff loan scheme and interest accrued thereon are reflected under "Other Assets" as per the Directives of Nepal Rastra Bank.

2.10 LOAN LOSS PROVISION

Provision is made for possible losses on loans and advances & overdrafts at 1% to 100% on the basis of classification of loans and advances and overdrafts in accordance with the directives of Nepal Rastra Bank. Provisions in addition to the minimum requirement as per the directive of Nepal Rastra Bank, have been made by the management on prudence basis.

2.11 LOANS & ADVANCES WRITE OFF

Unrecoverable loans and advances are written off in accordance with the by-laws of the Bank approved by the Nepal Rastra Bank.

2.12 INVESTMENTS

Investments are classified as held for trading, held to maturity and available for sale.

Held for Trading: Investments that are made for the purpose of generating profit from short term fluctuations in price are classified under this category. These investments are marked to market and differences reflected in the profit and loss account.

Held to Maturity: The investments made with positive intent and ability of the bank to hold till maturity is classified as held to maturity investments. The held to maturity investments are valued at amortized cost i.e. the cost price less any impairments (if applicable). The impairments are included in the profit and loss accounts for the period.

Available for Sale: All other investments that are neither "held for trading" nor "held to maturity" are classified under this category. These investments are marked to market on a regular basis and the difference adjusted through provision for investments.

Investment Adjustment Reserve of 2% is also created in addition which qualifies for Supplementary Capital. All Investments are subject to regular review as required by Nepal Rastra Bank Directives.

Investment in Subsidiary Company As per the regulatory requirement issued by Ministry of Finance in Nepal Raajpatra,

all existing Banks and Financial Institutions need to perform its merchant banking activities by opening its own subsidiary company. In line with the same, the Bank also opened a subsidiary company, NMB Capital Limited, by investing 70% of the equity capital amounting to NPR 70 Million. The Company received operating license from the Securities Board and started its commercial operation from September 17, 2010.

The investment has been classified under "Available for sale" category as per the direction of the NRB.

2.13 FIXED ASSETS AND DEPRECIATION

a) Fixed assets are stated at cost less accumulated depreciation

b) Land is not depreciated. Depreciation of other fixed assets is charged to Profit and Loss Account on Straight Line method over the useful life of fixed assets. The estimated useful life of the assets are as follows:

Assets	Estimated Life	Rate of Depreciation
Building	40 years	2.5%
Office equipment	7 years	14.28%
Computers	5 years	20%
Furniture & Fixtures	7 years	14.28%
Vehicles	5 to 7 years	20%/ 14.28%
Intangible Assets	Over the life of assets determinable or estimated	

c) Leasehold improvements are capitalised at cost and amortised over period of lease.

d) Intangible assets are capitalised and amortised over the life of assets determinable or best estimated.

e) Depreciation on fixed assets sold or disposed off during the year is charged upto the date of sales and gain or loss on the sales transaction is accounted for.

f) Software costs are amortized over their estimated useful lives from the period of purchase. These costs are shown under "Others" in the fixed assets schedule 4.14.

g) Assets with a unit value of NPR 10,000 or less are expensed-off during the year of purchase irrespective of its useful life.

2.14 RETIREMENT BENEFITS

The Bank offers retirement benefits to its confirmed employees mainly provident fund and gratuity payable at the time of separation from service.

Provident fund

Provident fund is recognised at the time of contribution to the fund which is independent to the Bank.

Gratuity

Provision for gratuity is made on accrual basis with the amount of gratuity computed by the Bank as per the Bank's Policy.

Accumulated leave

Accumulated leave is accounted for on accrual basis as per NAS.

2.15 INCOME TAX

Current Income Tax

Provision for current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and Rules framed there under.

Deferred Tax

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined by using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax related to temporary differences in opening balances is credited or charged directly to equity and subsequent year differences are recognised in the income statement together with the deferred gain or loss.

Deferred tax assets and liabilities are netted off and presented under 'Other Assets' or 'Other Liabilities'. Profit arising out of the deferred tax assets are stated under earmarked 'Deferred Tax Reserve' as per NRB guidelines.

2.16 STATIONERY

Stationery purchased are stated at cost and charged to revenue at the time of consumption.

2.17 NON BANKING ASSETS

Non Banking Assets are accounted for as per the Directives of Nepal Rastra Bank. The Bank did not have any non banking assets during the year.

2.18 LEASE

Assets held under finance leases are initially recognized as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Liabilities on account of derivative contracts are reported under Contingent liabilities under subheading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements.

3. ROUNDING OFF AND COMPARATIVE FIGURES

The financial statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Previous year's figures have been reclassified wherever necessary in order to facilitate comparison.

Notes to Accounts

Financial Year 17 July 2010 to 16 July 2011 (1 Shrawan 2067 to 32 Ashad 2068)

Schedule 4.33

1. INTEREST INCOME AND INTEREST SUSPENSE

The interest receivable on loans and advances as at 16 July 2011 has been netted off with interest suspense account as per NRB Directives and disclosed in Schedule 4.16- "Other Assets".

2. PROVISION FOR BONUS

Provision for bonus has been calculated and provided for at 10% of net profit, after making adjustments for loan loss provision and bonus.

3. STAFF HOUSING FUND

As the terms of service of the staff has a provision for extending housing loans to the eligible staff, a separate housing fund has not been created as prescribed by the Labour Act, 2048.

4. GENERAL RESERVE

As per the requirement of Nepal Rastra Bank, 20% equivalent to NPR 44,300,955 of the current year's profit has been transferred to General Reserve.

5. EXCHANGE FLUCTUATION RESERVE

25% of the revaluation gain amounting to NPR 3,011,293 has been transferred to Exchange Fluctuation Reserve through the Profit and Loss Appropriation Account as per NRB Directives.

6. INCOME TAX RETURNS

Subsequent to the balance sheet date, the Large Taxpayer Office (LTO) has completed the assessment of the tax returns filed by the Bank under self assessment up to FY 2063/64. The LTO has issued its preliminary assessment which the Bank is in the process of review

and providing additional documentary evidences as clarification to resolve the issues raised by the LTO. Until the LTO makes it's final assessment for these years and raises additional demand for income tax, no adjustments or disclosures has been made as the amount is not ascertainable.

7. PROVISION FOR GRATUITY

During the year, the Bank has provided NPR 4,891,130 on account of gratuity payable to the eligible staff.

8. UNPAID DIVIDEND

As on the balance sheet date, the unpaid dividend over five years amounts to NPR 2,360,679.

9. PAID UP SHARE CAPITAL

Paid up share capital of the Bank has moved over the years as follows:

Financial Year	Cumulative Paid up Capital NPR	Remarks
2006-07(2063-64 BS)	199,540,600	Issuance of 30% Bonus Shares
2007-08 (2064-65 BS)	1,000,000,000	Issuance of 1:4 Right Shares
2008-09 (2065-66 BS)	1,424,641,350	Issuance of 10% Bonus Shares and 30% Right Shares
2009-10 (2066-67 BS)	1,651,650,000	Auction of 53,586.5 remaining right shares of financial year 2008-09 and public issue of 715,000 shares. Premium of both the shares are accounted for accordingly.
2010-11 (2067-68 BS)	2,000,000,000	Issuance of 10:21.09 right shares and auction of unsubscribed right shares.

161,138.60 unsubscribed right shares have been auctioned for the average price of NPR 162. Share premium totalling to NPR 10,077,915 has been accounted for under appropriate head.

10. ADVANCE INCOME TAX

Advance income tax paid by the Bank amounting to NPR 105,155,266 during the year has been set-off with provisions for income tax liability and presented in Schedule 4.16 –"Other Assets".

11. DEFERRED TAX

Carrying amount of Assets and Liabilities where temporary differences arise as on Ashad 32, 2068 (16.07 2011) are as follows:

Particulars	Carrying Value	Tax Base	DTL/DTA	Difference
Fixed Assets	276,548,622	230,162,061	DTL	46,386,561
Development Bonds	1,021,243,403	1,039,585,471	DTA	(18,342,067)
Gratuity provision	8,008,898	–	DTA	(8,008,897)
Sick leave provision	11,588,989	–	DTA	(11,588,989)
Provision on investment	1,821,070	–	DTA	(1,821,070)
Net temporary differences	1,276,373,068	1,269,747,532	DTL	6,625,537
Deferred tax liabilities (30%) as on 16 July 2011				1,987,661
Opening deferred tax asset				(8,507,863)
Net movement this year				10,495,524
Of which:				
Charged to Profit and Loss Account				1,987,661
Charged to Profit and Loss Appropriation Account (Equity)				8,507,863
Total				10,495,524

Deferred tax (assets)/liabilities have been recognised as per the provision of Nepal Accounting Standard (NAS -09).

12. COMPENSATION DETAILS FOR KEY MANAGEMENT PERSONNEL

Total of Key Management Personnel Compensation NPR 28,260,313

- A) Short Term Employee Benefits (Includes Gross receipt during the year)- 28,260,313
- B) Post Employment Benefits - NIL
- C) Other Long Term Benefits - NIL
- D) Termination Benefits - NIL
- E) Share Based Payment - NIL

Additional information

Key Management Personnel includes members of Executive Committee of the Bank. Key management personnel are also provided with the following benefits:

- i) Benefits as per the Employee Terms of Service By-laws,
- ii) Bonus to staff as per the Bonus Act,
- iii) Vehicle Allowance as per the Bank's Staff Vehicle Scheme.

The Board of Directors have been paid meeting fees of NPR 1,043,000. The Bank has not provided any other non cash benefit to directors except board meeting fees.

(Note: Members of Executive Committee includes:

- Mr Upendra Poudyal, CEO
- Mr Sunil KC, GM
- Mr Pradeep Pradhan, AGM
- Mr Suman Sharma, Head - Business Banking

Mr Bijay Giri, Head- Human Resource
Mr Sameer Chhetry, Head - Investment Banking
Ms Pratibha Lohani, Head - Compliance

13. LEASE PAYMENTS

Finance Lease

The Bank has not entered into any finance lease and does not have any obligation in respect of finance lease.

Operating Lease

The Bank has entered into a lease arrangement for office premises and ATM space outside of the branch for different periods continuing from previous years, which can be terminated by either party giving 90 days' notice. The future minimum lease payment under non-cancellable operating leases, where the bank is lessee is NIL.

14. RECONCILIATION STATUS

The position of agency and inter-branch reconciliation accounts are given below:

Amount in NPR

Particular	Less than 1 Year	More than 1 year less than 3 years	More than 3 years	Total
Agency Accounts	35,266,100	-	-	35,266,100
Inter branch	-	-	-	-

15. LOAN DISBURSED, RECOVERED, WRITTEN OFF AND OUTSTANDING DURING THE YEAR.

The loan disbursed, recovered and outstanding during the year is given below:

Amount in NPR

Opening Balance	Disbursed	Recovered	Written off	Closing balance
7,931,138,987	33,565,866,171	30,149,369,715	4,543,528	11,343,091,915

16. SUMMARY OF CHANGES IN DEPOSIT DURING THE YEAR

The financial growth of the deposits during the year is given below:

Amount in NPR

Particulars	FY 2067/2068	FY 2066/2067	Increase/(Decrease)
Savings Deposits	1,883,501,165	1,421,594,626	461,906,539
Fixed Deposits	6,563,092,775	4,020,041,753	2,543,051,022
Call Deposits	3,843,263,139	3,998,241,027	(154,977,888)
Current Deposits	518,480,341	628,771,523	(110,291,182)
Margin Deposits	57,884,508	42,040,802	15,843,706
Total	12,866,221,928	10,110,689,731	2,755,532,197

17. WEIGHTED AVERAGE INTEREST RATE SPREAD

Particulars	Percent
Average lending/investment interest rate	11.97
Average deposit/borrowing interest rate	8.79
Net Spread	3.18

18. SUMMARY OF CONCENTRATION OF EXPOSURE

The financial growth of the deposits during the year is given below:

Amount in NPR

Particulars	Loans, Advance and Bills Purchased	Deposit	Contingent
Total amount as at 16 July 2011	11,343,091,915	13,363,421,928	822,027,775
Highest exposure to single unit	357,656,729	1,858,635,747	108,532,136
Highest % of exposure to single unit	3.15%	13.91%	13.20%

19. CLASSIFICATION OF ASSETS AND LIABILITIES BASED ON MATURITY

Amount in NPR Million

Particulars	1-90 Days	91-180 Days	181-270 Days	271-1 Year	Over 1 Year	Total
A) Assets						
1. Cash Balance	2,647	-	-	-	-	2,647
2. Balance with Banks	12,292	-	-	-	-	12,292
3. Investment in Foreign Banks	1,246	-	-	-	-	1,246
4. Call Money	2,592	-	-	-	-	2,592
5. NG Securities	2,766	3,415	367	2,115	10,212	18,875
6. Nepal Rastra Bank Bonds	-	-	-	-	-	-
7. Inter Bank Lending	1,732	-	-	-	-	1,732
8. Loans, Advances & Bills Purchased	37,358	17,204	9,080	5,088	44,700	113,430
9. Accrued Interest Receivable	752	-	-	-	-	752
10. Reverse Repo	-	-	-	-	-	-
11. Receivable for Guarantee provided to other Institutions	-	-	-	-	-	-
12. Payment for facilities provided under S. N. 20,21,22	-	-	-	-	-	-
13. Others-Fixed Deposit Placement	1,500	712	-	1,068	-	3,280
Total Assets	62,885	21,331	9,447	8,271	54,912	156,846
B) Liabilities						
14. Current Deposits	5,764	-	-	-	-	5,764
15. Saving Deposits(including call deposits)	12,867	11,100	11,100	11,100	11,100	57,267
16. Fixed Deposit	10,497	17,847	11,202	20,266	5,819	65,631
17. Debentures	-	-	-	-	-	-
18. Borrowings:						
-Money at call short notice	-	-	-	-	-	-
-Inter Bank	712	-	-	-	-	712
-Refinance	-	2,560	-	-	-	2,560
-Others	-	-	-	-	-	-
19. Other liabilities and Provisions:						
-Sundry Creditors	43	-	-	-	-	43
-Bills Payable	28	-	-	-	-	28
-Interest Payable	334	-	-	-	-	334
-Provisions	557	-	-	-	-	557
-Others	951	-	-	-	-	951

Contd...Classification of Assets and Liabilities based on Maturity

Contd...Classification of Assets and Liabilities based on Maturity

Particulars	1-90 Days	91-180 Days	181-270 Days	271-1 Year	Over 1 Year	Total
20. Payable for Guarantees	517	-	-	-	-	517
21. Unlisted approved credit limits	7,098	-	-	-	-	7,098
22. Letter of Credit/Guarantees	6,010	506	339	476	373	7,704
23. Repo	1,700	-	-	-	-	1,700
24. Payment to be made for facilities under S.N. 11	-	-	-	-	-	-
25. Others	-	-	-	-	-	-
Total Liabilities	47,078	32,013	22,641	31,842	17,292	150,866
Net Financial Assets	15,807	(10,682)	(13,194)	(23,571)	37,620	5,980
Cumulative Net Financial Assets/Liabilities	15,807	5,125	(8,069)	(31,640)	5,980	-

20. BORROWING BY THE BANK AGAINST THE COLLATERAL OF OWN ASSETS

Borrowing by the Bank against the collateral of own assets are NIL.

21. DETAILS OF GROSS NON BANKING ASSETS OF THE BANK

Previous Year	Addition during the year	Sale During the year	Balance at the year end
Nil	Nil	Nil	Nil

22. RELATED PARTY DISCLOSURE

(a) Transaction with subsidiary company NMB Capital Limited

NPR in million

Nature of Services	Particulars	Income to the Bank	
		Income to the Bank	Expense to the Bank
Service fees	Service agreement to provide various operational and strategic support to NMB Capital Ltd	2.0	
Office space rental	Space provided by Bank to NMB Capital Ltd	0.94	
Call Deposit of NMB Capital held in the Bank	Interest on NPR 66.73 million as of 16 July 2011		6.37
Services	Commission on Outsourcing of various services e.g. Payment of NEA Bond Interest, Dividend of Nepal Telecom Ltd, Issue of right shares of the Bank		0.93
Share Registrar	Share Registrar of the Bank		0.12

The intra-group related figures have been excluded for presentation of the financial statement of the Group.

(b) Key Management Personnel Compensation

NPR in million

Transactions	Nature	Amount (NPR)	
		2010-11	2009-10
CEO	Short Term Employee Benefits	13,129,612	6,360,000
Other Key Management Personnel	Short Term Employee Benefits	15,130,701	6,739,286
		28,260,313	13,099,286

23. CHANGE IN DEPRECIATION METHOD

From the current year the Bank changed the method of depreciation and amortization on fixed assets and leasehold property from diminishing value method as prescribed by the Income Tax Act to straight line method. The resultant decrease in the value of fixed assets NPR 18,928,470 due to the above change has been recognised in the profit and loss account under the head Extraordinary Income.

Disclosure Under New Capital Adequacy Framework for the Year Ended July 16, 2011

1. CAPITAL STRUCTURE AND CAPITAL ADEQUACY:

Tier 1 capital and a breakdown of its components:

Details	Amount (NPR)
1. Paid up Equity Share Capital	2,000,000,000
2. Share Premium	10,077,915
3. Statutory General Reserves	186,059,746
4. Retained Earnings	7,132,962
5. Less: Investment in equity of institutions with financial interests	(70,000,000)
Total Core Capital	2,133,270,623

Tier 2 capital and a breakdown of its components:

Details	Amount (NPR)
1. General loan loss provision	113,229,322
2. Exchange Equalization Reserve	6,414,442
3. Investment Adjustment Reserve	1,776,760
Total Supplementary Capital	121,420,524

- Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount raised during the year and amount eligible to be reckoned as capital funds.

- The Bank does not have any Subordinated Term Debts

- Deductions from capital:
 - Investment in equity shares of subsidiary company NMB Capital Ltd amounting to NPR 70,000,000 is deducted from Capital.

- Total qualifying capital:

Details	Amount (NPR)
1. Core Capital (Tier 1)	2,133,270,623
2. Supplementary Capital (Tier 2)	121,420,524
Total Capital Fund	2,254,691,147

- Capital Adequacy Ratio:

Details	Percentage
1. Tier 1 Capital to Total Risk Weighted Exposure	15.51%
2. Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	16.39%

- Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.
 - The Bank does not have any other capital instruments except fully paid up Equity Shares as qualifying capital.

2. RISK EXPOSURES

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

Risk Weighted Exposure	Amount (NPR)
a. Risk Weighted Exposure for Credit Risk	12,830,791,083
b. Risk Weighted Exposure for Operational Risk	638,978,410
c. Risk Weighted Exposure for Market Risk	13,736,050
Total Risk Weighted Exposures (a+b+c)	13,483,505,543
Add : 2% of the the total RWE due to Supervisory add up	269,670,111
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13,753,175,654

Risk Weighted Exposures under each of 11 categories of Credit Risk:

Particulars	Amount (NPR)
1. Claims on government and Central Bank	NIL
2. Claims on other Official Entities	30,000,000
3. Claims on Bank	559,954,427
4. Claims on Domestic Corporate and Securities Firms	7,376,192,075
5. Claims on Regulatory Retail Portfolio	836,537,212
6. Claims secured by Residential Properties	290,532,741
7. Claims secured by Commercial Real Estate	1,006,681,541
8. Past Due Claims	44,731,256
9. High Risk Claims	1,827,408,748
10. Other Assets	366,557,961
11. Off Balance sheet items	492,195,122
TOTAL	12,830,791,083

Total Risk Weighted Exposure calculation table:

Particulars	Amount (NPR)
a. Risk Weighted Exposure for Credit Risk	12,830,791,083
b. Risk Weighted Exposure for Operational Risk	638,978,410
c. Risk Weighted Exposure for Market Risk	13,736,050
1. Total Risk Weighted Exposure	13,483,505,543
Add : 2% of the total RWE due to Supervisory add up	269,670,111
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	13,753,175,654
2. Total Core Capital Fund (Tier 1)	2,133,270,623
3. Total Capital Fund (Tier 1 & Tier 2)	2,254,691,147
4. Total Core Capital to Total Risk Weighted Exposures	15.51%
5. Total Capital to Total Risk Weighted Exposures	16.39%

Amount of Non Performing Assets (NPAs) Amount (NPR)

Category	Gross	Provision	Net
Restructure/ Reschedule Loan	5,725,639	4,923,801	801,838
Substandard	8,935,669	2,233,917	6,701,752
Doubtful	3,104,923	1,737,423	1,367,500
Loss	12,393,517	12,393,517	NIL
Total	30,159,7482	1,288,658	8,871,090

NPA Ratio

Gross NPA to Gross Advances 0.27 %

Net NPA to Net Advances 0.08%

Movement of Non Performing Assets Amount (NPR)

Particulars	16th July 2010	16th July 2011	Movement
Restructure/ Reschedule Loan	13,326,538	5,725,639	(7,600,899)
Substandard	27,192,925	8,935,669	(18,257,256)
Doubtful	7,715,823	3,104,923	(4,610,900)
Loss	20,921,763	12,393,517	(8,528,246)
Total Non Performing Loan	69,157,049	30,159,748	(38,997,301)

Write off of Loans & Interest Suspense Amount (NPR)

Name	Principal	Interest	Total
Hire Purchase loan of Devraj Joshi	758,216	252,554	1,010,770
Hire Purchase loan of Nirhari Pd Upadhya	931,710	444,249	1,375,959
Hire Purchase loan of Saujanya Shahi	1,047,970	566,187	1,614,157
Hire Purchase loan of Mamata Kumari Regmi	907,637	455,753	1,363,390
Hire Purchase loan of Hasu Devi Singh	897,993	440,321	1,338,314
TOTAL	4,543,526	2,159,064	6,702,590

Movement of Loan Loss Provision & Interest Suspense

Amount (NPR)

Category	16th July 2010	16th July 2011	Movement
Pass	78,619,819	113,229,322	34,609,503
Restructured	10,750,920	4,923,801	(5,827,119)
Substandard	7,413,765	2,233,917	(5,179,848)
Doubtful	5,314,032	1,737,423	(3,576,609)
Loss	20,921,763	12,393,517	(8,528,246)
Total Loan Provision	123,020,300	134,517,980	11,497,680

Interest Suspense

As per NRB Directives, all interest accruals on loans and advances, irrespective of loan category, are transferred to interest suspense account until the interest accrued and due is realized in cash.

Details of Interest Suspense Movement is as follow:

Amount (NPR)

Particulars	16th July 2010	16th July 2011	Movement
Interest Suspense	30,643,919	49,220,036	18,576,117

Details of Additional Loan Loss Provision

Category	Amount (NPR)
Pass	34,509,502
Restructured	NIL
Substandard	1,315,220
Doubtful	1,367,500
Loss	99,263
Total Additional Loan Loss Provision	37,291,485

Segregation of Investment Portfolio

Particulars	Amount (NPR)
Held for Trading	3,000,000
Held for Maturity	2,530,316,880
Available for Sale	83,450,549
Total Investment Portfolio	2,616,767,429

NOTE: Investment under held for trading category includes NSB Bonds held by the Bank, bought and sold daily as market maker of the same.

Eligible Credit Risk Mitigants (CRM) availed

As per the provisions of the New Capital Adequacy Framework, the bank has claimed all the eligible credit risk mitigant of NPR 124,319,198 for Balance Sheet and Off Balance Sheet exposures and availed benefit thereof.

Summary of the Banks internal approach to assess the adequacy of its capital to support current & future activities:

- Regular monitoring by the Compliance Department
- Supervision by the Top level Management

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