

**TOGETHER
WE
PROSPER**





TOGETHER WE PROSPER

Siddhartha Bank Limited (SBL) has always been a promising and dependable name in the market and it has been consistently fulfilling multitude of needs and expectations of its customers and all other associated stakeholders within and beyond the country for more than a decade. Right from its initial days to this date when the Bank stands among the top notch commercial banks of the country, one thing has remained unchanged in the business philosophy of the Bank and that is its undeterred commitment for prospering together with its customers, shareholders, staff members and all other stakeholders. In fact, this philosophy has been replicated in

every product or service offering, every business process, every point of representation and every service delivery channel of the Bank. Above all, the sustainability that the Bank has achieved in terms of growth of its networks, customer base, business portfolio and quality of assets has only been possible because of this collaborative approach that the Bank has implemented over the years.

SBL has always created a sense of solidarity and partnership in every customer and stakeholder to which it has been associated. It is because of this collaborative vision of prosperity and success that

the Bank has been able to carve its distinctive edge, to outperform its competitors and to excel in a sustainable manner in today's competitive scenario where the banking and financial market has been flooded with multiple market players offering identical products and services. Apart from tangible contributions in the business portfolio and revenue streams, the Bank's emphasis of prospering together with its stakeholders has enabled it to forge long term partnerships and connections with its stakeholders from different realms of the economy. Also, by sharing its vision of synergistic progress, the Bank has been able to identify and implement effective courses of actions for further enhancing

its market share and financial soundness, product and service offerings, cost efficiency, operational efficiency, technological advancement, risk management and above all compliance to several national and international governing guidelines, policies and principles.

In days ahead, SBL has envisaged a vision to delve deeper towards prosperity in a synergetic way so that it can create more instances of successful partnerships with its customers, shareholders, staff members and all other stakeholders, thereby enriching their lives with the best of banking and financial services.

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OVERVIEW OF SIDDHARTHA BANK

Siddhartha Bank Limited (SBL) has successfully positioned itself as a customer oriented, innovative, continuously growing and healthy commercial bank of Nepal. The Bank was established on December 2002 as the 17th commercial bank of the country and since then it has been fulfilling a myriad of banking requirements of its ever growing and diversified customer base. The Bank's utmost focus on delivering excellent banking services to its customers wherever they are has been exemplified

by its continuously expanding network of 70 branches, 83 ATMs and 70 branchless banking locations scattered all over the country. The Bank envisions of becoming the preferred financial partner for its customers, shareholders, staff members and all other stakeholders from different realms of the economy. To achieve this vision, SBL has clearly demarcated its priority towards customer oriented products and services, technological enhancement and operational efficiency, transparency in operations and a higher degree of corporate governance and corporate social responsibility. Further, SBL has successfully developed a team of proficient, and committed staff members who enable the Bank to create a delightful banking experience for its varied customers. SBL has always abided by its duties and responsibilities both as a business organization as well as a member of the Nepalese society.

Today, Siddhartha Bank Limited has successfully positioned itself as a dependable financial institution which always cares for its stakeholders and strives continuously to raise the bar of its multiple banking product/services as well as its service delivery experiences so that it can meet the dynamic needs of all its stakeholders.

SBL has always prioritized on identifying newer and better ways to serve the unique and diverse demands of its customers. The Bank has always been in a quest to enhance and enrich its service delivery channels, service parameters and overall service environment ever since its inception. Much more than that, it has always been a prime concern for SBL to continuously strive for excellence in each and every aspect of its service and its operations so as to ensure that its customers as well as all other stakeholders experience excellent service

experience whenever they come into contact with the Bank whether physically or virtually. As a result of this, SBL has not only been able to excel in terms of service delivery and customer satisfaction but also to create several rewarding service experiences for its valued customer and all other stakeholders.

In the days to come, the Bank shall continue enhancing its assortment of products and services, service delivery channels and platforms and overall customer service experience, while adhering to the requirements of various national and international statutory, regulatory and corporate governance principles and guidelines. The Bank is committed as ever to continue its pursuit of succeeding together with its varied stakeholders, thereby creating a sense of pride for all its customers and stakeholders for their association with Siddhartha Bank Limited.

VISION & MISSION

Vision

Siddhartha Bank runs with a vision to be financially sound, operationally efficient and to keep abreast with technological developments.

Mission

The Bank desires to be one of the leading banks of the industry by fulfilling the interest of the stakeholders and also aims to provide total customer satisfaction by way of offering innovative products and by developing and retaining highly motivated and committed staffs. The following mission statement is a guide to meet the Vision of the Bank:

- Be one of the leading banks of the industry in terms of profitability, productivity and innovation.
- Aim at total customer satisfaction by rendering efficient and diversified financial services through improved technology.
- Build a highly motivated and committed team of staffs by nurturing a good work culture to achieve superior individual performance aiming to enhance organizational effectiveness.
- Be the place of pride to all its stakeholders.

Core Values of the Bank

- Customer focus
- Shareholder prosperity
- Employee growth
- Economic welfare

A Growing Base of Delighted Customers

Siddhartha Bank has been successfully serving the unique banking needs and requirements of its diversified customer base year after year. The Bank's utmost priority for customer delight and service excellence has enabled it to create a continuously growing pool of delighted customers in the urban, semi-urban and rural areas of the country.

The Bank has been wholeheartedly serving the individual as well as the institutional and corporate customers from different strata and sectors of the Nepalese economy so that they can easily fulfill their varied banking needs. The Bank has been serving the dynamic banking requirements of its individual customer segments including professionals like doctors, engineers, lawyers, government employees, employees working in development organizations/INGOs/NGOs and so on. The Bank has also been enabling those customers residing in the geographically remote areas of the country and often outside the formal banking network, to avail basic banking services and facilities through its biometric POS based branchless banking service – Siddhartha Sajilo Banking Sewa.

Over the years, the Bank has successfully developed and maintained amicable business relationship with various institutional and corporate customers including government organizations, corporate houses, multilateral organizations, educational institutions, manufacturing industries, development organizations, INGOs/NGOs to name a few. SBL has also been empowering numerous small and medium enterprises throughout the country by providing them appropriate financial access to fulfill the financial requirements of their enterprise.

The Brand – Siddhartha Bank

Siddhartha Bank has been able to position itself as a successful brand with increasing brand recognition and brand loyalty over the years. The Bank's brand color and logo have played a crucial role in creating a strong brand positioning of the Bank in the minds of its target customers as well as the general public. They have also played instrumental role in further enhancing the brand recognition and brand visibility of the brand – Siddhartha Bank.

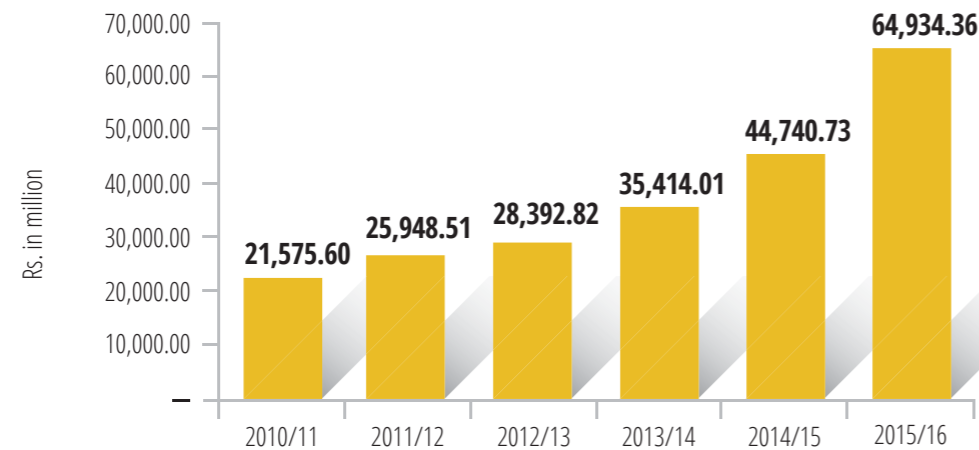
The Bank's brand color 'Yellow' symbolizes optimism, energy and creativity which are in fact the core philosophies of the work culture of the Bank. The mnemonics in the Bank's logo is a rhombus with a 'S' engraved inside it. The rhombus which is also referred to as a diamond replicates the value and the décor that Siddhartha Bank has been adding to all the customers and stakeholders associated with the Bank. The four vertices of the rhombus carry four beliefs of the Bank:

- Security
- Returns
- Work Ethics & Professionalism
- Corporate Social Responsibility

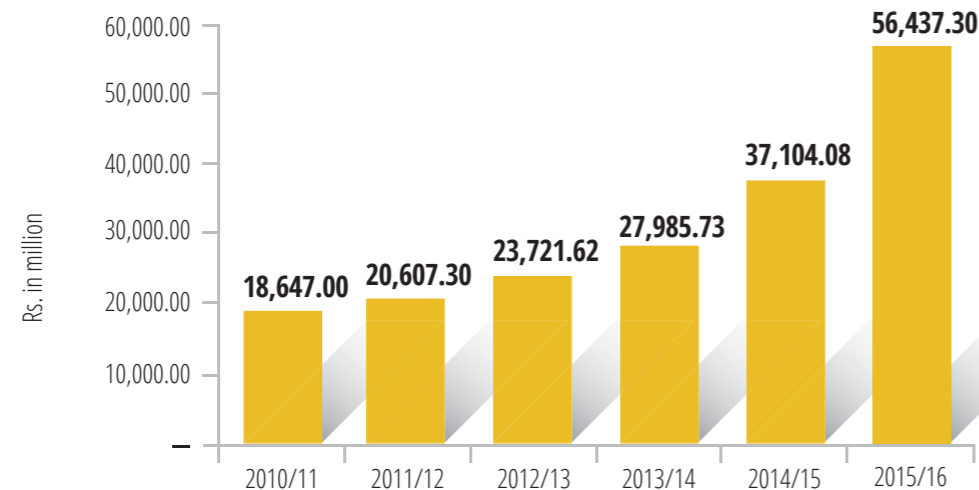
FINANCIAL HIGHLIGHT

for the year 2015/2016

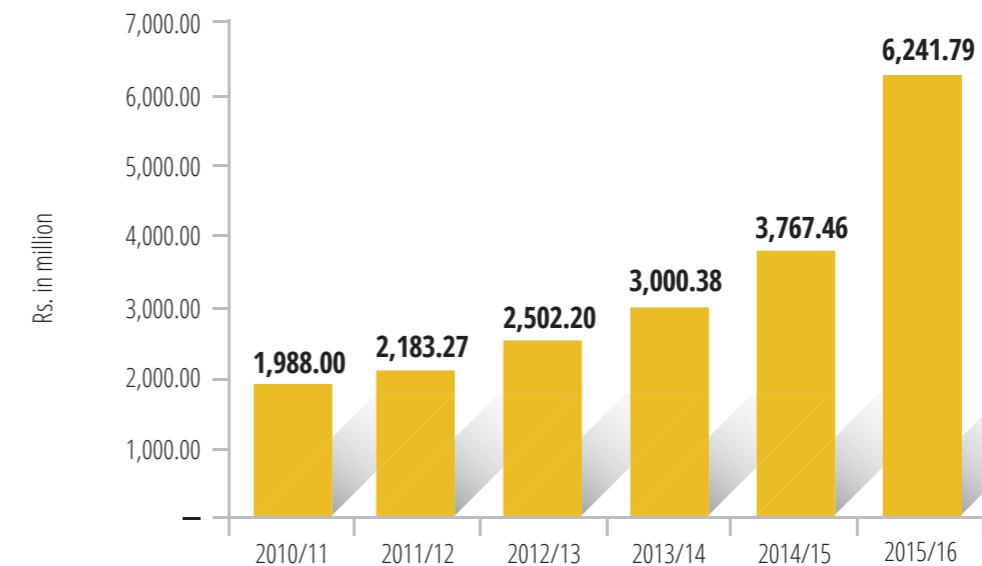
DEPOSITS



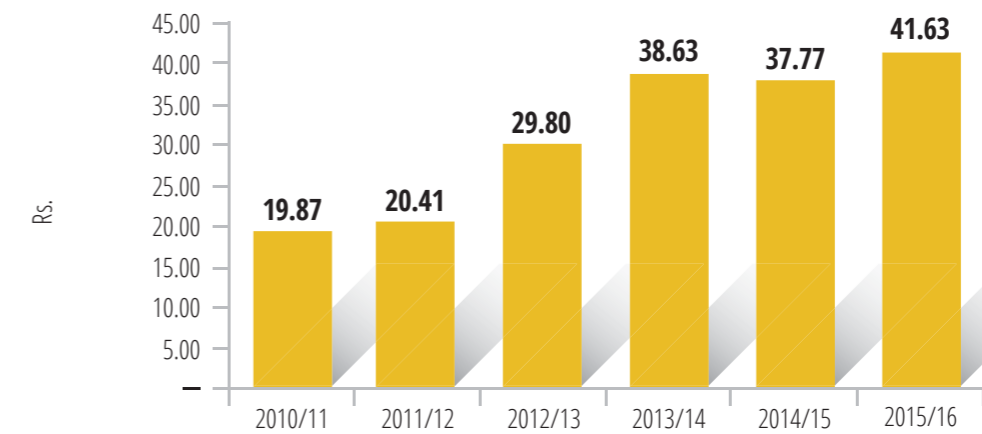
LOAN & ADVANCES



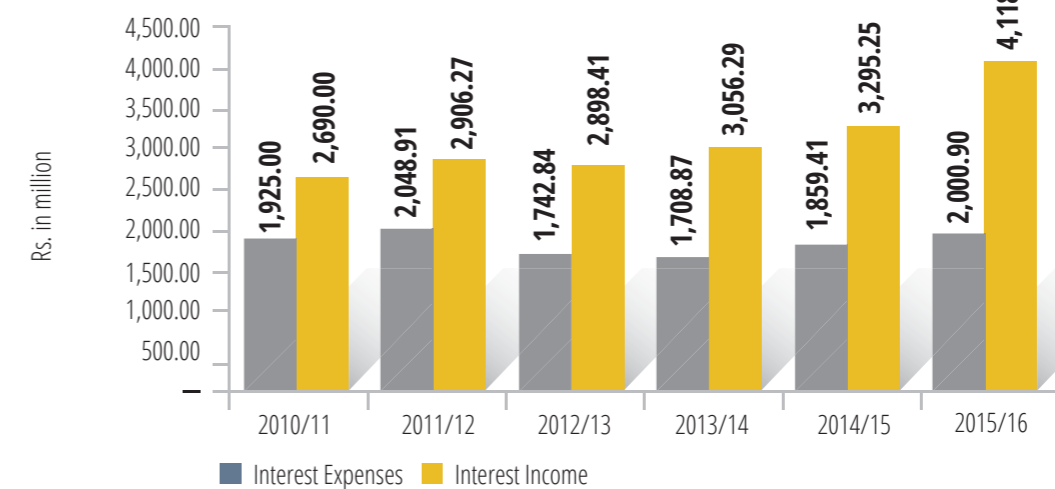
NET WORTH



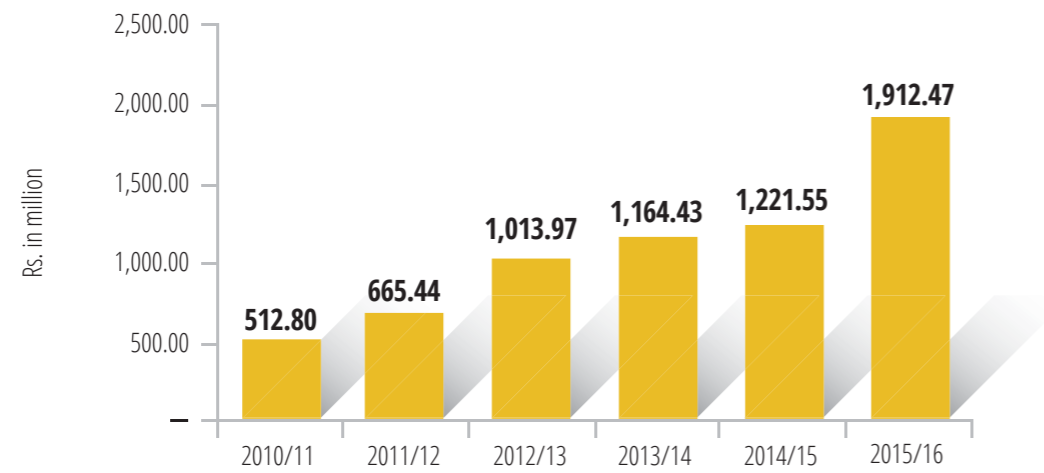
EARNING PER SHARE (EPS)



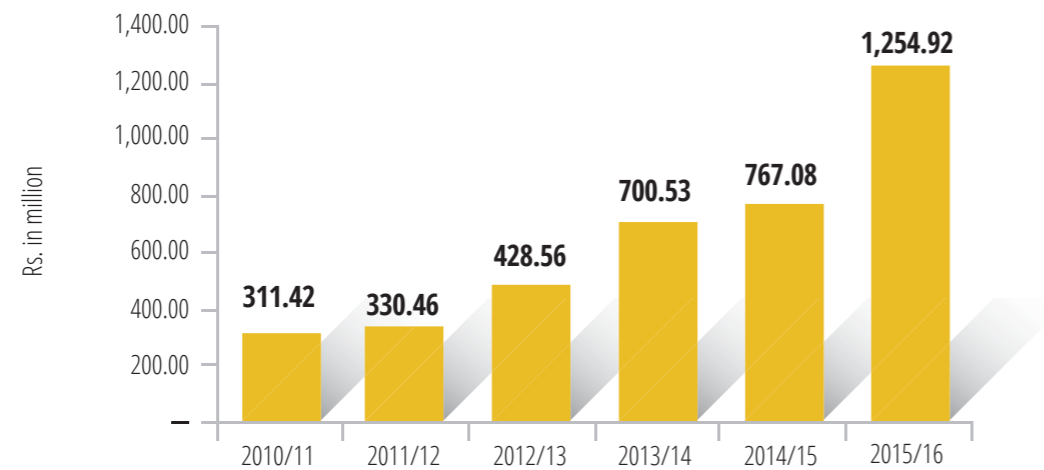
INTEREST INCOME & EXPENSES



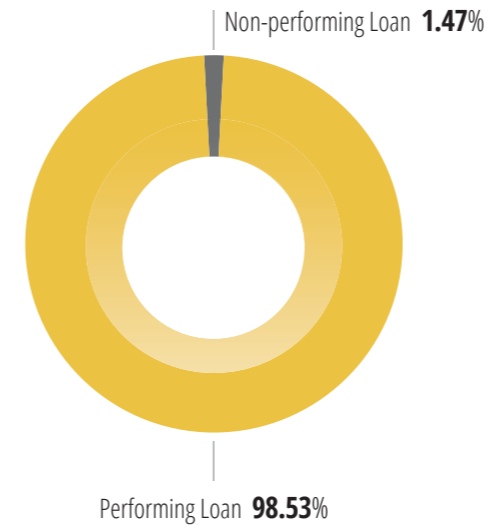
OPERATING PROFIT BEFORE LLP



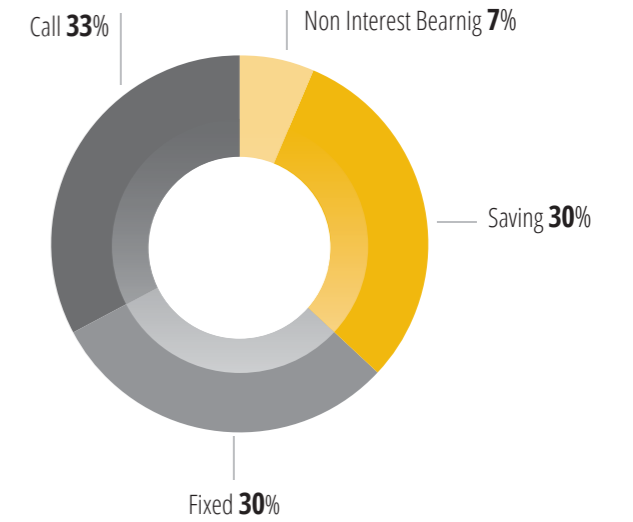
NET PROFIT



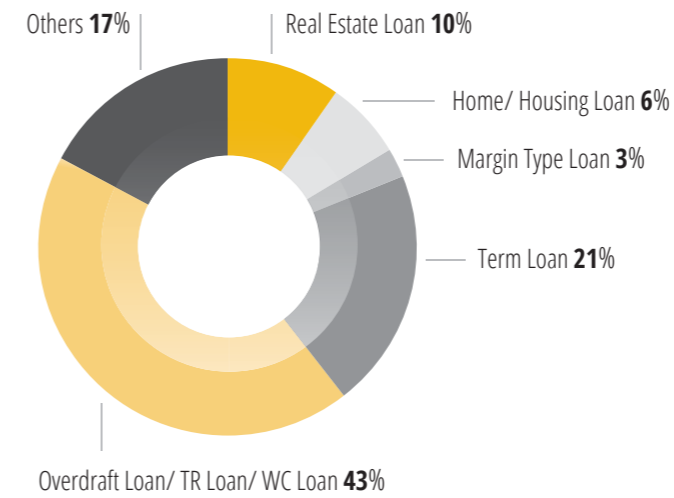
QUALITY OF ASSEST



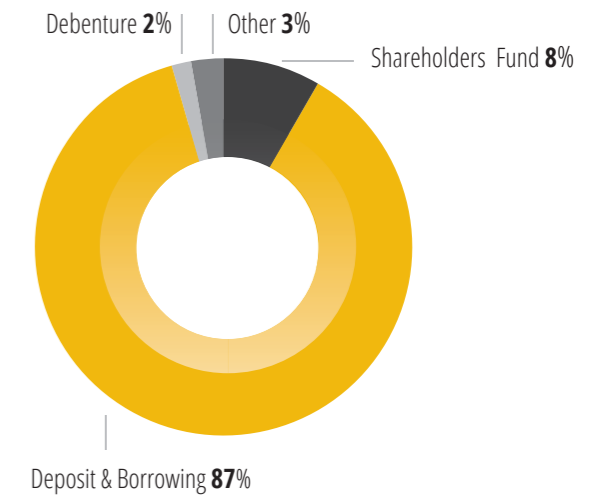
DEPOSIT MIX



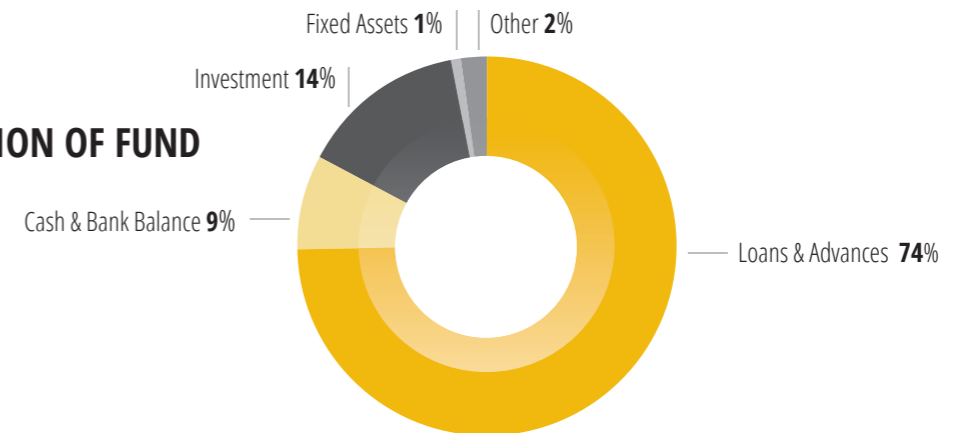
LOAN MIX



SOURCES OF FUND



APPLICATION OF FUND



BOARD OF DIRECTORS

MR. HEMANT GYAWALI
Director

MR. MAHESH PRASAD POKHAREL
Director

MR. BHAGAT BISTA
Director



MR. BIRENDRA KUMAR SHAH
Director

MR. RAJESH KUMAR KEDIA
Director

MR. NARENDRA KUMAR AGRAWAL
Director

MR. DINESH SHANKER PALIKHE
Director

MR. MANOJ KUMAR KEDIA
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

The FY 2015/16 was quite a challenging year for the entire country. The occurrence of unanticipated events and activities in the Nepalese economy had a seen impact on each and every sector of the economy. Nepalese banking industry was also affected by the challenging scenario that had developed in the country and being a member of the industry, SBL also

faced its own share of challenges from the unpredictable scenario. It is a matter of great pleasure that SBL successfully demonstrated commendable growth in its business portfolio and revenue streams despite the difficulties present in its operating environment.

Talking about the international economy, International Monetary Fund (IMF) had forecasted global economic growth rate of 3.90 percent in the year 2015 and 3.20 percent in the year 2016. Developing and emerging economies were expected to record an annual growth rate of 4.20 percent in 2015 while their annual growth rate was expected to remain at 4.10 percent in 2016. Further, IMF had projected annual growth rate of 7.50 percent and 6.80 percent for Indian and Chinese economies respectively in the year 2015 while their annual growth rate is expected to reach 7.50 percent and 6.50

percent respectively in the year 2016. In case of the world output growth on a year over year basis, IMF had projected an annual increment of 3.50 percent in 2015 while the world output growth rate for the year 2016 was expected to remain at 3.20 percent.

In view of the international economy witnessing decline in oil prices as well as weak domestic demand, IMF had projected zero inflation rate for developed economies in 2015. In case of developing and emerging economies, IMF had predicted an inflation rate of 4.5 percent in 2016 because of the lower price level of petroleum products and precious metals in the international market. The inflation rate of India was expected to remain at 6.10 percent in the year 2015 and 5.30 percent in the year 2016 while the inflation rate of China was expected to reach 1.20 percent in 2015 and 1.80 percent in 2016.

As far as the domestic economy is concerned, the overall economic activities of the country were comparatively unfavorable. There was decline in the government's capital expenditure as well as overall economic activities of the country's private sector. Hence, the country overall economic growth was

much lower than expected despite the fact that the major economic indices of the country were under control.

The estimated growth rate for the country's GDP at producer's price was expected to remain at a lower rate of 0.60 percent though 6 percent growth rate was forecasted for the FY 2015/16. The actual growth rate of GDP at producer's price was 2.70 percent in the FY 2014/15. In the FY 2015/16, agricultural and non-agricultural sectors were expected to grow at a rate of 1.30 percent and 0.60 percent respectively in comparison to growth rate of 1.90 percent and 3.60 percent respectively in the preceding fiscal year.

Following the supply obstructions in the southern transit points of the country that resulted massive decline in the available

stock of various commodities including daily consumables, the country's overall inflation reached 8.50 percent in the FY 2015/16. The Consumer Price Index (CPI) in the eleven months of 2015/16 stood at 9.9 percent as compared to 7.20 percent in the corresponding period of the preceding fiscal year while the year on year (y-o-y) CPI inflation rate in mid-June 2016 stood at 11.10 percent as compared to 7.40 percent in mid-June 2015.

Throughout the FY 2015/16, the Nepalese banking sector witnessed liquidity surplus resulted by lower credit demand in the economy though there were some improvements in the real estate sector and share market transactions in the last few months of the fiscal year.

The Current Macroeconomic and Financial Situation of Nepal based on eleven months' data of FY 2015/16, published by NRB depict a growth of 13.90 percent in the total deposits volume of Banks and Financial Institutions (BFIs). The total deposit growth of BFIs in the corresponding period of previous fiscal year stood at 15.40 percent. On a year-on-year basis, the deposits at BFIs grew by 18.50 percent in mid-June 2016 in comparison to that of last fiscal year.



Categorically, total deposits of commercial banks saw an increment of 14.10 percent while the total deposits of development banks recorded an increment of 11 percent in the FY 2015/16. In case of finance companies, the total deposits plummeted by 0.20 per cent in the corresponding period.

In the eleven months of FY 2015/16, the BFIs witnessed a growth rate of 18.80 percent in the credit extended to the private sector, which stood at 17.80 percent in the corresponding period of the FY 2014/15. On a year-to-year basis, the credit extended by BFIs to private sector rose by 20.90 percent in mid-June 2016, which is the same growth rate that was achieved in the corresponding period of the preceding fiscal year. On a categorical basis, the total credit extended to private sector by commercial banks recorded a growth of 21 percent while the total credit extended to private sector by development banks increased by 15.80 percent. However, the total credit extended to private sector by finance companies declined by 8.9 percent in the eleven months period of the FY 2015/16.

In the eleven months period of the FY 2015/16, there has been increment in the credit disbursed to different sectors of the economy as well. The credit extended to some of the major sectors namely agriculture, industrial production, service industries, wholesale and retail trade and transport, communication and public sector registered an increment of 18 percent, 13.80 percent, 16.70 percent, 14.50 percent, 20.60 percent and 32.30 percent respectively during this period as compared to that of past fiscal year. Despite the fact that the Nepalese economy was marred by the unanticipated developments in its operating environment, Siddhartha Bank Limited (SBL) demonstrated meritorious performance in terms of its business

portfolio, network coverage, financial stature, revenues and profitability. In the FY 2015/16, the Bank's deposit portfolio grew by 45.13 percent in comparison to that of the FY 2014/15, thereby amounting to Rs. 64.93 billion. On the lending side, SBL's Loans and Advances portfolio amounted to Rs. 55.35 billion, which is a growth of 52.31 percent as compared to FY 2014/15.

The Bank's revenue and profitability also increased substantially in the FY 2015/16. SBL's net interest income stood at Rs. 2.11 billion, signaling a growth of 47.48 percent in comparison to the previous fiscal year. Similarly, the total operating income of the Bank recorded an increment of 38.10 percent as that of FY 2014/15, thereby amounting to a total of Rs. 2.77 billion in the FY 2015/16. Also, the Bank's Operating Profit before Provision reached an amount of Rs. 1.91 billion, depicting an increment of 56.56 percent as compared to that of the preceding fiscal year. In the FY 2015/16, the Bank's Net Profit grew by 63.60 percent than the last fiscal year and reached a remarkable figure of Rs. 1.25 billion. In the same period, the Bank's net worth increased by 66.62 percent and amounted to Rs.6.24 Billion in the FY 2015/16 as compared to Rs. 3.75 billion in the FY 2014/15. The Bank also distributed 48.75 percent bonus shares and 25 percent right shares to its shareholders in the FY 2015/16.

As a result of the Bank's uncompromised attention in maintain high quality of assets while increasing its lending portfolio, the Bank has successfully contained its Non-Performing Assets (NPA) at 1.47 percent of its total loans and advances portfolio, which is quite less when compared to the maximum NPA rate of 5 percent prescribed by Nepal Rastra Bank. Considering the existing scenario, where the Bank has incorporated a separate



organization in its existing organizational as well as business structure, the coming fiscal year shall be challenging for the Bank to effectively streamline each and every aspect of its business and operations in this changed context so as to reap the benefits of the synergistic effects resulted by the merger of Business Universal Development Bank Limited into Siddhartha Bank Limited.

As in the preceding fiscal years, the Bank shall continue to face the challenges of service differentiation, customer retention, cost containment and adherence to rules and regulations demarcated by several national and international regulatory authorities. The Bank shall need to be more forthright in its strategies and courses of actions in view of the numerous dynamic transitions in its operating environment so as to not only maintain but also enhance its market positioning, business portfolio and profitability.



I would like to express my heartfelt appreciation to my fellow board members for their visionary insights and support for the Bank which has enabled the Bank to continuously record substantial achievements in terms of its business and revenue growth, network expansion, market offering, service quality, regulatory compliance and corporate governance year after year. I sincerely appreciate the valuable guidance and support of Nepal

Rastra Bank (NRB) as well as all other regulatory authorities for their valuable guidance and support for Siddhartha Bank Limited throughout these years. The Bank hopes to receive such visionary guidance from NRB and other regulatory bodies in the days to come as well.

As I draw to a close, I would like to express my heartfelt appreciation to each and every staff members of the

Bank who have put their rigorous efforts and dedication day in and day out which has enabled the Bank to provide commendable services to its customers within and beyond the county, thereby, registering a unique market position in the Nepalese banking industry.

Manoj Kumar Kedia
Chairman

FROM THE CEO'S DESK

The fiscal year 2015/16 was quite a year for the Nepalese economy. The nation's economy was in the stage of recovery from the aftermath of the devastating earthquake when it faced embargo in almost all of the economic transactions because of the unanticipated contingencies. The effects resulted by the contraction of the overall economic activities was experienced by the banking industry as well. Despite the challenging politico-economic scenario prevalent throughout the FY 2015/16, SBL was able to register remarkable achievements in its business volume, revenue base, network coverage and profitability. The Bank's growth and success even in the challenging economic context, is in fact the culmination of the trust and support of its valued shareholders and customers, constant guidance from the regulatory bodies, vision and valuable suggestions

of its board of directors, exemplary leadership of its management team and above all the devoted and tireless efforts of its staff members. It is because of them that the Bank stands today as a continuously evolving and successful commercial bank in the country.



As in the preceding years, the Bank continued adding decor to its market offerings, enhancing efficiency of its business processes, upgrading quality of its assets, enhancing its service delivery standards, abiding by principles of corporate governance and contributing back to the society through the medium of several corporate social responsibility initiatives in the FY 2015/16. All in all, the Bank faced all the adversities posed by its operating environment yet came out of it as much better and stronger financial institution of the country.

As a continuation to the Bank's strategy to enhance its points of representation throughout Nepal, the Bank established its new branches as well as added newer ATMs in various locations of the country. The Bank formally inaugurated its branches at Bauniya of Kailali, Parasi Bazaar of Nawalparasi, Kohalpur of Banke, Kshireswar of Dhanusa, Khandbari of Sankhuwasabha and Simara of Bara and

also set up an office at Urlabari of Morang in the FY 2015/16. In addition to this, the Bank had soft launch of its branches at Beltar of Udayapur and Tandi of Chitwan in the same year. Similarly, the Bank also added its ATMs in Beltar, Khandbari, Kohalpur, Kshireswar, Parasi, Pamee, Simara, Thamel (additional outlets) and Urlabari in the FY 2015/16.

Following the Bank's strategy to further enhance its capital base as well as to fulfill the paid up capital criteria demarcated by Nepal Rastra Bank, the Bank signed a Memorandum of Understanding for Merger (MoU) with Business Universal Development Bank Limited (BUDBL), amidst a formal ceremony on January 7, 2016, thereby officially initiating the Bank's merger process with BUDBL. Several months of strategic planning as well as coordinated efforts to seamlessly integrate each operational aspect of both the institutions enabled the Bank to complete its merger operations efficiently.

As a result of this, the Bank successfully commenced its integrated operations with Business Universal Development Bank (BUDBL) amidst a formal ceremony on June 21, 2016. The joint operation was formally inaugurated by Dr. Chiranjibi Nepal, Governor of Nepal Rastra Bank.

As an attempt to further enhance the quality of its card services as well as to streamline its card management services, the Bank successfully shifted its entire card management system from card management services of Electra Card Services (ECS) to that of Nepal Electronic Payment System (NEPS) in the FY 2015/16.

Similar to the preceding fiscal years, the Bank has been able to maintain its Non-Performing Ratio quite well below the maximum NPA level of 5 percent defined by Nepal Rastra Bank in the FY 2015/16 also. The Bank's NPA stood at 1.47 percent in the FY 2015/16, which is quite low with

respect to the credit portfolio of the Bank. The Bank continued adding value added services to its existing product/service line in the FY 2015/16 as well. For an instance, the Bank started SMS alert facility for its credit card customers and also launched utility payment facility on iConnect – the internet banking facility of the Bank. These are only some of the instances amidst the various updates done by the Bank with respect to its existing product/service offerings, work processes and internal procedures and service delivery standards.

Considering the existing scenario marked by intense competition, limited product differentiation, demanding customers, stringent and ever evolving national and

international regulations, increasing bottom line pressure, transformative political-economic scenario as well as recent integration of a separate organization in the Bank's existing structure and system, the following fiscal year seems to be a challenging year for the Bank. On the one hand, the Bank needs to adopt appropriate and prompt courses of actions to address the market/industry dynamism while on the other hand; it has to seamlessly integrate its process and its people so as to reap the synergistic benefits following the merger. In addition to this, the Bank has the task of effectively managing the several kinds of risks to which it is exposed to in due course of its action.

Yet the Bank is geared up to take all the challenges on its way and convert them into opportunities of growth and success. The Bank believes that as always it shall be backed by the trust and support of its customers and shareholders, valuable guidance of the regulatory authorities, visionary leadership of its board of directors and committed efforts of its staff members which shall enable the Bank to achieve pinnacles of success in the days to come as well.

SBL has always emphasized on enriching the lives of its customer and stakeholders by understanding and addressing their one of a kind requirement and at the same time continue to embrace

a synergistic approach for prospering together with all its stakeholders. The Bank has always focused on identifying better ways to nurture its partnerships and to continuously surge ahead in the ever competitive banking and finance industry of the country. The Bank's holistic approach alongside its customers, shareholders, staff members, regulatory authorities and all other associated stakeholders as a dependable financial partner of its stakeholders has been well justified over the years by its wider assortment of customer oriented products and services, well spread network of branches and ATMs, technologically advanced service delivery channels, world class service infrastructure, well

defined service delivery mechanisms and a competent pool of vibrant, dedicated and friendly staff members. While registering exemplary achievements in its business portfolio, revenue streams and profitability year after year, SBL has never compromised in creating delightful service experience for its valued customers and above all in its adherence to several national and international regulations, statutory requirements and corporate governance philosophies.

It is evident that the coming fiscal year shall come with its own share of challenges and restrictions that might have explicit as well as implicit ramifications in the Bank's financial soundness, business

portfolio, customer base, revenue streams and profitability positions. Even so the Bank shall carry on its tireless quest towards creating better and sustainable prospects of prosperity and carve its distinctive edge in the market by steadily enhancing its products and services, technological infrastructure, financial stature and composition and competence of its human resource. Above all, the Bank is committed as ever in its commitment 'Together We Prosper', thereby, creating numerous pleasant and rewarding service experiences for all its customers and stakeholders in the days ahead.

Surender Bhandari
Chief Executive Officer

SENIOR MANAGEMENT TEAM

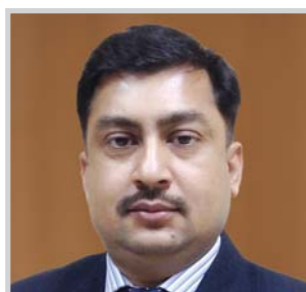


- 1** Surender Bhandari
Chief Executive Officer
- 2** Shambhu Nath Gautam
Chief Business Officer
- 3** Sundar Prasad Kadel
Chief Operating Officer
- 4** Rameshwar Prasad Bashyal
Senior Business Officer
- 5** Sher Bahadur Budhathoki
Senior Business Officer
- 6** Laxman Subba
Head SME & Consumer Banking
- 7** Arjun Bhadra Khanal
Head Business Support
- 8** Surya Bahadur Tamang
Head Corporate Credit
- 9** Shailaja Gyawali
Head Integrated Risk Management
- 10** Srijan Krishna Malla
Head ICT
- 11** Suresh Raj Maharjan
Head Payment Solutions
- 12** Manohar KC
Head Central Credit Administration & Control

MANAGEMENT TEAM



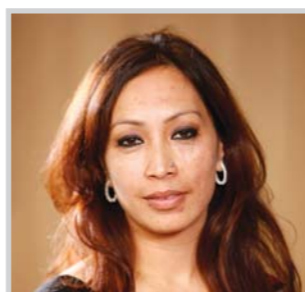
IRA PRADHAN
Head Credit Risk



KAMAL BASNET
Branch Manager, Birtanagar



PANKAJ PANT
Head Remittance Business Unit



BIPLAVI SINGH
Branch Manager New Road



Upendra Prakash Gartaula
Branch Manager Birgunj



Rudra Nath Dhungana
Relationship Manager SME &
Consumer Banking



Rabeen Malla
Manager Payment Solutions



SUSHIL NEPAL
Branch Manger – Butwal



AMIT SHRESTHA
Relationship Manager
Corporate Credit



PRABIN DHUNGEL
Corporate Credit



Pradeep Pant
Head Valley Resources



Anindra Raj Acharya
Head Operation
Risk & Market Risk



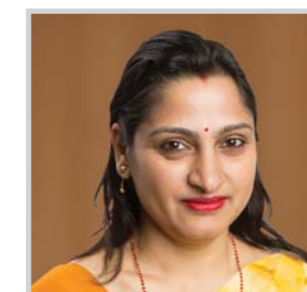
SAROJ KAFLE
Head Compliance and
Corporate Governance



Ajay Singh
Branch Manager Old Baneshwar



Anant Shrestha
Branch Manager Narayangarh



Archana Poudel
Relationship Manager
New Road



Ram Chandra Khanal
Head Finance & Treasury



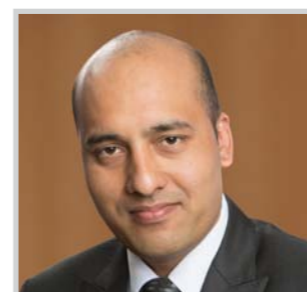
Bhola Nath Dhungana
Head Legal &
Company Secretary



Pravin Nidhi Tiwari
Manager Branch Operations



Chandan Karki
On Deputation at Siddhartha
Capital Limited as Chief
Operating Officer



Gyanendra Karki
Administration Manager



Hari Prasad Timalisina
Branch Manager Pokhara



Ramji Baniya
SME and Consumer Banking



Subash Shrestha
Branch Manager Birtamod



Bharat Kumar Dhami
Branch Operations



Sriram Banstola
Credit Risk



Dipak Raj Wagle
Credit Administration



Deependra Bajracharya
Corporate Credit



Neema Nepal
Branch Manager Maharajgunj



Padam Thakulla
Branch Manager Nepalgunj



Prabin Amatya
Branch Manager Swoyambhu



Prajwal Kumar Subedi
Branch Manager Damak



Binu Bhandary
Branch Manager Tinkune



Gyanendra Maharjan
Branch Manager Patan



Jit Bahadur Adhikari
Centralized Trade Operations



Jyotindra Poudel
Relationship
Manager Biratnagar



Saroja Regmi
Branch Manager Bouddha



Shila Tajhya
Branch Manager Kumaripati



**Surya Prasad Sharma
Upadhyaya**
Relationship Manager
Corporate Credit

PRODUCT & SERVICES



Siddhartha Bank has always placed utmost priority to develop and roll out dynamic and customer oriented products and services for its different customer segments so that it is able to create fruitful partnerships of growth and success. The Bank not only introduces customer focused banking products and services in the market but also continuously monitors and reviews them so as to keep them updated as per the latest market trends, thereby ensuring delight for all its customers.

The Bank's comprehensive and dynamic products and service range includes a variety of customer oriented primary and ancillary banking services and facilities.

Deposit Products

Siddhartha Bank offers an array of tailor-made deposit products to suit the requirements of its varied target customer base of individual and institutional customers. The major deposit products offered by the Bank include Saving Deposit, Fixed Deposit, Current Deposit and Call Deposit.

In the Saving Deposit category, the Bank has been offering a whole range of saving accounts targeted at different kinds of individual customers. Specifically, the Bank offers Siddhartha Bal Bachat (for children below 16 years), Siddhartha Nari Bachat (for female customers),

Siddhartha Sarvottam Bachat (for the customers seeking higher rate of interest), Siddhartha Bachat (zero balance account), Siddhartha Students' Savings Account (for students), Siddhartha Remit Account (for individuals working abroad as well as their families), Siddhartha Super Salary Account (customized salary accounts for payroll management of corporate/institutional customers as well as salaried professionals) and Siddhartha Investor's Savings Account (for customers who invest in the share market) to name a few.

The Bank's Current Account and Call Account aim to cater to the unique banking needs of the business organizations. Fixed Deposit Accounts of

the Bank are targeted towards individual as well as institutional customers. These accounts allow customers to select appropriate maturity period for depositing their funds in the Fixed Deposit Account. Further, customers can also apply for loan facilities from the Bank based on the Fixed Deposit Receipt provided to them after opening the Fixed Deposit Account.

In addition to the various attractive features offered by the deposit products of the Bank, each of these products also offer various supportive banking services such as debit card, credit card, internet banking, mobile banking, mobile wallet, SMS alert, Any Branch Banking Services (ABBS), utility bills payment facility (for

NTC, Ncell, Dish Home), locker services and so on. SBL has also developed several customized Application Interfaces (AIs) so as to address the unique needs of its institutional and corporate customers. The Bank has developed an EI App that enables fees management of educational institutions, which is being used by Tribhuvan University Institute of Engineering, Pulchowk. It has also developed UP App for tariff collection of Tulsipur Khanepani.

SBL is the first commercial bank of Nepal to develop these kinds of AIs and has plans to upgrade the existing AIs as well as to develop new AIs for other organizations in the days to come.

Loans and Advances

SBL has been offering comprehensive range of fund based and non-fund based credit facilities to address the funding requirements of its various target customers including individual borrowers, small and medium entrepreneurs, corporate houses, manufacturing industries, development and infrastructure projects and so on, to name a few.

The Bank's various categories of credit products and services include:

- **Consumer Financing:**
 - Home Loan
 - Auto Loan
 - Personal Loan
 - Education Loan
 - Loan against Fixed Deposit Receipt and so on
- SME Loans
- Corporate Lending:
 - Working Capital Loan
 - Long Term Loan
 - Bridge-gap Financing
 - Trade Financing
 - Structured Loan and so on
- Consortium Financing
- Loan against Shares

The Bank has been successfully creating a diversified, growing and most importantly, a healthy credit portfolio year after year. SBL's credit base comprises of clients from different realms of the economy such as agriculture, aviation, cement, communications/media, education, hospital, hotel, hydropower, import/export, iron/steel, local trading, medical college, pharmaceuticals, printing, packaging, real estate, and so on.

Trade Finance

SBL offers a range of various customized trade finance services so as to facilitate the banking/financial needs of its customer segments involved in international as well as domestic trade. The Bank's dedicated Centralized Trade Operations Team comprising of competent trade specialists along with extensive network of international correspondent banks have enabled it to offer standardized trade finance services including letter of credit facility, bank guarantee facility and so on.

Ancillary Services

Apart from the regular banking products and services, SBL offers an extensive array of innovative, tech-based and customized supplementary products and services to its valued clientele. In fact, the Bank has pioneered in terms of offering various ancillary products and services in the market including biometric POS based branchless banking service and mobile ATM to name a few.

A detailed description of the several kinds of ancillary products catered by SBL has been provided in the following sections:

ATM

Siddhartha Bank currently boasts a network of 83 ATMs scattered all over the country. The Bank is constantly identifying additional feasible locations for expanding its ATM coverage in the future as well. SBL ATMs accept major payment card brands like Visa, MasterCard etc.

Siddhartha Mobile ATM

SBL also offers Siddhartha Mobile ATM facility to enable its customers on-the-move with easy cash withdrawal and basic banking support services (balance enquiry, mini statement etc.). Launched in the year 2014, Siddhartha Mobile ATM is an ATM stationed inside a vehicle that can travel to different locations within

and beyond Kathmandu valley. The Bank has been placing this ATM in areas witnessing comparatively higher footfalls namely exhibitions, trade shows/fairs, major tourist attractions, areas celebrating different local festivals and so on. Similar to other SBL ATMs, Siddhartha Mobile ATM accepts domestic and international debit as well as credit cards of major payment brands like Visa, MasterCard etc.

CARD FACILITIES

SBL offers different kinds of card facilities that address the dynamic needs of its varied customer base. The Bank's range of card facilities comprise of SBL Visa Debit Card, SBL Visa Credit Card, SBL Round Table UNO Cobranded Credit Card, SBL Student Prepaid Card, SBL Medical Prepaid Card and SBL Prepaid Domestic Card & SBL Prepaid Travel Card (International).

SBL Visa Debit Card provides customers with ease of access to the funds deposited in their respective accounts while SBL Visa Credit Card enables the customers to avail easy credit facilities to fulfill their short term fund requirements and can be easily used as an alternative payment medium to cash. SBL Visa Debit Card and SBL Visa Credit Card can be easily used in ATMs and POS terminals in Nepal and India.

SBL also offers various kinds of prepaid card facilities that facilitate users/customers to easily load money in their cards for cash withdrawals or merchant payment, without the need of opening a dedicated bank account for availing the card service. Under the prepaid cards category, SBL offers Domestic VISA Prepaid Cards that can be easily used in Nepal and India as well as International VISA Prepaid Card or Travel Cards that can be easily used worldwide without the need of carrying foreign currency notes.

SBL also facilitates customers opting for

medical checkups and treatments both in Nepal and India to fulfill their financial requirements regarding their medical checkups in a convenient and hassle free manner, through Siddhartha Bank Medical Prepaid Card. This card is a prepaid card with higher transaction limit as compared to other prepaid cards of SBL and it can be easily used in hospitals, ATMs and POS machines

SBL also offers Student VISA Prepaid Card that can be used by the parents or students themselves for cash withdrawals as well as merchant payments.

The Bank has been offering SBL Round Table UNO Credit Cards in coordination with Round Table Nepal and UNO Cards since the FY 2014/15. Unlike normal credit cards, this card also acts as the identity card of the members of Round Table Nepal and can be easily used as discount card in all the merchant locations of UNO cards as well.

iConnect

The Bank's internet banking facility – iConnect assists the registered customers to instantly access various details related to their respective bank account and at the same time, enable them to transfer funds and make payments anytime.

Siddhartha Bank Smart

SBL also offers a comprehensive mobile banking facility - Siddhartha Bank Smart that facilitates registered customers to conduct various banking transactions such as balance inquiry, fund transfer, mini statement, merchant payment, recharge top up and utility payment through their cell phones. This service can be used via web based interface (using GPRS or 3G) as well as simple text-messaging (SMS) interface.

SMS Alert Service

By registering for the SMS Alert service, SBL customers can stay easily updated via SMS at their every business transaction

amounting Rs. 1,000 or above including alerts of transactions made through SBL Credit Card

Sajilo Banking Sewa

SBL has been empowering the customers residing in the rural areas of the country, to receive basic banking services through its biometric POS based branchless banking service - 'Sajilo Banking Sewa'. This service is an agent based service that began primarily as a cash distribution program of World Food Program in Dailekh and has expanded both in terms of service and area coverage. Currently the customers of Sajilo Banking Sewa can conduct various financial transactions like cash deposit and withdrawal, fund transfer, payment on accounts, mobile recharge/payment and other utility bill payments. In addition to this, they can also carry out several non-financial transactions such as balance enquiry, balance statement etc.

Siddhartha Bank - Hello Paisa Sewa

The Bank also offers mobile wallet service, branded as Siddhartha Bank- Hello Paisa Sewa so that its customers can enjoy basic banking services at their fingertip. Under this facility, customers can open a mobile account and easily link this account with their respective Bank account. On doing this, they can transfer funds from their bank account to their mobile account and vice versa whenever they want. Apart from this, they can also conduct other transactions such as utility payments, merchant payments, funds transfer to other SBL accounts or accounts of other Banks associated with Hello Paisa and so on.

Remittance

Siddhartha Bank has been providing prompt and trusted remittance services to its customers residing in different countries through its dedicated remittance

service – SBL Remit. SBL Remit has its strong presence in different foreign countries namely Japan, Malaysia, Oman, Qatar, Russia, Saudi Arabia, South Korea, UAE, USA and United Kingdom. In the days ahead, SBL plans to expand SBL Remit service to other countries like Bahrain, Israel, Kuwait, and Singapore. SBL Remit also facilitates the customers to remit money inside Nepal.

There are a total of 4,700 payment agents of SBL Remit located all over the country who have been providing this service to the Bank's valued customers. In addition to this, customers can easily put up their remittance related queries to the Bank's 24x7 Help Desk via a dedicated toll free number.

To ensure excellent and customer oriented service delivery, the Bank has a dedicated Remittance Business Center comprising of a competent team of remittance experts who have been effectively addressing various customer requirements and queries.

Treasury and Correspondent Banking

Siddhartha Bank Limited has been actively trading in the local money market, capital market, foreign exchange market and bullion market. The Bank has a specialized 'Treasury and Correspondent Banking Department' with a state-of-the-art dealing room. The team of treasury dealers not only executes various operations associated with treasury and correspondent banking but also makes prudent investment decisions so as to further accelerate the profit generating capability of SBL. The treasury department while carrying out its regular operations ensures that it acts within the regulations of Nepal Rastra Bank, Treasury and Investment Policy of the Bank, Market Risk Management Policy and Framework of the Bank as well as

the Standard Operating Procedures of respective treasury operations.

To enhance the efficiency via specialization, the Bank has established four major desks in the Treasury Department based on its operations, viz Money Market Dealing Desk, Foreign Exchange Trading Desk, Bullion Trading Desk and Equity Trading Desk. The Money Market Desk looks after the Bank's interbank borrowing/lending, money market and capital market investment, monitoring & forecasting, market making for Government Bonds, local currency asset-liability management and compliance with various statutory ratios.

The Foreign Exchange Trading Desk is responsible for providing exchange rates for clients, taking proprietary positions on different currency pairs, and managing the foreign currency assets and liabilities of the Bank. The Bullion Trading Desk looks after import of precious metals such as gold from credible suppliers from all over the world to effectively address the local requirement of bullion companies associated with Federation of Nepal Gold and Silver Dealers' Association. The Desk is continuously guided by the NRB regulations while importing such precious metals. The Equity Trading Desk of the Bank is responsible for making prudent investments in the different kinds of capital market instruments namely shares, debentures and mutual funds. The Desk carries out fundamental analysis of the Nepalese Stock Market, related companies and gives due consideration to the associated risks, returns and profitability and most importantly, to the respective guidelines and circular issued by Nepal Rastra Bank while making such investments.

Apart from the regular treasury related operations, the Bank's Treasury

department also initiates, develops and maintains correspondent banking relationship with different reputed correspondent banks within and beyond the country with a view to assist in further enhancement of trade business throughout the globe.

Other Services

In addition to the regular banking facilities, SBL has been offering a wider range of other additional banking facilities such as Siddhartha Safe Deposit Locker, Utility Bill Payments for NTC (Landline and Mobile) and Ncell, recharge facilities for Dish Home, Bancassurance, Siddhartha Demat Account and so on.

Siddhartha Capital Limited

Siddhartha Capital Limited (SCL) was established in the year 2012 as the subsidiary company of Siddhartha Bank Limited with intent to offer investment banking services to the customers. It is also the first company in Nepal to get an operating license for Mutual Fund management. SCL has been successfully managing two closed-end mutual fund schemes namely Siddhartha Investment Growth Scheme – 1 (SIGS – 1) and Siddhartha Equity Oriented Scheme (SEOS).

In addition to the Mutual Fund management, SCL also offers a wide range of other services including Portfolio Management, Registrar to Shares, Issue Management and Underwriting and Depository Participant (DP) services.

On the financial front, SCL possesses a paid up capital base of Rs. 140.48 Million and a Net Profit of Rs. 30.60 Million at the end of FY 2015/16.

Products and Services

Deposit Products	Loans and Advances	Remittance Services	Ancillary Services
Savings Deposits	Consumer Loans:	SBL Remit (International)	Cards:
Siddhartha Bal Bachat	Siddhartha Home Loan	SBL Remit (Domestic)	Debit Card - SBL Debit Card - SBL KCM Cobranded Debit Card
Siddhartha Nari Bachat	Siddhartha Auto Loan	Inward Remittance	Credit Card - SBL Credit Card - SBL RTN UNO Cobranded Credit Card
Siddhartha Sarvottam Bachat	Siddhartha Personal EMI Loan	Demand Draft	Prepaid Card - International Travel Card - SBL Prepaid Card - Student Prepaid Card - Medical Prepaid Card
Siddhartha Jestha Nagarik Bachat	Siddhartha Mortgage Loan	SWIFT Payment	
Siddhartha Bishes Bachat	Education Loan	Manager's Check	
Siddhartha Bachat	Loan Against Fixed Deposit Receipt/Government Bonds/ Other Marketable Securities	Sale/Purchase of Foreign Currency	Branchless Banking (Sajilo Banking Sewa)
Siddhartha Students' Savings Account	Small and Medium Enterprises (SME) Loans	Advance Payment	Internet Banking (iConnect)
Remit Account	Business Loans:		Mobile Banking (Siddhartha Bank Smart)
Siddhartha Investor's Savings Account	Overdraft/Cash Credit		Club Siddhartha
Siddhartha Super Salary Account	Import Loan		Siddhartha Hello Paisa Service
Siddhartha Mega Savings	Working Capital Loan		SMS Banking: -SMS Alert
Siddhartha Kantipur Savings Account	Term Loan		Siddhartha Online Payment
	Export Finances		International Card Acquired: - VISA - VISA Electron, - Plus - Union Pay
	Deprived Sector		
Fixed Deposit			
Siddhartha Awakash Muddati Khata			
Siddhartha Premium Muddati Khata			
Siddhartha 180 Days Fixed Deposit			
Structured Fixed Deposit			
Current Deposit			
Call Deposit			
Trade Finance	Treasury and Correspondent Banking	Bank Guarantee	Other Customer Service
Advance Payment	Treasury Services	Bid Bond	Siddhartha Safe Deposit Locker
Documentary Collection	Correspondent Banking Services	Performance Bond	Balance Certificate
Import Letter of Credit	FX Trading	Advance Payment Guarantee	Bancassurance
Export Letter of Credit	Bullion Trading	Shipping Indemnity Bond	Siddhartha Demat Account
Forward Contract	Market Maker for Local Bond Market		
Bills Purchase/Collection	Equity Trading		



A TEAM OF PROFICIENT AND ENTHUSIASTIC PERFORMERS

The greatest strength of SBL lies in the team of proficient and enthusiastic staff members, that it has developed over the years. This team of visionary leaders has enabled the Bank to deliver excellent banking services to its customers and at the same time enhance the business portfolio, revenues and profitability of the Bank year after year. SBL understands the caliber of its staff members and focuses on person-job fit in its various operations. The Bank encourages knowledge sharing amidst the employees at all levels and places utmost priority to performance based growth and compensation. The Bank's staff members abide by the Bank's priority to maintain a higher degree of ethics, integrity and transparency in each and every operations of the Bank.

Over the years, SBL has also been able to position itself as one of the best places to work in the Nepalese banking industry as compared to its peer banks. This can be attributed to the Bank's well defined human resources management policy, recognition for individual efforts, customized training and development programs, promising career development prospects and a culture that encourages and facilitates personal as well as professional development.

A snapshot of the Bank's team of staff members across various functional levels as at the end of FY 2015/16 has been depicted as follows:



Designation	Number of Staffs
Executives	5
Senior Manager/Manager	10
Deputy Manager/Assistant Manager	26
Senior Officer/Officer	156
Management Trainee	1
Supervisor	81
Senior Assistant/Assistant/Trainee Assistant	318
Support Staff	10

In the FY 2015/16 also, the Bank has conducted a number of training and development programs so as to further enhance the skills and competencies of its staff members across various functional areas. The Bank conducted 77 training and development programs to a total of 661 staff members in the FY 2015/16. In the same period, SBL staff members also participated in numerous recreational events/programs conducted by other organizations.

The Bank understands the value of enhancing the knowledge of its employees in various technical and soft skills and has been regularly conducting numerous training and development programs to enhance the skill sets of its employees. In addition to this, the employees also participated in various recreational activities/events organized by other organizations.



INFORMATION AND COMMUNICATION TECHNOLOGY

Due to incredible proliferation of the ICT, the concept of money management has changed drastically in the financial sector. Siddhartha Bank with its large propagation in the country has also enhanced its ICT strength to equip itself for various challenges and obstacle to cater the overall banking service experience. The Bank has adopted the enhanced ICT to improve customer services, facilitate accurate records, provides for Home and Office Banking services, ensure convenient business hours, prompt and fair customer attention and faster services. Backed by its technical strength, the Bank has been successful in

implementing various business mergers, strategies as well as carry out each and every operations or transactions of the Bank without compromising on the security, accuracy, speed, convenience and flexibility aspects associated with the requirement.

With the centralized CBS application Flexcube developed by Oracle Financial Services Software (OFSS), the Banking service has been malleable to mobilize various deposits, lending, trading and other payment related services. To ensure efficient support and services both within operation and to the Bank customer,

the Bank's ICT is running more than 35 other software applications. In line with payment and information services, the Bank is using technology to support Card Payment, Branchless Banking, Internet Banking, Mobile Banking, Utility Payment, Remittance and various other customizable products.

The Bank has also deployed advanced industry standard information security measures to ensure reliability and high availability for redundancy like professionally managed Data Center and Disaster Recovery Center at different geographical locations of the country. To ensure usage of green renewal technology and mitigate operational expenses, the Bank has deployed mass usage of Hybrid Solar system at more than 40 locations (including branches and ATMs) throughout the country. This has resulted in considerable reduction in associated energy costs like fuel cost of generator as well as operational downtime risk.

REACHING OUT TO CUSTOMERS

Ever since it's early days of operation, SBL has always emphasized serving the diversified needs and requirements of its customers by providing them customized and high quality banking products and services wherever they are. It has always reached out to its customers no matter what their geographical location is. This utmost intent of SBL to be easily accessible for its customers is well justified by its countrywide network of branches, ATMs, branchless banking locations, remittance payout agents and so on. The Bank also remains connected to its customers on the technological platforms via its tech-based products such as iConnect and Siddhartha Bank Smart.

At the moment, the Bank's well equipped network of 70 branches, 83 ATMs, 70 branchless banking locations and more than 4,700 remittance agents are serving the dynamic needs of its various customer segments in the urban, semi-urban and rural areas.

The Bank is committed to reach out to its customers through dependable and innovative mediums so that they have an easy access to the Bank as well as its various products and services in the days ahead.



RISK MANAGEMENT

A commercial bank is exposed to different categories and magnitudes of risks across its various business as well as operational areas in its due course of operations. Being a custodian of public funds, effective management of these various kinds of risks is one of the key responsibilities for a commercial bank.

Siddhartha Bank understands the possible implications of the various risk sources or categories and thereby, has in a place comprehensive, well defined and sturdy risk management mechanisms and procedures that empower it to make proper and timely identification as well as mitigation of the various kinds of risks arising from various components of the Bank's internal and external environment. As a result of this, the Bank has been able to continuously enhance its business volume, revenues and profitability and register remarkable achievements year after year.

Credit Risk

Credit risk refers to the risk that arises when a borrower is either unable or unwilling to fulfill his/her obligations

towards the bank, as defined in the terms and conditions of the credit agreement of the respective borrower. Credit risk management receives high consideration since credit risks directly affects both the assets and the liability side of any commercial bank's balance sheet which might result unwanted consequences for the bank.

Siddhartha Bank places utmost priority towards effective management of credit risks not only because it aims to create a high quality asset portfolio but also because it is merely a custodian of the funds deposited by the depositors and is liable towards the depositors for safeguarding their funds. To manage the impact of possible credit risks, each and every lending operations of the Bank are made with due consideration to the Credit Policy Guidelines (CPG) of the Bank. The CPG clearly defines the respective policies of the Bank regarding credit analysis, credit concentration, obligor limits, approving authorities etc. Apart from the CPG, SBL has also developed and implemented well defined Credit Manuals that shed light on the various procedures related with credit creation.



SBL has clearly demarcated its business generation and credit administration operations so as to enable proper check and balance of the Bank's overall credit operations. Under this demarcation, the unit that generates the credit related business transactions does not oversee administrative side of lending namely compliance, control of credit exposures, documentations, disbursement and monitoring and vice versa.

To ensure proper assessment and decision making regarding the various credit proposals, each credit facility application is reviewed by at least two approving authorities before its final approval. Further, approval or lending limits are provided only to the officials with extensive knowledge as well as experience regarding credit operations.

Also, different levels of approving authorities make final decision for the credit application based on the total loan amount of the borrower. Credit applications demanding board approval are reviewed and discussed by the Board of Directors before they are finally approved.

Once credit limits are approved by the concerned authorities and once the Credit Administration Division ascertains full documentary compliance as well as review the borrower's drawing power, the credit limits of the borrower are fed in the Bank's core banking system.

SBL has in place a properly defined monitoring and recovery mechanism for effective monitoring of each credit facility as well as timely recovery of the disbursed credit in case any problem arises with the disbursed credit facility. The Bank has a proactive red flag system that regularly monitors each credit account, locates any doubtful payments and initiates prompt corrective actions to minimize possible

losses to the Bank. There is a well-equipped and dedicated recovery unit that oversees recovery of corporate as well as retail loans of the Bank.

Each and every credit accounts of the Bank are regularly monitored and reviewed by the Bank's MIS system so as to keep daily track of the interest and principal repayment of the respective credit account and most importantly to enable timely reporting to the concerned authorities for initiating and implementing necessary corrective actions.

SBL also regularly reviews and monitors the credit worthiness of different financial institutions that have maintained nostro/vostro relationship with the Bank. Further, the credit limits sanctioned to these institutions are also regularly reviewed. On a higher level, the Bank's overall credit portfolio is regularly reviewed by the Board of Directors with comprehensive review of each sectors to which the credit has been assigned so as to lower the associated credit concentration risk and to maintain a healthy overall credit portfolio. The Bank's undeterred focus on prudent lending and effective management of credit risks has enabled it to create a healthy assets portfolio and a lower level of non-performing assets. The Bank's non-performing assets ratio stands at 1.41 percent of its total lending portfolio as per unaudited financial results at the end of FY 2015 -16. Also, SBL has been successful in maintaining better ratio of loan loss provisioning to total loans and advances ratio which clearly depicts its priority towards safeguard the interests of its diversified stakeholders.

SBL has also implemented a comprehensive Investment Policy, Assets – Liabilities Management Policy and Treasury Operational Manual so that it is able to further enhance its overall investment portfolio.

Market Risk

Market risk refers to the risk arising from changes in the market level of interest rates or prices of securities, foreign exchange, commodities and equities. It directly affects the earnings and capital of any commercial bank. SBL is well aware of the potential impact of loss of earnings or economic value in the on and off-balance sheet positions due to the aforementioned market risk factors and has developed and implemented Market Risk Management Policy and Framework to check the market risk.

Market risk is composed of four major categories namely:

- Interest Rate Risk
- Foreign Exchange Risk
- Equity Risk
- Commodity Price Risk

Interest Rate Risk

Interest rate risk is the risk of negative impacts on the financial results as well as the capital of the bank because of fluctuations in interest rates. It is a well-known fact that the crucial source of income for a bank is interest rate spread or the difference between the interest received from loans, securities and other interest earning assets and the interest paid on deposits, borrowings and other interest bearing liabilities of a bank. Hence, any alterations in the interest rate market, whether such alterations were anticipated or unanticipated, leave a direct impact on the earnings of a commercial bank.

SBL adopts measures including funding gap and earning sensitivity analysis so as to effectively manage the interest rate risk to which it is exposed to. Further, the Bank meticulously monitors the interest rate movements in the market and initiates suitable measures so as to minimize the possible impacts of such deviations.

Foreign Exchange Risk :

Foreign exchange risk is the risk of negative effects in the financial results as well as capital of the bank due to adverse fluctuations in the currency exchange rates. It implies the effects of adverse movements in currency exchange rates on the value of open foreign currency position. Hence, any changes in the currency exchange rates have possibilities of resulting loss for banks. SBL has in place several policies and instruments to keep its foreign exchange risk under control. Some of these measures include well defined Dealer Specific Limit, Overnight Limits, Standard Operating Procedures (SOP), and a proactive Back Office along with strict compliance with NRB guideline regarding the same. The Treasury Department ensures that unless there's a view on currency, the positions on respective currency are squared off without any deliberation.

Equity Price Risk

Equity Price Risk is the risk to earnings or capital of a bank that arise from negative changes in the value of equity related portfolios of a commercial bank because of changes in stock prices and stock index prices. As required by NRB regulation, the equity investments are categorized into shares Held for Trading (HFT), Available for Sales (AFS) and Held Till Maturity (HTM). At SBL, all the equity investments are marked to market on a timely manner, and promptly reported to the Bank's ALCO. To minimize instances of equity price risk, SBL conducts fundamental analysis of the company as well as the industry prior to and post investment. Further, the investments are made fully abiding by the limit approved by the Board as well as pertinent NRB guidelines.

Commodity Risk

Commodity Risk is the risk of loss for a bank because of negative fluctuations

in commodity prices during a period in which the bank has an open position in commodities. SBL proactively manages the commodity risks to which it is exposed to by generally keeping closed positions on positions arising from sale of precious metals to its customers.

Siddhartha Bank fully understands the probable impacts of market risk events and has in place a systematic approach and mechanism for effective market risk management. The Bank's Assets and Liabilities Management Committee (ALCO) serves as the prime center for management of various kinds of market risks and operates as per the ALCO Charter. There is also a comprehensive Investment Policy along with well-defined Standard Operating Procedures (SOPs), Dealer Specific Limits, Overnight Limits, Stress Testing and Sensitivity Analysis that ensure effective market risk management of the Bank. Besides, the Market Risk Management Policy and Framework of the Bank acts as the main document for the management of market risk.

Operational Risk

Operational risk is the risk resulted due to imprecise or deficient internal procedures, systems, people, etc. or because of any unanticipated external events. As far as a commercial bank is concerned, operational risks are inherent in and can arise from each of its market offerings, systems, business operations and working procedures. Operational risk can be easily triggered from varied sources including human error, poorly defined processes, operational problems, faulty or inefficient check and control mechanisms, deficiency in the information system, system failure, fraud, lapses or breaches in internal controls, natural disasters, other unforeseen events to name a few.

With the view to minimize the effects of operational risk events by managing and mitigating these risks to the possible extent, SBL has developed and implemented a proactive and robust system for effective operational risk management. There are well defined and active internal control mechanisms with clearly demarcated lines of authority and lines of reporting which has enabled the Bank to further systematize the authority-responsibility relationship and thereby, carry out the regular operations in a smooth and hassle free manner.

To smoothen the regular workflow as well as to minimize the occurrences of human error due to lack of knowledge regarding various operational areas or mechanisms of the Bank, SBL has developed and implemented comprehensive and clear Standard Operating Procedures (SOPs) highlighting various business as well as operational areas of the Bank. Further, these SOPs are regularly reviewed and updated so that they address pertinent developments in the related national and international market and regulatory frameworks.

With a view to ensure that all of the operations of the Bank are carried out under compliance with various pertinent national as well as international regulations and standards, statutory and regulatory requirements defined by various regulatory bodies and with concerned SOPs and internal policies and guidelines of the Bank, SBL conducts periodic internal audits of all of its departments, divisions and branches. For this, a separate and independent internal audit department comprising a team of seasoned and dedicated auditors has been established. All the comments and findings of the Department are reviewed by the Bank's Audit Committee, which in turn advises the Bank's management team

to promptly initiate and implement the corrective courses of actions suggested by Internal Audit Department.

SBL has always placed undeterred emphasis when it comes to abiding by the principles of corporate governance with respect to its various operations and procedures. There is a dedicated Compliance and Corporate Governance Department that monitors and ensures that the Bank's operations are in line with the pertinent corporate governance principles. Any alterations noticed through such monitoring are timely communicated and prompt corrective actions are implemented by the Department. The Bank understands the significance of various training and development programs in reducing human errors due to lack of required skills or knowledge, across various operations of the Bank. Hence, the Bank conducts annual training needs assessment to identify the skills deficiency of its staff members and on the basis of that appropriate training and development programs are scheduled throughout the year.

With a view to constantly monitor the recent trends and developments in the national and international market and banking practices so as to assess their probable impact on the Bank's operational areas; the Bank has established a dedicated Branch Operations Department at the Bank's Head Office. In addition to analyzing the market trends, the Department also reviews the existing procedures and guidelines of the Bank as and when necessary and based on the market/industry dynamics. The Department also guides the branches of the Bank regarding any operational issues that they are confronted to.

Liquidity Risk

Liquidity risk is one of the crucial risks faced by a commercial bank demanding proper attention so as to ensure that it is effectively managed. Liquidity risk is the risk arising from a bank's inability to fulfill its anticipated or unanticipated obligations once they are due. It can also arise when a bank's investment portfolio is not converted into cash or cash equivalent before its maturity or even if the portfolio is converted, the conversion takes place at a value lower than the investment value.

With an aim of systematizing the liquidity risk management of the Bank, SBL has formulated and implemented several extensive policies and procedures. Basically, SBL's liquidity risk management is overseen by its Asset Liability Committee (ALCO). The Committee not only reviews the Bank's liquidity position on a periodic basis but also formulates and implements relevant strategies as well as action plans to promptly address the dynamics created because of unanticipated activities as well as events with direct or indirect effects on the Bank's regular funding activities. The Bank's scalable and efficient MIS generates several reports depicting the exact liquidity position of the Bank, which is submitted time and again to the Bank's ALCO so as to enhance prompt decision making regarding the Bank's liquidity position. The Bank carries out stress testing so as to ascertain where the Bank stands in case of tight liquidity scenarios and plans accordingly so as to ensure that it is well prepared to handle such situations with out any problem. The Bank also has Liquidity Contingency Plan that clearly outlines course of action to handle instances when the Bank is faced with tight liquidity.

SBL has always adopted a total balance sheet perspective for its liquidity management. The Bank's projected demand for liquidity is analyzed by considering the available funding capacity through increment of liabilities as well as liquidation of assets. In addition to this, SBL also conducts maturity gap analysis, thereby placing ideal buffer while maintaining the prescribed Statutory Liquidity Ratios, diversifying investments, carrying out analysis of deposit and withdrawal patterns and stress testing for effective liquidity risk management. The Bank's overall liquidity management is done by its Treasury Department under the guidance of the Bank's ALCO.

Compliance and Corporate Governance

Compliance

SBL has always prioritized on developing a robust compliance culture across the organization in line with its strategic goals of ensuring transparency in its each and every operations so as to truly justify the trust placed upon the Bank by all its stakeholders.

An independent and comprehensive compliance structure addresses the Bank's compliance and reputation risks across all its business and operational areas. The Bank has in place a comprehensive compliance policy, which broadly sets out its compliance risk management processes as well as tools and procedures for effectively managing the associated compliance risks for the Bank.

The Bank is in the process of developing and implementing a new tool that shall enable it to confirm that each of its

business function adheres to the various regulatory requirements. The tool shall not only enable the Bank to ensure its compliance to the regulatory changes as and when they occur but also to determine the compliance risk status of the Bank.

The Bank's Compliance Department oversees regulatory compliance of each and every aspect of the Bank and consists of competent and dedicated experts with utmost focus on the Bank's compliance to various areas such as KYC/AML, review and monitoring and advice on regulatory issues etc. to name a few.

The Department also assists the Bank's top management and manages and supervises the compliance framework along with providing compliance assistance to various businesses or support functions. In addition to this, the Department also oversees any new product or process being developed by the Bank as well as modifications to the existing products or processes with a view to ensure that each products or processes are compliant with the relevant NRB regulations. The Department also works with business units as well as other support functions of the Bank in order to develop procedures to implement the requirements of the various regulations and policies.

There are various knowledge management tools for monitoring new regulations as well as revisions in existing regulations. The Compliance Department also disseminates various changes in the regulations by way of compliance alerts to all the employees as and when such changes occur. In addition to this, several training programs regarding AML/CFT,

regulatory compliance and corporate governance for the employees are conducted both via online and classroom mode. The Department also regularly updates the management and board of directors of the Bank regarding important compliance related matters through quarterly and annual compliance reviews. Some of the major developments of the Bank in terms of compliance to national and international regulations in the FY 2015/16 have been highlighted as follows:

KYC registry

The cost of compliance is high and again the consequences of failure are even greater. Therefore SBL has joined with KYC Registry Service provided by SWIFT (Society for Worldwide Interbank Financial Telecommunication), in order to cut through the complexity of KYC checks with a secure, shared platform for exchanging standardized and validated KYC data. Through the KYC registry, the Bank's Compliance Department regularly reviews KYC information of its correspondent banks and as well as share all the information and documents required by all of our stakeholders.

PEP Screening system

Regulatory bodies have been continually pressing the need to identify Politically Exposed Person (PEP) and perform Enhanced Customers Due Diligence in their financial transactions. With acknowledgement of necessity for proper due diligence of PEPs, SBL developed a list of domestic PEP and has semi-automated the PEP screening process in the FY 2015/16. The system has proved to be very effective in PEP screenings and therefore detecting high risk politically exposed persons and potentially suspicious transactions.

Sanction Screening system (OFAC ,UN)

Financial institutions are facing increasing regulatory pressures to maintain strong sanctions compliance. To address this scenario, SBL has in place a dedicated process and has already implemented a semi-automated system for effective sanction screening of individuals, entities and their transactions.

Pilot Bank for goAML Project initiated by (FIU)NRB

SBL became one of the pilot banks for goAML project initiated by FIU, NRB. GoAML is an intelligence analysis system intended to be used by the FIU (Financial Intelligence Unit). This system is expected to enhance the speed and efficiency of reporting of AML related issues once the system is implemented on a full scale.

AML/CFT Online training through NBI in-coordination with Fintelekt

SBL also conducted online training provided by "NBI, partnering with Fintelekt" in addition to several other in-house and external AML CFT trainings. The training was provided to a total of 125 staffs working in the customer service department as well as various risk management functions of the Bank. The training proved to be beneficial for tackling AML/CFT related issues of the Bank and the Bank plans to continue this type of training in the upcoming years as well.



CORPORATE GOVERNANCE

Adherence to the international and well accepted norms of corporate governance has always been at the forefront of any business or operational activities of SBL ever since its initial days of operation. The Bank has always looked up to the relevant international corporate

governance policies and practices as a benchmark for enhancing the Bank's corporate governance culture. As a result of this, the Bank has never compromised on complying with the several regulations and requirements necessitated by different national and

international regulatory or governing authorities. For this, the Bank has in place a comprehensive and robust compliance, corporate governance and control mechanisms that ensure that the Bank fully abides by the pertinent statutory, regulatory and legal guidelines.

The Bank consists of a competent team of independent auditors who ensure its compliance to related policies and procedures while conducting several operations of the Bank. Further, the Bank has appointed a reputed external auditor, free of any financial interests towards the

Bank. Apart from the well-defined and scalable policies and procedures that strengthen the Bank's compliance and corporate governance culture, one of the prime reasons behind the Bank's higher corporate governance practices has been possible because of the higher degree of

ethics and professionalism practiced by its staff members while performing their designated roles and responsibilities. This has enabled the Bank to further enhance its reputation in the industry.

SBL devotes full attention to prioritize welfare of its stakeholders while carrying out its business operations, which is one of the reasons behind the Bank's utmost priority for transparency in its operations. Also, relevant financial information is regularly disseminated to the stakeholders of the Bank by means of accurate and easily understandable notices and publications.

The Bank's well defined organizational structure clearly demarcates the authority responsibility relationships of the Bank and the structure is updated time and again based on the industry dynamics as well as the Bank's requirement. There also exists a dynamic and well versed risk management system that assists the Bank in proper and timely identification of the associated risks so as to devise and implement prompt corrective actions to minimize the possible effects of these risks on the Bank's operations, revenues and profitability.

In the days ahead as well, the Bank aims to proactively assess its existing compliance and corporate governance policies and mechanisms so that they effectively address the pertinent trends and developments in the industry and continue ensuring higher compliance to several national and international policies and guidelines.



CORPORATE SOCIAL RESPONSIBILITY AND EVENT PARTICIPATION

Any organization has its own set of roles and responsibilities towards the society in which it is operating and SBL is no exception to that. Right from its early days of incorporation, SBL has always placed utmost emphasis on fulfilling its corporate social responsibility (CSR) and has always contributed back to the Nepalese society in numerous ways. The Bank has been actively supporting various CSR related events conducted by various national and international organizations both in cash and in kind. It has also participated in these kinds of programs time and again.

In the FY 2015/16, the Bank offered ticket sponsorship worth for "Dailekh Mahotsav 2073" which was organized at Kadachour, Dailekh from April 29 to May 26, 2016

(Baisakh 17-26, 2073). The Mahotsav was organized by Dailekh Chamber of Commerce & Industry (DCCI), in association with Dailekh District Development Committee, Narayan Municipality Dailekh, Dullu Municipality Dailekh, District Agriculture Development Office Dailekh, Small Cottage Industries Dailekh, Nepal Tourism Board etc. The Mahotsav was inaugurated by Honorable Vice President Nanda Kishor Pun and received participation of more than 350,000 visitors from Dailekh, its neighboring districts and different parts of the country.

Similar to prior years, SBL continued its participation in the celebration of Indrajaatra Festival in association with Ganga Club – one of the renowned clubs of

Basantapur area. SBL sponsored T-shirts for the volunteers of the Club as well as preparation of Samay Bazi – a famous ritual food prepared during Indrajaatra. In addition to this, welcome banners were also placed at various prominent locations around the Basantapur Durbar Square.

SBL also offered sponsorship for Rose Foundation Nepal's "Walkathon-Together for Hope" campaign which was a breast cancer awareness campaign at Patan Durbar Square on 10th October, 2015. Apart from the breast cancer awareness walk, the program also included information session by doctors regarding breast cancer as well as musical performance.



With a view to support participation of female players in international level sports tournament, SBL offered sponsorship for the 1st South Asian Women's Basketball (SABA) Championship-2016, which was organized from March 29- April 2, 2016 at Dasharath Stadium (Covered Hall), Tripureshwar by Nepal Basketball Association (NeBA). Players from different South Asian countries including Afghanistan, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka had participated in the event. The event was first of its kind when it comes to female basketball championships in the country.

In the FY 2015/16, SBL also provided banner sponsorship for 'First International Fraternity and Unity School Cricket League' which was organized by DAV Sushil Kedia Vishwa Bharati Higher Secondary School from April 9-14, 2016. The game was played in a Twenty 20 format and 6 teams from different foreign countries and 6 teams from Nepalese schools had participated in the League. The event was organized to encourage sports activity along with discipline and develop

sportsmanship in school children; find talented cricket players from the school level who have the potential to represent the nation and to unite different countries and develop brotherhood and fraternity through cricket.

The Bank sponsored a musical event 'Nepali Saanjh' at Nakano Zero Hall, Tokyo, Japan which was jointly organized by SBL Remit, in association with Queen Bee Capital on May 2, 2016. Renowned Nepalese artists namely Nima Rumba, Manoj Gajurel, Reecha Sharma, Pade Budha, Jigri and Kajal Gurung had performed in the event. The Bank also launched its dedicated remittance service – SBL Remit in Japan through the event. The program was highly appreciated by the Nepalese audience residing in Japan.

In the same year, the Bank also provided banner sponsorship for "Star Mall FIFA Championship" organized by Ngamersclub in association with Star Mall June 8-11, 2016 at Star Mall, Putalisadak. The Championship was organized in view of increasing popularity of video games



in Nepal and to encourage young talents and bring video games enthusiasts in one specific hub where they can stay connected and interact with each other. Video games enthusiasts from all over the country had participated in the Championship.

Apart from the various aforementioned events, the Bank participated in different local events, exhibitions, trade fairs and so on organized in close proximity of its branches in the FY 2014/15. The Bank has established a separate mechanism that identifies feasible corporate social responsibility initiatives as well as the effectiveness of these programs in further portraying its corporate social responsibility activities. The Bank has highly emphasized identification and implementation of appropriate types of CSR activities both at the corporate and the individual branch level. The Bank is committed to contribute towards the welfare of the society through various corporate social responsibility initiatives in the days to come as well.

DIRECTOR'S REPORT

INTERNATIONAL ECONOMIC OUTLOOK

International Monetary Fund (IMF) projected global economic growth rate of 3.90 percent in 2015 and 3.20 percent in 2016. Further, the developing and emerging economies were expected to witness growth of 4.20 percent in the year 2015 and 4.10 percent in the year 2016. As per the IMF projections the Indian and Chinese economies were expected to record an annual growth rate of 7.50 percent and 6.80 percent respectively in 2015 while their annual growth rate was expected to remain at 7.50 percent and 6.50 percent respectively in 2016.

According to IMF's annual publication - The World Economic Outlook, the world output growth on a year over year basis was forecasted to remain at 3.50 percent in the year 2015 and 3.20 percent in 2016.

Considering the global scenario marked by decline in oil prices as well as weak domestic demand, the developed economies were expected to witness zero inflation in the year 2015. In case of developing and emerging economies, IMF projected an inflation rate of 4.5 percent in 2016. This projection of 4.5 percent had been made in view of the lower price level of petroleum products as well as precious metals in the global market.

As far as the Indian and Chinese economies are concerned, IMF forecasted an inflation rate of 6.10 percent and 1.20 percent respectively for India and China in the year 2015 while for the year 2016, the inflation projections for India and China remained at the rate of 5.3 percent and 1.8 percent respectively.

Nepalese Economic Outlook

In the FY 2015/16, the major economic indicators of the Nepalese economy were generally under control however the economic activities were not quite favorable in this period because of reductions in capital expenditure of the government as well as contractions in the economic activities of the private sector which can be attributed to the obstructions in the country's southern transit points. As a result, the nation's overall economic growth remained lower than the projected economic growth for the FY 2015/16.

It was estimated that the growth rate of GDP at producer's price would remain at a meager 0.60 percent as compared to the forecasted 6 percent for the FY 2015/16 and actual growth rate of 2.70 percent in the FY 2014/15. Similarly, agricultural and non-agricultural sectors were expected to register a growth of 1.30 percent and 0.60 percent respectively as compared to growth rate of 1.90 percent and 3.60 percent respectively in the FY 2015/16.

In the FY 2015/16, the overall inflation stood at 8.50 percent. This can be attributed to supply obstructions in the southern borders creating sharp decline in the available stock of various commodities including daily consumables. Further, the CPI (consumer price based index) average inflation rate in the eleven months of 2015/16 stood at 9.9 percent as compared to 7.20 percent in the eleven months of 2015/16. The year on year (y-o-y) CPI inflation rate in mid-June 2016 remained at 11.10 percent in comparison to 7.40 percent in mid-June 2015.

As highlighted by the Monetary Policy 2016/17, the overall increment in capital expenditure and regular expenditure of the Government of Nepal stood at 33.20 percent and 65.10 percent respectively.

Overview of Monetary and Financial Sector of Nepal

The FY 2015/16 was marked with a liquidity surplus for BFIs right from the beginning of the fiscal year. The major reason for this surplus was the comparatively lower credit demand in the economy throughout the year though there were some improvements in the real estate sector as well as share market transactions in the later months of the fiscal year.

Following the regulatory requirement to enhance the paid up capital base of Banks and Financial Institutions (BFIs), there was deduction in the number of BFIs in the FY 2015/16 as well because of the merger and acquisition activities of the BFIs.

As per the Current Macroeconomic and Financial Situation of Nepal based on eleven months' data of FY 2015/16, published by NRB, the total deposits at BFIs registered a growth of 13.90 percent in the eleven months of FY 2015/16 as compared to a growth of 15.40 percent in the corresponding period of last fiscal year. On a year-on-year basis, the deposits at BFIs grew by 18.50 percent in mid-June 2016. Based on the classes of financial institutions, total deposits of commercial banks and development banks rose by 14.10 percent, 11 percent respectively in the FY 2015/16 while total deposits of finance companies fell by 0.20 per cent in the aforementioned period.

In the eleven months of FY 2015/16, the growth rate of credit extended by BFIs to the private sector stood at 18.80 percent as compared to 17.80 percent in the same period of preceding fiscal year. On a year-to-year basis, the credit extended by BFIs to private sector recorded an increment of 20.90 percent in mid-June 2016. This growth rate has remained unchanged as compared to the growth rate in the corresponding period of FY 2014/15. Going

by the type of financial institutions, the total credit extended to private sector by commercial banks and development banks increased by 21 percent and 15.80 percent respectively while the total credit extended to private sector by finance companies decreased by 8.9 percent in the eleven months of FY 2015/16.

Similarly, credit to various sectors of the economy viz. agricultural sector, industrial production sector, service industries, wholesale and retail trade sector and transport, communication and public sector registered a growth of 18 percent, 13.80 percent, 16.70 percent, 14.50 percent, 20.60 percent and 32.30 percent respectively in the eleven months period of the FY 2015/16.

New Initiatives

Identifying potential avenues of business, reaching out to newer market segments and enhancing the service delivery experience have always been an integral part of the core business philosophy of SBL. In the FY 2015/16 also, the Bank has carried out various new initiatives in terms of further enhancing the quality and effectiveness of its various products and services, service delivery mechanisms, technological capacity, internal policies and procedures and so on.

Successful merger with Business Universal Development Bank Limited

As per the Bank's strategy to further strengthen its capital base as well as to fulfill the paid up capital criteria demarcated by Nepal Rastra Bank, SBL signed an Memorandum of Understanding for Merger (MoU) with Business Universal Development Bank Limited (BUDBL), amidst a formal ceremony on January 7, 2016. The signing of the MoU officially marked the beginning of the merger process of SBL and BUDBL.

After several months of strategic planning, coordination and dedicated efforts to integrate each and every aspect and operations of both the institutions, SBL successfully completed its merger operations and started joint operations with Business Universal Development Bank (BUDBL) amidst a formal ceremony on June 21, 2016. The joint operation was inaugurated by Governor of Nepal Rastra Bank - Dr. Chiranjibi Nepal.

Migration to Nepal Electronic Payment System (NEPS) platform for card management

SBL successfully migrated its entire card management system to Nepal Electronic Payment System (NEPS) on October 30, 2015 with a view to further enhance the Bank's card operations system as well as to enhance the card services being offered to the customers. Earlier SBL was using the card management services of Electra Card Services (ECS).

Network Expansion

In the FY 2015/16, the Bank expanded its existing network coverage to additional locations of the country through establishment of branches and ATMs. As part of its initiative to enhance the Bank's access to additional market segments, the Bank formally inaugurated its branches at Bauniya of Kailali, Parasi Bazaar of Nawalparasi on February 24, 2016, at Kohalpur of Banke, Kshireswar of Dhanusa and Khandbari of Sankhuwasabha on 25th February 25, 2016 and at Simara of Bara and an office at Urlabari of Morang district on February 26, 2016.

The Bank had a soft launch of its branch at Beltar on March 6, 2016 while the Bank had soft launch of its Tandri branch on June 5, 2016. The Bank also

established additional ATM locations in the FY 2015/16. Inside Kathmandu valley, the Bank's ATMs were placed at Hotel Garuda ATM Lounge, Hot Bread Chowk ATM Lounge and Bhagawati Bahal, ATM Lounge at Thamel and Tripureswar while outside Kathmandu valley, new ATMs were placed at Beltar, Khandbari, Kohalpur, Kshireswar, Parasi, Pamee, Simara and Urlabari.

Sanction Screen Application

With the introduction of the regulatory requirements of KYC (Know Your Customer) and AML (Anti Money Laundering) and with the objective of better risk management, the Bank's Compliance Department has prepared list of individual and business entity sanctioned by "Office of Foreign Assets Control, (OFAC), "United Nations" (UN) and Politically Exposed Persons (PEP)/ Politically Influence persons (PIP) extracted from different local websites, news and other available journals. To enable the branches to check and verify the name and other information details provided by the clients with the information in the sanction and PEP list before accounts opening process and any other financial transactions such as remittance, trade business etc. , the Bank has also developed an easily accessible in-house sanction screen application.

Digitization of Board Meeting agenda and documents

To further systematize the board operations and the board documents, the Bank has initiated digitization of board meeting agenda as well as documents in the FY 2015/16. As a part of this, each board member of the Bank has been provided with an Ipad and a user account. All the documents and agendas for discussion during each board

meeting are loaded in the system and each member can access and study these agendas/documents by signing in to their respective user accounts. This has not only reduced the paperwork but also facilitated easy access to important documents to be discussed in the board meetings.

Launch of SMS Alert on Credit Card Transactions

As an effort of offering additional value added services to the Bank's credit card service, SBL launched SMS Alert for credit card transactions also. In the first phase, SMS alerts shall be sent for POS purchase, Ecom purchase, ATM cash withdrawal and manual cash withdrawal done through Siddhartha Bank Credit Card. The facility shall be provided to the users of Nepal Telecom and Ncell mobile services in the initial phases.

Launch of Utility Bill payment through iConnect

In the FY 2015/16, the Bank also launched facility of utility bill payment through the Bank's internet banking service, iConnect. Customers can use iConnect for bill payments of Siddhartha Bank Credit Card, Siddhartha Bank Prepaid Domestic Card, eSewa, Hello Paisa, NTC postpaid, NTC landline and Khumbu Bijuli Company. In addition to this, customers can also use iConnect to pay insurance premium of American Life Insurance Company as well as fees payment of IOE Pulchowk Campus, IOE entrance examination, Kathmandu Engineering College and Sagarmatha Engineering College.

Regulatory Compliance

SBL has always placed utmost emphasis on compliance to several regulations, procedures and requirements prescribed by different national and international regulatory bodies governing the banking

and finance sector. The Bank has been adhering to various requirements stated by prevalent national and international policies such as Banking and Financial Institutions Act (BAFIA), BASEL, Know Your Customer (KYC), Anti Money Laundering (AML), Foreign Accounts Tax Compliance Act (FATCA), Right to Information Act 2064 (2007), Customer Due Diligence (CDD) etc. to name a few . The Bank is fully committed to adhere to these various regulatory requirements in the near future as well.

Business and Financial Achievements

The FY 2015/16 was marked by severe challenges in the Bank's business and operating environment due to several unforeseen and uncontrollable events. However, SBL has demonstrated exemplary performance even in the face of several adversities.

In the FY 2015/16, the Bank's deposit portfolio reached a total of Rs. 64.93 billion, which signifies a growth of 45.13 percent as compared to FY 2014/15 while the Bank's Loans and Advances portfolio witnessed a growth of 52.31 percent as compared to FY 2014/15 and reached a total of Rs. 55.35 billion.

The Bank achieved impressive growth in its revenue and profitability front as well in the FY 2015/16. The Bank achieved a growth of 47.48 percent in its Net Interest Income as compared to FY 2014/15 and reached a total of Rs. 2.11 billion. The Bank's total operating income increased from Rs. 2.01 billion in the FY 2014/15 to Rs. 2.77 billion in the FY 2015/16, clearly portraying a growth of 38.10 percent. Similarly, the Bank's Operating Profit before Provision amounted to Rs. 1.91 billion, which is a growth of 56.56 percent from last year's

Operating Profit before Provision of Rs. 1.22 billion. On the Net Profit front, SBL earned Net Profit of Rs. 1.25 billion in the FY 2015/16, which signals an increment of 63.60 percent from the Net Profit figure of Rs. 776.08 million in the FY 2014/15.

The net worth of SBL saw an increment of 66.62 percent and amounted to Rs. 6.24 billion in the FY 2015/16 as compared to Rs. 3.75 billion in the previous fiscal year. The Bank also provided 48.75 percent bonus share and issued 25 percent right shares to its shareholders in the FY 2015/16.

Assets Quality

While achieving business growth has been important to SBL, the Bank has placed undiluted attention to maintain excellence of the quality of its assets ever since its initial years of operation. As a result of this, the Bank has been able to maintain a healthy asset portfolio despite sizeable growth in its credit portfolio. In the FY 2015/16, the Bank has effectively contained its Non-Performing Assets (NPA) at 1.47 percent of its total credit portfolio as compared to the maximum NPA rate of 5 percent demarcated by Nepal Rastra Bank.

Days Ahead

Customer oriented product offerings, efficient service delivery mechanism, transparent and integrated business operations, compliance to statutory and regulatory principles and corporate ethics lie at the crux of SBL's business philosophy. The Bank has never compromised on integrity of its operations and quality of its business portfolio while pursuing its strategies of growth and success and has always done full justice to the trust placed upon it by all of its

stakeholders. The Bank has understood the need for innovation and technological advancement and has always taken up these two factors as one of the major drivers of the Bank's progress. As a result, the Bank is perceived in the industry at present as a dynamic, virtuous and most importantly a customer friendly bank among its peer banks in the industry. The Bank has come a long way in terms of enhancing its market offerings, expanding its network coverage, escalating its financial standing in the industry, upgrading its technological capability, strengthening its systems and processes, developing a proficient and enthusiastic team of performers and complying to the national and international regulations of the banking industry.

In the present context, where new sets of policies and regulations are being implemented in the Nepalese banking industry and where the market is characterized by higher degree of competition, customer flight and homogeneous product offerings, the upcoming fiscal year is bound to be a transformational one for SBL. As always, the Bank shall continue to embark on its journey towards service excellence by adding better avenues in its business portfolio, developing better ways to serve its customers and all other stakeholders and contributing in the economic welfare of the country. The Bank is confident to receive trust and support from all its stakeholders in the future as well and the Bank is committed as ever to serve its stakeholders as bigger, better and stronger bank in the days ahead.

INDEPENDENT AUDITOR'S REPORT

The Shareholders of Siddhartha Bank Limited

Report on the Consolidated Financial Statements

We were engaged to audit the accompanying financial statements of Siddhartha Bank Limited (the "Bank") and its consolidated subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 15 July 2016, the consolidated profit and loss account, statements of changes in equity and cash flow for the period then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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. Management has prepared consolidated financial statements in accordance with regulatory provision of Nepal Rastra Bank and not in accordance with Nepal Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with Nepal Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements not prepared as per Nepal Financial Reporting Standards.

Basis for Disclaimer of Opinion

The applicable financial reporting framework for the Bank was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (previous Local GAAP) effective from fiscal year starting 17 July 2015. Change in financial reporting framework required transition to Nepal Financial Reporting Standards as at 17 July 2014 and presentation of at least three consolidated statements of financial position, two consolidated statements of comprehensive income, two consolidated separate income statements (if presented), two consolidated statements of cash flows and two consolidated statements of changes in equity and related notes, including comparative information. However, consolidated financial statements has not been prepared based on transitional provision of Nepal Financial Reporting Standards I which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing consolidated financial information based on transitional provision of Nepal Financial Reporting Standards is uncertain and could be material and pervasive.

We did not audit the financial statements and other financial information of its subsidiary Siddhartha Capital Ltd whose financial statements reflect total assets of Rs 506.76 million as at 15 July 2016, total revenues of Rs 70.08 million and net cash inflow of Rs 371.49 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, are based solely on the report of the other auditors.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for cumulative effect of not restating financial items and making additional disclosure as required by first time adopter of NFRS to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements which have not been prepared in accordance with Nepal Financial Reporting Standards.

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, consolidated balance sheet, consolidated profit and loss account and consolidated 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 jeopardize the interest and security of the Bank, its depositors and investors.

The Bank has not measured the investment made in shares of a listed company categorized as 'Available for Sale' on 'Marked to Market' Basis resulting in investment to be understated by Rs 311,432,408 and correspondingly, the reserve, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives.

Except as noted in the preceding paragraph and our opinion on the consolidated financial statements not prepared in accordance with the applicable financial reporting framework required for the fiscal year, the consolidated financial statements have been prepared, in all material respects, in accordance with financial reporting framework as per the regulatory requirement of Nepal Rastra Bank.

Shashi Satyal

Shashi Satyal
Managing Partner



T R Upadhy & Co.
Chartered Accountants

Kathmandu
04 December 2016



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CONSOLIDATED BALANCE SHEET

as at 31 Ashad 2073 (15 July 2016)

Capital & Liabilities	This Year Rs.	Previous Year Rs.
1. Share Capital	4,496,143,266	2,437,416,038
2. Reserves and Surplus	1,766,251,272	1,319,078,193
3. Non- Controlling Interest	68,792,407	59,005,541
4. Debenture and Bonds	1,203,520,000	1,431,290,000
5. Borrowings	910,000,000	65,000,000
6. Deposit Liabilities	64,902,005,101	44,722,073,261
7. Bills Payables	40,019,603	12,750,802
8. Proposed Dividend	-	21,380,842
9. Income Tax Liabilities	-	-
10. Other Liabilities	1,439,598,055	651,750,509
Total Capital & Liabilities	74,826,329,704	50,719,745,186

Assets	This Year Rs.	Previous Year Rs.
1. Cash Balance	1,940,584,376	1,155,856,879
2. Balance with Nepal Rastra Bank	3,847,268,039	3,753,171,906
3. Balance with Banks & Financial Institutions	849,546,093	203,555,252
4. Money at Call & Short Notice	950,700,000	1,130,000,000
5. Investment	9,823,522,295	6,664,934,845
6. Loans, Advances & Bills Purchased	55,350,891,229	36,339,796,450
7. Fixed Assets	635,019,852	418,222,933
8. Non- Banking Assets	-	-
9. Other Assets	1,428,797,818	1,054,206,921
Total Assets	74,826,329,704	50,719,745,186

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal

Manoj Kumar Kedia
Chairman

Shashi Satyal
Managing Partner
For T. R. Upadhy & Co.
Chartered Accountants

Birendra Kumar Shah
Dinesh Shanker Palikhe
Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

CONSOLIDATED PROFIT & LOSS ACCOUNTS

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particular	This Year Rs.	Previous Year Rs.
1. Interest Income	4,119,478,938	3,295,249,733
2. Interest Expenses	1,989,418,032	1,859,406,575
Net Interest Income	2,130,060,906	1,435,843,157
3. Commission & Discount	173,917,476	187,707,740
4. Other Operating Income	371,508,228	289,259,644
5. Exchange Fluctuation Gain	167,085,097	142,341,336
Total Operating Income	2,842,571,707	2,055,151,877
6. Employees Expenses	387,617,791	337,409,697
7. Other Operating Expenses	509,254,950	473,408,044
8. Exchange Fluctuation Loss	-	-
Operating Profit Before Provision for Possible Loan Loss	1,945,698,966	1,244,334,137
9. Provisions for possible losses	259,340,384	249,086,366
Operating Profit	1,686,358,582	995,247,771
10. Non- Operating Income/(Expenses)	172,022,040	44,493,951
11. Possible Loss Provision Written Back	157,363,836	197,952,367
Profit from Regular Activities	2,015,744,459	1,237,694,090
12. Income/Expenses from Extraordinary Activities	572,084	1,002,663
Net Profit after including all activities	2,016,316,543	1,238,696,753
13. Provision for Staff Bonus	183,301,504	112,608,796
14. Provision for Income Tax (a+b-c)	547,597,524	339,608,426
a. Current Year Tax	545,372,894	355,303,829
b. Prior Period Tax	3,254,415	1,079,030
c. Deferred Tax Income/(Expenses)	1,029,785	16,774,433
15. Share of Non-Controlling interest in the Profit/Loss of Subsidiary	14,944,760	9,505,519
Net Profit/ (Loss)	1,270,472,755	776,974,011

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

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Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

CONSOLIDATED PROFIT & LOSS APPROPRIATION ACCOUNTS

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particular	This Year Rs.	Previous Year Rs.
Income		
1. Accumulated restated Profit upto Previous Year	13,685,349	16,088,086
2. This Year's Profit	1,270,472,755	776,974,011
3. Exchange Equalisation Fund	-	-
4. Transfer from Accumulated Profit from Merged entity	33,761,560	-
5. Merger Reserve (Share Swap balance on merger)	471,538,321	-
6. Share Premium (Merger Entity)	379,979	-
7. Transfer from Debenture Redemption Fund	227,770,000	-
Total	2,017,607,964	793,062,097
Expenditures		
1. Accumulated loss upto Previous Year	-	-
2. Current year's loss	-	-
3. General Reserve	250,983,601	155,733,829
4. Contingent Reserves	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employees Related Reserve Fund	-	-
8. Proposed Dividend	-	21,380,842
9. Proposed Bonus Share	1,473,262,702	406,236,006
10. Specific Reserve Fund	-	-
11. Exchange Fluctuation Fund	3,397,417	3,897,247
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	9,848,491	-
14. Investment Adjustment Reserve	7,427,830	8,066,387
15. Deferred Tax Reserve	1,235,365	16,774,433
15. Others	-	-
a. Debenture Redemption Reserve	171,931,429	167,288,004
Total	1,918,086,836	779,376,748
15. Accumulated Profit/ (Loss)	99,521,128	13,685,349

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal

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Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

CONSOLIDATED CASH FLOW STATEMENT

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Cash Flows From Operating Activities	4,978,243,383	(1,139,847,110)
1. Cash Receipts	4,972,874,004	3,917,654,925
1.1 Interest Income.	4,120,318,032	3,295,249,733
1.2 Commission & Discount Income	530,105,104	466,198,907
1.3 Exchange Fluctuation Gain	167,085,097	142,341,336
1.4 Recovery of Loans Written Off	572,084	-
1.5 Other Income	154,793,686	13,864,949
2. Cash Payments	3,518,376,196	3,030,543,492
2.1 Interest Expenses	1,963,820,039	1,830,556,988
2.2 Staff Expenses	566,840,299	437,479,022
2.3 Office Operating Expenses	441,777,854	384,935,658
2.4 Income Tax Paid	543,393,493	345,778,339
2.5 Other Expenses	2,544,511	31,793,485
Cash Flows before Changes in Working Capital	1,454,497,808	887,111,433
Increase/(Decrease) in Current Assets	(18,291,381,103)	(11,280,109,951)
1. (Increase)/Decrease in Money at Call and Shortnotice	179,300,000	20,000,000
2. (Increase)/Decrease in Short-term Investments	1,047,676,051	(2,013,932,079)
3. (Increase)/Decrease in Loan and Bills Purchased	(19,120,390,070)	(9,165,581,074)
4. (Increase)/Decrease in Other Assets	(397,967,085)	(120,596,798)
Increase/(Decrease) in Current Liabilities	21,815,126,678	9,253,151,407
1. Increase/(Decrease) in Deposits	20,193,626,767	9,326,724,193
2. Increase/(Decrease) in Certificate of Deposits	-	(41,415,000)
3. Increase/(Decrease) in Short-term Borrowings	845,000,000	-
4. Increase/(Decrease) in Other Liabilities	776,499,911	(32,157,785)

Continue Cash Flow Statement

Continue Cash Flow Statement

Particulars	This Year Rs.	Previous Year Rs.
B. Cash Flows From Investing Activities	(4,434,547,727)	(1,337,885,227)
1. (Increase)/Decrease in Long-term Investments	(4,177,108,625)	(1,311,592,543)
2. (Increase)/Decrease in Fixed Assets	(286,974,015)	(56,278,580)
3. Interest Income from Long term Investments	-	-
4. Dividend Income	29,534,914	29,985,897
5. Others	-	-
C. Cash Flows from Financing Activities	(258,873,933)	323,674,242
1. Increase/(Decrease) in Long-term Borrowings (Bond, debentures etc.)	(227,770,000)	500,000,000
2. Increase/(Decrease) in Share Capital	803,225	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Increase/(Decrease) in Proposed dividends and Dividend Payables	(31,907,158)	(176,325,758)
D. Income/Expenses from changes in exchange rate on Cash and Bank Balances/ Previous Year Adj		12,706
E. Net Cash Flow For The Year from all activities (A+B+C+D)	284,821,723	(2,154,045,389)
F. Reserve Added from Merged Institutions	1,239,992,748	-
G. Opening Cash and Bank Balance	5,112,584,038	7,266,629,427
H. Closing Cash and Bank Balance	6,637,398,508	5,112,584,038

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal

Manoj Kumar Kedia
Chairman

Shashi Satyal
Managing Partner
For T. R. Upadhy & Co.
Chartered Accountants

Birendra Kumar Shah
Dinesh Shanker Palikhe
Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

T.R. Upadhy & Co.
Chartered Accountants

124 Lal Colony Marg
Lal Durbar
Post Box No. 4414
Kathmandu, Nepal

Telephone: 977 (1) 4410927, 4420026
Fax : 977 (1) 4413307
E-mail : trunco@ntc.net.np

INDEPENDENT AUDITOR'S REPORT

The Shareholders of Siddhartha Bank Limited

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Siddhartha Bank Limited (the "Bank"), which comprise the balance sheet as at 15 July 2016, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. 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. Management has prepared financial statements in accordance with regulatory provision of Nepal Rastra Bank and not in accordance with Nepal Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Nepal Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion on the financial statements not prepared as per Nepal Financial Reporting Standards.

Basis for Disclaimer of Opinion

The applicable financial reporting framework for the Bank was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (previous Local GAAP) effective from fiscal year starting 17 July 2015. Change in financial reporting framework required transition to Nepal Financial Reporting Standards as at 17 July 2014 and presentation of at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information. However, financial statements has not been prepared based on transitional provision of Nepal Financial Reporting Standards 1 which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing financial information based on transitional provision of NFRS is uncertain and could be material and pervasive.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for cumulative effect of not restating financial items and making additional disclosure as required by first time adopter of Nepal Financial Reporting Standards to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements which have not been prepared in accordance with Nepal Financial Reporting Standards.



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.

The Bank has not measured the investment made in shares of a listed company categorized as 'Available for Sale' on 'Marked to Market' Basis resulting in investment to be understated by Rs 311,432,408 and correspondingly, the reserve, which in our opinion, is not in accordance with Nepal Rastra Bank Unified Directives.

Except as noted in the preceding paragraph and our opinion on the financial statements not prepared in accordance with the applicable financial reporting framework required for the fiscal year, the financial statements have been prepared, in all material respects, in accordance with financial reporting framework as per the regulatory requirement of Nepal Rastra Bank.

Shashi Satyal

Shashi Satyal
Managing Partner



T R Upadhy & Co.
Chartered Accountants

Kathmandu
04 December 2016

BALANCE SHEET

as at 31 Ashad 2073 (15 July 2016)

CAPITAL AND LIABILITIES	Schedule	This Year Rs.	Previous Year Rs.
1. Share Capital	4.1	4,496,143,266	2,437,416,038
2. Reserves and Surplus	4.2	1,745,651,012	1,308,664,263
3. Debenture and Bonds	4.3	1,203,520,000	1,431,290,000
4. Borrowings	4.4	910,000,000	65,000,000
5. Deposit Liabilities	4.5	64,934,358,551	44,740,731,784
6. Bills Payables	4.6	40,019,603	12,750,802
7. Proposed Dividend		-	21,380,842
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	1,073,222,970	630,061,887
Total Capital & Liabilities		74,402,915,402	50,647,295,616

ASSETS	Schedule	This Year Rs.	Previous Year Rs.
1. Cash Balance	4.8	1,940,584,292	1,155,856,745
2. Balance with Nepal Rastra Bank	4.9	3,847,268,039	3,753,171,906
3. Balance with Banks & Financial Institutions	4.10	486,955,033	198,760,605
4. Money at Call & Short Notice	4.11	950,700,000	1,130,000,000
5. Investment	4.12	9,822,606,937	6,641,681,645
6. Loans, Advances & Bills Purchased	4.13	55,350,891,229	36,339,796,450
7. Fixed Assets	4.14	618,825,074	409,852,296
8. Non- Banking Assets	4.15	-	-
9. Other Assets	4.16	1,385,084,796	1,018,175,969
Total Assets		74,402,915,402	50,647,295,616

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Capital Adequacy Table	Schedule 4.30
Details of Risk Weighted Exposure Table	Schedule 4.30 (A)
Principal Indicator	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

Schedule 4.1 to 4.17 form integral part of the Balance Sheet.

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal

Manoj Kumar Kedia
Chairman

Shashi Satyal
Managing Partner
For T. R. Upadhyaya & Co.
Chartered Accountants

Birendra Kumar Shah
Dinesh Shanker Palikhe
Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

PROFIT & LOSS ACCOUNTS

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particular	Schedule	This Year Rs.	Previous Year Rs
1. Interest Income	4.18	4,118,493,985	3,295,249,733
2. Interest Expenses	4.19	2,000,901,991	1,859,406,575
Net Interest Income		2,117,591,994	1,435,843,157
3. Commission & Discount	4.20	173,917,476	187,707,740
4. Other Operating Income	4.21	316,589,540	243,595,715
5. Exchange Fluctuation Gain	4.22	167,085,097	142,341,336
Total Operating Income		2,775,184,107	2,009,487,949
6. Employees Expenses	4.23	372,849,883	328,131,103
7. Other Operating Expenses	4.24	489,862,673	459,806,993
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loan Loss		1,912,471,551	1,221,549,852
9. Provisions for possible losses	4.25	259,340,384	249,086,366
Operating Profit		1,653,131,167	972,463,487
10. Non- Operating Income/(Expenses)	4.26	160,380,506	38,853,623
11. Possible Loss Provision Written Back	4.27	157,363,836	197,952,367
Profit from Regular Activities		1,970,875,509	1,209,269,477
12. Income/Expenses from Extraordinary Activities	4.28	572,084	1,002,663
Net Profit after including all activities		1,971,447,593	1,210,272,140
13. Provision for Staff Bonus		179,222,508	110,024,740
14. Provision for Income Tax (a+b-c)		537,307,081	333,166,888
a. Current Year Tax		535,104,839	348,641,794
b. Prior Period Tax		3,254,415	1,079,030
c. Deferred Tax Income/(Expenses)		1,052,173	16,553,936
Net Profit/ (Loss)		1,254,918,004	767,080,512

Schedule 4.18 to 4.28 forms integral part of this profit and loss account statement

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

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Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

PROFIT & LOSS APPROPRIATION ACCOUNTS

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particular	Schedule	This Year Rs.	Previous Year Rs
Income			
1. Accumulated restated Profit upto Previous Year		2,396,661	12,154,675
2. This Year's Profit		1,254,918,004	767,080,512
3. Exchange Equalisation Fund		-	-
4. Transfer from Accumulated Profit from Merged entity		33,761,560	-
5. Merger Reserve (Share Swap balance on merger)		471,538,321	-
6. Share Premium (Merged Entity)		379,979	-
7. Transfer from Debenture Redemption Fund		227,770,000	-
Total		1,990,764,525	779,235,186
Expenditures			
1. Accumulated loss upto Previous Year		-	-
2. Current year's loss		-	-
3. General Reserve		250,983,601	153,416,102
4. Contingent Reserves		-	-
5. Institutional Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Employees Related Reserve Fund		-	-
8. Proposed Dividend		-	21,380,842
9. Proposed Bonus Share		1,473,262,702	406,236,006
10. Specific Reserve Fund		-	-
11. Exchange Fluctuation Fund		3,397,417	3,897,247
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		9,848,491	-
14. Investment Adjustment Reserve		7,427,830	8,066,387
15. Deferred Tax Reserve		1,235,365	16,553,936
16. Others		-	-
a. Debenture Redemption Reserve		171,931,429	167,288,004
Total		1,918,086,836	776,838,525
15. Accumulated Profit/ (Loss)		72,677,689	2,396,661

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal
Chairman

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Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

as at 31 Ashad 2073 (15 July 2016)

Particulars	Share Capital	Accumulated Profit & Loss	General Reserve	Capital Adjustment Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Debenture Redemption	Investment Adjustment	Total Amount
Balance as at 17 July 2015	2,437,416,038	2,396,661	684,963,626	-	-	21,401,556	44,491,180	539,930,564	15,480,675	3,746,080,301
Adjustment for fraction bonus share	-	-	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Fund	-	379,979	-	-	(379,979)	-	-	-	-	-
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Restated Opening Balance	2,437,416,038	2,396,661	684,963,626	-	-	21,401,556	44,491,180	539,930,564	15,480,675	3,746,080,301
Transfer from share premium	-	-	-	-	379,979	-	-	-	-	-
Transferred from Merged Entity	584,661,300	33,761,560	146,428,264	471,538,321	379,979	20,221	1,049,745	-	2,153,358	1,239,992,748
Transfer from Capital /Debenture adjustment reserve	-	227,770,000	-	-	-	-	-	(227,770,000)	-	-
Merger Surplus	-	471,538,321	-	(471,538,321)	-	-	-	-	-	-
Net Gains & Losses Not Recognised in the Income Statement	-	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	1,254,918,004	-	-	-	-	-	-	-	1,254,918,004
Transfer to General Reserve	-	(250,983,601)	250,983,601	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-
Proposed bonus share	1,473,262,702	(1,473,262,702)	-	-	-	-	-	-	-	-
Issue of Share Capital (Call in Advance)	803,225	-	-	-	-	-	-	-	-	803,225
Deficit on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Investments	-	-	-	-	-	3,397,417	-	-	-	-
Exchange Fluctuation Fund	-	(3,397,417)	-	-	-	-	-	-	-	-
Capital Adjustment Fund	-	(9,848,491)	-	9,848,491	-	-	-	-	-	-
Investment Adjustment Reserve	-	(7,427,830)	-	-	-	-	-	-	7,427,830	-
Deferred Tax Reserve	-	(1,235,365)	-	-	-	-	1,235,365	-	-	-
Debenture Redemption Reserve	-	(171,931,429)	-	-	-	-	-	171,931,429	-	-
Closing Balance as at 15 July 2016	4,496,143,266	72,677,689	1,082,375,491	9,848,491	-	24,819,195	46,776,290	484,091,992	25,061,863	6,241,794,278

CASH FLOW STATEMENT

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Cash Flows From Operating Activities	4,646,048,659	(1,136,063,165)
1. Cash Receipts	4,911,498,335	3,882,759,473
1.1 Interest Income	4,118,493,985	3,295,249,733
1.2 Commission & Discount Income	490,507,016	431,303,455
1.3 Exchange Fluctuation Gain	167,085,097	142,341,336
1.4 Recovery of Loans Written Off	572,084	-
1.5 Other Income	134,840,152	13,864,949
2. Cash Payments	3,477,101,529	3,002,633,697
2.1 Interest Expenses	1,963,820,039	1,830,556,988
2.2 Staff Expenses	552,072,392	428,200,428
2.3 Office Operating Expenses	423,902,018	374,142,133
2.4 Income Tax Paid	537,307,081	338,447,316
2.5 Other Expenses		31,286,831
Cash Flows before Changes in Working Capital	1,434,396,805	880,125,776
Increase/(Decrease) in Current Assets	(18,260,322,846)	(11,256,172,603)
1. (Increase)/Decrease in Money at Call and Shortnotice	179,300,000	20,000,000
2. (Increase)/Decrease in Short-term Investments	1,047,676,051	(2,013,932,079)
3. (Increase)/Decrease in Loan and Bills Purchased	(19,120,390,070)	(9,165,581,074)
4. (Increase)/Decrease in Other Assets	(366,908,827)	(96,659,450)
Increase/(Decrease) in Current Liabilities	21,471,974,699	9,239,983,661
1. Increase/(Decrease) in Deposits	20,193,626,767	9,326,724,193
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	845,000,000	(41,415,000)
4. Increase/(Decrease) in Other Liabilities	433,347,932	(45,325,531)

Continue Cash Flow Statement

Continue Cash Flow Statement

Particulars	This Year Rs.	Previous Year Rs.
B. Cash Flows From Investing Activities	(4,470,675,682)	(1,336,868,184)
1. (Increase)/Decrease in Long-term Investments	(4,221,282,601)	(1,307,833,409)
2. (Increase)/Decrease in Fixed Assets	(274,933,434)	(55,026,112)
3. Interest Income from Long term Investments	-	-
4. Dividend Income	25,540,354	25,991,337
5. Others		
C. Cash Flows from Financing Activities	(248,347,617)	323,674,242
1. Increase/(Decrease) in Long-term Borrowings (Bond, debentures etc.)	(227,770,000)	500,000,000
2. Increase/(Decrease) in Share Capital	803,225	
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Increase/(Decrease) in Proposed dividends and Dividend Payables	(21,380,842)	(176,325,758)
D. Income/Expenses from changes in exchange rate on Cash and Bank Balances	-	-
E. Net Cash Flow For The Year from all activities (A+B+C+D)	(72,974,640)	(2,149,257,107)
F. Capital & Reserve Added from Merged Institutions	1,239,992,748	
G. Opening Cash and Bank Balance	5,107,789,256	7,257,046,363
H. Closing Cash and Bank Balance	6,274,807,364	5,107,789,256

Ram Chandra Khanal
Head - Finance & Treasury

Sundar Prasad Kadel
Chief Operating Officer

Shambhu Nath Gautam
Chief Business Officer

Surender Bhandari
Chief Executive Officer

As Per our report of even date

Narendra Kumar Agrawal

Manoj Kumar Kedia
Chairman

Shashi Satyal
Managing Partner
For T. R. Upadhy & Co.
Chartered Accountants

Birendra Kumar Shah
Dinesh Shanker Palikhe
Mahesh P. Pokharel
Hemant Gyawali
Rajesh Kumar Kedia
Bhagat Bista

Directors

Date: 04-December-2016
Place: Kathmandu, Nepal

SHARE CAPITAL & OWNERSHIP

Schedule - 4.1

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Share Capital	-	-
1.1 Authorized Capital	10,500,000,000	3,000,000,000
a. 10,50,00,000 Ordinary shares of Rs. 100 each share	10,500,000,000	3,000,000,000
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
1.2 Issued Capital	3,022,077,338	2,031,180,032
a. 30,220,773.38 Ordinary shares of Rs.100 each share	3,022,077,338	2,031,180,032
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
1.3 Paid up Capital	3,022,077,338	2,031,180,032
a. 30,220,773.38 Ordinary shares of Rs.100 each share *	3,022,077,338	2,031,180,032
b. Non-redeemable Preference Shares of Rs.....each	-	-
c. Redeemable Preference Shares of Rs.....each	-	-
1.4 Proposed Bonus Share	1,473,262,702	406,236,006
1.5 Calls in Advance	803,225	
1.6 Calls in Arrears	-	
1.7 Total Amount(1.3+1.4+1.5)	4,496,143,266	2,437,416,038

* There is fraction share in our accounting books as approved by AGM due to bonus share issued on FY 14,125.38

SHARE OWNERSHIP DETAILS

as at 31 Asadh 2072 (16 July 2015)

Share Ownership Details	This Year Rs.		Previous Year Rs.	
	%	Share Capital	Share Capital	%
1. Domestic Ownership	100	3,022,077,338	2,031,180,032	100
1.1 Government of Nepal	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	-	-	-	-
1.5 General Public	49	1,480,817,896	995,278,216	49
1.6 Others (Promoter)	51	1,541,259,443	1,035,901,816	51
2. Foreign Ownership	-	-	-	-
Total	100	3,022,077,338	2,031,180,032	100

LIST OF SHAREHOLDERS' HOLDING ≥ 0.5 % OF SHARE CAPITAL

Schedule - 4.1.1

as at 31 Asadh 2073 (15 July 2016)

Name	No. of shares	Amount Rs.	%
PRUDENTIAL INVESTMENT CO. PVT.LTD.	976,411	97,641,100	3.23%
CHIRANJILAL AGRAWAL	974,373	97,437,300	3.22%
NARENDRA KUMAR AGRAWAL	891,101	89,110,100	2.95%
HIRALAL KEDIA	808,734	80,873,400	2.68%
RATANLAL KEDIA	803,856	80,385,600	2.66%
MAHAVIR INVESTMENT PVT.LTD	730,784	73,078,400	2.42%
SUBODH TODI	613,854	61,385,400	2.03%
PAWAN KUMAR AGRAWAL	532,428	53,242,800	1.76%
DINANATH KEDIA	526,163	52,616,300	1.74%
ASHOK KUMAR BAHETI	472,404	47,240,400	1.56%
NARPAT SINGH JAIN	458,675	45,867,500	1.52%
MADANLAL KEDIA	448,212	44,821,200	1.48%
ADITYA KEDIA	448,211	44,821,100	1.48%
SAVITA KEDIA	439,293	43,929,300	1.45%
POONAM CHAND AGRAWAL	392,586	39,258,600	1.30%
SURESH KUMAR RUNGTA	365,394	36,539,400	1.21%
SANTOSH RATHI	365,393	36,539,300	1.21%
JAGADISH KUMAR AGRAWAL	327,517	32,751,700	1.08%
SANJAY KUMAR SHARDA	315,839	31,583,900	1.05%
BINOD KUMAR AGRAWAL	289,106	28,910,600	0.96%
RAJ KUMAR TIBREWALA	243,743	24,374,300	0.81%
RAJENDRA AGRAWAL	243,596	24,359,600	0.81%
SHYAM SUNDER AGRAWAL	234,373	23,437,300	0.78%
RABINDRANATH SHARMA	216,925	21,692,500	0.72%
MANISH JAIN	215,654	21,565,400	0.71%
SURESH CHANDA AGRAWAL	215,231	21,523,100	0.71%
SHASHI KALA AGRAWAL	198,356	19,835,600	0.66%
BINAY KUMAR SHAH MARWARI	189,814	18,981,400	0.63%
PUSHPANJALI INTERNATIONAL PVT.LTD.	181,271	18,127,100	0.60%
SHAMBHU KUMAR KANDOI	178,565	17,856,500	0.59%
KABINDRA BAHADUR SHRESTHA	177,819	17,781,900	0.59%
SATIS AND DAMODAR PRASAD GAUTAM	171,136	17,113,600	0.57%
KRISHNA MURARI AGRAWAL	169,818	16,981,800	0.56%
BISHWONATH SHAH	168,992	16,899,200	0.56%
SAROJ SHARMA	159,288	15,928,800	0.53%

RESERVES AND SURPLUS

Schedule - 4.2

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. General Reserve Fund	1,082,375,491	684,963,627
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	9,848,491	-
5. Other Reserves and Fund	555,930,145	599,902,418
5.1. Contingent Reserve	-	-
5.2. Institution Development Fund	-	-
5.3. Dividend Equalization Fund	-	-
5.4. Specific reserve Fund	-	-
5.5. Assets Revaluation Reserve	-	-
5.6. Investment Adjustment Reserve	25,061,863	15,480,675
5.7. Deferred Tax Reserve	46,776,290	44,491,180
5.8. Other Free Reserves	-	-
5.9. Other Reserve Funds	-	-
5.10. Debenture Redemption Reserve	484,091,992	539,930,563
5.11. Share Premium	-	-
5.12. Other	-	-
6. Accumulated Profit/ Loss	72,677,689	2,396,661
7. Exchange Fluctuation Fund	24,819,195	21,401,557
Total	1,745,651,012	1,308,664,263

DEBENTURES AND BONDS

Schedule -4.3

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. 8.5% of SBL Debentures 2072 of Rs. 1,000 each Issued on 2065.07.29 and to be redeemed on 2072.07.28	-	227,770,000 227,770,000
2. 11 % of SBL Debentures 2075 of Rs 1,000each Issued 2069.01.12 and to be redeemed on 2076.01.13 (Redemption Reserve till date Rs 241,565,557.73)	400,000,000 400,000,000	400,000,000 400,000,000
3. 8 % of SBL Debentures 2076 of Rs 1,000 each Issued 2070.02.06 and to be redeemed on 2077.02.05 (Redemption Reserve till date Rs 136,851,287.67)	303,520,000 303,520,000	303,520,000 303,520,000
4. 7.5 % of SBL Debentures 2078 of Rs 1,000 each Issued 2071.10.09 and to be redeemed on 2078.10.08 (Redemption Reserve till date Rs 105,675,146.77)	500,000,000 500,000,000	500,000,000 500,000,000
Total (1+2+3)	1,203,520,000	1,431,290,000

BORROWINGS

Schedule -4.4

as at 31 Asadh 2073 (15 July 2016)

Particular	This Year Rs.	Previous Year Rs.
A. Local		
1. Government of Nepal	-	-
2. Nepal Rastra Bank-Refinance	60,000,000	65,000,000
3. Repo - Liabilities	-	-
4. Inter Bank & Financial Institution	850,000,000	-
5. Other Organized Institutions	-	-
6. Others	-	-
Total	910,000,000	65,000,000
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A + B)	910,000,000	65,000,000

DEPOSITS

Schedule - 4.5

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Non-Interest Bearing Deposit Accounts		
A. Current Deposits	3,548,461,066	2,589,936,175
1. Local Currency	3,384,843,659	2,370,395,970
1.1 Government of Nepal	953,248,676	807,311,657
1.2 "A" Class Licensed Institutions	18,495,755	6,521,924
1.3 Other Licensed Financial Institutions	330,715,402	165,834,207
1.4 Other Organized Institutions	1,733,911,537	1,207,942,960
1.5 Individuals	287,613,554	150,495,800
1.6 Others	60,858,736	32,289,422
2. Foreign Currency	163,617,408	219,540,205
2.1 Government of Nepal	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	31,654,551	36,068,971
2.4 Other Organized Institutions	131,962,857	183,469,886
2.5 Individuals	-	-
2.6 Others	-	1,348
B. Margin Deposits	705,243,932	385,753,465
1. Employees Guarantee	7,569,208	5,416,116
2. Guarantees Margin	428,266,846	194,591,675
3. Letters of Credit Margin	269,407,877	185,745,673
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	4,253,704,998	2,975,689,640

Continue Deposits

Schedule - 4.5

Continue Deposits

Particulars	This Year Rs.	Previous Year Rs.
2. Interest bearing accounts		
A. Savings Deposits	19,831,625,077	12,418,043,803
1. Local Currency	19,720,629,873	12,345,516,983
1.1 Organized Institutions	382,091,554	38,311,175
1.2 Individuals	19,330,704,870	12,209,355,396
1.3 Others	7,833,449	97,850,413
2. Foreign Currency	110,995,204	72,526,821
2.1 Organized Institutions	19,179,362	4,075,907
2.2 Individuals	91,456,339	68,112,945
2.3 Others	359,504	337,969
B. Fixed Deposits	19,633,982,453	14,034,643,827
1. Local Currency	19,315,660,128	13,310,084,577
1.1 Organized Institutions	14,271,358,823	8,856,394,230
1.2 Individuals	4,073,857,435	3,522,852,954
1.3 Others	970,443,869	930,837,393
2. Foreign Currency	318,322,325	724,559,250
2.1 Organized Institutions	303,877,325	710,850,000
2.2 Individuals	14,445,000	13,709,250
2.3 Others	-	-
C. Call Deposit	21,215,046,023	15,312,354,514
1. Local Currency	20,964,992,806	15,057,930,095
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Financial Institutions	9,652,879,292	6,164,151,137
1.3 Other Organized Institutions	9,332,937,223	6,878,114,717
1.4 Individuals	1,308,474,497	1,583,359,362
1.5 Others	670,701,793	432,304,879
2. Foreign Currency	250,053,217	254,424,419
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Financial Institutions	-	-
2.3 Other Organizations	249,890,033	254,219,486
2.4 Individuals	163,184	204,933
2.5 Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
Total of Interest Bearing Accounts	60,680,653,553	41,765,042,144
(1 + 2) Total Deposit	64,934,358,551	44,740,731,784

BILLS PAYABLE

Schedule - 4.6

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	36,263,179	10,076,335
2. Foreign Currency	3,756,424	2,674,466
Total	40,019,603	12,750,802

OTHER LIABILITIES

Schedule - 4.7

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Pension/Gratuity Fund	36,635,193	29,698,718
2. Employees Provident Fund		
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	179,222,508	110,024,740
5. Interest Payable on Deposits	92,173,297	45,853,690
6. Interest Payable on Borrowings	78,356	-
7. Unearned Discount & Commission	4,019,399	5,481,298
8. Sundry Creditors	21,290,227	1,844,626
9. Branch Adjustment Account		
10. Deferred Tax Liability		
11. Dividend Payable	24,142,285	26,028,644
12. Others	715,661,704	411,130,172
12.1. Audit fees & Expenses Payable	1,130,000	847,500
12.2. Provision for Leave Encashment	80,439,384	63,859,528
12.3. Interest Payable on Debentures	53,198,263	62,514,275
12.4. Provision for Teller Allowance	1,302,253	780,747
12.5. Payable for Bullion	-	-
12.6. Payable for Remittance	38,723,804	66,543,468
12.7. TDS payable	64,554,698	66,454,323
12.8. Payable/LC Related	275,273,197	49,503,575
12.9. Payable BUDBL Tax & Staff Bonus	27,666,184	-
12.10. Payable Card Related Business	71,701,010	44,648,781
12.11. Others	101,672,911	55,977,974
Total	1,073,222,970	630,061,887

CASH BALANCE

Schedule -4.8

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency (Including Coins)	1,897,518,793	1,104,405,348
2. Foreign Currency	43,065,499	51,451,397
Total	1,940,584,292	1,155,856,745

BALANCE WITH NEPAL RASTRA BANK

Schedule - 4.9

as at 31 Asadh 2073 (15 July 2016)

Particulars	Local Currency Rs.	Foreign Currency in Rs.			Total Rs.	Previous Year Rs.
		INR	Convertible FCY	Total		
1. Nepal Rastra Bank						
a. Current Account	3,842,307,052		4,960,987	4,960,987	3,847,268,039	3,753,171,906
b. Other Accounts	-			-	-	
Total	3,842,307,052	-	4,960,987	4,960,987	3,847,268,039	3,753,171,906

Balance as per balance confirmation certificates is Rs. 3,875,031,529.00

BALANCE WITH BANK & FINANCIAL INSTITUTIONS

Schedule - 4.10

as at 31 Asadh 2073 (15 July 2016)

Particulars	Local Currency Rs.	Foreign Currency in Rs.			Total Rs.	Previous Year Rs.
		INR	Convertible FCY	Total		
1. Local Licensed Institutions	51,912,887		-	-	51,912,887	24,133,946
a. Current Account	51,912,887			-	51,912,887	24,133,946
b. Other Accounts	-			-	-	
2. Foreign Banks		141,578,620	293,463,526	435,042,146	435,042,146	174,626,659
a. Current Account		141,578,620	293,463,526	435,042,146	435,042,146	174,626,659
b. Other Accounts				-	-	
Total	51,912,887	141,578,620	293,463,526	435,042,146	486,955,033	198,760,605

Balance as per balance confirmation certificates is Rs. 657,211,885

MONEY AT CALL & SHORT NOTICE

Schedule - 4.11

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	940,000,000	1,130,000,000
2. Foreign Currency	10,700,000	-
Total	950,700,000	1,130,000,000

INVESTMENTS

Schedule - 4.12

as at 31 Asadh 2073 (15 July 2016)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Others		
1. Govt. of Nepal Treasury Bills	-	158,797,600	158,797,600	898,613,850
2. Govt. of Nepal Saving Bonds	-	-	-	-
3. Govt. of Nepal Other Securities	-	7,514,275,000	7,514,275,000	3,102,000,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	30,465,000
7. Foreign Banks	-	744,730,397	744,730,397	590,005,500
8. Corporate's Shares	-	476,560,104	476,560,104	667,552,502
9. Corporate's Bonds /Debentures/Mutual Fund	-	374,497,551	374,497,551	-
10. Others	-	554,671,500	554,671,500	1,361,288,750
Total Investment	-	9,823,532,152	9,823,532,152	6,649,925,602
Provision	-	925,215	925,215	8,243,957
Net Investment	-	9,822,606,937	9,822,606,937	6,641,681,645

INVESTMENT IN SHARES, DEBENTURES & BONDS

as at 31 Asadh 2073 (15 July 2016)

Schedule - 4.12 (a)

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.	Remarks
1. Investment in Shares						
1.1 Credit Information Center Limited 50,030 Ordinary Share (including bonus shares) of Rs. 100 paid up	1,907,600	Not listed	-	1,907,600	1,607,600	Available For Sale
1.2 Siddhartha Insurance Limited 517,275 Ordinary Share of Rs. 100 paid up	32,820,000	1,138,005,000	-	32,820,000	32,820,000	
1.3 Nepal Clearing House Limited 34,252 Ordinary Shares of Rs. 100 Paid up	3,425,200	Not listed	-	3,425,200	2,500,000	
1.4 National Banking Training Institute 12,000 Ordinary Shares of Rs. 100 paid up	1,200,000	Not listed	-	1,200,000	1,200,000	
1.5 Siddhartha Capital Ltd 510,000 Ordinary Shares of Rs. 100 each	51,000,000	Not listed	-	51,000,000	51,000,000	
1.6 ICRA Nepal Ltd 7,600 Ordinary Shares of Rs. 100 each	760,000	Not listed	-	760,000	760,000	
1.7 Mero Micro Finance Bittiya Sanstha Ltd 130,000 Ordinary Shares of Rs. 100 each	13,000,000	Listed	-	13,000,000	13,000,000	
1.8 Nepal Grameen Bikash Bank 169,400 Promoters Shares & 9,188 Ordinary Shares	45,827,510	Listed 226,504,944	-	-	2,426,800	
1.10 Nepal Electronic Payment System Ltd 150,000 Ordinary Shares of Rs. 100 each	15,000,000	Not listed	-	15,000,000	15,000,000	
1.11 Growmore Merchant Banker Ltd 15,000 Ordinary Shares of Rs. 100 each	1,500,000	Not listed	-	1,500,000		
1.12 General Insurance Co Ltd 5,000 Ordinary Shares of Rs. 100 each	500,000	Not listed	-	500,000		
1.13 National Micro Finance Ltd 10,000 Ordinary Shares of Rs. 100 each	1,000,000	Not listed	-	1,000,000		

Continue Investment in Shares, Debentures and Bonds

Continue Investment in Shares, Debentures and Bonds

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.	Remarks
2 Others						
2.1 Nepal Insurance Company Limited 12,219 Ordinary Shares of Rs. 100 Paid up	10,118,611	15,090,465	-	10,118,611	6,233,997	Available for Sale
2.2 National Life Insurance Company Limited 469 Ordinary Shares of Rs. 100 Paid up	1,263,614	1,547,700	-	1,263,614	14,896,455	Held For Trading
2.3 NLG Insurance Company Limited 14,124 Ordinary Shares of Rs. 100 Paid up	12,621,963	27,824,280	-	12,621,963	10,217,663	Available for Sale
2.4 Gurans Life Insurance Co Nepal Ltd 325 Ordinary Shares of Rs. 100 Paid up	124,024	308,750	-	124,024	3,462,694	Available for Sale
2.5 Life Insurance Co. Nepal 8,500 Ordinary Shares of Rs. 100 Paid up	30,037,795	30,430,000	-	30,037,795	-	Available for Sale
2.6 Butwal Power Co. Limited 22,861 Ordinary Shares of Rs. 100 Paid up	12,983,246	20,437,734	-	12,983,246	4,842,104	Available for Sale
2.7 Prabhu Insurance Co. Ltd 13,989 Ordinary Shares of Rs. 100 Paid up	8,340,296	20,563,830	-	8,340,296	11,161,097	Available for Sale
2.8 Bottlers Nepal Ltd (Terai) 4,480 Ordinary Shares of Rs. 100 Paid up	4,602,275	26,593,280	-	4,602,275	4,602,275	Available for Sale
2.9 Nepal Lube oil Limited 1,050 Ordinary Shares of Rs. 100 Paid up	1,080	1,050.00	1,050.00	1,080	1,080	Available for Sale
2.10 Himalayan General Insurance 16,840 Ordinary Shares of Rs. 100 Paid up	22,516,125	23,239,200	-	22,516,125	23,715,495	Held For Trading
2.11 Nepal Film Dev. Company Limited 539 Ordinary Shares of Rs. 100 Paid up	569	539.00	539.00	569	569	Available for Sale
2.12 Nepal Doorsanchar Co. Ltd 67,705 Ordinary Shares of Rs. 100 Paid up	43,536,810	46,648,745	-	43,536,810	39,619,706	Available for Sale
2.13 Ridi Hydropower 94 Ordinary Shares of Rs. 100 Paid up	-	-	-	-	-	Available for Sale
2.14 Chilime Hydro Power Limited 46,171 Ordinary Shares of Rs. 100 Paid up	65,071,900	66,486,240	-	65,071,900	47,855,175	Available for Sale

Continue Investment in Shares, Debentures and Bonds

Continue Investment in Shares, Debentures and Bonds

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.	Remarks
2.15 United Insurance Limited	-	-	-	-	30,949	Held For Trading
2.16 Sana Kisan Bank Ltd 2,000 Ordinary Shares of Rs. 100 Paid up	1,042,561	4,998,000	-	1,042,561	5,702,044	Available for Sale
2.17 Neco Insurance Ltd 2,498 Ordinary Shares of Rs. 100 Paid up	894,395	4,971,020	-	894,395	10,008,054	Held For Trading
2.18 Shikhar Insurance Ltd 5,126 Ordinary Shares of Rs. 100 Paid up	14,380,102	16,654,374	-	14,380,102	1,079,087	Available for Sale
2.19 Lumbini General Insurance Ltd 22,610 Ordinary Shares of Rs. 100 Paid up	21,364,247	32,784,500	-	21,364,247		Available for Sale
2.20 HIDCL 95,580 Ordinary Shares of Rs. 100 Paid up	9,558,000	41,386,140	-	9,558,000		Available for Sale
2.21 Sanima Mai Hydro 450 Ordinary Shares of Rs. 100 Paid up	395,323	459,000	-	395,323		Available for Sale
2.22 Prudential Insurance Co Ltd 9,416 Ordinary Shares of Rs. 100 Paid up	9,162,352	13,559,040	-	9,162,352		Available for Sale
2.23 Taragaon Regency Hotel 10,000 Ordinary Shares of Rs. 100 Paid up	2,417,185	2,560,000	-	2,417,185		Available for Sale
2.23 Soltee Hotel Ltd 10,000 Ordinary Shares of Rs. 100 Paid up	3,575,408	3,750,000	-	3,575,408		Available for Sale
2.23 Nepal Life Insurance Co Ltd 2,500 Ordinary Shares of Rs. 100 Paid up	8,094,986	10,015,000	-	8,094,986		Available for Sale
2.24 Asian Life Insurance Co Ltd 6,766 Ordinary Shares of Rs. 100 Paid up	12,493,486	11,569,860	923,625.87	12,493,486		Available for Sale
2.25 Mithila Lagubitta Co Ltd 90 Ordinary Shares of Rs. 100 Paid up	6,300	56,700	-	6,300		Available for Sale
2.26 Premier Insurance Co Ltd 9,809 Ordinary Shares of Rs. 100 Paid up	14,017,140	21,628,845	-	14,017,140		Available for Sale
Total Investment	476,560,104	1,808,072,647	925,215	476,560,104	363,276,804	

Continue Investment in Shares, Debentures and Bonds

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.	Remarks
3. Investment in Debentures/ Bonds/Mutual Funds						
3.1 Siddhartha Growth Scheme 7,500,000 Mutual Fund Unit of Rs. 10 each	75,000,000	195,000,000	-	75,000,000	75,000,000	Held to Maturity
3.2 Siddhartha Equity Oriented Scheme 15,271,230 Mutual Fund Unit of Rs. 10 each	152,271,230	198,525,990	-	152,271,230	150,000,000	
3.3 Nabil Balance Fund 32,07,017 Nabil Balance Fund Unit of Rs. 10 each	38,766,423	70,394,023	-	38,766,423	53,275,028	
3.4 NMB Sulav Investment Fund 14,06,497 Mutual Fund Unit of Rs. 10 each	14,064,970	19,831,608	-	14,064,970	9,134,990	
3.5 NIBL Mutual Fund 36,66,036 Mutual Fund Unit of Rs. 10 each	37,125,608	48,391,675	-	37,125,608	10,433,470	
3.6 Laxmi Value Fund - I 19,29,664 Mutual Fund Unit of Rs. 10 each	19,296,640	25,047,039	-	19,296,640	6,432,210	
3.7 Global IIME Samunat Scheme 37,97,268 Mutual Fund Unit of Rs. 10 each	37,972,680	45,415,325	-	37,972,680	-	
Total Investment	374,497,551	557,190,335	-	374,497,551	304,275,698	
4. Provision for Loss						
4.1 Up to Previous Year			8,243,957		505,077	
4.2 Additions/Deductions of this year			(7,318,742)		7,738,880	
Total Provision			925,215	925,215	8,243,957	
Net Investment	851,057,655	2,365,262,982	925,215	850,132,440	659,308,545	

*Following Company has not declared and distributed dividend for the last three years:

1. Nepal Film Development Company Ltd.
2. Sanima Mai Hydropower Company Ltd.

HELD FOR TRADING

Schedule - 4.12-1

as at 31 Asadh 2073 (15 July 2016)

Particulars	Cost Price	Previous Market Price (a)	Current Market Price (b)	This Year Gain/(Loss) (Rs.) (b-a)	Previous Year Gain/(Loss) (Rs.)	Remarks
1. Govt. of Nepal Treasury Bills	-	-	-	-	-	
2. Govt. of Nepal Saving Bonds	-	-	-	-	-	
3. Govt. of Nepal Other Bonds	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Local Licensed Institutions Shares	-	-	-	-	-	
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-	-	
8. Local Corporate's Shares, Debenture & Bonds	24,674,134	-	-	-	-	
9. Investment /Placement in Foreign Banks	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	24,674,134	-	-	-	-	

HELD TO MATURITY

Schedule - 4.12-2

as at 31 Asadh 2073 (15 July 2016)

Particulars	Cost Price (a)	Loss upto current year (b)	This year Loss (c)	This Year Gain/(Loss) (a-b-c)	Previous Year Gain/(Loss) (Rs.)	Remarks
1. Govt. of Nepal Treasury Bills	158,797,600	-	-	-	-	
2. Govt. of Nepal Saving Bonds	-	-	-	-	-	
3. Govt. of Nepal Other Bonds	7,514,275,000	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Local Licensed Institutions	-	-	-	-	-	
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-	-	
8. Local Corporate's Shares, Debenture & Bonds	374,497,551	-	-	-	-	
9. Investment / Placement in Foreign Banks	744,730,397	-	-	-	-	
10. Other Investments	554,671,500	-	-	-	-	
Total Investment	9,346,972,049	-	-	-	-	

AVAILABLE FOR SALE

as at 31 Asadh 2073 (15 July 2016)

Schedule - 4.12-3

Particulars	Cost Price	Previous Market Price (a)	Current Market Price (b)	This Year Fund adjustment amount (b-a)	Previous Year Gain/(Loss) (Rs.)	Remarks
1. Govt. of Nepal Treasury Bills	-	-	-	-	-	
2. Govt. of Nepal Saving Bonds	-	-	-	-	-	
3. Govt. of Nepal Other Bonds	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Local Licensed Institutions Shares	-	-	-	-	-	
7. Local Licensed Institutions Debenture & Bonds	-	-	-	-	-	
8. Local Corporate's Shares, Debenture, Bonds & Mutual Fund	451,885,969	-	-	-	-	
9. Investment/ Placement in Foreign Banks	-	-	-	-	-	
10. Other Investment	-	-	-	-	-	
Total Investment	451,885,969	-	-	-	-	

CLASSIFICATION OF LOANS AND BILLS PURCHASED AND PROVISIONING

as at 31 Asadh 2073 (15 July 2016)

Schedule 4.13

Particulars	Loan & Advances Rs.						Bills Purchased and Discounted Rs.			Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total	This Year Rs.	
	Deprived Sector	Others								
	Insured	Uninsured								
1. Performing Loans	-	1,379,992,743	52,869,804,387	728,361,423	54,978,158,552	33,351,000	667,248,608	700,599,608	55,678,758,160	36,481,827,121
1.1 Pass Loan		1,379,992,743	50,936,266,872	728,361,423	53,044,621,038	33,351,000	667,248,608	700,599,608	53,745,220,646	35,073,114,797
1.2 Watch List	-		1,933,537,514		1,933,537,514				1,933,537,514	1,408,712,324
2. Non Performing Loan	-	139,621	828,817,054	-	828,956,675	-	-	-	828,956,675	669,483,580
2.1 Rescheduled/Restructured Loan			57,167,507		57,167,507				57,167,507	60,962,000
2.2 Sub-Standard			194,062,060		194,062,060				194,062,060	123,111,832
2.3 Doubtful			194,758,383		194,758,383				194,758,383	182,540,286
2.4 Loss		139,621	382,829,103		382,968,725				382,968,725	302,869,462
(A) Total Loans (1+2)	-	1,380,132,364	53,698,621,441	728,361,423	55,807,115,228	33,351,000	667,248,608	700,599,608	56,507,714,836	37,151,310,701
3. Loan Loss Provision										
3.1 Pass Loan	-	13,799,927	513,871,956	7,283,614	534,955,498	333,510	6,672,486	7,005,996	541,961,494	350,802,192
3.2 Watch List			78,852,742		78,852,742				78,852,742	28,174,246
3.3 Rescheduled/Restructured Loan	-		7,145,938		7,145,938				7,145,938	7,620,250
3.4 Sub-Standard	-		48,515,515		48,515,515				48,515,515	30,777,958
3.5 Doubtful	-		97,379,192		97,379,192				97,379,192	91,270,143
3.6 Loss	-	139,621	382,829,103		382,968,725				382,968,725	302,869,462

Continue Classification of Loans and Bills Purchased and Provisioning

Particulars	Loan & Advances Rs.				Bills Purchased and Discounted Rs.			Previous Year Rs.	
	Domestic		Foreign	Total	Domestic	Foreign	Total		
	Deprived Sector	Others							
	Insured	Uninsured							
(B) Total Loan Loss Provision	-	13,939,549	1,128,594,447	7,283,614,23	333,510	6,672,486	7,005,996	1,156,823,606	811,514,252
4. Provision upto Previous Year	-	-	-	-	-	-	-	-	-
4.1 Pass	-	13,021,259	330,563,768	-	295,650	6,921,516	7,217,166	350,802,192	274,013,202
4.2 Watch List	-	-	28,174,246	-	-	-	-	28,174,246	-
4.3 Rescheduled/Restructured Loan	-	-	7,620,250	-	-	-	-	7,620,250	7,642,500
4.4 Sub-Standard	-	-	30,777,958	-	-	-	-	30,777,958	8,959,146
4.5 Doubtful	-	-	91,270,143	-	-	-	-	91,270,143	162,297,235
4.6 Loss	-	139,621	302,729,841	-	-	-	-	302,869,462	346,718,144
(C) Total Provision upto Previous Year	-	13,160,880	791,136,206	-	295,650	6,921,516	7,217,166	811,514,252	799,630,226
(D) Written Back from Previous Year's Provision	-	-	-	-	-	-	-	150,045,094	197,952,367
(E) Additional Provision of This Year	-	778,669	337,458,241	7,283,614	37,860	(249,030)	(211,170)	259,340,384	209,836,393
(F) Additional Provision due to the merger	-	-	-	-	-	-	-	236,014,065	-
Net Additions/Deductions of This Year	-	13,939,549	1,128,594,447	7,283,614	333,510	6,672,486	7,005,996	109,295,290	11,884,025
Net Loan (A-B)	-	1,366,192,815	52,570,026,994	721,077,808.47	33,017,490	660,576,122	693,593,612	55,350,891,229	36,339,796,450

SECURITYWISE LOANS, ADVANCES & BILLS PURCHASED

Schedule - 4.13(A)

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Secured	56,507,714,836	37,151,310,701
1. Collateral of Movable/Immovable Assets	50,324,128,263	32,706,614,095
2. Guarantee of Local Licensed institutions	967,051,994	695,693,815
3. Government Guarantee	135,050,000	135,050,000
4. Internationally Rated Bank Guarantee	-	-
5. Collateral of Export Documents	909,389,000	721,971,604
6. Fixed Deposit Receipts	492,602,059	414,043,319
(a) Own FDR	492,602,059	414,043,319
(b) FDR of Other Licensed Institutions	-	-
7. Government Bonds	28,130,000	-
8. Counter Guarantee	-	-
9. Personal Guarantee	110,592,419	52,510,118
10. Other Securities	3,540,771,100	2,425,427,750
B. Unsecured	-	-
Total(A+B)	56,507,714,836	37,151,310,701

as at 31 Asadh 2073 (15 July 2016)

Particulars	Assets Rs.				This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipments		
1. At Cost						
(a) Previous Year's Balance	51,728,078	116,720,837	-	298,531,387	466,980,302	438,158,506
(b) Addition This Year	17,331,283	15,655,250	-	85,460,517	101,115,767	32,330,807
(c) Addition this year from BUDBL		7,048,658		35,995,418	60,375,359	-
(d) Revaluation/Re-Written of This Year		(3,503,200)		(7,367,206)	(10,870,406)	(2,226,473)
(e) This Year's Sold						(1,282,538)
(f) This Year's written off						
Total Cost (a+b+c+d+e)	69,059,361	135,921,545	-	412,620,116	617,601,022	466,980,302
2. Depreciation						
(a) Upto Previous Year	7,859,877.00	52,790,753	-	197,470,089	258,120,719	215,018,234
(b) For This Year	2,196,508.13	15,055,945	-	31,461,132	48,713,585	45,968,746
(c) Depreciation on Revaluation/ Re-written						
(d) Depreciation Adjustment/Written Back		(2,112,746)		(6,322,116)	(8,434,861)	(2,866,261)
Total Depreciation(a+b+c+d)	10,056,385.13	65,733,952	-	222,609,106	298,399,442	258,120,719
3. Book Value (WDV*) (1-2)	59,002,976	70,187,593	-	190,011,011	319,201,580	208,859,584
4. Land *	-	-	-	244,811,658	244,811,658	169,457,419
5. Capital Construction (Pending Capitalization)	-	-	-	1,581,850	1,581,850	6,115,063
6. Leashold Assets	-	-	-	53,229,986	53,229,986	25,420,230
Total (3+4+5+6)	59,002,976	70,187,593	-	299,623,494	618,825,074	409,852,296

*Note :Value of Land added due to merger is Rs 75,354,240

NON - BANKING ASSETS

as at 31 Asadh 2073 (15 July 2016)

Name & Address of Borrower/Party	Date of assuming of Non-Banking Assets	Total Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets Rs.	Previous Year Rs.
			Percent	Amount Rs.		
1. Pashupati Prasad Baral	25-Jul-14	31,286,831	100%	31,286,831	-	-
Tej Bahadur Khadka	6-Jul-99	30,000	100%	30,000	-	-
Sumitra Devi Dhungel	14-May-01	50,000	100%	50,000	-	-
Binod Shrestha	22-Apr-14	37,226,925	100%	37,226,925	-	-
Ramesh Dhakal	30-May-14	28,510,640	100%	28,510,640	-	-
Hira Acharya	30-May-14	25,267,023	100%	25,267,023	-	-
Hari Dhital	30-May-14	6,212,996	100%	6,212,996	-	-
Nanda Lal Dhami/ Narendra Kumar Paudel	15-Aug-14	12,345,926	100%	12,345,926	-	-
Sarita Lama	15-Aug-14	11,822,579	100%	11,822,579	-	-
H.A. Construction Pvt. Ltd	21-Jul-15	1,884,614	100%	1,884,614	-	-
Total		154,637,534		154,637,534	-	-

OTHER ASSETS

Schedule - 4.16

as at 31 Asadh 2073 (15 July 2016)

Particulars		This Year Rs.	Previous Year Rs.
1. Stock of Stationery		7,252,922	4,834,802
2. Income Receivable on Investments		67,179,287	17,432,058
3. Accrued Interest on Loan	294,966,802	26,334,967	30,965,128
Less: Interest Suspense Amount	(268,631,836)		-
4. Commission Receivable			-
5. Sundry Debtors		15,273	
6. Staff Loans and Advances		589,272,880	441,189,862
7. Advance/Prepayments		375,847,110	358,714,442
8. Cash in Transit		-	-
9. Other Transit Items (including cheques)		-	-
10. Draft Paid Without Notice		-	-
11. Expenses Not Written-off (Software)		3,090,526	5,651,111
12. Branch Adjustment Account			
13. Deferred Tax		46,776,290	44,491,180
14. Others		269,315,541	114,897,386
14.1 Account Receivable Card		12,419,602	10,351,227
14.2 Account Receivable NRB		53,312,735	-
14.3 Account Receivable Derivatives		19,382,560	12,179,000
14.4 Prepaid Bullion		18,970,776	39,389,843
14.5 Receivable Remittance		10,080,819	23,141,248
14.6 Receivable Treasury Related		43,003,314	17,708,968
14.7 Others		112,145,736	12,127,101
Total		1,385,084,796	1,018,175,969

OTHER ASSETS (ADDITIONAL STATEMENTS)

as at 31 Asadh 2073 (15 July 2016)

Schedule - 4.16 (A)

Particular	This Year Rs.				Previous Year Rs.
	Upto 1 Year	1 to 3 Years	Above 3 Years	Total	
1. Accrued Interest on Loans	248,815,970	33,715,637	12,435,194	294,966,802	163,771,723
2. Drafts Paid without notice	-	-	-	-	-
3. Branch Adjustment Account		-	-	-	
4. Domestic/Foreign Agency Balance					
Total	248,815,970	33,715,637	12,435,194	294,966,802	163,771,723

CONTINGENT LIABILITIES

Schedule - 4.17

as at 31 Asadh 2073 (15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Claims on bank but not accepted by the Bank	-	-
2. Letters of Credit (Full Amount)	3,826,991,134	3,288,588,964
(a) Less than 6 months maturity	3,020,379,193	2,819,767,235
(b) More than 6 months maturity	806,611,941	468,821,729
3. Rediscounted bills	-	-
4. Unmatured Guarantees/Bonds	3,267,026,865	3,459,905,244
(a) Bid Bonds	239,194,860	152,612,720
(b) Performance Bonds	3,027,832,005	3,307,292,524
(c) Other Guarantees/ Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills Under Collection	106,683,114	55,723,755
8. Acceptance & Endorsements	1,635,081,987	981,687,004
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	3,745,770,580	2,430,866,292
11. Counter guarantees against the guarantees of Internationally Rated Bank	-	-
12. Advance Payment Guarantee	183,833,547	142,842,032
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	6,168,450	19,627,250
15. Others	-	-
Total	12,771,555,678	10,379,240,542

INTEREST INCOME

Schedule - 4.18

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	3,891,841,293	3,152,447,109
1) Loan and Advances	2,473,639,303	1,995,322,263
2) Overdraft	1,418,201,990	1,157,124,847
B. On Investment	199,157,739	98,003,518
1. Government of Nepal Securities	190,777,570	83,457,840
a) Treasury Bills	3,330,424	5,966,131
b) Development Bonds	187,447,146	77,491,709
c) National Saving Bonds	-	-
2. Foreign Securities	-	-
a)	-	-
b)	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	-
5. Interest on Inter Bank Lendings	8,380,169	14,545,678
a) Banks/ Financial Institutions	8,380,169	14,545,678
b) Other Institutions	-	-
C. On Agency Balances	534,238	245,155
1. Local Banks/ Financial Institution	-	-
2. Foreign Banks	534,238	245,155
D. On Money at Call and Short Notice	9,660,690	30,679,037
1. Local Banks/ Financial Institutions	9,660,690	30,679,037
2. Foreign Banks	-	-
E. On Others	17,300,026	13,874,914
1. Certificate of Deposits	-	-
2. Inter Bank/ Financial Institution Loan	-	-
3. Others	17,300,026	13,874,914
Total	4,118,493,985	3,295,249,733

INTEREST EXPENSES

Schedule - 4.19

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. On Deposit Liabilities	1,881,270,259	1,750,408,695
1. Fixed Deposits	878,560,838	803,629,964
1.1 Local Currency	873,119,622	794,519,858
1.2 Foreign Currency	5,441,216	9,110,105
2. Saving Deposits	460,555,212	393,071,025
2.1 Local Currency	459,706,482	392,082,523
2.2 Foreign currency	848,730	988,502
3. Call Deposits	542,154,208	553,707,707
3.1 Local Currency	539,442,859	550,869,435
3.2 Foreign Currency	2,711,349	2,838,272
4. Certificate of Deposits	-	-
B. On Borrowings	119,631,732	108,997,880
1. Debenture & Bonds	112,199,722	106,388,625
2. Loan from NRB/Refinance	409,444	422,778
3. Inter Bank/Financial Institutions Loan	7,022,566	2,186,477
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1.	-	-
2.	-	-
Total	2,000,901,991	1,859,406,575

COMMISSION & DISCOUNT

Schedule - 4.20

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Bills Purchased & Discounted	18,396,250	8,446,491
1. Local	18,396,250	8,446,491
2. Foreign	-	-
B. Commission	152,384,700	177,637,445
1. Letters of Credit	33,044,580	30,184,671
2. Guarantees	31,285,299	31,820,764
3. Collection Fee	4,421,052	2,938,224
4. Remittance Fee	71,549,129	97,322,594
5. Credit Cards	-	-
6. Share Underwriting/Issues	-	-
7. Government Transactions	-	-
8. Agency Commission	12,031,186	15,308,578
9. Exchange Fee	53,453	62,614
C. Others	3,136,526	1,623,804
Total	173,917,476	187,707,740

OTHER OPERATING INCOME

Schedule - 4.21

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Rental Charges of Safe Deposit Vault	2,926,542	2,149,195
2. Issue and Renewal of Credit Cards	3,025,046	3,735,000
3. Issue and Renewal of ATM Cards	109,791,837	69,046,457
4. Telex / T.T.	12,147,311	9,222,486
5. Services Charges	151,792,408	119,896,184
6. Renewal Fees	-	-
7. Others	36,906,395	39,546,392
a. Rent Income	73,000	67,000
b. Postage & Courier	380,525	482,351
c. Bullion Income	10,419,489	10,606,384
d. Miscellaneous Income	26,033,381	28,390,657
Total	316,589,540	243,595,715

EXCHANGE FLUCTUATION GAIN/LOSS

Schedule - 4.22

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Revaluation Gain / (Loss)	13,589,666	15,588,989
2. Trading Gain (Except Exchange Fee)	153,495,431	126,752,348
Total Gain/(Loss)	167,085,097	142,341,336

STAFF EXPENSES

Schedule - 4.23

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Salary	169,647,471	140,782,577
2. Allowance	120,247,824	99,191,649
3. Contribution to Provident Fund	16,044,684	13,147,190
4. Training Expenses	3,304,441	1,743,440
5. Uniform	369,600	2,765,550
6. Medical	5,312,478	4,693,289
7. Insurance	5,739,843	5,652,186
8. Pension and Gratuity Provision	25,622,061	29,828,307
9. Others	26,561,482	30,326,915
a. Leave Encashment Expenses	24,860,426	28,796,383
b. Staff Incentives		-
c. Other	1,701,056	1,530,532
Total	372,849,883	328,131,103

OTHER OPERATING EXPENSES

Schedule - 4.24

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	69,477,915	59,178,470
2 Electricity and Water	11,808,409	10,902,376
3 Repairs and Maintenance	18,726,195	13,966,568
a) Building	100,990	33,169
b) Vehicles	2,247,846	2,074,458
c) Others	16,377,360	11,858,941
c.1 Software	8,043,681	5,993,110
c.2 Other	8,333,679	5,865,831
4 Insurance	17,293,231	14,290,756
5 Postage, Telex, Telephone, Fax, SWIFT	18,837,636	15,073,882
a. Postage & Courier Expenses	926,371	743,417
b. Internet & Connectivity	7,976,222	6,644,958
c. Telephone & Fax Expenses	5,891,945	4,927,953
d. SWIFT Expenses	4,043,098	2,757,554
6 Repair & Maintenance of Office Equipment, Furniture & Fixtures	3,566,456	3,295,432
7 Travelling Allowances and Expenses	10,553,617	6,093,384
8 Stationery and Printing	14,274,480	10,244,688
9 Periodicals and Books	594,464	568,243
10 Advertisements	2,182,820	1,686,940
11 Legal Expenses	600,800	536,600
12 Donations	61,300	10,919,142
13 Expenses relating to Board of Directors	4,060,793	3,935,507
a) Meeting Fees	1,276,000	1,084,000
b) Other Board related Expenses	2,784,793	2,851,507
b.1 Travelling Expenses	261,900	457,128
b.2 Communication & Newspaper	600,000	510,000
b.3 Other Committee Fees & Expenses	1,036,000	838,000
b.4 Other Expenses	886,893	1,046,379
14 Annual General Meeting Expenses	671,837	642,742
15 Expenses relating to Audit	1,336,010	1,224,019
a) Audit Fees	1,130,000	997,500
b) Other Expenses	206,010	226,519
16 Commission & Promotional Expenses on Remittances	54,482,787	60,711,869

Continue Other Operating Expenses

Continue Other Operating Expenses

Particulars	This Year Rs.	Previous Year Rs.
17 Depreciation on Fixed Assets	48,713,585	45,876,158
18 Amortization of Deferred Expenses	-	-
19 Share Issue Expenses	4,877,759	3,052,103
a) Share & Debenture Annual/Listing/Registration Fee	4,377,759	2,566,509
b) Other share related expenses	500,000	485,594
20 Technical Services Reimbursement	-	-
21 Entertainment, Business Promotion and Development Expenses	9,009,937	7,444,889
22 Expenses Write off	17,247,070	39,788,702
23 Security Expenses	39,243,725	32,265,832
24 Credit Guarantee Premium	-	-
25 Commission and Discount	2,334,241	2,302,390
26 Other Expenses	139,907,604	115,806,303
26.a Professional Fees-Internal Audit	-	423,750
26.b Professional Fees-Other	2,855,129	1,780,736
26.c Fuel (Petrol/Diesel) & Gas	12,466,742	16,132,853
26.d Rates & Taxes	2,030,414	1,938,541
26.e Other Card Related Expenses	60,952,568	43,690,367
26.f Janitorial Expenses/Wages/Cleaning/ Gardening etc.	11,410,579	9,971,763
26.g Subscriptions & Membership Fees	2,926,350	2,415,295
26.h Non Capitalized Items	2,265,422	1,415,075
26.i Recruitment Expenses	1,015,000	264,171
26.j Vehicle Rental Exepnses	10,691,547	10,250,570
26.k Inaguration Expenses	1,185,071	2,540
26.l Outsourcing Expenses (Driver, Messenger & Other)	17,921,261	17,016,586
26.m Other Office Expenses	2,514,028	2,370,193
26.n Branches Banking Related Expenses	2,123,971	2,820,015
26.o DDA Related Expenses	1,446,722	-
26.p Miscellaneous	8,102,801	5,313,848
Total	489,862,673	459,806,993

PROVISION FOR POSSIBLE LOSSES

Schedule - 4.25

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Loans and Advances	259,340,384	209,836,393
2. Investments		7,738,880
3. Non- Banking Assets		31,286,831
4. Other Assets		224,262
Total	259,340,384	249,086,366

NON-OPERATING INCOME/(LOSS)

Schedule - 4.26

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Profit (Loss) on sale of Investment	134,803,584	11,884,037
2. Profit (Loss) on sale of assets	36,568	978,249
3. Dividend	25,540,354	25,991,337
4. Subsidies Received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5. Others	-	-
a. Gain on Sale of NBA	-	-
Total Non-Operating Income/(Loss)	160,380,506	38,853,623

LOSS PROVISION WRITTEN BACK

Schedule - 4.27

Fiscal Year 2072/73 (2015/16)

Particulars	This Year Rs.	Previous Year Rs.
1. Loan Loss Provision Written Back	150,045,094	197,952,367
2. Provision against Non- Banking Assets' Written Back		
3. Provision on Investment Written Back	7,318,742	
	-	
Total	157,363,836	197,952,367

INCOME/(EXPENSES) FROM EXTRAORDINARY ACTIVITIES

Schedule - 4.28

For the period from 01 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Recovery of Written off Loan	572,084	1,002,663
2. Volunteering Retirement Scheme Expenses	-	-
3. Irrecoverable Loans Written Off (4.28 a)		
4. Other (Expenses)/Income		-
Total	572,084	1,002,663

STATEMENT OF LOANS WRITTEN OFF

Schedule - 4.28(a)

Fiscal Year 2072/73 (2015/16)

S.N.	Loan Category	Written off Amount Rs.	Types of Security and Amount Rs.	Basis of Security Valuation	Loan Sanctioning Official/Rank	Efforts made for Recovery	Remarks
1	Working Capital Loan	-	-	-	-	-	-
2	Project Loan	-	-	-	-	-	-
3	Fixed Capital Loan	-	-	-	-	-	-
4	Personal Loan	-	-	-	-	-	-
5	Other Loans	-	-	-	-	-	-
Total Loans		-	-	-	-	-	-

STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/ CHIEF EXECUTIVE/ PROMOTER/ EMPLOYEES AND SHAREHOLDERS

Schedule - 4.29

as at 31 Asadh 2073 (15 July 2016)

The Statement of loans 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:

Name of Promoter/ Director/ Chief Executive	Previous Year's Balance		This Year's Recovery		This Year's Addition	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	-	-	-	-	-	-	-

Note: Loan given to employees as per Employees' Service Rules are presented in other Assets Schedule -4.16

CAPITAL ADEQUACY TABLE

Schedule-4.30 (A1)

As on Asadh end 2073

Rs. in "000"

1.1 Risk Weighted Exposures	2073 Asadh end	2072 Asadh end
A. Risk Weighted Exposure for Credit Risk	63,570,024	42,745,941
B. Risk Weighted Exposure for Operational Risk	2,736,388	2,346,925
C. Risk Weighted Exposure for Market Risk	78,861	88,705
Total RWE before adjustment under Pillar II	66,385,272	45,181,571
Adjustments under Pillar II		
Add: 4% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	793,586	726,349
Add: 2% of the total RWE due to inadequate risk management policies and procedures of the Bank (6.4 a 9)	1,327,705	903,631
Add: 1% of the total RWE due to supervisor is not satisfied with disclosure policy of the bank (6.4 a 10)	-	451,816
Total RWE (after Banks' adjustments of Pillar II)	68,506,564	47,263,368

1.2 Capital	Current Period	Previous Period
Core Capital (Tier I)	6,061,317	3,580,887
A. Paid Up Equity Share Capital	3,022,881	2,031,180
B. Irredeemable non-cumulative preference shares	-	-
C. Share Premium	-	-
D. Proposed Bonus Equity shares	1,473,263	406,236
E. Statutory General Reserves	1,082,375	684,964
F. Retained Earnings	72,678	2,397
G. Current year cumulative profit/(Loss)	-	-
H. Capital Redemption Reserve	-	-
I. Capital Adjustment Reserve	9,848	-
J. Dividend Equalisation Reserves	-	-
K. Debenture Redemption Reserves	484,092	539,931
L. Other Free Reserves (Deferred Tax Reserve)	46,776	44,491
Less:		
A. Goodwill	-	-
B. Deferred Tax Assets	46,776	44,491
C. Not written off Fictitious Assets	-	-
D. Investment in equity in licensed Financial institutions	-	-

Continue Capital Adequacy Table

E. Investment in equity of institutions with financial interest	83,820	83,820
F. Investment in equity of institutions in excess of limits	-	-
G. Investments arising out of underwriting commitments	-	-
H. Reciprocal crossholdings	-	-
I. Other Deductions	-	-
Supplementary Capital (Tier II)	1,647,241	1,663,751
A. Cumulative and/or Redeemable preference share	-	-
B. Subordinated Term Debt	982,816	1,249,074
C. Hybrid Capital Instruments	-	-
D. General loan loss provision	614,544	377,795
E. Exchange Equalisation Reserve	24,819	21,402
F. Investment Adjustment Reserve	25,062	15,481
G. Asset Revaluation Reserve	-	-
H. Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	7,708,558	5,244,638

1.3 Capital Adequacy Ratio	Current Period	Previous Period
Core Capital to Total Risk Weighted Assets (Tier I)	8.85	7.58
Capital Fund to Total Risk Weighted Assets (Tier I & Tier II)	11.25	11.10

Continue Capital Adequacy Table

CREDIT RISK

As on Asadh end 2073

Schedule-4.30 (B)

Rs. in "000"

Assets	As of Asadh end 2073						Previous Fiscal Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Amount	Risk Weighted Amount
On Balance Sheet Exposures	a	b	c	d=a-b-c	e	f=d*e		
Cash Balance	1,940,584			1,940,584	0%	-	1,155,857	-
Balance With Nepal Rastra Bank	3,847,268			3,847,268	0%	-	3,753,172	-
Gold	194,080			194,080	0%	-	313,466	-
Investment in Nepalese Government Securities	7,674,073			7,674,073	0%	-	4,000,614	-
All claims on Government of Nepal	763,961			763,961	0%	-	499,702	-
Investment in Nepal Rastra Bank securities	-			-	0%	-	0	-
All other claims on Nepal Rastra Bank	-			-	0%	-	0	-
Investment in Foreign Government Securities and Central Bank (ECA rating 0-1)				-	0%	-	0	-
Investment in Foreign Government Securities and Central Bank (ECA rating 2)				-	20%	-	0	-
Investment in Foreign Government Securities and Central Bank (ECA rating 3-6)				-	100%	-	0	-
Investment in Foreign Government Securities and Central Bank (ECA rating 7)				-	150%	-	0	-
Claims on BIS, IMF, ECB, EC and Multilateral Development Bank recognised by the framework				-	0%	-	0	-
Claims on other Multilateral Development Banks				-	100%	-	0	-
Claims on Public Sector Entity (ECA 0-1)				-	20%	-	0	-
Claims on Public Sector Entity (ECA 2)				-	50%	-	0	-
Claims on Public Sector Entity (ECA3-6)				-	100%	-	0	-
Claims on Public Sector Entity (ECA 7)				-	150%	-	0	-
Claims on domestic banks that meet capital adequacy requirements	1,542,402	-		1,542,402	20%	308,480	2,380,290	476,058
Claims on domestic banks that do not meet capital adequacy requirements	8,795			8,795	100%	8,795	15,598	15,598

Continue Credit Risk

Continue Credit Risk

Claims on foreign bank (ECA Rating 0-1)	646,835			646,835	20%	129,367	649,071	129,814
Claims on foreign bank (ECA Rating 2)	178,543			178,543	50%	89,272	27,783	13,891
Claims on foreign bank (ECA Rating 3-6)	3,411			3,411	100%	3,411	3,238	3,238
Claims on foreign bank (ECA Rating 7)				-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	356,071			356,071	20%	71,214	84,540	16,908
Claims on Domestic Corporates	28,667,693		190,951	28,476,742	100%	28,476,742	20,075,096	20,075,096
Claim on Foreign Corporates (ECA 0-1)	-		-	-	20%	-	-	-
Claim on Foreign Corporates (ECA 2)	-		-	-	50%	-	-	-
Claim on Foreign Corporates (ECA 3-6)	-		-	-	100%	-	-	-
Claim on Foreign Corporates (ECA 7)	-		-	-	150%	-	-	-
Regulatory Retail Portfolio(Not Overdue)	14,489,698		200,731	14,288,966	75%	10,716,725	8,969,258	6,726,943
Claims fulfilling all criterion of regulatory retail except granularity	-			-	100%	-	-	-
Claims secured by residential properties	1,990,594		-	1,990,594	60%	1,194,356	689,080	413,448
Claims not fully secured by residential properties	-			-	150%	-	-	-
Claims secured by residential properties (overdue)	47,257.40	17,323.20		29,934	100%	29,934	-	-
Claims secured by Commercial real estate	1,643,885			1,643,885	100%	1,643,885	984,391	984,391
Past due claims(except for claim secured by residential properties)	803,686	498,770		304,916	150%	457,373	489,590	734,386
High Risk claims	8,719,962	5,213		8,714,749	150%	13,072,123	4,863,702	7,295,553
Investments in equity of institutions listed in the stock exchange & other investment in capital instruments	677,945	2,134		675,811	100%	675,811	491,126	491,126
Investments in equity of institutions not listed in the stock exchange & other investment in capital instruments	89,293	-		89,293	150%	133,939	85,068	127,601
Staff Loan secured by residential property	501,142	-		501,142	60%	300,685	384,429	230,657
Interest Receivable/Claim on Government Securities	61,493	-		61,493	0%	-	11,273	-
Cash in transit and other cash items in the process of collection	-			-	20%	-	-	-
Other Assets	2,239,408	975,357	7,569	1,256,482	100%	1,256,482	1,002,547	1,002,547
Total	77,088,079	1,498,799	399,252	75,190,028		58,568,594	50,928,891	38,737,256

CREDIT RISK MITIGATION (CRM)

As on Asadh end 2073

Schedule-4.30 (C)

Rs. in "000"

Credit Exposures	Deposits with Banks	Deposits with other Banks/FI	Gold	GON & NRB Sec.	G'tee of Govt of Nepal	Sec/G'tee of other Sovereigns	G'tee of Domestic Banks	G'tee of MDBS	Sec/G'tee of Foreign Banks	Total
On 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 other claims on Nepal Rastra Bank										-
Claims on Foreign Government and Central Bank (ECA rating 0-1)										-
Claims on Foreign Government and Central Bank (ECA rating-2)										-
Claims on Foreign Government and Central Bank (ECA rating-3)										-
Claims on Foreign Government and Central Bank (ECA rating 4-6)										-
Claims on Foreign Government and Central Bank (ECA rating-7)										-
Claims on BIS,IMF, ECB, EC and Multilateral Development Bank recognised by the framework										-
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)										-
Claims on Public Sector Entity(ECA 7)										-
Claims on domestic banks that meet capital adequacy requirements										-
Claims on domestic banks that donot meet capital adequacy requirements										-

Continue Credit Risk Mitigation (CRM)

Continue Credit Risk Mitigation (CRM)

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	190,951	-									190,951
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)	200,731										200,731
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)											-
Claims secured by Commercial real estate											-
Past due claims(except for claim secured by residential properties)											-
High Risk Claims											-
Investments in equity of institutions listed in stock exchange & other capital instruments											-
Investments in equity of institutions not listed in stock exchange & other capital instruments											-
Other Assets	7,569										7,569
Total	399,252	-	-	-	-	-	-	-	-	-	399,252

OPERATIONAL RISK

Schedule-4.30 (D)

As on Asadh end 2073

Rs. in "000"

Particulars	Preceding Year of Current Fiscal Year			As of Asadh end 2072
	FY 2071/72	FY 2070/71	FY 2069/70	
Net Interest Income	1,435,843	1,347,421	1,155,576	1,435,843
Commission & Discount Income	178,708	159,355	113,067	178,708
Other Operating Income	243,541	204,085	182,093	243,541
Exchange Fluctuation Income	142,341	132,327	156,645	142,341
Additional Interest Suspense during the period	(16,467)	(27,316)	65,556	(16,467)
Gross Income(a)	1,983,966	1,815,873	1,672,936	1,983,966
Alfa (b)	15%	15%	15%	15%
Fixed Percentage of Gross Income[c=(a*b)] (c)	297,595	272,381	250,940	297,595
Capital Requirement for operational risk(d) (average of c)			273,639	
Risk Weight(reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure for Operational Risk [f=(d*e)]			2,736,388	-
PILLAR-II ADJUSTMENTS				
If Gross Income for all the last three years is negative (6.4 a 8)				
Total Credit and Investment (net of Specific Provision)				
Capital requirement for operational risk (5%)				
Risk Weight (reciprocal of capital requirement of 10%) in times				
Equivalent Risk Weight Exposure (g)				
Equivalent Risk Weight Exposure (h=f+g)				

MARKET RISK

Schedule-4.30 (E)

As on Asadh end 2073

Rs. in "000"

S.N	Particulars	2073 Asadh End			Relevant Net Open Position as of Asadh end 2072 (NPR)
		Net Open Position (FCY)	Net Open Position (NPR)	Relevant Net Open Position (NPR)	
1	INR	59,249.27	94,843.27	94,843.27	158,988.16
2	USD	161.56	17,286.76	17,286.76	6,707.72
3	GBP	(8.41)	(1,209.76)	1,209.76	27.00
4	EUR	2.86	339.63	339.63	1,036.43
5	THB	21.26	63.99	63.99	23.45
6	CHF	19.67	2,140.30	2,140.30	175.77
7	AUD	92.92	7,571.15	7,571.15	1,503.58
8	CAD	54.23	4,490.95	4,490.95	694.18
9	SGD	12.92	1,026.75	1,026.75	145.69
10	JPY	14,294.31	14,380.08	14,380.08	1,553.63
11	HKD	3.95	54.35	54.35	-
12	DKK	1.05	16.81	16.81	-
13	SEK	3.52	43.89	43.89	35.76
14	SAR	66.14	1,881.68	1,881.68	725.49
15	QAR	30.03	879.64	879.64	169.25
16	AED	66.16	1,911.36	1,911.36	431.98
17	MYR	121.57	3,277.64	3,277.64	1,273.74
18	KRW	-	-	-	-
19	CNY	18.47	289.86	289.86	50.10
20	KWD	0.92	325.88	325.88	3,780.22
21	BHD	0.09	24.08	24.08	88.12
22	BDT	4,104.03	5,663.56	5,663.56	-
23				
Total Open Position (a)				157,721	177,410
Fixed Percentage (b)				5%	5%
Capital Requirement for Market Risk[c=(a*b)]				7,886	8,871
Risk Weight (reciprocal of capital requirement of 10%) in times(d)				10	10
Equivalent Risk Weight Exposure for Market Risk[e=(c*d)]				78,861	88,705

NET LIQUID ASSETS TO TOTAL DEPOSIT RATIO

As on Asadh end 2073

Particulars	Amount
Total Deposit & Borrowing (A)	65,844,358,551
Total Deposit (as per NRB Ni.Fa.9.1)	64,934,358,551
Total Borrowing (as per NRB Ni.Fa.9.1)	910,000,000
Liquid Assets (B)	15,109,310,362
Cash (9.1)	1,940,584,292
Bank Balance (9.1)	4,334,223,072
Money at call and short notice (9.1)	950,700,000
Investment in government Securities (9.1)	7,674,072,600
Placement upto 90 days	209,730,397
Borrowings payable upto 90 days (C)	850,000,000
Net Liquid Assets (D)=(B-C)	14,259,310,362
Net Liquid Assets to Total Deposit	21.96%
Shortfall in Ratio	0.00%
Amount to be added to Risk Weighted Exposures	-

PRINCIPAL INDICATORS

Schedule- 4.31

From the Beginning Year of the Bank

Particulars	Indicators	F.Y	F.Y	F.Y	F.Y	F.Y	F.Y
		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Percent of Net Profit/Gross Income	Percent	10.89%	10.25%	14.40%	19.72%	19.83%	26.28%
Earning Per Share	Rs	19.82	20.41	29.80	38.63	37.77	41.53
Market Value Per Share	Rs.	270.00	345.00	300.00	810.00	678.00	869.00
Price Earning Ratio	Ratio	13.62	16.91	10.07	20.97	17.95	20.93
Dividend on Share Capital (Including Bonus)	Percent	15.79%	8.42%	22.11%	23.16%	21.05%	48.75%
Cash Dividend on Share Capital	Percent	12.79%	8.42%	10.11%	11.16%	1.05%	0.00%
Interest Income/Loan and Advances	Percent	13.01%	13.26%	11.53%	10.40%	8.49%	6.89%
Staff Expenses/Total Operating Expenses	Percent	6.64%	6.79%	9.27%	10.15%	12.39%	13.02%
Interest Expenses/Total Deposit & Borrowing	Percent	9.13%	7.88%	5.97%	5.28%	4.63%	3.62%
Exchange Gain/Total Income	Percent	1.35%	3.59%	4.68%	3.73%	3.68%	3.50%
Staff Bonus/ Total Staff Expenses	Percent	28.73%	27.13%	31.77%	41.27%	33.53%	48.07%
Net Profit/ Loan and Advances	Percent	1.67%	1.60%	2.03%	2.50%	2.06%	2.22%
Net Profit/ Total Assets	Percent	1.28%	1.12%	1.43%	1.74%	1.51%	1.69%
Total Credit/ Deposit	Percent	86.43%	79.42%	83.55%	79.02%	83.04%	87.02%
Total Operating Expenses/Total Assets	Percent	9.61%	8.65%	6.94%	5.93%	5.23%	3.85%
Adequacy of Capital Fund on Risk Weighted Assets			-	-	0	0	-
a) Core Capital	Percent	9.05	8.18	8.28	8.39	7.58	8.85
b) Supplementary Capital	Percent	1.73	2.85	3.52	3.00	3.52	2.40
c) Total Capital Fund	Percent	10.78	11.03	11.80	11.39	11.10	11.25
Liquidity (CRR)	Percent	5.61%	11.86%	9.60%	17.22%	8.63%	6.00%
Non-performing Credit/Total Credit	Percent	0.79%	1.52%	2.39%	2.75%	1.80%	1.47%
Weighted Average Interest Rate Spread	Percent	3.94%	3.82%	4.39%	4.65%	3.86%	4.16%
Book Net - worth Per Share	Rs.	126.56	134.83	154.53	165.44	184.43	206.54
Total Shares	Nos.	15,711,300	16,192,443	16,192,443	20,311,800	24,374,160	30,220,773
Total Staff	Nos.	375	363	370	401	525	607
Base Rate	Percent	-	-	10.25%	8.81%	7.87%	6.65%
Other							

PRINCIPAL ACCOUNTING POLICIES

1. Corporate Information :

Siddhartha Bank Limited ("the Bank") is a limited liability company domiciled in Nepal with its registered office at Hattisar, Kathmandu. The Bank's shares are listed and traded in Nepal Stock Exchange Limited.

The Bank is licensed by Nepal Rastra Bank, (The Central Bank of Nepal) as Class "A" institution to carry out commercial banking activities in Nepal under the Bank and Financial Institution Act, 2063. The Financial Statements are authorized for issue by the Board of Directors and approved by the central bank.

The Bank has started integrated transaction from 2073/03/07 after successful merger with Business Universal Development Bank Ltd which has helped to increase its paid up capital as well as reserve and surplus.

The reporting period is from 1st Sharwan 2072 to 31st Asadh 2073. This corresponds to English calendar period 17th July 2015 to 15th July 2016.

2. Consolidated financial statement :

The consolidated financial statement of the Bank for the year ended on July 15, 2016 comprises of the accounts of the Bank and its subsidiary, Siddhartha Capital Limited. The Bank consolidates the financial statements of subsidiary in which it holds directly or indirectly, more than 50% of voting rights or where it exercises control.

Siddhartha Capital Limited ("Siddhartha Capital" or "Subsidiary") is a subsidiary incorporated on 2068-11-02 as a public limited company as per the Company Act 2006. SCL is licensed by Securities Board of Nepal as a Mutual Fund Manager and Depository as per the Mutual Fund Regulation 2010 and also get the license for merchant banking business from SEBON in 2015. Siddhartha Bank Ltd, as at the Balance Sheet date holds 51 % of total paid up capital in Siddhartha Capital.

The financial year of the Subsidiary has a common financial year with that of the Bank that ended on 15 July 2016. The Bank and its Subsidiary are jointly called as the Group.

3. Principal Activities :

The principal activities of the Bank are to provide all commercial banking services, trade finance services including wide areas of products and services backed by cutting-edge technology through its wide branch network.

The principal activities of its subsidiary are to operate the mutual fund services that include management of public offerings, portfolio management, underwriting of securities and administration and record keeping of securities of its clients.

4. Approval of Financial Statement by Board of Directors :

The accompanying financial statements including consolidated financial statements have been approved by the Board of Directors for ratification of AGM, vide its meeting held on 04 December 2016.

5. Summary of Significant Accounting Policies :

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

5.1 Statement of Compliance:

Nepal Rastra Bank, the banking regulator of the country, has issued a notice on "NFRS Migration Guidelines to Banks & Financial Institutions" stating that licensed financial institutions comply with Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN), subject to NRB regulations. Accordingly, class "A" Commercial Banks have to prepare NFRS compliant financial statements effective from the current reporting period. The Bank and the Group have not prepared NFRS based financial statements.

Financial statements of the Bank have been prepared and the presentation formats have been drawn as prescribed in the unified directives issued by Nepal Rastra Bank, and the statements are presented in compliance with provisions of the Bank and Financial Institutions Act, 2006 and the Company Act 2006 of Nepal.

To the extent not addressed in the aforementioned clause, financial statements of the Bank have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), and primarily based on the erstwhile Nepal Accounting Standards (NAS) issued by ASBN, prior to NFRS adoption.

5.2 Basis of Preparation:

The financial statements are presented in Nepalese rupee i.e. NPR, rounded to the nearest Rupee and are prepared on the historical cost basis except for translated foreign currency value. The preparation of

financial statements in conformity with GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgment in process of applying the Bank's accounting policies.

5.3 Interest Income :

Interest income on loans and advances are recognized on cash basis as per the Nepal Rastra Bank Directive. Interest income on Investments is accounted for on accrual basis. Interest income on insured staff loan provided as per bank policy has also been recognized in cash basis.

5.4 Fees and Commission Income :

Guarantee commission incomes in excess of Rs. 100,000 and having a maturity in the next fiscal year is accounted for on accrual basis. All other fees and commission income is recognized at the time of the transaction on cash basis.

5.5 Dividend Income :

Dividend income from Domestic Company is recognized with net of withholding tax when the right to receive dividend is established. However, dividend declared by non-resident companies and resident Mutual funds is recorded at gross value. Tax deducted by Mutual Fund and non-resident companies is recognised as Advance Tax to the extent adjustable with the bank's corporate tax liability.

When bonus shares are received, only numbers of shares are increased without changing the cost price of shares.

5.6 Interest Expense :

Interest expenses on deposit liabilities, debenture/ bonds and borrowings from other banks are accounted for on accrual basis.

5.7 Foreign Exchange Transactions :

- Assets and liabilities denominated in foreign currencies are converted into Nepalese Rupees at mid rates as on Balance Sheet date.
- Profit or loss arising from difference between buying and selling rates of foreign currencies transaction is accounted as trading gain or loss on foreign exchange.
- Profit or Loss arising due to change in the value of FCY assets or liabilities and owing to fluctuation in exchange rate is accounted as revaluation gain or loss. Twenty five percent of such revaluation gain is transferred to Exchange Fluctuation Fund charging Profit & Loss Appropriation Account as per the Nepal Rastra Bank Directive.

5.8 Loans, Advances, Overdrafts and Bills Purchased :

Loans and advances, overdrafts and bills purchased include direct finance provided to customers. These include overdrafts, term loans, consumer loans, working capital and loans given to priority and deprived sectors. All credit exposures are classified as per Nepal Rastra Bank's Directives into performing and non-performing loans. Performing loans are further classified as pass loan and non-performing loans are classified as watch list, re-structured/ rescheduled loans, substandard, doubtful and loss based on the criteria stipulated by NRB directives. Loans and advances, overdrafts and bills purchased are shown net of provisions for loan losses.

5.9 Staff Loans :

Loans and advances to staff are granted in accordance with the policy of the Bank and are shown under Other Assets.

5.10 Provision for Possible Losses :

The provision for possible losses from loans and advances and bills purchased are provided at the rates ranging from 1% to 100% according to the classification of such risk assets as per Nepal Rastra

Bank Directives. The directive requires classification based on the number of days of overdue of the loans and advances and bills purchased.

5.11 Loan & Advance Write Off :

Wherever it is felt that the loan accounts graded 'Loss' according to the Nepal Rastra Bank Directives, is unrecoverable, are written off in the books as per criteria/policy approved by the Board, without prejudice to Bank's right to recovery.

Amounts recovered against loans written off in earlier years are recognized as income in the year of recovery.

5.12 Investments :

The Bank has categorized its investment portfolio into the following three categories:

- 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 on a daily basis and differences to be reflected in the profit and loss account in case of loss only following conservative approach.
- Held to Maturity:** The investments made with positive intent and ability of the bank to hold till maturity is classified under this category. These investments are valued at amortized cost i.e. the cost price less any impairment which is 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 losses are adjusted through profit & loss account. However in case of profit, the Bank has valued the investment on cost following conservative approach.

The Bank also maintains Investment adjustment reserve at the rate of 2% on available for sale portfolio as per Nepal Rastra Bank Directives. All investments are regularly reviewed as required by Nepal Rastra Bank Directives.

5.13 Fixed Assets and Depreciation :

- Fixed Assets are stated at cost less accumulated depreciation.
- Fixed assets are depreciated on diminishing balance method. Land is not depreciated. The depreciation rates applied for various categories of assets are as follows:

Assets	Rate of Depreciation
Building	5%
Office Equipments	25%
Computers and Accessories	25%
Furniture & Fixtures	25%
Vehicles	20%
Other Assets	15%

- Fixed assets under construction, advances paid towards acquisition of fixed assets and costs of assets not ready for use before financial year-end are shown as capital work in progress (Pending capitalization).

5.14 Non Capitalized Assets :

Non-Consumable item normally having life less than 1 year and/or costing less than Rs 5,000 is expensed off during the year of purchase.

5.15 Amortization :

Amortization is charged to Profit and Loss Account on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are recognized from the date they are available for use.

Software expense is recorded at cost incurred during the purchase and implementation of the software and amortized over a period of 5 years, the estimated useful life.

Leasehold improvements are amortized over a period of 5 years or lease period, whichever is earlier on straight line basis.

5.16 Non Banking Assets :

Non-Banking assets are valued at receivable amount (Principal and Interest due) from borrower or prevailing market price of the asset whichever is lower. Provision for non-banking assets is provided as per the directives of Nepal Rastra Bank.

5.17 Employee Benefits :

The undiscounted amount of short-term employee benefits, such as salaries, medical benefit, staff bonus etc. which are expected to be paid in exchange for the service rendered by employees is recognized during the period when the employee renders the service.

The Bank offers retirement benefits to its employees mainly provident fund, gratuity & accumulated leave payable at the time of separation from services. The provident fund and gratuity are deposited in the Staff's account maintained at SBL retirement fund and are paid out from retirement fund on separation from service.

a. Defined Contribution Plan

Bank contributes 10% of Basic Salary of all permanent employees as provident fund and equivalent amount is contributed from

employee. Bank's contribution is charged as expense when employee has rendered service to bank.

Bank pays insurance premium of its permanent employee as per Staff Service Rules of the Bank. Insurance policy is in the name of a specified plan participant and bank has no legal liability to cover any loss on the policy and insurer has sole responsibility for paying the benefit. The amount of insurance premium paid is charged as expense for the period.

b. Defined Benefit Plan

Permanent employees of the bank are eligible for gratuity payment on their separation from service as per Staff Service Rule. Gratuity is calculated by the management as per staff service rule and has been transferred to employee account maintained at in house approved retirement funds. The Bank does not value gratuity liability based on actuarial valuation.

c. Accumulated Leave

The Bank offers leave encashment facility to its confirmed employees which may be encashed during the service period as per the Staff Service Rule of the Bank and unused leave is accumulated and paid at the time of separation from service. Provision for leave

is made on accrual basis determined by the management as per Staff Service Rules of the Bank. The Bank does not value leave liability based on actuarial valuation.

5.18 Stationery Stock :

Stationery purchased for consumptions are valued at cost and are expensed at the time of consumption.

5.19 Income Tax:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments thereto.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases using the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income in the period that includes the enactment date.

5.20 Lease :

Assets held under finance leases are initially recognized as assets of the Bank 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. However the Bank has no such assets as on the Balance Sheet date.

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.

5.21 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 recognized 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 recognized in the period in which the change occurs.

All known contingent liabilities provided in the schedule forming part of the Balance Sheet.

6. Previous Year's Figures, Rounding Off & Comparative Figures :

The Financial Statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison. Previous year figures are presented from the approved financial statement of Siddhartha Bank only however current year figures represent the merged entity.

NOTES TO ACCOUNTS

Schedule 4.33

1. Paid up Share Capital

Nepal Rastra Bank (NRB) has prescribed Rs. 8 Billion minimum paid up capital requirement for class "A" licensed commercial banks as end of FY 073/74. The Bank's paid up equity capital stands at Rs. 3,022,077,338 before proposed bonus share for FY 2072/73. However, Bank has increased its paid up capital by Rs. 584,661,300 after merger with Business Universal Development Bank for FY 2072/73.

Paid up share capital of the Bank from beginning of its operation has moved as follows:

Schedule- 4.33

Fiscal Year	Cumulative Paid up Capital (Rs.)	Remarks
2059/60 (2002/03)	350,000,000	-
2060/61 (2003/04)	350,000,000	-
2061/62/ (2004/05)	350,000,000	-
2062/63 (2005/06)	500,000,000	IPO of Rs.150 million
2063/64 (2006/07)	600,000,000	20% Right Share
2064/65 (2007/08)	828,000,000	15% Bonus Share and then 20% Right Share
2065/66 (2008/09)	952,200,000	15% Bonus Share
2066/67 (2009/10)	1,095,030,000	15% Bonus Share
2067/68 (2010/11)	1,571,130,000	50% Right Share on FY 2065/66 Paid up Capital
2068/69 (2011/12)	1,619,244,300	3 % Bonus share on FY 2067/68
2069/70 (2012/13)	1,813,553,600	12% Bonus Share on FY 2069/70
2070/71 (2013/14)	2,031,180,032	12% Bonus Share on FY 2070/71
2071/72 (2014/15)	2,437,416,038	20% Bonus Share on FY 2071/72
2072/73 (2015/16)	4,495,340,041	After Merge with BUDBL, Swap ratio 55.36 % & 48.75 % Bonus Share on Ashad end 073.

2. Merger with Business Universal Development Bank

The bank has merged with Business Universal Development Bank and has been formally integrated effective dated 7th Ashad, 2073. The volume of the Business, capital, reserve and surplus and branch network has improved after merger. The capital, reserve and surplus balance added due to merger is as mentioned below. The merger has been completed on the basis of pooling of interest method of accounting.

Particulars	Amount
Paid Up Share Capital	1,056,199,621
Swap Ratio	55.36 %
Paid up share capital added due to merger	584,661,300
Capital Reserve surplus due to merger	471,538,321
Statutory General Reserve	146,428,264
Share Premium	379,979
Retained Earning	33,761,560
Investment Adjustment Reserve	21,53,358
Deferred tax reserve	10,49,745
Exchange Fluctuation fund	20,221
Total Capital and Reserve & Surplus added from merger	1,239,992,748

The deposits, investment, cash balance, loan & advances and fixed assets added due to merger is as mentioned below:

	As on Ashad 06, 2073
Deposits	5,946,754,861
Cash Balance	148,353,334
Balance with Nepal Rastra Bank	1,106,313,973
Balance with Bank/ Financial Institutions	4,376,664
Money at call and Short Notice	101,072,677
Investments	202,928,400
Loans & Advances and Bills Purchase	5,517,606,584
Fixed Assets	150,202,063

3. General Reserve

20 percent of the profit after tax is transferred to General Reserves as per Section 44 of Banks and Financial Institutions Act 2063. In FY 2072/73, the Bank has transferred Rs. 250,983,601 to the General Reserve Fund from the current year's profit. General of the Bank has been increased by Rs.146,428,264, the amount of General Reserve of BUDBL prior to the merger.

4. Capital Reserve Fund

The consideration has been paid to the merger entity in the form of fully paid up shares of the Bank in the ratio of 100:55.36 per share. The surplus of Rs. 471,538,321 arising due to the application of the swap ratio has been routed through Capital Reserve account in accordance with NRB. All other items of Reserve have been transferred to respective account heads in the books of the Bank.

5. Exchange Fluctuation Fund

25 percent of the revaluations gain on foreign exchange is transferred to exchange fluctuation fund as per Section 45 of Banks and Financial Institutions Act 2063. In FY 2072/73, the Bank has transferred Rs. 3,397,417 to Exchange Fluctuation Fund from the current year profit.

6. Investment Adjustment Reserve

Investment adjustment reserve has been created on Investment classified as 'Available for Sale' transferring Rs. 7,427,830 from Profit and Loss Appropriation Account during financial year except for investments in Credit Information Centre Limited, Nepal Clearing House Limited, & National Banking Training Institute as per Nepal Rastra Bank Directive. Total outstanding investment adjustment reserve as at Balance Sheet date is Rs 25,061,863. The details of Investment adjustment reserves are as follows.

Particulars	Amount in 'Rs'	% of reserve	Investment Adjustment
Credit Information Center Limited	1,907,600	Exemption by NRB	-
Siddhartha Insurance Limited	32,820,000	2%	656,400
Nepal Clearing House Limited	3,425,200	Exemption by NRB	-
National Banking Training Institute	1,200,000	Exemption by NRB	-
Siddhartha Capital Limited	51,000,000	2%	1,020,000
ICRA Nepal Ltd	760,000	Exemption by NRB	-
Mero Micro Finance Bittiya Sanstha Ltd	13,000,000	2%	260,000
Rural Micro Finance Development Center	45,827,510	2%	916,550.20
Nepal Electronic Payment System Ltd	15,000,000	100%	15,000,000
Growmore Merchant Banker Ltd	1,500,000	2%	30,000
General Insurance Co Ltd	500,000	100%	500,000
National Micro Finance Ltd	1,000,000	100%	1,000,000
Nepal Insurance Company Limited	10,118,611	2%	202,372.22
NLG Insurance Company Limited	12,621,963	2%	252,439.26
Gurans Life Insurance Co Nepal Ltd	124,024	2%	2,480.49
Life Insurance Co. Nepal	30,037,795	2%	600,755.90
Butwal Power Co. Limited	12,983,246	2%	259,664.91
Prabhu Insurance Co. Ltd	8,340,296	2%	166,805.93
Bottlers Nepal Ltd (Terai)	4,602,275	2%	92,045.49
Nepal Lube Oil Limited	1,080	2%	21.60
Nepal Film Dev. Company Limited	569	2%	11.38
Nepal Doorsanchar Co. Ltd	43,536,810	2%	870,736.20
Chilime Hydro Power Limited	65,071,900	2%	1,301,438
Sana Kisan Bank Ltd	1,042,561	2%	20,851.21
Shikar Insurance Ltd	14,380,102	2%	287,602.05
Lumbini General Insurance Ltd	21,364,247	2%	427,284.94
HIDCL	9,558,000	2%	191,160
Sanima Mai Hydro	395,323	2%	7,906.47
Prudential Insurance Co Ltd	9,162,352	2%	183,247.04
Taragaon Regency Hotel	2,417,185	2%	48,343.70
Soltee Hotel Ltd	3,575,408	2%	71,508.15
Nepal Life Insurance Co Ltd	8,094,986	2%	161,899.73
Asian Life Insurance Co Ltd	12,493,486	2%	249,869.72
Mithila Lagubitta Co Ltd	6,300	2%	126
Premier Insurance Co Ltd	14,017,166	2%	280,343.33
Total	451,885,996.16		25,061,863.92

7. Debenture Redemption Reserve Fund

Debenture Redemption Fund has been created as per Nepal Rastra Bank Directive 16. The Bank has appropriated Rs. 171,931,429 to redemption reserve from current year's profit. Total Debenture Redemption Reserve as at Balance Sheet date is Rs.484,091,992, SBL Debenture "2072" of Rs, 227,770,000 has matured on 28th Kartik 2072 and redeemed to the debenture holders during FY 2072/73. The detail of the debenture along with redemption fund details is as follows:

Debentures	" Deb -2072	" Deb -2075	" Deb -2076	" Deb -2078	Total
UP to FY 2071/72	227,770,000	184,422,701	93,491,288	34,246,575	539,930,564
FY 2072/73	-	57,142,857	43,360,000	71,428,571	171,931,429
FY 2073/74	-	57,142,857	43,360,000	71,428,571	171,931,429
FY 2074/75	-	57,142,857	43,360,000	71,428,571	171,931,429
FY 2075/76	-	44,148,728	43,360,000	71,428,571	158,937,299
FY 2076/77	-	-	36,588,712	71,428,571	108,017,284
FY 2077/78	-	-	-	71,428,571	71,428,571
FY 2078/79	-	-	-	37,181,996	37,181,996
Total	227,770,000	400,000,000	303,520,000	500,000,000	1,431,290,000

8. Deferred Tax Reserve

Deferred Tax Reserve of the Bank has increased by Rs. 1,052,173.32 in the current year 2072/73. As of Balance Sheet date, the Bank's deferred tax reserve stands at Rs. 46,776,290.10.

9. Proposed Bonus Share & Cash Dividend

The Bank has proposed Bonus Share of Rs 1,473,262,702 (48.75% on Paid up Capital of Rs 3,022,077,338 as on 31st Ashad 2073) from Previous Year retained earnings, Surplus arising from the merger, matured debenture redemption reserve, and share premium including current year profit.

10. Interest income and interest Suspense

The Bank has recognised the interest income on loan and advances which was accrued till Ashad end 2073 and collected within 15 Shrawan 2073 as income due to facility given by Nepal Rastra Bank. This is not in accordance with the generally accepted accounting principles through NRB directives permit the same.

Bank has capitalized the interest of Rs 56,377,774.06 for various hydro projects by taking approval from Nepal Rastra Bank & Rs. 9,848,491 due to facility given by NRB for earthquake affected business. Bank has transferred Rs 9,848,491 in to capital adjustment fund.

Interest receivable on loans and advances outstanding as of year end Rs 294,966,802 (after deduction of interest collected up to 15th Shrawan 2073 amounting Rs 26,334,966.68) has been transferred to interest suspense account.

11. Provision for Staff Bonus

Provision for staff bonus is computed at 10% of net profits before tax after bonus.

12. Staff Housing Fund

As the Bank's personnel policies have a provision for extending housing loans to the eligible staff, a separate housing fund has not been created as required under the Labour Act, 2048.

13. Gratuity Fund

The Bank has provided Rs 25,622,060 on account of staff gratuity calculated as per Staff Service Rule in current year 2072-73.

14. Accumulated Leave

The Bank has provided Rs 80,439,383 on account of accrued leave encashment calculated as per Staff Service Rule in current year 2072-73 and Rs 12,626,021 was paid from the provisions.

15. Borrowing against its own assets

None of the Bank's borrowings are against the collateral of its own assets except collateral of T-Bills.

16. Tax Assessment

Case filed by or to organized institution during the Year:

The Bank has filed the pending case of income tax for FY 2067/68 & FY 2068/69 at tax settlement commission in current year 2072-73. The Bank has settled the pending case of income tax till FY 2066/67 through tax settlement commission.

17. Investment in Share Capital of other Corporate

The investments categorised under AFS should be marked to market on a regular basis and the difference to be adjusted through reserves as required under NRB Directives 4 and 8. The bank has deviated from this measurement method and continues to recognize AFS portfolio at historical cost net of impairment loss. However, the shares that are held for earning from short term price fluctuation and intent to sale within 3 months are classified as Held for Trading (HFT).

18. Unpaid Dividend

Unclaimed Dividend for FY 2009/10 to FY 2013/14 amounting Rs.24, 142,285 has been shown as unpaid dividend in Schedule 4.7 of the financial statements.

19. Lease

Finance Lease

The Bank has not entered into any finance lease and does not have any obligations 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, which can be terminated by either party giving prior notice as stipulated in the contract/ agreement. The future minimum lease payment under non-cancellable operating leases, where the Bank is lessee is NIL. There is no rental expense under non-cancellable operating leases.

20. Deferred Taxes

Deferred tax assets and liabilities have been computed in accordance with erstwhile NAS 9, Income Taxes and are attributable to the following:

Rs. in "000"

Particulars	Carrying Amount as on 15 July 2016	Tax Base as on 15 July 2016	Temporary Difference
Fixed Assets	375,522,092	414,368,483	38,846,390
Provision for staff gratuity	36,635,193	-	36,635,192
Provisions for leave liability	80,439,384	-	80,439,384
Total			155,920,966
Applicable Tax Rate			30%
Deferred Tax Assets as on 15 July 2016			46,766,290
Deferred Tax Assets as on 16 July 2015			45,724,116
Deferred tax recognized in the income statement			1,052,173

21. Bullion Stock:

The Bank holds precious metals (gold) in its custody arising from consignment transactions. Risks and rewards pertaining to the asset prices are vested with the consignor. The Bank merely acts as a consignee to the consignor and hence does not recognise the stock in its books as asset. At the balance sheet date there is 45 kgs of gold in the banks custody.

22. Reconciliation Status

The Bank reconciles branches and other agency accounts regularly. The difference has been identified, reviewed and reconciled and it has been or will be adjustment in due course of business.

Rs. in "000"

Reconciliation Status	Total Amount	< 3 months	>3<9 months	>9 months
Branch Reconciliation	-	-	-	-
Agency Accounts	173,154.19	171,227.11	1,860.57	66.50

23. Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off:

The loan and advances disbursed, recovered and written off during the year is given below:

(Rs in million)

Particulars	Amount
Loans Disbursed	51,024.34
Loans Recovered	31,691.12
Loans Written off	N/A
Interest written off	N/A

24. Summary status of the of Deposit Liabilities

(Rs. In millions)

Particulars	Current Year	Previous Year	Change %
Current/ Margin deposit	4,254	2,976	43%
Local Currency	4,090	2,756	48%
Foreign Currency	164	220	-25%
Saving Deposits	19,832	12,418	60%
Local Currency	19,721	12,346	60%
Foreign Currency	111	73	53%
Call Deposits	21,215	15,312	39%
Local Currency	20,965	15,058	39%
Foreign Currency	250	254	-2%
Fixed Deposits	19,634	14,035	40%
Local Currency	19,316	13,310	45%
Foreign Currency	318	725	-56%
Total	64,934	44,741	45%

25. Weighted Average Interest Rate Spread

Particulars	Rate (%)
Average Rate of return from loans and advances & investments	8.00
Average Rate of interest on deposits & borrowings	3.84
Net Spread	4.16

26. Expenses yet to be Expensed-off

The total cost of software and leasehold improvements, the amount amortised and the book value at the balance sheet date is as follows:

Rs. in "000"

Particulars	Original Value Rs.	Amortization Rs. (till last year)	Amortization Rs. (till this year)	Amortization Rs. (till last year)	Book Value
Software	52,731	44,971	4,669	49,641	3,091
Leasehold Improvement	230,914	165,106	12,578	177,684	53,230
Total	283,645	210,077	17,247	227,324	56,321

27. Summary of Concentration of Exposure

Rs. in "000"

Particulars	Loans and Advances and Bills Purchased	Deposits and Borrowings	Contingents
Total Amount as on 15 July 2016	56,507,714	65,844,358	12,771,555
Highest exposure to a single unit	414,914	2,168,287	440,984
Percentage of exposure to/from single unit (%)	0.74	3.29	3.45

28. Classification of Assets and Liabilities based on Maturity

(Rs. In millions)

a) Assets	1-90 days	91-180days	181-270 days	271-365days	Over 1 Year	Total
Cash Balance	1,941					1,941
Balance With Banks	4,334					4,334
Investment in Foreign Banks	210	214	-	321		745
GON- Securities	110		49			159
Investment in Shares					851	851
Nepal Rastra Bank Bonds					7,514	7,514
Other Investment					555	555
Inter Bank Lending					951	951
Loans & Advances	13,795	8,872	7,048	6,153	20,640	56,508
Other Assets	1,384				619	2,003
Total Assets	21,773	9,086	7,097	6,474	31,130	75,560
b) Liabilities						
Borrowings	850		60			910
Current Deposits & Margins	2,835				1,419	4,254
Savings Deposit & Call Deposits	20,524				20,523	41,047
Fixed Deposits	3,543	4,682	5,463	5,262	684	19,634
Debentures					1,204	1,204
Other Liabilities					2,270	2,270
Capital & Reserves					6,242	6,242
Total Liabilities	27,751	4,682	5,523	5,262	32,341	75,560
Net Financial Assets	(5,978)	4,404	1,574	1,212	(1,212)	(0)
Cumulative Net Financial Assets	(5,978)	(1,574)	(0)	1,212	(0)	

29. Related Parties

a) Transaction with related party

S.N.	Name	Nature of Transaction	Current Year Rs.	Previous Year Rs.
1	Siddhartha Insurance Ltd	Investment in Shares	32,820,000	32,820,000
2	Siddhartha Capital Ltd	Equity Investment in Mutual Fund	51,000,000	51,000,000
3	Siddhartha Growth Scheme 1st	Equity Investment in Seed Capital	75,000,000	75,000,000
4	Siddhartha Equity Oriented Scheme	Equity Investment in Seed Capital	150,000,000	150,000,000

b) Key Managerial Personnel

Key Management Personnel of the Bank include members of the Board, Chief Executive Officer and all managerial level executives. Followings are a list of Board of Directors and CEO bearing office at 15 July 2016.

Mr. Manoj Kumar Kedia	Chairman
Mr. Narendra Kumar Agrawal	Director
Mr. Birendra Kumar Shah	Director
Mr. Dinesh Shanker Palikhe	Director
Mr. Mahesh P. Pokharel	Director
Mr. Hemant Gyawali	Director
Mr. Rajesh Kumar Kedia	Director
Mr Bhagat Bista	Professional Director
Mr. Surender Bhandari	Chief Executive Officer

c) Compensation to Management Level Employees

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

Board Meeting fees	Rs 12,76,000
Other benefits	Rs 27,84,793

These allowances and benefits are approved by the Annual General Meeting of the Bank.

Details of Key Management Personnel	Total Compensation (Rs.)	Remarks
Short-term employee benefits	68,226,616	Salary, PF and allowances of management level staff (Management level staff comprises of all staff of assistant manager level and above)
Post employee benefits	Nil	
Terminal benefits	13,740,741	Gratuity benefits of eligible management staff
Share based payments	Nil	
Other long term benefits	Nil	

30. Agreement with IFC

The Bank has signed an Agreement with International Finance Corporation (IFC) - a member of World Bank Group, as an Issuing Bank for the Corporations' Global Trade Finance Program. As an Issuing Bank, IFC shall provide the Bank the agreed Confirmation Facility, which shall be used to enhance the Bank's capacity to meet the trade finance needs of various local enterprises as well as development projects of the country.

31. Agreement with Sakchyam

The Bank entered into agreement with Sakchyam to establish 15 Branchless Banking locations and revive 3 Branchless Banking locations in earthquake affected districts Sindhuli, Kavrepalanchok, Makawanpur, Bhaktapur and Kathmandu with objective to spread awareness about banking services. These Branchless Banking locations could also be used for the purpose of distributing social security payments and other payments from Government to the citizens.

DISCLOSURES OF BASEL-II

Capital Structure and Capital Adequacy:

Tier 1 capital and a breakdown of its components

		Rs. In "000"
S.N.	Particulars	Amount
a	Paid up Equity Share Capital (inc. Calls In Advance)	3,022,881
b	Share Premium	-
c	Proposed Bonus Equity Share	1,473,263
d	Statutory General Reserve	1,082,375
e	Retained Earnings	72,678
f	Unaudited current year cumulative profit	-
g	Capital Redemption Reserve	-
h	Capital Adjustment Reserve	9,848
i	Dividend Equalization Reserves	-
j	Debenture Redemption Reserve	484,092
k	Deferred Tax Reserves	46,776
l	Other Reserves	-
m	Less: Deferred Tax Assets	(46,776)
n	Less: Investment in equity of institutions with financial interests	(83,820)
Total Tier 1 Capital		6,061,317

Tier 2 capital and a breakdown of its components

Rs. In "000"

		Amount
a	Particulars	Amount
a	Cumulative and/or Redeemable preference share	-
b	Subordinated Term Debt	982,816
c	Hybrid Capital Instruments	-
d	General Loan Loss Provision	614,544
e	Investment Adjustment Reserve	25,062
f	Assets Revaluation Reserve	-
g	Exchange Equalization Reserve	24,819
h	Other Reserves	-
Total Tier 2 capital		1,647,241

Subordinated Term Debts:

1. At the Bank issued SBL Debenture 2075 in FY 2011/12 for Rs.400 million with face value Rs 1,000. As per NRB Directives, 60% of the subordinated term debt has been amortized till this year. Main features of Siddhartha Bank Limited Debenture 2075 are as follows:

- Maturity period: 7 Years.
- Interest rate: 11 % per annum.
- Interest Payment frequency: Half Yearly.
- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created to redeem the Bond at Maturity.
- The debenture can be pledged with other banks and financial institution.
- Listed with Nepal Stock Exchange

2. At the same, the bank issued SBL Debenture 2076 in FY 2012/13 for Rs. 303 million with face value of Rs.1000. As per NRB Directives, 80% of the subordinated term debt has been amortized till this quarter. The salient features of SBL Debenture 2076 are as follows:

- Maturity period: 7 Years.
- Interest rate: 8% per annum.
- Interest Payment frequency: Half Yearly.

- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created to redeem the Bond at Maturity.
- The debenture can be pledged with other Banks and financial institution.
- Listed with Nepal Stock Exchange

3. At the same, the bank issued SBL Debenture 2078 in FY 2014/15 for Rs. 500 million with face value of Rs.1000. The salient features of SBL Debenture 2078 are as follows:

- Maturity period: 7 Years.
- Interest rate: 7.50% per annum.
- Interest Payment frequency: Half Yearly.
- Claim in case of liquidation: After depositors.
- Debenture Redemption Reserve shall be created to redeem the Bond at Maturity.
- The debenture can be pledged with other Banks and financial institution.
- Listed with Nepal Stock Exchange

Deductions from Capital:

The Bank has investments of Rs.32.82 million in the equity shares of Siddhartha Insurance Limited and Rs. 51 million in Siddhartha Capital, which has been deducted from the core capital while computing capital adequacy.

Total Qualifying Capital:

Rs. In "000"	
Particulars	Amount
Core Capital	6,061,317
Supplementary Capital	1,647,241
Total Capital Fund	7,708,558

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

Rs. In "000"	
Particulars	Amount
Risk Weighted Exposure for Credit Risk	63,570,024
Risk Weighted Exposure for Operational Risk	2,736,388
Risk Weighted Exposure for Market Risk	78,861
Adjustments under Pillar II:	
Add: 4% of Gross income of last FY due to supervisor is not satisfied with sound practice of management of operational risk (6.4 a 7)	793,586
Add: 2% of the total RWE due to inadequate risk management policies and procedures of the bank (6.4 a 9)	1,327,705
Total Risk Weighted Exposure (After Pillar II Adjustment)	68,506,564

Risk Weighted Exposures under different categories of Credit Risk:

Rs. In "000"		
1	Claims on Government & Central Bank	
1	Claims on Government & Central Bank	
2	Claims on Other Financial Entities	-
3	Claims on Domestic Banks that meet CAR	308,480
4	Claims on Domestic Banks that do not meet CAR	8,795
5	Claims on Foreign banks (ECA 0-1)	129,367
6	Claims on Foreign banks (ECA 2)	89,272
7	Claims on Foreign banks (ECA 3-6)	3,411
8	Claims on Foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	71,214
9	Claims on Domestic Corporates	28,476,742
10	Claims on Regulatory retail portfolio (Not Overdue)	10,716,725
11	Claims secured by residential properties	1,194,356
12	Claims secured by residential properties (Overdue)	29,934
13	Claims secured by Commercial Real Estate	1,643,885
14	Past Due Claims (except for Claims secured by residential properties)	457,373
15	High Risk Claims	13,072,123
16	Investment in equity and other capital instruments of institutions listed in the stock exchange	675,811
17	Investment in equity of institutions not listed in the stock exchange	133,939
18	Staff Loan secured by residential property	300,685
19	Cash in transit and other cash items in the process of collection	-
20	Other Assets	1,256,482
21	Off Balance Sheet Items	5,001,430
Total		63,570,024

Total Risk Weighted Exposure calculation table:

Rs. In "000"	
Particulars	Amount
Total Risk Weighted Exposure	68,506,564
Total Core Capital Fund	6,061,317
Total Capital Fund	7,708,558
Total Core Capital to Total Risk Weighted Exposures %	8.85
Total Capital to Total Risk Weighted Exposures %	11.25

Amount of Non-Performing Assets (both Gross and Net)

			Rs. In "000"
Particulars	Amount	Loan Loss Provision	Net NPL
Restructured/ Rescheduled	57,168	7,146	50,022
Sub- standard	194,062	48,516	145,547
Doubtful	194,758	97,379	97,379
Loss	382,969	382,969	-
Total	828,957	536,009	292,947

NPA Ratios

Particulars	in %
Gross NPA to Gross Advances	1.47
Net NPA to Net Advances	0.53

Movement in Non Performing Assets

				Rs. In "000"
Particulars	This Year	Previous Year	Change (%)	
Non-performing assets	828,957	669,484	23.82	

Written Off Loans and Interest Suspense

		Rs. In "000"
Particulars	Amount	
Loan Written Off		
Interest Suspense		

Movements in Loan Loss Provision and Interest Suspense:

				Rs. In "000"
Particulars	This Year	Previous Year	Change (%)	
Loan Loss Provision	1,156,824	811,514	42.55	
Interest Suspense	268,632	132,807	102.27	

Details of Additional Loan Loss Provisions:

		Rs. In "000"
Particulars	This Quarter	
Pass	241,838	
Restructured/ Rescheduled	(474)	
Sub- standard	17,738	
Doubtful	6,109	
Loss	80,099	
Total	345,309	

Segregation of Investment in Corporate Share Portfolio:

		Rs. In "000"
Particulars	This Quarter	
Held for Trading	24,674	
Held to Maturity	374,497	
Available for Sale	451,886	
Total Investment	851,058	

3. Risk Management Function:

Siddhartha Bank has specific internal review mechanism to assess its position regarding each separate risk area including Credit Risk, Market Risk and Operational Risk.

Credit Risk

The Bank has its own Credit Policy Guidelines to handle the Credit Risk Management philosophy that involves a continual measurement of probability of default/loss; identification of possible risks and mitigations. The provisions of Capital Adequacy Framework -2007 updated July, 2008 are complied in line to line basis to overcome the Credit Risk. In order to manage and eliminate the credit risk, the Bank has a practice of maintaining the best quality assets in its book. The Bank's Credit Policy elaborates detailed procedures for proper risk management. The Bank has delegated credit

approval limits to various officials to approve and sanction various amount of credit request based on their individual expertise and risk judgement capability.

As a check and balance mechanism, each credit case requires dual approval. Regular monitoring of the credit portfolio ensures that the Bank does not run the risk of concentration of portfolio in a particular business sector or a single borrower. Similarly the Bank also exercises controlled investment policy with adequately equipped resource looking after the investment decisions.

To cap these all, the Bank has a strong Credit Committee in place comprising of various Directors from the Board of the Bank which reviews all credit proposals beyond a specified amount

Types of eligible credit risk mitigants used and the benefits availed under CRM.

Particulars	Eligible CRM(Rs 000)
Deposit with Bank	391,693
Deposit with Other Bank/FI	-
Total	391,693

Market Risk

Bank risk management committee has approved the market risk policy of the Bank. As for the monitoring of market and liquidity risk, the Bank has an active Assets and Liability Management Committee (ALCO) in place which meets regularly and takes stock of the Bank's assets and liability position and profile of assets & liabilities, monitors risks arising from changes in exchange rates in foreign currencies. All foreign exchange positions are managed by treasury consisting of front office dealers with specific dealing limits and an independent back office. The back office executes the deals made by the dealers and also monitors the liquidity position of the Bank. For the purpose of proper check and control, the front dealing room of treasury and the back office have different reporting line.

Operational Risk

As a part of monitoring operational risks, the Bank has devised operational manuals for various Banking functions, which are reviewed and modified time to time as per the changing business context.

The Bank has adopted dual control mechanism in its all operational activities where each and every financial and non financial transaction is subject to approval from an authority higher than the transaction initiator. Regular review meetings are conducted to assess the adequacy of risk monitoring mechanism and required changes are made as and when felt necessary. Independent reconciliation unit is established to conduct daily reconciliation of all Nostro/agency accounts, Inter-Branch and Inter-Department account under direct supervision of Head of Finance, Head Office. The Bank has independent internal audit, which reports to the Audit Committee of the Bank. The Audit Committee meets frequently and reviews the business process and financial position of the Bank. In order to have better focus on managing operational risks across branches and to monitor them from Head Office level, the Bank has separate Branch Operation and Control & Compliance Department at Head Office. The Bank has strong MIS in place to monitor the regular operational activities.

STATEMENTS OF LOANS AVAILED BY PROMOTERS/SHAREHOLDERS CLASSIFIED UNDER PROMOTER'S GROUP FROM OTHER BANKS AND FINANCIAL INSTITUTIONS BY PLEDGING SHARES UNDER THEIR OWNERSHIP

Schedule - 4.34

End of 31 Ashad 2073

S.N.	Promoters/ Shareholders classified under Promoter group	Promoter's Share Ownership		Loan Details			Remarks
		Total No. of Shares	% of Total Paid up Capital	Name of the Bank & Financial Institutions	Loan Amount	Total no. of Pledged Shares	
1	RABINDRA MAN JOSHI	19,381	0.06%	Demat Pledge		19,381	
2	POONAM CHAND AGRAWAL	247,127	0.82%	Himalayan Bank Ltd	12,356,300.00	123,563	
3	SHAMBHU KUMAR KANDOI	113,869	0.38%	Demat Pledge		75,000	
4	KRISHNA RAJ PARAJULI	69,774	0.23%	Demat Pledge		69,774	
5	SALEWAYS DEPARTMENTAL STORES	38,763	0.13%	Demat Pledge		33,514	
6	SUSHILA PARAJULI BARAL	51,345	0.17%	Demat Pledge		51,345	
7	BIRENDRA NARAYAN SHRESTHA	48,328	0.16%	Demat Pledge		48,328	
8	RAJENDRA AGRAWAL	177,477	0.59%	Apex Development Bank Ltd	11,790,300.00	117,903	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT

Schedule 4.35

As of Asadh End 2073

Rs.in '000

S.N.	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)	74,421,344	74,402,915	(18,429)	(0.02)	Due to below changes
1.1	Paid Up Capital	3,022,881	4,496,143	1,473,263	48.74	Due to proposed Bonus share
1.2	Reserve and Surplus	3,230,142	1,745,651	(1,484,491)	(45.96)	Due to proposed Bonus share
1.3	Debtenture and Bond	1,203,520	1,203,520	-	-	
1.4	Borrowings	910,000	910,000	-	-	
1.5	Deposits (a+b)	64,934,359	64,934,359	-	-	
	a. Domestic Currency	64,091,370	64,091,370	-	-	
	b. Foreign Currency	842,988	842,988	-	-	
1.6	Income Tax Liability	-	-	-	-	
1.7	Other Liabilities	1,120,443	1,113,243	(7,200)	(0.64)	Due to change in Profit
2	Total Assets (2.1 to 2.7)	74,421,344	74,402,915	(18,429)	(0.02)	Due to below changes
2.1	Cash and Bank Balance	6,274,807	6,274,807	-	-	
2.2	Money at Call and Short Notice	950,700	950,700	-	-	
2.3	Investments	9,822,607	9,822,607	(0)	(0.00)	
2.4	Loans and Advances (a+b+c+d+e+f)	55,305,183	55,350,891	45,708	0.08	Due to Changes in LLP
	a. Real Estate Loan	5,525,613	5,525,613	-	-	
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs. 100 Lacs)	369,408	369,408	-	-	
	2. Business Complex & Residential Apartment Construction Loan	1,099,503	1,099,503	-	-	
	3. Income generating Commercial Complex Loan	491,260	491,260	-	-	
	4. Other Real Estate Loan (Including Land purchase & plotting)	3,565,442	3,565,442	-	-	

Continue Comparison of Unaudited and Audited Financial Statement

Continue Comparison of Unaudited and Audited Financial Statement

2.5	Fixed Assets (Net)	621,916	618,825	(3,091)	(0.50)	Regrouping of Fixed Assets
2.6	Non- Banking Assets	-	-	-	-	
2.7	Other Assets	1,446,131	1,385,085	(61,046)	(4.22)	Due to Change in Deferred Tax Assets
3	Profit and Loss Account					
3.1	Interest Income	4,117,569	4,118,494	925	0.02	Regrouping booked income
3.2	Interest Expenses	2,000,902	2,000,902	-	-	
	A. Net Interest Income (3.1 -3.2)	2,116,667	2,117,592	925	0.04	Due to above changes
3.3	Fees, Commission and Discount	173,917	173,917	-	-	
3.4	Other Operating Income	316,461	316,590	129	0.04	Regrouping booked income
3.5	Foreign Exchange Gain/Loss (Net)	167,085	167,085	-	-	
	B. Total Operating Income (A.+3.3+3.4+3.5)	2,774,130	2,775,184	1,054	0.04	Due to above changes
3.6	Staff Expenses	372,850	372,850	-	-	
3.7	Other Operating Expenses	489,677	489,863	185	0.04	Due to booked of additional Expenses
	C. Operating Profit Before Provision (B.-3.6-3.7)	1,911,603	1,912,472	868	0.05	Due to above changes
3.8	Provision for Possible Losses	269,157	259,340	(9,816)	(3.65)	Due to Changes in LLP
	D. Operating Profit (C.-3.8)	1,642,446	1,653,131	10,685	0.65	Due to above changes
3.9	Non- Operating Income/Expenses (Net)	166,490	160,381	(6,110)	(3.67)	
3.10	Write Back of Provision for Possible Loss	151,826	157,364	5,538	3.65	Due to booked of additional Write back
	E. Profit from Regular Activities (D+3.9+3.10)	1,960,763	1,970,876	10,113	0.52	Due to above changes
3.11	Extraordinary Expenses (Net)	-	572	572	-	Regrouping booked of income
	F. Profit Before Bonus and Taxes (E+3.11)	1,960,763	1,971,448	10,685	0.54	Due to above changes
3.12	Provision for Staff Bonus	178,251	179,223	971	0.54	Due to above changes
3.13	Provision for Taxes	537,620	537,307	(313)	(0.06)	Due to above changes
	G. Net Profit/Loss (F.- 3.12-3.13)	1,244,892	1,254,918	10,026	0.81	Due to all above changes

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

Schedule 4.4a

As at 4th Quarter (15/07/2016) of the Fiscal Year 2072/73

Rs.in '000

S.N.	Particulars	This Quarter Ending 15.07.2016		Previous Quarter Ending 12.04.2016		*Audited * Corresponding Previous Year Quarter Ending 16.07.2015	
		Siddhartha Bank	Group	Siddhartha Bank	Group	Siddhartha Bank	Group
1	Total Capital and Liabilities (1.1 to 1.8)	74,421,344	74,842,267	60,341,443	60,474,607	50,647,296	50,719,745
1.1	Paid Up Capital*	3,022,881	3,022,881	2,437,416	2,437,416	2,437,416	2,437,416
1.2	Reserve and Surplus	3,230,142	3,250,783	2,094,366	2,112,387	1,308,664	1,319,078
1.3	Debtenture and Bond	1,203,520	1,203,520	1,203,520	1,203,520	1,431,290	1,431,290
1.4	Borrowings	910,000	910,000	250,000	250,000	65,000	65,000
1.5	Deposits (a+b)	64,934,359	64,902,408	53,354,327	53,336,779	44,740,732	44,722,073
	a. Domestic Currency	64,091,370	64,059,420	52,530,636	52,513,088	43,469,681	43,451,023
	b. Foreign Currency	842,988	842,988	823,691	823,691	1,271,051	1,271,051
1.6	Income Tax Liability	-	-	-	-	-	-
1.7	Other Liabilities	1,120,443	1,483,843	1,001,814	1,077,684	664,194	685,882
1.8	Non Controlling Interest	-	68,832	-	56,821	-	59,006
2	Total Assets (2.1 to 2.7)	74,421,344	74,842,267	60,341,443	60,474,607	50,647,296	50,719,745
2.1	Cash and Bank Balance	6,274,807	6,637,396	5,078,506	5,136,205	5,107,789	5,112,584
2.2	Money at Call and Short Notice	950,700	950,700	750,710	750,710	1,130,000	1,130,000
2.3	Investments	9,822,607	9,823,522	8,433,678	8,435,020	6,641,682	6,664,935
2.4	Loans and Advances (a+b+c+d+e+f)**	55,305,183	55,305,183	44,664,858	44,664,858	36,339,796	36,339,796
	a. Real Estate Loan	5,525,613	5,525,613	4,533,188	4,533,188	3,419,347	3,419,347
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs.100 Lacs)	369,408	369,408	174,979	174,979	168,152	168,152
	2. Business Complex & Residential Apartment Construction Loan	1,099,503	1,099,503	1,129,214	1,129,214	938,630	938,630
	3. Income generating Commercial Complex Loan	491,260	491,260	441,594	441,594	479,175	479,175
	4. Other Real Estate Loan (Including Land purchase & plotting)	3,565,442	3,565,442	2,787,401	2,787,401	1,833,391	1,833,391

Continue Unaudited Financial Results (Quarterly)

Continue Unaudited Financial Results (Quarterly)

	b. Personal Home Loan of Rs. 100 Lacs or Less	3,568,909	3,568,909	2,864,486	2,864,486	2,441,667	2,441,667
	c. Margin Type Loan	1,511,102	1,511,102	801,931	801,931	464,032	464,032
	d. Term Loan	11,349,046	11,349,046	9,092,312	9,092,312	7,554,274	7,554,274
	e. Overdraft Loan/ TR Loan/ WC Loan	24,001,018	24,001,018	20,943,059	20,943,059	17,316,227	17,316,227
	f. Others	9,349,495	9,349,495	6,429,882	6,429,882	5,144,249	5,144,249
2.5	Fixed Assets (Net)	621,916	638,110	433,937	450,123	409,852	418,223
2.6	Non- Banking Assets	-	-	-	-	-	-
2.7	Other Assets	1,446,131	1,487,356	979,753	1,037,691	1,018,176	1,054,207
3	Profit and Loss Account	Up to this Quarter	Up to this Quarter	Up to Previous Quarter	Up to Previous Quarter	Up to corresponding Previous Year Quarter	Up to corresponding Previous Year Quarter
3.1	Interest Income	4,117,569	4,158,865	2,791,871	2,790,263	3,295,250	3,295,250
3.2	Interest Expenses	2,000,902	1,989,418	1,452,007	1,450,399	1,859,407	1,859,407
	A. Net Interest Income (3.1 -3.2)	2,116,667	2,169,447	1,339,864	1,339,864	1,435,843	1,435,843
3.3	Fees, Commission and Discount	173,917	173,917	130,163	130,163	187,708	187,708
3.4	Other Operating Income	316,461	334,856	206,251	248,424	243,596	289,260
3.5	Foreign Exchange Gain/Loss (Net)	167,085	167,085	131,535	131,535	142,341	142,341
	B. Total Operating Income (A+3.3+3.4+3.5)	2,774,130	2,845,305	1,807,813	1,849,986	2,009,488	2,055,152
3.6	Staff Expenses	372,850	387,615	275,184	286,113	328,131	337,410
3.7	Other Operating Expenses	489,677	508,807	334,500	346,992	459,807	473,408
	C. Operating Profit Before Provision (B-3.6-3.7)	1,911,603	1,948,883	1,198,129	1,216,881	1,221,550	1,244,334
3.8	Provision for Possible Losses	269,157	269,157	242,966	242,966	249,086	249,086
	D. Operating Profit (C-3.8)	1,642,446	1,679,727	955,163	973,915	972,463	995,248
3.9	Non- Operating Income/Expenses (Net)	166,490	174,078	129,613	134,269	38,854	44,494

Continue Unaudited Financial Results (Quarterly)

3.10	Write Back of Provision for Possible Loss	151,826	151,826	149,898	149,898	197,952	197,952
	E. Profit from Regular Activities (D+3.9+3.10)	1,960,763	2,005,631	1,234,674	1,258,082	1,209,269	1,237,694
3.11	Extraordinary Income/Expenses (Net)	-	-	-	-	1,003	1,003
	F. Profit Before Bonus and Taxes (E+3.11)	1,960,763	2,005,631	1,234,674	1,258,082	1,210,272	1,238,697
3.12	Provision for Staff Bonus	178,251	182,330	112,243	114,371	110,025	112,609
3.13	Provision for Taxes	537,620	547,817	336,729	342,049	333,167	339,608
3.14	Share of Non-controlling interest in the Profit/Loss of Subsidiary	-	14,990	-	7,821	-	9,506
	G. Net Profit/Loss (F- 3.12-3.13)	1,244,892	1,260,494	785,701	793,841	767,081	776,974
4	Ratios	At the end of This Quarter	At the end of This Quarter	At the end of Previous Quarter	At the end of Previous Quarter	At the end of corresponding Previous Year Quarter	At the end of corresponding Previous Year Quarter
4.1	Capital Fund to RWA	11.12%	11.19%	10.44%	10.52%	11.19%	11.29%
4.2	Non- Performing Loan (NPL) to Total Loan	1.41%	1.41%	1.16%	1.16%	1.80%	1.80%
4.3	Total Loan Loss Provision to Total NPL	142.06%	142.06%	169.52%	169.52%	121.04%	121.04%
4.4	Cost of Funds	3.84%	3.84%	3.92%	3.92%	4.62%	4.62%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directive)	77.68%	77.68%	78.18%	78.18%	76.71%	76.71%
4.6	Base Rate %	6.65%	6.65%	6.78%	6.78%	7.87%	7.87%
4.7	Net Interest Spread (Calculated as per NRB Directives)	4.37%	4.37%	4.26%	4.26%	4.35%	4.35%
	Additional Information						
a	Average Yield	7.83%	7.83%	7.68%	7.68%	8.48%	8.48%
b	Average Cost	3.83%	3.83%	3.91%	3.91%	4.61%	4.61%
d	Return on Equity	19.01%	19.01%	23.12%	23.12%	20.29%	20.29%
e	Return on Assets	1.60%	1.60%	1.74%	1.74%	1.51%	1.51%

नेपाल राष्ट्र बैंक
बैंक सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं।
फोन नं.: ४४१९८०५,७
फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोष्ट बक्स: ७३

प.सं: बै.सु.वि./अफसाइट/एजिएम/१७/२०७३-७४

मिति: २०७३।०९।०८

सिद्धार्थ बैंक लिमिटेड
झत्तीसार, काठमाडौं।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

तहाँबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०६३ को दफा ४६ को उपदफा (१) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (२) बमोजिम प्रस्तावित बोनस शेरर रु. १,४७,३२,६२,७०२/- (अक्षरेपी एक अर्ब सत्चालीस करोड बत्तीस लाख बैसठ्ठी हजार सात सय दुई मात्र) वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७२/७३ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिका लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न मात्र सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- लेखापरिक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनु।
 - यस बैंकबाट जारी गरिएको निर्देशन नं. १० को वृद्धा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेररमा लगानी गर्दा चूक्ता पूजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चूक्ता पूजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेरर धारण गर्ने संस्थापक शेररधनीहरुको हकमा तोकिएको सीमाभित्र नआएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेरर वितरण रोक्का राख्न।
- उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन।

भवदीय,
[Signature]
२०७३/९/८
(देवेन्द्र गौतम)
उप-निर्देशक

बोधार्थ :

- नेपाल राष्ट्र बैंक
बैंक तथा वित्तीय संस्था नियमन विभाग।
- बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, सिद्धार्थ बैंक लिमिटेड।

SBL BRANCH LOCATIONS

Inside Valley Branches

S.N.	Branch	Branch Manager	Telephone No.	Fax
1.	Anamnagar	Kailash Karki	014240480/4246151/4246152	01-4243414
2.	Bouddha	Saroja Regmi	01-4490797	01-4486516
3.	Gatthaghar	Ujjwal Nepal	01-5639435 / 6630302	01-5639788
4.	Gongabu	Min Bahadur Chaulagain	01-4389227 / 4389226	01-4389203
5.	Gwarko (B & B) Extension Counter	Usha Acharya	01-5007621	
6.	Hattisar	Jit Adhikari	01-4442919/4442920	1-4442921
7.	Kalanki	Sujita Joshi	01-4272570	01-4276122
8.	Kamalbinayak, Bhaktapur, Nepal	Rabi Shrestha	01-6620380	
9.	Kantipath	Sabina Rajbhandari	01-4230234/4229367	01-4245895
10.	Kuleshwor	Prabhu Kaspal	01-4284110	
11.	Kumaripati	Shila Tajhya	01-5008648/ 5008650	01-5552648
12.	Maharajgunj	Neema Nepal	01-4374909 / 4374974	01-4375413
13.	New Road	Biplavi Singh	01-4224616/4239535	01-4239590
14.	Old Baneshwor	Ajay Singh Bhandari	01-4484996/4492850	01-4484997
15.	Patan	Gyanendra Maharjan	01-5005531/ 5005533	01-5005532
16.	Sankhamul	Lalita Adhikari	01-4781516 / 4781396	01-4781616
17.	Saraswotinaragar	Jyotsna Kunwar	01-4822730 / 4822728	01-4822729
18.	Satdobato	Milan Koirala	01-5151828 / 5151327	01-5151829
19.	Swoyambhu	Pravin Amatya	01-4033606 / 4033607	01-4033608
20.	Thamel	Pooja Bajracharya	01-4701340/4701342	01-4701341
21.	Tinkune	Binu Bhandary	01-4111941/4111881	01-4111754
22.	Tripureshwar	Navaraj Karki	01-4232504/4232509	01-4232521

Outside Valley Branches

S.N.	Branches	Branch Manager	Telephone No.	Fax
1.	Bagar	Dipak Pokhrel	061-527747 / 527748	061-527749
2.	Bardibas	Arna Bahadur Balampaki	044-550640 / 550641	044-550642
3.	Bauniya	Chet Raj Bhandari	091-404118/404119	
4.	Beltar	Kiran Adhikari	035-440230/440231	
5.	Beni	Ganesh Pathak	069-521257	
6.	Bhairahawa	Jeevan Ghimire	071- 523645/523646	071- 523733
7.	Biratchowk	Prabindar Shrestha	021-545523/545524	
8.	Biratnagar	Kamal Basnet	021-532901/532902	021-532904
9.	Birauta	Surendra Shrestha	061-460185/464703	061-460185
10.	Birgunj	Upendra Prakash Gadtaula	051-531011/531022	051-531055
11.	Birtamod	Subash Shrestha	023- 545760/545661	
12.	Buddha Chowk	Anila Gurung	061-432505/432506	061-432503
13.	Butwal	Sushil Nepal	071-551540/551541	071-551539
14.	Chandragadhi	Sudhir Bhandari	023-456939 / 456998	023-456940
15.	Chipledhunga	Pradeep Shrestha	061-540725/531133	
16.	Dadeldhura	Yogendra Bhandari	096-410014/410015	
17.	Dailekh	Prakriti Shant Thakurathi	089-410060/410061	
18.	Damak	Prajwal Kumar Subedi	023-585206/585127	023-585128
19.	Damauli	Om Raj Shrestha	065-561790/562690	065-561791
20.	Dhangadhi	Mahendra Rawal	091-527463	091-527465
21.	Dharan	Roshan Parajuli	025-534022/534023	025-534024
22.	Ghorahi	Ranjan Koirala	082-563174/563175	082-563176
23.	Hetauda		057-526767/26768	057-526769
24.	Ilam	Ganesh Kumar Guragain	027-520766/521733	
25.	Itahari	Megh Nath Dhakal	025- 584721/ 584722	025 -584205
26.	Janakpur	Akhilesh Prasad Yadav	041-528081/528082	041-528083
27.	Kalैया	Sanjan Kumar Singh	053- 551920	053- 551921
28.	Kawasoti	Biplav Raut	078-541133	
29.	Khandbari	Nilesh Acharya	029-561172/561173	
30.	Kohalpur	Vijaya Kumar Rasaili	081-542040/542041	
31.	Krishnanagar	Shiva Kumar Yadav	076- 520655/520656	076-520660
32.	Kshireswar	Govinda Maharjan	041- 540428/540487	
33.	Lakeside	Binaya Pahari	061-464414	
34.	Mahendranagar	Mohan Bahadur Shah	099-520163/520164	099-520165
35.	Namche	Samip Singh Pahari	038-540451/540452	038-540453
36.	Narayangarh	Anant Shrestha	056-571127/571128	056-571129
37.	Nepalgunj	Tej Raj Timilsina	081-527933/527934	081-527932
38.	Palpa		075-521567	
39.	Parasi	Kapil Kafle	078-520547/520647	078-520847
40.	Parshyang	Anirudra Baral	061-531505	061-531504
41.	Phikkal	Prabesh Ghimire	027-540353	
42.	Pokhara	Hari Prasad Timalena	061-551338/551405	061-551339
43.	Simara	Krishna Prasad Gautam	053-521940/521941	
44.	Sindhuli	Arjun Pokhrel	047-520747 / 520748	047-520647
45.	Tandi	Abhishek Kumar Thapa	056-563143/563145	
46.	Tikapur	Nitesh Shrestha	091-561163/561164	091-561165
47.	Tulsipur	Samartha Upreti	082-521707 / 521708	082-521709
48.	Urlabari Extension Counter	Karna Bista	021-540617/540618	

ATM Locations

Inside Valley	Outside Valley
Bhaktapur	Bardibas Branch
Dattatraya Durbar Square	Bauniya Branch
Gatthaghar Branch	Beltar Branch
Kathmandu	Bhairahawa Branch
Bouddha Branch	Biratnagar Branch
Budhanilkantha, Park Village Resort	Birauta Branch
Chabahil , ATM Lounge	Birgunj Branch
Civil Mall, ATM Lounge	Buddha Chowk Branch
Gongabu Branch	Birtamode Branch
Hattisar, 1 Head Office	Butwal (Lumbini Zonal Hospital)
Hattisar, 2 Head Office	Chandragadhi Branch
Kalanki Branch	Chiplehunga Branch
Maharajgunj Branch	Dadeldhura Branch
Maharajgunj, Bhairab Nath Gan	Dailekh Branch
New Baneshwor, ATM Lounge	Damak Branch
New Road , ATM Lounge	Damak Chowk (Old Gorkha
Old Baneshwor Branch	Departmental Store Building)
Sundarijal Chowk, Bus Park	Dhangadhi Branch
Swoyambhu Branch	Dharan Branch
Thamel Branch	Ghorahi Branch
Thamel, ATM Lounge, Narsing Chowk	Hetauda Branch
Thamel , ATM Lounge Chaksibari Marga	Ilam Branch
Thamel, ATM Lounge, Hotel Garuda	Itahari Branch
Thamel, ATM Lounge, Bhagawati Bahal	Janakpur Branch
Tinkune Branch	Kalैया Branch
Tripureshwar Branch	Khandbari Branch
Lalitpur	Kohalpur Branch
Gwarko, B&B Ext Counter	Krishnanagar Branch
Kumaripati , ATM Lounge	Kshireswar Branch
Patan Branch	Mahendranagar Branch
Satdobato Branch	Namche Branch
	Namche Bazaar
	Narayangarh Branch
	Narayangarh, Shahid Chowk
	Nepalgunj Branch
	Nepalgunj, Western Hospital
	Parasi Branch
	Parshyang Branch
	Phikkal Branch
	Pokhara Branch
	Pokhara Center Point
	Pokhara, Halanchowk
	Pokhara, Lakeside
	Pokhara, Pamee
	Sauraha Chowk
	Simara Branch
	Sindhuli Branch
	Sunauli, Hotel Mamata
	Suparetar, Suparetar Barrack,
	Hetauda
	Tandi Branch
	Tikapur Branch
	Tulsipur Branch
	Urlabari, Branch

Siddhartha Mobile ATM



Branch and Major ATM Locations			
Inside Valley			
Anamnagar	01 - 4240480	Maharajgunj	01 - 4374909
Bouddha	01 - 4490767	New Road	01 - 4224618
Gatthaghar	01 - 9639435	Old Baneshwor	01 - 4484996
Gongabu	01 - 4369227	Patan	01 - 5005531
Gowari (B & B)		Sankhamul	01 - 4781516
Extension Counter	01 - 5007621	Saraswatinagar	01 - 4822730
Hattisar	01 - 4442919	Satdobato	01 - 5151828
Kalanki	01 - 5219570	Swoyambhu	01 - 4033606
Kamalbinayak	01 - 6620380	Thamel	01 - 4701340
Kantipath	01 - 4230234	Tinkune	01 - 4111941
Kuleshwar	01 - 4284110	Tripureshwar	01 - 4232504
Kumaripati	01 - 5006648		

Outside Valley	
Eastern Region	
Chandragadhi	023 - 4569399
Birtamod	023 - 545760
Ilam Bazar	027 - 520766
Damak	023 - 582306
Urlabari Ext. Counter	021 - 540617
Itahari	025 - 564721
Dharan	025 - 534022
Beltar	035 - 440230
Khandbari	029 - 561172
Namche	038 - 542451
Biratnagar	021 - 532901
Mirchaya, Siraha	033 - 550084
Phikkal Bazar, Ilam	027 - 540353
Biratchowk	021 - 545523
Western Region	
Parasi	078 - 520547
Bhairahawa	071 - 523645
Butwal	071 - 551540
Bagar, Pokhara	061 - 527747
Pokhara, Birauta	061 - 460185
Buddha Chowk, Pokhara	061 - 432505
Chiplehunga, Pokhara	061 - 540725
Sabhagriha, Pokhara	061 - 551338
Parshyang, Pokhara	061 - 531505
Lakeside, Pokhara	061 - 464414
Damauli	066 - 561790
Krishnanagar	076 - 520655
Beni, Myagdi	069 - 521257
Kawasoti, Nawalparasi	078 - 541133
Palpa	075 - 521567

Central Region		Mid Western Region	
Janakpur	041 - 528081	Ghorahi	082 - 563174
Kahreshwar	041 - 540428	Tulsipur	082 - 521707
Sindhuli	047 - 520747	Kohalpur	081 - 542040
Bardibas	044 - 550640	Nepalgunj	081 - 527933
Simara	053 - 521949	Dailekh	088 - 410060
Kalैया	053 - 551920	Surkhet	083 - 523852
Birgunj	051 - 831011		
Hetauda	057 - 526767	Far Western Region	
Tandi	056 - 563143	Bauniya	091 - 404118
Narayangarh	056 - 571127	Tikapur	091 - 561163
		Dadeldhura	096 - 410014
		Dhangadhi	091 - 527463
		Mahendranagar	099 - 520163

Our Products and Services			
DEPOSIT PRODUCTS	LOAN AND ADVANCES	PAYMENT SOLUTIONS	
Saving Deposits: Siddhartha Bal Bachat Siddhartha Nari Bachat Siddhartha Sanction Bachat Siddhartha Jeeva Nagari Bachat Siddhartha Babesh Bachat Siddhartha Babesh Savings Account Siddhartha Aarti Account Siddhartha Investor's Savings Account Siddhartha Super Salary Account Siddhartha Mega Savings Siddhartha Kantiour Savings Account Siddhartha eSewa Bachat Fixed Deposit Siddhartha Aakash Muddal Khata Siddhartha Pension Muddal Khata Siddhartha 180 Days Fixed Deposit	Consumer Loans: Siddhartha Home Loan Siddhartha Auto Loan Siddhartha Personal EMI Loan Siddhartha Mortgage Loan Education Loan Loan Against Fixed Deposit Receipt/Government Bonds/ Other Marketable Securities Small & Medium Enterprises (SME) Loans Business Loans: Overdraft/Cash Credit Import Loan Working Capital Loan Term Loan Export Finance Distressed Sectors Loan Against Shares	Cards: Debit Card - SBL Debit Card - SBL KCM Co-branded Debit Card Credit Card - SBL Credit Card - SBL RTN UNO Co-branded Credit Card Prepaid Card - International Travel Card - SBL Prepaid Card - Student Prepaid Card - Medical Prepaid Card Business Banking (B2B Banking Sewa) Internet Banking (iConnect) Mobile Banking (BankSmart) Club Siddhartha Siddhartha Hello Passa Service SMS Banking - SMS Alert	
Call Deposit Structured Fixed Deposit	REMITTANCE SERVICE SBL Remit (International) Inward Remittance SWIFT Payment Sale/Purchase of Foreign Currency Advance Payment Online Payment	SBL Remit (Domestic) Demand Draft Manager's Check VISA Electron - Plus - Union Pay	Siddhartha Online Payment International Card Acquired: - VISA - VISA Electron - Plus - Union Pay
TRADE FINANCE	TREASURY AND CORRESPONDENT BANKING	BANK GUARANTEE	OTHER CUSTOMER SERVICES
Advance Payment Documentary Collection Import Letter of Credit Export Letter of Credit Forward Contract Bills Purchase/Collection	Treasury Services FX Trading Market Making for Local Bond Market Equity Trading Correspondent Banking Services	Bid Bond Performance Bond Advance Payment Guarantee Shipping Indemnity Bond	Siddhartha Safe Deposit Locker Barocashroom Siddhartha Demat Account

Upcoming Branches			
Eastern Region	Central Region	Western Region	Mid-western Region
Phungling, Taplejung Dhankuta Bazar, Dhankuta	Jorpati, Kathmandu Banepa, Kathre Chandrapur, Rautahat Garuda, Rautahat	Besisahar, Lamjung	Jumi, Pyuthan



Design by: Ultimate Marketing (P) Ltd. | Printed at: Ultimate Hi-tech Press (P) Ltd.
Tel: 4352223, 4355610 | info@marketingultimate.com | Tel: 4357340, 4367970

प्रधान कार्यालय: हात्तीसार, काठमाडौं पोबानं १३८०६ फोन: ०१-४४४२९९९, ४४४२९२० फ्याक्स: ०१-४४४२९२९ SWIFT-SIDDNPKA | ईमेल: sbl@siddharthabank.com

www.siddharthabank.com

SBL CORRESPONDENT NETWORK

Currency	Correspondent Bank
AUD	Westpac Banking Corporation, New South Wales
EUR	Commerzbank AG, Frankfurt am Main
GBP	MashreqBank PSC, London
GBP	Standard Chartered Bank, London
INR	HDFC Bank Ltd, Mumbai
INR	ICICI Bank Limited, Mumbai
INR	Standard Chartered Bank, Mumbai
JPY	Standard Chartered Bank, Tokyo
USD	Bank of China (Hong Kong) Limited, Hong Kong
USD	KB Kookmin Bank, Seoul
USD	Korea Exchange Bank, Seoul
USD	Mashreq Bank PSC, New York
USD	Standard Chartered Bank, New York



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