

## बेष्ट फाइनेन्स कम्पनी लिमिटेड को वार्षिक साधारण सभा सम्बन्धी सूचना

श्री शेयरधनी महानुभावहरु

यस वेष्ट फाइनेन्स कम्पनी लिमिटेडको २४ औं वार्षिक साधारण सभा मिति २०७८/०९/३१ गते गर्ने भनी सूचना जारी भएको तर कोभिड-१९ रोगको महामारीको नियन्त्रणको लागि नेपाल सरकारबाट जारी निषेधाज्ञाको कारण उक्त मितिको साधारण सभा स्थगित गरिएकोमा मिति २०७८ श्रावण २८ गते विहिवारका दिन बसेको सञ्चालक समितिको ५२८ औं बैठकको निर्णयानुसार पुनः यस वित्तीय संस्थाको चौविसौं वार्षिक साधारण सभा देहायका विषयहरुमा छलफल गर्नका लागि निम्न मिति, स्थान र समयमा बस्ने भएको हुँदा कम्पनी ऐन २०६३ को दफा ६७ एवं वित्तीय संस्थाको नियमावलीको नियम ४ अनुसार सम्पूर्ण शेयरधनी महानुभावहरुको जानकारी एवं उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ।

**सभा सञ्चालन हुने स्थान, मिति र समय**

मिति : २०७८ साल भाद्र ३० गते बुधवार (तदनुसार १५ सेप्टेम्बर, २०२१)

स्थान : केन्द्रीय कार्यालय, कमलादी, काठमाडौं

समय : विहान ११:०० बजे

**छलफलका विषयहरु**

**क) सामान्य प्रस्ताव**

१. यस वेष्ट फाइनेन्स कम्पनी लि. को आ. व. २०७६/०७७ को सञ्चालक समितिको प्रतिवेदन उपर छलफल गरि पारित गर्ने।
२. यस वेष्ट फाइनेन्स कम्पनी लि.को आ.व.२०७६/०७७ को लेखा परिक्षणको प्रतिवेदन सहितको वार्षिक वित्तीय विवरणहरु छलफल गरि पारित गर्ने।
३. लेखापरिक्षकको प्रतिवेदन सहितको आ.व.२०७६/०७७ को वार्षिक वित्तीय विवरण (२०७७ आषाढ मसान्तको वासलात, नाफा नोक्सान हिसाब र सोही अवधिको नगद प्रवाह विवरण, नाफा नोक्सान बाँडफाँड हिसाब लगायत वार्षिक वित्तीय विवरणसंग सम्बन्धित अनुसूचीहरु समेत) छलफल गरी पारित गर्ने।
४. लेखापरिक्षण समितिको सिफारिस बमोजिम आ.व.२०७७/०७८ को लागि बाह्य लेखापरिक्षक नियुक्ती गर्ने र निजको पारिश्रमिक निर्धारण गर्ने।
५. यस वेष्ट फाइनेन्स कम्पनी लि.को संचालक समितिबाट सस्थापक शेयरधनीको तर्फबाट मनोनीत महिला संचालक नियुक्तीको अनुमोदन गर्ने।
६. संचालक समितिको लागि संस्थापक तथा सर्वसाधारण समूहको संचालकहरुको निर्वाचन गर्ने।

**ख) विशेष प्रस्ताव**

१. यस वित्तीय संस्थाले भविष्यमा अन्य उपयुक्त बैंक तथा वित्तीय संस्थासंग एक आपसमा गाभ्ने/गाभिने (Merger) तथा प्राप्ति (Acquisition) गर्ने सम्बन्धी समझदारी पत्रमा हस्ताक्षर गर्न, चल अचल सम्पति र दायित्व मुल्याङ्कन (Due Diligence Audit) गर्नको लागि मान्यता प्राप्त मुल्याङ्कन कर्ता नियुक्त गर्न, निजको पारिश्रमिक तोक्ने लगायत मर्जर सम्बन्धि अन्य आवश्यक प्रक्रिया पुरा गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने।

**ग) विविध**

सञ्चालक समितिको आज्ञाले  
(कम्पनी सचिव)

## साधारण सभा सम्बन्धी अन्य जानकारी

१. यस वेष्ट फाइनेन्स कम्पनी लिमिटेडको चौविसौ साधारण सभा प्रयोजनको लागि मिति २०७८/०५/०८ गते एक दिन शेयरधनी दर्ता किताब बन्द (Book Close) रहने छ। उक्त मिति भन्दा अघिल्लो दिन सम्म नेपाल धितोपत्र विनिमय बजार लिमिटेडमा कारोबार भई वित्तीय संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी काठमाण्डौंबाट शेयर दाखिल खारेज भई शेयरधनी दर्ता किताबमा कायम भएका शेयरधनीहरूले साधारण सभामा भाग लिन तथा मतदानमा सहभागी हुन योग्य मानिने छन्।
२. वार्षिक प्रतिवेदन तथा साधारण सभामा छलफल हुने विषयहरू सहितको सूचना शेयरधनी महानुभावहरूलाई उपलब्ध घर ठेगानामा पठाइने छ। वार्षिक प्रतिवेदन प्राप्त हुन नसकेमा संस्थाको प्रधान कार्यालय कमलादी काठमाण्डौं, शाखा कार्यालय मिलन चोक बुटवल तथा संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी काठमाण्डौंमा सम्पर्क राखी शेयरधनी प्रमाणपत्र प्रस्तुत गरी वार्षिक प्रतिवेदन प्राप्त गर्न सक्नुहुनेछ।
३. विश्वव्यापी रुपमा फैलिएको कोभिड-१९ को संक्रमण रोकथाम र नियन्त्रणको लागि नेपाल सरकारले जारी गरेको स्वास्थ्य सुरक्षा सम्बन्धी मापदण्डको पालना गरी संस्थाको साधारण सभामा सम्पन्न गर्न विद्युतीय भर्चुअल (Virtual) माध्यमबाट सभामा सहभागी भई दिनुहुन अनुरोध छ।
४. साधारणसभा शुरु हुनभन्दा १ घण्टा अगावै विद्युतीय भर्चुअल (Virtual) प्रणाली खुल्ला गरिनेछ। सो समय अगावै सभामा सहभागी हुन चाहने शेयरधनीहरूले संस्थाबाट प्रदान गरिएको Username / Password को माध्यमबाट Login गरी आफ्नो परिचय, शेयरधनी नं./हितग्राही खाता नं. र शेयर संख्या सहित उपस्थितिको जानकारी सभा समक्ष गराउनु पर्नेछ। विद्युतीय भर्चुअल (Virtual) माध्यमबाट साधारणसभाको बैठकमा भाग लिने शेयरधनीहरूको भर्चुअल सहभागितालाई कम्पनी ऐन २०६३ को दफा ७३ बमोजिमको गणपुरक संख्या गणना गर्दा उपस्थितिमा समावेश गरी गणना गरिनेछ।
५. विद्युतीय भर्चुअल (Virtual) माध्यमबाट आफ्नो मन्तव्य राख्न चाहने शेयरधनी महानुभावहरूले raj.shrestha@bestfinance.com.np मा ईमेल गरी साधारणसभा शुरु हुनुभन्दा ४८ घण्टा अगावै आफ्नो नाम टिपाउनुपर्ने छ।
६. साधारण सभामा भाग लिन शेयरधनी महानुभावहरूले आफ्नो प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहेमा सभा शुरु हुनभन्दा ४८ घण्टा अगाडी वित्तीय संस्थाको प्रधान कार्यालय, कमलादी काठमाण्डौंमा प्रोक्सी फारम दर्ता गराईसक्नु पर्नेछ।
७. नावालक वा विक्षिप्त शेयरधनीको तर्फबाट कम्पनीको शेयरधनी दर्ता किताबमा संरक्षकको रुपमा नाम दर्ता भएको व्यक्तिले मात्र सभामा भाग लिन वा प्रोक्सी नियुक्त गर्न सक्नुहुनेछ। आफु संरक्षक भएको शेयरवालाको बाहेक अरु शेयरधनीको प्रतिनिधि (प्रोक्सी) भै सभामा भाग लिन सक्नु हुने छैन।
८. एक भन्दा बढी व्यक्तिहरूको नाउँमा सयुक्त रुपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयरधनीको लगत किताबमा पहिले नाम उल्लेख भएको व्यक्तिले वा सर्वसम्मतबाट आफु मध्ये नियुक्त गरिएको एक जना शेयरधनीले वा सर्वसम्मतबाट नियुक्त प्रतिनिधिले मात्र सभामा भाग लिन र मतदान गर्न पाउनेछ।
९. प्रोक्सी दिईसकेका शेयरधनी स्वयं उपस्थित भै सभामा भाग लिन चाहेमा सभा शुरु हुन अगावै कम्पनी सचिव मार्फत सञ्चालक समितिका अध्यक्षलाई लिखित सूचना दिई निजले उक्त सभामा भाग लिन एवं मतदान गर्न पाउनेछन्। यस्तो अवस्थामा निजले नियुक्त गरेको प्रतिनिधि (प्रोक्सी) को अख्तियारी पत्र स्वतः बदर हुनेछ।
१०. छलफलका विषयसूची मध्ये विविध शिर्षक अर्न्तगत छलफल गर्न इच्छुक शेयरधनीले सभा हुनु भन्दा सात दिन अगावै छलफलको विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रुपमा दिनु पर्नेछ। तर यसलाई छलफल र पारीत हुने प्रस्तावको रुपमा समावेश गरिने छैन।
११. साधारण सभा सम्बन्धी थप जानकारीको लागि यस संस्थाको प्रधान कार्यालय, कमलादी काठमाण्डौंमा कार्यालय समय भित्र सम्पर्क राख्न सकिने छ। वार्षिक साधारण सभा सम्बन्धी विस्तृत जानकारी वित्तीय संस्थाको प्रधान कार्यालय, कमलादीको सूचना पाटीमा तथा वित्तीय संस्थाको वेबसाईट [www.bestfinance.com.np](http://www.bestfinance.com.np) मा राखिने छ।

## बेष्ट फाइनेन्स कम्पनी लिमिटेडको चौबीसौं वार्षिक साधारण सभामा सञ्चालक समितिका अध्यक्षद्वारा प्रस्तुत प्रतिवेदन

आदरणीय शेयरधनी तथा आमन्त्रित महानुभावहरू,

बेष्ट फाइनेन्स कम्पनी लिमिटेडको चौबीसौं वार्षिक साधारणसभामा उपस्थित सम्पूर्ण आदरणीय शेयरधनी एवं अतिथी महानुभावहरूलाई हार्दिक स्वागत गर्दछु ।

संस्थाले हाल मुलुकका विभिन्न शहरहरूमा संचालनमा रहेका चौध वटा शाखा कार्यालयहरूबाट वित्तीय सेवा प्रदान गर्दै आइरहेको छ । संस्था संचालनमा आइपने अनेकन उतार चढावलाई पार गर्दै आदरणीय शेयरधनी महानुभाव तथा सम्बद्ध निकायहरूबाट प्राप्त सुझाव, मार्ग निर्देशनलाई आत्मसात गर्दै अगाडी बढिरहेकोले यस वित्तीय संस्थाले उल्लेखनीय सफलता हासिल गर्दै गइरहेको छ, साथै ग्राहकवर्ग तथा आम नागरिकहरूबाट प्राप्त सहयोग, सद्भाव तथा हामीप्रति देखाइएको विश्वासले हामीलाई अगाडि बढ्न थप प्रेरणा मिलेको छ ।

**शेयरधनी महानुभावहरू,**

यस साधारणसभाका अवसरमा संस्थाको २०७६/०७७ को वित्तीय विवरणहरू, वासलात, नाफा- नोक्सान हिसाव र नगद प्रवाह विवरण सहितको वित्तीय प्रतिवेदन छलफल गरी पारित गर्न यस गरिमामय सभामा यहाँहरूसमक्ष प्रस्तुत गरेका छौं ।

विश्वभर फैलिरहेको कोरोना भाइरस (कोभिड-१९) रोगका कारण लाखौं मानिसहरूको मृत्यु भइसकेको र लाखौं मानिसहरू संक्रमित भई उपचार गराईरहेको अवस्था छ । यस रोगको कारण उत्पन्न परिस्थितिले मानिसको जीवनयापनमा प्रत्यक्ष रूपमा प्रभाव परेको छ भने विश्व अर्थतन्त्र शिथिल अवस्थामा पुगेको छ । कोभिड- १९ रोगको संक्रमणबाट हुन सक्ने जोखिमलाई नियन्त्रण गर्न २०७६ चैत्र ११ गते देखि नेपाल सरकारले गरेको बन्दाबन्दीपछि बैंक तथा वित्तीय संस्थाहरूमा कर्जा लगानी अत्यन्त न्यून भएको र निक्षेपमा क्रमशः बृद्धि हुँदै गइरहेको छ । यसरी कर्जाको प्रभावकारी माग बढ्न नसक्दा ब्याज आम्दानीमा उल्लेख्य मात्रामा संकुचन आउन सक्ने देखिन्छ भने निक्षेप संकलन निरन्तर बढ्दै गई बैंकिङ क्षेत्रमा अत्यधिक तरलता व्यवस्थापन थप चुनौतीपूर्ण हुन जाने देखिन्छ । कर्जाको बृद्धिदर कम र अधिक तरलताको अवस्था लामो समयसम्म रहिरहंदा वित्तीय संस्थाको संचालन मुनाफामा समेत असर पर्न जाने कुरा निश्चित छ । यस किसिमको परिस्थितिमा संस्थाले आवश्यक रणनीति अवलम्बन गरी अगाडि बढिरहेको व्यहोरा जानकारी गराउन चाहन्छौं ।

१) **विगत वर्षको कारोबारको सिंहावलोकन:**

बैंक तथा वित्तीय संस्थाहरू बीच रहेको तीव्र प्रतिस्पर्धा, समय समयमा वित्तीय बजारमा देखिने अस्थिरता, लगानीका क्षेत्रहरूको सीमितता, देशभित्रको राजनैतिक अवस्था आदिलाई विचार गरी हामीले संस्थाको कारोबारलाई सन्तुलित रूपमा अगाडि बढाइरहेका छौं । आर्थिक वर्ष २०७५/०७६ र २०७६/०७७ र २०७८ आषाढ मसान्तमा संस्थाको महत्वपूर्ण वित्तीय सूचकाङ्कहरू देहायबमोजिम रहेका छन् ।

रु. हजारमा

| विवरण                 | प्रतिइकाइ  | आ.ब. ०७७/७८<br>चौथो त्रैमास सम्म | आ.ब. ०७६/७७ | आ.ब. ०७५/७६ | परिवर्तन प्रतिशतमा<br>(७५/७६ र ७६/७७<br>को तुलना) |
|-----------------------|------------|----------------------------------|-------------|-------------|---|
| चुक्तापूँजी           | रु. हजारमा | ८,२८,९१४                         | ८,२८,९१४    | ८,१०,०१६    | २.३३  |
| निक्षेप दायित्व       | रु. हजारमा | ३१,४४,१८६                        | २४,९८,६२७   | २३,८३,३०२   | ४.८४  |
| कर्जा तथा सापटी       | रु. हजारमा | २१,१६,८११                        | २१,३२,५१९   | १८,५०,०८१   | १५.२६   |
| संचित मुनाफा          | रु. हजारमा | (३,१४,५२५)                       | (३,४२,१००)  | (३,५१,६१५)  | (२.७१)  |
| खुद नाफा              | रु. हजारमा | ८२,३८३                           | ७७,३२६      | ६२,७२४      | २३.२८   |
| प्रतिशेयर नेटवर्थ     | रु. हजारमा | ११३.१४                           | १०२.५३      | ९२.४६       | १०.८९   |
| निष्कृत कर्जा (NPA)   | प्रतिशतमा  | १२.८३                            | १५.००       | १८.४६       | (१८.७४)   |
| पूँजीकोष पर्याप्तता % | प्रतिशतमा  | २५.५८                            | २९.२२       | ३२.३४       | ९.६५  |
| शाखा                  | संख्यामा   | १४                               | १४          | १४          | -   |

संस्थाको बिक्री गर्न बाँकी रहेको हकप्रद शेयरको लिलाम बिक्री पश्चात् चुक्तापूँजी वृद्धि भई हाल रु. ८२ करोड ८९ लाख १४ हजार कायम हुन आएको छ। वित्तीय बजारको विद्यमान तीव्र प्रतिस्पर्धाको अवस्थामा समेत तुलनात्मक रूपमा संस्थाको निक्षेप परिचालन २०७७ असार मसान्तमा ४.८४ प्रतिशतले वृद्धि भएको छ, र आर्थिक वर्ष २०७७/७८ को चौथो त्रयमाससम्म ३१४ करोड पुगेको छ। बजारमा सुरक्षित लगानीका क्षेत्रको सीमितता एवम वित्तीय संस्थाहरु बीचको तीव्र प्रतिस्पर्धाको बावजुत २०७७ असार मसान्तमा १५.२६ प्रतिशतले कर्जा प्रवाहमा वृद्धि भएको छ, र आर्थिक वर्ष २०७७/७८ को चौथो त्रैयमास रु. २११ करोड रहेको छ। कारोबारमा भएको वृद्धि संगै नाफामा समेत केही सुधार भएको छ। आर्थिक वर्ष २०७७/७८ को चौथो त्रयमासमा संस्थाको खुद नाफा रु. ८ करोड २३ लाख ८३ हजार रहेको छ। संस्थाको आ.व. २०७५/७६ मा रु. ३५ करोड १६ लाख १५ हजारले ऋणात्मक रहेको संचित मुनाफामा सुधार हुनगई आ.व. २०७६/७७ मा संस्थाको संचितमुनाफा रु.३४ करोड २१ लाख ऋणात्मक हुन पुगेको छ।

संस्थाको कारोबार वृद्धि संगै पूँजी पर्याप्तता गत वर्षको तुलनामा कम हुन गएता पनि नेपाल राष्ट्र बैंकबाट निर्धारित न्यूनतम ११ प्रतिशत भन्दा बढी २९.२२ प्रतिशत कायम रहेको छ। गत आर्थिक वर्षको चौथो त्रयमासमा संस्थाको निष्कृत कर्जाको अंश १८.४६ प्रतिशत रहेकोमा आर्थिक वर्ष २०७७/७८ चौथो त्रयमासमा १२.८३ प्रतिशत मात्र रहन गएकोले कम्पनीको जोखिम सम्पत्तिको गुणस्तरमा सुधार हुँदै गैररहेको देखिन्छ। हाल वित्तीय संस्थाहरु बीचको तीव्र प्रतिस्पर्धाको अवस्थामा पनि संस्थाको चुस्त व्यवस्थापनको कारण कर्जा लगानीमा लिने र निक्षेपमा दिने ब्याज दरको अन्तर सन्तोषजनक सीमामा राख्न संस्था सफल भएको छ।

**२) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कारोबारमा पर्न सक्ने असर :**

विश्वभर फैलिरहेको कोरोना भाइरसका कारण उत्पन्न स्वास्थ्य अवस्थाले सिर्जना गरेको आर्थिक संकट नेपालको लागि पनि अर्थतन्त्रको विस्तार र व्यवस्थापन गर्न थप चुनौतीपूर्ण बनेको छ। आन्तरिक आर्थिक क्रियाकलापमा देखिएको शिथिलता, वैदेशिक रोजगारीमा परेको समस्या तथा आपूर्तिमा परेको असहजताका कारण वस्तु, बजार, श्रम बजार तथा वित्तीय बजारको सन्तुलन प्रभावित भएको छ। विश्व बैंक, अन्तर्राष्ट्रिय मुद्रा कोष, एसियाली विकास बैंक लगायतका संस्थाहरुले कोभिड- १९ रोगको महामारीको कारण विश्व आर्थिक मन्दीतर्फ उन्मुख भएको बताएका छन्।

**३) सामाजिक उत्तरदायित्व :**

संस्थाले ग्राहकहरुलाई प्रदान गर्ने वित्तीय सेवाको संगै मुलुकको समाज सेवामा पुऱ्याउनु पर्ने योगदानप्रति दायित्व बोध गरी संस्थागत सामाजिक उत्तरदायित्व (Corporate Social Responsibility- CSR) अन्तर्गत केही सामाजिक कार्यक्रमहरुमा योगदान गर्दै आएको छ। संस्थाको नाफा रकमबाट छुट्टयाइएको सामाजिक उत्तरदायित्व कोषको रकमलाई प्रभावकारी रूपमा उपयोग गर्ने नीति अवलम्बन गरिएको छ। संस्थाले स-सानो आर्थिक सहयोगबाट समेत समाजमा उत्कृष्ट योगदान पुग्ने गरी गरिएका सामाजिक कार्यक्रमहरु, जस्तै नेपाल रेडक्रस सोसाईटी, काठमाण्डौं, कमलपोखरी च्यापटरसंगको सहकार्यमा स्वास्थ्य शिविर संचालन, रक्तदान कार्यक्रम संचालन, सामुदायिक विद्यालयहरुमा छात्राहरुका लागि सेनिटरी प्याड वितरण लगायतका कार्यक्रमका लागि वार्षिक रूपमा सम्भौता गरी सहभागिता जनाइएको, वुटवल भूगोलपार्कस्थित दुर्गा मन्दिरमा फर्निचर तथा डष्टविन वितरण गरिएको, नवलपरासी, वर्दघाटस्थित शिवमन्दिरमा डष्टविन वितरण गरिएको तथा काठमाण्डौं कपनस्थित सरस्वतीनगरमा रहेको सरस्वती मन्दिरमा फर्निचर तथा डष्टविन वितरण गरिएको लगायतका सामाजिक कार्यहरुमा सहभागिता जनाई आर्थिक वर्षमा गरिएका सामाजिक कार्यहरुको स्मरण गराउन चाहन्छौं। नेपाल राष्ट्र बैंकबाट मिति २०७७/०४/१२ को निर्देशन बमोजिम सामाजिक उत्तरदायित्व कोषमा रहेको रकम रु. १७,३९,३४९.१७ नेपाल सरकारले स्थापना गरेको कोरोना संक्रमण, रोकथाम, नियन्त्रण र उपचार कोषमा जम्मा गरीसकिएको छ।

**४) चालू आर्थिक वर्षको उपलब्धि र भावी योजनाको सम्बन्धमा सञ्चालक समितिको धारणा :**

**क) शाखा स्थानान्तरण (Branch Relocation) सम्बन्धमा :**

संस्थाले केन्द्रिय कार्यालयसहित मुलुकका विभिन्न शहरमा संचालनमा रहेका चौधवटा शाखा कार्यालयबाट कारोबार गर्दै आइरहेकोमा आफ्नो कारोबार क्रमशः विस्तार गर्दै लैजाने उद्देश्य अनुरूप आर्थिक कारोबारको राम्रो संभावना रहेका विभिन्न प्रदेशका सम्भाव्य स्थानहरुमा शाखा संजाल विस्तार गर्दै लैजाने योजना रहेको छ। सोही अनुरूप काठमाण्डौं जिल्ला का.म.न.पा वडा नं. २२ को खिचापोखरी स्थित न्यूरोड शाखा कार्यालयलाई काठमाण्डौं जिल्ला का.म.न.पा वडा नं. २२ स्थित न्यूरोड पीपलबोटमा रहेको रमागृहको पहिलो तल्लामा स्थानान्तरण गरिसकेको तथा ललितपुर जिल्ला

ललितपुर म.न.पा वडा नं.१२, ठटी चोक अवस्थित लगनखेल शाखा कार्यालयलाई ललितपुर जिल्ला कै ललितपुर म.न.पा वडा नं. १२, ठटी चोकबाट करिब ५० मिटर दक्षिण (लगनखेल बसपार्क तर्फ) मा शाखा स्थानान्तरण गरी कारोबार संचालन गरिने छ ।

**ख) सूचना प्रविधि (Information Technology) विकास:**

संस्थाको कारोबारको लागि आवश्यक सम्पूर्ण विवरणहरू सफ्टवेयरमा अभिलेख गरी सुरक्षित कारोबार गर्न नेपालमा अन्य बैंक तथा वित्तीय संस्थाहरूले समेत प्रयोगमा ल्याएको (Banking Software) पुमोरी प्लस (Pumori Plus) प्रयोगमा ल्याइएको छ । यसै सफ्टवेयरको माध्यमबाट हाल सञ्चालनमा रहेका सबै शाखा कार्यालयहरूलाई एउटै संजाल (Network) मा आबद्ध गरी ABBS बैंकिङ सेवा, विप्रेषण (Remittance) आदि बैंकिङ सेवा प्रदान गर्दै आइरहेको छ । संस्थाले चिप वेस्ड ए.टी.एम. कार्ड सेवा काठमाण्डौ बन्स्थली खरीबोट शाखा, बुटवलको अमरपथ तथा मिलनचोक शाखा परिसरमा ए.टी.एम.जडान गरि जम्मा ३ वटा ए.टी.एम. बाट सेवा प्रदान गर्दै आइरहेका छौं । अन्य सम्भाव्य र आवश्यक स्थानहरूमा समेत ATM जडान गरी सेवा थप गर्दै जाने लक्ष्य लिएका छौं । त्यसैगरी संस्थाले Mobile Banking, Connect IPS, QR Code सेवाको समेत सुरुवात गरिसकेको छ । साथै आर. टी.जी. एस., कर्पोरेट पे, लगायतका डिजिटल कारोबार विस्तार गर्दै लैजाने योजना रहेको छ । संस्थाको हरेक गतिविधि तथा सूचना आफ्नै वेबसाइट [www.bestfinance.com.np](http://www.bestfinance.com.np) मार्फत् प्रवाह गर्दै आइरहेका छौं ।

**ग) संस्थाको स्तरोन्नति तथा अन्य संस्थासंग गाभ्ने/गाभिने (Upgradation and Merger) सम्बन्धमा:**

यस संस्थाले राष्ट्रिय स्तरको 'ग' वर्गको वित्तीय संस्थाका लागि आवश्यक न्यूनतम पुंजी पूरा गरी कारोबार संचालन गरिरहेको भएता पनि अन्य बैंक तथा वित्तीय संस्थालाई प्राप्त गरी वा अन्यसंग गाभिएर स्तरोन्नति हुनका लागि ढोका खुल्ला राखेको छ । यसर्थ, संस्थाले निश्चित मापदण्डका आधारमा अन्य बैंक/ वित्तीय संस्थासंग गाभिएर वा प्राप्त गरेर राष्ट्रिय स्तरको "ग" वर्गको वित्तीय संस्थाबाट स्तरोन्नति भई राष्ट्रिय स्तरको विकास बैंकमा स्तरोन्नति हुने लक्ष्य लिएर सोही अनुसार विकास बैंकका लागि आवश्यक पूर्वाधारको विकास गरिरहेको छ । अन्य बैंक तथा वित्तीय संस्थासंग गाभ्ने / गाभिने (Merger) प्रक्रिया अगाडि बढेमा शेरधनी महानुभावहरूलाई गाभ्ने/गाभिने (Merger) प्रक्रिया सम्बन्धी आवश्यक जानकारी गराउँदै लगिने छ ।

**घ) निक्षेप तथा कर्जा कारोबार (Credit and Deposit Transaction) :**

विश्वभर फैलिरहेको कोभिड १९ रोगका कारण हाल व्यवसायको प्रकृति तथा मानिसका आवश्यकताहरूको प्राथमिकता तथा आम ग्राहकहरूको बानी ब्यहोरा (Consumer Behavior)मा परिवर्तन हुन सक्ने परिस्थितलाई मध्यनजर गरी कर्जा लगानीमा हुन सक्ने जोखिमलाई सूक्ष्म विश्लेषण गरी कर्जा लगानीलाई निरन्तरता दिइएको ब्यहोरा अवगत गराउन चाहन्छौं । विगतमा कर्जा लगानीका क्रममा भएको असावधानीका कारणले संस्थामा खराब कर्जाको मात्रा अधिक रहेकोमा हाल खराब कर्जा असुलीमा अवलम्बन गरेका विभिन्न रणनीतिका कारण केही खराब कर्जाहरू चुक्ता भइसकेको तथा अन्य बाँकी कर्जाहरू असुलीको क्रममा रहेको हुनाले खराब कर्जाको मात्रा कम गर्ने तर्फ प्रभावकारी कदम चालिरहेको ब्यहोरा जानकारी गराउँदछौं । साथै संस्थाको सञ्चालन मुनाफामा वृद्धि गर्ने र सञ्चालन खर्च न्यूनीकरणका लागि प्रयत्नशील रहेको जानकारी पनि गराउन चाहन्छौं ।

निक्षेप परिचालन र कर्जा लगानी विस्तारमा शाखा कार्यालयहरूलाई थप चुस्त र गतिशील बनाउँदै लिएको छ । फलस्वरूप निक्षेप तथा कर्जामा वृद्धि भई आर्थिक वर्ष २०७७/०७८ को चौथो त्रैमास अर्थात् २०७८ आषाढ मसान्तमा निक्षेप रु. ३ अर्ब १४ करोड र कर्जा तथा सापट रु. २ अर्ब ११ करोड हुन पुगेको छ ।

**५) मानव संसाधन विकास (Human Resource Development):**

संस्थाको व्यावसायीक लक्ष्य पूरा गर्न मानव संसाधनको महत्वपूर्ण भूमिका हुने कुरालाई मध्यनजर गर्दै संस्थामा कार्यरत सबै तहका कर्मचारीहरूको कार्य क्षमता तथा दक्षता विकासका लागि समय समयमा विभागीय जिम्मेवारी अनुसारको तालीममा सहभागी गराउने गरिएको छ ।

संस्थाको कारोबारमा क्रमशः वृद्धि भएता पनि कर्मचारीहरूको उत्पादकत्वमा भएको वृद्धिले गर्दा कर्मचारी संख्या थप नगरिएकोले गतव वर्षको अन्त सम्ममा जम्मा १२० जना कर्मचारीहरू रहेकोमा हाल कर्मचारीको संख्या १२० जना रहेका छन् । संस्थाको कारोबार विस्तारसंगै थप कर्मचारी आवश्यक भएमा थप गर्दै जाने नीति रहेको छ ।

यसैगरी कर्मचारीहरूको मनोबल उच्च राख्दै संस्थाप्रति बफादार तथा समर्पित भई कार्य गरिरहने वातावरणको निर्माण गर्न कर्मचारीहरूलाई प्रदान गरिने तलबभत्ता तथा अन्य सुविधामा समयानुसार वृद्धि गर्दै लैजाने र कर्मचारीहरूलाई दिइएको जिम्मेवारी अनुसारको कार्य सम्पादनको मूल्यांकन गरी आवश्यकता अनुसार बढुवा गर्ने नीति रहेको छ। सो बाहेक समय समयमा कर्मचारीको दक्षता र क्षमता विकासका लागि अतिरिक्त तालिम तथा सेमिनारहरूमा समेत सहभागी गराउने गरिएको छ।

**६) सञ्चालक समितिमा भएको हेरफेर र सोको विवरण:**

संस्थाको सञ्चालक समितिमा संस्थापक शेयरधनीको तर्फबाट प्रतिनिधित्व गर्ने ३ जना सञ्चालक, सर्वसाधारण शेयरधनीहरूको तर्फबाट प्रतिनिधित्व गर्ने २ जना सञ्चालक तथा १ जना व्यावसायिक विशेषज्ञ सञ्चालक समेत गरी जम्मा ६ जनाको सञ्चालक समिति रहेकोमा मिति २०७७ कार्तिक २८ गतेको सञ्चालक समितिको ५०७ औं बैठकले श्री शुशिला खनाललाई सर्वसाधारण शेयरधनीहरूको तर्फबाट प्रतिनिधित्व गर्नेगरी महिला सञ्चालक पदमा नियुक्त गरेको ब्यहोरा जानकारी गराउंदछौं। वर्तमान सञ्चालक समिति देहायबमोजिम रहेको ब्यहोरा जानकारी गराउंदछौं।

|                          |         |                     |
|--------------------------|---------|---------------------|
| १. श्री अमिरध्वज प्रधान  | अध्यक्ष | सर्वसाधारण समूह     |
| २. श्री कृष्णहरी श्रेष्ठ | सञ्चालक | संस्थापक समूह       |
| ३. श्री मिलन थापा        | सञ्चालक | संस्थापक समूह       |
| ४. श्री सुरज क्षेत्री    | सञ्चालक | संस्थापक समूह       |
| ५. श्री दिपक ढकाल        | सञ्चालक | सर्वसाधारण समूह     |
| ६. श्री विमल प्रसाद ढकाल | सञ्चालक | व्यावसायिक विशेषज्ञ |
| ७. श्री शुशिला खनाल      | सञ्चालक | संस्थापक समूह       |

आर्थिक वर्ष २०७६/०७७ को अवधिमा सञ्चालक समितिको बैठक जम्मा २२ पटक बसेको थियो।

**७) नाफा नोक्सान हिसाब र बाँडफाँड :**

संस्थाको आर्थिक वर्ष २०७६/०७७ मा भएको सञ्चालन नाफा रु. ६ करोड ४१ लाख, करअधिको नाफा रु ६ करोड ४५ लाख करपछिको खुद नाफा रु ७ करोड ७३ लाख रहेको छ। करपछिको खुद नाफा रु ७ करोड ७३ बाट २० प्रतिशत अर्थात् रु. १ करोड ५४ लाख साधारण जगेडा कोषमा छुट्टयाइएको छ। नेपाल राष्ट्र बैंकको निर्देशन बमोजिम संस्थागत सामाजिक उत्तरदायित्व कोषमा (Corporate Social Responsibility Fund, CSR) मा छुट्टयाउनु पर्ने रकम रु ७ लाख ७३ हजार CSR Fund मा छुट्टयाई बाँकी रकम रु. ६ करोड १० लाख संचित मुनाफा तथा अन्य कोषहरूमा छुट्टयाइएको ब्यहोरा जानकारी गराउंदछौं।

**८) लेखापरीक्षण प्रतिवेदन सम्बन्धमा सञ्चालक समितिको राय:**

बैंक तथा वित्तीय संस्थाहरूले त्रैमासिक रुपमा प्रकाशन गर्नुपर्ने वित्तीय विवरणको ढाँचामा परिवर्तन गरी नेपाल वित्तीय प्रतिवेदनमान (Nepal Financial Reporting Standard, NFRSs) अनुसार प्रकाशित गर्न नेपाल राष्ट्र बैंकबाट दिएको निर्देशन बमोजिम आ.व. २०७५/७६ को चौथो त्रयमासदेखि संस्थाको त्रैमासिक वित्तीय विवरण NFRSs को ढाँचामा प्रकाशन गर्ने गरिएको छ। संस्थाको वित्तीय परिसूचकहरूको जानकारी गराउने तथा कर्जा लगानी तथा नगद कारोबारमा हुन सक्ने जोखिमलाई न्यूनिकरण गर्ने उद्देश्यले संस्थाले नियमित रुपमा लेखा परीक्षकद्वारा लेखापरीक्षण गराउने गरिएको छ। आर्थिक वर्ष २०७६/०७७ को लेखापरीक्षणको क्रममा संस्थाको कारोबारमा देखिएका सामान्य टिप्पणीबाहेक संस्थालाई प्रत्यक्ष रुपमा नोक्सानी पुग्ने किसिमका टिप्पणी लेखा परीक्षण प्रतिवेदनमा देखिएको छैन। आगामी दिनमा लेखापरीक्षण प्रतिवेदनमा औल्याइएका सल्लाह तथा सुझाव अनुसार संस्थाको कारोबारलाई आवश्यक सुधार गर्दै लगिने छ। साधारणसभा प्रयोजनका लागि आर्थिक वर्ष २०७६/०७७ को वित्तीय विवरण नेपाल राष्ट्र बैंकबाट स्वीकृत गर्दा प्राप्त टिप्पणी तथा निर्देशनहरू र सो उपर सञ्चालक समितिको प्रतिक्रिया यसै वार्षिक प्रतिवेदन पुस्तिकामा संलग्न गरिएको छ।

**हार्दिक आभार तथा धन्यवाद :**

संस्थाका सरोकारवालाहरू तथा शुभचिन्तक एवम आम नागरिकहरूबाट पाएको अपार सहयोग तथा विश्वासले संस्था संचालनमा



हामीलाई सँधैँ उत्साहित बनाइरहेको छ । संस्थाको सुदृढीकरण एवम कारोबार विस्तारका लागि प्रत्यक्ष तथा अप्रत्यक्ष रूपमा सहयोग पुर्याउनु हुने ग्राहक महानुभावहरु, शेयरधनी महानुभावहरु, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लिमिटेड, शेयर रजिष्ट्रार श्री प्रभु क्यापिटल लिमिटेड तथा नेपाल सरकारका सम्बन्धित निकायहरुबाट पाएको सहयोग र सद्भावप्रति संचालक समितिको तर्फबाट हार्दिक आभार प्रकट गर्दछु । संस्थालाई आइपर्नसक्ने विभिन्न किसिमका जोखिम न्यूनिकरणका लागि महत्वपूर्ण भूमिका निर्वाह गर्नु हुने संस्थाका आन्तरिक लेखापरीक्षक आर.एच.के.एण्ड एसोसिएट्सका चार्टर्ड एकाउन्टेन्ट श्री राम हरी कडेल तथा बाह्य लेखापरीक्षक वि.आर.एस.न्यौपाने एण्ड कम्पनीका चार्टर्ड एकाउन्टेन्टस श्री अनुप कुमार श्रेष्ठ, कानूनी सल्लाहकारहरु अधिवक्ता श्री अरुण पौडेल तथा अधिवक्ता श्री श्यामकुमार खत्रीलाई हार्दिक धन्यवाद दिन चाहन्छु । संस्थाको उन्नति तथा प्रगतिका लागि अहोरात्र खटिने प्रमुख कार्यकारी अधिकृत, व्यवस्थापन तह तथा संस्थामा कार्यरत सम्पूर्ण कर्मचारीहरुलाई हार्दिक धन्यवाद व्यक्त गर्दछु । साथै आजको प्रतिस्पर्धी युगमा संस्थाको कारोबार वृद्धिका लागि सम्पूर्ण कर्मचारीहरु उच्च मनोबलका साथ आफ्नो जिम्मेवारी कुशलतापूर्वक पूरा गरी संस्थाको लक्ष्य परिपूर्ति गर्नमा महत्वपूर्ण योगदान गर्नुहुनेछ भन्ने पूर्ण विश्वास लिएको छु । त्यसैगरी यस संस्थाप्रति सकारात्मक धारणा राखी संस्थाको विकासका लागि सहयोगी भूमिका निर्वाह गर्नुहुने सञ्चार माध्यम तथा सम्पूर्ण शुभचिन्तकहरुप्रति हार्दिक आभार प्रकट गर्दछु । र, अन्तमा सञ्चालक समितिका तर्फबाट यस साधारणसभामा प्रस्तुत प्रस्तावहरु पारित गरिदिनु हुन हार्दिक अनुरोध गर्दछु ।

धन्यवाद ।

अमिरध्वज प्रधान  
अध्यक्ष

मिति: २०७८ साल भाद्र ३० गते बुधवार

## धितोपत्र तथा निष्कासन नियमावली २०७३ को नियम २६ को उपनियम (२) सँगै सम्बन्धीत थप विवरणहरू

१. सञ्चालक समितिको प्रतिवेदन  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
२. लेखापरीक्षकको प्रतिवेदन  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
३. लेखापरीक्षण भएको वित्तीय विवरण  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
४. कानुनी कारवाही सम्बन्धी विवरण
  - (क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए ।  
यस सम्बन्धमा कुनै मुद्दा दायर नभएको ।
  - (ख) संगठित संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए ।  
यस सम्बन्धमा कम्पनी लाई कुनै जानकारी नभएको ।
  - (ग) कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए ।  
यस सम्बन्धमा कम्पनीलाई कुनै जानकारी नभएको ।
५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण
  - (क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:  
धितोपत्र बजारमा संस्थाको शेयर कारोबार नियमानुसार सामान्य प्रकृतिबाटै भएको छ ।
  - (ख) गत वर्षको प्रत्येक त्रैमासिक अवधिमा संगठित शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शे  
यर संख्या र कारोबार दिन ।

| विवरण                   | प्रथम त्रैमासिक | दोस्रो त्रैमासिक | तेस्रो त्रैमासिक | चौथो त्रैमासिक |
|-------------------------|-----------------|------------------|------------------|----------------|
| अधिकतम मूल्य रु.        | १०५             | १००              | ११६              | ९६             |
| न्यूनतम मूल्य रु.       | ८६              | ८१               | ९३               | ८५             |
| अन्तिम मूल्य रु.        | ९४              | ९८               | ९५               | ९६             |
| कुल कारोबार शेयर संख्या | १२९,५७५         | १२३,७२९          | ४२९,४१४          | २४,२८२         |
| कुल कारोबार दिन         | ६१              | ५०               | ४८               | १५             |

६. समस्या तथा चुनौती  
संस्थाले तोकिए बमोजिम एक सवल वित्तीय संस्थामा परिणत गर्न विद्यमान मानव तथा अन्य साधनहरूको यथोचित व्यवस्थापन गरि कुशलता पूर्वक अधि बढन पर्ने स्थिती रहेको छ । यसका लागि आईपने समस्या तथा चुनौति समाधानका उपायहरूबारे संस्थाले समय समयमा समिक्षा गरि रणनिति समेत बनाइ सो को सहजिकरणको उपाय अवलम्बन गर्ने गरेको छ ।
७. संस्थागत सुशासन  
संस्थाले नेपाल राष्ट्र बैंक तथा अन्य नियमन निकायहरूद्वारा जारी गरिएका संस्थागत सुशासन सम्बन्धी व्यवस्थाको पालन गरेको छ । संस्थागत सुशासन अभिवृद्धिका लागि समय समयमा संस्थाको कर्मचारीहरूलाई आन्तरीक र बाह्य प्रशिक्षण तथा तालीम गर्ने गराउने गरिएको छ । संस्थागत सुशासन पालना सम्बन्धी क्रियाकलापको लेखापरीक्षक समिति लगायतका अन्य उपसमितिहरू बाट गर्ने गरिएको छ ।



**कम्पनी ऐन २०६३ को दफा १०५ उपदफा ४ बमोजिमको अतिरिक्त विवरण**

- क. विगत वर्षको कारोवारको सिंहावलोकन :  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ख. राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कारोवारमा परेको असर :  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ग. चालु आर्थिक वर्षको उपलब्धी र भावी योजनाको सम्बन्धमा सञ्चालक समितिको धारणा :  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- घ. औद्योगिक तथा व्यावसायिक सम्बन्ध :  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ङ. संचालक समितिमा भएको हेरफेर र सोको विवरण :  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- च. कारोवार लाई असर पर्ने मुख्य कुराहरु :  
(क) बैंक तथा वित्तीय संस्थाहरुको शाखा विस्तार हुने क्रम जारी रहे देखी यी संस्थाहरु बीच प्रतिस्पर्धा बाट हुनसक्ने संभावित जोखिमहरु ।  
(ख) संस्था बाट प्रदान गरिने कोष तथा गैरकोषमा आधारित सेवाहरु उपलब्ध गराउदा हुन सक्ने सम्भावित जोखिमहरु ।  
(ग) नेपाल सरकार, नेपाल राष्ट्र बैंक तथा अन्य नियमनकारी निकाय ले नीति निर्देशनमा परिवर्तन गर्दा हुन सक्ने सम्भावित नीतिगत जोखिमहरु ।  
(घ) वित्तीय संस्थाहरु बिच देखिएको अस्वस्थ प्रतिस्पर्धाको कारणबाट निक्षेपमा दिईने ब्याजदरमा अस्वभाविक वृद्धि गरिनु बाट उत्पन्न हुनसक्ने जोखिम ।  
(ङ) राष्ट्रको आर्थिक, मौद्रिक तथा वित्तीय नीति परिवर्तनबाट सृजना हुनसक्ने सम्भावित जोखिमहरु ।  
(च) निक्षेप तथा कर्जा लगानी ब्याजदरमा हुने परिवर्तन बाट असर गर्न सक्ने जोखिमहरु ।  
(छ) यथा समयमा कर्जा असुलि नभई उत्पन्न हुनसक्ने जोखिमहरु ।  
(ज) कर्जा तथा लगानीको दायरा साँघुरिएर उत्पन्न हुन सक्ने जोखिमहरु ।  
(झ) देशको आर्थिक अवस्थामा आउने उतार चढाव बाट हुनसक्ने जोखिमहरु ।  
(ञ) अन्तर्राष्ट्रिय रूपमा हुने आर्थिक तथा वित्तीय क्षेत्रको शिथिलता बाट नेपाली बजारमा पर्न सक्ने आर्थिक जोखिमहरु आदि ।
- छ. लेखापरिक्षण प्रतिवेदन सम्बन्धमा सञ्चालक समितिको राय :  
साधारण सभा प्रयोजनको लागि आर्थिक वर्ष २०७६/०७७ को वित्तीय विवरण नेपाल राष्ट्र बैंकबाट स्विकृत गर्दा प्राप्त टिप्पणी तथा निर्देशनहरु र सो उपर सञ्चालक समितिको प्रतिक्रिया यसै वार्षिक प्रतिवेदन पुस्तिकामा संलग्न गरिएको छ ।
- ज. लाभांश बाँडफाँड गर्न सिफारिश गरिएको रकम : सो कुनै नभएको ।
- झ. शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मुल्य, त्यस्तो शेयर जफत हुनु भन्दा अगावै सो वापत कम्पनी ले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भए पछि सो शेयर विक्री गरि कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता भए सोको विवरण :  
संस्थाको हाल सम्म कुनै पनि शेयर जफत भएको छैन ।
- ञ. विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोवारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन: हाल सम्म संस्थाले कुनै पनि सहायक कम्पनी स्थापना गरेको छैन ।
- ट. संस्था तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोवार र सो अवधिमा संस्थाको

कारोवारमा आएको कुनै महत्वपूर्ण परिवर्तन : आ.व.२०७६/०७७ को अन्तमा बैकले सम्पन्न गरेको प्रमुख कारोवार र कारोवारमा आएको परिवर्तन सम्लग्न वासलात, नाफा / नोक्सान हिसाव, नगद प्रवाह विवरण तथा लेखा परिक्षण सम्बन्धी प्रतिवेदनले प्रष्ट पार्दछ ।

- ठ. विगत आर्थिक वर्षमा संस्थाको आधारभूत शेयरधनीहरूले संस्थालाई उपलब्ध गराएको जानकारी : हाल सम्म संस्थालाई त्यस्तो कुनै पनि जानकारी उपलब्ध गराएको छैन ।
- ड. विगत आर्थिक वर्षमा संस्थाका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र संस्थाको शेयर कारोवारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट संस्थाले प्राप्त गरेको जानकारी :  
 विगत आर्थिक वर्षमा संस्थाका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण

| क्र.सं | नाम              | पद               | धारण गरेको शेयर संख्या |
|--------|------------------|------------------|------------------------|
| १      | अमिर ध्वज प्रधान | अध्यक्ष          | १,१००                  |
| २      | कृष्णहरी श्रेष्ठ | संचालक           | १८२                    |
| ३      | मिलन थापा        | संचालक           | १,४५,५८६               |
| ४      | सुरज क्षेत्री    | संचालक           | १८२                    |
| ५      | दिपक ढकाल        | संचालक           | १२५                    |
| ६      | शुशिला खनाल      | संचालक           | ६००                    |
| ७      | बिमल प्रसाद ढकाल | स्वतन्त्र संचालक | -                      |

अन्य जानकारी प्राप्त नभएको ।

- ढ. विगत आर्थिक वर्षमा संस्थासंग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नातेदारको ब्यक्तिगत स्वार्थका वारेमा उपलब्ध गराइएको जानकारीको व्यहोरा : यस संस्थालाई हाल सम्म त्यस्तो कुनै पनि जानकारी उपलब्ध नभएको ।
- ण. कम्पनीले आफ्नो शेयर आफैँ खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नको कारण, त्यस्तो शेयर संख्या र अंकित मूल्य तथ त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम : यस संस्थाले हाल सम्म त्यस्तो कुनै शेयर खरिद नगरेको ।
- त. आन्तरिक नियन्त्रण प्रणाली भएको वा नभएको र भएको भए सोको विस्तृत विवरण :  
 नेपाल राष्ट्र बैकको मार्गदर्शन बमोजिम संस्थाले संस्थागत शुसासन कायम गर्न तथा आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्नका लागि विभिन्न विभागहरू गठन गरेको छ । संस्थामा हरेक कार्यको नियन्त्रणका लागि आन्तरिक विनियम, नीति, नियम तथा निर्देशनहरू तर्जुमा गरि लागु गरिएको छ ।
- थ. विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण :  
 विगत आ.व.२०७६/०७७ को कुल व्यवस्थापन खर्चको विवरण देहाय बमोजिम रहेको छ ।
- |                      |                   |
|----------------------|-------------------|
| कर्मचारी खर्च        | रु. ७४,४८८,३७९/-  |
| कार्यालय संचालन खर्च | रु. ४५,२१४,८७६/-  |
| जम्मा खर्च           | रु. ११९,७०३,२५५/- |
- द. लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता, तथा सुविधा , सो मितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण :  
 आ.व. २०७६/०७७ मा संस्थाको लेखापरीक्षण समितिका सदस्यहरूको नामावली तपसिल बमोजिम रहेको छ ।
- |  |            |
|--|------------|
| (क) संचालक, श्री विमल प्रसाद ढकाल        | संयोजक     |
| (ख) संचालक, श्री दिपक ढकाल               | सदस्य      |
| (ग) सहायक प्रबन्धक, श्री हेबेन्द्र शाक्य | सदस्य सचिव |

लेखापरीक्षण समितिका सदस्यहरूलाई बैठकमा उपस्थित हुंदा संयोजक र सदस्य लाई प्रति बैठक भत्ता रु.३,५००/- दिने गरिएको छ । सदस्य सचिव कर्मचारी भएको कारण कुनै भत्ताको व्यवस्था गरिएको छैन । कम्पनी ऐन, २०६३ को दफा

१६४ बमोजिम नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभागले जारी गरेको निर्देशन नं ७/७३/७४ को दफा ६ बमोजिम संस्थाले गरेका कामहरू नीति नियम बमोजिम भए नभएको निरीक्षण तथा अनुगमन गर्ने गरिएको छ।

हाल तपसिल बमोजिमको लेखापरीक्षण समिति रहेको छ।

- |                                     |   |            |
|-------------------------------------|---|------------|
| (क) संचालक, श्री विमल प्रसाद ढकाल   | – | संयोजक     |
| (ख) संचालक, श्री दिपक ढकाल          | – | सदस्य      |
| (ग) सहायक प्रबन्धक, श्री राजेश पुरी | – | सदस्य सचिव |

ध. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख कम्पनीका आधारभुत शेयरधनी वा निजका नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले बैंक लाई कुनै रकम बुझाउन बाँकी भए सो कुरा : नरहेको।

न. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :

संचालकहरूलाई प्रदान गरेको बैठक भत्ता तथा प्रमुख कार्यकारी अधिकृतलाई भुक्तानी गरेको पारिश्रमिक तथा भत्ता निम्न अनुसार रहेको छ।

आ.व. २०७६/०७७ मा संचालकहरूलाई प्रदान गरेको बैठक भत्ता तथा अन्य खर्च रकम रु. १,०५१,२४० रहेको छ।

प्रमुख कार्यकारी अधिकृतलाई आ.व. २०७६/०७७ मा प्रदान गरेको पारिश्रमिक तथा भत्ताहरू गरि जम्मा रकम रु. ३,५९७,२७० रहेको छ।

प. शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम :

यस आर्थिक वर्ष २०७६/०७७ को अन्त्य सम्ममा शेयरधनीहरूलाई दिन बाँकी लाभांश रु. ५,९४,५६३/- रहेको छ।

फ. दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण : यस सस्थाका लागि अति आवश्यक सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण यसै साथ संलग्न वित्तीय विवरणको अनुसुचि ४.१३ र ४.१४ मा उल्लेख गरिएको छ।

ब. दफा १७५ बमोजिम सम्बद्ध कम्पनी विच भएको कारोवारको विवरण: यस बैंकको कुनै सम्बद्ध कम्पनी नरहेको।

भ. यस ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा :

यस आर्थिक वर्ष २०७६/०७७ मा रु. ५४२,५१२.३४ कर्जा अपलेखन गरिएको छ।

म. अन्य आवश्यक कुराहरू

कम्पनी ऐन, २०६३ को दफा ७८ मा भएको व्यवस्थाहरूको विवरण सहितको प्रतिवेदन :

यस प्रतिवेदनले १ साउन २०७६ देखी आषाढ मसान्त २०७७ सम्मको आर्थिक वर्ष २०७६/०७७ को अवधिलाई प्रतिनिधित्व गर्दछ। यो प्रतिवेदन संचालक समितिको मिति २०७७/०९/२८ मा बसेको ५१३ (क) औं बैठकले स्विकृत गरेको छ।

(क) बाँडफाँड भएको शेयर संख्या : ८२८,९१४ कित्ता (प्रति कित्ता रु.१०० का दरले) रहेको छ।

(ख) बाँडफाँड भएको शेयर मध्ये चुक्ता भएको र चुक्ता नभएको शेयर संख्या :

बाँडफाँड भएको शेयर मध्ये सम्पूर्ण शेयर चुक्ता भई सकेको छ।

(ग) कम्पनीको संचालक, प्रबन्ध संचालक, लेखापरीक्षकको विवरण र निजहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाहरूको रकम :

(१) संचालक समितिका अध्यक्षलाई प्रति बैठक भत्ता रु. ४,००० र अन्य संचालकहरूलाई रु. ३,५०० मा १५ प्रतिशत कर कट्टा गरी प्रति बैठक बैठक भत्ता प्रदान गरिएको र सम्पूर्ण संचालकहरूलाई पत्रपत्रिका खर्च बापत रु.१५०० प्रति महिना उपलब्ध गराईएको छ।

(२) लेखा परीक्षकको विवरण दफा ७८ (ग) बमोजिम (आ.व. २०७६/०७७)

| क्र.स. | लेखा परीक्षकको नाम                                     | ठेगाना            | शैक्षिक योग्यता      | प्रमाणपत्र नं. | नियुक्त मिति | पारिश्रमिक (मुल्य अभिवृद्धि कर समेत) | कैफियत |
|--------|--|-------------------|----------------------|----------------|--------------|--------------------------------------|--------|
| १      | वि.आर.एस. न्यौपाने एण्ड कम्पनि (श्री अनुप कु. श्रेष्ठ) | नक्साल, काठमाण्डौ | चार्टर्ड एकाउण्टेण्ट |                | २०७७/०३/१८   | रु. ३,३९,०००/-                       |        |

(घ) कम्पनिको चुक्ता पुँजीको पाँच प्रतिशत वा सो भन्दा बढि शेयर खरिद गरि लिने व्यक्ती वा संगठित संस्थाको नाम निजहरुको नाममा रहेको शेयर वा डिबेन्चरको विवरण :

| नाम                        | साधारण शेयर संख्या | रकम           | प्रतिशत |
|----------------------------|--------------------|---------------|---------|
| श्री राजेन्द्र कुमार शर्मा | ६३१,७४१            | रु.६३,१७४,१०० | ७.६२    |

(ङ) शेयर बिक्री बाट प्राप्त भएको जम्मा रकम र सम्बन्धित आ.व.मा कम्पनीले खरिद गरेको तथा जाारि गरेको नयाँ शेयर तथा डिबेन्चरको विवरण : नरहेको ।

(च) संचालक वा आधारभुत शेयरधनी वा निजका नजिकका नातेदारले कम्पनीलाई बुझाउन बाँकि रहेको रकम: छैन ।

(छ) बैक तथा वित्तीय संस्थाहरुबाट लिएको ऋण तथा बुझाउन बाँकी रहेको साँवा तथा व्याजको रकम : छैन ।

(ज) कम्पनीले भुक्तानी लिनु पर्ने वा कम्पनीले अन्य व्यक्तीलाई भुक्तानी गर्नु पर्ने भनि दावी गरिएको रकम वा यस विषयमा मुद्दा मामिला चलिरहेको भए त्यसको विवरण : रु. ९,४७,६४,७७०.१५ बराबरका २८ मुद्दा विभिन्न अदालतहरुमा विचाराधिन रहेको ।

(झ) कम्पनीको व्यवस्थापनमा कार्यरत तथा अन्य स्तरमा कार्यरत कर्मचारी वा कामदारको संख्या:

व्यवस्थापनमा कार्यरत कर्मचारी संख्या : १३

अन्य स्तरका कर्मचारि संख्या : १०९

(ञ) कम्पनीको व्यवस्थापनमा कार्यरत तथा अन्य स्तरमा कार्यरत विदेशीहरुको संख्या तथा निजहरुलाई भुक्तानि गरिएको पारिश्रमीक, भत्ता तथा सुविधा : छैन ।

(ट) कम्पनी र कुनै विदेशी निकाय वा व्यक्तीहरु बिच लगानी व्यवस्थापन वा प्राविधीक सेवा वा अन्य विषयमा एक वर्ष भन्दा बढि अवधिको लागि कुनै सम्झौता गरिएको भए सोको विवरण र सम्बन्धित आर्थिक वर्षमा त्यस्तो सम्झौता अनुसार भुक्तानि गरिएको लाभांश, कमिशन, शुल्क दस्तुर रोयल्टि आदिको विवरण : छैन ।

(ठ) कम्पनीले यस ऐन तथा प्रचलित कानुनको पालना पुर्ण रुपमा पालना गरेको भन्ने उदघोषणा गर्दछु :

कम्पनिले यस ऐन तथा प्रचलित अन्य कानुनको पुर्ण रुपमा पालना गर्ने छु । यस ऐन तथा अन्य प्रचलित ऐन कानुनको बरखिलाफ गरेमा सोहि ऐनमा व्यवस्था भए बमोजिम हुनेमा मंजुरी रहेको उदघोषणा गर्दछु ।

(ड) अन्य आवश्यक कुराहरु : नभएको ।

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**Independent Auditor’s Report  
 To the Shareholders of Best Finance Company Limited**

**Opinion**

We have audited the accompanying Financial Statement of Best Finance Company Limited, Which comprise the Statement of Financial Position as at 31<sup>st</sup> Ashad 2077, and Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended, and Notes to the Financial Statement, including a summary of Significant Accounting Policies .

In our opinion, the accompanying Financial Statements present fairly, in all material respects the Financial Position of the Company as at 31<sup>st</sup> Ashad 2077, and its financial performance and its Cash Flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

**Basis of Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing ( NSAs ). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. we are independent of the Company in accordance with Code of Ethics issued by Institute of Chartered Accountants of Nepal together with ethical requirement that are relevant to the audit of the Company under the Provisions of Company Act, 2063 and the rules there under, and we have fulfilled our ethical responsibilities in accordance with these requirement and the Code of Ethics. we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that ,in our professional judgment ,were of most significance in our audit of the standalone financial statement for the financial year ended 31<sup>st</sup> Ashad 2077. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below ,our description of how our audit addressed the matter is provided in that context.

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

| <b>Key Audit Matters</b>   | <b>How our Audit addressed the Key Audit Matters</b>  |
|--|---|
| <b>Identification of Non-performing Advances and Provisioning of Advances</b><br>( Refer Schedule 4.6 & 4.7 read with Note3.13 of Notes to Financial Statement)  |   |
| Loans and Advances include, Overdrafts Loan Repayable on Demand, Terms Loans and Other Loans, These Advances are covered by movable/ immovable assets, guarantees and other collaterals.<br><br>Loans and Advances constitute 61.90 % of total assets (Gross of Loan Loss Provision) of the Company. They are governed by Nepal Rastra Bank (NRB) Directives and other circulars , notices and directives issued by NRB from time to time which provides the guidelines related to the classification of Loans and Advances into performing and non-performing assets (NPAs).<br><br>The Provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value | Our audit approach towards advances with reference to the NRB Directives and other circulars / notifications issued by NRB and also internal policies and procedures of the Company included the testing of following :<br><br><ul style="list-style-type: none"> <li>• The accuracy of the data input in the system for income recognition, classification into performing and non-performing Loans, advances and provisioning in accordance with the NRB Norms</li> <li>• The design and operating effectiveness of key control, including IT Based Controls, focusing on periodic internal audits conducted by the Company, periodic valuation of collateral for loans and advances and assessment of adequacy of NPA provisions .</li> </ul> We have examined the efficacy of various internal controls |

|  |  |
|--|--|
| <p>of security and other qualitative factors and is subject to the minimum provisioning norms specified by NRB and amount described as per Para 63 of NAS 39 adopting Incurred Loss Model.</p> <p>Identification of performing and non- performing advances involves establishment of proper mechanism. The Company accounts for all the transactions related to Loans and Advances in its Information Technology System (IT System) viz. Core Banking System (CBS) which also provides information to identify whether the advances are performing or non- performing.</p> <p>Considering the nature of transactions, regulatory requirements, existing business environment, estimation / judgment involved in valuation of securities, it is a matter of high importance for the intended users of this Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter.</p> | <p>over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of various audits conducted as per the monitoring mechanism of the Company.</p> <p>In carrying out substantive procedures at the branches sampled by us, we have examined selected / sampled loans which also included the review of valuation reports of independent valuers approved against the collateral security by the Company's management .</p> <p><b>Our Result:</b> we considered the identification of Non-Performing Advances and their provisioning to be acceptable .</p>  |
| <p><b>Investment Valuation , Identification and Impairment</b><br/> (Refer Schedule 4.8 read with Notes 3.4 of Notes to Account)</p>   |  |
| <p>Investment of the Company comprises of investment in Government Bonds, T- Bills, Investment in quoted and Unquoted Equity Instruments. The Valuation of these instruments has been done in compliance with Nepal Accounting Standards (NAS) 39 read with Nepal Financial Reporting Standards (NFRS ) 9 and NRB Directive No.8/076 . The investment in the government and NRB Bonds and T- Bills have been done on Amortized Cost and rest have been through Fair Value through Other Comprehensive Income (FVOCI ).</p> <p>Given there are different methods recommended for the treatment of recognition, valuation and measurement of investment based on the nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved, we have considered Investment to be our Key Audit Matter.</p>  | <p>Our audit approach regarding verification of process of investment valuation, identification and impairment included :</p> <ul style="list-style-type: none"> <li>• Review of the investment of the Company and its valuation having reference to NFRS and NRB Directives.</li> <li>• For Investment valuation that are done at amortized cost, we checked the effective interest rate (EIR) and Amortization Schedule on Test Check Basis.</li> <li>• For the investment valued through Other Comprehensive Income for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in Nepal Stock Exchange (NEPSE) as on 15<sup>th</sup> July 2020.</li> <li>• Income and Bonus received have been verified through DEMAT statement maintained by the Company wherever applicable.</li> </ul> <p><b>Our Result :</b> We agreed with the recognition, disclosures and valuations made by the Company.</p> |
| <p><b>Impact of COVID -19 on the Company and Compliance with circular issued by NRB</b></p>  |  |
| <p>On 11<sup>th</sup> March, 2020 the COVID -19 outbreak was declared a global pandemic by the World Health Organization . On 24<sup>th</sup> March 2020, Nepal Government announced a strict nation – wide lockdown which continued till 21<sup>st</sup> July 2020.</p> <p>Due to lockdown, the Profitability of the Company was highly impacted and NRB issued various circulars for the benefit of the loanee and other stakeholders of the Company. This included rebate for fines and penalties that would be normally imposed by the Company in case of non- payment of dues by the Customers.</p>   | <p>Our audit approach regarding the impact of COVID-19 outbreak and the mitigation approach by the Company is based on the various circulars issued by NRB on various dates till the date of our review.</p> <p>Provisions like 10% discount on interest paid till 12<sup>th</sup> April 2020 for the fourth quarter and relaxation of the penal charges (interest and penalties ) to the customers during the pandemic period were verified on a test –sample basis.</p> <p><b>Our Result :</b> We did not find any instances of non –compliance</p>  |



|   |   |
|---|---|
| <p>Since, the impact of COVID-19 is significant on the performance of the Company, we have determined this as a Key Audit Matter.</p>   | <p>during the course of our audit in relation to rebate provided by the Company .</p>   |
| <p><b>Information Technology Systems and Controls Impacting Financial Reporting</b></p>   |   |
| <p>The Information Technology of the Company is satisfactory considering its level of operation and involves use of independent and inter- dependent IT Systems used in the operations of the Company for processing and recording the transactions. As a result, there is a high degree of reliance and dependency on such IT Systems for the financial reporting process of the Company .</p> <p>Appropriate IT General Controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely , accurately and consistently for financial reporting .</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to management, stakeholders and regulators .</p> | <p>Our audit approach regarding Information Technology of the Company is based upon the Information Technology Guidelines, 2012 issued by NRB and it also included :</p> <ul style="list-style-type: none"> <li>• Verification of the interest income and expense booking regarding loan and deposits on test check basis with the CBS of the Company.</li> <li>• Reliance on the IT audit conducted by the Company.</li> <li>• Verification of the provisioning of the loan and advances based on ageing on test check basis.</li> </ul> <p><b>Our Result</b> : We considered the information technology systems and their relevant controls to be satisfactory.</p> |

#### Other Information

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

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

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

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

Management is responsible for the Preparation and fair presentation of the Financial Statements in accordance with NFRS . This responsibility also includes maintenance of adequate accounting records for the safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies ; making judgments and estimates that are reasonable and prudent ; and the design , implementation and maintenance of adequate internal financial controls ,that are operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of financial statements that are free from material misstatement , whether due to fraud or error .

In preparing the Financial Statements , management is responsible for assessing the Company’s ability to continue as a going concern , disclosing , as applicable , matters related to going concern and using the going concern basis of accounting unless management either intended to liquidate the company or to cease operations , or has no realistic alternative but to do so .

#### Auditor’s Responsibility for the Audit of the Financial Statements

Our responsibility is to express and opinion on these Financial Statements based on our audit . We conducted our audit in accordance with Nepal Standards on Auditing and Nepal Financial Reporting Standards . Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial Statements are free of material misstatement . Reasonable assurance is a high level of assurance ,but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists . Misstatements can arise from fraud or error and are considered material if , individually or in the aggregate ,they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

- As part of an audit ,we exercise professional judgment and maintain professional skepticism throughout the audit . We also :
- Identify and assess the risks of material misstatement of the financial statements ,whether due to fraud or error , design and perform audit procedures responsive to those risks ,and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion . The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error , as fraud may involve collusion ,forgery , intentional omissions , misrepresentations ,or the override of internal control ;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control ;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by the directors ;
  - Conclude on the appropriateness of the directors ' use of the going concern basis of accounting and , based on the audit evidence obtained , whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern . if we conclude that a material uncertainty exists , we are required to draw attention in our auditor's report to the related disclosures in the financial statements or , if such disclosures are inadequate ,to modify our opinion . Our conclusions are based on the audit evidence obtained up to the date of our auditor's report . However , future events or conditions may cause the Company to cease as a going concern.
  - Evaluate the overall presentation , structure and content of the financial statements ,including the disclosures , and whether the financial statements represent the underlying transactions and events in a manner that achieves fair Presentation .
  - Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.

We Communicate with those charged with governance ,regarding , among other matters ,the planned scope and timing of the audit and significant audit findings , including any significant deficiencies in internal control that we identify during our audit .

#### **Reporting on other Legal and Regulatory Requirements**

We have obtained all the information and explanations ,which to the best of our knowledge and belief were necessary for the purpose of our audit and we did not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts . The accounts and records of the Company has been maintained as required by law and financial Statements are in agreement with the Books of Account maintained by the Company . In our opinion , so far as appeared from our examination of books of the books , the Company 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 the explanation given to us , the Board of Directors , the representative or any employee of the Company has not acted in Contrary to the provision of the law relating to accounts nor caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company and the Company has not acted in a manner to jeopardize the interest and security of the depositors and the investors.

*Anup K. Shrestha*  


**CA Anup K. Shrestha**  
Managing Partner  
UDIN210112CA00028 zxo9P  
Place : Kathmandu ,Nepal  
Date 12th January 2021

**Best Finance Company Limited**  
**Statement of Financial Position**  
As on 31 Ashadh 2077 (15 July 2020)

*Amount in NPR*

| Particulars  | Note | 31 Ashad 2077        | 31 Ashad 2076        |
|--|------|----------------------|----------------------|
| <b>Assets</b>                                      |      |                      |                      |
| Cash and cash equivalent                           | 4.1  | 904,518,338          | 785,599,274          |
| Due from Nepal Rastra Bank                         | 4.2  | 102,913,577          | 132,577,050          |
| Placement with Bank and Financial Institutions     | 4.3  | -                    | -                    |
| Derivative financial instruments                   | 4.4  | -                    | -                    |
| Other trading assets                               | 4.5  | -                    | -                    |
| Loan and advances to B/FIs                         | 4.6  | 198,157,801          | 86,648,612           |
| Loans and advances to customers                    | 4.7  | 1,934,361,232        | 1,763,432,002        |
| Investment securities                              | 4.8  | 241,421,666          | 199,718,848          |
| Current tax assets                                 | 4.9  | 41,133,513           | 48,469,502           |
| Investment in subsidiaries                         | 4.10 | -                    | -                    |
| Investment in associates                           | 4.11 | -                    | -                    |
| Investment property                                | 4.12 | 69,254,942           | 41,319,893           |
| Property and equipment                             | 4.13 | 144,255,121          | 147,532,618          |
| Goodwill and Intangible assets                     | 4.14 | 993,734              | 628,512              |
| Deferred tax assets                                | 4.15 | 12,375,729           | -                    |
| Other assets                                       | 4.16 | 10,114,728           | 44,266,984           |
| <b>Total Assets</b>                                |      | <b>3,659,500,381</b> | <b>3,250,193,295</b> |
| <b>Liabilities</b>                                 |      |                      |                      |
| Due to Bank and Financial Institutions             | 4.17 | 238,508,000          | 90,903,000           |
| Due to Nepal Rastra Bank                           | 4.18 | -                    | -                    |
| Derivative financial instruments                   | 4.19 | -                    | -                    |
| Deposits from customers                            | 4.20 | 2,498,627,416        | 2,292,399,494        |
| Borrowing  | 4.21 | -                    | -                    |
| Current Tax Liabilities                            | 4.9  | -                    | -                    |
| Provisions   | 4.22 | -                    | -                    |
| Deferred tax liabilities                           | 4.15 | -                    | 5,702,192            |
| Other liabilities                                  | 4.23 | 72,514,571           | 112,264,912          |
| Debt securities issued                             | 4.24 | -                    | -                    |
| Subordinated Liabilities                           | 4.25 | -                    | -                    |
| <b>Total liabilities</b>                           |      | <b>2,809,649,987</b> | <b>2,501,269,598</b> |
| <b>Equity</b>                                      |      |                      |                      |
| Share capital                                      | 4.26 | 828,913,789          | 810,015,789          |
| Share premium                                      |      | 3,025,356            | 3,010,926            |
| Retained earnings                                  |      | (342,099,561)        | (351,615,021)        |
| Reserves   | 4.27 | 360,010,810          | 287,512,003          |
| <b>Total equity attributable to equity holders</b> |      | <b>849,850,394</b>   | <b>748,923,697</b>   |
| Non-controlling interest                           |      | -                    | -                    |
| <b>Total equity</b>                                |      | <b>849,850,394</b>   | <b>748,923,697</b>   |
| <b>Total liabilities and equity</b>                |      | <b>3,659,500,381</b> | <b>3,250,193,295</b> |
| Contingent liabilities and commitment              | 4.28 | 83,384,287           | 20,437,287           |
| Net assets value per share                         |      | 102.53               | 92.46                |

As per our report of even date

**Rajeev Kumar Yadav**  
Chief Financial Officer

**Umesh Singh Bhandari**  
Chief Executive Officer

**Amir Dhoj Pradhan**  
Chairman

**Krishna Hari Shrestha**  
Director

**Milan Thapa**  
Director

**FCA Anup K Shrestha**  
Managing Partner  
BRS Neupane & Co. Chartered  
Accountants

**Suraj Kshetri**  
Director

**Bimal Prasad Dhakal**  
Director

**Dipak Dhakal**  
Director

**Sushila Khanal**  
Director

Date: 12 January, 2021 Place: Kathmandu, Nepal

**Best Finance Company Limited**  
Consolidated Statement of Profit or Loss  
For the year ended 31 Ashadh 2077 (15 July 2020)

*Amount in NPR*

| Particulars   | Notes | Current Year       | Previous Year      |
|---|-------|--------------------|--------------------|
| Interest Income   | 4.29  | 382,420,591        | 370,614,999        |
| Interest Expenses                                       | 4.30  | 232,376,166        | 213,205,495        |
| <b>Net interest income</b>                              |       | <b>150,044,425</b> | <b>157,409,504</b> |
| Fees and Commission Income                              | 4.31  | 13,597,048         | 18,614,661         |
| Fees and Commission Expense                             | 4.32  | 587,577            | -                  |
| <b>Net fee and Commission income</b>                    |       | <b>13,009,471</b>  | <b>18,614,661</b>  |
| <b>Net interest fee and commission income</b>           |       | <b>163,053,896</b> | <b>176,024,165</b> |
| Net Trading Income                                      | 4.33  | -                  | -                  |
| Other Operating Income                                  | 4.34  | 1,127,250          | 74,697,419         |
| <b>Total Operating Income</b>                           |       | <b>164,181,146</b> | <b>250,721,584</b> |
| Impairment charge/(reversal) for loans and other losses | 4.35  | (19,637,826)       | (74,576,628)       |
| <b>Net Operating Income</b>                             |       | <b>183,818,972</b> | <b>325,298,212</b> |
| <b>Operating expenses</b>                               |       |                    |                    |
| Personnal Expenses                                      | 4.36  | 74,488,379         | 78,520,104         |
| Other Operating Expenses                                | 4.37  | 37,871,555         | 52,546,538         |
| Depreciation & Amortisation                             | 4.38  | 7,343,321          | 13,192,842         |
| <b>Operating Profit</b>                                 |       | <b>64,115,717</b>  | <b>181,038,727</b> |
| Non operating income                                    | 4.39  | 926,204            | -                  |
| Non operating expenses                                  | 4.40  | 542,512            | 1,573,641          |
| <b>Profit before income tax</b>                         |       | <b>64,499,409</b>  | <b>179,465,086</b> |
| Income tax expenses                                     | 4.41  | (12,826,297)       | 116,740,929        |
| Current Tax   |       | 7,302,291          | 17,274,696         |
| Deferred Tax  |       | (20,128,588)       | 99,466,233         |
| <b>Profit for the period</b>                            |       | <b>77,325,706</b>  | <b>62,724,157</b>  |

| <b>Profit attributable to:</b> |  |                   |                   |
|--------------------------------|--|-------------------|-------------------|
| Equity holders of the Bank     |  | 77,325,706        | 62,724,157        |
| Non-controlling interest       |  | -                 | -                 |
| <b>Profit for the period</b>   |  | <b>77,325,706</b> | <b>33,373,634</b> |

| <b>Earnings per share</b>  |  |      |      |
|----------------------------|--|------|------|
| Basic earnings per share   |  | 9.38 | 8.02 |
| Diluted earnings per share |  | 9.38 | 8.02 |

As per our report of even date

Rajeev Kumar Yadav  
Chief Financial Officer

Umesh Singh Bhandari  
Chief Executive Officer

Amir Dhoj Pradhan  
Chairman

Krishna Hari Shrestha  
Director

Milan Thapa  
Director

FCA Anup K Shrestha  
Managing Partner  
BRS Neupane & Co. Chartered  
Accountants

Suraj Kshetri  
Director

Bimal Prasad Dhakal  
Director

Dipak Dhakal  
Director

Sushila Khanal  
Director

Date: 12 January, 2021 Place: Kathmandu, Nepal

**Best Finance Company Limited**  
**Consolidated Statement of Other Comprehensive Income**  
For the year ended 31 Ashadh 2077 (15 July 2020)

| Particulars  | Notes | Current Year      | Previous Year     |
|--|-------|-------------------|-------------------|
| <b>Profit for the year</b>   |       | <b>77,325,706</b> | <b>62,724,157</b> |
| <b>Other comprehensive income, net of income tax</b>                                       |       |                   |                   |
| <b>a) Items that will not be reclassified to profit or loss</b>                            |       |                   |                   |
| Gains/ (losses) from investments in equity instruments measured at fair value              |       | 2,478,863         | (170,659)         |
| Gains/ (losses) on revaluation   |       |                   |                   |
| Actuarial gains/ (losses) on defined benefit plans   |       | 4,356,691         | -                 |
| Income Tax relating to above items   |       | (2,050,666)       | 51,198            |
| <b>Net other comprehensive income that will not be reclassified to profit or loss</b>      |       | <b>4,784,888</b>  | <b>(119,461)</b>  |
| <b>b) Items that are or may be reclassified to profit or loss</b>                          |       |                   |                   |
| Gains/ (losses) on cash flow hedge   |       | -                 | -                 |
| Exchange gains/ (losses) (arising from translating financial assets of foreign operation)  |       | -                 | -                 |
| Income tax relating to above items   |       | -                 | -                 |
| Reclassify to profit or loss   |       | -                 | -                 |
| <b>Net other comprehensive income that are or may be reclassified to profit or loss</b>    |       | <b>-</b>          | <b>-</b>          |
| <b>c) Share of other comprehensive income of associate accounted as per equited method</b> |       | <b>-</b>          | <b>-</b>          |
| <b>Other comprehensive income for the period, net of income tax</b>                        |       | <b>4,784,888</b>  | <b>(119,461)</b>  |
| <b>Total comprehensive income for the period</b>   |       | <b>82,110,594</b> | <b>62,604,696</b> |
| <b>Total comprehensive income attributable to:</b>   |       |                   |                   |
| Equity holders of the Bank   |       | 82,110,594        | 62,604,696        |
| Non-controlling interest   |       | -                 | -                 |
| <b>Total comprehensive income for the period</b>   |       | <b>82,110,594</b> | <b>62,604,696</b> |

As per our report of even date

**Rajeev Kumar Yadav**  
Chief Financial Officer

**Umesh Singh Bhandari**  
Chief Executive Officer

**Amir Dhoj Pradhan**  
Chairman

**Krishna Hari Shrestha**  
Director

**Milan Thapa**  
Director

**FCA Anup K Shrestha**  
Managing Partner  
BRS Neupane & Co. Chartered  
Accountants

**Suraj Kshetri**  
Director

**Bimal Prasad Dhakal**  
Director

**Dipak Dhakal**  
Director

**Sushila Khanal**  
Director

Date: 12 January, 2021 Place: Kathmandu, Nepal

**Best Finance Company Limited**  
**Consolidated Statement of changes in equity**

| Particulars   | Share Capital | Capital Adjustment Fund | Share Premium | General Reserve | Exchange Equalisation Reserve | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total       |
|---|---------------|-------------------------|---------------|-----------------|-------------------------------|--------------------|--------------------|---------------------|------------------|---------------|-------------|
| Balance at 1 Shrawan 2075   | 297,513,000   | -                       | 2,488,558     | 48,945,909      | -                             | -                  | -                  | -                   | (131,817,164)    | 5,181,805     | 222,312,108 |
| Adjustment/Restatement  | -             | -                       | -             | -               | -                             | -                  | -                  | -                   | -                | -             | -           |
| Adjusted/Restated balance at 1 Shrawan 2075   | 297,513,000   | -                       | 2,488,558     | 48,945,909      | -                             | -                  | -                  | -                   | (131,817,164)    | 5,181,805     | 222,312,108 |
| Comprehensive income for the year   |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Profit for the year   |               |                         |               |                 |                               |                    |                    |                     | 62,724,157       |               | 62,724,157  |
| Other comprehensive income, net of tax  |               |                         |               |                 |                               |                    | (119,461)          |                     |                  |               | (119,461)   |
| Gains/(losses) from investment in equity instruments measured at fair value             |               |                         |               |                 |                               |                    | (119,461)          |                     |                  |               | (119,461)   |
| Gains/(losses) on revaluation   |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Actuarial gain/(losses) on defined benefit plans  |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Gains/(losses) on cash flow hedge   |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Exchange gains/(losses) arising from translating financial assets of foreign operation) |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Total comprehensive income for the year   |               |                         |               |                 |                               |                    | (119,461)          |                     | 62,724,157       |               | 62,604,696  |
| Transfer to Reserves during the year  |               |                         |               | 12,544,831      |                               |                    |                    |                     | (12,544,831)     |               |             |
| Transfer to Regulatory Reserves during the year Due to NBA                              |               |                         |               |                 |                               | 26,031,533         |                    |                     | (26,031,533)     |               |             |
| Transfer to Regulatory Reserves during the year Due to AIR                              |               |                         |               |                 |                               | 11,250,631         |                    |                     | (11,250,631)     |               |             |
| NFRS of merged entity directly charged into equity                                      |               |                         |               |                 |                               |                    |                    |                     | 57,549,752       |               | 57,549,752  |
| Transfer From Merger  | 474,408,989   |                         | 522,368       | 108,215,475     |                               |                    |                    |                     | (307,211,683)    | 93,594,786    | 369,529,935 |
| Transfer Deferred Tax Reserve to Retained Earnings during the year                      |               |                         |               |                 |                               |                    |                    |                     | 92,417,583       | (92,417,583)  |             |
| Creation of CSR Fund  |               |                         |               |                 |                               |                    |                    |                     | (627,242)        | 627,242       |             |
| Creation of Training Fund   |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Utilization of Training Fund  |               |                         |               |                 |                               |                    |                    |                     |                  | (511,419)     | (511,419)   |
| Utilization of CSR Fund   |               |                         |               |                 |                               |                    |                    |                     |                  | (177,370)     | (177,370)   |
| Transfer from Retained earning to Regulatory Reserve                                    |               |                         |               |                 |                               | 877,526            |                    |                     | (877,526)        |               |             |
| Transfer from Retained earning to Regulatory Reserve against Bargain Purchase           |               |                         |               |                 |                               | 73,468,098         |                    |                     | (73,468,098)     |               |             |
| Transfer from Reserves during the year  |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Transactions with owners, directly recognised in equity                                 |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Amount transferred from premium to share capital  |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |
| Share Issued  | 38,093,800    |                         |               |                 |                               |                    |                    |                     |                  |               | 38,093,800  |
| Share Based Payments  |               |                         |               |                 |                               |                    |                    |                     |                  |               |             |



|  | Share Capital        | Capital Adjustment Fund        | Share premium        | General reserve        | Exchange equalisation reserve        | Regulatory reserve        | Fair Value Reserve        | Revaluation Reserve        | Retained earning        | Other reserve        | Total          |
|--|----------------------|--------------------------------|----------------------|------------------------|--------------------------------------|---------------------------|---------------------------|----------------------------|-------------------------|----------------------|----------------|
| Share Issued Expenses  |                      |                                |                      |                        |                                      |                           |                           |                            | (682,578)               |                      | (682,578)      |
| Share Issued Expenses-Tax Impact                             |                      |                                |                      |                        |                                      |                           |                           |                            | 204,773                 |                      | 204,773        |
| Dividend to Equity-Holders                                   |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Bonus Shares Issued  |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Cash Dividend Paid   |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Gain on Disposal of Share Classified into OCI                |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Current Tax on Gain on Disposal of Share Classified into OCI |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Other  |                      |                                |                      |                        |                                      |                           |                           |                            | -                       |                      | -              |
| Total contributions by and distributions                     |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Balance at Ashadh end 2076                                   | 810,015,789.38       | -                              | 3,010,926.00         | 169,706,214.86         | -                                    | 111,627,787.99            | (119,461.30)              |                            | (351,615,020.53)        | 6,297,460.69         | 748,923,697.09 |
| <b>Particulars</b>   | <b>Share Capital</b> | <b>Capital Adjustment Fund</b> | <b>Share premium</b> | <b>General reserve</b> | <b>Exchange equalisation reserve</b> | <b>Regulatory reserve</b> | <b>Fair Value Reserve</b> | <b>Revaluation Reserve</b> | <b>Retained earning</b> | <b>Other reserve</b> | <b>Total</b>   |
| Balance at 1 Shrawan 2076                                    | 810,015,789          |                                | 3,010,926            | 169,706,215            |                                      | 111,627,788               | (119,461)                 |                            | (351,615,021)           | 6,297,461            | 748,923,697    |
| Adjustment/Restatement                                       |                      |                                |                      |                        |                                      |                           | 119,461                   |                            | 708,666                 |                      | 828,128        |
| Adjusted/Restated balance at 1 Shrawan 2076                  | 810,015,789          | -                              | 3,010,926            | 169,706,215            | -                                    | 111,627,788               | -                         |                            | (350,906,354)           | 6,297,461            | 749,751,825    |
| Comprehensive income for the year                            |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Profit for the year  |                      |                                |                      |                        |                                      |                           |                           |                            | 77,325,706              |                      | 77,325,706     |
| Other comprehensive income, net of tax                       |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Remeasurements of defined benefit liability (assets)         |                      |                                |                      |                        |                                      |                           |                           |                            |                         | 3,049,684            | 3,049,684      |
| Fair value reserve (Investment in equity instrument):        |                      |                                |                      |                        |                                      |                           | 1,735,204                 |                            |                         |                      | 1,735,204      |
| Net change in fair value                                     |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Net amount transferred to profit or loss                     |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Net gain (loss) on revaluation                               |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Cash flow hedges:  |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Effective portion of changes in fair value                   |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Net Amount reclassified to profit or loss                    |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Total comprehensive income for the year                      |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Transfer to reserve during the year                          |                      |                                |                      | 15,465,141             |                                      | 52,280,514                |                           |                            | (68,518,912)            | 773,257              | 68,518,912     |
| Transfer from reserve during the year                        |                      |                                |                      |                        |                                      |                           |                           |                            | (924,455)               |                      | (69,443,367)   |
| Transactions with owners, directly recognised in equity      |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Shares issued  | 18,898,000           |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Share Premium  |                      |                                | 14,430               |                        |                                      |                           |                           |                            |                         |                      | 18,898,000     |
| Share based payments   |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      | 14,430         |
| Dividends to equity holders                                  |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Bonus shares issued  |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Cash dividend paid   |                      |                                |                      |                        |                                      |                           |                           |                            |                         |                      |                |
| Total contributions by and distributions                     | 18,898,000           |                                | 14,430               | 15,465,141             |                                      | 52,280,514                | 1,735,204                 |                            | 8,806,794               | 2,898,486            | 100,098,569    |
| Balance at Ashadh end 2077                                   | 828,913,789          |                                | 3,025,356            | 185,171,356            | -                                    | 163,908,302               | 1,735,204                 |                            | (342,099,561)           | 9,195,947            | 849,850,394    |

**Best Finance Company Limited**  
**Consolidated Statement of cash flows**  
**For the year ended 31 Ashadh 2077 (15 July 2020)**

*Amount in NPR*

| Particulars  | Current Year        | Previous Year        |
|--|---------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                     |                      |
| Interest received  | 329,275,727         | 375,087,665          |
| Fees and other income received   | 14,205,247          | 18,614,661           |
| Dividend received  | 519,051             | 1,120,343            |
| Receipts from other operating activities                                       | 926,204             | (3,890,128)          |
| Interest paid  | (221,391,962)       | (200,911,842)        |
| Commission and fees paid   | (587,577)           | -                    |
| Cash payment to employees  | (64,405,812)        | (37,016,229)         |
| Other expense paid   | (36,530,846)        | (42,586,216)         |
| <b>Operating cash flows before changes in operating assets and liabilities</b> | <b>22,010,031</b>   | <b>110,418,254</b>   |
| (Increase)/Decrease in operating assets  | (159,576,685)       | 501,178,166          |
| Due from Nepal Rastra Bank   | 29,663,473          | 391,288,345          |
| Placement with bank and financial institutions                                 | -                   | -                    |
| Other trading assets   | -                   | -                    |
| Loan and advances to bank and financial institutions                           | (111,509,189)       | (56,943,577)         |
| Loans and advances to customers  | (113,119,967)       | 98,463,873           |
| Other assets   | 35,388,999          | 68,369,525           |
| <b>Increase/(Decrease) in operating liabilities</b>                            | <b>267,702,829</b>  | <b>(259,094,378)</b> |
| Due to bank and financial institutions   | 147,605,000         | 65,645,000           |
| Due to Nepal Rastra Bank   | -                   | -                    |
| Deposit from customers   | 206,227,922         | 89,040,999           |
| Borrowings   | -                   | -                    |
| Other liabilities  | (86,130,093)        | (413,780,377)        |
| <b>Net cash flow from operating activities before tax paid</b>                 | <b>130,136,175</b>  | <b>352,502,042</b>   |
| Income taxes paid/received   | 7,131,215           | (61,746,407)         |
| <b>Net cash flow from operating activities</b>                                 | <b>137,267,391</b>  | <b>290,755,635</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |                     |                      |
| Purchase of investment securities  | (36,917,930)        | 60,000,000           |
| Receipts from sale of investment securities                                    | -                   | -                    |
| Purchase of plant and equipment  | -                   | (7,894,947)          |
| Receipt from sale of property and equipment                                    | (3,783,077)         | 108,978              |
| Purchase of intangible assets  | (649,750)           | (96,032)             |
| Receipt from sale of intangible assets   | -                   | -                    |
| Purchase of investment properties  | -                   | (2,970,000)          |
| Receipt from the sale of investment properties                                 | 4,090,000           | -                    |
| Interest received  | -                   | -                    |
| Dividend received  | -                   | -                    |
| <b>Net cash used in investing activities</b>                                   | <b>(37,260,757)</b> | <b>49,147,999</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |                     |                      |
| Receipt from issue of debt securities  | -                   | -                    |
| Repayment of debt securities   | -                   | -                    |
| Receipt from issue of subordinated liabilities                                 | -                   | -                    |
| Repayment of subordinated liabilities  | -                   | -                    |
| Receipt from issue of shares   | 18,912,430          | 38,093,800           |
| Dividend paid  | -                   | -                    |
| Interest paid  | -                   | -                    |
| Other receipt/payment  | -                   | -                    |
| <b>Net cash from financing activities</b>                                      | <b>18,912,430</b>   | <b>38,093,800</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>118,919,063</b>  | <b>377,997,433</b>   |
| Cash and cash equivalents at Shrawan 1, 2076                                   | 785,599,274         | 260,304,991          |
| Transfer from Merger   | -                   | 147,296,850          |
| Effect of exchange rate fluctuations on cash and cash equivalents held         | -                   | -                    |
| <b>Cash and cash equivalents at Ashadh end 2077</b>                            | <b>904,518,338</b>  | <b>785,599,275</b>   |

As per our report of even date

**Rajeev Kumar Yadav**  
Chief Financial Officer

**Umesh Singh Bhandari**  
Chief Executive Officer

**Amir Dhoj Pradhan**  
Chairman

**Krishna Hari Shrestha**  
Director

**Milan Thapa**  
Director

**FCA Anup K Shrestha**  
Managing Partner  
BRS Neupane & Co. Chartered  
Accountants

**Suraj Kshetri**  
Director

**Bimal Prasad Dhakal**  
Director

**Dipak Dhakal**  
Director

**Sushila Khanal**  
Director

Date: 12 January, 2021 Place: Kathmandu, Nepal

## 1. Reporting Entity

Best Finance Company Limited (referred to as "The Financial Institution" hereinafter) is a National level finance company domiciled in Nepal, registered as a Public Limited Company under Companies Act, 2063 & Bank and Financial Institution Act, 2073. The Financial Institution is licensed by Nepal Rastra Bank as a Class "C" financial institution. During the financial year 2075/76, the financial institution has merged with Synergy Finance Limited and started joint operation from 2075.04.17. The registered office of the financial institution is located in Kamaladi, Nepal. Best Finance Company Limited network now includes 14 branches and 4 ATM's across 5 districts.

The Company has a primary listing on the Nepal Stock Exchange Limited as "BFC".

## 2. Basis of Preparation

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2076.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown differently, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts.

### 2.1 Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB), Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) subject to the notice dated 20 September 2018 regarding the Carve-outs in NFRS with Alternative Treatment and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2076.

### 2.2 Reporting Period and Approval of financial statement

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB during the fiscal year 2075/76. To comply the NFRS provisions following dates have been considered for the reporting time period.

| Relevant Financial Statement | Nepalese Calendar             | English Calendar           |
|------------------------------|-------------------------------|----------------------------|
| Comparative SFP* Date        | 31 Ashad 2076                 | 16 July 2019               |
| Comparative reporting period | 1 Shrawan 2075 -31 Ashad 2076 | 17 July 2018 -16 July 2019 |
| NFRS SFP* Date               | 31 Ashad 2077                 | 16 July 2020               |
| NFRS reporting period        | 1 Shrawan 2076- 31 Ashad 2077 | 17 July 2019-15 July 2020  |

\*SFP- Statement of Financial Position

### 2.3 Functional and Presentation currency

The financial statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

### 2.4 Use of Estimates, assumption and judgments

The Company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Company is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

The NFRS requires the Company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

#### **2.4.1 Going Concern**

The financial statements are prepared on a going concern basis, as the Board of the Company is satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

#### **2.5 Changes in Accounting Policies**

The Company is required to adopt and apply the accounting policies in conformity with Nepal Financial Reporting Framework (NFRS). The accounting policies are applied consistently with changes, if any and are disclosed with the financial impact to the extent possible. When policies are not guided by the reporting framework, NFRS, other reporting standards and generally accounting principles are followed.

#### **2.6 Reporting Pronouncements**

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. The NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 20 September 2018 has resolved that Carve-outs in NFRS with Alternative Treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB). Details of carve out are provided as follows.

##### **2.6.1 NAS 34: Interim Financial Reporting**

In para 2, if an entity's interim financial report is described as complying with NFRSs, it must comply with all of the requirements of this Standard. Paragraph 19 requires certain disclosures in that regard. However, an entity shall not require to restate its corresponding previous interim period balance if it is impracticable to restate.

The carve out is optional and has been provided for the FY 2018-19 and 2019-20. Accordingly, the Company has opted the carve out.

##### **2.6.2 NAS 39: Financial Instruments: Recognition and Measurement**

###### **a) Impairment**

In para 58, an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63; and shall apply paragraph 63 to measure the impairment loss on financial assets other than loan and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 63.

The carve out is not optional and has been provided for the FY 2018-19 to 2019-20.

###### **b) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate**

In para 9, The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

The carve out is optional and has been provided for the FY 2018-19 and 2019-20. Accordingly, the Company has opted the carve out.

###### **c) Impracticability to determine interest income on amortized cost**

In para AG 93, once a financial asset or a group of similar financial assets has been written down as a result of an

impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income shall be calculated by applying effective interest rate to the gross carrying amount of a financial asset unless the financial asset is written off either partially or fully.

The carve out is optional and has been provided for the FY 2018-19 to 2019-20. Accordingly, the Company has opted the carve out.

## 2.7 New Standards in issue but not yet effective

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

## 2.8 New Standards and Interpretations Not adapted

The following amendments are not mandatory for 2019/20 and have not been early adopted by the Company. The Company is still currently assessing the detailed impact of these amendments.

### 2.8.1 IFRS 9 ‘Financial Instruments’-Impairment

IFRS 9 ‘Financial Instruments’ was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. Accounting Standard Board of Nepal endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the Impairment. Currently, Incurred Loss Model as specified in NAS 39 is used. The requirement of IFRS 9 is Expected Credit Loss Model.

#### Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, IFRS 9 recognizes three stage approach to measure expected credit losses and recognized interest income.

**Stage 1:** 12-month ECL – No significantly increased credit risk Financial instruments that have not had a significant increase in credit risk since initial recognition require, at initial recognition a provision for ECL associated with the probability of default events occurring within the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a Probability of Default (PD) is used that corresponds to the remaining maturity. Interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

**Stage 2:** Lifetime ECL – Significantly increased credit risk in the event of a significant increase in credit risk since initial recognition, a provision is required for the lifetime ECL representing losses over the life of the financial instrument (lifetime ECL).

Interest income will continue to be recognized on a gross basis.

**Stage 3:** Lifetime ECL – Defaulted Financial instruments that move into Stage 3 once credit impaired and purchases of credit impaired assets will require a lifetime provision. Interest income will be calculated based on the gross carrying amount of the financial asset less ECL

The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

### 2.8.2 IFRS-15: Revenue from contract with customers:

The IASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- ◆ Identification of the contracts with the customer
- ◆ Identification of the performance obligations in the contract
- ◆ Determination of the transaction price
- ◆ Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- ◆ Recognition of revenue when the entity satisfies a performance obligation.

The new standard would be effective for annual periods starting from 1 January 2018 and early application is allowed. The management is assessing the potential impact on its financial statements resulting from application of IFRS 15.

IFRS 15 Revenue from contract with customers has not yet been adopted by the Accounting Standard Board of Nepal.

### 2.8.3 IFRS 16 'Leases'

IFRS 16 'Leases' is effective for annual periods beginning on or after 1 January 2019. IFRS 16 is the new accounting standard for leases and will replace IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. The new standard removes the distinction between operating or finance leases for lessee accounting, resulting in all leases being treated as finance leases. All leases will be recognized on the statement of financial position with the optional exceptions for short-term leases with a lease term of less than 12 months and leases of low-value assets (for example mobile phones or laptops). A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The main reason for this change is that this approach will result in a more comparable representation of a lessee's assets and liabilities in relation to other companies and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

IFRS 16 Leases has not yet been adopted by the Accounting Standard Board of Nepal.

### 2.9 Discounting

Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material.

### 2.10 Limitation of NFRS implementation

Wherever the information is not adequately available, and/or it is impracticable to develop the, such exception to NFRS implementation has been noted and disclosed in respective sections.

## 3. Significant Accounting Policies

### 3.1 Basis of Measurement

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

- financial instruments at fair value through other comprehensive income (OCI) are measured at fair value
- investment property is measured at fair value.
- liabilities for cash-settled share-based payment are measured at fair value
- the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

### 3.2 Basis of Consolidation/Acquisition

#### a. Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Company measures goodwill at the acquisition date as;

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquire, plus
- if the business combination is achieved in stages, the fair value of the preexisting equity interest in the acquire, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.
- Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

### 3.3 Cash & Cash Equivalent

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.



### 3.4 Financial Assets and Financial Liabilities

#### A. Recognition

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

#### B. Classification

##### I. Financial Assets

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

The two classes of financial assets are as follows;

##### i. Financial assets measured at amortized cost

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

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

##### a) Financial asset measured at fair value

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

- **Financial assets at fair value through profit or loss.**  
Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.
- **Financial assets at fair value through other comprehensive income**  
Investment in an equity instrument that is not held for trading and at the initial recognition, the Company makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

##### II. Financial Liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows;

- **Financial Liabilities at Fair Value through Profit or Loss**  
Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.
- **Financial Liabilities measured at amortized cost**  
All financial liabilities other than measured at fair value though profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

#### C. Measurement

##### i. Initial Measurement

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.

##### ii. Subsequent Measurement

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or collectability.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

**Effective interest rate of loans and advance:** While recognizing loans and advances at amortized cost, the Company has opted the carve out provided by the ICAN for determining effective interest rate. As a result of this alternative treatment, the Company has not included the loan processing fees received by the Company while calculating the effective interest rate to be used to amortize the loans and advances justifying that such fees and commission are immaterial to the total income from such loans and advances. The fees and commission are recognized as income in the same period when loan is approved and subsequently implemented/ disbursed.

**Staff Loans and Advances:** When the transaction price differs from the fair value of other observable current market transactions in the same instrument, the Company immediately recognizes the difference between the transaction price and fair value as Prepaid Benefit. The Company accordingly estimates the Prepaid Benefit in relation to Staff Loans and advances given under subsidized rate of interest. While calculating the fair value in case of Staff Loans, the average interest rate (11%) has been considered to be the market rate for the loan. Further, the amortization income and expense of such prepaid benefit is shown both under Interest Income as well as Personnel expense as it is the notional income and expense for the Company.

Base Rate is the minimum lending rate recommended by Nepal Rastra Bank and is calculated separately for each individual bank & financial institutions every month as per the method prescribed by Nepal Rastra Bank.

### 3.4.1 Derecognition

#### **Derecognition of Financial Assets**

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

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

#### **Derecognition of Financial Liabilities**

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

### 3.4.2 Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

The fair values are determined according to the following hierarchy:

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

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

**Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e., the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

### 3.4.3 Impairment

At each reporting date the Company assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments.
- When a counterparty files for bankruptcy and this would avoid or delay discharge of its obligation.
- Where the Company initiates legal recourse of recovery in respect of a credit obligation of the counterpart.
- Where the Company consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments.
- Where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Company considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. Significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Company uses statistical modeling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

#### a) **Impairment losses on assets measured at amortized cost** **As per NAS 39**

Financial assets carried at amortized cost such as amounts due from Financial Institution, loans and advances to customers as well as held-to-maturity investments is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

Loans and advances to customers categorized in non-performing loan category are assessed for individual impairment test. The recoverable value of loan is estimated on the basis of realizable value of collateral and the conduct of the borrower/ past experience of the Company. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk characteristics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring

after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the other reserves and funds (impairment reserve) in other comprehensive income and statement of changes in equity. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

#### **As per Loan Loss Provision of Nepal Rastra Bank**

Loan loss provisions in respect of non-performing loans and advances are based on management's assessment of the degree of impairment of the loans and advances, subject to the minimum provisioning level prescribed in relevant NRB guidelines. Provision is made for possible losses on loans and advances including bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with NRB directives.

#### **Policies Adopted**

As per the Carve out notice issued by ICAN, the Company has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39.

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

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortized cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss) is reclassified from equity and recognized in the profit or loss. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

### **3.5 Trading Assets**

Trading assets and liabilities are those assets and liabilities that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

### **3.6 Derivatives Assets and Derivative Liabilities**

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Company currently does not have any derivative assets and derivative liabilities.

### **3.7 Property and Equipment**

#### **a. Recognition and Measurement**

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

**Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:**

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

The Company adopts cost model for entire class of property and equipment. Neither class of the property and equipment is measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

Assets with a value of less than NPR 2,000 are charged off to revenue irrespective of their useful life in the year of purchase.

**b. Capital Work in Progress**

Fixed assets under construction and cost of assets not ready for use are shown as capital work in progress.

**c. Depreciation**

Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful life as per management judgment as follows:

| Nature of Assets | Useful Life (years) |
|------------------|---------------------|
| Furniture        | 5                   |
| Equipment        | 5                   |
| Vehicles         | 7                   |
| Computers        | 5                   |
| Building         | 40                  |
| Leasehold        | 5                   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

Depreciation on new assets shall commence from the month subsequent to the month in which the assets is acquired or capitalized. Where assets are disposed off, depreciation shall be calculated up to the month preceding the month of such disposal.

**d. Derecognition**

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall not be classified as revenue.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

**3.8 Intangible Assets/ Goodwill**

**Goodwill**

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

**Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than Rs. 5,000 are charged off on purchases as revenue expenditure.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3.9 Investment Property/Non-Current Assets Held for Sale**

**Investment Property**

Investment properties include land or land and buildings other than those classified as property and equipment and non-current assets held for sale. Generally, it includes land, land and building acquired by the Company as non-banking assets but not sold as on the reporting date.



The Company holds investment property that has been acquired through enforcement of security over the loans and advances.

#### **Non-Current Assets Held for Sale**

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

### **3.10 Income Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

#### **a. Current Tax**

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

#### **b. Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Company as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

### **3.11 Deposits, debts securities issued and subordinated liabilities**

#### **a. Deposits**

The Company accepts deposits from its customers under account, current, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the Company's books, and the resulting balance is recorded as a liability for the Company and represents the amount owed by the Company to the customer.

#### **b. Debt Securities Issued**

It includes debentures, bonds or other debt securities issued by the Company. Deposits, debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the Company are subordinate to the deposits from customer.

The Company has not issued such instruments till date.

#### **c. Subordinated Liabilities**

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The Company does not have any of such subordinated liabilities.

### **3.12 Provisions**

The Company recognizes a provision if, as a result of past event, the Company has a present constructive or legal obligation that can be reliability measured and it is probable that an outflow of economic benefit will be required to settle the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision for onerous contract is recognized when the expected benefits to be derived by the finance from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.



### 3.13 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Company's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, banc-assurance commission, etc. and the bases of incomes recognition are as follows:

#### a. Interest Income

Interest income on available-for-sale assets and financial assets held at amortized cost shall be recognized using the Company's normal interest rate which is very close to effective interest rate using effective interest rate method.

#### Interest Income on Loans and Advances

For income from loans and advances to customers, initial charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have been derived under effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. As per the Carve-out Notice issued by ICAN, the calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

#### Interest Income on Staff Loans and advances:

For measuring the staff loan and advances at fair value which is provided below market rate of interest, market rate has been assumed assessing the current rates of interest in the market. The difference between the loan outstanding and fair value of loan is treated as prepaid employee expenditure. After initial measurement at fair value, the loan is amortized using the rate used to determine fair value. And the prepaid employee expense is amortized as staff expense under NFRS throughout the period of the loan.

#### Interest Income of impaired assets

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income shall be recognized using the interest rate used to discount the future cash flow for the purpose of measuring the impairment loss. However, bank has used the alternative treatment as per carve-out by applying the effective interest rate to the gross carrying amount of a financial asset unless the financial asset has been written off either partially or fully.

#### Suspension of Accrual of Interest Income in loans and advance

Based on the guideline issued by regulator (Nepal Rastra Bank), accrual of interest income on loans and advances are suspended when any of the following criteria is satisfied.

- Loans where there is reasonable doubt about the ultimate collectability of the principal or interest
- Loans against which individual impairment as per NAS 39 or life time impairment as per NFRS 9 has been made
- Loans where contractual payment of principal and/or interest are more than 3 months in arrear and where the net realizable value of security is insufficient to cover payment of principal and accrued interest
- Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral
- Overdrafts and other short-term facilities which haven't been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of the security is insufficient to cover payment of principal and accrued interest,
- Overdraft and other short-term facilities which haven't been settled after the expiry of the loan and even not renewed within 12 months of the expiry irrespective of the net realizable value of collateral

Where there is suspension of accrual of interest income, interest income is recognized on cash basis until there is change in circumstances to resume the accrual of interest income. For, resuming accrual of interest income a period of continued repayment of 12 months can be considered reasonable.

Gains and losses arising from changes in the fair value of financial instruments held at fair value through OCI are included in the statement of OCI in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognized within net interest income.

**b. Fees & Commission**

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

**c. Dividend Income**

Dividend incomes are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

**d. Net Trading Income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest and dividends.

**e. Net Income from other financial instrument at fair value through Profit or Loss**

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

**3.14 Interest expense**

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

**3.15 Employees Benefits**

**a. Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

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

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

**b. Post-Employment Benefits**

Post-employment benefit plan includes the followings;

**i. Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Company contribute monthly at a pre-determined rate of 10% of the basic salary. The Company does not assume any future liability for provident fund benefits other than its annual contribution.

**ii. Defined Benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment

or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

### iii. Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### 3.16 Leases

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Majority of lease agreements entered by the Company are with the clause of normal increment which the management assumes are in line with the lessor's expected inflationary cost increases.

The Company operates its branches and ATMs in number of leased facilities under operating lease agreements. The payments to the lessors are structured to increase in line with the general inflation rate to compensate for the lessors' expected inflationary cost increment. The Company during this fiscal year 2019-20 has charged operating lease expense on SLM basis.

### 3.17 Financial guarantee and loan commitment

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitment is the commitment where the Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Bank has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

### 3.18 Share Capital and Reserves

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

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, regulatory reserve, investment adjustment reserve, CSR reserve etc.

### 3.19 Earnings per share including diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.20 Rounding Off and Comparative Figures

The financial statements are presented in Nepalese figure, rounded off to the nearest rupee. Previous year figure has been reclassified/ rearranged/ regrouped to facilitate their comparison, where necessary.

**Best Finance Company Limited**  
**Schedules to Financial Statement**

**4.1 Cash and cash equivalent**

| Particulars                    | 31 Ashadh 2077     | 31 Ashadh 2076     |
|--------------------------------|--------------------|--------------------|
| Cash in Hand                   |                    |                    |
| Balances with B/Fis            | 51,101,579         | 48,300,192         |
| Money at call and short notice | 853,416,759        | 737,299,082        |
| Other                          | -                  | -                  |
| <b>Total</b>                   | <b>904,518,338</b> | <b>785,599,274</b> |

**4.2 Due from Nepal Rastra Bank**

| Particulars                                 | 31 Ashadh 2077     | 31 Ashadh 2076     |
|---|--------------------|--------------------|
| Statutory balances with NRB                 | 102,913,577        | 132,577,050        |
| Securities purchased under resale agreement | -                  | -                  |
| Other deposit and receivable from NRB       | -                  | -                  |
| <b>Total</b>                                | <b>102,913,577</b> | <b>132,577,050</b> |

**4.3 Placements with Bank and Financial Institutions**

| Particulars                     | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---------------------------------|----------------|----------------|
| Placement with domestic B/FIs   | -              | -              |
| Placement with Foreign B/FIs    | -              | -              |
| Less: Allowances for impairment | -              | -              |
| <b>Total</b>                    | <b>-</b>       | <b>-</b>       |

**4.4 Derivative Financial Instruments**

| Particulars                     | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---------------------------------|----------------|----------------|
| <b>Held for trading</b>         |                |                |
| Interest rate swap              |                |                |
| Forward exchange contract       |                |                |
| Others                          |                |                |
| <b>Held for risk management</b> |                |                |
| Interest rate swap              |                |                |
| Forward exchange contract       |                |                |
| Others                          |                |                |
| <b>Total</b>                    | <b>-</b>       | <b>-</b>       |

**4.5 Other Trading assets**

| Particulars              | 31 Ashadh 2077 | 31 Ashadh 2076 |
|--------------------------|----------------|----------------|
| <b>Treasury Bills</b>    |                |                |
| Government bond          | -              | -              |
| NRB bonds                | -              | -              |
| Domestic Corporate bonds | -              | -              |
| <b>Equities</b>          |                |                |
| Other                    | -              | -              |
| <b>Total</b>             | <b>-</b>       | <b>-</b>       |
| Pledged                  | -              | -              |
| Non- Pledged             | -              | -              |

#### 4.6 Loans and advances to B/FIs

| Particulars                              | 31 Ashadh 2077     | 31 Ashadh 2076    |
|--|--------------------|-------------------|
| <b>Loan to Microfinance Institutions</b> | 200,158,644        | 87,523,562        |
| Other                                    | -                  | -                 |
| Less: Allowances for Impairment          | 2,000,843          | (874,950)         |
| <b>Total</b>                             | <b>198,157,801</b> | <b>86,648,612</b> |

#### 4.6.1 Allowances for Impairment

| Particulars                                | 31 Ashadh 2077   | 31 Ashadh 2076 |
|--|------------------|----------------|
| <b>Balance at the end of Previous Year</b> | 874,950          | 300,000        |
| <b>Impairment loss for the year:</b>       | 1,125,893        | 574,950        |
| Charge for the year                        | 1,125,893        | 574,950        |
| Recoveries/Reversal                        | -                | -              |
| Amount written off                         | -                | -              |
| <b>Balance as at Ashad end</b>             | <b>2,000,843</b> | <b>874,950</b> |

#### 4.7 Loans and advances to customers

| Particulars  | 31 Ashadh 2077       | 31 Ashadh 2076       |
|--|----------------------|----------------------|
| <b>Loans and advances measured at amortized cost</b> | 2,280,712,962        | 2,130,547,452        |
| Less: Impairment allowances                          | (346,351,730)        | (367,115,450)        |
| Collective Impairment                                | -                    | -                    |
| Individual Impairment                                | 346,351,730          | (367,115,450)        |
| <b>Net amount</b>                                    | <b>1,934,361,232</b> | <b>1,763,432,002</b> |
| Loan and advances measured at FVTPL                  | -                    | -                    |
| <b>Total</b>   | <b>1,934,361,232</b> | <b>1,763,432,002</b> |

#### 4.7.1 Analysis of loan and advances - By product

| Particulars                            | 31 Ashadh 2077       | 31 Ashadh 2076       |
|--|----------------------|----------------------|
| <b>Product</b>                         |                      |                      |
| Term Loans                             | 809,676,161          | 137,654,442          |
| Overdraft                              | 295,286,943          | 230,751,611          |
| Trust Receipt/Import Loans             | -                    | 1,393,000            |
| Demand and other Working Capital Loans | 76,378,955           | 102,429,721          |
| Personal Residential Loans             | 110,363,400          | 114,456,249          |
| Real Estate Loans                      | 152,105,154          | 100,154,181          |
| Margin Lending Loans                   | 17,367,442           | 16,076,056           |
| Hire Purchase Loans                    | 238,742,388          | 197,492,490          |
| Deprived Sector Loans                  | 37,759,940           | 55,921,789           |
| Bills Purchased                        | -                    | -                    |
| Staffs Loans                           | 7,825,041            | 5,490,789            |
| Other                                  | 460,106,485          | 1,144,075,187        |
| <b>Sub-total</b>                       | <b>2,205,611,909</b> | <b>2,105,895,515</b> |
| <b>Interest Receivable</b>             | <b>75,101,053</b>    | <b>24,651,937</b>    |
| <b>Grand Total</b>                     | <b>2,280,712,962</b> | <b>2,130,547,452</b> |

#### 4.7.2 Analysis of loan and advances - By Currency

| Particulars          | 31 Ashadh 2077       | 31 Ashadh 2076       |
|----------------------|----------------------|----------------------|
| Nepalese Rupee       | 2,280,712,962        | 2,130,547,452        |
| Indian Rupee         | -                    | -                    |
| United States Dollar | -                    | -                    |
| Great Britain Pound  | -                    | -                    |
| Euro                 | -                    | -                    |
| Japanese Yen         | -                    | -                    |
| Chinese Yuan         | -                    | -                    |
| Other                | -                    | -                    |
| <b>Grand Total</b>   | <b>2,280,712,962</b> | <b>2,130,547,452</b> |

#### 4.7.3 Analysis of loan and advances - By Collateral

| Particulars                           | 31 Ashadh 2077       | 31 Ashadh 2076       |
|---------------------------------------|----------------------|----------------------|
| <b>Secured</b>                        |                      |                      |
| Moveable/Immoveable Assets            | 2,130,900,951        | 1,994,822,341        |
| Gold and Silver                       | 2,550,000            | 4,009,000            |
| Guarantee of Domestic BFIs            | -                    | -                    |
| Government Guarantee                  | 4,015,316            | 4,015,316            |
| Guarantee of International Rated Bank | -                    | -                    |
| Collateral of Export Document         | -                    | -                    |
| Collateral of Fixed Deposit Receipt   | 8,629,250            | 49,253,992           |
| Collateral of Government Securities   | -                    | -                    |
| Counter Guarantee                     | -                    | -                    |
| Personal Guarantee                    | 23,477,414           | 15,626,118           |
| Other Collateral                      | 36,038,978           | 38,168,748           |
| <b>Sub Total</b>                      | <b>2,205,611,909</b> | <b>2,105,895,516</b> |
| Unsecured                             | 75,101,053           | 24,651,937           |
| <b>Grand Total</b>                    | <b>2,280,712,962</b> | <b>2,130,547,453</b> |

#### 4.7.4 Allowances for Impairment

| Particulars                                 | 31 Ashadh 2077     | 31 Ashadh 2076     |
|---|--------------------|--------------------|
| <b>Specific allowances for impairment</b>   |                    |                    |
| <b>Balance at the end of Previous Year</b>  | <b>367,115,450</b> | <b>139,389,282</b> |
| Impairment loss for the year:               | (20,763,720)       | (44,794,444)       |
| Charge for the year                         | -                  | -                  |
| Recoveries/reversal during the year         | (20,763,720)       | (77,890,554)       |
| Write-offs                                  | -                  | -                  |
| Exchange rate variance on foreign currency  | -                  | -                  |
| Other movement                              | -                  | 305,616,721        |
| <b>Balance at the end of this year</b>      | <b>346,351,730</b> | <b>367,115,450</b> |
| <b>Collective allowances for impairment</b> |                    |                    |
| <b>Balance at the end of Previous year</b>  | -                  | -                  |
| Impairment loss for the year:               | -                  | -                  |
| Charge/(reversal) for the year              | -                  | -                  |
| Exchange rate variance on foreign currency  | -                  | -                  |
| Other movement                              | -                  | -                  |
| <b>Balance at Ashad end</b>                 | -                  | -                  |
| <b>Total allowances for impairment</b>      | <b>346,351,730</b> | <b>367,115,450</b> |



#### 4.8 Investment in securities

| Particulars                                      | 31 Ashadh 2077     | 31 Ashadh 2076     |
|--|--------------------|--------------------|
| Investment securities measured at amortized cost | 179,053,296        | 180,000,000        |
| Investment in equity measured at FVTOCI          | 62,368,370         | 19,718,848         |
| <b>Total</b>                                     | <b>241,421,666</b> | <b>199,718,848</b> |

#### 4.8.1 Investment in securities measured at amortized cost

| Particulars                              | 31 Ashadh 2077     | 31 Ashadh 2076     |
|--|--------------------|--------------------|
| Debt Securities                          | -                  | -                  |
| Government Bond                          | 130,877,472        | 180,000,000        |
| Government treasury bills                | 48,175,824         | -                  |
| Nepal Rastra Bank bonds                  | -                  | -                  |
| Nepal Rastra Bank deposit instruments    | -                  | -                  |
| Other                                    | -                  | -                  |
| Less: Specific allowances for impairment | -                  | -                  |
| <b>Total</b>                             | <b>179,053,296</b> | <b>180,000,000</b> |

#### 4.8.2 Investment in equity measured at fair value through other Other comprehensive income

| Particulars                | 31 Ashadh 2077    | 31 Ashadh 2076    |
|----------------------------|-------------------|-------------------|
| Equity Instrument          | -                 | -                 |
| Quoted equity securities   | 49,552,170        | 6,902,648         |
| Unquoted equity securities | 12,816,200        | 12,816,200        |
| <b>Total</b>               | <b>62,368,370</b> | <b>19,718,848</b> |

#### 4.8.3 Information relating to investment in equities

| Particulars  | 31 Ashadh 2077    |                   | 31 Ashadh 2076    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Cost              | Fair Value        | Cost              | Fair Value        |
| <b>Investment in quoted equity</b>   | <b>47,073,307</b> | <b>49,552,170</b> | <b>7,073,307</b>  | <b>6,902,648</b>  |
| National Hydro Power Company Ltd.<br>8000 shares of Rs. 173.622 each         | 1,388,982         | 424,000           | 1,388,982         | 512,000           |
| National Micro Finance Bittiya Sanstha Ltd.<br>25,000 shares of Rs. 100 each | 2,500,000         | 2,500,000         | 2,500,000         | 2,500,000         |
| HIDCL<br>6,372 shares of Rs. 100 each  | 579,300           | 847,476           | 579,300           | 932,673           |
| Nyadi Group Power Co. Ltd.<br>636 shares of Rs. 100 each                     | 57,900            | 73,140            | 57,900            | 73,776            |
| Khani Khola Hydro Power Co. Ltd.<br>16 shares of Rs. 100 each                | 1,600             | 784               | 1,600             | 1,056             |
| RSDC Laghu Bitta<br>21 shares of Rs. 100 each                                | 1,400             | 11,382            | 1,400             | 6,860             |
| Arun Kabeli Power Co. Ltd.<br>295 shares of Rs. 100 each                     | 29,500            | 34,220            | 29,500            | 55,460            |
| Nepal Life Insurance Co. Ltd.<br>3,862 shares of Rs. 100 each                | 2,480,925         | 4,866,120         | 2,480,925         | 2,784,090         |
| United Modi Hydro Power Ltd.<br>337 shares of Rs. 100 each                   | 33,700            | 35,048            | 33,700            | 36,733            |
| NIC Asia Balanced Fund<br>2000000 shares os Rs.10 each                       | 20,000,000        | 20,760,000        | -                 | -                 |
| NMB Mutual Fund 2000000 shares of Rs.10 each                                 | 20,000,000        | 20,000,000        | -                 | -                 |
| <b>Investment in unquoted equity</b>   | <b>12,816,200</b> | <b>12,816,200</b> | <b>12,816,200</b> | <b>12,816,200</b> |
| Nepal Clearing House<br>24,302 Shares of Rs. 100 Each                        | 2,025,200         | 2,025,200         | 2,025,200         | 2,025,200         |
| Karja Suchana Kendra<br>79,083 Shares of Rs. 100 Each                        | 791,000           | 791,000           | 791,000           | 791,000           |
| General Insurance Company Limited<br>100,000 Shares of Rs. 100 Each          | 10,000,000        | 10,000,000        | 10,000,000        | 10,000,000        |
| <b>Total</b>   | <b>59,889,507</b> | <b>62,368,370</b> | <b>19,889,507</b> | <b>19,718,848</b> |

Investment in unquoted equity are shown at cost considering networth of invested equity are not less than cost.

**4.9 Current tax Assets/Liability**

| Particulars                         | 31 Ashadh 2077    | 31 Ashadh 2076    |
|-------------------------------------|-------------------|-------------------|
| <b>Current tax assets</b>           | <b>65,710,500</b> | <b>65,744,197</b> |
| Current year income tax assets      | 171,076           | 65,744,197        |
| Tax assets of prior periods         | 65,744,197        | -                 |
| <b>Opening Tax asset adjustment</b> | <b>(204,773)</b>  |                   |
| Current tax liabilities             | 24,576,987        | 17,274,696        |
| Current year income tax liabilities | 7,302,291         | 16,368,891        |
| Tax liabilities of prior periods    | 17,274,696        | 905,804           |
| <b>Total</b>                        | <b>41,133,513</b> | <b>48,469,502</b> |

**4.10 Investment In subsidiaries**

| Particulars                         | 31 Ashadh 2077 | 31 Ashadh 2076 |
|-------------------------------------|----------------|----------------|
| Investment in Quoted Subsidiaries   | -              | -              |
| Investment in Unquoted Subsidiaries | -              | -              |
| <b>Total Investment</b>             | <b>-</b>       | <b>-</b>       |
| Less: Impairment Allowances         | -              | -              |
| <b>Net Carrying Amount</b>          | <b>-</b>       | <b>-</b>       |

**4.10.1 Investment In quoted subsidiaries**

| Particulars                | 31 Ashadh 2077 |            | 31 Ashadh 2076 |            |
|----------------------------|----------------|------------|----------------|------------|
|                            | Cost           | Fair Value | Cost           | Fair Value |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| <b>Total</b>               | <b>-</b>       | <b>-</b>   | <b>-</b>       | <b>-</b>   |

**4.10.2 Investment In unquoted subsidiaries**

| Particulars                | 31 Ashadh 2077 |            | 31 Ashadh 2076 |            |
|----------------------------|----------------|------------|----------------|------------|
|                            | Cost           | Fair Value | Cost           | Fair Value |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| <b>Total</b>               | <b>-</b>       | <b>-</b>   | <b>-</b>       | <b>-</b>   |

**4.10.3 Information relating to subsidiaries of the bank**

| Particulars  | Percentage of ownership held by the bank |                |
|--------------|--|----------------|
|              | 31 Ashadh 2077                           | 31 Ashadh 2076 |
| .....Ltd     | -  | -              |
| .....Ltd     | -  | -              |
| <b>Total</b> | <b>-</b>                                 | <b>-</b>       |

#### 4.10.4: Non controlling interest of the subsidiaries

| Particulars                                       | Current Year  |      |
|---|---------------|------|
|   | Ltd.          | Ltd. |
| Equity interest held by NCI (%)                   |               | -    |
| Profit/(loss) allocated during the year           |               | -    |
| Accumulated balances of NCI as on Ashadh end 2076 |               | -    |
| Dividend paid to NCI                              |               | -    |
| Funds used  |               |      |
| <b>NCI as on Ashadh end 2077</b>                  |               |      |
| NCI as on Ashadh end 2077                         | Previous Year |      |
|   | Ltd.          | Ltd. |
| Equity interest held by NCI (%)                   |               | -    |
| Profit/(loss) allocated during the year           |               | -    |
| Accumulated balances of NCI as on Ashadh end 2075 |               | -    |
| Dividend paid to NCI                              |               |      |
| Funds used  |               |      |
| <b>NCI as on Ashadh end 2076</b>                  |               |      |

#### 4.11 Investment In associates

| Particulars                       | 31 Ashadh 2077 |            | 31 Ashadh 2076 |            |
|-----------------------------------|----------------|------------|----------------|------------|
|                                   | Cost           | Fair Value | Cost           | Fair Value |
| Investment in Quoted associates   | -              | -          | -              | -          |
| Investment in Unquoted associates | -              | -          | -              | -          |
| <b>Total Investment</b>           | -              | -          | -              | -          |
| Less: Impairment Allowances       |                |            |                |            |
| <b>Net Carrying Amount</b>        | -              | -          | -              | -          |

#### 4.11.1 Investment In quoted associates

| Particulars                | 31 Ashadh 2077 |            | 31 Ashadh 2076 |            |
|----------------------------|----------------|------------|----------------|------------|
|                            | Cost           | Fair Value | Cost           | Fair Value |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| .....Ltd                   |                |            |                |            |
| .....shares of Rs.... Each | -              | -          | -              | -          |
| <b>Total</b>               | -              | -          | -              | -          |

#### 4.11.2 Investment In unquoted associates

| Particulars  | 31 Ashadh 2077 |            | 31 Ashadh 2076 |            |
|--------------|----------------|------------|----------------|------------|
|              | Cost           | Fair Value | Cost           | Fair Value |
|              | -              | -          | -              | -          |
|              | -              | -          | -              | -          |
| <b>Total</b> | -              | -          | -              | -          |

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

| Particulars  | Percentage of ownership held by the Bank |                |
|--------------|--|----------------|
|              | 31 Ashadh 2077                           | 31 Ashadh 2076 |
|              | -  | -              |
|              | -  | -              |
| <b>Total</b> | -  | -              |

**4.11.4: Equity value of associates**

| Particulars  | 31 Ashadh 2077 | 31 Ashadh 2076 |
|--------------|----------------|----------------|
|              |                |                |
|              |                |                |
| <b>Total</b> | -              | -              |

**4.12 Investment Properties**

| Particulars   | 31 Ashadh 2077    | 31 Ashadh 2076    |
|---|-------------------|-------------------|
| <b>Investment properties measured at fair value</b> |                   |                   |
| Balance as on the end of Previous Year              | 41,319,893.08     | 4,197,000.00      |
| Addition/disposal during the year- Net              | 27,935,048.92     | 37,122,893.08     |
| Net changes in fair value during the year           | -                 | -                 |
| Adjustment/transfer                                 | -                 | -                 |
| Net amount  | 69,254,942        | 41,319,893        |
| <b>Investment properties measured at cost</b>       |                   |                   |
| <b>Balance as on the end of Previous Year</b>       | -                 | -                 |
| Addition/disposal during the year                   | -                 | -                 |
| Adjustment/transfer                                 | -                 | -                 |
| Accumulated depreciation                            | -                 | -                 |
| Accumulated impairment loss                         | -                 | -                 |
| Net amount  | -                 | -                 |
| <b>Total</b>  | <b>69,254,942</b> | <b>41,319,893</b> |

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as Investment Properties and measured at cost.

| Particulars                          | Amount in NPR     |                   |                      |                        |                   |                     |                |                    |                     |                              |
|--------------------------------------|-------------------|-------------------|----------------------|------------------------|-------------------|---------------------|----------------|--------------------|---------------------|------------------------------|
|                                      | Land              | Building          | Leasehold Properties | Computer & Accessories | Vehicles          | Furniture & Fixture | Machinery      | Equipment & Others | Total Asar end 2077 | Total Asar End 2076 Restated |
| <b>Cost</b>                          |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| As on Shrawan 1, 2075                | -                 | -                 | 506,765              | 5,743,663              | 4,805,555         | 1,087,719           | -              | 1,882,703          |                     | 14,026,404                   |
| Addition during the Year             | 88,561,728        | 61,099,406        | 12,079,828           | 14,191,758             | 11,678,795        | 23,216,619          | 847,500        | 44,487,160         |                     | 256,162,793                  |
| Acquisition                          |                   |                   | 3,282,650            | 498,865                | 198,500           | 1,858,611           |                | 3,995,615.23       |                     | 9,834,241                    |
| Capitalization                       |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| Transferred from Synergy Finance     | 88,561,728        | 61,099,406        | 10,626,993           | 13,692,893             | 11,492,095        | 23,629,410          | 847,500        | 40,491,544         |                     |                              |
| Disposal during the year             |                   |                   | (1,829,815)          |                        |                   | (2,271,401)         |                |                    |                     |                              |
| Adjustment/Revaluation               |                   |                   |                      |                        | (11,800)          |                     |                |                    |                     | (26,768,113)                 |
| <b>Balance as on Ashadh end 2076</b> | <b>88,561,728</b> | <b>61,099,406</b> | <b>12,586,593</b>    | <b>19,935,421</b>      | <b>16,484,350</b> | <b>24,304,338</b>   | <b>847,500</b> | <b>46,369,863</b>  | <b>270,189,197</b>  | <b>270,189,197</b>           |
| Addition during the Year             | -                 | -                 |                      |                        |                   |                     |                |                    |                     |                              |
| Acquisition                          |                   |                   | 25,165               | 736,726                | 1,218,000         | 149,350             |                | 1,653,836          | 3,783,077           |                              |
| Capitalization                       |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| Disposal during the year             |                   |                   | (134,986)            | (237,514.41)           | (3,005,000)       | (613,111)           |                | (642,953.92)       | (4,498,580)         |                              |
| Adjustment/Revaluation upto 75-76    |                   |                   |                      |                        | 11,800            | (282,638)           |                |                    | (405,824)           |                              |
| <b>Balance as on Ashadh end 2077</b> | <b>88,561,728</b> | <b>61,099,406</b> | <b>12,476,772</b>    | <b>20,434,632</b>      | <b>14,709,150</b> | <b>23,557,939</b>   | <b>847,500</b> | <b>47,380,745</b>  | <b>269,067,871</b>  | <b>270,189,197</b>           |
| <b>Depreciation and Impairment</b>   |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| As on Shrawan 1, 2075                | -                 | -                 | 103,568              | 5,423,895              | 4,128,952         | 975,687             | -              | 1,514,306          | 12,146,407          | 12,146,407                   |
| Transferred from Synergy Finance     |                   |                   | 5,846,783            | 11,229,856             | 6,029,477         | 20,986,004          | 471,460        | 34,727,032         | 99,488,579          | 99,488,579                   |
| Depreciation charge for the year     |                   |                   | 1,135,752            | 1,839,536              | 2,458,341         | 1,825,869           | 376,040        | 4,247,194          | 13,125,946          | 13,125,946                   |
| Impairment for the year              |                   |                   |                      |                        |                   | (2,097,905)         |                |                    | (2,097,905)         |                              |
| Disposals                            |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| Adjustment                           |                   |                   |                      |                        | (6,449)           |                     |                |                    | (6,449)             |                              |
| <b>As on Ashadh end 2076</b>         | <b>-</b>          | <b>21,441,180</b> | <b>7,086,103</b>     | <b>18,493,287</b>      | <b>12,610,321</b> | <b>21,689,656</b>   | <b>847,500</b> | <b>40,488,532</b>  | <b>122,656,578</b>  | <b>122,656,578</b>           |
| Depreciation charge for the year     |                   |                   | 1,534,212            | 532,340                | 1,388,000         | 538,917             | 104,094        | 1,218,106          | 7,132,457           |                              |
| Impairment for the year              |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| Disposals                            |                   |                   |                      | (237,514.41)           | (2,513,480)       | (613,111)           |                | (642,953.92)       | (4,007,060)         |                              |
| Adjustment upto 75-76                |                   |                   | (52,416)             | (163,518)              | (1,416,860)       | 197,020             | (208,188)      | 985,849            | (969,226)           |                              |
| <b>As on Ashadh end 2077</b>         | <b>-</b>          | <b>22,946,855</b> | <b>8,567,899</b>     | <b>18,624,595</b>      | <b>10,067,981</b> | <b>21,812,482</b>   | <b>743,406</b> | <b>42,049,533</b>  | <b>124,812,750</b>  | <b>122,656,578</b>           |
| <b>Capital Work in Progress</b>      |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| Net Book Value                       |                   |                   |                      |                        |                   |                     |                |                    |                     |                              |
| As on Ashadh end 2076                | 88,561,728        | 39,658,225        | 5,500,490            | 1,442,134              | 3,874,029         | 2,614,682           | -              | 5,881,331          | 58,970,891          | 147,532,619                  |
| As on Ashadh end 2077                | 88,561,728        | 38,152,551        | 3,908,873            | 1,810,037              | 4,641,169         | 1,745,457           | 104,094        | 5,331,212          | 144,255,121         |                              |

The cost of an item of property and equipment has been recognized as an asset, initially recognized at cost. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized as other income in profit or loss. Depreciation on these assets is calculated using the straight-line method to allocate their cost to over their estimated useful life as per management judgement.



**4.14 . Goodwill and Intangible Assets**
*Amount in NPR*

| Particulars                          | Goodwill | Software         |           | Other | Total Ashadh end 2077 | Total Ashadh end 2076 |
|--------------------------------------|----------|------------------|-----------|-------|-----------------------|-----------------------|
|                                      |          | Purchased        | Developed |       |                       |                       |
| <b>Cost</b>                          |          |                  |           |       |                       |                       |
| As on Shrawan 1, 2075                | -        | 768,000          | -         | -     | 768,000               | 768,000               |
| Addition during the Year             | -        | 388,720          | -         | -     | 388,720               | -                     |
| Acquisition                          | -        | -                | -         | -     | -                     | -                     |
| Capitalization                       | -        | -                | -         | -     | -                     | -                     |
| Transferred from Synergy Finance Ltd | -        | 388,720          | -         | -     | 388,720               | 166,336               |
| Disposal during the year             | -        | -                | -         | -     | -                     | -                     |
| Adjustment/Revaluation               | -        | -                | -         | -     | -                     | -                     |
| <b>Balance as on Ashadh end 2076</b> | -        | <b>1,156,720</b> | -         | -     | <b>1,156,720</b>      | <b>934,336</b>        |
| Addition during the Year             | -        | -                | -         | -     | -                     | -                     |
| Acquisition                          | -        | 649,750          | -         | -     | 649,750               | -                     |
| Capitalization                       | -        | -                | -         | -     | -                     | -                     |
| Disposal during the year             | -        | -                | -         | -     | -                     | -                     |
| Adjustment/Revaluation               | -        | -                | -         | -     | -                     | -                     |
| <b>Balance as on Ashadh end 2077</b> | -        | <b>1,806,470</b> | -         | -     | <b>1,806,470</b>      | -                     |
| <b>Amortization and Impairment</b>   |          |                  |           |       |                       |                       |
| As on Shrawan 1, 2075                | -        | 235,520          | -         | -     | 235,520               | 235,520               |
| Transferred from Synergy Finance Ltd | -        | 222,384          | -         | -     | 222,384               | -                     |
| Amortization charge for the Year     | -        | 66,896           | -         | -     | 66,896                | 66,896                |
| Impairment for the year              | -        | -                | -         | -     | -                     | -                     |
| Disposals                            | -        | -                | -         | -     | -                     | -                     |
| Adjustment                           | -        | 3,408            | -         | -     | -                     | 3,408                 |
| <b>As on Ashadh end 2076</b>         | -        | <b>528,208</b>   | -         | -     | <b>528,208</b>        | <b>305,824</b>        |
| Amortization charge for the Year     | -        | 210,864          | -         | -     | 210,864               | -                     |
| Impairment for the year              | -        | -                | -         | -     | -                     | -                     |
| Disposals                            | -        | -                | -         | -     | -                     | -                     |
| Adjustment                           | -        | 73,664           | -         | -     | 73,664                | -                     |
| <b>As on Ashadh end 2077</b>         | -        | <b>812,736</b>   | -         | -     | <b>812,736</b>        | -                     |
| <b>Capital Work in Progress</b>      | -        | -                | -         | -     | -                     | -                     |
| <b>Net Book Value</b>                |          |                  |           |       |                       |                       |
| <b>As on Ashadh end 2076</b>         | -        | <b>628,512</b>   | -         | -     | <b>628,512</b>        | <b>628,512</b>        |
| <b>As on Ashadh end 2077</b>         | -        | <b>993,734</b>   | -         | -     | <b>993,734</b>        | -                     |

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of estimated useful life. Costs associated with maintaining software are recognized as an expense as incurred.

**4.15 Deferred Taxes Assets/(Liabilities)**

| Particulars  | Current Year        |                          |  |
|--|---------------------|--------------------------|--|
|  | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets /(Liabilities) |
| <b>Deferred tax on temporary differences on following items</b>        |                     |                          |  |
| Loans and Advances to BFIs   | -                   | -                        | -                                      |
| Loans and Advances to Customers  | -                   | -                        | -                                      |
| Investment Properties  | -                   | -                        | -                                      |
| Investment Securities  | -                   | 743,659                  | (743,659)                              |
| Property and Equipment   | 2,551,671           | -                        | 2,551,671                              |
| Employees' Defined Benefit Plan  | 11,053,771          | -                        | 11,053,771                             |
| Lease Liabilities  | 820,954             | -                        | 820,954                                |
| Provisions LLP   | -                   | 1,307,007                | (1,307,007)                            |
| Other Temporary Differences  | -                   | -                        | -                                      |
| <b>Deferred tax on temporary differences</b>                           | <b>14,426,396</b>   | <b>2,050,666</b>         | <b>12,375,729</b>                      |
| Deferred tax on carry forward of unused tax losses                     |                     |                          | -                                      |
| Deferred tax due to changes in tax rate                                |                     |                          | -                                      |
| <b>Net Deferred Tax Asset (Liabilities) as on 32 Ashadh, 2077</b>      |                     |                          | <b>12,375,729</b>                      |
| <b>Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2076</b>        |                     |                          | <b>5,702,192</b>                       |
| Origination/(Reversal) during the year                                 |                     |                          | 18,077,921                             |
| Deferred Tax expense/(income) recognized in profit or loss             |                     |                          | (20,128,588)                           |
| Deferred Tax expense/(income) recognized in Other Comprehensive Income |                     |                          | 2,050,666                              |
| Deferred Tax expense/(income) recognized directly in equity            |                     |                          | -                                      |

| Particulars  | Previous Year       |                          |  |
|--|---------------------|--------------------------|--|
|  | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets /(Liabilities) |
| <b>Deferred tax on temporary differences on following items</b>        |                     |                          |  |
| Loans and Advances to BFIs   | -                   | -                        | -                                      |
| Loans and Advances to Customers  | -                   | -                        | -                                      |
| Investment Properties  | -                   | -                        | -                                      |
| Investment Securities  | -                   | -                        | -                                      |
| Investment In Associates   | (18,953,536)        | -                        | (18,953,536)                           |
| Property and Equipment   | 9,483,690           | -                        | 9,483,690                              |
| Employees' Defined Benefit Plan  | 2,400,268           | -                        | 2,400,268                              |
| Employees' Leave Liability   | 1,367,386           | -                        | 1,367,386                              |
| Lease Liabilities  | -                   | -                        | -                                      |
| Provisions LLP   | (5,702,192)         | -                        | (5,702,192)                            |
| Other Temporary Differences  | -                   | -                        | -                                      |
| <b>Deferred tax on temporary differences</b>                           | <b>-</b>            | <b>-</b>                 | <b>-</b>                               |
| Deferred tax on carry forward of unused tax losses                     |                     |                          | (5,702,192)                            |
| Deferred tax due to changes in tax rate                                |                     |                          | (5,939,330)                            |
| <b>Net Deferred Tax Asset (Liabilities) as on year end of 2074/75</b>  |                     |                          | <b>(11,641,522)</b>                    |
| <b>Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2074</b>        |                     |                          | <b>87,773,513</b>                      |
| Origination/(Reversal) during the year                                 |                     |                          | (99,466,233)                           |
| Deferred Tax (expense)/income recognized in profit or loss             |                     |                          | (25,966,627)                           |
| Deferred Tax (expense)/income recognized in Other Comprehensive Income |                     |                          | 51,198                                 |
| Deferred Tax (expense)/income recognized directly in equity            |                     |                          | -                                      |

#### 4.16 Other Assets

| Particulars                   | 31 Ashadh 2077    | 31 Ashadh 2076    |
|-------------------------------|-------------------|-------------------|
| Assets held for sale          | -                 | -                 |
| Other non banking assets      | -                 | -                 |
| Bills receivable              | -                 | -                 |
| Accounts receivable           | 1,326,494         | 11,803,736        |
| Accrued income                | -                 | -                 |
| Prepayments and deposit       | 1,895,820         | 813,895           |
| Income tax deposit            | -                 | -                 |
| Deferred employee expenditure | 339,074           | -                 |
| <b>Other</b>                  | <b>6,553,340</b>  | <b>31,649,353</b> |
| Stationary Stock              | 645,533           | 638,856           |
| Commission Receivable         | -                 | -                 |
| Deposit                       | -                 | 30,364,558        |
| Branch Reconciliation         | -                 | -                 |
| Unwinding of Interest         | 348,355           | 645,939           |
| Gratuity Surplus              | 4,356,691         | -                 |
| Other                         | 1,202,761         | -                 |
| <b>Total</b>                  | <b>10,114,728</b> | <b>44,266,984</b> |

#### 4.17 Due to Bank and Financial Institutions

| Particulars                      | 31 Ashadh 2077     | 31 Ashadh 2076    |
|----------------------------------|--------------------|-------------------|
| Money market deposits            | -                  | -                 |
| Interbank borrowing              | -                  | -                 |
| Settlement and clearing accounts | -                  | -                 |
| Other deposits from BFIs         | 238,508,000        | 90,903,000        |
| <b>Total</b>                     | <b>238,508,000</b> | <b>90,903,000</b> |

The balances in accounts maintained with the Bank by other local financial institutions have been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution are also presented under this head.

#### 4.18 Due to Nepal Rastra Bank

| Particulars                                 | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| Refinance from NRB                          | -              | -              |
| Standing Liquidity Facility                 | -              | -              |
| Lender of Last Resort facility from NRB     | -              | -              |
| Securities sold under repurchase agreements | -              | -              |
| Other Payable to NRB                        | -              | -              |
| <b>Total</b>                                | <b>-</b>       | <b>-</b>       |

The amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

#### 4.19 Derivative Financial instruments

| Particulars                     | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---------------------------------|----------------|----------------|
| <b>Held for Trading</b>         |                |                |
| Interest Rate Swap              | -              | -              |
| Currency Swap                   | -              | -              |
| Forward Exchange Contracts      |                |                |
| Others                          |                |                |
| <b>Held for Risk Management</b> |                |                |
| Interest Rate Swap              |                |                |
| Currency Swap                   |                |                |
| Forward Exchange Contracts.     |                |                |
| Others                          | -              | -              |
| <b>Total</b>                    | <b>-</b>       | <b>-</b>       |

#### 4.20 Deposits from customers

| Particulars                    | 31 Ashadh 2077       | 31 Ashadh 2076       |
|--------------------------------|----------------------|----------------------|
| <b>Institutions Customers:</b> |                      |                      |
| Term deposits                  | 116,975,000          | 83,954,000           |
| Call deposits                  | 178,856,027          | 213,369,871          |
| Current deposits               | 7,739,131            | 8,199,000            |
| Other                          | 43,902,039           | -                    |
| <b>Individual Customers:</b>   |                      |                      |
| Term deposits                  | 1,194,201,000        | 1,126,736,466        |
| Saving deposits                | 944,407,105          | 839,206,994          |
| Current deposits               | 12,547,114           | 20,933,163           |
| Other                          | -                    | -                    |
| <b>Total</b>                   | <b>2,498,627,416</b> | <b>2,292,399,494</b> |

#### 4.20.1 Currency wise analysis of deposit from customers

| Particulars         | 31 Ashadh 2077       | 31 Ashadh 2076       |
|---------------------|----------------------|----------------------|
| Nepalese Rupee      | 2,498,627,416        | 2,292,399,494        |
| Indian Rupee        | -                    | -                    |
| United State dollar |                      |                      |
| Great Britain pound |                      |                      |
| Euro                |                      |                      |
| Japenese yen        | -                    | -                    |
| Chinese Yuan        | -                    | -                    |
| Other               | -                    | -                    |
| <b>Total</b>        | <b>2,498,627,416</b> | <b>2,292,399,494</b> |

**4.21 Borrowings**

| Particulars                             | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| <b>Domestic Borrowing</b>               |                |                |
| Nepal Government                        |                |                |
| Other Institutions                      | -              | -              |
| Other                                   |                |                |
| <b>Foreign Borrowing</b>                |                |                |
| Foreign Bank and Financial Institutions |                |                |
| Multilateral Development Banks          |                |                |
| Other institutions                      |                |                |
| <b>Total</b>                            | -              | -              |

**4.22 Provisions**

| Particulars                             | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| Provisions for redundancy               | -              | -              |
| Provision for restructuring             | -              | -              |
| Pending legal issues and tax litigation | -              | -              |
| Onerous contracts                       | -              | -              |
| Other                                   | -              | -              |
| <b>Total</b>                            | -              | -              |

**4.22.1 Movement in Provisions**

| Particulars                         | 31 Ashadh 2077 | 31 Ashadh 2076 |
|-------------------------------------|----------------|----------------|
| Balance at Shrawan 1, 2074          | -              | -              |
| Provisions made during the year     |                |                |
| Provisions used during the year     |                |                |
| Provisions reversed during the year |                |                |
| Unwind of discount                  |                |                |
| <b>Balance at Ashad end, 2075</b>   | -              | -              |

#### 4.23 Other Liabilities

| Particulars   | 31 Ashadh 2077    | 31 Ashadh 2076     |
|---|-------------------|--------------------|
| Liability for employees defined benefit obligations |                   | 31,612,300         |
| Liability for long-service leave                    | 9,785,714         | 8,000,893          |
| Short-term employee benefits                        | -                 | -                  |
| Bills payable                                       | -                 | -                  |
| Creditors and accruals                              | 8,450,811         | 11,556,229         |
| Interest payable on deposit                         | 10,848,234        | 12,450,135         |
| Interest payable on borrowing                       | -                 | -                  |
| Liabilities on deferred grant income                | -                 | -                  |
| Unpaid Dividend                                     | 594,563           | 594,563            |
| Liabilities under Finance Lease                     | 2,736,513         | 4,557,954          |
| Employee bonus payable                              | 7,166,601         | 11,777,443         |
| Other   | 32,932,134        | 31,715,394         |
| Audit Fee Payable                                   | <b>613,250</b>    | <b>390,250</b>     |
| TDS Payable   | 3,890,525         | 4,088,308          |
| Interest TDS  | 2,879,053         |                    |
| Salary TDS  | 396,492           |                    |
| Other TDS   | 614,980           |                    |
| Others  | 28,428,359        | 27,236,836         |
| Interest Rebate COVID-19 (2% AND 10%)               | 5,300,649         |                    |
| Payable-2 DAYS INT. CALL A/C 076/77                 | 135,970           |                    |
| Interest Suspense Due to NBA                        | 20,915,430        |                    |
| Other Payable                                       | 1,004,468         |                    |
| Provisions  | 1,071,842         |                    |
| <b>Total</b>  | <b>72,514,571</b> | <b>112,264,912</b> |

##### 4.23.1. Defined Benefit Obligation

The amounts recognised in the statements of financial positions are as follows :

| Particulars  | 31 Ashadh 2077 | 31 Ashadh 2076 |
|--|----------------|----------------|
| Present value of unfunded obligations                | -              | -              |
| Present value of funded obligations                  | -              | -              |
| Total present value of obligations                   | -              | -              |
| Fair value of plan assets                            | -              | -              |
| Present value of net obligations                     | -              | -              |
| Recognised liability for defined benefit obligations | -              | -              |

##### 4.23.2: Plan Assets

Plan assets comprise

| Particulars       | 31 Ashadh 2077    | 31 Ashadh 2076    |
|-------------------|-------------------|-------------------|
| Equity securities | -                 | -                 |
| Government bonds  | -                 | -                 |
| Bank deposit      | -                 | -                 |
| Other             | 27,750,962        | 31,612,300        |
| <b>Total</b>      | <b>27,750,962</b> | <b>31,612,300</b> |

Actual Return on plan assets



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

| Particulars   | 31 Ashadh 2077    | 31 Ashadh 2076    |
|---|-------------------|-------------------|
| Defined benefit obligations at Shrawan 1, 2076        | 46,874,530        | 32,697,751        |
| Actuarial losses                                      | 1,237,316         | 15,724,777        |
| Benefits paid by the plan                             | (33,489,389)      | (8,466,844)       |
| Current service costs; Past Service Cost and interest | 8,771,814         | 6,918,846         |
| <b>Defined benefit obligations at Ashad end, 2077</b> | <b>23,394,271</b> | <b>46,874,530</b> |

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

| Particulars   | 31 Ashadh 2077    | 31 Ashadh 2076    |
|---|-------------------|-------------------|
| Fair value of plan assets at Shrawan 1, 2076        | 31,612,300        | 32,697,751        |
| Contributions paid into the plan                    | 602,410           | 5,490,525         |
| Benefits paid during the year                       | (6,606,846)       | (8,466,845)       |
| Actuarial (losses) gains                            | (702,009)         | (1,051,929)       |
| Expected return on plan assets                      | 2,845,107         | 2,942,798         |
| <b>Fair value of plan assets at Ashad end, 2077</b> | <b>27,750,962</b> | <b>31,612,300</b> |

**4.23.5: Amount recognised in profit or loss**

| Particulars                    | 31 Ashadh 2077 | 31 Ashadh 2076 |
|--------------------------------|----------------|----------------|
| Current service costs          | -              | -              |
| Interest on obligation         | -              | -              |
| Actuarial (gain)/loss          | -              | -              |
| Expected return on plan assets | -              | -              |
| <b>Total</b>                   | <b>-</b>       | <b>-</b>       |

**4.23.6: Amount recognised in other comprehensive income**

| Particulars           | 31 Ashadh 2077     | 31 Ashadh 2076   |
|-----------------------|--------------------|------------------|
| Actuarial (gain)/loss | (2,465,150)        | 5,406,207        |
| <b>Total</b>          | <b>(2,465,150)</b> | <b>5,406,207</b> |

**4.23.7: Actuarial assumptions**

| Particulars                   | 31 Ashadh 2077 | 31 Ashadh 2076 |
|-------------------------------|----------------|----------------|
| Discount rate                 | 9.00%          | 9.00%          |
| Expected return on plan asset | 9.00%          | 9.00%          |
| Future salary increase        | 10.00%         | 10.00%         |
| Withdrawal rate               | 10.00%         | 10.00%         |

**4.24 Debt securities issued**

| Particulars   | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| Debt securities issued designated as at fair value through profit or loss | -              | -              |
| Debt securities issued at amortised cost                                  | -              | -              |
| <b>Total</b>  | <b>-</b>       | <b>-</b>       |

#### 4.25 Subordinate Liabilities

| Particulars   | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| Redeemable preference shares                                      |                | -              |
| Irredeemable cumulative preference shares (liabilities component) |                | -              |
| Other   |                | -              |
| <b>Total</b>  |                |                |

#### 4.26 Share Capital

| Particulars                                       | 31 Ashadh 2077     | 31 Ashadh 2076     |
|---|--------------------|--------------------|
| Ordinary Shares                                   | 828,913,789        | 810,015,789        |
| Convertible Preference Shares (Equity component)  | -                  | -                  |
| Irredeemable Preference Shares (Equity component) | -                  | -                  |
| Perpetual debt (Equity component only)            | -                  | -                  |
| <b>Total</b>                                      | <b>828,913,789</b> | <b>810,015,789</b> |

#### 4.26.1 Share capital detail

| Particulars                                 | 31 Ashadh 2077     | 31 Ashadh 2076     |
|---|--------------------|--------------------|
| <b>Authorized Capital</b>                   |                    |                    |
| 10,000,000 Ordinary Share of Rs. 100 each   | 10,000,000,000     | 10,000,000,000     |
| Issued capital                              |                    |                    |
| 8,905,242.37 Ordinary Share of Rs. 100 each | 890,524,237        | 890,524,237        |
| <b>Subscribed and paid up capital</b>       |                    |                    |
| 8,289,137.89 Ordinary Share of Rs. 100 each | 828,913,789        | 810,015,789        |
| <b>Total</b>                                | <b>828,913,789</b> | <b>810,015,789</b> |

#### 4.26.2 Ordinary Share Ownership

| Particulars                     | 31 Ashadh 2077 |                    | 31 Ashadh 2076 |                    |
|---------------------------------|----------------|--------------------|----------------|--------------------|
|                                 | % of holding   | Amount             | % of holding   | Amount             |
| <u>Domestic ownership</u>       | 100%           | 828,913,789        | 100%           | 810,015,789        |
| Nepal Government                | -              | -                  | -              | -                  |
| "A" class licensed institutions | -              | -                  | -              | -                  |
| Other licensed intitutions      | -              | -                  | -              | -                  |
| Other Institutions (Promoters)  | -              | -                  | -              | -                  |
| Public                          | 40.73%         | 337,602,672        | 39.35%         | 318,714,672        |
| Other (Promoters)               | 59.27%         | 491,311,117        | 60.65%         | 491,301,117        |
| <u>Foreign ownership</u>        | -              | -                  | -              | -                  |
| <b>Total</b>                    | <b>100%</b>    | <b>828,913,789</b> | <b>100%</b>    | <b>810,015,789</b> |

**Note: Shareholders holding 0.5% or more Shares**

| S.No | Name of Share Holders   | Number of Shares | %            |
|------|-------------------------|------------------|--------------|
| 1    | Rajendra Kumar Sharma   | 714,042          | 8.61         |
| 2    | Robinda Prasad Shrestha | 413,412          | 4.99         |
| 3    | Devendra Prasad Dhoju   | 374,841          | 4.52         |
| 4    | Rajendra Prasad Dhoju   | 351,022          | 4.23         |
| 5    | Laxmi Shrestha          | 208,094          | 2.51         |
| 6    | Indra Lal Shrestha      | 200,584          | 2.42         |
| 7    | Ramvha Shrestha         | 165,231          | 1.99         |
| 8    | Milan Thapa             | 145,586          | 1.76         |
| 9    | Bindu Gaire Sharma      | 145,450          | 1.75         |
| 10   | Ran Kumari Shrestha     | 130,026          | 1.57         |
| 11   | Bijula Thapa Khadka     | 117,797          | 1.42         |
| 12   | Yubaraj Sharma          | 106,434          | 1.28         |
| 13   | Durga Vohra             | 88,071           | 1.06         |
| 14   | Bandana Sapkota         | 81,923           | 0.99         |
| 15   | Gauri Shrestha          | 75,582           | 0.91         |
| 16   | Nachong Gurung          | 63,437           | 0.77         |
| 17   | Amulya Manandhar        | 58,967           | 0.71         |
| 18   | Bikash Bahadur Shrestha | 58,954           | 0.71         |
| 19   | Bishnu Bahadur K.C.     | 56,340           | 0.68         |
| 20   | Ram Krishna Neupane     | 52,152           | 0.63         |
| 21   | Jamuna Kumari Thapa     | 47,486           | 0.57         |
| 22   | Nirmala Kumari Suwal    | 43,604           | 0.53         |
| 23   | Kapur Prasad vaijoo     | 42,902           | 0.52         |
|      | <b>Total</b>            | <b>3,741,937</b> | <b>45.14</b> |

#### 4.27 Reserves

| Particulars                             | 31 Ashadh 2077     | 31 Ashadh 2076     |
|---|--------------------|--------------------|
| Statutory general reserve               | 185,171,356        | 169,706,215        |
| Exchange equilisation reserve           | -                  | -                  |
| Corporate social responsibility reserve | 2,512,606          | 2,166,023          |
| Capital Redemption Reserve              | -                  | -                  |
| Regulatory reserve                      | 163,908,302        | 111,627,788        |
| Investment adjustment reserve           | -                  | -                  |
| Capital reserve                         | 3,628,619          | 3,628,619          |
| Assets revaluation reserve              | -                  | -                  |
| Fair value reserve                      | 4,784,888          | (119,461)          |
| Dividend equalisation reserve           | -                  | -                  |
| Actuarial gain                          | -                  | -                  |
| Special reserve                         | -                  | -                  |
| Deferred Tax Reserve                    | -                  | -                  |
| Other reserve                           | 5,039              | 502,820            |
| <b>Total</b>                            | <b>360,010,810</b> | <b>287,512,003</b> |

#### 4.28 Contingent liabilities and commitments

| Particulars                        | 31 Ashadh 2077    | 31 Ashadh 2076    |
|------------------------------------|-------------------|-------------------|
| Contingent liabilities             | 200,000           | 450,000           |
| Undrawn and undisbursed facilities | 63,197,000        | -                 |
| Capital commitment                 | -                 | -                 |
| Lease Commitment                   | -                 | -                 |
| Litigation                         | 19,987,287        | 19,987,287        |
| <b>Total</b>                       | <b>83,384,287</b> | <b>20,437,287</b> |

##### 4.28.1: Contingent Liabilities

| Particulars                       | 31 Ashadh 2077 | 31 Ashadh 2076 |
|-----------------------------------|----------------|----------------|
| Acceptance and documentary credit | -              | -              |
| Bills for collection              | -              | -              |
| Forward exchange contracts        | -              | -              |
| Guarantees                        | 200,000        | 450,000        |
| Underwriting commitment           | -              | -              |
| Other commitments                 | -              | -              |
| <b>Total</b>                      | <b>200,000</b> | <b>450,000</b> |

##### 4.28.2: Undrawn and undisbursed facilities

| Particulars                        | 31 Ashadh 2077    | 31 Ashadh 2076 |
|------------------------------------|-------------------|----------------|
| Undisbursed amount of loans        | -                 | -              |
| Undrawn limits of overdrafts       | 63,197,000        | -              |
| Undrawn limits of credit cards     | -                 | -              |
| Undrawn limits of letter of credit | -                 | -              |
| Undrawn limits of guarantee        | -                 | -              |
| <b>Total</b>                       | <b>63,197,000</b> | <b>-</b>       |

#### 4.28.3: Capital commitments

| Particulars  | 31 Ashadh 2077 | 31 Ashadh 2076 |
|--|----------------|----------------|
| <b>Capital commitments in relation to Property and Equipment</b> |                |                |
| Approved and contracted for                                      |                |                |
| Approved but not contracted for                                  |                |                |
| <b>Sub total</b>   |                |                |
| <b>Capital commitments in relation to Intangible assets</b>      |                |                |
| Approved and contracted for                                      |                |                |
| Approved but not contracted for                                  |                |                |
| <b>Sub total</b>   |                |                |
| <b>Total</b>   |                | -              |

#### 4.28.4: Lease commitments

| Particulars   | 31 Ashadh 2077 | 31 Ashadh 2076 |
|---|----------------|----------------|
| <b>Operating lease commitments</b>  |                |                |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee |                |                |
| Not later than 1 year   | -              | -              |
| Later than 1 year but not later than 5 years  | -              | -              |
| Later than 5 years  | -              | -              |
| <b>Sub total</b>  | -              | -              |
| <b>Finance lease commitments</b>  |                |                |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee |                |                |
| Not later than 1 year   | -              | -              |
| Later than 1 year but not later than 5 years  | -              | -              |
| Later than 5 years  | -              | -              |
| <b>Sub total</b>  | -              | -              |
| <b>Grand Total</b>  | -              | -              |

#### 4.28.5: Litigation

The bank's litigations are generally related to its ordinary course of business pending on various jurisdiction. Litigations are mainly in the nature of income tax. Other litigations include cases pending in various courts & tribunal in Nepal pertaining to assets recovered from the borrowers.

#### 4.29 Interest Income

| Particulars  | Current Year       | Previous Year      |
|--|--------------------|--------------------|
| Cash and cash equivalent                             | 43,790,541         | 39,557,006         |
| Due from Nepal Rastra Bank                           | -                  | -                  |
| Placement with bank and financial institutions       | -                  | -                  |
| Loan and advances to bank and financial institutions | 19,437,121         |                    |
| Loans and advances to customers                      | 312,384,472        | 320,917,211        |
| Investment securities                                | 6,808,457          | 9,497,716          |
| Loan and advances to staff                           | -                  | 643,066            |
| Other Interest Income                                | -                  |                    |
| <b>Total interest income</b>                         | <b>382,420,591</b> | <b>370,614,999</b> |

#### 4.30 Interest Expense

| Particulars                            | Current Year       | Previous Year      |
|--|--------------------|--------------------|
| Due to bank and financial institutions | 1,249,3001         | -                  |
| Due to Nepal Rastra Bank               | -                  | -                  |
| Deposits from customers                | 219,883,165        | 213,205,495        |
| Borrowing                              | -                  | -                  |
| Debt securities issued                 | -                  | -                  |
| Subordinated liabilities               | -                  | -                  |
| Other Charges                          | -                  | -                  |
| <b>Total Interest expense</b>          | <b>232,376,166</b> | <b>213,205,495</b> |

#### 4.31 Fees and commission income

| Particulars                               | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| Loan administration fees                  |                   |                   |
| Service fees                              | 11,683,496        | 15,454,186        |
| Consortium fees                           | -                 | -                 |
| Commitment fees                           | -                 | -                 |
| DD/TT/Swift fees                          | -                 | -                 |
| Credit card/ATM issuance and renewal fees | -                 | -                 |
| Renewal fees                              | -                 | -                 |
| Prepayment and swap fees                  | -                 | -                 |
| Investment banking fees                   | -                 | -                 |
| Asset management fees                     | -                 | -                 |
| Brokerage fees                            | -                 | -                 |
| Remittance fees                           | -                 | -                 |
| Commission on letter of credit            | -                 | -                 |
| Commission on guarantee contracts issued  | -                 | -                 |
| Commission on share underwriting/issue    | -                 | -                 |
| Locker rental                             | 43,125            | 35,625            |
| Other fees and commission income          | 1,870,427         | 3,124,850         |
| <b>Total Fees and Commission Income</b>   | <b>13,597,048</b> | <b>18,614,661</b> |

#### 4.32 Fees and commission Expense

| Particulars                              | Current Year   | Previous Year |
|--|----------------|---------------|
| ATM management fees                      | 587,577        | -             |
| VISA/Master card fees                    | -              | -             |
| Guarantee commission                     | -              | -             |
| Brokerage                                | -              | -             |
| DD/TT/Swift fees.                        | -              | -             |
| Remittance fees and commission           | -              | -             |
| Other fees and commission expense        | -              | -             |
| <b>Total Fees and Commission Expense</b> | <b>587,577</b> | <b>-</b>      |



#### 4.33 Net Trading Income

| Particulars                             | Current Year | Previous Year |
|---|--------------|---------------|
| Changes in fair value of trading assets |              |               |
| Gain/loss on disposal of trading assets | -            | -             |
| Interest income on trading assets       | -            | -             |
| Dividend income on trading assets       | -            | -             |
| Gain/loss foreign exchange transaction  | -            | -             |
| Other                                   | -            | -             |
| <b>Net Trading Income</b>               | -            | -             |

#### 4.34 Other Operating Income

| Particulars                                   | Current Year     | Previous Year     |
|---|------------------|-------------------|
| Foreign exchange revaluation gain             |                  |                   |
| Gain/loss on sale of investment securities    | -                | -                 |
| Fair value gain/loss on investment properties | -                | -                 |
| Dividend on equity instruments                | 519,051          | 1,120,343         |
| Gain/loss on sale of property and equipment   | (16,801)         | 108,978           |
| Gain/loss on sale of investment property      | 625,000          | -                 |
| Operating lease income                        | -                | -                 |
| Gain/loss on sale of gold and silver          | -                | -                 |
| Locker rent                                   | -                | -                 |
| Other   | -                | 73,468,098        |
| <b>Total</b>                                  | <b>1,127,250</b> | <b>74,697,419</b> |

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

| Particulars   | Current Year        | Previous Year       |
|---|---------------------|---------------------|
| Impairment charge/(reversal) on loan and advances to B/FIs                      |                     | -                   |
| Impairment charge/(reversal) on loan and advances to customer                   | (19,637,826)        | (77,315,604)        |
| Impairment charge/(reversal) on financial investment                            | -                   | -                   |
| Impairment charge/(reversal) on placement with banks and financial institutions | -                   | -                   |
| Impairment charge/(reversal) on property and equipment                          | -                   | -                   |
| Impairment charge/(reversal) on goodwill and intangible assets                  | -                   | -                   |
| Impairment charge/(reversal) on investment properties                           | -                   | 2,738,976           |
| <b>Total</b>  | <b>(19,637,826)</b> | <b>(74,576,628)</b> |

#### 4.36 Personal Expenses

| Particulars                       | Current Year      | Previous Year     |
|-----------------------------------|-------------------|-------------------|
| Salary                            | 31,122,193        | 28,855,221        |
| Allowances                        | 20,974,073        | 18,961,251        |
| Gratuity Expense                  | 857,175           | 5,490,525         |
| Provident Fund                    | 2,992,045         | 2,699,944         |
| Uniform                           | 1,692,990         | 1,903,419         |
| Training & development expense    | 60,455            | 640,826           |
| Leave encashment                  | 6,351,232         | 4,613,932         |
| Medical                           | 2,296,387         | 1,989,554         |
| Insurance                         | 304,812           | 359,503           |
| Employees incentive               | -                 | -                 |
| Cash-settled share-based payments | -                 | -                 |
| Pension expense                   | -                 | -                 |
| Finance expense under NFRS        | 386,964           | 643,066           |
| Other expenses related to staff   | 283,452           | 585,420           |
| <b>Subtotal</b>                   | <b>67,321,778</b> | <b>66,742,661</b> |
| Employees bonus                   | 7,166,601         | 11,777,443        |
| <b>Grand Total</b>                | <b>74,488,379</b> | <b>78,520,104</b> |

#### 4.37 Other Operating Expenses

| Particulars                                   | Current Year      | Previous Year     |
|---|-------------------|-------------------|
| Directors' fee                                | 553,500           | 732,500           |
| Directors' expense                            | 497,740           | 820,772           |
| Auditors' remuneration                        | 621,500           | 622,222           |
| Other audit related expense                   | 389,502           | 78,041            |
| Professional and legal expense                | 481,765           | 364,071           |
| Office administration expense                 | 33,509,286        | 27,057,226        |
| Operating lease expense                       | -                 | 21,134,341        |
| Operating expense of investment properties    | -                 | -                 |
| Corporate social responsibility expense       | -                 | 5,500             |
| Onerous lease provisions                      | -                 | -                 |
| <b>Other</b>                                  | <b>1,818,262</b>  | <b>1,731,865</b>  |
| Repair & Maintenance Buildings                | 119,510           | 123,195           |
| Repair & Maintenance Vehicle                  | 526,472           | 520,712           |
| Repair & Maintenance Machinery                | 9,040             | -                 |
| Repair & Maintenance Others                   | 118,998           | 367,479           |
| Repair & Maint.. Office Equipment & Furniture | 695,364           | 720,479           |
| Share Issue Expenses                          | 348,878           | -                 |
| Deposit Premium                               | -                 | -                 |
| <b>Total</b>                                  | <b>37,871,555</b> | <b>52,546,538</b> |

#### 4.37 1 Office Administration Expenses

| Particulars             | Current Year      | Previous Year     |
|-------------------------|-------------------|-------------------|
| Insurance               | 1,689,845         | 1,419,920         |
| Postage, Telephone,     | 2,816,985         | 3,005,907         |
| Printing & Stationery   | 1,202,768         | 2,350,803         |
| Newspaper & Periodicals | 52,175            | 143,772           |
| Advertisements          | 752,185           | 1,557,217         |
| Travelling Expenses     | 1,007,571         | 1,509,434         |
| Fuel Expenses           | 813,258           | 1,022,878         |
| Entertainment           | -                 | -                 |
| AGM Expenses            | 174,769           | 421,280           |
| Annual Fee              | 409,238           | 835,840           |
| Office Expenses         | 21,136,972        | 968,052           |
| Technical Service Fees  | 2,400,030         | 4,708,829         |
| Other Fees & taxes      | 373,449           | 1,280,175         |
| Miscellaneous Expenses  | 680,041           | 7,833,120         |
| <b>Total</b>            | <b>33,509,286</b> | <b>27,057,226</b> |

#### 4.38 Depreciation and Amortisation

| Particulars                            | Current Year     | Previous Year     |
|--|------------------|-------------------|
| Depreciation on property and equipment | 7,132,457        | 13,125,946        |
| Depreciation on investment property    | -                | -                 |
| Amortisation of intangible assets      | 210,864          | 66,896            |
| <b>Total</b>                           | <b>7,343,321</b> | <b>13,192,842</b> |

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets is presented under this head.

#### 4.39 Non Operating Income

| Particulars                  | Current Year   | Previous Year |
|------------------------------|----------------|---------------|
| Recovery of Loan written off | -              | -             |
| Other Income                 | 926,204        | -             |
| <b>Total</b>                 | <b>926,204</b> | <b>-</b>      |

#### 4.40 Non Operating expense

| Particulars              | Current Year   | Previous Year    |
|--------------------------|----------------|------------------|
| Loan written off         | 542,512        | 2,316,487        |
| Redundancy provision     | -              | -                |
| Expense of restructuring | -              | -                |
| Other expense.           | -              | (742,846)        |
| <b>Total</b>             | <b>542,512</b> | <b>1,573,641</b> |

#### 4.41 Income Tax Expenses

| Particulars                                       | Current Year        | Previous Year      |
|---|---------------------|--------------------|
| <b>Current Tax Expenses</b>                       | <b>7,302,291</b>    | <b>17,274,696</b>  |
| Current Year                                      | 7,302,291           | 16,368,891         |
| Adjustment for Prior Years                        | -                   | 905,804.43         |
| <b>Deferred tax Expenses</b>                      | <b>(20,128,588)</b> | <b>99,466,233</b>  |
| Origination and Reversal of Temporary Differences | (20,128,588)        | 99,466,233         |
| Change in tax Rate                                | -                   | -                  |
| Recognition of Previously unrecognized Tax Losses | -                   | -                  |
| <b>Total Income tax expense</b>                   | <b>(12,826,297)</b> | <b>116,740,929</b> |

The amount of income tax on net taxable profit is recognized and presented under this account head. This account head includes current tax expense and deferred tax expense/deferred tax income.

#### 4.41.1: Reconciliation of Tax Expenses and Accounting Profit

| Particulars   | Current Year     | Previous Year     |
|---|------------------|-------------------|
| Profit Before Tax   | 64,499,409       | 179,465,086       |
| Tax Amount at the Rate of 30%   | 19,349,823       | 53,839,525.74     |
| Add: Tax Effect of the expenses that are not deductible for tax purpose | (112,434)        | 14,704,695        |
| Less: Tax Effect on Exempt Income                                       |                  | (26,894,198)      |
| Add/Less: Tax Effect on other Items                                     | (11,935,097)     | (25,281,131)      |
| <b>Total Income Tax Expenses</b>  | <b>7,302,291</b> | <b>16,368,891</b> |
| Effective Tax Rate  | 11.32%           | 9.12%             |

**Best Finance Company Limited**  
**Comparison of Unaudited and Audited Financial Statements as of FY 2076/77**

*Rs. in '000'*

| Statement of Financial Position                         | As per unaudited Financial Statement | As per Audited Financial Statement | Variance        |               | Reasons for Variance  |
|---|--------------------------------------|------------------------------------|-----------------|---------------|---|
|   |                                      |                                    | In amount       | In %          |   |
| <b>Assets</b>   |                                      |                                    |                 |               |   |
| Cash and cash equivalent                                | 904,518                              | 904,518                            | (0)             | 0%            |   |
| Due from NRB and placements with BFIs                   | 102,914                              | 102,914                            | 0               | 0%            |   |
| Loan and advances                                       | 2,080,648                            | 2,132,519                          | (51,871)        | -2%           | Fair Value measurement of loans and advances                        |
| Investments Securities                                  | 267,642                              | 241,422                            | 26,220          | 10%           | Regrouping of items   |
| Investment in subsidiaries and associates               | -                                    | -                                  | -               | 0%            |   |
| Property and Equipment                                  | 144,405                              | 144,255                            | 150             | 0%            | Restated balance due to Depreciation method                         |
| Goodwill and intangible assets                          | 1,349                                | 994                                | 355             | 26%           | Restated balance due to accumulated amortization                    |
| Other assets  | 214,900                              | 132,879                            | 82,021          | 38%           | Regrouping of items   |
| <b>Total Assets</b>                                     | <b>3,716,376</b>                     | <b>3,659,500</b>                   | <b>56,876</b>   | <b>2%</b>     |   |
| <b>Capital and Liabilities</b>                          |                                      |                                    |                 |               |   |
| Paid up Capital   | 828,914                              | 828,914                            | 0               | 0%            |   |
| Reserves and surplus                                    | 28,250                               | 20,937                             | 7,313           | 26%           | Increase in profit due to NFRS provisions                           |
| Deposits  | 2,737,135                            | 2,737,135                          | (0)             | 0%            |   |
| Borrowings  | -                                    | -                                  | -               | 0%            |   |
| Bond and Debenture                                      | -                                    | -                                  | -               | 0%            |   |
| Other liabilities and provisions                        | 122,077                              | 72,515                             | 49,562          | 41%           | Regrouping of items   |
| <b>Total Capital and Liabilities</b>                    | <b>3,716,376</b>                     | <b>3,659,500</b>                   | <b>56,876</b>   | <b>2%</b>     |   |
| <b>Statement of Profit or Loss</b>                      |                                      |                                    |                 |               |   |
| Interest income   | 388,623                              | 382,421                            | 6,202           | 2%            | Amortization of Staff Loan Benefit and interest rebate (2% and 10%) |
| Interest expense  | (232,240)                            | (232,376)                          | 136             | 0%            | Two day call interest payable booked                                |
| <b>Net interest income</b>                              | <b>156,383</b>                       | <b>150,044</b>                     | <b>6,339</b>    | <b>4%</b>     |   |
| Fee and commission income                               | 975                                  | 13,597                             | (12,622)        | -1295%        | Regrouping/rearranging of items                                     |
| Fee and commission expense                              | -                                    | (588)                              | 588             | 0%            | Regrouping/rearranging of items                                     |
| <b>Net fee and commission income</b>                    | <b>975</b>                           | <b>13,009</b>                      | <b>(12,034)</b> | <b>-1234%</b> |   |
| Other operating income                                  | 12,505                               | 1,127                              | 11,378          | 91%           |   |
| <b>Total operating income</b>                           | <b>169,863</b>                       | <b>164,181</b>                     | <b>5,682</b>    | <b>3%</b>     |   |
| Impairment charge/(reversal) for loans and other losses | (37,454)                             | (19,638)                           | (17,816)        | 48%           | Adjustment as per NRB Circular                                      |
| <b>Net operating income</b>                             | <b>207,317</b>                       | <b>183,819</b>                     | <b>23,498</b>   | <b>11%</b>    |   |
| Personnel expenses                                      | 75,632                               | 74,488                             | 1,144           | 2%            | Amortization of Staff Loan Benefit and interest rebate (2% and 10%) |

|  |                  |                  |                 |             |  |
|--|------------------|------------------|-----------------|-------------|--|
| Other operating expenses                               | 48,611           | 45,215           | 3,396           | 7%          | Inclusion of CSR Expenses                      |
| <b>Operating profit</b>                                | <b>83,074</b>    | <b>64,116</b>    | <b>18,958</b>   | <b>23%</b>  |  |
| Non operating income/expense                           | 278              | 384              | (106)           | -38%        |  |
| <b>Profit before tax</b>                               | <b>83,352</b>    | <b>64,499</b>    | <b>18,853</b>   | <b>23%</b>  |  |
| Income tax   | 25,349           | 12,826           | 12,523          | 49%         | Cumulative tax effect of different adjustments |
| <b>Profit /(loss) for the period</b>                   | <b>58,003</b>    | <b>77,326</b>    | <b>(19,323)</b> | <b>-33%</b> |  |
|  |                  |                  |                 |             |  |
| Other comprehensive income                             | 58,123           | 4,785            | 53,338          | 92%         | Deferred Tax Adjustment on items of OCI        |
| <b>Total comprehensive income</b>                      | <b>116,126</b>   | <b>82,111</b>    | <b>34,015</b>   | <b>29%</b>  |  |
|  |                  |                  |                 |             |  |
| <b>Distributable Profit</b>                            |                  |                  |                 |             |  |
| Opening Retained Earnings                              | (300,342)        | (351,615)        |                 |             |  |
| Opening Adjustments                                    | -                | 709              |                 |             |  |
| Net profit/(loss) as per profit or loss                | 58,003           | 77,326           | (19,323)        | -33%        |  |
| Add/Less: Regulatory adjustment as per NRB Directive   | (63,461)         | (68,519)         | 5,058           | -8%         |  |
| <b>Free profit/(loss) after regulatory adjustments</b> | <b>(305,800)</b> | <b>(342,100)</b> | <b>36,300</b>   | <b>-12%</b> | <b>NRB Adjustment for LLP</b>                  |

**Best Finance Company Limited**  
**Statement of Distributable Profit or Loss**  
For the year ended 31 Ashadh 2077 (15 July 2020)  
(As per NRB Regulation)

*Amount in NPR*

| Particulars   | Current Year         | Previous Year        |
|---|----------------------|----------------------|
| <b>Opening Retained Earnings</b>                                      | <b>(351,615,021)</b> | <b>(131,817,164)</b> |
| <b>Adjustment +/-</b>   | <b>708,666</b>       | <b>(157,722,153)</b> |
| <b>Net profit or (loss) as per statement of profit or loss</b>        | <b>77,325,706</b>    | <b>62,724,157</b>    |
| <b><u>Appropriations:</u></b>   |                      |                      |
| a. General reserve  | 15,465,141           | 12,544,831           |
| b. Foreign exchange fluctuation fund                                  | -                    | -                    |
| c. Capital redemption reserve   | -                    | -                    |
| d. Corporate social responsibility fund                               | 773,257              | 627,242              |
| e. Employees' training fund   | -                    | -                    |
| f. Other  | -                    | -                    |
| <b>Profit or (loss) before regulatory adjustment</b>                  | <b>61,087,308</b>    | <b>49,552,084</b>    |
| <b><u>Regulatory adjustment :</u></b>                                 |                      |                      |
| a. Interest receivable (-)/previous accrued interest received (+)     | (18,826,538)         | (11,250,631)         |
| b. Short loan loss provision in accounts (-)/reversal (+)             | -                    | -                    |
| c. Short provision for possible losses on investment (-)/reversal (+) | 877,526              | (877,526)            |
| d. Short loan loss provision on Non Banking Assets (-)/reversal (+)   | (17,599,081)         | (26,031,533)         |
| e. Deferred tax assets recognised (-)/ reversal (+)                   | (12,375,729)         | -                    |
| f. Goodwill recognised (-)/ impairment of Goodwill (+)                | -                    | -                    |
| g. Bargain purchase gain recognised (-)/reversal (+)                  | -                    | (73,468,098)         |
| h. Actuarial loss recognised (-)/reversal (+)                         | (4,356,691)          | -                    |
| i. Other (+/-)  | -                    | -                    |
| <b>Distributable profit or (loss)</b>                                 | <b>(342,099,561)</b> | <b>(351,615,021)</b> |



## 5. Disclosures and Additional Information

### 5.1. Risk Management

#### Introduction and Overview

In Compliance with Nepal Rastra Bank Directive on 6 "Corporate Governance", the Board of Company has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Risk Management Committee comprised of following

| S. No | Member of Risk Management Committee  | Designation      |
|-------|--------------------------------------|------------------|
| 1     | Non-Executive Director from Promoter | Coordinator      |
| 2     | Non-Executive Director from Promoter | Member           |
| 3     | Operation Head                       | Member           |
| 4     | Risk Management Head                 | Member Secretary |

The Committees meet least four times annually. The committee oversees and reviews the fundamental prudential risks.

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

#### Governance Framework

Risk Management Committee of the Company has formed to review the credit risk, Market risk, and liquidity risk of the institution.

The Company's risk management framework are established to identify and analyze the risks faced by the institution to set appropriate risk limits and controls and to monitor risks and adherence to limits. Through it, the Company seeks to efficiently manage credit, market and liquidity risks which arise directly through the Institution's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. As part of this framework, the institution uses a set of principles that describes its risk management culture. The institution, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Major risk area and mitigation mechanism is as given below.

#### 5.1.1 Credit Risk

Credit risk is the probability of loss of principle and reward associated with it due to failure of counterparty to meet its contractual obligations to pay the Company in accordance with agreed terms. Credit Risk Management is ultimately the responsibility of the Board of Directors. Hence overall strategy as well as significant policies have to be reviewed by the board regularly. Further, Senior Management is responsible for implementing the Company's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

#### 5.1.2 Market Risk

The Company's foreign exchange risk stems from foreign exchange position taking and commercial dealing. All foreign exchange positions are managed by the Treasury. Fluctuation in foreign exchange rates can have a significant impact on a Company's financial position. The Company has adopted measures to appropriately hedge the risks that arise while carrying out international trade transactions. Code of ethics for treasury dealers is in place to ensure that professionalism and confidentiality are maintained and ethical dealing practices observed. The Company treasury dealers have gained exposure to international markets as well in addition to having undergone appropriate trainings.

#### 5.1.3 Liquidity Risk

The Company has set internal risk appetite in terms of managing its liquidity risk. Adequate cushion is maintained in terms of liquidity. Asset-liability management is also a part of the Treasury functions and it guided by the Company's Asset Liability Management policy. This is further reviewed by the Company's ALCO and Risk Management Committee.

The following table depicts the maturity profile of the investment portfolio on an undiscounted cash flow basis which is designed and managed to meet the required level of liquidity as and when liquidity outgo arises taking into consideration the time horizon of the financial liabilities of the business.

*Amount in (NPR '000)*

| Particulars                                    | 1-90 Days        | 91-180 Days    | 181-365 Days   | Over 1 Year      | Total            |
|--|------------------|----------------|----------------|------------------|------------------|
| <b>Assets</b>                                  |                  |                |                |                  |                  |
| Cash and cash equivalent                       | 904,518          | -              | -              | -                | 904,518          |
| Due from Nepal Rastra Bank                     | 102,914          | -              | -              | -                | 102,914          |
| Placement with Bank and Financial Institutions | -                | -              | -              | -                | -                |
| Derivative financial instruments               | -                | -              | -              | -                | -                |
| Other trading assets                           | -                | -              | -              | -                | -                |
| Loan and advances to B/FIs                     | 198,158          | -              | -              | -                | 198,158          |
| Loans and advances to customers                | 721,092          | 138,430        | 295,284        | 779,555          | 1,934,361        |
| Investment securities                          | -                | 50,000         | -              | 191,421          | 241,421          |
| Investment in subsidiaries                     | -                | -              | -              | -                | -                |
| Other assets                                   | 278,128          | -              | -              | -                | 278,128          |
| <b>Total Assets</b>                            | <b>2,204,810</b> | <b>188,430</b> | <b>295,284</b> | <b>970,976</b>   | <b>3,659,500</b> |
| <b>Liabilities</b>                             |                  |                |                |                  |                  |
| Due to Bank and Financial Institutions         | 238,508          | -              | -              | -                | 238,508          |
| Due to Nepal Rastra Bank                       | -                | -              | -              | -                | -                |
| Derivative financial instruments               | -                | -              | -              | -                | -                |
| Deposits from customers                        | 455,800          | 480,389        | 368,203        | 1,194,235        | 2,498,627        |
| Borrowing                                      | -                | -              | -              | -                | -                |
| Debt securities issued                         | -                | -              | -              | -                | -                |
| Other liabilities                              | 11,986           | 15,352         | 32,059         | 13,118           | 72,515           |
| <b>Total Liabilities</b>                       | <b>706,294</b>   | <b>495,741</b> | <b>400,262</b> | <b>1,207,353</b> | <b>2,809,650</b> |

#### i. Operational risk

Operational risk is inherent in all business activities. Whilst risks can never be eliminated, at Best Finance we follow a number of procedures and practices like Business Continuity Plan, Whistle Blowing – A Culture of Speaking Up to manage and mitigate preserve and create value of our business.

We manage our operational risks through standardization of internal processes and monitoring mechanisms. Data security, dual control, periodic departmental reviews and quality assessment are some of the tools that are used to manage risks.

Critical risk areas are discussed at the management level as well as Risk Management Committee which updates issues with priority to the Bank's Board to necessary actions and strategic directions.

#### Compliance and Assurance / Operations Risk Unit

Recognizing the importance of Operations Risk in terms of managing day-to-day business, we have a full-fledged Operational Risk under the Risk Management Unit.

## 5.2. Capital Management

### 5.2.1 Qualitative disclosures

The Board shall be primarily responsible for ensuring the current and future capital needs of the bank in relation to strategic objectives. The management shall review and understand the nature and level of various risks that the bank is confronting in the course of different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

## 5.2.2 Quantitative disclosures

### a) Capital Structure and Capital Adequacy

#### i. Tier 1 capital and a breakdown of its components

*Amount in (NPR '000)*

| S.N | Particulars   | Amount         |
|-----|---|----------------|
| a   | Paid up Capital   | 828,914        |
| b   | Share Premium / Capital Reserve                                     | 3,025          |
| c   | Proposed Bonus Shares   | -              |
| d   | Statutory General Reserve   | 185,171        |
| e   | Retained Earnings   | (342,099)      |
| f   | Un-audited Current Year Cumulative Profit                           | -              |
| g   | Capital Adjustment Reserve  | -              |
| h   | Other Free Reserves   | 3,629          |
| i   | Less: Deferred Tax Assets   | -              |
| j   | Less: Intangible Assets   | -              |
| k   | Less: Investment in equity of institutions with financial interests | -              |
|     | <b>Core (Tier-1) Capital</b>  | <b>678,640</b> |

#### ii. Tier 2 capital and a breakdown of its components

*Amount in (NPR '000)*

| S.N. | Particulars                           | Amount        |
|------|---------------------------------------|---------------|
| a    | Subordinated Term Debt                |               |
| b    | General Loan Loss Provision           | 30,326        |
| c    | Exchange Equalization Reserve         |               |
| d    | Investment Adjustment Reserve         |               |
| e    | Other Reserve                         |               |
|      | <b>Supplementary (Tier-2) Capital</b> | <b>30,377</b> |

#### iii. Total qualifying capital

*Amount in (NPR '000)*

| S. N. | Particulars  | Amounts        |
|-------|--|----------------|
| A     | Core Capital   | 678,640        |
| B     | Supplementary Capital                                | 30,326         |
|       | <b>Total Qualifying Capital (Total Capital Fund)</b> | <b>708,966</b> |

#### iv. Capital Adequacy Ratio

Capital Adequacy Ratio of the Company as per Base II as on Ashadh 2077 is 27.97% & 29.22% of Core Capital Fund and Total Capital Fund respectively.

#### v. Summary of Company's internal approach to assess the adequacy of capital to support current and future activities, if applicable

The Company formulates an annual business plan, with prescribed plan for every business functions including deposits, lending, product developments and customer service. These plans are made in consideration of the competitive environment and business sustainability as well as overall risk inherent in banking business.

Capital Plan is a part of the Company's business plan. Capital Plan is formulated so as to fund the planned business growth and to meet regulatory requirements on minimum capital and capital adequacy.

Result of the scenario-based approach is used as input to the capital contingency plan. The financial consequences following various scenarios and potential events/actions are estimated and adequacy of capital in those scenarios is tested. The results are discussed broadly at senior management level and in board meetings.

vi. **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments**

Ordinary share capital: The Company has only one class of equity shares having a par value of NPR 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) **Risk Exposures**

i. **Risk weighted exposures for Credit Risk, Market Risk and Operational Risk**

*Amount in NPR '000*

| S.N. | Risk Weighted Exposure                      | Amount           |
|------|---|------------------|
| a    | Risk Weighted Exposure for Credit Risk      | 2,215,150        |
| b    | Risk Weighted Exposure for Operational Risk | 210,954          |
| c    | Risk Weighted Exposure for Market Risk      | -                |
|      | <b>Total Risk Weighted Exposure</b>         | <b>2,426,104</b> |

ii. **Risk Weighted Exposures under each of 11 categories of Credit Risk**

*Amount in NPR '000*

| S.N. | Risk Classification                      | RWE              |
|------|--|------------------|
| a    | Claims on Govt. and Central Bank         | -                |
| b    | Claims on other Financial Entities       | -                |
| c    | Claims on Banks                          |                  |
| d    | Claims on Corporate and Securities Firm  | 351,097          |
| e    | Claims on Regulatory Retail Portfolio    | 1,133,783        |
| f    | Claims secured by Residential Properties | 84,964           |
| g    | Claims secured by Commercial Real Estate |                  |
| h    | Past due Claims                          | 181,593          |
| i    | High Risk Claims                         | 92,545           |
| j    | Other Assets                             | 338,442          |
| k    | Off balance sheet items                  | 32,726           |
|      | <b>Total</b>                             | <b>2,215,150</b> |

**c) Total risk weighted exposure calculation table**

Amount in NPR '000

| A. Balance Sheet Exposure   | Gross Book Value (A) | Specific Provision & Valuation Adjustments (B) | Eligible CRM | Net Value (D) (A-B-C) | Risk Weight (E) | Risk Weight Exposure (D *E) |
|---|----------------------|--|--------------|-----------------------|-----------------|-----------------------------|
| Cash Balance  | 904,518              | -  | -            | 904,518               | 0%              | -                           |
| Balance With Nepal Rastra Bank  | 102,914              | -  | -            | 102,914               | 0%              | -                           |
| Gold  | -                    | -  | -            | -                     | 0%              | -                           |
| Investment in Nepalese Government Securities  | 179,053              | -  | -            | 179,053               | 0%              | -                           |
| All Claims on Government of Nepal   | -                    | -  | -            | -                     | 0%              | -                           |
| Investment in Nepal Rastra Bank securities  | -                    | -  | -            | -                     | 0%              | -                           |
| All claims on Nepal Rastra Bank   | -                    | -  | -            | -                     | 0%              | -                           |
| Claims on Foreign Government and Central Bank (ECA 0-1)   | -                    | -  | -            | -                     | 0%              | -                           |
| Claims on Foreign Government and Central Bank (ECA -2)  | -                    | -  | -            | -                     | 20%             | -                           |
| Claims on Foreign Government and Central Bank(ECA -3)   | -                    | -  | -            | -                     | 50%             | -                           |
| Claims on Foreign Government and Central Bank(ECA-4-6)  | -                    | -  | -            | -                     | 100%            | -                           |
| Claims on Foreign Government and Central Bank(ECA -7)   | -                    | -  | -            | -                     | 150%            | -                           |
| Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework | -                    | -  | -            | -                     | 0%              | -                           |
| Claims on Other Multilateral Development Banks  | -                    | -  | -            | -                     | 100%            | -                           |
| Claims on Public Sector Entity (ECA 0-1)  | -                    | -  | -            | -                     | 20%             | -                           |
| Claims on Public Sector Entity (ECA 2)  | -                    | -  | -            | -                     | 50%             | -                           |
| Claims on Public Sector Entity (ECA 3-6)  | -                    | -  | -            | -                     | 100%            | -                           |
| Claims on Public Sector Entity (ECA 7)  | -                    | -  | -            | -                     | 150%            | -                           |
| Claims on domestic banks that meet capital adequacy requirements                                      | -                    | -  | -            | -                     | 20%             | -                           |
| Claims on domestic banks that do not meet capital adequacy requirements                               | -                    | -  | -            | -                     | 100%            | -                           |

|   |                  |                |               |               |                  |                  |                |             |      |                  |
|---|------------------|----------------|---------------|---------------|------------------|------------------|----------------|-------------|------|------------------|
| Claims on foreign bank (ECA Rating 0-1)   | -                | -              | -             | -             | -                | -                | -              | -           | 20%  | -                |
| Claims on foreign bank (ECA Rating 2)   | -                | -              | -             | -             | -                | -                | -              | -           | 50%  | -                |
| Claims on foreign bank (ECA Rating 3-6)   | -                | -              | -             | -             | -                | -                | -              | -           | 100% | -                |
| Claims on foreign bank (ECA Rating 7)   | -                | -              | -             | -             | -                | -                | -              | -           | 150% | -                |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | -                | -              | -             | -             | -                | -                | -              | -           | 20%  | -                |
| Claims on Domestic Corporates   | 351,097          | -              | -             | -             | -                | 351,097          | -              | -           | 100% | 351,097          |
| Claims on Foreign Corporates (ECA 0-1)  | -                | -              | -             | -             | -                | -                | -              | -           | 20%  | -                |
| Claims on Foreign Corporates (ECA-2)  | -                | -              | -             | -             | -                | -                | -              | -           | 50%  | -                |
| Claims on Foreign Corporates (ECA 3-6)  | -                | -              | -             | -             | -                | -                | -              | -           | 100% | -                |
| Claims on Foreign Corporates (ECA 7)  | -                | -              | -             | -             | -                | -                | -              | -           | 150% | -                |
| Regulatory Retail Portfolio (Not Overdue)   | 1,419,036        | -              | -             | 11,475        | -                | 1,407,561        | -              | -           | 75%  | 1,055,671        |
| Claims fulfilling all criterion of regulatory retail except granularity   | 78,112           | -              | -             | -             | -                | 78,112           | -              | -           | 100% | 78,112           |
| Claims secured by residential properties  | 129,787          | -              | -             | -             | -                | 129,787          | -              | -           | 60%  | 77,872           |
| Claims not fully secured by residential properties  | -                | -              | -             | -             | -                | -                | -              | -           | 150% | -                |
| Claims secured by residential properties (Overdue)  | 39,371           | 32,279         | -             | -             | -                | 7,092            | -              | -           | 100% | 7,092            |
| Claims secured by Commercial real estate  | -                | -              | -             | -             | -                | -                | -              | -           | 100% | -                |
| Past due claims (except for claim secured by residential properties)  | 388,720          | 267,658        | -             | -             | -                | 121,062          | -              | -           | 150% | 181,593          |
| High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)                              | 51,242           | -              | -             | -             | -                | 51,242           | -              | -           | 150% | 76,863           |
| Lending against securities (bonds & shares)   | 15,682           | -              | -             | -             | -                | 15,682           | -              | -           | 100% | 15,682           |
| Investments in equity and other capital instruments of institutions listed in the stock exchange  | 49,552           | -              | -             | -             | -                | 49,552           | -              | -           | 100% | 49,552           |
| Investments in equity and other capital instruments of institutions not listed in the stock exchange                                    | 12,816           | -              | -             | -             | -                | 12,816           | -              | -           | 150% | 19,224           |
| Staff Loan secured by residential property  | 7,825            | -              | -             | -             | -                | 7,825            | -              | -           | 50%  | 3,913            |
| Interest receivable/claim on government securities  | -                | -              | -             | -             | -                | -                | -              | -           | 0%   | -                |
| Cash in transit and other cash items in the process of collection   | -                | -              | -             | -             | -                | -                | -              | -           | 20%  | -                |
| Other Assets  | 391,378          | 125,625        | -             | -             | -                | 265,753          | -              | -           | 100% | 265,753          |
| <b>TOTAL</b>  | <b>4,121,103</b> | <b>425,562</b> | <b>11,475</b> | <b>11,475</b> | <b>3,684,066</b> | <b>2,182,424</b> | <b>265,753</b> | <b>100%</b> |      | <b>2,182,424</b> |

Amount in NPR '000

| B. Off Balance Sheet Exposure   | Gross Book Value (A) | Gross Book Value (A) | Gross Book Value (A) | Gross Book Value (A) | Gross Book Value (A) | Risk Weight (E) | Risk Weight Exposure (D *E) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------|-----------------------------|
| Revocable Commitments   | -                    | -                    | -                    | -                    | -                    | 0%              | -                           |
| Bills Under Collection  | -                    | -                    | -                    | -                    | -                    | 0%              | -                           |
| Forward Exchange Contract Liabilities   | -                    | -                    | -                    | -                    | -                    | 10%             | -                           |
| LC Commitments With Original Maturity Up to 6 months (domestic counterparty)    | -                    | -                    | -                    | -                    | -                    | 20%             | -                           |
| foreign counterparty (ECA Rating 0-1)   | -                    | -                    | -                    | -                    | -                    | 20%             | -                           |
| foreign counterparty (ECA Rating- 2)  | -                    | -                    | -                    | -                    | -                    | 50%             | -                           |
| foreign counterparty (ECA Rating 3-6)   | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| foreign counterparty (ECA Rating-7)   | -                    | -                    | -                    | -                    | -                    | 150%            | -                           |
| LC Commitments With Original Maturity Over 6 months (domestic counterparty)     | -                    | -                    | -                    | -                    | -                    | 50%             | -                           |
| foreign counterparty (ECA Rating 0-1)   | -                    | -                    | -                    | -                    | -                    | 20%             | -                           |
| foreign counterparty (ECA Rating-2)   | -                    | -                    | -                    | -                    | -                    | 50%             | -                           |
| foreign counterparty (ECA Rating 3-6)   | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| foreign counterparty (ECA Rating-7)   | -                    | -                    | -                    | -                    | -                    | 150%            | -                           |
| Bid Bond, Performance Bond and Counter guarantee (domestic counter party)       | 200                  | -                    | -                    | -                    | 200                  | 50%             | 100                         |
| foreign counterparty (ECA Rating 0-1)   | -                    | -                    | -                    | -                    | -                    | 20%             | -                           |
| foreign counterparty (ECA Rating-2)   | -                    | -                    | -                    | -                    | -                    | 50%             | -                           |
| foreign counterparty (ECA Rating 3-6)   | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| foreign counterparty (ECA Rating -7)  | -                    | -                    | -                    | -                    | -                    | 150%            | -                           |
| Underwriting commitments  | -                    | -                    | -                    | -                    | -                    | 50%             | -                           |
| Lending of Bank's Securities or Posting of Securities as collateral             | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo) | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Advance Payment Guarantee   | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Financial Guarantee   | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Acceptances and Endorsements  | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Unpaid portion of Partly paid shares and Securities                             | -                    | -                    | -                    | -                    | -                    | 100%            | -                           |
| Irrevocable Credit commitments (Short term)                                     | 63,197               | -                    | -                    | -                    | 63,197               | 20%             | 12,639                      |



|   |                  |                |               |                  |   |               |      |                  |
|---|------------------|----------------|---------------|------------------|---|---------------|------|------------------|
| Irrevocable Credit commitments (long term)  | -                | -              | -             | -                | - | -             | 50%  | -                |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | -                | -              | -             | -                | - | -             | 20%  | -                |
| Other Contingent Liabilities  | 19,987           | -              | -             | -                | - | 19,987        | 100% | 19,987           |
| Unpaid Guarantee Claims   | -                | -              | -             | -                | - | -             | 200% | -                |
| <b>TOTAL</b>  | <b>83,384</b>    | -              | -             | -                | - | <b>83,384</b> |      | <b>32,726</b>    |
| <b>Total RWE for credit Risk (A) +(B)</b>   | <b>4,204,487</b> | <b>425,562</b> | <b>11,475</b> | <b>3,767,450</b> |   |               |      | <b>2,215,150</b> |
| Adjustments under Pillar II   |                  |                |               |                  |   |               |      |                  |
| Add: 10% of the loan and facilities in excess of Single Obligor Limits (6.4 a 3)  |                  |                |               |                  |   |               |      |                  |
| Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)   |                  |                |               |                  |   |               |      |                  |
| <b>Total RWE for credit Risk (After Bank's adjustments of Pillar II)</b>  | <b>4,204,487</b> | <b>425,562</b> | <b>11,475</b> | <b>3,767,450</b> |   |               |      | <b>2,215,150</b> |

**d) Amount of NPAs (both Gross and Net)**

*Amount in NPR '000*

| Particulars                     | Current Year       |                   |
|---------------------------------|--------------------|-------------------|
|                                 | Gross NPAs         | Net NPAs          |
| Restructured / Reschedule Loans | -                  | -                 |
| Sub Standard Loans              | 61,734,555         | 46,300,916        |
| Doubtful Loans                  | 31,775,384         | 15,887,692        |
| Loss                            | 271,115,456        | -                 |
| <b>Total NPAs</b>               | <b>359,625,395</b> | <b>59,688,608</b> |

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

*Amount in NPR '000*

| Financial assets                                  | Notes       | As at            |                  | As at            |                  |
|---|-------------|------------------|------------------|------------------|------------------|
|   |             | 15-Jul-20        |                  | 16-Jul-19        |                  |
|   |             | Carrying Value   | Fair value       | Carrying Value   | Fair value       |
| <b>Assets</b>                                     |             |                  |                  |                  |                  |
| <b>Assets carried at Amortized Cost</b>           |             |                  |                  |                  |                  |
| Cash and cash equivalent                          | 4.1         | 904,518          | 904,518          | 785,599          | 785,599          |
| Due from Nepal Rastra Bank                        | 4.2         | 102,914          | 102,914          | 132,577          | 132,577          |
| Placement with Bank and Financial Institutions    | 4.3         |                  |                  | -                | -                |
| Loans and advances to customers                   | 4.7         | 1,934,361        | 1,934,361        | 1,763,432        | 1,763,432        |
| <b>Sub Total</b>                                  |             | <b>2,941,793</b> | <b>2,941,793</b> | <b>2,681,608</b> | <b>2,681,608</b> |
| <b>Fair Value through Profit and Loss (FVTPL)</b> |             |                  |                  |                  |                  |
| Derivative financial instruments.                 | 4.4         |                  |                  | -                | -                |
| Investment securities                             | 4.8         | 241,422          | 241,422          | 199,719          | 199,719          |
| Investment in subsidiaries                        | 4.10        |                  |                  | -                | -                |
| <b>Sub Total</b>                                  |             | <b>241,422</b>   | <b>241,422</b>   | <b>199,719</b>   | <b>199,719</b>   |
| <b>Liabilities</b>                                |             |                  |                  |                  |                  |
| <b>Liabilities carried at Amortized Cost</b>      |             |                  |                  |                  |                  |
| <b>Due to Bank and Financial Institutions</b>     | <b>4.17</b> | <b>238,508</b>   | <b>238,508</b>   | <b>90,903</b>    | <b>90,903</b>    |
| Due to Nepal Rastra Bank                          | 4.18        |                  |                  | -                | -                |
| Deposits from customers                           | 4.20        | 2,498,627        | 2,498,627        | 2,292,399        | 2,292,399        |
| Debt securities issued                            | 4.24        |                  |                  | -                | -                |
| <b>Sub Total</b>                                  |             | <b>2,737,135</b> | <b>2,737,135</b> | <b>2,383,302</b> | <b>2,383,302</b> |
| <b>Fair Value through Profit and Loss (FVTPL)</b> |             |                  |                  |                  |                  |
| Derivative financial instruments                  | 4.19        |                  |                  | -                | -                |

**5.3.1. Fair Value of Financial Assets and Financial Liabilities**
*Amount in NPR '000*

| Particulars                               | Fair value Hierarchy (Level) | As at 15 July 2020 | As at 16 July 2019 |
|---|------------------------------|--------------------|--------------------|
| <b>Fair Value through profit and loss</b> |                              |                    |                    |
| <b>Financial Assets</b>                   |                              |                    |                    |
| Forward exchange Contract                 |                              |                    |                    |
| <b>Financial Liabilities</b>              |                              |                    |                    |
| Forward exchange Contract                 |                              |                    |                    |

|  |   |               |               |
|--|---|---------------|---------------|
| <b>Fair Value through Other Comprehensive Income</b> |   |               |               |
| <b>Financial assets</b>                              |   |               |               |
| <b>Investment securities at OCI</b>                  |   |               |               |
| - Quoted equity securities                           | 1 | 49,552        | 6,902         |
| - Unquoted equity securities                         | 3 | 12,816        | 12,816        |
| Investment in subsidiaries                           |   |               |               |
| <b>Total</b>   |   | <b>62,368</b> | <b>19,718</b> |

|   |   |                  |                  |
|---|---|------------------|------------------|
| <b>Financial Instruments held at amortized cost</b> |   |                  |                  |
| <b>Financial assets</b>                             |   |                  |                  |
| Debt securities                                     | 3 |                  | -                |
| Government bonds                                    | 3 | 130,877          | 180,000          |
| Government treasury bills                           | 3 | 48,176           | -                |
| Nepal Rastra Bank bonds                             | 3 |                  | -                |
| Nepal Rastra Bank deposit instruments               | 3 |                  | -                |
| Loan and advances to B/FIs                          | 3 |                  |                  |
| Loans and advances to customers                     | 3 |                  |                  |
| Other   |   |                  |                  |
| Accounts receivable                                 |   |                  |                  |
| Accrued Income                                      |   |                  |                  |
| <b>Total</b>  |   |                  |                  |
| <b>Financial liabilities</b>                        |   |                  |                  |
| Due to Bank and Financial Institutions              | 3 | 238,508          | 90,903           |
| Due to Nepal Rastra Bank                            | 3 |                  |                  |
| Deposits from customers                             | 3 | 2,498,627        | 2,292,399        |
| Borrowing   |   |                  |                  |
| Provisions  |   |                  |                  |
| Other liabilities                                   |   | 51,754           | 29,079           |
| Debt securities issued                              |   |                  |                  |
| Subordinated Liabilities                            |   |                  |                  |
| <b>Total</b>  |   | <b>2,788,889</b> | <b>2,412,381</b> |

## 5.4. Operating Segment Information

### 5.4.1 General Information

The Company has identified its segments on the basis of its geographical business presence in seven provinces of the country.

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

*Amount in NPR Full Figure*

| Particulars                               | Province 3           | Province 4         | Province 5           | Total                |
|---|----------------------|--------------------|----------------------|----------------------|
| Revenues from external customers          | 88,062,314           | 34,248,947         | 157,106,800          | 279,418,061          |
| Intersegment revenues                     | -                    | -                  | -                    | -                    |
| <b>Net revenues</b>                       | <b>88,062,314</b>    | <b>34,248,947</b>  | <b>157,106,800</b>   | <b>279,418,061</b>   |
| Interest revenue                          | 142,678,122          | 40,926,008         | 198,816,461          | 382,420,591          |
| Interest expense                          | 104,497,007          | 22,689,676         | 105,189,484          | 232,376,166          |
| <b>Net interest revenue (b)</b>           | <b>38,181,115</b>    | <b>18,236,332</b>  | <b>93,626,977</b>    | <b>150,044,425</b>   |
| Depreciation and amortization             | 4,042,121            | 286,932            | 3,014,268            | 7,343,321            |
| <b>Segment profit / (loss) before tax</b> | <b>16,412,868</b>    | <b>7,839,229</b>   | <b>40,247,312</b>    | <b>64,499,409</b>    |
| <b>Impairment of assets</b>               | <b>198,667,125</b>   | <b>59,558,110</b>  | <b>90,127,338</b>    | <b>348,352,574</b>   |
| <b>Segment assets</b>                     | <b>1,907,168,024</b> | <b>283,996,490</b> | <b>1,468,335,867</b> | <b>3,659,500,381</b> |
| <b>Segment liabilities</b>                | <b>1,105,404,170</b> | <b>276,157,260</b> | <b>1,428,088,556</b> | <b>2,809,649,986</b> |

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

|  |                    |
|--|--------------------|
| <b>Revenue</b>                               |                    |
| <b>Total revenue for reportable segments</b> | <b>382,420,591</b> |
| Other revenues                               |                    |
| Elimination of intersegment revenues         |                    |
| <b>Entity's revenue</b>                      |                    |

|   |                   |
|---|-------------------|
| <b>Profit or Loss</b>                               |                   |
| <b>Total profit or loss for reportable segments</b> | <b>64,499,409</b> |
| Other profit or loss                                |                   |
| Elimination of intersegment profits                 |                   |
| <b>Profit before income tax</b>                     |                   |

|   |                      |
|---|----------------------|
| <b>Assets</b>                               |                      |
| <b>Total assets for reportable segments</b> | <b>3,659,500,381</b> |
| Other assets                                |                      |
| <b>Total assets</b>                         |                      |

|  |                      |
|--|----------------------|
| <b>Liabilities</b>                               |                      |
| <b>Total liabilities for reportable segments</b> | <b>2,809,649,986</b> |
| Other liabilities                                |                      |
| <b>Total liabilities</b>                         |                      |

#### 5.4.3 Information about product and services

The Company offers different ranges of banking products and services across all operating segments. All branches in each segment are equipped to provide services of each type to customers through themselves or through other branch/ central units under same or different segment. However, some branches may be operated to provide specialized banking service based on management's assessment of the market niche.

#### 5.4.4 Information about geographical areas

The operating segments identified above are based on geographical presence of the branches in seven provinces of the country.

| A | Domestic     | Revenue            |
|---|--------------|--------------------|
|   | Province 1   | -                  |
|   | Province 2   | -                  |
|   | Province 3   | 142,678,112        |
|   | Province 4   | 40,926,008         |
|   | Province 5   | 198,816,461        |
|   | Province 6   | -                  |
|   | Province 7   | -                  |
| B | Foreign      | -                  |
|   | <b>Total</b> | <b>382,420,591</b> |

#### Information about major customers

Revenue from single external customer does not exceed 10% or more of entity's revenue.

#### 5.5. Contingent Liabilities and Commitment

##### Contingent Liabilities

Where the Company undertakes to make a payment on behalf of its customer for guarantees issued for which an obligation to make a payment has not arisen at the reporting date, those are included in the financial statement as contingent liabilities. Company has tax litigation of Rs 19,987,287 and liabilities for guarantee issued of Rs 200,000 is also accounted under this head as presented in schedule 4.28.

##### Commitments:

Where the Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not and the Company has not made payments at the Details of contingent liabilities and commitments are given in note 4.28.

#### 5.6. Related Party Disclosures

The Company identifies its Board of Directors, Key Management Personnel comprising of the CEO and other executive officials and its Subsidiary Companies as the related parties under the requirements of NAS 24. The related parties of the Company are listed below:

| Particulars             | Relationship             |
|-------------------------|--------------------------|
| Amir Dhoj Pradhan       | Director                 |
| Milan Thapa             | Director                 |
| Suraj Kshetri           | Director                 |
| Krishnahari Shrestha    | Director                 |
| Dipak Dhakal            | Director                 |
| Bimal Prasad Dhakal     | Director                 |
| Toya Raj Adhikari       | Key Managerial Personnel |
| Rajesh Prasad Manandhar | Key Managerial Personnel |
| Ram Krishna Karki       | Key Managerial Personnel |
| Manan Man Shakya        | Key Managerial Personnel |

#### 5.6.1 Board Member Allowances and Facilities

All members of the Board of Directors are non-executive directors and no executive compensation is paid to the directors.

The directors are paid Meeting Fees for their attendances in meeting of the Board of Directors and other Board Level Committees. The Chairman of the Board of Directors is paid NPR 4,000 per meeting attended while other members of the board receive NPR 3,500 per meeting attended. In addition, the directors are reimbursed with Magazine and Article expenses of NPR 1,500 per month. Travelling expenses incurred for attending the meetings of the Board of Directors and other Board Level Committees are also reimbursed to the directors other than those based in Kathmandu. Directors other than those based in Kathmandu also receive daily allowance of NPR 4,000 per day for each day spent in Kathmandu for the purpose of attending the meetings of the Board of Directors.

**The details of the compensations paid to the directors are as under:**

| Particulars                               | This Year (NPR) | Previous Year (NPR) |
|---|-----------------|---------------------|
| Board Meeting Fee                         | 445,000.00      | 613,500.00          |
| Audit Committee Fee                       | 35,000.00       | 56,000.00           |
| Risk Management Committee fee             | 35,000.00       | 28,000.00           |
| Money Laundering Prevention Committee     | 28,000.00       | 10,500.00           |
| Human Resource Committee Fee              | 10,500.00       | 10,500.00           |
| Special Committee Fee(Recovery Committee) |                 | 14,000.00           |
| Other meeting expenses                    | 497,739.96      | 820,771.76          |

**5.6.2 Loans and Advances extended to Promoters:**

The Company has not extended any loans to promoters during the year.

**5.6.3 Compensation Details for Key Management Personnel**

Compensations paid to Key Management Personnel (which includes CEO and other executive officials) during the fiscal year is presented below. In addition, other non-monetary perquisites are provided to the Key Management Personnel as per the Company's Human Resource Policy and employment terms and conditions.

*Amount in NPR '000*

| Particulars                    | This Year (NPR '000) | Previous Year (NPR '000) |
|--------------------------------|----------------------|--------------------------|
| <b>Salary and Allowances</b>   |                      |                          |
| CEO                            | 3,597.27             | 2,925.64                 |
| Other Key Management Personnel | 1,130.97             | 1,718.03                 |
| <b>Total</b>                   | <b>4,728.24</b>      | <b>4,643.67</b>          |
| <b>Other Benefits*</b>         |                      |                          |
| CEO                            | 717.30               | 143.85                   |
| Other Key Management Personnel | 378.61               | 162.41                   |
| <b>Total</b>                   | <b>1,095.91</b>      | <b>306.27</b>            |

Post-Employment Benefits\*\* - -

\*Other Benefits include Staff Bonus paid out of profit for previous year.

\*\*Post-employment benefits are actuarially determined on overall basis for all employees.

**5.7. Merger and Acquisition**

The Company has acquired Synergy Finance Limited during the financial year and has started joint operation from 2075.04.17

During the financial year 2075.2076 the Company acquired Synergy Finance Limited a "C" Class licensed financial institution operating in 10 districts during the FY 2016/17 and started joint operations after transfer of all assets and liabilities of Synergy Finance on 17th Shrawan 2075. The existing shareholders of erstwhile Synergy Finance were issued ordinary equity shares of the Company at the approved share swap ratio of 1:1.

The details of Fair assets and liabilities acquired from Synergy Finance Ltd. are as follows:

| Particulars                                   | Amount (Rs '000) |
|---|------------------|
| <b>Assets Acquired</b>                        |                  |
| Cash Balance                                  | 47,966           |
| Balance with NRB                              | 99,331           |
| Balance with Banks And Financial Institutions | 491,312          |
| Government Bond                               | 250,000          |
| Investment in Shares                          | 9,695            |
| Provisions                                    | -725             |
| Loans and Advances                            | 1,677,215        |
| Provisions for Loans and Advances             | -305,617         |
| Fixed Assets                                  | 150,951          |
| Non Banking Assets                            | 34,153           |
| Provisions For Non Banking Assets             | -34,153          |
| Interest Receivable                           | 140,970          |
| Interest Suspense                             | -140,970         |
| Deferred Tax assets                           | 87,774           |
| Other Assets                                  | 101,343          |
| <b>Total</b>                                  | <b>2,609,245</b> |
| <b>Liabilities Acquired</b>                   |                  |
| Statutory General Reserve                     | 108,215          |
| Capital Adjustment Reserve                    | 3,629            |
| Deferred Tax Reserve                          | 87,774           |
| Share Premium                                 | 522              |
| Corporate Social Responsibility fund          | 1,290            |
| Employee Training Fund                        | 902              |
| Retained Earnings                             | -307,212         |
| Deposits Liabilities                          | 2,018,606        |
| Other Liabilities                             | 147,640          |
| <b>Total</b>                                  | <b>2,061,366</b> |
| <b>Net Assets Acquired</b>                    | <b>547,877</b>   |

#### 5.8. Events after reporting date

The Company monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that have occurred subsequent to 15 July 2020 till the signing of this financial statement.

#### 5.9. Investment Property (Non-Banking Assets)

Non-Banking Assets (NBA) has been shown under investment property. It has been recognized at lower of fair value of collateral or amount due at the time of assuming of NBA. During the year NBA of Rs 4,090,000 has been sold and new NBA of Rs. 32,025,049 has been booked.

Amount in NPR '000

| Borrower Name             | Date of assuming NBA | 31 Ashadh 2077    | 32 Ashadh 2076    |
|---------------------------|----------------------|-------------------|-------------------|
| Rajesh Kumar Chaurasiya   | 2059.08.06           | 2,559,952         | 2,559,952         |
| Usha Shrestha             | 2069.02.26           | 7,185,061         | 7,185,061         |
| Shambu Prashad Jaisawal   | 2065.03.29           | 7,417,815         | 7,417,815         |
| Manel Aryal               | 2074.03.30           | 750,000           | 750,000           |
| Mohamad Miya Hajam        | 2074 Jestha          | 15,120,065        | 15,120,065        |
| Roshan Kumar Gauttam      | 2074.04.28           | 4,197,000         | 4,197,000         |
| Devendra/Nirmaya Bhandari | 2076.04.01           | 30,167,964        | -                 |
| Shova Sapkota             | 2076.11.20           | 1,857,085         | -                 |
| Tarka Bahadur Shrestha    | 2075.12.29           | -                 | 4,090,000         |
| <b>Total</b>              |                      | <b>69,254,942</b> | <b>41,319,893</b> |



#### 5.10. Interest Income

Total interest receivable on loans and advances for 76-77 is Rs 310,643,486. Interest receivable recognized as interest income for 76-77 is Rs. 75,175,362. Rs. 27,433,827 of interest receivable recognized has been collected up to Ashwin end 2077. Interest receivable recognized as interest income is adjusted against cash interest collected up to Ashwin end 2077 and staff bonus and taxes (calculated on interest receivable recognized as interest income) before transferring to regulatory reserve as per NRB Directives. Interest income other than Rs 75,175,362 is received in cash.

During 76-77 finance has granted a total of Rs. 5,514,647 as interest rebate as per NRB direction for COVID-19. Interest rebate of 2% amounts to Rs 4,513,869 whereas interest rebate for 10% amounts to Rs 1,000,778. Rs 213,998 of interest rebate was granted up to Ashad end 2077 and Rs 5,300,649 Interest rebate was granted subsequently in 77-78 which has been accounted as Interest rebate in schedule 4.23.

#### 5.11. Earnings per share

The Company measures earning per share on the basis of the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share.

| Particulars  | Units   | Year ended<br>15-Jul-20 | Year ended<br>16-Jul-19 |
|--|---------|-------------------------|-------------------------|
| Profit attributable to equity shareholders (a)   | NPR'000 | 77,326                  | 62,724                  |
| Weighted average of number of equity shares used in computing basic earnings per share (b) | In 000  | 8,242                   | 7,824                   |
| Basic and diluted earnings per equity share of Rs 100 each (a/b)                           | Rs      | 9.38                    | 8.02                    |
| Revised basis earning per share  | Rs      | 9.38                    | 8.02                    |

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented. Revised basis earning per share has been adjusted retrospectively calculated based on para 64 of NAS 33.

#### 5.12. Proposed Distributions (Dividends and Bonus Shares)

There are no proposed distributions during the year.

#### 5.13. Unpaid Dividends

As at the reporting date, unpaid dividend over five years amounts to as follows.

NPR. '000

| Particulars                         | As at<br>15 July 2020 | As at<br>16 July 2019 |
|-------------------------------------|-----------------------|-----------------------|
| Not collected for more than 5 years | 595                   | 595                   |
| Not collected up to 5 years         | -                     | -                     |
| <b>Total</b>                        | <b>595</b>            | <b>595</b>            |

#### 5.14. Non-performing assets

The Company's non-performing assets stood at 15.00% as at balance sheet date. The total non-performing assets as at Balance sheet date is NPR 348,352,573 and loan loss provision.

Amount in NPR Full Figure

| Loan Category                      | Current year         | Previous Year        |
|------------------------------------|----------------------|----------------------|
| <b>Performing Loan</b>             | <b>2,038,245,808</b> | <b>1,777,212,166</b> |
| Pass Loans                         | 1,337,412,594        | 1,619,960,482        |
| Watchlist Loans                    | 700,833,214          | 157,251,684          |
| <b>Non-performing Loans</b>        | <b>359,625,395</b>   | <b>410,687,560</b>   |
| Restructured/<br>Rescheduled Loans |                      |                      |
| Substandard Loans                  | 61,734,555           | 52,581,842           |
| Doubtful Loans                     | 26,775,384           | 54,645,937           |
| Loss Loans                         | 271,115,456          | 303,459,782          |
| <b>Gross Loans and Advances</b>    | <b>2,397,871,203</b> | <b>2,187,899,726</b> |

### 5.15. Loans Written Off

The Company has written off loans amounting total during the year FY 2076-77.

| Borrower Name        | Amount            |
|----------------------|-------------------|
| Bhagirath Chapagai   | 5,286.38          |
| Janak Bahadur Waiwa  | 25,663.08         |
| Bom Bahadur Thapa    | 33,748.32         |
| Santosh Mudbari      | 54,354.73         |
| Santosh Mudbari      | 3,796.8           |
| Santosh Mudbari      | 2,000             |
| Krishna Kumar Ghalan | 63,941.37         |
| Krishna Kumar Ghalan | 3,796.8           |
| Mohan Dutraj         | 78,682.68         |
| Mohan Dutraj         | 3,796.8           |
| Gopal Prasad Dhakal  | 80,875.62         |
| Gopal Prasad Dhakal  | 3,796.8           |
| Gopal Prasad Dhakal  | 2,000             |
| Ganesh Gyawali       | 82,812.95         |
| Sushil Kumar Khatri  | 92,163.21         |
| Sushil Kumar Khatri  | 3,796.8           |
| Sushil Kumar Khatri  | 2,000             |
| <b>Total</b>         | <b>542,512.34</b> |

### 5.16. Concentration of Deposits, Loans & Advances and Contingents

Amount in NPR Million

| Particulars                       | Loans & Advances and Bills Purchased |       | Deposits & Borrowings |       | Non-Funded |    |
|-----------------------------------|--------------------------------------|-------|-----------------------|-------|------------|----|
|                                   | CY                                   | PY    | CY                    | PY    | CY         | PY |
| Total Amount Outstanding          | 2,398                                | 2,188 | 2,737                 | 2,383 | -          | -  |
| Highest Exposure of a Single Unit | 35                                   | 35    | 99                    | 90    | -          | -  |
| Concentration of exposure         | 1.45%                                | 1.58% | 3.61%                 | 3.80% | -          | -  |

\* CY= Current Year, PY = Previous Year

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables.

Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

### 5.17. Principal Financial Indicators

| Particulars  | Indicators | F. Y.<br>2072/2073* | F. Y.<br>2073/2074* | F. Y.<br>2074/2075* | F. Y.<br>2075/2076 | F. Y.<br>2076/2077 |
|--|------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| 1. Percentage of Net Profit/Gross Income                   | %          | 51%                 | -24%                | 102%                | 20%                | 47%                |
| 2. Earnings Per Share                                      | NPR        | 1.77                | (2.39)              | 14.31               | 12.06              | 9.38               |
| 3. Market Value per Share                                  | NPR        | -                   | 410.00              | 120.00              | 101.00             | 96.00              |
| 4. Price Earning Ratio                                     | Ratio      | -                   | (171.59)            | 8.39                | 8.37               | 10.23              |
| 5. Dividend on share capital (Bonus share + Cash dividend) | %          | -                   | -                   | -                   | -                  | -                  |
| 6. Cash Dividend on share capital                          | %          | -                   | -                   | -                   | -                  | -                  |
| 7. Interest Income/Loans & Advances and Investments        | %          | 2.40%               | 10.77%              | 13.94%              | 20.61%             | 17.29%             |
| 8. Employee Expenses/Total Operating Expenses              | %          | 51.80%              | 21.62%              | 51.04%              | 51.98%             | 56.24%             |
| 9. Interest Expenses on Total Deposits and Borrowings      | %          | 4.25%               | 5.56%               | 7.31%               | 7.33%              | 9.08%              |
| 10. Exchange Fluctuation Gain/Total Income                 | %          | -                   | -                   | -                   | -                  | -                  |
| 11. Staff Bonus/ Total Staff Expenses                      | %          | -                   | -                   | 49.65%              | 18.83%             | 10.65%             |
| 12. Net Profit/Loans & Advances                            | %          | 1.36%               | -2.63%              | 15.18%              | 5.37%              | 3.88%              |
| 13. Net Profit/ Total Assets                               | %          | 2.83%               | -2.40%              | 0.09%               | 3.02%              | 2.24%              |
| 14. Total Credit/Deposit                                   | %          | 169.57%             | 173.40%             | 133.52%             | 76.36%             | 85.35%             |
| 15. Total Operating Expenses/Total Assets                  | %          | 18.76%              | 16.84%              | 3.82%               | 3.93%              | 3.46%              |
| 16. Adequacy of Capital Fund on Risk Weightage Assets      |            |                     |                     |                     |                    |                    |
| a. Core Capital  | %          | 0.29%               | 29.46%              | 59.43%              | 31.03%             | 27.97%             |
| b. Supplementary Capital                                   | %          | 0.01%               | 0.10%               | 0.40%               | 1.31%              | 1.25%              |
| c. Total Capital Fund                                      | %          | 0.30%               | 29.56%              | 59.83%              | 32.34%             | 29.22%             |
| 17. Liquidity (CRR)  | %          | 10.64%              | 14.27%              | 5.86%               | 5.29%              | 3.34%              |
| 18. Non Performing Loans/Total Loans                       | %          | 99.69%              | 84.93%              | 49.29%              | 18.46%             | 15.00%             |
| 19. Weighted Average Interest Rate Spread                  | %          | 6.97%               | 4.80%               | 14.78%              | 4.81%              | 5.97%              |
| 20. Base Rate  | %          | -                   | 28.86%              | 26.60%              | 15.48%             | 12.50%             |
| 21. LCY Interest Spread (Calculated as per NRB Directive)  | %          | 6.97%               | 4.80%               | 14.78%              | 4.81%              | 5.97%              |
| 22. Book Net worth Rs in Lacs                              | NPR        | 151                 | 979                 | 2,200               | 7,246              | 8,499              |
| 23. Total Shares   | Number     | 1,322,280           | 1,322,280           | 2,975,130           | 8,100,158          | 8,289,138          |
| 24. Net Worth Per Share                                    | NPR        | -                   | 140.76              | 135.71              | 141.81             | 102.53             |
| 25. Total Employees  | Number     | 28                  | 17                  | 21                  | 122                | 121                |

\*Figures for FY upto 2074/75 are as per previous GAAP

**5.18. Shareholders holding more than 0.5% Shares**

| SN | Name of Shareholder     | No of Shares | %    |
|----|-------------------------|--------------|------|
| 1  | Rajendra Kumar Sharma   | 631,741.00   | 7.62 |
| 2  | Robinda Prasad Shrestha | 413,412.00   | 4.99 |
| 3  | Devendra Prasad Dhoju   | 374,841.77   | 4.52 |
| 4  | Rajendra Prasad Dhoju   | 351,022.00   | 4.23 |
| 5  | Chitra Kumar Shrestha   | 342,301.40   | 4.13 |
| 6  | Indra Lal Shrestha      | 200,584.00   | 2.42 |
| 7  | Ramvha Shrestha         | 165,231.27   | 1.99 |
| 8  | Laxmi Shrestha          | 158,094.00   | 1.91 |
| 9  | Milan Thapa             | 145,586.00   | 1.76 |
| 10 | Kumar Poudel            | 139,000.00   | 1.68 |
| 11 | Ran Kumari Shrestha     | 130,026.00   | 1.57 |
| 12 | Yubaraj Sharma          | 100,809.00   | 1.22 |
| 13 | Durga Vohra             | 88,071.00    | 1.06 |
| 14 | Gauri Shrestha          | 75,582.00    | 0.91 |
| 15 | Jamuna Kumari Thapa     | 70,000.00    | 0.84 |
| 16 | Nachong Gurung          | 63,437.00    | 0.77 |
| 17 | Amulya Manandhar        | 58,967.00    | 0.71 |
| 18 | Bikas Bahadur Shrestha  | 58,954.00    | 0.71 |
| 19 | Rahul Agrawal           | 57,517.00    | 0.69 |
| 20 | Bishnu Bahadur K.C      | 56,340.00    | 0.68 |
| 21 | Manita Khatri           | 52,340.00    | 0.63 |
| 22 | Ram Krishna Neupane     | 52,152.00    | 0.63 |
| 23 | Ram Hari Neupane        | 50,026.00    | 0.60 |
| 24 | Gauri Shrestha          | 44,460.00    | 0.54 |
| 25 | Nirmala Kumari Suwal    | 43,604.00    | 0.53 |
| 26 | Kapoor Prasad Vajoo     | 42,902.00    | 0.52 |

## 5.19. Reserves

### 5.19.1 General Reserve

The movement in general reserve during the year is as follows:

*Amount in NPR '000*

| Particulars            | Current Year       | Previous Year      |
|------------------------|--------------------|--------------------|
| Opening Balance        | 169,706,215        | 48,945,909         |
| Transfer as per BAFIA  | 15,465,141         | 12,544,831         |
| Transfer from Synergy  | -                  | 108,215,475        |
| <b>Closing balance</b> | <b>185,171,356</b> | <b>169,706,215</b> |

As required by Section 44 of Banks and Financial Institutions Act, 2073 (BAFIA), 20% of the current year's net profit amounting to NPR 15,232,641 (Previous Year NPR 12,544,831) has been transferred to General Reserve.

### 5.19.2 Fair Value Reserve

Fair value Reserve as at 31Ashad 2077 (15 July 2020) stands at NPR 4,784,888. During the year, Available for Sale investments are marked to market on a regular basis and the difference is adjusted through OCI reserve which amounts to Rs. 1,735,204 net of taxes. A ctuarial gain of Rs 3,049,684 net of taxes has been credited during the year in the account.

### 5.19.3 Corporate Social Responsibility

As per the NRB directive no. 6.16 on the Corporate Social Responsibility, the Company has allocated 1% of the net profit of current fiscal year for CSR activities.

| Particulars                   | Current Year     | Previous Year    |
|-------------------------------|------------------|------------------|
| Opening CSR Fund              | 2,166,022        | 425,692          |
| Add: 1% profit this year      | 773,257          | 627,242          |
| Transfer from Synergy Finance | -                | 1,290,459        |
| Less: CSR Expenses            | 426,673          | 177,370          |
| <b>Closing CSR Fund</b>       | <b>2,512,606</b> | <b>2,166,022</b> |

### 5.19.4 Employees Training Fund

NRB Directive 6 requires BFI to incur expenses towards employee training and development equivalent to at least 3% of the preceding year's total staff expenses which amounts to NPR 2,002,278 (excluding staff bonus). Total training expenses of this year amounted to NPR 497,781.

| Particulars                               | Current Year | Previous Year  |
|---|--------------|----------------|
| Opening Fund                              | 502,820      | 112,043        |
| Transfer from Synergy                     | -            | 902,195        |
| Add: 3% of Last year staff expenses       | -            | 267,373        |
| Actual Staff training                     | 497,781      | 640,826        |
| Amount transferred from P/L Appropriation | -            | -              |
| Expenses incurred through the fund        | 497,781      | (511,419)      |
| <b>Closing Training fund</b>              | <b>5,039</b> | <b>502,820</b> |

#### 5.19.5 Regulatory Reserve

During the year regulatory reserve has been credited for Rs 53,158,040 and Rs 877, 526 has been reversed. Movement in regulatory reserve during 2076-77 is presented below

| Particulars                       | Movement During the year |                          |                          | Closing Balance<br>76-77 |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                   | Opening<br>Balance 75-76 | Addition during<br>76-77 | Reversal during<br>76-77 |                          |
| Investment Property               | 26,031,533               | 17,599,082               | -                        | 43,630,615               |
| Interest Income                   | 11,250,631               | 18,826,538               | -                        | 30,077,179               |
| Actuarial Loss/(gain) on Gratuity | -                        | 4,356,691                | -                        | 4,356,691                |
| Provision for Investment          | 877,526                  | -                        | (877,526)                | -                        |
| Bargain purchase Gain             | 73,468,098               | -                        | -                        | 73,468,098               |
| Deferred Tax Assets               | -                        | 12,375,729               | -                        | 12,375,729               |
| <b>Total</b>                      | <b>111,627,788</b>       | <b>53,158,040</b>        | <b>(877,526)</b>         | <b>163,908,302</b>       |

#### 5.20 Property Plant and Equipment

Property Plant and Equipment has been restated in financial statements. Restatement impact of Rs. 699,081.31(gain) has been adjusted against Opening retained earnings in financial statements.

#### 5.21 Retained Earnings

Opening Retained earnings has been adjusted by Rs 708,666. Rs 699,081.31 relates to restatement of property plant and equipment and Rs 9,585 is adjustment regarding inter head adjustments.



**नेपाल राष्ट्र बैंक**  
वित्त कम्पनी सुपरिवेक्षण विभाग  
गैर-स्थलगत सुपरिवेक्षण इकाई

केन्द्रीय कार्यालय  
बानुवाटार, काठमाडौं  
फोन : ४४१९८०४/४४१९२५०  
फ्याक्स : ४४१५१५८  
इमेल : fsidreportsfc@nrb.org.np  
Web : www.nrb.org.np  
पोष्ट बक्स : ७३

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/१५/२०७६/७७  
श्री बेष्ट फाइनेन्स कम्पनी लिमिटेड  
कमलादी, काठमाडौं ।

मिति २०७७/१२/०८



विषय: वित्तीय विवरण प्रतिवेदन सम्बन्धमा ।

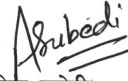
महाशय,

तहाँबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा प्रचलित कानुनी व्यवस्थाको पालना गर्ने गरी आ.व. २०७६/७७ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. यस बैंकले दिएका निर्देशन पालना गर्न तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने व्यवस्था गर्नुहुन ।
२. नियमित रूपमा System Audit गर्ने व्यवस्था मिलाउनु हुन ।
३. यस बैंकबाट जारी एकीकृत निर्देशन बमोजिम सुशासन इकाई गठन गरी जानकारी दिनु हुन ।
४. यस बैंकबाट जारी ब्याज आम्दानी लेखाइन् सम्बन्धी मार्गदर्शन पूर्ण रूपमा लागु गर्नु हुन ।
५. संस्थाले सकार गरेको गैर बैङ्किङ्ग सम्पत्ति यथाशीघ्र संस्थाको नाममा ल्याउनु हुन ।
६. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरूको पूर्ण पालना गर्न संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ ।
७. कम्पनी ऐन, २०६३ को दफा १८२(९) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दावी नपरेको भुक्तानी दिन बाँकी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्नुहुन ।

उपर्युक्त निर्देशनलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु ।

भवदीय,

  
(अपिल सुबेदी)  
सहायक निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक  
बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, बेष्ट फाइनेन्स कम्पनी लिमिटेड ।



आ.ब. २०७६/०७७ को वित्तिय विवरण प्रकाशनको लागि नेपाल राष्ट्र बैंकबाट प्राप्त भएको निर्देशन सम्बन्धमा संचालक समितिको प्रतिक्रिया

नेपाल राष्ट्र बैंकद्वारा यस संस्थाको २४ औं साधारणसभा प्रयोजनको लागि आ.ब. २०७६/०७७ को वित्तिय विवरण प्रकाशन गर्न दिइएको निर्देशनहरूमा देहाय बमोजिमका संचालक समितिको प्रतिक्रिया तयार गरी नेपाल राष्ट्र बैंकमा पेश गर्ने तथा वार्षिक प्रतिवेदनमा छुट्टै पानामा प्रकाशन गर्ने निर्णय गरियो ।

१. तहांबाट दिएका निर्देशनहरूको पालना तथा लेखापरिक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरूको सुधार तथा अनुपालना गर्ने तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाइने व्यहोरा अनुरोध छ ।
२. तहांको निर्देशन बमोजिम नियमित रूपमा System Audit गर्ने व्यवस्था मिलाइने व्यहोरा अनुरोध छ ।
३. ने.रा.बै. बाट जारी एकीकृत निर्देशन बमोजिम सुशासन इकाइ गठन गरी जानकारी पठाइने व्यहोरा अनुरोध छ ।
४. ने.रा.बै. बाट जारी आम्दानी लेखाङ्कन सम्बन्धी मार्गदर्शन पूर्ण रूपमा लागु गरिने व्यहोरा अनुरोध छ ।
५. संस्थाले सकार गरेको गैर बैकिङ्ग सम्पति संस्थाको नाममा ल्याइसकेको व्यहोरा अनुरोध छ ।
६. सम्पती शुद्धिकरण (मनि लाउण्डरिङ्ग) निवारण ऐन, २०६४ (दोस्रो संशोधन, २०७०), सम्पती शुद्धिकरण (मनि लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरूको पूर्ण पालना गरिने व्यहोरा अनुरोध छ ।
७. कम्पनी ऐन, २०६३ को दफा १८२(९) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दावी नपरेको भुक्तानी दिन बाँकी लाभाशंलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्न दिइएको निर्देशन अनुसार गरिने व्यहोरा अनुरोध छ ।



## प्रतिनिधि (प्रोक्सी) नियुक्त गर्ने निवेदन फारम

श्री सञ्चालक समिति  
बेष्ट फाइनान्स कम्पनी लिमिटेड  
कमलादी, काठमाडौं

### विषय : प्रतिनिधि (प्रोक्सी) नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा./उ.म.न.पा./गा.पा.वडा नं.....बस्ने म/हामी.....ले  
यस संस्थाको शेयरधनीको हैसियतले मिति २०७८ भाद्र ३० गते बुधवारका दिन हुने चौबिसौं वार्षिक साधारण सभामा स्वयं  
उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसके भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नको लागि.....  
जिल्ला ..... म.न.पा./उ.म.न.पा./गा.पा.वडा नं..... बस्ने श्री .....  
लाई प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

#### निवेदक:

दस्तखत : .....  
नाम : .....  
ठेगाना : .....  
शेयर प्रमाण पत्र नं. : .....  
D-Mat No. : .....  
जम्मा शेयर संख्या : .....  
मिति: : .....

#### द्रष्टव्य:

प्रतिनिधि नियुक्त गर्न चाहने शेयरधनीले संस्थाको अर्को शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ र सो सम्बन्धी प्रोक्सी फारम सभा शुरु हुनु  
भन्दा ४८ घण्टा अगावै संस्थाको प्रधान कार्यालय, कमलादी, काठमाडौंमा बुझाई सक्नु पर्नेछ ।

### **बेष्ट फाइनान्स कम्पनी लिमिटेड**

प्रधान कार्यालय, कमलादी, काठमाडौं

### **चौबिसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको**

#### **प्रवेश-पत्र**

शेयरधनीको नाम:..... शेयर प्र.प.नं./D-Mat No.....

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

.....  
कम्पनी सचिव

(सभामा भाग लिन आउंदा यो प्रवेश पत्रमा शेयरधनीको नाम, दस्तखत, साधारण शेयरको प्र.प.नं., साधारण शेयर संख्या तथा शेयरधनी  
परिचय नं. अनिवार्य रूपमा उल्लेख गरी साथै लिई आउनुपर्नेछ ।)

