



Nepal Bank Limited

(Estd. 1994)

The Pioneer Bank of Nepal



55th Annual Report
Fiscal Year 2070/71 (2013/14)

(Bank logo)
Nepal Bank Limited

**Report of Board of Directors
FY 2070/71 (FY2013/14)**

Dear Shareholders,

On behalf of the Board of Directors and myself, I am pleased to welcome all of you in the 55th Annual General Meeting of Nepal Bank Limited. I am extremely happy to welcome you in the annual general meeting of the bank that is going to happen after almost 17 years. The bank which has been the pride of Nepal and people of Nepal has overcome numerous difficulties to come at this stage. Due to the problems seen on financial status and corporate governance of the bank, Nepal Rastra Bank took the management of the bank under its control on 2058 chaitra 1, by exercising the right conferred by section 86(3) of Nepal Rastra Bank Act, 2058. Bank of Scotland (Ireland) Limited, ICC Consulting was appointed on 2059 Shrawan 5 for the management and restructuring of the bank under Government of Nepal's financial sector improvement. The management of the bank which Nepal Rastra Bank took under its control was handed over via special general meeting on 2071 Mangsir 28.

With the support and solidarity of all the shareholders, customers and regulatory authorities, the bank is in way of achieving its target. For the continuous faith and your journey with us, I want to humbly thank you all.

Now, I request for the permission of presenting you with the Annual Report along with Balance Sheet as on 2071 Asadh end (Mid July 2014), Profit and Loss account for the FY 2070/71 (FY 2013/14), Cash Flow Statement and Auditor's report on it and activities of the bank for your consideration.

1. Review of the bank's operations during FY 2070/71

a. Review of Financial Position:

In overall, it was satisfactory for the bank in FY 2070/71 (FY 2013/14). In Balance Sheet, the total assets of the bank increased by 10% and reached Rs. 77.98 arab. There is substantial increment in the share capital which made capital adequacy ratio positive in this fiscal year that was earlier negative in previous fiscal year. The bank is successful to sale 24,90,804 right shares, that were not allotted, through auction and add Rs. 24,90,80,400 in the share capital. Share premium Rs. 9,05,51,535 received from sale through auction is added to Reserve and Surplus of the bank.

Particulars	FY 2069/70 (Amount in Rs. Thousand)	FY 2070/71 (Amount in Rs. Thousand)	Increase/ (Decrease) (Amount in Rs. Thousand)	Increase/ (Decrease) (In %)
Share Capital	37,16,443	64,65,002	27,48,559	73.95
Reserve and Surplus	(39,25,424)	(31,17,914)	8,07,510	20.57
Deposit	6,29,84,350	6,93,37,609	63,53,259	10.09
Loans and Advances	3,78,51,966	4,12,18,297	33,66,331	8.89
Investment	1,09,79,120	2,26,64,106	1,16,84,986	106.43
Capital Adequacy (%)	(0.59%)	4.55%	5.14%	871
Non Performing Loan (%)	5.24%	5.12%	(0.12%)	(2.29)

b. Review of Operating Result:

Despite several challenges, the bank is able to earn net profit of Rs. 71 crore and 70 lakhs in the FY 2070/71 (FY 2013/14). In this fiscal year, the bank's net interest income has increased by 11.81% and total operating income has also increased by 8.06% compared to previous fiscal year. Though net interest income and total operating income has increased, operating profit of the bank is negative. The main reason for the negative operating profit is substantial increase in employee expenses which has increased by 27.78% in comparison with last year. But still, the bank is able to earn Rs. 66 crore 55 lakhs from non operating income. Reflection of the operating result of this fiscal year in comparison to previous fiscal year is presented in the table below.

Particulars	FY 2069/70 (Amount in Rs. Thousand)	FY 2070/71 (Amount in Rs. Thousand)	Increase/ (Decrease) (Amount in Rs. Thousand)	Increase/ (Decrease) (In %)
Net Interest Income	25,25,371	28,23,582	2,98,211	11.81
Total Operating Income	31,06,193	33,56,505	2,50,312	8.06

Operating Profit	1,04,169	(5,949)	(1,10,118)	(105.71)
Net Profit	7,55,180	7,16,958	(38,222)	(0.05)

c. Review of Capital Adequacy:

The bank has framed capital plan and is working as per the plan to maintain minimum capital adequacy as prescribed by Nepal Rastra Bank. Due to the successful implementation of capital plan, capital adequacy ratio which was negative in previous fiscal year has been substantially increased to 4.55% in this fiscal year.

The comparative details of capital adequacy and capital adequacy ratio of previous year and this year is presented in the given table.

Particulars	FY 2069/70	FY 2070/71	Increase/ (Decrease)
Primary Capital (Rs. in thousand)	(4,24,918)	30,96,839	35,21,757
Total Capital Adequacy (Rs. in thousand)	(4,24,918)	35,93,123	40,18,041
Primary Capital Adequacy Ratio (in %)	(0.59%)	3.92%	4.51%
Total Capital Adequacy Ratio (in %)	(0.59%)	4.55%	5.14%

2. Impacts, if any, caused on the transactions of the company from national and international situation

Like that of previous fiscal years, Nepal's banking sector has suffered with several problems in this FY 2070/71 as well. Due to excess liquidity in this year, there was tough competition in loans disbursed by banks and government bond due to which interest rate was lower than the previous fiscal year. According to the statistics published by Government of Nepal, weighted average interest rate of 91 days Treasury Bill is 0.02% in this year which was 1.19% in previous year. The country has excess liquidity due to high remittance but the investment environment and lack of new sector seems to be a challenge.

Economic growth rate of the country is quite low. The economy of the country hasn't taken expected pace due to debility prevalent in the capital budget expenditure. Enthusiasm to invest in infrastructure development and productive sector cannot be seen because of instability in political environment. Annual average Consumer Price Inflation Rate of this FY 2070/71 stood at 9.1% which was 9.9% in previous fiscal year.

3. Achievements in the current fiscal year 2071/72 as at the date of report and future plans of the bank

a. Achievements in the current fiscal year 2071/72 as at the date of report:

Till 2071 Chaitra end, the total deposit of the bank is Rs. 68 arab 69 crore 67 lakh, total loans and advances is Rs. 49 arab 58 crore 41 lakh and investment is Rs. 13 arab 9 crore and 48 lakh. Major Financial Highlights (Unaudited) of the bank till 2071 chaitra 30 is presented in the table below:

Particulars	Rs. in thousand
Share Capital	64,65,002
Reserve & Surplus	(27,57,255)
Deposit Liabilities	6,86,96,741
Investment	1,30,94,847
Loans & Advances	4,95,84,194
Net Interest Income	22,02,975
Total Operating Profit/ (Loss)	(31,310)
Net Profit	360,658
Non Performing Loan (%)	4.48%
Capital Adequacy (%)	4.58%

b. Future plans of the bank:

The bank has substantially increased the deposits, loans and other business. There is work-plan of spreading customer service by studying and analyzing the needs of customers and as per it, introducing new products of loans, providing fast and efficient loans at competitive interest rate. Today's necessity is investment in productive sector. The bank has been providing industrial loan, business loan, housing loan, hire purchase loan and in addition to that, currently the bank is providing agricultural loan and small and medium enterprise loan. The bank has target of increasing loans investment by prioritizing hydro, tourism, agriculture and industry sector. Likewise, the bank has targeted to provide quality service to depositors at an attractive interest rate.

Keeping in mind about the important role of remittance in Nepalese economy, the bank has plan of making more convenient and spreading widely the remittance service. The bank has its own remittance service known as NBL Remit. Additional promotions will be done to transact remittance via NBL Remit. The bank has target of creating faith among customers that the bank will work to remit the amount sent from foreign countries to the related person in a fast and convenient manner.

Currently, two softwares are being used in the bank due to which certain problems are being observed. So, the process of purchase of Core Banking Software (CBS) has reached the final stage which unites these softwares of the bank. There is target of running competitive banking business by using CBS as soon as possible.

On the basis of feasibility of places that were transferred earlier, the bank has plan of spreading banking services and providing branchless banking services in rural areas. According to that, work has been started targeting certain rural areas.

There will be mid-period review of bank's five year strategic plan (2012-2017) and areas not able to achieve the target will be found out and action will be taken to achieve the target on those areas. There is plan of increasing deposits and loans, selling non banking assets and bringing the non performing loan to an acceptable level as set in the target of Strategic Plan till 2017 AD.

Recruitment of new employees is in progress as per five years HR Plan in order to fill the vacant places of employees who are being retired in huge volume in the bank as well as to hire new employees having knowledge of modern management and technology. As per compulsory retirement provision prevalent in the bank, employees are being retired in huge volume and to fill such vacant places, new employees will be recruited according to approved recruitment plan.

4. Industrial or professional relation of the company

The bank has been maintaining professional and cordial relations with its all stakeholders. This type of relations will be used for the benefit in a transparent manner and we have faith that the continuity of this will be the medium for the future progress and success of the bank. We have thought of making professional relation stronger by spreading service and its marketing.

5. Alterations in the board of directors and the reasons thereof

There are not any alterations in the board of directors in the review year. But there are alterations in the board of directors as at the date of this report. When the management of this bank was under the control of Nepal Rastra Bank, there was management committee having rights as that of board of directors comprising Prof. Dr. Devraj Adhikari as coordinator, Mr. Pramod Raj Sharma, Mr. Ramesh Prasad Sharma Upadhaya and Mr. Janardhan Sharma Acharya as members. After Nepal Rastra Bank handed over the management that was under its control to shareholders through special general meeting held on 2071 Mangsir 28, three directors along with the chairman appointed by Government of Nepal, I (Madhusudan Pokhrel), Mr. Janardhan Sharma Acharya and Dr. Dambar Bahadur Bhandari and two directors elected in the special general meeting Mr. Surendra Bahadur Singh and Mr. Nischal Pradhan are currently in the board of directors of the bank. Also, Mr. Devendra Pratap Shah has been appointed as Chief Executive Officer of the bank from 2071/12/12 and the works of the bank are in operation through him.

6. Major Factors affecting the transactions

The major factors affecting the bank's transactions are as follows:

- Economic debility and unstable political situation prevalent in the country,
- Risky and limited investment environment,
- Increased banking competition,
- Increased operating expenses due to inflation,
- Excessive increment in long term liabilities related to employees,
- Effect on business activities caused by devastating earthquake.

7. If there are any remarks in the audit report, the comments of the board of directors on such remarks

In audit report, it was mentioned that the bank has not maintained adequate capital fund as per the direction of Nepal Rastra Bank. With regards to that matter, the bank has prepared revised capital plan and already sent it to Nepal Rastra Bank. The board of directors is committed to maintain capital adequacy ratio as prescribed by Nepal Rastra Bank by working as per the plan.

Besides this, other remarks are ordinary remarks only that are observed during the bank's regular activities. Attention is given by the board of directors regarding recommendations and responses received from the auditor and direction has been given already to the management for improvement.

8. Amount recommended for payment by way of dividend

No recommendation is made for payment by way of dividend in the review year.

9. In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the company for such shares prior to those forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares

No shares have been forfeited in the review year.

10. Progress of transactions of the company and of its subsidiary company in the previous financial year and review of the situation existing at the end of that fiscal year

Attached Balance Sheet, Profit and Loss account, Cash Flow Statement and its schedules attached with this report clearly shows the progress activities of the bank. Also, we have already reviewed about the progress detail of the transactions and position at the end of fiscal year in "Review of the bank's operations during FY 2070/71" mentioned in point no. 1 of the report of the board of directors.

This bank has Nepal Insurance Co. Ltd. as its subsidiary company. The bank has 50.90% shareholdings of the total paid up capital of Nepal Insurance Company Ltd. Since annual report of review year of the subsidiary company hasn't been published yet, we are not able to inform about the progress and position of it.

11. Major transactions completed by the company and its subsidiary company in the fiscal year and any material changes taken place in the transactions of the company during that period

Success in making substantial increment in share capital in FY 2070/71 is among the major activities completed by the bank. In this year, Rs. 24,90,80,400 share capital has been added by selling through auction 24,90,804 right shares not allotted. Under Financial Sector Reform Program, International Development Corporation provided assistance to Government of Nepal and approval has been granted by the decision made by Council of Ministers of Government of Nepal on 2071/03/20 to convert SDR Borrowings amount Rs. 2,49,94,78,200 taken from Nepal Rastra Bank to ordinary shares. Due to this, share capital which was 3.716 arab in previous year has reached to 6.465 arab this year. Attached Balance Sheet, Profit and Loss account, Cash Flow Statement and details related to accounts additionally clears the major transactions completed by the bank in the fiscal year and changes taken place in the transactions during that period.

12. Disclosures made by the substantial shareholders of the company to the company in the previous fiscal year

None.

13. Details of shareholding taken by the directors and officers of the company in the previous fiscal year and, in the event of their involvement in share transaction of the company, details of information received by the company from them in that respect

In previous fiscal year in the bank, since there was management committee having rights equivalent to the board of directors and directors being appointed from Nepal Rastra Bank, there is not any shareholdings and directors and officers in the management has not been involved in the share transactions. Except shares allotted for employees, officers do not hold any shares.

14. Details of disclosures made about the personal interest of any director and his/her close relative in any agreements related with the company during the previous fiscal year

None.

15. In the event that the company has bought its own shares (buy-back), the reasons for such buyback, number and face value of such shares, and amount paid by the company for such buy-back

None.

16. Whether there is an internal control system in place or not; and details of such system, if it is in place

Audit Committee has been formed in which the coordinator will be the director of the bank. Under the direct monitoring of this committee, there is Inspection and Internal Audit Department. This department inspects the internal control system of the bank and reports it to Audit Committee.

Control and balance system has been implemented in the bank. Along with this type of system, Inspection and Internal Audit Department ascertains that internal and external rules are followed. This department has been strengthening with appropriate human resources as per the policy to perform internal audit of each and every branch of the bank at least once in a year.

17. Details of total management expenses during the previous fiscal year

Details of total management expenses during the previous fiscal year are as follows:

Employee Expenses	Rs. 2,49,64,78,399
Operating Expenses	Rs. 61,39,22,901
Total	Rs. 3,11,04,01,300

18. Name-list of the members of audit committee, remuneration, allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee

The name-list of the members of audit committee of the bank in FY 2070/71 is:

1. Mr. Pramod Raj Sharma, Director - Coordinator
2. Mr. Ramesh Prasad Upadhaya, Director - Member
3. Mr. Bijaya Gautam - Member Secretary

There is provision to provide meeting allowance of Rs. 2,000 to directors and Rs. 1,000 to others for participation in each meeting of this committee.

The audit committee analyses and gives direction on the internal audit report of branches and departments of the bank. In addition to this, the committee quarterly reviews the financial position and progress of the bank. It also discusses upon the report of external auditor and supervision report of Nepal Rastra Bank and informs to board of directors along with recommendations, if remarks is serious.

19. The Amount, if any, outstanding and payable to the company by any director, managing director, chief executive, substantial shareholder or his/her closer relative or by any firm company, corporate body in which he/she is involved

None.

20. Amount of remuneration, allowances and facilities paid to the director, managing director, chief executive and officers

The amount of remuneration, allowances and facilities paid to the director, managing director, chief executive and officers are as follows.

a. Chairman and Director

There is provision to provide meeting allowance of Rs. 2,500 per meeting to chairman of board of directors and Rs. 2,000 per meeting to members of board of directors. Other expenses amounting Rs. 1,496,236 has been incurred for meeting of board of directors. Except meeting allowance, Rs. 2,000 as newspaper expenses and telephone facility as per the bill amount not exceeding Rs. 5,000 is provided to chairman and members of board of directors.

b. Chief Executive Officer, Company Secretary and other officers

In FY 2070/71, Rs. 7,59,000 has been paid as remuneration to Chief Executive Officer of the bank. Rs. 2,27,43,644 has been paid as remuneration and allowances to the company secretary and other officers (up to Chief Manager level) of the bank.

21. Amount of dividends remaining unclaimed by the shareholders

The amount of dividends remaining unclaimed by the shareholders is Rs. 20,00,831. The name-list of such shareholders who hasn't claimed dividend has been published in the website of the bank. We request such shareholders who hasn't claimed dividend to contact with the bank and collect the remaining dividend.

22. Details of sale and purchase of properties pursuant to Section 141

The details of purchase and sale of the assets (Vehicle, Office Equipment, Leasehold Assets) necessary for the bank is provided in annexure 4.14 of the attached Balance Sheet. The bank has purchased and sold assets as per the prevailing market price and the guidelines prescribed in Financial Administrative Policy of the bank.

23. Details of transactions carried on between the associated companies pursuant to Section 175

In FY 2070/71, Rs. 3 crore 10 lakh 76 thousand is paid as insurance premium amount to Nepal Insurance Co. Ltd., subsidiary company of the bank. The transactions between the bank and Nepal Insurance Co. Ltd. are carried as transactions between unrelated parties on Arms Length Basis.

24. Any other matters required to be set out in the report of board of directors under this Act and the prevailing law

None.

25. Other necessary matters**a. Banking Network and Customer Relation**

Previously, the bank had been providing all banking services from its 120 branches including Head Office. The bank has reestablished more branches and has started to provide its banking services from branches. Evening counter along with additional banking transactions period and home banking service has been made available for the convenience of customers. Periodic review of customers' need is done for moving ahead by maintaining the cordial relation with the customers. The bank is committed to provide fast and efficient services to customers. The number of customers has been increasing continuously in the bank because of the commitment towards the customers' service.

b. Technology

The bank will be purchasing new technology with the thought that information technology is major part for increasing service quality of the bank. Problems have been seen due to use of two software in the bank. So, the purchase of core banking software (CBS) is in process to consolidate the software. Due to effort made in development and widening of technological services, the bank has run ATM services which operates in both software - Purni and Newton.

c. Human Resources Development

Keeping in view of the fact that human resources plays major role in widening of purview of the bank along with achievement of bank's business objective, the bank is committed to manage appropriate and technologically friendly human resources. The bank is making effort to create appropriate environment for developing capacity of employees and promoting their honesty, capability and creativity. In order to enhance competency and management skills of employees, they have been provided with suitable trainings within the country as well as in foreign countries.

d. Social Responsibility

Besides providing important contribution in banking and economic sector of the country, this bank carries out corporate social responsibility as well. In this perspective, the bank is helping sufferers of natural calamities as far as possible and has policy to provide more help in national disasters in coming days. Likewise, preserving Bhugol Park, assistance to football game in sports, small business loan, agricultural loan and deprived sector loan has been provided targeting small and deprived sectors of the country.

e. Corporate Governance

Board of Directors and management are always committed to maintain corporate governance in the bank. The bank has fully complied with the guidelines related to good corporate governance. System has been maintained to follow code of conduct fully by members of board of directors and employees as prescribed by

Nepal Rastra Bank. In order to manage internal work division, maintain corporate governance and effective control mechanism of the bank along with making decision process professional, participative, transparent and result oriented, audit committee, employee management and service facility committee and risk management committee has been formed in management committee level.

f. Auditor Appointment

As Government of Nepal currently has 62.21 percent shareholdings of the bank, there is a provision to consult with Office of Auditor General. With regard to that, the bank consulted with that office for auditor appointment and received letter dated 2072/03/10, letter no. 071/072. As per that letter, consultation has been received to appoint two auditors CA Yagya Raj Bhatta and CA Bhaskar Singh Lala with equal remuneration. With recommendation of audit committee and decision of board of directors, we propose to ratify the decision made to appoint CA Yagya Raj Bhatta and CA Bhaskar Singh Lala for audit of FY 2071/72 with remuneration of Rs. 7,50,000 each making Rs. 15,00,000 for both.

g. Sincere Gratitude

Lastly, we express our sincere gratitude to respected shareholders and customers who has tremendous faith, trust and support towards Nepal Bank Ltd., the guide for the benefit and progress of the bank Government of Nepal, Ministry of Finance, Nepal Rastra Bank, Office of Company Registrar, Securities Board of Nepal, Nepal Stock Exchange Ltd., all others regulatory entities, authorized trade unions of the bank, all employees of the bank continuously working for the development of the bank, media and organizations/ stakeholders who has direct or indirect link with the bank. We expect to receive your suggestion, assistance and support always in coming days.

Thank you.

On behalf of Board of Directors,
Madhusudan Pokhrel
Chairman

**Report of the Independent Auditor
To the Shareholders of Nepal Bank Limited**

1. We have audited the accompanying financial statements of Nepal Bank Limited, which comprise Balance Sheet as at Ashad 32, 2071 (July 16, 2014), Profit and Loss account, Cash Flow Statement, Statement of changes in Equity and Notes to Accounts for the fiscal year then ended.

Management Responsibilities on Financial Statements

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

Auditor's Responsibilities

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosure in the financial statements. The procedures selected depend on our professional judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

4. In our opinion, except for matter referred to in Para 5(iii), (vi) below and points 1, 2, 3 and 4 mentioned in Notes to Accounts, the accompanying financial statements give a true and fair view, in all material respects the financial position as at Ashad 32, 2071 (July 16, 2014) and of the results of its operating performance and its cash flows to the extent and enforceability under the prevailing law for the year then ended in accordance with Nepal Accounting Standards and comply with the Companies Act 2063, the Bank and Financial Institutions Act, 2063 and Directives of Nepal Rastra Bank.

5. **Other legal and regulatory institution's requirements related report**

Based on our examination we report that,

- i) We have obtained all the information, explanations and response, which were considered necessary for the purpose of our audit.
- ii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement, Statement of changes in equity and attached schedules dealt with by this report are prepared in conformity with formats and procedures prescribed by Nepal Rastra Bank and are in agreement with the books of accounts maintained by the company.

- iii) The bank has accounted interest income on cash basis as per Nepal Rastra Bank's directive. Bank has accounted depreciation expense in line with provisions of Income Tax Act, 2058, which is not in line with Nepal Accounting Standard. Except above, the accounts and records of the bank have been maintained as required by law.
- iv) During the examination of the books of accounts of the bank, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the bank has acted contrary to the provisions of law or cause loss or damage to the bank.
- v) The operations of the bank were within its jurisdiction.
- vi) The bank has not maintained adequate capital fund in accordance with the directives of Nepal Rastra Bank. In addition to this, loans provided to Jyoti Group and Dugar Group is beyond the approved limit of Nepal Rastra Bank. Except this, the bank has been functioning as per the directives of Nepal Rastra Bank.
- vii) The bank has not written off any loans in FY 2070/71 (FY 2013/14).
- viii) The bank has been functioning as per the directives of Nepal Rastra Bank.
- ix) The bank has not acted in a manner to jeopardize the interest and security of the depositors and shareholders.
- x) The returns received from the branches of the bank were adequate for the purpose of audit though independent audit was not done, and
- xi) Upon examination of the books of accounts and audit of the bank, we have not come across the cases of fraud relating to accounts of the bank being committed.

Kathmandu
Date: 2071/09/30

CA Sudarshan Raj Pandey
Senior Partner

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Nepal Bank Limited

Balance Sheet

As at July 16, 2014 (Ashad 32, 2071)

Capital and Liabilities		Schedule	Current Year Rs.	Previous Year Rs.
1.	Share Capital	1	6,465,001,800	3,716,443,200
2.	Reserve and Fund	2	(3,117,914,128)	(3,925,423,770)
3.	Debentures and Bonds	3	-	-
4.	Loans (Borrowings) to be Paid	4	-	2,342,738,892
5.	Deposits	5	69,337,609,696	62,984,350,047
6.	Bills Payables	6	124,071,015	101,280,937
7.	Proposed Dividend		-	-
8.	Income Tax Liabilities		-	-
9.	Other Liabilities	7	5,171,760,422	5,557,593,261
Total			77,980,528,805	70,776,982,567

Assets		Schedule	Current Year Rs.	Previous Year Rs.
1.	Cash Balance	8	2,636,727,585	2,378,430,277
2.	Balance with NRB	9	2,919,002,808	10,411,747,656
3.	Balance with Banks/Financial Institution	10	1,103,827,109	1,398,243,136
4.	Money at Call and Short Notice	11	-	200,000,000
5.	Investment	12	22,664,105,663	10,979,120,246
6.	Loan Advances and Bills Purchase	13	39,035,600,831	35,611,699,549
7.	Fixed Assets	14	389,504,480	366,906,497
8.	Non-Banking Assets	15	-	-
9.	Other Assets	16	9,231,760,329	9,430,835,206
Total			77,980,528,805	70,776,982,567

Contingent Liabilities	Schedule 17	Statement of Operational Risk	Schedule 30 (D)
Declaration of Directors	Schedule 29	Statement of Market Risk	Schedule 30 (E)
Capital Adequacy Table	Schedule 30 (A1)	Principal Indicators	Schedule 31
Credit Risk	Schedule 30 (B)	Principal Accounting Policies	Schedule 32
Eligible Credit Risk Mitigants	Schedule 30 (C)	Notes to Accounts	Schedule 33

Schedules 1 to 17 and 32 & 33 form integral parts of the Balance Sheet.

Date: 2071/09/30

As per Our Report of Even Date

Kathmandu

Board of Directors			
sd/- Durga Raj Regmi General Manager	sd/- Maheshworlal Shrestha Chief Executive Officer	Madhusudan Pokhrel Chairman	sd/- CA Sudarshan Raj Pandey Senior Partner S.R. Pandey & Co. Chartered Accountants
		Janardhan Sharma Acharya Member	sd/-
		Dr. Dambar Bahadur Bhandari Member	sd/-
sd/- Mahabir Prasad Risal Chief Manager	sd/- Pushpa Prasad Shrestha Deputy General Manager	Nischal Pradhan Member	sd/-
		Surendra Bahadur Singh Member	sd/-

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Nepal Bank Limited

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

PROFIT AND LOSS ACCOUNT

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1 Interest Income	18	5,011,227,716	4,739,535,754
2 Interest Expenses	19	2,187,645,803	2,214,164,344
Net Interest Income		2,823,581,913	2,525,371,410
3 Commission and Discount	20	238,341,219	263,015,893
4 Other Operating Income	21	252,248,661	259,640,607
5 Exchange Fluctuation Income	22	42,332,779	58,164,933
Total Operating Income		3,356,504,572	3,106,192,843
6 Staff Expenses	23	2,496,478,399	1,937,105,427
7 Other Operating Expenses	24	613,922,901	497,158,405
8 Exchange Fluctuation Loss	22	-	-
Operating Profit Before Provision For possible Loss		246,103,272	671,929,011
9 Provision For Possible Losses	25	252,051,946	567,759,943
Operating Profit		(5,948,674)	104,169,068
10 Non-Operating Income (Loss)	26	665,483,333	86,345,306
11 Loan Loss Provision Written Back	27	359,716,399	402,525,225
Profit/Loss from Regular Operations		1,019,251,058	593,039,599
12 Profit / Loss from Extra-Ordinary Activities	28	56,963,420	337,699,643
Net Profit after considering all activities		1,076,214,478	930,739,242
13 Staff Bonus Provision		-	-
14 Income Tax Provision			
a. Current year		340,557,605	169,164,791
b. Upto last year		8,123,756	26,837,436
c. Current Year Deferred Tax (Income) / Expenses		10,575,009	(20,443,338)
Net Profit / Loss		716,958,108	755,180,353

Schedules 18 to 28 form integral part of this Profit and Loss Account.

Date: 2071/09/30
Kathmandu

As per our report of even date

Board of Directors

sd/-	sd/-				sd/-
Durga Raj Regmi	Maheshworlal Shrestha	Madhusudan Pokhrel	Chairman	sd/-	CA Sudarshan Raj Pandey
General Manager	Chief Executive Officer				Senior Partner
		Janardhan Sharma Acharya	Member	sd/-	S.R. Pandey & Co.
					Chartered Accountants
		Dr. Dambar Bahadur Bhandari	Member	sd/-	
sd/-	sd/-				
Mahabir Prasad Risal	Pushpa Prasad Shrestha	Nischal Pradhan	Member	sd/-	
Chief Manager	Deputy General Manager				
		Surendra Bahadur Singh	Member	sd/-	

(Bank logo)

Nepal Bank Limited

PROFIT AND LOSS APPROPRIATION ACCOUNT

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Particulars	Annexure	Current Year Rs.	Previous Year Rs.
Income			
1 Accumulated Profit up to last year		-	-
2 Current Year's Profit		716,958,108	755,180,353
3 Exchange Equilization Fund		-	-
Total		716,958,108	755,180,353
Expenses			
1 Accumulated Loss Up to Last Year		6,617,603,720	7,131,111,624
2 Current Year's loss		-	-
3 General Reserve		143,391,622	151,036,071
4 Contingent Reserve		-	-
5 Institutional Development Fund		-	-
6 Dividend Equilization Fund		-	-
7 Staff Related Reserve Fund		-	-
8 Proposed Dividend		-	-
9 Proposed Issue of Bonus Shares		-	-
10 Special Reserve Fund		293,299,344	22,245,634
11 Exchange Equilization Fund		2,337,975	8,828,720
12 Capital Redemption Reserve		-	-
13 Capital Adjustment Fund		-	38,038,260
14 Deferred Tax Reserve		(10,575,009)	20,443,338
15 Investment Adjustment Reserve		-	1,080,426
Total		7,046,057,652	7,372,784,073
16 Accumulated Profit / (Loss)		(6,329,099,544)	(6,617,603,720)

Date: 2071/09/30

As per our report of even date

Kathmandu

Board of Directors

sd/-	sd/-				sd/-
Durga Raj Regmi	Maheshworlal Shrestha	Madhusudan Pokhrel	Chairman	sd/-	CA Sudarshan Raj Pandey
General Manager	Chief Executive Officer				Senior Partner
		Janardhan Sharma Acharya	Member	sd/-	S.R. Pandey & Co.
					Chartered Accountants
		Dr. Dambar Bahadur Bhandari	Member	sd/-	
sd/-	sd/-				
Mahabir Prasad Risal	Pushpa Prasad Shrestha	Nischal Pradhan	Member	sd/-	
Chief Manager	Deputy General Manager				
		Surendra Bahadur Singh	Member	sd/-	

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Nepal Bank Limited Cash Flow Statement

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Particulars	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	(7,954,482,801)	(1,975,645,131)
1 Cash Receipts	6,289,865,893	5,721,621,910
1.1 Interest Income	5,031,746,809	4,755,754,022
1.2 Commission and Discount Income	238,341,219	263,015,893
1.3 Income from Foreign Exchange transaction	32,980,878	22,850,054
1.4 Recovery of Loan written - off	56,963,420	337,699,643
1.5 Other Income	929,833,567	342,302,298
2 Cash Payments	(5,721,895,335)	(4,865,130,860)
2.1 Interest Expenses	(2,287,110,199)	(2,315,812,424)
2.2 Staff Expenses	(2,496,478,399)	(1,937,105,427)
2.3 Office Overhead expenses	(891,017,891)	(610,980,480)
2.4 Income Tax paid	-	-
2.5 Other Expenses	(47,288,846)	(1,232,529)
Cash Flow before Changes in Working Capital	567,970,558	856,491,050
(Increase) / Decrease of Current Assets	(14,649,963,454)	(12,253,388,027)
1 (Increase)/Decrease in Money at Call and Short Notice	200,000,000	(200,000,000)
2 (Increase)/ Decrease in Short- term Investments	(11,643,488,817)	(2,585,035,763)
3 (Increase)/Decrease in Loans and Bills purchased	(3,366,331,655)	(8,153,102,313)
4 (Increase)/Decrease in Other Assets	159,857,018	(1,315,249,951)
Increase / (Decrease) of Current Liabilities	6,127,510,095	9,421,251,846
1 Increase / (Decrease) in Deposits	6,353,259,649	6,931,977,290
2 Increase / (Decrease) in Certificate of Deposits	-	-
3 Increase / (Decrease) in Short- term Borrowings	-	-
4 Increase/ (Decrease) in Other Liabilities	(225,749,554)	2,489,274,556
B. CASH FLOW FROM INVESTING ACTIVITY	(80,103,910)	(67,501,706)
1 Decrease / (Increase) in Long-term Investments	-	-
2 Decrease / (Increase) in Fixed Assets	(86,060,598)	(71,185,321)
3 Interest Income from Long-term Investments	-	-
4 Dividend Income	5,956,688	3,683,615
5 Others	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES	496,371,243	2,132,559,912
1 Increase / (Decrease) in Long-term Borrowings(Bond, Debentures etc.)	(2,342,738,892)	188,944,412
2 Increase / (Decrease) in Share Capital	2,748,558,600	1,943,615,500
3 Increase / (Decrease) in Other Liabilities	-	-
4 Increase / (Decrease) in Refinance/ facilities received from NRB	-	-
5 Increase / (Decrease) in Share Premium	90,551,535	-
D. Income / Loss from change in exchange rate in Cash and Bank Balance	9,351,901	35,314,879
E. Current Year's Cash Flow from All Activities	(7,528,863,567)	124,727,954
F. Opening Balance of Cash and Bank Balances	14,188,421,069	14,063,693,115
G. Closing Balance of Cash and Bank Balances	6,659,557,502	14,188,421,069

Date: 2071/09/30

As per Our Report of Even Date

Kathmandu

sd/-

Durga Raj Regmi
General Manager

sd/-

Maheshworlal Shrestha
Chief Executive Officer**Board of Directors**

Madhusudan Pokhrel

Chairman sd/-

sd/-

CA Sudarshan Raj Pandey
Senior Partner
S.R. Pandey & Co.
Chartered Accountants

Janardhan Sharma Achyara

Member sd/-

sd/-

Mahabir Prasad Risal
Chief Manager

sd/-

Pushpa Prasad Shrestha
Deputy General Manager

Dr. Dambar Bahadur Bhandari

Member sd/-

Nischal Pradhan

Member sd/-

Surendra Bahadur Singh

Member sd/-

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Nepal Bank Limited
Statement of Changes in Equity
F. Y. 2013/14 (2070/71)

Particulars	Share Capital Rs.	Accumulative Profit (Loss) Rs.	General Reserve Rs.	Capital Reserve Fund Rs.	Share Premium Rs.	Exchange Equilization Rs.	Deferred Tax Reserve Rs.	Other Reserve and Fund Rs.	Total Amount Rs.
Balance as on Shrawan 01, 2070	3,716,443,200	(6,617,603,720)	1,820,704,935	259,735,644	-	84,448,939	93,519,593	433,770,839	(208,980,570)
Adjustment:									
a. This year's profit	-	288,504,176	-	-	-	-	-	-	288,504,176
b. Transfer from this year's profit	-	-	143,391,622	-	-	-	-	-	143,391,622
c. Transfer from revaluation profit	-	-	-	-	-	2,337,975	-	-	2,337,975
d. Adjustment in Staff Bonus	-	-	-	-	-	-	-	-	-
e. Deferred Tax Reserve	-	-	-	-	-	-	(10,575,009)	-	(10,575,009)
f. Grant against Loan Waiver	-	-	-	-	-	-	-	-	-
g. Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-
h. Special Reserve Fund	-	-	-	-	-	-	-	293,299,343	293,299,343
i. Right Share Auction	249,080,400	-	-	-	90,551,535	-	-	-	339,631,935
j. Calls In Advance	2,499,478,200	-	-	-	-	-	-	-	2,499,478,200
Balance as on Ashad 31, 2071	6,465,001,800	(6,329,099,544)	1,964,096,557	259,735,644	90,551,535	86,786,914	82,944,584	727,070,182	3,347,087,672

Date: 2071/09/30

As per Our Report of Even Date

Kathmandu

sd/-	sd/-	Board of Directors	sd/-
Durga Raj Regmi General Manager	Maheshworlal Shrestha Chief Executive Officer	Madhusudan Pokhrel Chairman	CA Sudarshan Raj Pandey Senior Partner
		Janardhan Sharma Acharya Member	S.R. Pandey & Co. Chartered Accountants
sd/-	sd/-	Dr. Dambar Bahadur Bhandari Member	sd/-
Mahabir Prasad Risal Chief Manager	Pushpa Prasad Shrestha Deputy General Manager	Nischal Pradhan Member	sd/-
		Surendra Bahadur Singh Member	sd/-

(Bank logo)

Nepal Bank Limited

Share Capital & Ownership

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.1

Particulars	Current Year Rs.	Previous Year Rs.
1 Share Capital		
1.1 Authorised Capital	6,000,000,000	6,000,000,000
a) 60,000,000 Equity share of Rs.100/- each	6,000,000,000	6,000,000,000
b) Non-redeemable Preference Shares of Rs.each.		
c) Redeemable Preference Shares of Rs.each.		
1.2 Issued Capital	4,000,000,000	4,000,000,000
a) 40,000,000 Equity share of Rs.100/- each	4,000,000,000	4,000,000,000
b)Non-redeemable Preference Shares of Rs.each.		
c) Redeemable Preference Shares of Rs.each.		
1.3 Paid-up Capital	3,965,523,600	380,382,600
a) 39655236 Equity share of Rs.100/- each (Including Bonus share 1,421,745 of Rs. 100/- each)	3,965,523,600	380,382,600
b) Non-redeemable Preference Shares of Rs.each.		
c) Redeemable Preference Shares of Rs.each.		
1.4 Proposed Bonus Share		
1.5 Call In Advance	2,499,478,200	3,336,060,600
1.6 Total (1.3+1.4+1.5)	6,465,001,800	3,716,443,200

Share Ownership

Particulars	Current Year Rs.		Previous Year Rs.	
	Percentage	Share Capital	Share Capital	Percentage
1 Local Ownership	%	3,965,523,600	380,382,600	%
1.1 Government of Nepal	38.94	1,544,126,300	146,839,700	38.60
1.2 "A" Class Licensed Institutions			18,200	0.01
1.3 Other Licensed Institutions	0.01	577,700	577,700	0.15
1.4 Other Entities	11.71	464,201,800	12,891,700	3.39
1.5 Individual (General Public)	49.34	1,956,617,800	220,055,300	57.85
1.6 Others (General Public)				
2 Foreign Ownership		-	-	
Total	100	3,965,523,600	380,382,600	100

Detail of Individual/Group/Firm/Company of Nepal Bank Limited having 0.5% or more share holding:

Name of Shareholder	No. of Shares	Percentage	Amount
1 Government of Nepal	15441263	38.94	1,544,126,300
2 ShivaCream Land and Ind. Co. P.Ltd	1678153	4.23	167,815,300
3 Nun Karan Agrawal	1086958	2.74	108,695,800
4 Life Insurance Co.(Nepal) Ltd.	1000000	2.52	100,000,000
5 Rukmani Pradhan	998994	2.52	99,899,400
6 Rajendra Kumar Khetan	393947	0.99	39,394,700
7 Prem Prakash Khetan	341761	0.86	34,176,100
8 Prem Lata Khetan	341761	0.86	34,176,100
9 Anju Khetan	341708	0.86	34,170,800
10 Priya Agrawal	282683	0.71	28,268,300
11 Nepal Life Insurance Co. Ltd.	217463	0.55	21,746,300
12 Jharendra Samsher J.B.R	208327	0.53	20,832,700
Total	22333018	56.31	2,233,301,800

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Nepal Bank Limited

Reserve & Funds

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.2

Particulars	Current Year	Previous Year
1 General Reserve Fund	1,964,096,556	1,820,704,935
2 Capital Reserve Fund	259,735,644	259,735,644
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	380,382,600	380,382,600
5 Other Reserve and Fund	520,183,702	146,907,832
a) Contingency Reserve	2,763,349	2,763,349
b) Institution Development Fund	3,300,000	3,300,000
c) Dividend Equalization Fund	7,485,526	7,485,526
d) Special Reserve Fund	315,544,978	22,245,634
e) Assets Revaluation Fund	-	-
f) Deferred Tax Reserve	82,944,584	93,519,593
g) Other Free Reserves	-	-
h) Investment Adjustment Reserve	17,593,730	17,593,730
i) Share Premium	90,551,535	-
6 Accumulated Profit / Loss	(6,329,099,544)	(6,617,603,720)
7 Exchange Fluctuation Fund	86,786,914	84,448,939
Total	(3,117,914,128)	(3,925,423,770)

(Bank logo)
Nepal Bank Limited
Debenture and Bond
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.3

Particulars	Current Year Rs.	Previous Year Rs.
1percentage Bond / Debentures of Rs.Each Issued onand matured on (Outstanding Balance of Redemption Reserve Rs.....)		
2Percentage Bond / Debentures of Rs. Each Issued onand matured on (Outstanding Balance of Redemption Reserve Rs.....)		
3		
Total (1+2+3)	-	-

(Bank logo)
Nepal Bank Limited
Loans (Borrowings) to be Paid
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.4

Particulars	Current Year Rs.	Previous Year Rs.
A) Local		
1. Government of Nepal	-	-
2. Nepal Rastra Bank	-	2,342,738,892
3. Repo Obligation	-	-
4. Inter Bank and Financial Institutions	-	-
5. Other Corporate Bodies	-	-
6. Others	-	-
Total	-	2,342,738,892
B) Foreign		
1. Banks	-	-
2. Others	-	-
Total	-	-
Grand Total(A+B)	-	2,342,738,892

(Bank logo)

Nepal Bank Limited**Deposits****As at July 16, 2014 (Ashad 32, 2071)****Schedule 4.5**

Particulars		Current Year Rs.	Previous Year Rs.
1	Non Interest Bearing Accounts		
a)	Current Account	15,504,551,294	13,757,306,367
1	Local Currency	15,384,126,381	13,541,825,813
1.1	Government of Nepal	415,445,680	463,650,770
1.2	"A" Class Licensed Institutions	1,795,353,404	948,790,973
1.3	Other Licensed Financial Institutions	868,096,855	657,949,944
1.4	Other Corporate Bodies	4,965,148,389	5,904,481,803
1.5	Individuals	5,200,127,072	4,288,070,203
1.6	Others	2,139,954,981	1,278,882,120
2	Foreign Currency	120,424,913	215,480,554
2.1	Government of Nepal	-	-
2.2	"A" Class Licensed Institutions	-	-
2.3	Other Licensed Financial Institutions	4,284,673.00	277,512
2.4	Other Corporate Bodies	-	1,990,078
2.5	Individuals	116,140,240	213,212,964
2.6	Others	-	-
b)	Margin Deposits	200,178,526	132,051,851
1	Staff guarantee		
2	Guarantee Margin	38,905,817	37,856,867
3	Letters of credit Margin	161,272,709	94,194,984
c)	Other	479,091,835	869,417,947
1	Local Currency	479,091,835	869,417,947
1.1	Financial Institutions	-	100,000
1.2	Other Corporate Bodies	60,665,549	35,561,195
1.3	Individual	418,426,286	833,756,752
2	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Corporate Bodies	-	-
2.3	Individuals	-	-
Total of Non Interest Bearing Accounts (1)		16,183,821,655	14,758,776,165

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Nepal Bank Limited**Deposits**

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.5

Particulars	Current Year Rs.	Previous Year Rs.
2 Interest Bearing Accounts :		
a) Saving Deposits	33,348,779,526	28,232,162,691
1 Local Currency	33,337,674,754	28,221,466,550
1.1 Organized Institutions	1,013,595,697	1,141,032,029
1.2 Individuals	30,759,583,978	27,045,447,445
1.3 Others	1,564,495,079	34,987,076
2 Foreign Currency	11,104,772	10,696,141
2.1 Organized Institutions	-	-
2.2 Individuals	11,104,772	10,696,141
2.3 Others	-	-
b) Fixed deposit	12,122,995,495	12,651,262,432
1 Local Currency	12,046,195,495	12,651,262,432
1.1 Organized Institutions	3,199,063,586	2,532,184,592
1.2 Individuals	8,152,822,987	8,159,339,778
1.3 Others	694,308,922	1,959,738,062
2 Foreign Currency	76,800,000	-
2.1 Organized Institutions	-	-
2.2 Individuals	76,800,000	-
2.3 Others	-	-
c) Call Deposit	7,682,013,020	7,342,148,759
1 Local Currency	7,682,013,020	7,342,148,759
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Financial institutions	170,068	1,465,944,439
1.3 Other Corporate Bodies	1,785,592,032	121,626,627
1.4 Individuals	5,670,067,694	5,753,777,931
1.5 Others	226,183,226	799,762
2 Foreign Currency	-	-
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Financial institutions	-	-
2.3 Other Corporate Bodies	-	-
2.4 Individuals	-	-
2.5 Others	-	-
d) Certificate of Deposits	-	-
1 Organized Institutions	-	-
2 Individuals	-	-
3 Others	-	-
Total of Interest bearing deposits (2)	53,153,788,041	48,225,573,882
Total Deposit(1+2)	69,337,609,696	62,984,350,047

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Nepal Bank Limited
Bills Payable
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.6

Particulars	Current Year Rs.	Previous Year Rs.
1 Local Currency	109,282,600	84,808,678
2 Foreign Currency	14,788,415	16,472,259
Total	124,071,015	101,280,937

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Nepal Bank Limited
Other liabilities
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.7

Particulars	Current Year Rs.	Previous Year Rs.
1 Pension and Gratuity Fund	-	-
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	11,867,713	11,887,917
5 Interest Payable on Deposits	163,433,917	178,704,968
6 Interest Payable on Borrowings	15,183,209	99,376,554
7 Unearned Discount & Commission	2,771,545	5,354,193
8 Sundry Creditors	4,508,803,707	2,419,871,145
9 Branch Reconciliation	-	2,267,983,077
10 Deferred Tax Liability	-	-
11 Dividend Payable	2,000,831	2,007,036
12 Others	467,699,500	572,408,371
Deferred Income	2,023,771	2,698,361
Staff Medical Fund	53,891,228	49,120,508
Provision for Leave Encashment	291,292,716	309,350,977
Provision for other Losses	166,089,019	134,513,546
Rastriya Banijya Bank Transaction	(45,597,234)	76,724,979
Total	5,171,760,422	5,557,593,261

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Nepal Bank Limited
Cash Balance
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.8

Particulars	Current Year Rs.	Previous Year Rs.
1 Local Currency (Including Coins)	2,612,203,426	2,334,686,993
2 Foreign Currency	24,524,159	43,743,284
Total	2,636,727,585	2,378,430,277

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Nepal Bank Limited
Balance with Nepal Rastra Bank
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.9

Particulars	Local Currency	Foreign Currency in Rs.			Total Rs.	Previous Year Rs.
		I.C.	Convertible F.C.	Total		
1 Nepal Rastra Bank	2,793,356,630	-	125,646,178	125,646,178	2,919,002,808	10,411,747,656
a) Current Account	2,691,640,818	-	125,646,178	125,646,178	2,817,286,996	10,416,958,007
b) Other Account	101,715,812	-	-	-	101,715,812	(5,210,351)

Total Balance for which the confirmations are received from Nepal Rastra Bank Rs. 2,747,069,867

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Nepal Bank Limited
Balance With Banks / Financial Institutions
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.10

Particulars	Local Currency	Foreign Currency in Rs.			Total Rs.	Previous Year Rs.
		I.C.	Convertible F.C.	Total		
1 Local Licensed Institutions	560,085,442	-	-	-	560,085,442	432,142,442
a) Current Account	560,085,442	-	-	-	560,085,442	432,142,442
b) Other Account	-	-	-	-	-	-
2 Foreign Banks	-	157,694,509	386,047,158	543,741,667	543,741,667	966,100,694
a) Current Account	-	157,694,509	386,047,158	543,741,667	543,741,667	966,100,694
b) Other Account	-	-	-	-	-	-
Total Amount	560,085,442	157,694,509	386,047,158	543,741,667	1,103,827,109	1,398,243,136

Total Balance for which the confirmations are received from respective licensed institutions Rs. 1,221,535,967

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Nepal Bank Limited
Money at call and short notice
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.11

Particulars		Current Year Rs.	Previous Year Rs.
1	Local Currency	-	200,000,000
2	Foreign Currency	-	-
Total		-	200,000,000

(Bank logo)

Nepal Bank Limited
Investments
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.12

Particulars	Purpose		Current Year Rs.	Previous Year Rs.
	Trading	Other		
1 Government of Nepal's Treasury bill		18,680,034,177	18,680,034,177	7,226,851,360
2 Government of Nepal's National Saving Bond		-	-	1,190,925,000
3 Government of Nepal's Other Bond		1,230,000,000	1,230,000,000	-
4 Nepal Rastra Bank Bond		-	-	-
5 Foreign Bond		93,900,000	93,900,000	95,500,000
6 Share of domestic licensed Institutions		-	-	-
7 Foreign Bank		2,535,948,000	2,535,948,000	2,383,117,000
8 Shares of Other Body Corporates		161,811,986	161,811,986	161,811,986
9 Bonds and Debentures of Other Corporate Bodies		-	-	-
10 Other Investments		-	-	-
Total Investment	-	22,701,694,163	22,701,694,163	11,058,205,346
Provision		37,588,500	37,588,500	79,085,100
Net investment	-	22,664,105,663	22,664,105,663	10,979,120,246

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Nepal Bank Limited
Investment Held for Trading
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.12.1

Particulars	Cost Price	Previous Market Price (a)	Current Market Price (b)	This Year Profit/(Loss) Amount (b-a)	Last Year Profit/(Loss) Amount	Remarks
1 Government of Nepal's Treasury bills						
2 Government of Nepal's National Saving Bond						
3 Government of Nepal's Other Securities						
4 Nepal Rastra Bank Bond						
5 Foreign Bond						
6 Share of domestic licensed Institutions						
7 Debentures/bond of domestic licensed Institutions						
8 Shares, debenture, bonds of domestic corporate bodies						
9 Investment of foreign banks (Placement)						
10 Interbank Lending						
11 Other Investments						
Total Investment						

(Bank logo)

Nepal Bank Limited
Investment Held for Maturity
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.12.2

Particulars	Cost Price (a)	Amount of loss until now (b)	This year's loss amount (c)	This Year Profit/(Loss) Amount (a-b-c)	Last Year Profit/(Loss) Amount	Remarks
1 Nepal Government Treasury bills	18,680,034,177					
2 Nepal Government National Saving Bond	-					
3 Nepal Government Other Securities	1,230,000,000					
4 Nepal Rastra Bank Bond						
5 Foreign Bond	93,900,000					
6 Share of domestic licensed Institutions						
7 Debentures/bond of domestic licensed Institutions						
8 Shares, debenture, bonds of domestic corporate bodies	-					
9 Investment of foreign banks (Placement)	2,535,948,000					
10 Other Investments	-					
Total Investment	22,539,882,177					

(Bank logo)

Nepal Bank Limited
Investment available for sale
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.12.3

Particulars	Cost Price	Last market price (a)	Current market price (b)	This Year Profit/(Loss) Amount (a-b)	Last Year Profit/(Loss) Amount	Remarks
1 Nepal Government Treasury bills						
2 Nepal Government National Saving Bond						
3 Nepal Government Other Securities						
4 Nepal Rastra Bank Bond						
5 Foreign Bond						
6 Share of domestic licensed Institutions						
7 Debentures/bond of domestic licensed Institutions						
8 Shares, debenture, bonds of domestic corporate bodies	161,811,986	1,086,876,725	3,657,002,035			
9 Investment of foreign banks (Placement)						
11 Other Investments						
Total Investment	161,811,986					

(Bank logo)

Nepal Bank Limited**Investment****As at July 16, 2014 (Ashad 32, 2071)**

Schedule 4.12(A)

Particulars	Cost Rs.	Market Rate	Market Value	Provision	Previous Year Rs.
1 Investment in Shares					
1.1 Rastriya Beema Sansthan 2,51,910 Ordinary Shares(including 245,910 Bonus Shares also) of Rs.100/- each)	707,186	5,865	1,477,452,150		707,186
1.2 *Deposit Insurance & Credit Guarantee Corporation Pvt. Ltd. 110,161 Ordinary Share (including 90,161 Bonus Shares also) of Rs.100/- each	2,000,000		2,000,000	2,000,000	2,000,000
1.3 *Nepal Oil Corporation Ltd. 2,250 Ordinary Shares (including 750 Bonus Shares also) of Rs. 100/- each	150,000		150,000	150,000	150,000
1.4 *National Productivity and Economic Development Centre Ltd. 5,000 Ordinary Shares of Rs. 100 each.	500,000		500,000	500,000	500,000
1.5 *Far Western Rural Development Bank 30,000 Ordinary Shares of Rs. 100 each.	3,000,000		3,000,000	3,000,000	3,000,000
1.6 *Eastern Rural Development Bank @ 30,000 Ordinary Shares of Rs. 100 each.	3,000,000	965	28,950,000	3,000,000	3,000,000
1.7 *Western Rural Development Bank 37,950 Ordinary Shares (including 7950 bonus share also) of Rs.100/- each	3,000,000		3,000,000	3,000,000	3,000,000
1.8 *Mid Western Rural Development Bank 61,250 Ordinary Shares of Rs. 100 each.	6,125,000		6,125,000	6,125,000	6,125,000
1.9 *Middle Rural Development Bank @ 30,000 Ordinary Shares of Rs. 100 each.	3,000,000	131	3,930,000	3,000,000	3,000,000
1.10 Citizen Investment Trust 2,66,627 Ordinary Shares (Including 2,31,077 bonus shares also) of Rs. 100/- each.(with Rs.40/- capitalization).	2,133,000	3,390	903,865,530		2,133,000
1.11 Rural Micro Finance Development Centre (RMDC) 2,93,550 Ordinary Shares of Rs. 100 each.	29,355,000	848	248,930,400		29,355,000
1.12 Deprosc Development Bank Limited 137,111 Ordinary Shares (including 39,844 bonus share also) of Rs. 100/- each	9,726,700	1,109	152,056,099		9,726,700
1.13 *Gorakhkali Rubber Udhog Ltd.@ 1,60,000 Ordinary Shares of Rs. 100 each (Rs. 75 paid up)	12,000,000	38	6,080,000	12,000,000	12,000,000
1.14 Sana Kisan Bikas Bank. 1,39,629 Ordinary Shares (including 18,213 bonus shares also) of Rs.100/-each	12,141,600	1,364	190,453,956		12,141,600
1.15 *Sajha Sawasthya Sewa Sahakari Sanstha Limited 11 Ordinary Shares (including 6 bonus shares also) of Rs. 100/- each	500		500	500	500
1.16 Nepal Insurance Company Ltd. (subsidiary company) 671,140 Ordinary Shares (including 669,540 bonus shares also) of Rs.100/-each	160,000	610	409,395,400		160,000
1.17 *Credit Information Centre Ltd. 13,724 Ordinary Shares (including 10,194 bonus shares also) of Rs.100/- each	353,000		353,000	353,000	353,000
1.18 *Taragaun Regeny Hotel Ltd. 7,00,000 Ordinary Shares of Rs. 100 each	70,000,000	309	216,300,000		70,000,000
1.19 *Nepal Clearing House 25,000 Ordinary Shares of Rs. 100 each	2,500,000		2,500,000	2,500,000	2,500,000
1.20 *National Banking Training Centre 12,000 Ordinary Shares of Rs. 100 each	1,200,000		1,200,000	1,200,000	1,200,000
1.21 *ICRA Nepal Ltd. 7,600 Ordinary Shares of Rs. 100 each	760,000		760,000	760,000	760,000
Total Investment	161,811,986		3,657,002,035	37,588,500	161,811,986
3 Provision for Losses					
3.1 Up to previous year Provision				79,085,100	81,443,500
3.2 Addition (Write Back During the year)				(41,496,600)	(2,358,400)
Total				37,588,500	79,085,100
Total Investment				124,223,486	82,726,886

* Institutions and Companies that has not declared and distributed dividend for more than last three years.

© Market value of listed shares is determined as per the closing transaction value but for those shares whose transactions are not operated for a long period of time, cent percent provision has been made.

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Nepal Bank Limited
Classification of Loans, Advances & Bills Purchased and Provisioning
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.13

Particulars	Loans and Advances				Bills Purchased and Discounted			Current Year Rs.	Previous Year Rs.	
	Domestic			Foreign	Total	Domestic	Foreign			Total
	Priority Sector		Other							
	Insured	Uninsured								
1. Performing Loan	507,813,299	1,894,612	38,594,846,961	-	39,104,554,872	12,800	4,499,746	4,512,546	39,109,067,418	35,869,642,531
1.1 Pass Loan	507,813,299	1,894,612	38,594,846,961	-	39,104,554,872	12,800	4,499,746	4,512,546	39,109,067,418	35,869,642,531
2. Non Performing Loan	51,265,844	20,102,145	2,037,426,506	-	2,108,794,495	-	435,487	435,487	2,109,229,982	1,982,323,212
2.1 Restructured	-	-	44,625,000	-	44,625,000	-	-	-	44,625,000	94,439,865
2.2 Substandard	-	-	300,736,914	-	300,736,914	-	-	-	300,736,914	91,018,817
2.3 Doubtful	-	-	107,672,848	-	107,672,848	-	-	-	107,672,848	115,316,944
2.4 Bad	51,265,844	20,102,145	1,584,391,744	-	1,655,759,733	-	435,487	435,487	1,656,195,220	1,681,547,586
(A) Total Loan	559,079,143	21,996,757	40,632,273,467	-	41,213,349,367	12,800	4,935,233	4,948,033	41,218,297,400	37,851,965,743
3. Loan Loss Provision										
3.1 Pass	5,078,133	18,946	386,760,367	-	391,857,446	128	44,997	45,125	391,902,571	466,500,449
3.2 Restructured	-	-	5,578,125	-	5,578,125	-	-	-	5,578,125	11,804,983
3.3 Substandard	-	-	75,184,229	-	75,184,229	-	-	-	75,184,229	22,754,704
3.4 Doubtful	-	-	53,836,424	-	53,836,424	-	-	-	53,836,424	57,658,472
3.5 Bad	51,265,844	20,102,145	1,584,391,744	-	1,655,759,733	-	435,487	435,487	1,656,195,220	1,681,547,586
(B) Total Provision	56,343,977	20,121,091	2,105,750,889	-	2,182,215,957	128	480,484	480,612	2,182,696,569	2,240,266,194
4. Provision Up to Last Year										
4.1 Pass	12,641,993	20,362	453,775,636	-	466,437,991	-	62,458	62,458	466,500,449	428,351,744
4.2 Restructured	-	-	11,804,983	-	11,804,983	-	-	-	11,804,983	-
4.3 Substandard	-	-	22,754,704	-	22,754,704	-	-	-	22,754,704	9,038,941
4.4 Doubtful	-	-	57,658,472	-	57,658,472	-	-	-	57,658,472	30,733,674
4.5 Bad	57,812,128	19,002,360	1,599,745,453	-	1,676,559,941	-	4,987,645	4,987,645	1,681,547,586	1,559,899,000
(C) Provision up to Last Year	70,454,121	19,022,722	2,145,739,248	-	2,235,216,091	-	5,050,103	5,050,103	2,240,266,194	2,028,023,359
(D) Previous Years' Provision Written Back	14,110,144	-	243,652,963	-	257,763,107	-	4,569,619	4,569,619	262,332,727	354,284,579
(E) This Years' Additional Provision	-	1,098,369	203,664,604	-	204,762,973	128	-	128	204,763,100	566,527,414
Net Adjustment for the year	(14,110,144)	1,098,369	(39,988,359)	-	(53,000,134)	128	(4,569,619)	(4,569,491)	(57,569,627)	212,242,835
Net Loan (A-B)	502,735,166	1,875,666	38,526,522,578	-	39,031,133,410	12,672	4,454,749	4,467,421	39,035,600,831	35,611,699,549

(Bank logo)

Nepal Bank Limited

Loan, Advances and Bills Purchased - Security Wise

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.13(A)

Particulars		Current Year Rs.	Previous Year Rs.
(A) Secured		41,218,297,400	37,851,965,743
1	On Security of Movable / Immovable Assets	35,061,189,983	34,664,988,206
2	Guarantee of Local Licensed Institutions	119,942,434	118,075,598
3	Government Guarantee	234,077,666	304,538,550
4	Internationally Rated Bank Guarantee	-	-
5	On security of Export Documents	756,239	28,625,000
6	On security of Fixed Deposit Receipts	228,218,880	1,260,454,561
	(a) On security of own Fixed Deposit Receipt	227,120,572	1,260,362,918
	(b) On security of Fixed Deposit Receipts of Other Licensed Institutions	1,098,308	91,643
7	On security of Government Bonds	2,064,105	8,492,777
8	Counter Guarantee	-	-
9	Personal Guarantee	-	-
10	Other Securities	5,572,048,093	1,466,791,051
(B) Unsecured		-	-
Total		41,218,297,400	37,851,965,743

(Bank logo)

Nepal Bank Limited**Fixed Assets****As at July 16, 2014 (Ashad 32, 2071)****Schedule 4.14**

Particulars	Assets					Current Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office equipment	Others		
1 At Cost:							
a) Up to previous Year	215,025,782	110,822,043	276,497	454,664,895	6,854,176	787,643,393	635,404,315
b) Addition During The Year	9,802,621	16,699,626		71,428,998	2,141,214	100,072,459	153,049,959
c) Revaluation/Written Back This Year							
d) This Year Sold	(1,898,711)	(244,162)		(960,287)	(4,335)	(3,107,495)	(810,881)
e) This Year Written Off				(2,070,569)		(2,070,569)	-
Total (a+b+c+d+e) at cost :	222,929,692	127,277,507	276,497	523,063,037	8,991,055	882,537,788	787,643,393
2 Depreciation :							
a) Up to Previous Year	59,371,151	80,815,216	272,683	317,064,044	3,170,369	460,693,463	405,350,747
b) For This Year	8,227,375	8,997,141	572	45,423,073	814,454	63,462,615	55,342,716
c) Depreciation on revaluation/written back							
d) Depreciation - Adjusted / Written Back	-	-	-	-	-	-	-
Total Depreciation	67,598,526	89,812,357	273,255	362,487,117	3,984,823	524,156,078	460,693,463
3 Book value (WDV)* (1-2)	155,331,166	37,465,150	3,242	160,575,920	5,006,232	358,381,710	326,949,930
4 Land	24,842,969					24,842,969	34,591,922
5 Capital Construction (Pending Capitalization)	6,279,801					6,279,801	5,364,645
6 Lease hold assets	-					-	
Total (3+4+5+6)	186,453,936	37,465,150	3,242	160,575,920	5,006,232	389,504,480	366,906,497

* Written Down Value

(Bank logo)

Nepal Bank Limited**Non Banking Assets**

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.15

Name of Borrower or Party	Date of Acceptance as Non Banking Assets	Total Non Banking Assets Amount Rs.	Provision		Net Non Banking Assets Amount Rs.	Previous Year Rs.
			Percentage	Amount Rs.		
Shiva Stores	063-02-12		100%		-	42,583.00
Kanchan General Store	063-02-12		100%		-	96,000.00
Kanchan Traders	063-02-12		100%		-	140,667.00
Kanchan Variety	063-02-12		100%		-	486,875.00
Indira Kastha Udhog	062-06-19		100%		-	500,000.00
Sita Devi Neupane	069-03-31		100%		-	500,000.00
Prashamsa Textile	063-04-18		100%		-	617,187.50
Khem Nath Dhakal	063-02-15		100%		-	700,000.00
Som Nath Poudel	069-10-02		100%		-	753,500.00
Bir Bahadur Chauhan	063-03-15		100%		-	822,762.96
Kanchan Sadi Center	063-02-12		100%		-	863,750.00
Amar Singh Budhha	063-03-30		100%		-	954,253.44
Bijaya Kirana Pasal	062-10-12		100%		-	986,532.73
Surajlaxmi Enterprises	062-09-15		100%		-	1,097,378.77
Purna Bahadur Thapa	068-08-21		100%		-	1,800,000.00
Annapurna Textile Ltd.	063-01-21		100%		-	3,000,000.00
Jivan Dip Chalchitra Mandir	063-02-12		100%		-	3,719,821.58
Paramhansa Picture Palace	062-02-12		100%		-	6,904,000.00
Pashupati Siliket I. & Goal	061-03-30		100%		-	13,503,500.00
Manakamana Enterprises	062-06-20	62,500.00	100%	62,500.00	-	62,500.00
C.J.Hardware	063-03-10	75,000.00	100%	75,000.00	-	415,000.00
Mahamai Furniture	063-03-30	87,500.00	100%	87,500.00	-	87,500.00
M.Januka Traders	063-03-30	87,500.00	100%	87,500.00	-	87,500.00
Bir Bahadur Thapa	054-04-23	99,218.00	100%	99,218.00	-	99,218.00
Shree Ram Traders	062-11-12	108,000.00	100%	108,000.00	-	108,000.00
Gyan Bahadur Tamang	045-01-23	109,000.00	100%	109,000.00	-	109,000.00
Krishna Bahadur Dhital	060-01-25	125,000.00	100%	125,000.00	-	125,000.00
Kumar Cycle Group	063-03-26	125,000.00	100%	125,000.00	-	125,000.00
Kul Chandra Upadhyay	061-09-25	140,134.29	100%	140,134.29	-	140,134.29
Yadunath Gautam	063-06-09	145,412.10	100%	145,412.10	-	145,412.10
Rastriya Chamai Pittho Udhog	063-04-18	200,000.00	100%	200,000.00	-	200,000.00
S.Laboratory	063-02-18	200,000.00	100%	200,000.00	-	200,000.00
Aasha Etta Udhog	063-02-09	263,100.00	100%	263,100.00	-	263,100.00
Ramesh Raya	062-08-14	300,000.00	100%	300,000.00	-	300,000.00
Elija Gril Udhog	062-04-16	300,000.00	100%	300,000.00	-	300,000.00
Aashriya Trading Concern	068-03-01	320,215.00	100%	320,215.00	-	320,215.00
Kanchan Computer Laser	064-11-12	330,000.00	100%	330,000.00	-	330,000.00
United Suppliers Traders	051-10-23	334,283.70	100%	334,283.70	-	334,283.70
Abodh Galla Bhandar	062-11-25	400,000.00	100%	400,000.00	-	400,000.00
Narayani Chau Chau Udhog	062-08-07	407,379.43	100%	407,379.43	-	407,379.43
Bikash Trading	062-05-29	420,653.33	100%	420,653.33	-	420,653.33
Bishal Metal Udhog	062-08-30	422,939.88	100%	422,939.88	-	422,939.88
Om Sagarmatha	063-03-28	427,500.00	100%	427,500.00	-	427,500.00
Shah Kirana Shop	062-08-14	433,170.00	100%	433,170.00	-	433,170.00
Yadu Nath Gautam	057-05-22	450,000.00	100%	450,000.00	-	450,000.00
Suraj Chiya Udhog	063-06-29	486,000.00	100%	486,000.00	-	486,000.00
Tulsi Chiya Udhog	063-06-29	493,600.00	100%	493,600.00	-	493,600.00
Ganga Jamuna Sellar Rice U	063-03-29	499,750.00	100%	499,750.00	-	499,750.00
Hemraj Mahato	063-02-15	500,000.00	100%	500,000.00	-	500,000.00
Kunwar Kirana Pasal Tatha Katha	063-03-20	518,200.08	100%	518,200.08	-	518,200.08
Adhikari Cement Sa.Udhog	062-08-07	607,190.93	100%	607,190.93	-	607,190.93
Rudra Bahadur Katuwal	063-03-15	640,000.00	100%	640,000.00	-	640,000.00
Chandra Sher Bahadur Limbu	063-03-09	645,749.93	100%	645,749.93	-	645,749.93
K & K Apprals	063-02-22	650,000.00	100%	650,000.00	-	650,000.00
Suwal Traders	062-06-20	670,312.50	100%	670,312.50	-	670,312.50
Gandaki Fancy Stores	063-03-15	671,390.26	100%	671,390.26	-	671,390.26
S.K.Stationery	063-04-11	700,000.00	100%	700,000.00	-	700,000.00

Name of Borrower or Party	Date of Acceptance as Non Banking Assets	Total Non Banking Assets Amount Rs.	Provision		Net Non Banking Assets Amount Rs.	Previous Year Rs.
			Percentage	Amount Rs.		
Amala Aluminium Udhog	063-01-31	703,125.00	100%	703,125.00	-	703,125.00
Dhimal Rice Mill	063-06-29	712,785.18	100%	712,785.18	-	712,785.18
Gopi Nath Traders	063-03-22	726,752.80	100%	726,752.80	-	726,752.80
Himanchal Plant S.Mill	062-07-08	750,000.00	100%	750,000.00	-	750,000.00
Dhan Durga Traders	069-03-32	779,132.43	100%	779,132.43	-	779,132.43
B.D. Traders	062-12-13	781,500.00	100%	781,500.00	-	781,500.00
Milan Furniture	063-02-11	800,000.00	100%	800,000.00	-	800,000.00
A to Z Hardware Center	063-03-28	818,750.00	100%	818,750.00	-	818,750.00
Gopal Chyariti Trust	062-11-26	880,404.23	100%	880,404.23	-	880,404.23
Mahesh Dhakal	063-06-29	903,202.21	100%	903,202.21	-	903,202.21
Raj Gril Sattar & Krishi Au.	063-03-21	921,823.42	100%	921,823.42	-	921,823.42
Shree Traders	067-03-24	970,000.00	100%	970,000.00	-	970,000.00
Krishna Prasad Bhandari	069-03-33	978,068.33	100%	978,068.33	-	978,068.33
Nilkamal Enterprises	067-03-03	1,003,906.00	100%	1,003,906.00	-	1,003,906.00
Jaya Kali Paper Works	063-03-16	1,041,084.00	100%	1,041,084.00	-	1,041,084.00
Singh Rice Mill	062-10-20	1,045,755.14	100%	1,045,755.14	-	1,045,755.14
Golden Furniture Udhog	062-11-26	1,050,000.00	100%	1,050,000.00	-	1,050,000.00
Katel Body Builders	062-04-32	1,063,468.07	100%	1,063,468.07	-	1,063,468.07
Prasai Sellar Mill	068-08-22	1,120,000.00	100%	1,120,000.00	-	1,120,000.00
Guras Oil Sellar Mill	049-08-14	1,236,950.47	100%	1,236,950.47	-	1,236,950.47
Gupta Brothers & Mill	064-06-03	1,241,456.22	100%	1,241,456.22	-	1,241,456.22
Ram Rudra Rice Mill	062-12-13	1,346,644.80	100%	1,346,644.80	-	1,346,644.80
Hari Das Furniture Udhog	062-06-03	1,436,025.00	100%	1,436,025.00	-	1,436,025.00
New Micro Center	062-08-21	1,446,500.00	100%	1,446,500.00	-	1,446,500.00
Sunrise Chiya Udhog	061-12-04	1,500,000.00	100%	1,500,000.00	-	1,500,000.00
Bhadrakali Kastha Udhog	067-07-16	1,531,250.00	100%	1,531,250.00	-	1,531,250.00
Rama Resturant & Bar	063-09-27	1,547,698.55	100%	1,547,698.55	-	1,547,698.55
Bindabasini Rice Mill	063-04-18	1,555,708.91	100%	1,555,708.91	-	1,555,708.91
Chakravarti Carpet Udhog	063-03-02	1,559,375.00	100%	1,559,375.00	-	1,559,375.00
Yangamati Enterprises	062-06-20	1,664,165.33	100%	1,664,165.33	-	1,664,165.33
Kalika Oil Mill	062-12-14	1,664,350.75	100%	1,664,350.75	-	1,664,350.75
Nawa Durga Khadya Udhog	063-12-01	1,679,286.53	100%	1,679,286.53	-	1,679,286.53
Himalayan Kastha Udhog	063-01-31	2,093,435.94	100%	2,093,435.94	-	2,093,435.94
Tea Makers P.Ltd.	063-03-12	2,104,764.72	100%	2,104,764.72	-	2,104,764.72
Merry Gold Electricals	062-07-25	2,271,462.93	100%	2,271,462.93	-	2,271,462.93
Krishna Prasad Pant	063-02-09	2,773,000.00	100%	2,773,000.00	-	2,773,000.00
Aathrai Garments	064-03-19	2,850,000.00	100%	2,850,000.00	-	2,850,000.00
Ganga Prasad Jaisi (Malika Chamal Udhog)	067-05-22	3,494,000.00	100%	3,494,000.00	-	3,494,000.00
Jayakali Biscuit & Co.	063-03-14	3,535,160.00	100%	3,535,160.00	-	3,535,160.00
Madan Bikram Nemwang	061-08-09	3,982,750.00	100%	3,982,750.00	-	3,982,750.00
Janakpur Cold Stores	063-02-25	4,000,000.00	100%	4,000,000.00	-	4,000,000.00
Kumar Cycle Group	061-06-26	4,500,000.00	100%	4,500,000.00	-	4,500,000.00
Jumle Carpet & Omsai	063-03-08	5,042,498.92	100%	5,042,498.92	-	5,042,498.92
Samsung Enterprises	067-03-03	5,750,000.00	100%	5,750,000.00	-	5,750,000.00
Diyo Rice Mill	063-01-29	6,103,756.92	100%	6,103,756.92	-	6,103,756.92
Kumar Cycle Group	062-09-26	7,910,000.00	100%	7,910,000.00	-	7,910,000.00
Damodar Sharma Group	061-10-20	9,286,570.00	100%	9,286,570.00	-	9,286,570.00
Gyan Carpet Industries	063-03-18	9,869,465.74	100%	9,869,465.74	-	9,869,465.74
Shivalaya Metal Ind.Pvt.Ltd.	063-03-18	10,374,216.74	100%	10,374,216.74	-	10,374,216.74
Banshidhar Industries	062-11-21	17,192,000.00	100%	17,192,000.00	-	17,192,000.00
Shivalaya Metal Ind.Pvt.Ltd.	065-10-30	19,188,910.00	100%	19,188,910.00	-	19,188,910.00
Bajaranga Takij P.Ltd.	064-03-07	26,386,774.91	100%	26,386,774.91	-	26,386,774.91
Narayani Vegetable Oil	063-03-14	27,839,804.81	100%	27,839,804.81	-	27,839,804.81
BalKrishna Maskey	071-03-17	2,200,000.00	100%	2,200,000.00	-	
Jufal Distillery P.Ltd.	071-03-09	13,513,374.25	100%	13,513,374.25	-	
Total Amount		242,176,814		242,176,814	-	264,292,251
Less: Provision Amount						264,292,251
Previous Year Net Non Banking Assets					-	-

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Nepal Bank Limited
Other Assets
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.16

Particulars		Current Year Rs.	Previous Year Rs.
1 Stationary Stock		22,907,134	20,382,132
2 Interest Receivable on Investment		46,277,887	66,796,980
3 Accrued Interest on Loan	3,589,651,243	-	3,357,450,497
Less : Interest Suspense Amount	(3,589,651,243)		(3,357,450,497)
4 Commission Receivable		-	-
5 Sundry Debtors	443,804,907	389,107,280	689,898,482
Less : Provision	(54,697,627)		(54,697,627)
6 Staff Loan and Advance	1,748,093,378	1,735,092,748	1,940,526,401
Less : Provision	(13,000,630)		(13,000,630)
7 Prepayments		3,537,884	2,945,952
8 Cash in Transits		629,638,156	857,838,456
9 Other Transit Items (Including Cheques)		-	-
10 Draft Paid Without Advise	1,143,864,595	1,075,165,595	983,922,195
Less : Provision	(68,699,000)		(68,699,000)
11 Expenses Not Written Off		21,646,836	31,167,549
12 Branch Adjustment Account		1,386,667,478	-
13 Deferred Tax Assets		82,944,583	93,519,592
14 Others		3,838,774,748	4,880,234,724
Reimbursement (Pension) Receivable	(311,185,160)		1,240,866,037
Government Securities - Principal & Interest	4,193,611		6,630,723
Advance Tax	1,656,046,418	1,116,329,818	1,523,310,925
Less: Provision for Income Tax	(539,716,600)		(368,393,892)
Other Assets	3,040,701,505	3,029,436,479	2,489,085,957
Less : Provision	(11,265,026)		(11,265,026)
Total		9,231,760,329	9,430,835,206

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Nepal Bank Limited
Other Assets (Additional Statement)
As at July 16, 2014 (Ashad 32, 2071)

Schedule 16(A)

Particulars	Current Year Rs.				Previous Year Rs.
	Upto 1 year	1 to 3 years	Above 3 years	Total	
1 Accrued Interest on Loan	732,868,022	1,219,624,678	1,637,158,543	3,589,651,243	3,357,450,497
2 Drafts Paid without advise	993,885,521	39,211,593.00	110,767,481	1,143,864,595	983,922,195
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency Accounts	-	-	-	-	-

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Nepal Bank Limited
Contingent Liabilities
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.17

Particulars	Current Year Rs.	Previous Year Rs.
1 Claims on Bank but not accepted by the Bank	144,647,359	139,927,707
2 Letters of credit (full amount)	2,685,609,753	1,750,616,306
a) Less than 6 months maturity	2,679,851,204	1,680,602,800
b) More than 6 months maturity	5,758,549	70,013,506
3 Rediscounted Bills	-	-
4 Unmatured Guarantees/Bonds	1,427,211,589	1,133,431,671
a) Bid Bonds	290,382,048	256,425,221
b) Performance Bonds	693,546,376	556,697,795
c) Other Guarantee / Bonds	443,283,165	320,308,655
5 Unpaid Shares in Investment	-	-
6 Forward Exchange Contract Liabilities	-	-
7 Bills under Collection	145,961,504	124,450,126
8 Acceptance and Endorsements	393,155,328	1,015,699,285
9 Underwriting Commitments	-	-
10 Irrevocable Loan Commitments	-	-
11 Counter Guarantee of Internationally Rated Banks	-	-
12 Advance Payment Guarantee	238,330,206	235,431,040
13 Financial Guarantee	-	-
14 Contingent Liabilities on Income Tax	1,033,954,469	1,033,954,469
15 Others	-	-
Total	6,068,870,208	5,433,510,604

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Nepal Bank Limited

Interest Income

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.18

Particulars		Current Year Rs.	Previous Year Rs.
a)	On Loan, Advance and Overdraft	4,811,896,398	4,456,445,453
1	Loans and Advances	4,494,598,717	4,226,031,698
2	Overdraft	317,297,681	230,413,755
b)	On Investment	191,446,868	255,641,893
1	Nepal Government Securities	158,277,434	191,305,691
a)	Treasury Bill	73,261,219	102,601,772
b)	Development Bond	85,016,215	88,703,919
c)	National Saving Certificates	-	-
2	Foreign Securities	31,470,901	57,397,761
a)	Investment on Foreign Bank	31,470,901	48,179,653
b)	Investment on Commercial Paper	-	9,218,108
3	Nepal Rastra Bank Bonds	-	-
4	Debentures and Bonds	1,698,533	6,938,441
a)	Bank/Financial institutions	-	-
b)	Other institutions	1,698,533	6,938,441
5	Interest on Inter Bank Lending	-	-
c)	On Agency Balances	90,842	281,886
1	Local Bank/Financial institutions	-	-
2	Foreign Banks	90,842	281,886
d)	On Money at call and Short Notice	7,793,608	27,166,522
1	Local Bank/Financial institutions	7,793,608	27,166,522
2	Foreign Banks	-	-
e)	On Others	-	-
1	Certificate of Deposits	-	-
2	Inter bank/Financial institutions Loan	-	-
3	Others	-	-
Total		5,011,227,716	4,739,535,754

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Nepal Bank Limited

Interest Expenses

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.19

Particulars	Current Year Rs.	Previous Year Rs.
A. On Deposit Liabilities	2,147,690,478	2,193,256,237
1 Fixed Deposits	948,187,546	1,013,003,686
1.1 Local Currency	947,908,247	1,013,003,686
1.2 Foreign Currency	279,299	-
2 Saving Deposits	1,199,502,932	1,180,252,551
2.1 Local Currency	1,199,429,047	1,180,184,110
2.2 Foreign Currency	73,885	68,441
3 Call Deposits	-	-
3.1 Local Currency	-	-
3.2 Foreign Currency	-	-
4 Certificate of Deposits	-	-
B. On Borrowings	35,389,946	16,734,274
1 Debentures and Bonds	-	-
2 Loan from Nepal Rastra Bank	35,389,946	16,734,274
3 Inter Bank / Financial Institutions Borrowing	-	-
4 Other Corporate Bodies	-	-
5 Other Loans(Foreign Currency)	-	-
C. On Others	4,565,379	4,173,833
1 Staff Medical Fund	3,575,124	3,317,654
2 Other interest expenses	990,255	856,179
Total	2,187,645,803	2,214,164,344

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Nepal Bank Limited
Commission & Discount

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.20

Particulars		Current Year Rs.	Previous Year Rs.
a)	Bills Purchased & Discount	87,774	87,390
	1 Local	16,740	899
	2 Foreign	71,034	86,491
b)	Commission	212,987,327	241,874,373
	1 Letter of Credits	14,434,383	12,000,679
	2 Guarantees	24,528,523	17,858,499
	3 Collection Fee	3,842,898	3,081,377
	4 Remittance Fee	38,488,974	33,497,936
	5 Credit Cards	-	-
	6 Share Underwriting/ Issues	-	-
	7 Government Transactions	131,692,549	175,435,882
	8 Agency Commission	-	-
	9 Exchange Fee	-	-
c)	Others	25,266,118	21,054,130
Total		238,341,219	263,015,893

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Nepal Bank Limited
Other Operating Income

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.21

Particulars		Current Year Rs.	Previous Year Rs.
1	Rental of Safe Deposit Vault	17,152,427	16,582,366
2	Issue and Renewal of Credit Cards	-	-
3	Issue and Renewal of ATM Cards	-	-
4	Telex / T.T	4,034,164	2,947,834
5	Service Charges	84,448,090	92,786,869
6	Renewal Fees	8,002,411	6,696,189
7	Others	138,611,569	140,627,349
Total		252,248,661	259,640,607

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Nepal Bank Limited
Exchange Fluctuation Gain/Loss

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.22

Particulars	Current Year Rs.	Previous Year Rs.
a) Revaluation Gain from Foreign Exchange Rate	9,351,901	35,314,879
b) Gain from Foreign Exchange Transaction	32,980,878	22,850,054
Total Income/ (Loss)	42,332,779	58,164,933

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Nepal Bank Limited
Staff Expenses

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.23

Particulars	Current Year Rs.	Previous Year Rs.
1 Salary	649,571,603	577,230,244
2 Allowances	309,579,743	329,599,120
3 Contribution on Provident fund	139,830,282	124,877,387
4 Training Expenses	5,965,908	3,896,258
5 Uniform	19,187,000	19,283,000
6 Medical	84,441,668	71,483,967
7 Insurance	3,397,946	4,053,357
8 Pension and Gratuity Provision and Paid	1,232,098,975	596,619,381
9 Others	52,405,274	210,062,713
Total	2,496,478,399	1,937,105,427

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Nepal Bank Limited

Other Operating Expenses

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.24

Particulars		Current Year Rs.	Previous Year Rs.
1	House Rent	32,800,613	28,852,397
2	Electricity & Water	33,488,946	31,413,145
3	<u>Repair and Maintenance</u>	14,718,184	15,776,050
	a) Building.....	1,798,220	1,986,305
	b) Vehicles.....	3,727,390	3,639,500
	c) Others.....	9,192,574	10,150,245
4	Insurance	31,075,733	30,364,455
5	Postage, Telex, Telephone, Fax	25,531,665	25,292,127
6	Office Equipment, Furniture Repair	2,321,113	2,480,450
7	Traveling Allowance and Expenses	39,872,160	29,066,501
8	Stationery and Printing	20,815,591	17,691,642
9	Periodicals and Books	2,812,703	2,542,647
10	Advertisements	10,532,346	10,533,271
11	Legal Expenses	1,323,603	1,298,891
12	Donations	-	-
13	Expenses Relating to Board of Directors	4,297,336	3,571,720
	a) Meeting Fees	2,801,100	2,195,050
	b) Other Expenses	1,496,236	1,376,670
14	Annual General Meeting Expenses	-	-
15	Expenses Relating to Audit	2,977,427	1,979,287
	a) Audit Fee	1,377,065	1,243,000
	b) Other Expenses	1,600,362	736,287
16	Commission on Remittances	3,744,568	3,392,565
17	Depreciation on Fixed Assets	63,462,616	55,342,716
18	Amortization of Preliminary Expenses	-	-
19	Share Issue Expenses	-	-
20	Technical Service Fee	-	-
21	Entertainment	3,223,860	3,209,040
22	Written off Expenses	9,444,911	10,892,068
23	Security Expenses	93,058,564	76,344,668
24	Credit Guarantee Premium	21,121,880	42,601,257
25	Commission & Discount	26,659,551	24,086,143
26	Others	170,639,531	80,427,365
Total		613,922,901	497,158,405

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Nepal Bank Limited
Provision For Possible Loss

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.25

Particulars	Current Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	204,763,100	566,527,414
2 Increase in Provision for Loss on Investment	-	-
3 Provision against Non-banking Assets	15,713,374	753,500
4 Provision against Other Assets	31,575,472	479,029
Total	252,051,946	567,759,943

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Nepal Bank Limited
Non-Operating Income /Loss

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.26

Particulars	Current Year Rs.	Previous Year Rs.
1 Profit / (Loss) on sale of Investment	-	953,970
2 Profit / (Loss) on sale of Assets	546,667,221	81,707,721
3 Dividend	5,956,688	3,683,615
4 Subsidies Received from Nepal Rastra Bank	-	-
a) Reimbursement of losses of specified branches	-	-
b) Interest Subsidy	-	-
c) Exchange counter	-	-
5 Others	112,859,424	-
Total	665,483,333	86,345,306

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Nepal Bank Limited
Loss Provisions Written Back

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.27

Particulars	Current Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written back	262,332,727	354,284,579
2 Provision against Non-Banking Assets Written Back	37,828,811	45,882,246
3 Investment Provision Written Back	41,496,600	2,358,400
4 Provision against Other Assets Written Back	18,058,261	-
Total	359,716,399	402,525,225

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Nepal Bank limited
Profit / Loss from Extra-ordinary Activities

For the period from 1st Shrawan 2070 to 32nd Ashad 2071 (16th July, 2013 to 16th July, 2014)

Schedule 4.28

Particulars	Current Year Rs.	Previous Year Rs.
1 Recovery of Write off loans	56,963,420	337,699,643
2 Voluntary Retirement Scheme Expenses	-	-
3 Write off of nonrecoverable loan (28A)	-	-
Less : Provision of Written Off Loan	-	-
4 Other Expenses / Income	-	-
Total	56,963,420	337,699,643

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Nepal Bank Limited
Statement of Loans Written-Off
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.28(A)

S.No.	Types of Loans	Written Off Amount	Type of Security	Basis of Valuation of Collateral	Loan Approval Authority / Designation	Initiations made for Recovery of Loan	Remarks
1	Working Capital Loan						
2	Project Loan						
3	Fixed Capital Loan						
4	Personal Loan						
5	Other Loan						
	Total Loan	-					

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Nepal Bank Limited

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

As at July 16, 2014 (Ashad 32, 2071)

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

Schedule 4.29

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

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Nepal Bank Limited
CAPITAL FUND TABLE
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.30(A1)
in Rs. thousand

1.1 RISK WEIGHTED ASSETS	Current Period Rs.	Previous Period Rs.
a Credit Risk	69,617,586	63,354,638
b Operational Risk	4,092,200	3,561,220
c Market Risk	1,326,590	1,248,490
Adjustmet under Pillar II		
Add : 3 percent of the risk weight assets for not disclosing adequate information according to 6.4(a)(10)	-	-
Add : percent of total deposit for inadequate liquid property	-	-
Total Risk Weighted Assets after Pillar II adjustment	75,036,376	68,164,348
Add: Adjustment made by supervisor		
1% of net interest income(provision for asset liability management)	25254	18540
3% of total income(provison for operational risk management)	945640	523759
4%of risk weighted assets(provision for total risk management)	3001455	2726574
Total Risk Weighted Assets after Adjustment made by Supervisor	79,008,725	71,433,221
1.2 CAPITAL FUND*	3,593,123	(424,918)
Core Capital (Tier 1)	3,096,839	(424,918)
a Paid up equity Share Cpaital ®	6,465,002	3,716,443
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	90,552	-
d Proposed Bonus Equity Shares	-	-
e Statutory General Reserves	1,964,097	1,812,760
f Retained Earnings / (loss) till previous fiscal year	(6,329,100)	(6,627,138)
g Current fiscal year's profit/(loss)	-	-
h Capital Redemption Reserve	-	-
i Capital Adjustment Reserve	380,383	380,383
j Dividend Equalization Reserves	7,486	7,486
k Bonds payment Fund	-	-
l Special Capital Reserve (Compensation received against laon waived)	259,736	259,736
m Other Free Reserves	404,553	139,307
To be deducted :		
a Amount of goodwill	-	-
b Miscellaneous assets not written off	(21,647)	(31,168)
c Share investment in the licensed institution	-	-
d Investment made in the company having financial interest	-	-
e Investment exceeding limits	(124,223)	(82,727)
f Investment made under underwriting	-	-
g Mutual cross holding	-	-
h Other	-	-
Adjustmet under Pillar II		
Less : Inadequate provision according to 6.4 (a) (1)	-	-
Less : Loans extended to the concerned parties and in prohibited sectors under 6.4(a)(2)	-	-
Supplimentary Capital (Tier 2)	496,284	568,543
a Cumulative and Redeemable Preference Share	-	-
b Unsecured subordinated Term Debt	-	-
c Hybrid Capital Instruments	-	-
d Pass loan loss provision	391,903	466,500
e Exchange Equalization Reserve	86,787	84,449
f Investment Adjustment Reserve	17,594	17,594
g Assets Revaluation Reserve	-	-
h Other Reserves	-	-
1.3 CAPITAL FUND RATIO	Current Period	Previous Period
Core Capital (Tier I) / Total Risk Weighted Assets	3.92%	-0.59%
Capital Fund (Tier 1 and Tier 2) / Total Risk Weighted Assets	4.55%	-0.59%

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Nepal Bank Limited
As at July 16, 2014 (Ashad 32, 2071)
CREDIT RISK

Schedule 4.30(B)
in Rs. thousand

Assets	Ashad end 2071						Previous Year	
	Book Value	Special Provision	Countable CRM	Net Amount	Risk Weight %	Risk Weighted Amount	Net Amount	Risk weighted amount
	a	b	c	d=a-b-c	e	f=d*e		
A. Balance Sheet Transaction								
Cash Balance	2,636,728			2,636,728	0%	-	2,378,430	-
Balance With Nepal Rastra Bank	2,919,003			2,919,003	0%	-	10,411,748	-
Gold	-			-	0%	-	-	-
Investment in Nepalese Government Securities	19,910,034			19,910,034	0%	-	8,417,776	-
All other Claims on Government of Nepal (<i>Pension Receivable</i>)	(311,185)			(311,185)	0%	-	1,240,866	-
Investment in Nepal Rastra Bank securities	-			-	0%	-	-	-
All other claims on Nepal Rastra Bank	-			-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA Rating 0-1)	-			-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA Rating 2)	-			-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA Rating 3)	-			-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA Rating 4-6)	-			-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA Rating 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 Rating 0-1)	-			-	20%	-	-	-
Claims on Public Sector Entity (ECA Rating 2)	-			-	50%	-	-	-
Claims on Public Sector Entity (ECA Rating 3-6)	-			-	100%	-	-	-
Claims on Public Sector Entity (ECA Rating 7)	-			-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-			-	20%	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	560,085			560,085	100%	560,085	432,142	432,142
Claims on Foreign Banks (ECA Rating 0-1)	2,079,477		346,709	1,732,768	20%	346,554	1,127,215	225,443
Claims on Foreign Banks (ECA Rating 2)	897,539		459	897,080	50%	448,540	-	-
Claims on Foreign Banks (ECA Rating 3-6)	157,695		157,695	-	100%	-	1,351,402	1,351,402
Claims on Foreign Banks (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	-			-	100%	-	-	-
Claims on Foreign Corporates (ECA Rating 0-1)	-			-	20%	-	-	-
Claims on Foreign Corporates (ECA Rating 2)	-			-	50%	-	-	-
Claims on Foreign Corporates (ECA Rating 3-6)	-			-	100%	-	-	-
Claims on Foreign Corporates (ECA Rating 7)	-			-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-			-	75%	-	-	-
Claims fulfilling all reiteration of regulatory retail except granularity	-			-	100%	-	-	-
Claims secured by residential properties	6,393,171			6,393,171	60%	3,835,903	5,806,810	3,484,086
Claims not fully secured by residential properties	-			-	150%	-	-	-
Claims secured by residential properties (Overdue)	-			-	100%	-	-	-
Claims secured by Commercial real estate	-			-	100%	-	-	-
Past due claims (except for claim secured by residential properties)	-			-	150%	-	-	-
High Risk claims	34,825,127		34,660	34,790,467	150%	52,185,701	31,049,746	46,574,619
Investment in equity of institutions listed in the stock exchange	-			-	100%	-	-	-
Investment in equity of institutions not listed in the stock exchange	-			-	150%	-	-	-
Staff loan secured by residential properties	759,039			759,039	60%	455,423	981,416	588,850
Interest Receivable/ Claim on Nepal Government securities	25,618			25,618	0%	-	43,729	-
Cash in transit and other cash properties in process of receipt of payment	629,638	503711		125,927	20%	25,185	171,567	34,313
Other Assets	11,657,076	4,113,430		7,543,646	100%	7,543,646	6,908,111	6,908,111
Total	83,139,045	4,617,141	539,523	77,982,381		65,401,037	70,320,958	59,598,966

(Bank logo)
Nepal Bank Limited
As at July 16, 2014 (Ashad 32, 2071)
CREDIT RISK

Schedule 4.30(B)
in Rs. thousand

B. Off Balance Sheet Transactions	Book Value	Special Provision	Countable CRM	Net Value	Risk Weight %	Risk Weighted Assets	Net Amount	Risk weighted amount
	a	b	c	d=a-b-c	e	f=d*e		
Commitment that may be withdrawn at any time				-	0%	-	-	-
Bills Collection	145,962			145,962	0%	-	124,450	-
Advance exchange agreement				-	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)	2,679,851		137,274.00	2,542,577	100%	2,542,577	1,601,320	1,601,320
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%	-	66,711	66,711
foreign counterparty (ECA Rating 7)				-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	983,928		50,401.00	933,527	50%	466,764	774,764	387,382
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%	-	-	-
Guarantee claimed but not paid				-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral				-	100%	-	-	-
Loans under repurchase agreements				-	100%	-	-	-
Advance Payment Guarantee	238,330		12,208.00	226,122	100%	226,122	224,324	224,324
Financial Guarantee	-		-	-	100%	-	-	-
Acceptances and Endorsements	393,155		-	393,155	100%	393,155	1,015,699	1,015,699
Unpaid portion of Partly paid shares and Securities				-	100%	-	-	-
Irrevocable Credit Commitments (short term)				-	20%	-	-	-
Irrevocable Credit Commitments (long term)				-	50%	-	-	-
Other Contingent Liabilities	587,931		-	587,931	100%	587,931	460,236	460,236
Contingent Liabilities of claim on Guarantee for Payment				-	200%	-	-	-
Total	5,029,157	-	199,883	4,829,274		4,216,549	4,267,504	3,755,672
Total Credit Risk (A+B)	88,168,202	4,617,141	739,406	82,811,655	-	69,617,586	74,588,462	63,354,638
Adjustment under Pillar II								
Add: 10% of the loan and facilities more than per client limitation under 6.4(a)(3)								
Add: 1 % of the loan sold with the condition of repurchase under 6.4(a)(4)								
Total Credit Risk (after adjustment under Pillar II)	88,168,202	4,617,141	739,406	82,811,655	-	69,617,586	74,588,462	63,354,638

Note : Due to lack of required information, all LC commitments has been shown under ECA Rating 3-6.

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Nepal Bank Limited

As at July 16, 2014 (Ashad 32, 2071)

Amount eligible for CREDIT RISK MITIGATION (CRM)

Schedule 4.30(C)
in Rs. thousand

Credit Amount	Deposits in one's own bank	Deposit in other banks	Gold	Govt. & NRB Securities	G'tee of Nepal Govt.	G'tee of government of other country	Guarantee of national banks	G'tee of multilateral development bank	Sec/G'tee of foreign banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
On Balance Sheet Transaction										
Cash Deposit										
Deposit with Nepal Rastra Bank										
Gold										
Investment into Government of Nepal bond										
Entire claims on Government of Nepal										
Investment made in Nepal Rastra Bank bond										
Entire claims on Nepal Rastra Bank										
Claims on Foreign government and Central Bank (ECA 0-2)										
Claims on Foreign government and Central Bank (ECA -2)										
Claims on Foreign government and Central Bank (ECA -3)										
Claims on Foreign government and Central Bank (ECA 4-6)										
Claims on Foreign government and Central Bank (ECA -7)										
Claims on BIS,IMF,ECB,EC and multilateral development banks										
Claims on other development banks										
Claims on Public Sector Entity (ECA Rating 0-1)										
Claims on Public Sector Entity (ECA Rating 2)										
Claims on Public Sector Entity (ECA Rating 3-6)										
Claims on Public Sector Entity (ECA Rating 7)										
Claims on domestic banks that meet capital adequacy requirements										
Claims on domestic banks that do not meet capital adequacy requirements										
Claims on Foreign Banks (ECA Rating 0-1)	346,709									346,709
Claims on Foreign Banks (ECA Rating 2)	459									459
Claims on Foreign Banks (ECA Rating 3-6)	157,695									157,695
Claims on Foreign Banks (ECA Rating 7)										
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										
Claims on Domestic Corporates										
Claims on Foreign Corporates (ECA Rating 0-1)										
Claims on Foreign Corporates (ECA Rating 2)										
Claims on Foreign Corporates (ECA Rating 3-6)										
Claims on Foreign Corporates (ECA Rating 7)										
Regulatory Retail Portfolio (Not Overdue)										
Regulatory Retail Portfolio (Overdue)										
Regulatory retail portfolio (with conditions except granularity)										
Claims secured by residential properties										
Claims not secured by residential properties										
Claims secured by residential properties (Overdue)										
Claims secured by Commercial real estate										
Past due claims (except for claim secured by residential properties)										
High Risk claims				7,400	27,260					34,660
Investment in equity and other capital instruments of institutions listed in the stock exchange										
Investment in equity and other capital instruments of institutions not listed in the stock exchange										
Other Assets										
Total	504,863	-	-	7,400	27,260	-	-	-	-	539,523

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Nepal Bank Limited

As at July 16, 2014 (Ashad 32, 2071)

Amount eligible for CREDIT RISK MITIGATION (CRM)

Schedule 4.30(C)

in Rs. thousand

Credit Amount	Deposits in one's own bank	Deposit in other banks	Gold	Govt. & NRB Securities	G'tee of Nepal Govt.	G'tee of government of other country	Guarantee of national banks	G'tee of multilateral development bank	Sec/G'tee of foreign banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Off Balance Sheet Transactions										
Commitment that may be withdrawn at any time										
Bills collection										
Advance exchange agreement										
LC Commitments With Original Maturity Up to 6 months domestic counterparty										-
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating 2)										-
foreign counterparty (ECA Rating 3-6)	137,274									137,274
foreign counterparty (ECA Rating 7)										-
LC Commitments With Original Maturity Over 6 months domestic counterparty										-
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating 2)										-
foreign counterparty (ECA Rating 3-6)	295									295
foreign counterparty (ECA Rating 7)										-
Bid Bond and Performance Bond and Counter guarantee domestic counterparty	50,401									50,401
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating 2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating 7)										-
Guarantee claimed but not paid										-
Commitment concerning underwriting										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Loans under Repurchase Agreements										-
Advance Payment Guarantee	12,208									12,208
Financial Guarantee	-									-
Acceptances and Endorsements										-
Unpaid portion of Partly paid shares and Securities										-
Irrevocable Credit Commitments (short term)										-
Irrevocable Credit Commitments (long term)										-
Other Contingent Liabilities										-
Total	200,178	-	-	-	-	-	-	-	-	200,178
Total Credit Risk	705,041	-	-	7,400	27,260	-	-	-	-	739,701

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Nepal Bank Limited

As at July 16, 2014 (Ashad 32, 2071)

OPERATIONAL RISK

Schedule 4.30(D)
in Rs. thousand

Particulars	Years before Ashad 31, 2071			Previous Year
	Year 1	Year 2	Year 3	
Net Interest Income	2,258,514	1,854,015	2,525,371	
Commission and Discount	261,296	252,631	263,016	
Other Operating Income	140,461	179,461	259,641	
Exchange Fluctuation Income	11,838.00	59,636	58,165	
Additional Interest Suspense account of this year	(258,630)	273,052	45,940	
Gross income (A)	2,413,479	2,618,795	3,152,133	
Specified percentage (Alfa) (B)	15%	15%	15%	
Net Income by the specified percentage {C=(AxB)}	362,022	392,819	472,820	
Capital necessary for operational risks (D)= average of (C)			409,220	356,122
Risk weight (reciprocal of capital requirement) (E)			10	10
Risk weight amount for operational risks (F)=(D)x(E)			4,092,200	3,561,220
Adjustment under Pillar II				
Incase the total income of the last three years according to 6.4(i) (8) is negative				
Total credits and advance (after the adjustment of the special provision)				
Capital required for operational risks				
Risk weight (reciprocal of capital requirement of 10) (G)				
Risk weight amount for operational risks (H)=(F)+(G)			4,092,200	3,561,220
Add: 3% of total income (adjustment made by supervisor due to weak operational risk)			945,640	469,157
Risk Weighted Assets for Operational Risk			5,037,840	3,661,557

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Nepal Bank Limited

MARKET RISK

As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.30(E)
in Rs. thousand

S. No.	Particulars	2071 Ashad end			2070 Ashad end
		Net Open Position of Foreign Currency (FCY)	Net Open Position of Foreign Currency (NC)	Relevant Net Open Position of Foreign Currency (NC)	Relevant Net Open Position of Foreign Currency (NC)
1	Indian Currency	107,646	172,234	172,234	122,649
2	American Dollar	10,865	1,042,505	1,042,505	816,930
3	Pound Sterling	1,356	221,954	221,954	210,496
4	Euro	6,587	852,852	852,852	924,997
5	SFR	-	-	-	-
6	Japanese Yen	310,284	291,357	291,357	296,876
7	Singapore Dollar	138	10,576	10,576	8,690
8	Australian Dollar	144	12,839	12,839	11,703
9	Canadian Dollar	289	25,633	25,633	50,915
10	Swiss Frank	218	23,223	23,223	53,718
11					
12					
Total Open Position (a)				2,653,173	2,496,974
Prescribed Percentage (b)				5%	5%
Capital required for Market Risk (c)=(a)x(b)				132,659	124,849
Risk Weight (reciprocal of capital requirement) (d)= (100/10)				10	10
Risk Weight amount for market risks (e)=(c)x(d)				1,326,590	1,248,490

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Nepal Bank Limited
Principal Indicators

Schedule 4.31

S.No.	Particulars	Indicators	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71
1	Percentage of Net Profit/ Gross Income	Percent	5.75	2.96	3.58	13.00	10.91
2	Earning Per Share	Rs.	65.56	33.74	46.36	198.53	18.08
3	Market Value Per Share	Rs.	-	-	-	171.00	459.00
4	Price Earning Ratio	Ratio	-	-	-	0.86	25.39
5	Dividend (including bonus) on Share Capital	Percent	-	-	-	-	-
6	Cash Dividend on Share Capital	Percent	-	-	-	-	-
7	Interest Income/ Loan & Advances	Percent	12.24	14.01	13.64	12.52	12.16
8	Staff Expenses/ Total Operating Expenses	Percent	71.29	48.07	42.28	41.67	47.12
9	Interest Expenses on Total Deposit and Borrowings	Percent	2.02	3.05	3.77	3.39	3.16
10	Exchange Gain/ Total Income	Percent	0.54	0.27	1.21	1.00	0.64
11	Staff Bonus/ Total Staff Expenses	Percent	0.85	1.73	0.83	-	-
12	Net Profit/ Loan and Advances	Percent	1.00	0.48	0.59	2.00	1.74
13	Net Profit/ Total Assets	Ratio	0.56	0.25	0.30	1.07	0.92
14	Total Credit/ Deposit	Percent	58.42	57.05	52.98	60.10	59.45
15	Total Operating Expenses/ Total Assets	Percent	9.32	6.84	7.68	6.57	6.79
16	Adequacy of Capital Fund on Risk Weighted Assets						
	a. Core Capital	Percent	(11.13)	(10.15)	(5.82)	(0.59)	3.92
	b. Supplementary Capital	Percent	-	-	-	-	0.63
	c. Total Capital Fund	Percent	(11.13)	(10.15)	(5.82)	(0.59)	4.55
17	*Liquidity (CRR)	Percent	23.65	25.67	25.09	22.53	9.60
18	Non-performing Credit/ Total Credit	Ratio	4.87	5.75	5.58	5.24	5.12
19	Weighted Average Interest Rate Spread	Percent	7.59	8.25	7.05	7.32	5.64
20	Book Net-worth	Rs.	(1,210)	(1,180)	(1,130)	(932)	21
21	Total Shares	No.	3,803,826	3,803,826	3,803,826	3,803,826	39,655,236
22	Total Staffs	No.	2,926	2,869	2,819	2,786	2,618

* Liquidity (CRR) has been calculated on the basis of year end balance of Cash, Bank and Deposit Liabilities

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Nepal Bank Limited

Forming Part of the Financial Statements for the FY 2070/71 (FY 2013/14)

Significant Accounting Policies

Schedule - 4.32

Nepal Bank Limited is a Limited Liability company registered with Nepal Government Company Registrar's Office under Company Act, 2063 and has received "A" class license from Nepal Rastra Bank to perform banking transactions under Bank and Financial Institutions Act, 2063. The bank was established in Kartik 30, 1994 B.S (November 15, 1937 A.D) as the first Commercial Bank of Nepal. The registered office of this bank is located at Dharmapath, Naya Sadak, Kathmandu. The Management of this bank was taken over by Nepal Rastra Bank under its control since Chaitra 01, 2058 B.S (March 14, 2002 A.D) and was handed over to the shareholders from Mangsir 28, 2071 B.S (December 14, 2014 A.D). The Financial Statements are presented in Nepalese Rupees and are rounded off to nearest rupee.

The Financial Statements of the bank are prepared in conformity with Nepal Accounting Standards and directives as well as formats prescribed by Nepal Rastra Bank. The significant accounting policies followed by the bank are as follows. Except otherwise mentioned, these policies have been consistently complied with. The attached financial statements are approved by the Board of Directors on Poush 30, 2071 B.S (January 14, 2015 A.D).

1) Income Recognition:-

The revenues of the bank are recognized on accrual basis except for the following:

- i) Interest income on loans and advances is accounted for on cash basis, which is not in line with Nepal Accounting Standard.
- ii) Discount and commission, service fees and rental income from safe deposit vault are accounted for on cash basis.

2) Expense Recognition:-

All expenses of the bank are recognized on accrual basis of accounting except insurance premium expenses and payment of bank employee's pension from branches.

3) Exchange Fluctuation Adjustment Policy:-

- i) All foreign currency transactions during the year have been accounted at the exchange rates prevailing on the date of such transactions. The foreign currency assets and liabilities as at the close of the accounting year have been translated at the buying rate prevailing at that date.
- ii) Foreign currency exchange trading gain or losses are reflected in the profit and loss account.
- iii) With regard to revaluation gain or loss arising from foreign currency, adjustment has been made to exchange fluctuation fund as per directive issued by Nepal Rastra Bank. Accordingly, revaluation gain during this year Rs. 2,338 thousand (25% of revaluation gain Rs. 9,352) is transferred to exchange fluctuation fund.

4) Fixed Assets and Depreciation:-

- i) The fixed assets of the bank are accounted for on historical cost concept.
- ii) The depreciation on fixed assets is charged on the basis of Reducing Balance Method at the rates and method specified in the Income Tax Act, 2058 which is not in line with Nepal Accounting Standard and the value of fixed assets (except vehicles) whose written down value has come down to Rs. 2,000 or less, has been written off as depreciation expenses.

5) Non Capitalized Assets:-

Fixed Assets costing up to Rs. 2,000 are fully charged as expense in the year of purchase rather than capitalizing. The payment of Rs. 6,279,801/- for construction of commercial complex and others of the bank under progress is accounted as Capital Work In Progress (Capital WIP).

6) Investments:-

- i) The bank has policy of valuating the investments held for 'Long Term Holding Motive' on Amortized Cost basis. Amortized Cost is calculated by deducting impairments from cost price and has policy of charging to profit and loss account of the related period.
- ii) Investments (held for trading) held for profit motive in short term from change in price will be valued at market price on daily basis (marked to market on daily basis) and have policy of including such price differentiation in profit and loss account.
- iii) All other investments which do not fall under 'held for trading' and 'held to maturity' are categorized as 'available for sale' and will be valued at market price on daily basis (marked to market on daily basis) and the difference will be adjusted through reserves. Policy has been made to maintain up to 2 percent of portfolio available for sale in 'Investment Adjustment Reserve' which will be counted as Supplementary or Tier 2 Capital.
- iv) Investments in the shares of listed companies are accounted at the lower of cost or market value. Requisite provisioning has been made where market value is less than the cost price and netted off against the amount of investment.

Similarly investments in shares of unlisted companies are valued at cost. As per directive of Nepal Rastra Bank, provision of equal value has been made on such investment and netted off against the amount of investment.

7. Non Banking Assets:-

Where the amount of the valued asset is more than principle and interest of the loan, Non Banking Asset is accounted up to the sum of principle and interest of that loan. In case the amount of valued asset is less than principle and interest of the loan, the Non Banking Asset is accounted up to the valued amount of the asset and adjustment will be made first to the interest receivable and remaining amount to the principle of the loan and policy has been made to write off the remaining balance of principle or interest as per bank's Loan Write Off Bylaws.

With regard to the Non-banking assets, provision has been made as per the bank's policy to provide cent percent provision on this account.

8. Loans, Advances and Bills Purchase:-

This head comprises direct loans disbursed to the customers, which are classified on risk basis as prescribed by directives of Nepal Rastra Bank. Net amount is presented in balance sheet after deducting loan loss provision from Loans, Advances and Bills Purchase.

To reduce the underlying risk in bank's loans and investments; loans, advances and bills purchase are classified as per directive of Nepal Rastra Bank and provision of 1 to 100 percent is made.

One percent provision has been made to Non- Performing Loans, Advances and Bills Purchase which is paid after the date of year end and before the date of approval of financial statements by the Management Committee.

9. Loan Write Off:-

Book Write-off Policy has been adopted by keeping continuous claim on such loans if "the loan is overdue for five years and cent percent provision has been made" as mentioned in directive of Nepal Rastra Bank and the bank has an opinion/ thinks that the loan will not be recovered.

Principle and interest recovered out of write off loans from accounts will be recognized as income at the year of receipt.

10. Employee Retirement Benefit:-

i. Provision for Payment of Retirement Benefit:

For Retirement Benefit Liability arising on account of retirement gain of bank's employees as per Employee Bylaws - 2068 (with amendment), policy is made to transfer the actual amount paid this year to the approved retirement fund on the basis of past years' Actuarial Valuation.

Certain amount will be fixed in retirement benefit fund and immediate payment will be made to all eligible amount up to the interest earned from that fund, however if the interest earned to that fund is short to serve all the eligible amount then 50 percent of the amount will be paid immediately at the time of retirement and remaining half amount will be paid in chronological order from the date of issue of Credit Note.

ii. Employee Gratuity Provision:

For Gratuity Liability arising on account of retirement gain of bank's employees as per Employee Bylaws - 2068 (with amendment), policy is made to transfer the actual amount paid this year to the approved retirement fund on the basis of past years' Actuarial Valuation.

iii. Pension Provision of Working Employees:

For Pension Liability that would arise after retirement of presently working employees who have joined the bank before Falgun 02, 2050 (February 14, 1994) as per Employee Bylaws - 2068 (with amendment), policy is made to transfer the actual amount paid this year to the approved retirement fund on the basis of past years' Actuarial Valuation.

iv. Provision/ Payment of Pension of Retired Employees:

On the basis of past years' Actuarial Valuation, payment made to retired employees against pension is transferred to the approved retirement fund.

v. Amount against Leave:

Payment against employee leave is accounted on accrual basis after ascertaining the actual amount as per Employee Bylaws - 2068 (with amendment).

11. Employee Housing Fund:-

Bank has been providing housing loan to its employees as per Employee Bylaws and considering the practices followed by other identical financial institutions, the bank has not provided for a separate Employees Housing Fund as per Labor Act, 2048.

12. Provision for Income Tax:-

Policy of provisioning income tax liability is made on the basis of prevailing Income Tax Act and Regulation.

13. Deferred Tax:-

As per Nepal Accounting Standard - 9, Deferred Tax has been accounted based on assets and liabilities. Deferred Tax has been accounted with an objective of keeping record of tax asset and liability arising from Temporary Difference between amount of asset and liability in financial statement and their tax base. To measure the deferred tax asset and liability, estimate has been made for the tax rate which is made applicable by the act in the year when the temporary difference will be adjusted or existing tax rate. Further, deferred tax asset has been recognized with an estimate of generating adequate taxable income in future and adjustment to be made with that taxable income.

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Nepal Bank Limited

Notes to Accounts

Forming Part of the Financial Statements for the FY 2070/71 (FY 2013/14)

Schedule 4.33

1. Borrowings (Subsidiary Financial Agreement)

As a part of Financial Sector Reform Project funded by International Development Agencies to Government of Nepal, bank has entered into subsidiary agreement with Nepal Rastra Bank as on Ashad 15, 2061 (June 29, 2004) for providing financial support (loan) to Employee Voluntary Retirement Scheme for SDR 14,934,625 payable in 30 years period (including 10 years grace period) and payment will start from Baisakh 2071. Within that reform project, bank has entered into additional subsidiary agreement with Nepal Rastra Bank as on Magh 18, 2062 (January 31, 2006) for providing financial support (loan) to continue Management Contract for SDR 2,085,000 payable in 30 years period (including 10 years grace period) and payment will start from Baisakh 2071. As per the agreements, bank has to pay 0.50 percent p.a. commitment fee on the amount not drawn and 0.75 percent p.a. service fee on the amount drawn.

As per the letter of Nepal Government, Ministry of Finance, Financial sector Management Division, dated 2071/03/25, dispatch no. 829 (as per the decision of Government of Nepal's Council of Ministers on 2071/03/20), permission was granted to convert SDR Loan 14,934,625 into ordinary share capital and accordingly Rs. 2,499,478,200 was converted into ordinary share capital and such amount is shown in Calls in Advance under Share Capital. Remaining interest payable on such loan is Rs.15,183 thousand. The advance amount, received from Government of Nepal, converted to paid-up capital is yet to be approved by the General Meeting and after this the share ownership ratio of the bank will differ.

2. Provision for Employee Bonus

As per Bonus Act, 10 percent of the net profit (after providing provision for employee bonus) Rs. 97,838 to be provisioned in this FY 2070/71 (FY 2013/14) for employee bonus has not been made. As per the direction received from Nepal Rastra Bank on 2070/09/18 (January 02, 2014), via letter no. Ba.Bi.Ni.Bi./B.R.1/Ne.Ba.Li.17/070/71 for making arrangements of not distributing bonus until recovery of cumulative loss, provision for employee bonus has not been made in this FY 2070/71 (FY 2013/14).

3. Payment of Pension

As per the policy of the bank, pension payment made to the employees is not immediately recognized as expenses. The amount is booked as expense only when all the documents of such payment is reviewed and found correct by the bank. The payment made but expense not booked by the bank in this FY 2070/71 (FY 2013/14) is Rs. 68,130 thousand.

4. Inter-Branch Reconciliation

The reconciliation of inter-branch accounts is completed up to Jestha end 2071 (Mid June 2014) and the statement of outstanding reconciliation is as follows:

Rs. in Thousand

Outstanding Period	Up to Jestha end 2071 (Mid June 2014)	
	Credit Outstanding	Debit Outstanding
Till 1 Year	15,627,322	22,916,979

From 1 year to 3 Years	3,897,794	4,972,287
More than 3 Years	20,142,222	20,291,907
Total	39,667,338	48,181,173

Rs. 1,386,667,478 pending in inter branch account has been shown in Schedule 4.16 under the head other assets.

5. Draft Paid Without Notice

The outstanding amount in Draft Paid without Notice account as on Ashad end 2071 (Mid July, 2014), which will be adjusted subsequently with inter branch account is as follows.

Period	Rs. in thousand
Till 1 Year	993,886
From 1 year to 3 Years	39,212
More than 3 Years	110,767
Total	1,143,865

6. Agency Reconciliation

As per the reconciliation of agency bank of Ashad end 2071 (Mid July 2014), the consolidated statement of pending detail is as follows:

Rs. in Thousand

Outstanding Period	Ledger Outstanding		Statement Outstanding	
	Credit	Debit	Credit	Debit
Till 1 Year	20,153	39,543	356,994	333,472
From 1 year to 3 Years	27,888	453	1,860	8,434
More than 3 years	75,928	183,445	104,276	75,974
Total	123,969	223,441	463,130	417,880

7. Change in Loans and Advances

The statement of disbursement, collection and outstanding balance of Loans and Advances is as follows. This statement does not include staff loans.

Rs. in Thousand

Particulars	Principle Amount
Outstanding as on Ashad end 2070 (Mid July 2013)	37,851,966
Additional loan disbursed during the year	<u>3,828,228</u>
Total	<u>41,680,194</u>
Collection during this year	461,897
Write off during this year	-
Total Recovery and Write off	<u>461,897</u>
Outstanding as on Ashad end 2071 (Mid July 2014)	41,218,297

Additional loan disbursed and collections are inclusive of renewed loan facilities.

The bank has waived interest (inclusive of simple interest, compound interest and penalty) amounting to Rs. 496,741 thousand in the course of recovering non-performing loans.

8. Provision for Possible Losses

8.1) Loan Loss Provision

Loan Loss Provision on outstanding loans and advances (including priority sector loan), including bills purchase, as at the year-end has been made as per the classification and rates prescribed by Nepal Rastra Bank.

8.2) Non Banking Assets

Bank has total Non Banking Assets equivalent to Rs. 242,177 thousand. Provision amounting to Rs. 37,829 thousand has been written back from provision account to income towards Non Banking Assets that has been sold off during this year and additional provision of Rs. 15,713 thousand has been made this year for the Non Banking Asset recognized this year. Bank has adopted policy of making cent percent provision on account of Non Banking Assets.

8.3) Provision on Liabilities for Accumulated Leave

Rs. 84,297 thousand that has been paid as accumulated leave to the employees in FY 2070/71 (FY 2013/14) is booked as expenses. As at Ashad end 2070 (Mid July 2013), there is liability of Rs. 309,351 thousand on account of employee's accumulated leave which later stands at Rs. 291,293 thousand in FY 2070/71 (FY 2013/14). So the excess provision of Rs. 18,058 thousand is written back. As per the provisions of the bank, the leave of contract employees would not be accumulated and hence no provision has been made in this regard.

8.4) Provision for Possible Loss on Investment

As per the directive of Nepal Rastra Bank, provision for possible loss on investment is made of Rs. 37,589 thousand in this FY 2070/71 (FY 2013/14) for investment in shares. Provision for possible loss on investment during last year was Rs. 79,085 thousand. In this FY 2070/71 (FY 2013/14), market price of shares of Rural Microfinance Development Centre and Sana Kisan Bikash Bank is higher than the cost price. Hence, provision made on such shares Rs. 41,496 thousand is written back.

There is Rs. 17,594 thousand in Investment Adjustment fund in this FY 2070/71 (FY 2013/14).

9. Loan Write Off and Recovery

Bank has not written off any loans this fiscal year and Rs. 337,699 thousand has been recovered out of written off loans' principal. The statement of outstanding/ recovery of write off loans up to this fiscal year are as follows.

					Rs. in thousand
S.N	Particulars	Number of Loans	Principle	Interest	Total
1	Written off loans up to Previous Year 2069/70 Asadh end (2012/13 Mid July)	1156	3,004,000	24,222,306	27,226,306
2	Written off Loans during F.Y. 2070/71 (FY 2013/14)	-	-	-	-
3	Recovery from written off Loans during F.Y. 2070/71 (FY 2013/14)	31	56,963	74,720	131,683

4	Outstanding written off Loans during F.Y. 2070/71 (FY 2013/14)	1125	2,947,037	24,147,586	27,094,623
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10. Change in Deposits

The deposit has increased by Rs. 6,353,260 thousand in the current year as compared to previous year.

Types of Deposit	Rs. in Thousand		
	<u>2070/03/31</u>	<u>2071/03/31</u>	<u>Change</u>
<i><u>Non Interest Bearing Accounts</u></i>			
Current Account	13,757,306	15,504,551	1,747,245
Margin	132,052	200,179	68,127
Others	869,418	479,092	-390,326
<i><u>Interest Bearing Accounts</u></i>			
Saving Account	28,232,163	33,348,780	5,116,617
Fixed	12,651,262	12,122,995	-528,267
Money at Call & Short Notice	7,342,149	7,682,013	339,864
Total Deposit	62,984,350	69,337,610	6,353,260

11. Average Interest Spread

The interest spread for this fiscal year calculated on the basis of averages of fiscal year's opening and closing balances of deposits and loans and advances are as follows:

Average interest recovered on loans, advances and investment	8.89	Percent
Average interest paid on deposits and loans	3.25	Percent
Average interest spread	5.64	Percent

12. Deferred Expense (Income)

- Out of outstanding write off expense, write off made during this year of Rs. 675 thousand is included in other write off expense and equivalent amount is transferred to other income from deferred revenue.
- The bank has taken the policy of deferring the premium paid or discount amount at the time of purchase of long-term foreign bonds till the maturity period of the bonds and the proportionate amount of the deferred expenditure will be adjusted/ included in profit and loss account every year. Accordingly Rs. 6,664 thousand has been written off in this year.

13. Employee Retirement Expense

Retirement Benefit of Rs. 334,448 thousand paid to retired employee during this fiscal year has been accounted under employee expenses and such amount has been deposited in retirement fund.

Gratuity amounting Rs. 173,974 thousand paid to retired employee during this fiscal year has been accounted under employee expense which has been deposited in retirement fund.

Pension Amounting Rs. 469,292 thousand paid to retired employee during this year has been accounted under employee expense and such amount has been deposited in retirement fund, Also the pension amount of Rs. 254,386 thousand paid to existing pensioner during this fiscal year has been accounted under employee expense.

14. Income Tax and Provision

As per prevailing tax rules and regulations Rs 340,558 thousand has been provided for income tax liability.

Income tax assessment of the bank has been completed and settled till FY 2059/60 and income tax return has been submitted to Inland Revenue Office till FY 2069/70. Following tax assessment has been made by the Inland Revenue Department, Large Tax Payer's Office for the fiscal year 2061/62 , 2062/63 and 2063/64.

Particulars	Rs. In Thousand		
	Fiscal Year		
	2061/62	2062/63	2063/64
As per income tax return of the bank	-	-	-
As per tax assessment of the tax office	387,149	554,731	92,075

The bank has filed an appeal to the Revenue Tribunal Kathmandu due to disagreement in the amended tax assessment made by Inland Revenue Department, Large Tax Payer's Office for the fiscal year 2061/62, 2062/63 and 2063/64 and Revenue Tribunal Kathmandu has given the verdict in favor of large Tax Payer's Office amended tax assessment, against which case has been filed to Supreme Court. The bank has filed an appeal to the Revenue Tribunal Kathmandu upon the disagreement in the amended tax assessment made by Inland Revenue Department, Large Tax Payer's Office for the fiscal year 2064/65.

Tax amount amended by the Inland Revenue Department, Large Tax Payer's Office for the above fiscal years are accounted as contingent liabilities and if any liability arises during final tax assessment, expense will be booked in the year of that assessment.

Also, Inland Revenue Department, Large Tax Payer's Office has conducted tax audit upto FY 2067/68 and the amended tax determined by the Office has already been accepted by the bank. Self assessed tax amount was Rs. 169,235 thousand but the amended tax assessed by the Office was Rs. 177,358 thousand, so the deficit amount of Rs. 8,123 thousand was booked as expenses in the current FY 2070/71.

15. **Deferred Tax**

Deferred tax income arising from temporary difference of deductible tax expense as per Nepal Accounting Standard 9 (NAS 09) has been calculated and recognized as income in profit and loss account. Deferred tax asset for this year has been presented in Schedule 16. Deferred tax asset and liability has been calculated on the basis of 30 percent tax rate.

Particulars	Fixed Assets	Outstanding Deferred expense for write off	Provision against leave	Total
Account base	358,381,710	21,646,836	291,292,716	671,321,262
Tax base	365,217,775	-	-	365,217,775
Difference	6,836,065	(21,646,836)	291,292,716	276,481,945
This Year Deferred Tax Asset	2,050,820	(6,494,051)	87,387,815	82,944,584
Previous Year Deferred Tax Asset	3,902,822	(3,188,523)	92,805,293	93,519,592
Deferred Tax Income (Expense)	(1,852,003)	(3,305,528)	(5,417,478)	(10,575,009)

16. Income Expense of Previous Period

Income of Rs. 339 thousand relating to previous year has been included in other income.

17. Contingent Liabilities

Against the deferred payment guarantee issued by the bank, claim amounting to 94,566 thousand (equivalent to American Dollar 989,700.23) has been received from the beneficiary, which the bank has restrained from honoring due to stay order from the court. Thus there exists contingent liability for the same up to that amount for which no security is available.

18. Table of Liquidity Statement

The liquidity position of the bank as of the close of the bank is as follows:

	<u>Rs. in Thousand</u>			
Period	Assets	Liability	Gap	Cumulative Gap
Up to 3 months	24,780,406	19,935,508	4,844,898	4,844,898
3 to 6 months	7,377,499	2,987,973	4,389,526	9,234,424
6 to 9 months	5,477,622	2,468,990	3,008,632	12,243,056
9 to 12 months	6,666,213	2,401,697	4,264,516	16,507,572
More than 1 years	34,720,334	47,715,702	(12,995,368)	3,512,204

19. Capital Fund

The statement of capital adequacy is provided in Schedule 30 of the financial statement.

20. Fraction Share

The bank has issued Bonus Share in the ratio of 2:3 as per the resolution of its 52nd Annual General Meeting held on 2052/06/27 and included in share capital inclusive of 223 bonus shares, which could not be distributed due to odds lots. Therefore if the value of these shares are settled by adjustment or otherwise paid in cash, the amount of paid up capital will change accordingly.

21. Changes in Reserve Fund

- i) From the profit of this fiscal year, Rs. 143,392 thousand (20 percent of the net profit) has been transferred to General Reserve Fund.
- ii) In this fiscal year, assets sold as per capital plan made a profit of Rs. 523,749 thousand, in which income tax provision and general reserve fund is deducted to arrive at Rs. 293,299 thousand which was transferred to Special Reserve Fund as per Nepal Rastra Bank's circular no. Ba.Bi.Ni.Bi/B.R.1/NeBaLi/16/068/69, dated 2068/07/30 (November 16, 2011).

22. Hand Over of Management of the Bank taken by Nepal Rastra Bank (Events after Balance Sheet Date)

The management of the bank was taken over by Nepal Rastra Bank under its control from 2058/12/01 to 2071/08/28 and formed Management Committee equivalent to Board of Directors. For the operation of the bank, Management Team was formed by appointing one member as coordinator of the Management Team.

In this fiscal year, the management of the bank that was taken over by Nepal Rastra Bank was handed over back to the shareholders on 2071/08/28 and provision is made for keeping 7

members Board of Directors among which 4 shall be appointed by Government of Nepal, 2 shall be elected and 1 member shall be an expert. According to this provision, currently the bank has 5 members among which 2 are elected and 3 are nominated by Government of Nepal.

23. Statement of Related Party

The bank has taken share ownership of 50.90 percent of total paid up capital of Nepal Insurance Company Ltd. In this fiscal year 2070/71 (FY 2013/14), insurance premium of Rs. 31,076 thousand has been paid to Nepal Insurance Company Ltd.

24. Facilities to the Key Persons of the Management

During this fiscal year, Rs. 2,801 thousand as meeting allowance and Rs. 1,496 thousand as meeting expenses of Management Committee have been incurred.

Also, salary of Rs. 759 thousand and vehicle is made available to the Coordinator of Management Team.

25. Share Capital (Right Share)

The bank has issued 36,196,174 numbers of right shares to the shareholders in the ratio of 1:9.515728 from 2070/02/09 to 2070/03/27 among which 33,360,606 shares were sold and the remaining 2,490,804 shares were sold through auction. 35,851,410 shares were allotted from which Rs. 3,585,141,000 were received and such amount is included in share capital of this fiscal year. Shares sold through auction fetch share premium of Rs. 90,551,535 which is presented in Reserve and Surplus

Since 344,764 shares are under litigation in the court, Rs. 34,476,400 has not been calculated in share capital.

Date: 2071/09/30
Kathmandu

As per Our Report of Even Date

sd/-	sd/-	Board of Directors		sd/-	sd/-
Durga Raj Regmi	Maheshworlal Shrestha	Madhusudan Pokhrel	Chairman	sd/-	CA Sudarshan Raj Pandey
General Manager	Chief Executive Officer				Senior Partner
		Janardhan Sharma Acharya	Member	sd/-	S.R. Pandey & Co.
sd/-	sd/-				Chartered Accountants
Mahabir Prasad Risal	Pushpa Prasad Shrestha	Dr. Dambar Bahadur Bhandari	Member	sd/-	
Chief Manager	Deputy General Manager				
		Nischal Pradhan	Member	sd/-	
		Surendra Bahadur Singh	Member	sd/-	

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Nepal Bank Limited

Details of Loan taken by Promotor/Promotor Group under security of the Shares from Other Bank and Financial Institution
As at July 16, 2014 (Ashad 32, 2071)

Schedule 4.34

S.No.	Name of Shareholders belonging to Promotor/Promotor Group	Shares under ownership of Promotor		Loan Details			Remarks
		Total No. of Shares	% on Total Paid Up Capital	Name of Other Bank/FI fromwhere Loan taken	Loan Amount (Rs.)	No of Shares as Security	
1							
2							
3							
4							
5							

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Nepal Bank Limited**Comparison of Unaudited and Audited Financial Results****As at July 16, 2014 (Ashad 32, 2071)**Schedule 4.35
in Rs. thousand

S.No.	Particulars	As per Unaudited Published	As per Audited Financial	Variance		Reasons for Variance
				In Amount	In %	
1	Total Capital and Liabilities (1.1 to 1.7)	79,940,065	80,427,518	(487,453)	(0.61)	
1.1	Paid up Capital	6,465,002	6,465,002	-	-	-
1.2	Reserve and Surplus	(2,598,953)	(3,117,914)	518,961	(19.97)	Due to undermentioned impacts
1.3	Debenture and Bond	-	-	-	-	-
1.4	Borrowings	-	-	-	-	-
1.5	Deposits (a+b)	69,340,794	69,337,610	3,184	0.01	Due to late received of statements from some rural branch
	a. Domestic Currency	69,132,359	69,129,280	3,079	-	Due to late received of statements from some rural branch
	b. Foreign Currency	208,435	208,330	105	0.05	Due to late received of statements from some rural branch
1.6	Income Tax Liability	-	-	-	-	-
1.7	Other Liabilities	6,733,223	7,742,820	(1,009,597)	(14.99)	Heading reclassification
2	Total Assets (2.1 to 2.7)	79,940,065	80,405,401	(465,336)	(0.58)	
2.1	Cash and Bank Balance	6,655,068	6,659,558	(4,490)	(0.07)	Due to late received of statements from some rural branch
2.2	Money at Call and Short Notice	-	-	-	-	-
2.3	Investments	22,664,106	22,664,106	-	-	-
2.4	Loans and Advances	41,195,986	41,218,297	(22,311)	(0.05)	Due to late received of statements from some rural branch
	a. Real State Loan	1,666,530	1,666,530	-	-	-
	1. Residential Housing Loan(Except personal housing loan upto Rs.1crore)	111,582	111,582	-	-	-
	2. Commercial Building and Residential Apartment Loan	291,656	291,656	-	-	-
	3. Commercial Complex Loan	336,804	336,804	-	-	-
	4. Other Real State Loan(including land purchase and plotting loan)	926,488	926,488	-	-	-
	b. Personal housing Loan upto Rs 1crore	2,595,625	2,595,625	-	-	-
	c. Margin Loan	1,299,036	1,299,036	-	-	-
	d. Term Loan	7,787,773	7,787,773	-	-	-
	e. Overdraft Loan	16,789,321	16,789,321	-	-	-
	f. Others	11,057,701	11,080,012	(22,311)	(0.20)	Due to late received of statements from some rural branch
2.5	Fixed Assets	394,401	389,504	4,897	1.24	Depreciation adjustment in Fixed assets, Interbranch reconciliation
2.6	Non Banking Assets	242,177	242,177	-	-	-
2.7	Other Assets	8,788,327	9,231,759	(443,432)	(5.05)	Heading reclassification and interbranch reconciliation
3	Profit and Loss Account					
3.1	Interest Income	5,009,776	5,011,228	(1,452)	(0.03)	Recognition of missed income
3.2	Interest Expense	2,185,476	2,187,646	(2,170)	(0.10)	Recognition of missed expenses
A.	Net Interest Income (3.1-3.2)	2,824,300	2,823,582	718	0.03	-
3.3	Fees, Commission, Discount	229,739	238,341	(8,602)	(3.74)	Recognition of missed income
3.4	Other Operating Income	363,241	252,249	110,992	30.56	Heading reclassification
3.5	Foreign Exchange Gain/Loss (Net)	148,868	42,333	106,535	71.56	Adjustment of income booked in excess
B.	Total Operating Income (A+3.3+3.4+3.5)	3,566,148	3,356,505	209,643	5.88	-
3.6	Staff Expenses	2,083,293	2,496,478	(413,185)	(19.83)	Recognition of missed expenses
3.7	Other Operating Expenses	581,997	613,923	(31,926)	(5.49)	Recognition of missed expenses
C.	Operating Profit Before Provision (B-3.6-3.7)	900,858	246,104	654,754	72.68	-
3.8	Provision for possible losses	200,551	252,052	(51,501)	(25.68)	Heading reclassification, change in provision amount.
D.	Operating Profit (C-3.8)	700,307	(5,948)	706,255	100.85	-
3.9	Non Operating Income/Expenses (Net)	542,732	665,483	(122,751)	(22.62)	Heading reclassification, change in provision amount.
3.10	Write Back of Provision for Possible Loss	434,329	359,716	74,613	17.18	Heading reclassification, change in provision amount.
E.	Profit from Regular Activities (D+3.9+3.10)	1,677,368	1,019,251	658,117	39.24	-
3.11	Extraordinary Income/Expenses (Net)	62,772	56,963	5,809	9.25	Heading reclassification
F.	Profit before Bonus and Taxes (E+3.11)	1,740,140	1,076,214	663,926	38.15	-
3.12	Provision for Staff Bonus	-	-	-	-	-
3.13	Provisions for Tax	504,221	359,256	144,965	28.75	Difference in income tax and deferred tax after audit
G.	Net Profit/Loss (F-3.12-3.13)	1,235,919	716,958	518,961	41.99	-

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Nepal Bank Limited
Unaudited Financial Results
F.Y. 2013/14 (2070/71) (Fourth Quarter)

Schedule 4.36
in Rs. thousand

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	79,940,066	79,547,254	73,782,296
1.1	Paid Up Capital	6,465,002	3,965,524	3,716,443
1.2	Reserve and Surplus	(2,598,953)	(3,450,834)	(3,889,099)
1.3	Debenture and Bond	-	-	-
1.4	Borrowings	-	2,433,110	2,342,739
1.5	Deposits (a+b)	69,340,794	65,901,540	62,988,852
	a. Domestic Currency	69,132,359	65,643,805	62,762,756
	b. Foreign Currency	208,435	257,735	226,096
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	6,733,223	10,697,914	8,623,361
2	Total Assets (2.1 to 2.7)	79,940,066	79,547,254	73,782,296
2.1	Cash and Bank Balance	6,655,068	10,296,531	14,184,211
2.2	Money at Call and short Notice	-	-	200,000
2.3	Investments	22,664,106	19,764,002	10,976,762
2.4	Loans and Advances	41,195,986	38,607,723	37,855,281
	a. Real State Loan	1,666,530	1,654,587	2,065,854
	1. Residential housing loan(except housing loan upto Rs.1 crore)	111,582	110,694	74,058
	2. Commercial building and residential apartment loan	291,656	291,556	428,770
	3. Commercial complex loan	336,804	336,804	368,024
	4. Other real state loan (including land purchase and plotting loan)	926,488	915,433	1,195,002
	b. Personal Housing Loan upto Rs 1 crore	2,595,625	2,453,335	2,315,036
	c. Margin Loan	1,299,036	1,220,186	1,698,292
	d. Term Loan	7,787,773	7,265,430	7,328,993
	e. Overdraft Loan, T.R. Loan, Working Capital Loan	16,789,321	15,079,381	14,038,055
	f. Others	11,057,701	10,934,804	10,409,051
2.5	Fixed Assets	394,401	380,473	385,517
2.6	Non Banking Assets	242,177	246,310	264,292
2.7	Other Assets	8,788,327	10,252,215	9,916,233
3	Profit and Loss Account	Up to This Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
3.1	Interest Income	5,009,776	3,498,073	4,716,229
3.2	Interest Expense	2,185,476	1,641,376	2,194,297
	A. Net Interest Income (3.1-3.2)	2,824,300	1,856,697	2,521,932
3.3	Fees, Commission and Discount	229,739	152,846	225,826
3.4	Other Operating Income	363,241	200,961	259,368
3.5	Foreign Exchange Gain/Loss (Net)	148,868	119,901	84,848
	B. Total Operating Income (A.+3.3+3.4+3.5)	3,566,148	2,330,405	3,091,975
3.6	Staff Expenses	2,083,293	1,526,210	1,867,702
3.7	Other Operating Expenses	581,997	371,661	498,930
	C. Operating Profit Before Provision (B.-3.6-3.7)	900,858	432,534	725,342
3.8	Provision for Possible Losses	200,551	139,829	364,339
	D. Operating Profit (C.-3.8)	700,307	292,705	361,004
3.9	Non Operating Income/Expenses (Net)	542,732	8,525	86,392
3.10	Write Back of Provision for Possible Loss	434,329	207,454	440,077
	E. Profit from Regular Activities (D.+3.9+3.10)	1,677,369	508,683	887,473
3.11	Extraordinary Income/Expenses (Net)	62,772	33,158	335,045
	F. Profit before Bonus and Taxes (E.+3.11)	1,740,141	541,841	1,222,518
3.12	Provision for Staff Bonus	-	-	111,138
3.13	Provision for Tax	504,221	157,803	319,875
	G. Net Profit/Loss (F.-3.12-3.13)	1,235,919	384,038	791,505
4	Ratios	At the End of this Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund/Risk Weighted Assets	5.26%	0.88%	-0.49%
4.2	Non Performing Loan/Total Loan	4.74%	5.33%	4.53%
4.3	Total Loan Loss Provision/Total NPL	105.67%	106.42%	116.28%
4.4	Cost of Fund	4.08%	4.15%	4.52%
4.5	Credit Deposit Ratio(as per NRB)	56.43%	58.36%	60.48%
4.6	Base Rate	8.07%	7.39%	9.40%

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Nepal Bank Limited

**Annual Report related to Sub Rule 1 of Rule 22 of
Securities Registration and Issuance Regulation, 2065**

1. Report of the Board of Directors:

Included in the Annual Report.

2. Auditor's Report:

Included in the Annual Report.

3. Audited Financial Report:

Included in the Annual Report.

4. Detail relating to legal actions:

a. If any case filed by or against the corporate bodies during the quarter:

There is no other major case except those arising in normal course of banking business related to loan recovery.

b. If any case relating to commission of disobedience or criminal offence filed by or against the promoter or director of organized institution:

No such information has been received.

c. If any case relating to commission of financial crime filed against any promoter or director:

No such information has been received.

5. Analysis of share transaction and progress of organized institution:

a. Management view on share transaction of the organized institution at Securities Market:

Price and transactions of the bank's shares are being determined by the open share market operations through a duly established stock exchange. So, management view on this is neutral.

b. Maximum, minimum and last share price of organized institution including total transacted number of shares and transacted day during each quarter of FY 2070/71 (FY 2013/14):

Price and transactions of the bank's shares are being determined by the open share market operations through a duly established stock exchange. So, management view on this is neutral.

Quarter	Maximum Price (Rs.)	Minimum Price (Rs.)	Last Price (Rs.)	Number of Traded Shares	Transacted Days
First	182	147	170	2,32,518	58
Second	381	157	356	40,82,263	53
Third	384	300	319	33,77,426	55
Fourth	477	303	459	25,43,593	62

6. Problem, Challenge and strategy:

a. Problem and Challenge:

Internal

- Achieving Minimum Capital Adequacy Ratio.
- Lack of Core Banking Software.
- Increased employees and administrative expenses.
- Increased Turnover of human resources.

External

- Increased competition in banking business.
- Risky and limited investment environment.
- Unstable political and economic situation.
- Increased inflation.

b. Strategy to solve problem and challenge:

- Sale of unutilized banking assets.
- Proper management of employees as per five years human resources plan.
- Purchase of Core Banking Software.
- Periodic monitoring of the market and preparing strategy on such manner that suits the current state of affairs.
- Identifying and enlarging new investment areas and opportunities.
- Regular monitoring and analysis of employees and administrative expenses.
- Targeting excellent quality loans and borrowers.

7. Corporate Governance:

- High priority is always given to corporate governance and has complied with the directive and circulars related to corporate governance issued by Nepal Rastra Bank.
- Audit Committee is formed to manage the internal control system. Audit committee implements the recommendations and directions given by external and internal auditor as well as gives suggestions and recommendations to the management to strengthen the internal control system.
- Bank's Board of Directors and management are committed to maintain high standards of corporate governance.

8. Detail of special events or circumstances related to sub rule 5 of rule 22:

3,58,51,410 shares has been listed which were received from the issue of right shares in previous FY 2069/70 (FY 2012/13) in the ratio of 1:9.515728 along with the auctions of shares in this FY 2070/71 (FY 2013/14).