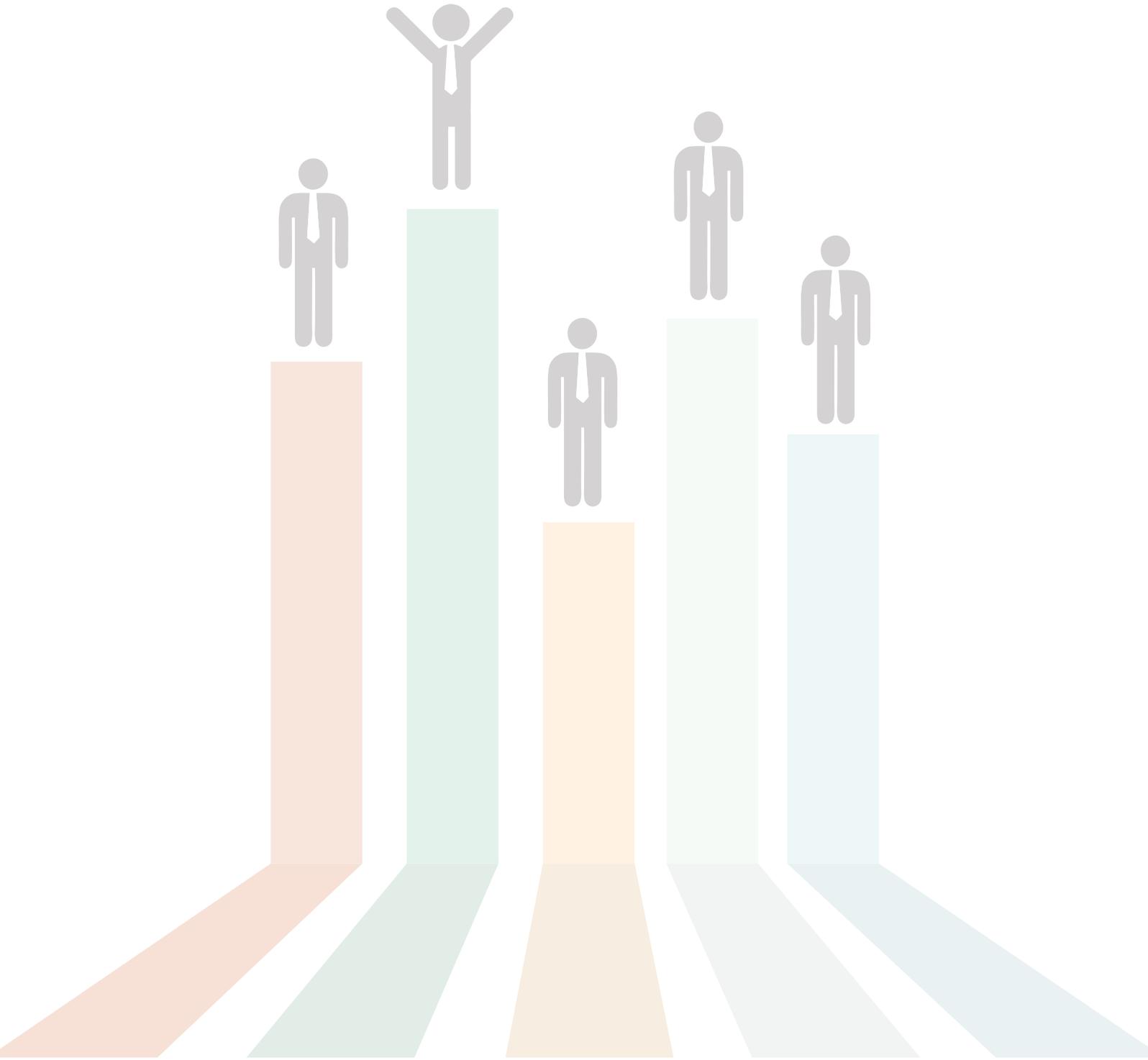


PREFERRED PARTNER FOR
PROGRESS





The Bank is committed to sustain and live up to the expectations of the stakeholders even in the post-earthquake economy, that has added challenges and competition in the Banking industry; as such the Bank envisages as the preferred bank for progress in the reconstruction of the country and to associate in the success stories of the Bank's customer.



PREFERRED PARTNER FOR
PROGRESS

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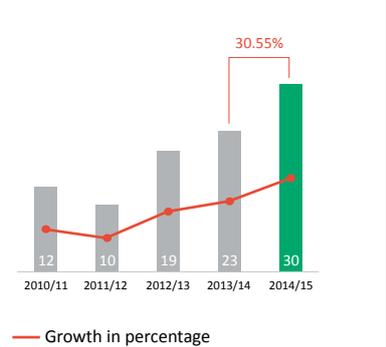
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THE BANK'S HISTORY IN NUMBERS

EARNINGS PER SHARE

The portion of the Bank's profit allocated to each outstanding share of common stock.

Amount in NPR



NET ASSETS

The total assets minus total liabilities.

Amount in NPR Million



STOCK PERFORMANCE

The price at which a stock can be readily bought or sold in the current market place.

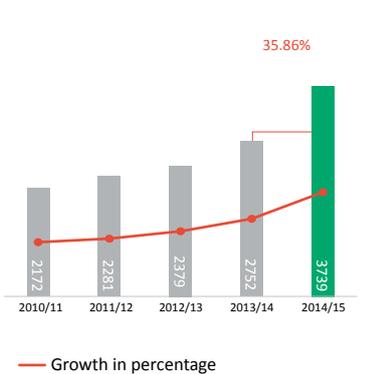
Amount in NPR



SHAREHOLDER'S FUND

The total assets (what the Bank owns) minus the total liabilities (what the Bank owes).

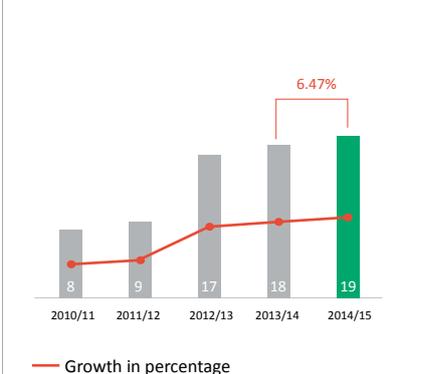
Amount in NPR Million



RETURN ON SHAREHOLDERS' FUND

The amount of net income returned as a percentage of shareholders' equity.

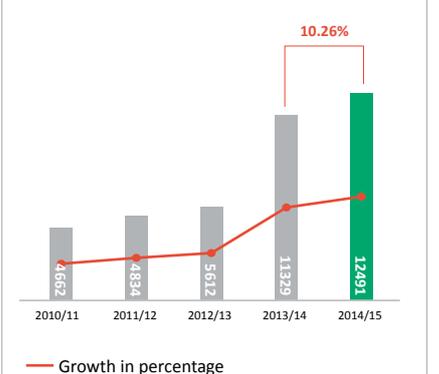
in Percent



MARKET CAPITALIZATION

The total market value of all of the Bank's outstanding shares.

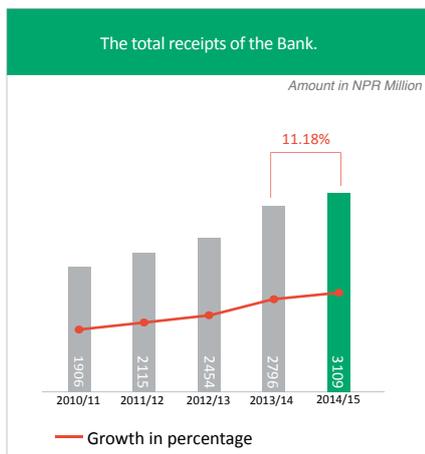
Amount in NPR Million



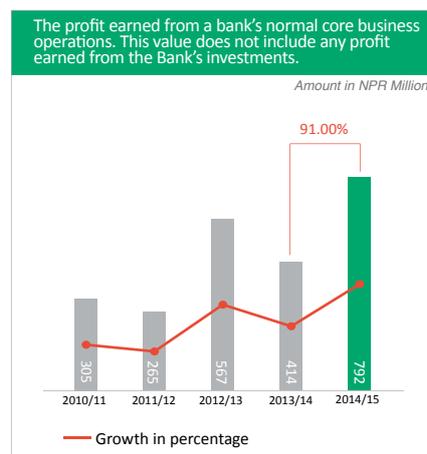
HORIZONTAL & VERTICAL ANALYSIS/ TREND ANALYSIS

OPERATING PERFORMANCE/ INCOME STATEMENT

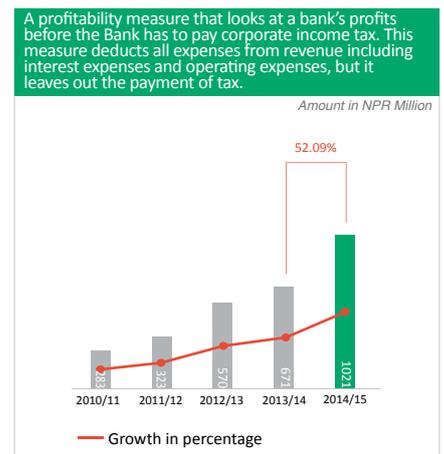
TOTAL REVENUE



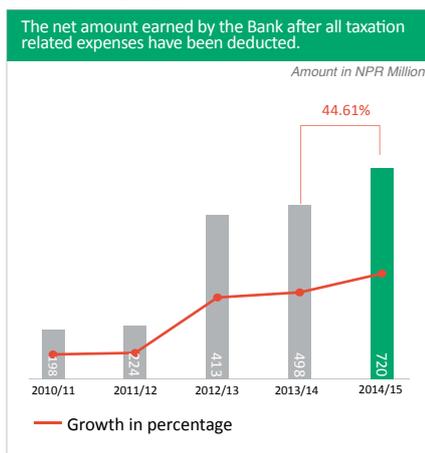
OPERATING PROFIT



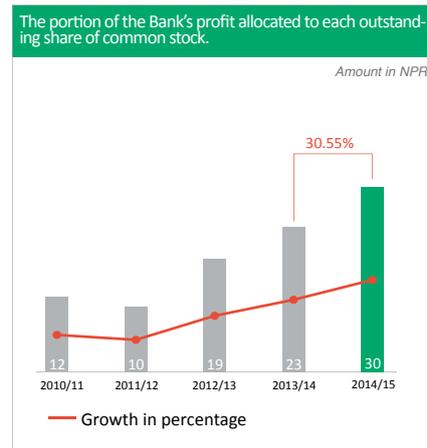
PROFIT BEFORE TAX



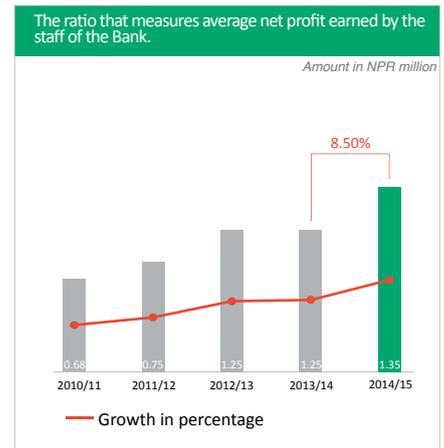
PROFIT AFTER TAX



EARNING PER SHARE



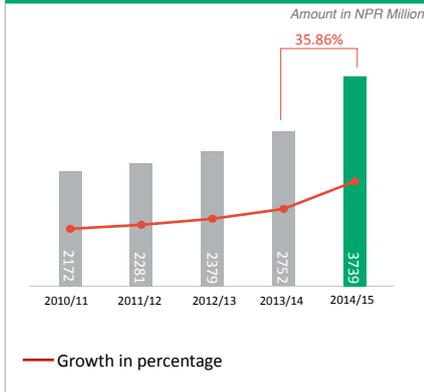
NET PROFIT PER STAFF



STATEMENT OF FINANCIAL POSITION/ BALANCE SHEET

SHAREHOLDER'S FUND

The total assets (what the Bank owns) minus the total liabilities (what the Bank owes).



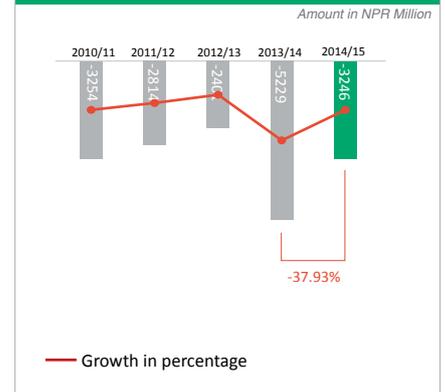
FIXED ASSETS

The asset of bank that is vital to business operations and is expected to be used for more than one year.



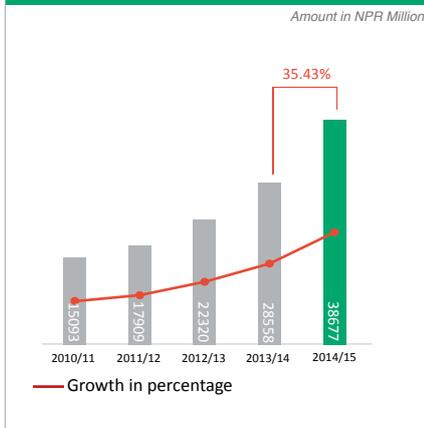
NET CURRENT ASSETS

Current assets minus current liabilities.



CURRENT LIABILITIES

The debts or obligations of the Bank that are due within one year.



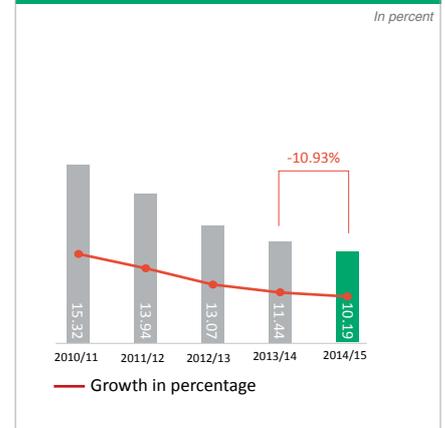
LONG TERM LIABILITIES

The loans and financial obligations lasting over one year.



INTEREST INCOME/ LOANS & ADVANCE

The average interest income earned by the Bank on its year end loans and advances.



INTEREST EXPENSES/ TOTAL DEPOSITS & BORROWINGS

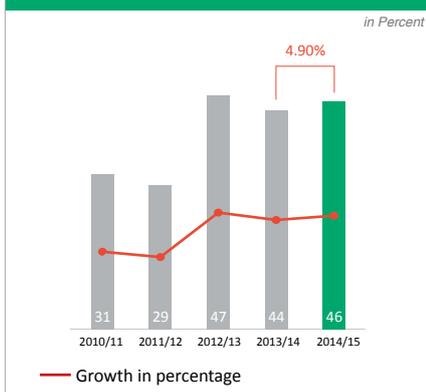
The average interest expenses paid by the Bank on its year end deposits and borrowings.



PROFITABILITY/DIVIDENDS/ PERFORMANCE AND LIQUIDITY RATIOS

GROSS PROFIT RATIO:

The proportion of profits generated by the sale of products or services, before selling and administrative expenses.



CREDIT TO DEPOSIT RATIO

A commonly used statistic for assessing a bank's liquidity by dividing the Banks total loans by its total deposits.



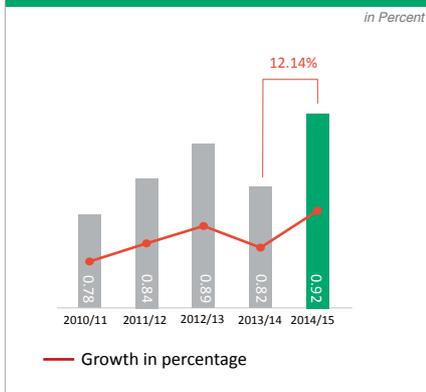
PRICE EARNINGS RATIO

The ratio that measures its current share price relative to its per-share earnings.



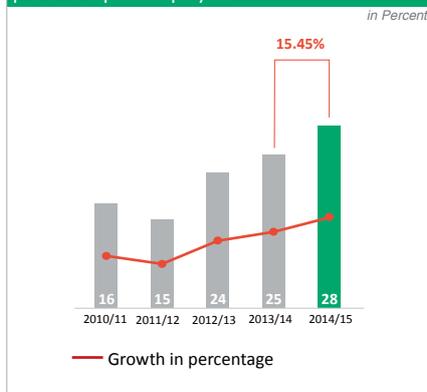
CURRENT RATIO

The financial ratio that measures whether or not the Bank has enough resources to pay its obligations over the next 12 months. It compares the Banks current assets to its current liabilities.



RETURN ON CAPITAL EMPLOYED RATIO

The profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed.



DEBT EQUITY RATIO

The debt ratio is used to measure the Bank's financial leverage, calculated by dividing a company's total liabilities by its stockholders' equity.

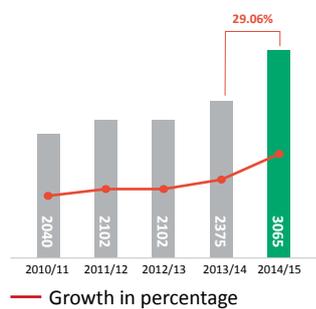


YEAR ON YEAR PROGRESS

PAID UP CAPITAL

Paid up Capital of the Bank which stood at NPR 2.37 billion in FY 2013/14 has increased to NPR 3.06 billion by the end of FY 2014/15.

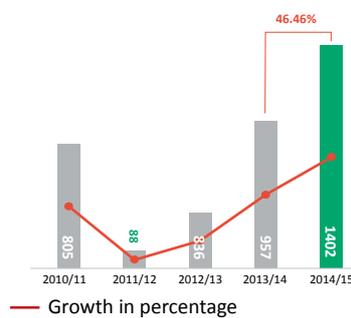
Amount in NPR Million



BORROWINGS AND DEBENTURE

To maintain Adequate Capital Fund, bank has issued NPR 500 Million Citizens Bank Bond, 2021 in January 2014 with coupon rate 8.50% per annum payable quarterly. The Bond is unsecured and hence qualifies for inclusion in Tier-II capital.

Amount in NPR Million



DEPOSITS

Despite the liquidity and deposit crisis, the Bank was able to retain the deposit to a level of NPR 27.96 billion by the end of FY 2013/14 which has been increased to NPR 35.78 billion by the end of FY 2014/15.

Amount in NPR Million



INVESTMENTS

Investment has been made mostly in government securities and other short term investments so as to maintain the level of investment well above the minimum SLR requirement and to use the excess fund productively to generate revenue to the Bank.

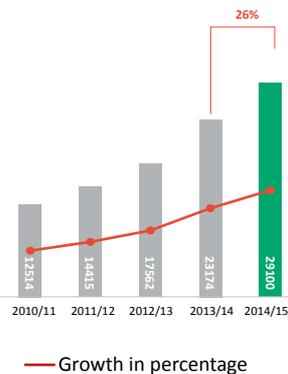
Amount in NPR Million



LOANS AND ADVANCES

The Bank has been able to expand its loans and advances portfolio to NPR 29.20 billion from NPR 23.17 billion at the end of FY 2014/15 compared to previous year.

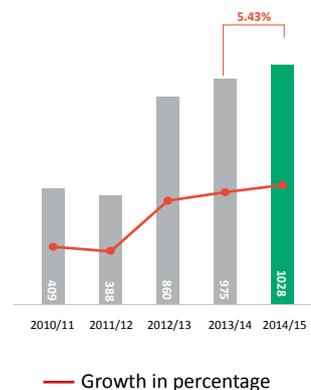
Amount in NPR Million

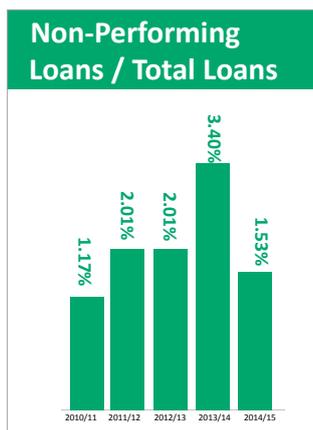


OPERATING PROFIT (BEFORE LLP)

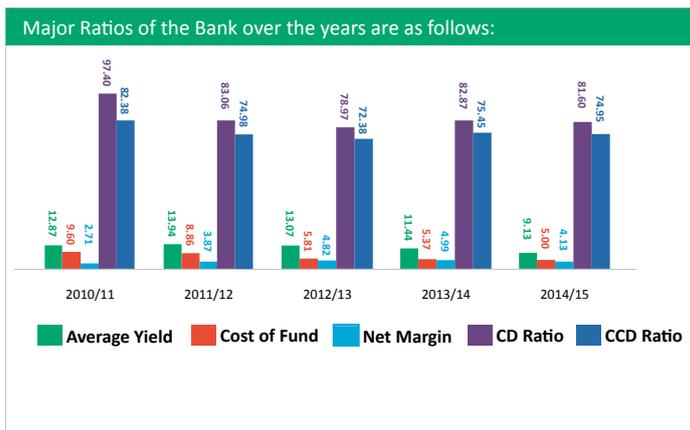
Operating profit has increased by 5.43% compared to previous year and has reached NPR 1.03 billion in FY 2014/15.

Amount in NPR Million





OTHER KEY RATIOS OF THE BANK



OTHER INDICATORS

Description		FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Cash reserve ratios (CRR)	%	10.13	17.53	13.24	11.48	8.2
Capital adequacy ratios (CAR)	%	15.54	14.47	11.89	12.99	13.37
Return on Loan & Advances	%	15.32	13.94	13.07	11.44	10.19
Weighted Average Spread Rate	%	3.27	3.87	4.82	4.99	4.22
Total Asset Value Per Share	Rs.	800.72	954.81	1,236.04	1,533.02	1,624.40
Profit per Employee	Rs.	681,629.33	746,824.32	1,252,258.46	1,248,352.67	1,353,963.35
Operating profit to paid up capital	%	14.98%	12.63%	27.00%	17.47%	25.85%
Dividend Ratio	%	10.53	8.42	15	18.95	21.05
Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	%	3.57%	2.93%	4.12%	3.50%	3.22%
Non-Performing Loans / Total Loans	%	1.17	2.01	2.01	3.4	1.53

CORPORATE BUILDING OF THE BANK AT NARAYANHITI PATH, KATHMANDU (UNDER CONSTRUCTION)



OUR PROFILE

Established on April 20, 2007 (2064/01/07) as 20th commercial bank of the nation, "Citizens Bank International Limited", has its corporate office at the heart of the financial sector of the country, Sharada Sadan, Kamaladi, Kathmandu. It is promoted by eminent personalities, business and industrial houses and reputed individual having high social standing and has been managed by a team of experienced bankers and professionals.

The Bank has been headed by 8 Board of Directors members and the management team led by Mr. Rajan Singh Bhandari as Chief Executive Officer. The Bank has employed 532 staff including 517 permanent staff and 25 staff on contract basis working under various Head Office Departments and 54 Branches across the country.

The Bank has acquired two Kathmandu based "C" class financial institutions namely Nepal Housing & Merchant Finance Limited and Peoples Finance Limited. After final approval from Nepal Rastra Bank and Company Registrar Office, the acquisition process was completed and joint operation was started on May 8, 2015 (2072/01/25). After the acquisition, six branches were

added and business to the tune of NPR 2 billion was increased. Further, bank has also entered Memorandum of Understanding (MoU) for acquiring a Lalitpur based Premier Finance Limited, which is in negotiation phase. The Bank's milestone dates are as follows:

Date of Registration under company Act : October 13, 2006 (Asoj 27, 2063)

Date of Registration under Income Tax Act : October 15, 2006 (Asoj 29, 2063)

Date of Operating license from NRB : April 18, 2007 (Baisakh 5, 2064)

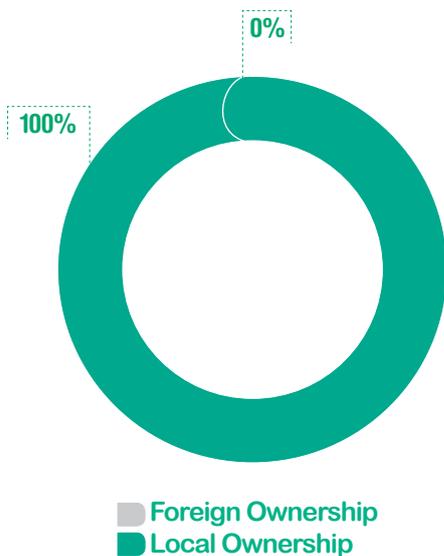
SHAREHOLDING PATTERN OF THE BANK IS AS FOLLOWS OWNERSHIP STRUCTURE

Foreign Ownership	-
Local Ownership :	100%

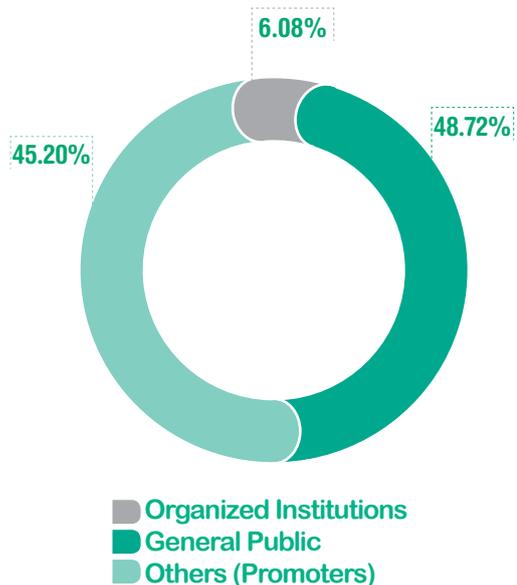
LOCAL OWNERSHIP

Organized Institutions :	6.08%
General Public :	48.72%
Others (Promoters) :	45.20%

OWNERSHIP STRUCTURE



LOCAL OWNERSHIP



VISION, MISSION & OBJECTIVES

OUR VISION

To be the leading bank known for its service excellence in the region.



OUR MISSION

To be a trustworthy partner for the progress of individuals and institutions by designing, producing and delivering the best financial solutions. We constantly strive to inculcate in its services five corporate values as follows:

Customer Focus

We are committed to meet the financial needs of our customers and exceed their expectations through innovative solutions.

Service Excellence

We promise to deliver customer centered products and services par excellence.

Human Resource

We employ bright, honest, helpful and pleasant people. We nurture and empower them to achieve their full potential and to be accountable.

Corporate Governance

We believe in being accountable, conducting business ethically and maintaining transparency.

Social Responsibility

We are committed to take social initiatives for the development of the nation.

OBJECTIVES OF THE BANK

Our main objectives are as follows:

- To provide standard and reliable financial services to the general public, by protecting and promoting the rights and interests of the depositors and shareholders of the Bank.
- To bring about such financial resources, from internal and external sources, as may be required for the establishment, development, expansion and enhancement of capability and productivity of agriculture, industry, service, trade and other productive business which appears viable from business viewpoint, and thereby render support for bringing about dynamism in the development of industrial, trade and agricultural sectors of the country;
- To establish, operate, develop, expand and promote manufacturing and employment-oriented business by properly mobilizing the available skills, labor and capital to provide such financial resources, technical and managerial consultancy service, training and technology as may be required for the same and be actively engaged in and thereby render support for poverty alleviation; and
- To provide financial intermediary service through institutional investment by integrating the capital scattered in the country and fair competition.

CORE VALUES & CODE OF CONDUCT

The Bank acknowledges that proper code of conduct and corporate values are the sources stirring bank's overall development.

We are committed to meet the financial needs of the customers through innovative solutions, deliver customer centered products and services par excellence. BOD and management believes that high standard of employees and corporate governance sets us apart from rest of the Banks and believe in being accountable, conducting business ethically, maintaining transparency and are committed to take social initiatives for the development of the nation.

The Bank operates in accordance with the highest standards in all relationships with customers, stakeholders, environment and the community. The Bank fosters a climate which encourages innovation and diligence amongst staff and reward them accordingly.

The dedication, enthusiasm, commitment and collaborative spirit of the BOD members, promoters, CEO, Deputy CEO, Assistant CEO and other senior management of the Bank has already reflected in the financial results of the Bank.

The Bank operates in accordance with the highest standards in all relationships with customers, stakeholders, environment and the community.

The Bank knows the world is changing and to keep pace with that the Bank customize our services and re-engineer our products to match with changing time and technology. The Bank is always focused towards customers and stakeholders needs and their satisfaction. The Bank exercises duty with utmost care in the interest of the depositors and maintain long term ethical relationship through true and fair dealings. The Bank is knowledge driven, learns and shares learning to meet the objectives and to contribute in the community. The Bank goes beyond just making profit and will be highly dedicated towards achievement of the long term vision. The Bank is committed to comply with the spirit and all laws and regulations, adhering to the highest standards of corporate governance, transparency, disclosure and ethical conduct.



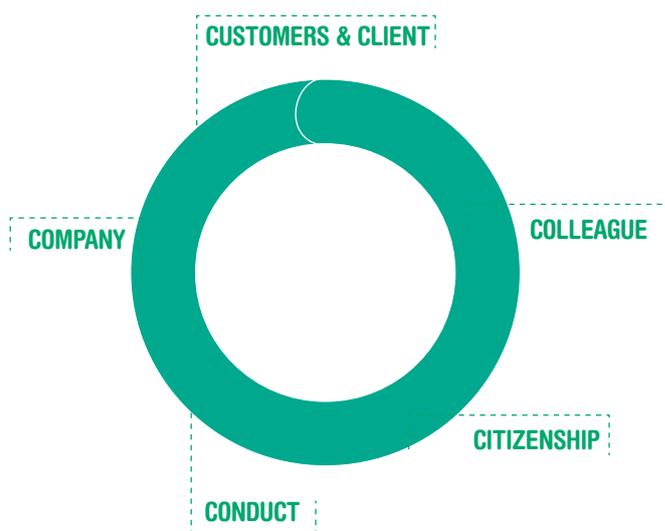
BECOMING “PREFERRED PARTNER FOR PROGRESS”

The Bank has applied Balanced Score Card method as a corporate strategy to become a preferred partner for progress and thereby achieve aforesaid objectives. The Balanced Score Card (BSC) is the final crucial piece of the Bank’s plan – alongside Purpose and Values – to embed the right culture in the business and become preferred partner for progress.

In the Balanced Scorecard of the Bank, seven specific commitments across 5Cs (Customer & Client, Colleague, Citizenship, Conduct and Company) has been set out in order to define what needs to be achieved over the next four years to become ‘Preferred Partner for Progress’. The Balanced Score Card is supported by strategic initiatives that drive the management for progress across the 5Cs. The Balanced Score Card gives clear strategic context for the Bank management around how becoming the ‘Preferred’ bank will look like and lays out the Bank’s priorities. The Bank’s Balanced Score Card is cascaded into business unit and function Score Cards. Together, these units provide line of sight to employees to the Bank’s organizational goal. They also provide a framework and starting point for all employees when they set their individual performance objectives across the 5Cs.

Outcome Statements of the Bank’s Balanced Score Card

Customer & Client	: The Bank is the preferred bank for customers and clients.
Colleague	: The Bank deploys right people in right place. : The Bank creates diverse opportunities for career development. : The colleagues are fully engaged.
Citizenship	: The Bank positively impacts the communities where it operates.
Conduct	: The Bank’s products and services are designed and distributed to meet client’s need. : The Bank acts with integrity in everything.
Company	: The Bank creates sustainable returns above the cost of equity. : The Bank understands and effectively manages the risk, and continuously improve control.



Delivering our strategic targets

The Bank believes following strategic initiatives will drive evolution across the 5Cs and support the goal to become the “Preferred Partner”.

Customers & Clients

- The Bank uses technology to improve customers’ and clients’ experience and to be responsive to their changing needs, such as through any branch banking service, branchless banking, mobile banking, e-banking, card facility, anywhere remittance facility, bill payment services, etc.
- The Bank makes customer and client interactions as simple and instant as possible –putting power in their hands to transact when, where and how they want to.
- The Bank simplifies the products and services and improving what the Bank offers to match customer needs with the right service model.

Colleague

- The Bank has launched Purpose and Values, and are embedding them into all HR processes including recruitment, promotion and performance management.
- The Bank is developing and training leaders through on the job training, in-house training through eminent trainers and properly developed training curriculum.
- The Bank has implemented successor development plan in each department and branch consistently resulting in a more visibly diverse talent pipeline.

STRATEGIC TARGETS FOR THE BANK'S BALANCED SCORE CARD

OUTCOMES	COMMITMENT	ACTUAL 2014	TARGET 2018
Customers & Client	The Bank Customer vs Commercial Banks' Customers	3%	10%
Colleague	Staff training cost/ total staff expenses	0.38%	3%
	Staff turnover rate	12%	7%
Citizenship	Products, Services and CSR initiatives to cater needs of various societies	Adhoc	Research based
Conduct	People's perception toward CBIL	Assumption Based	Survey based
Company	Return on Total Assets	1.95%	2%
	Dividend Distribution	21.05%	25%

Citizenship

- The Bank ensures the way it does business reflects broader societal and environmental considerations.
- The Bank is contributes to growth through financing, supporting businesses and ensuring our products and services support sustainable progress.
- The Bank supports the communities where it operates by financial services to numbers of young people to develop enterprise, employability and financial skills.

Conduct

- The Bank follows a rigorous and transparent framework on conducting risk reporting and management.
- The Bank conducts risk assessments to effectively identify, assess and manage conduct risk.
- The Bank exercises sound judgment to avoid detriment to customers, clients and counterparties or to market integrity.

Company

- The Bank delivers the initiatives across the strategic quadrants: Invest and grow, Reposition, Transition, and Exit.
- The Bank manages costs (rightsizing, automating, innovating) and delivers leverage and capital commitments.
- The Bank improves its control through independent audit and assurance services and governs through risk management framework enforced by NRB.





PRODUCTS AND SERVICES

DEPOSIT SCHEMES

Sharedhani Bachat Khata

The Bank offers Citizens “Sharedhani Bachat Khata” for the shareholders of the Bank with a minimum balance of NPR 100.00 only. Citizens NPR Debit Card facility is provided with the account facility which is valid in Nepal as well as in India and Bhutan. There is no restriction on the amount of withdrawals and no charges are taken on inward remittances (domestic as well as international).

Senior Citizens Savings

The Bank offers Senior Citizens Savings primarily for the senior citizens of the country (equal to or above the age of 55 years). The Bank provides zero balance service for the offer and 25% discount is provided on Good for payment cheque issuance fee. This account has been designed especially to respect the senior citizens.

Citizens Matribhumi Bachat

The primary beneficiary for Citizens Matribhumi Bachat are Nepalese Citizens residing in foreign countries. Those who are in the process of going abroad for foreign employment can also enjoy this deposit product subject to presentation of a valid Visa. There is no any amount fixed as minimum balance and no restriction on the amount of withdrawals. Better rates are provided in Exchange Rate to account holders while remitting money to Nepal through Citizens Remit.

Citizens Mahila Bachat Khata

The Bank offers “Citizens Mahila Bachat Khata” for Nepalese woman with age above 16 years. Citizens NPR Debit Card facility is available which is valid in Nepal as well as in India. The scheme allows 25% discount on Locker charge. This product is designed to support the women and their upliftment.

Citizens Muna Bachat Khata

“Citizens Muna Bachat Khata” is primarily for the minors (below the age of 16 years) facilitated by the guardians. The Bank provides zero balance service for the offer. Facility of Citizens NPR Debit Card is provided which is valid in Nepal as well as in India.

This is designed to help to save for the child’s future.

With children’s saving accounts, children learn to manage money – and parents, relatives and friends have a place to save for a child they care about.

Citizens Recurring Deposit

The Bank offers Citizens Recurring Deposit for Nepalese citizen. Minors can also enjoy the facility. The Bank provides zero balance service for the offer. Account holders can enjoy loan facility of 90% of the deposit amount.

Citizens Zero Balance Account

Facility of Citizens NPR Debit Card is provided which is valid in Nepal as well as in India. Cash withdrawal facility from any branch is provided on demand. No minimum balance is required for issuance of Cheque Book.

Citizens Rastrasewak Saving

Citizens Rastrasewak Saving is primarily for Officials of Nepal Government, Private Sector, Semi Government Bodies and Government owned Corporations / Associations / Enterprises and their immediate family members. The minimum balance for the scheme is zero. Facility of Citizens NPR Debit Card is provided which is valid in Nepal as well as in India.

Citizens Bidhyarthi Bachat

The primary beneficiaries for “Citizens Bidhyarthi Bachat” are Nepalese students with minimum age of 16 years and maximum age of 50 years having a valid student’s identity card. The minimum balance for the scheme is zero. Facility of Citizens NPR Debit Card is provided which is valid in Nepal as well as in India. 25% discount is provided on Draft issuance and on Travelers Cheque issuance. No fees are charged on inward remittances.

Citizens Special Savings

Citizens Special Savings account is that account which is specially designed for the people residing inside the valley which provides special saving schemes.

Dashain Tihar Muddatti Nichhep Yojana

The Bank has been providing a financial instrument which provides investors with a higher rate of interest than a regular saving account until the given maturity date. This offer has been separated and specialized in the occasion of Dashain and Tihar.

Citizens Super Savings Account (CSSA)

Citizens Super Savings Account is a Saving Deposit Product launched for Nepalese citizens of all age groups. The product is in the nature of superior Savings Bank Account with added value propositions to high value resident customers.

Citizens Call Deposit (NPR)

Citizens Call Deposits are those deposits where high volume deposits can be done on short term basis. A call deposit account, like a checking account, has no fixed deposit period, provides instant access to funds and allows unlimited withdrawals and deposits. The rate of interest a call deposit account pays depends on the amount of money in the account, a system commonly referred to as banded interest rates or paid on the negotiated rate of the Bank.

Citizens Fixed Deposit for Individual (NPR)/Citizens Fixed Deposit for Institutional (NPR)

A fixed deposit account is an investment account and a type of savings account in which money is deposited for a stated period of time and a fixed interest rate is paid at the end of that period. The Bank offers multitudes of fixed deposit schemes for various durations. It offers simple reinvestment Fixed Deposits (at very competitive interest rates). One of the easier ways of making money work for you is by investing in a fixed deposit account. Opening a fixed deposit account is both quick and easy and all that needs to be done is to deposit money into the account for a given period of time, for it to earn interest.

Citizens Current Account

Current Accounts are those accounts in which amount can be deposited and withdrawn at any time without giving any notice for individuals, business houses and institutions for unlimited access to transactions.

Citizens Mofashal Bachat Khata

Citizens Mofashal Bachat Khata is that account which is specially designed for the people residing outside the valley which provides special saving schemes and is ABBS charge free.

Citizens Saving (NPR)

Citizens Savings (NPR) Account is a Saving Deposit Product launched for individuals of all age groups. The product is in the nature of Savings bank Account in domestic currency and provides instant access to funds.

Citizens Saving Account (FCY)

Citizens Savings (FCY) Account is a Saving Deposit Product launched for individuals of all age groups in foreign currency and provides instant access to funds.

Citizens Call Deposit (FCY)

Citizens Call Deposit (FCY) is call deposit facility available in foreign currency. The rate of interest a call deposit account pays depends on the amount of money in the account, a system commonly referred to as banded interest rates or paid on the negotiated rate of the Bank .

Citizens Privilege Call Account

It is an ultra-short term investment that mobilizes large deposits that are transient by nature; such as money that would otherwise be in a current account awaiting presentation of cheques in transit or better still, money invested on low-interest Call Account. Citizens Privilege Banking Service is provided.

LOAN SCHEMES

Citizens SME Finance

This loan is provided to finance working capital and/or capital expenditure requirement as well as non-funded facilities such as letters of credit and guarantees for small businesses including retailers, wholesalers, cottage and small scale manufacturing and processing units, exporters, importers, contractors, educational institutions, self-employed professionals, medical /health facilities etc.

Citizens Fast Track Loan

The primary objective of the Product is to uplift the living standards of the under- privileged families by providing them financial support at the time of their need. It could be for the purpose of starting up a new business or run their existing businesses in more organized manner or meeting their financial need for any of their family/social need. In simple terms, it is aimed to cater the urgent requirement of cash for under privileged, middle class and lower class families to meet their family, social and/or business requirement by extending loans against mortgage of land (including farm land, if any) and/or buildings in urban, semi urban or rural areas.

Citizens Auto Loan

The Bank provides loan to the customers buying a new vehicle or used vehicle or those who want to refinance the current auto loan on both the private and commercial sector. The Bank offers attractive rates, favorable terms and conditions. This product is also aimed to cater to the individual needs related to the corporate entities. The Bank provides full or partial finance for a business vehicle.

Citizens Education Loan

Education is the most important investment one makes in life. Therefore, The Bank has brought the Education Loans, which aims to finance meritorious students who choose to pursue a higher education(Professional or technical) in Nepal and abroad. The loan is extended to students/professionals desiring for pursuing higher studies such as Graduation, Post-Graduation, Specialization and Vocational/Technical courses in the country or abroad. Citizens Education loan covers a maximum of 80% of expenses in connection with the studies of the borrower in the country or abroad.

Citizens Margin Lending

The Bank provides loan against the shares of selected companies listed in the Nepal Stock Exchange (NEPSE).

Citizens Home Loan

Historically and traditionally, Nepalese have preferred to buy land and build houses themselves. Now, with the changing lifestyle, demand for ready built houses is also in the rise. Considering these points, The Bank offer loan for different needs and situations. The Bank provides financing for the purchase of land and/or building, apartment, renovation, construction and extension of residential properties.

Citizens Equipment Loan

The Bank has been financing for purchase/import of various equipments under Equipment Loan. Equipment loan is offered to those customers who has to finance import or local purchase of construction related equipments such as Excavators, Backhoe Loaders, Dozers etc. Some of the equipment loans are advanced also to finance purchase of medical equipment to the professionals.

Citizens Gold Loan

This facility is for meeting any type of contingent requirements, thus harnessing the yellow metal, which is usually a "non-sweating" asset, for productive purposes. The customer can walk into any nearest branch available offering Gold Loan with the customers' jewellery/ gold bullion. The easy documentation and simple process will ensure that a customer can avail a loan across the counter. This helps in making good use of the assets owned.

Citizens Mortgage Loan

The loan is advanced to meet the personal financial obligation/s already incurred or to be incurred in future in connection with acquiring/managing the property or for other purposes/reasons against the mortgaged property. The loan is advanced to meet various requirements of the Borrower, such as travel expenses, medical expenses and marriage expenses

Citizens One Zone One Product

This product aims to bring those deprived from formal banking sector due to traditional banking approaches within the reach of our bank. In the absence of reach to the formal banking channel, those involved in



agriculture have to pay higher cost to meet their financial requirements; this product provides an opportunity to be directly involved in the benefit of the farmers for their economic upliftment. At the same time, the proposed modus operandi also helps reduce the dependency of farmers with the middlemen, thereby making it more profitable to the farmers/those involved directly in



agriculture. “Citizens One Zone One Product” have 14 different products which are designed in such a way that the product promotes use of local resources, local skill and local people’s involvement to carry out the business.

Citizens Bina Dhito Karja

The Bank also provides loan to those having no any collateral. Citizens Bina Dhito Karja is a new product which helps to get loan without any collateral. This loan is offered to meet the financial obligation/s to fulfill personal requirement or professional requirement. The loan is advanced to meet various requirements of the Borrower such as travel expenses, medical expenses, social expenses, purchase of medical equipments and appliances for professional use, home appliances, etc.

OTHER SERVICES

Locker Facility

For the safety of customers valuables, our locker facility offers a safe, trustworthy space to store them. There is a nominal annual rent (payable in advance), which depends upon the size of the locker. This facility is available in following branches:

Inside Valley	Kamaladi; Boudha; New Road; Kapan; Thimi; Narayan Gopal Chowk; Patan Dhoka ; Thapathali; Bhaisepati
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Outside Valley	Birtamod, Biratnagar; Birgunj; Pokhara; Nepalgunj; Surkhet, Hetauda, Siddharthangar, Dharan
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Utility Payment

Payment of NTC PSTN, NTC Post-paid, ADSL and NTC Prepaid Service available at all branches across the country.

Branchless Banking

Branchless Banking (BLB) is means of providing banking services without setting up bank branch i.e. providing banking services by an agent of the Bank. The Bank has started its BLB operation from 12.06.2012 at Matiyani of Mahottari District after taking approval from Nepal Rastra Bank. This service helps to penetrate the Banking without the physical existence of bank. In this area the Bank has hired an agent which works on behalf of Bank and provides banking services as mentioned below:

Financial transactions:

- Cash Deposit/Cash withdrawal
- Fund Transfer
- Mobile Top up
- Utility Payment
- Any other Services

Non financial transactions:

- o Balance enquiry
- o Mini statement
- o Any other services

The BLB service helps the remote area villagers by keeping the deposit safely and also providing interest on their unused fund and encourages the people to have the habit of saving. The BLB is operated through POS Machine which is biometric so it is secured as the concerned account holder has to be present along with VISA card at the BLB location for the withdrawal and deposit. Random selection of Fingerprint impression is made during the transaction. After the transaction is completed the customer listens to the voice prompt of the POS machine and understands what transaction they have done.

Privilege Banking Service

“Citizens Privilege Banking” is an honored banking service proposed to customers who deserve special attention. For this purpose, a separate “Privilege Counter” is set up in all the branches of the Bank (presently operated only from Kamaladi branch). Customers are able to enjoy dedicated service area, priority service and special privileges making their banking experience with Citizens Bank truly special.

Services Offered

- Account Opening

- Issue of Cheque Books
- Issue of Cards
- Issue of Statements / Balance Certificates
- Issue of Lockers
- Locker visits on request of customers
- LCY Cash Deposits / Withdrawal
- FCY Cash Deposits
- Cheque Deposits
- Sales of Foreign Currencies
- Issue of FCY Drafts
- Inward Remittance Payments
- Other services related to customers (e.g. Good For Payment, SMS Banking, Internet Banking etc.) are also handled by coordinating with related departments)

Internet and Mobile Banking Facilities

The Bank knows that life can be quite demanding. That is why the Bank has developed yet another convenient and efficient way to help customers to take care of their banking needs on the move. The Bank is pleased to introduce Citizens Mobile Banking for Apple and Android Smartphones and tablets.

Now monitoring, transacting and controlling bank account online through internet banking service is possible. Customers can do multiple things from the comforts of their home or office with Citizens Bank Internet Banking - a one stop solution for all banking needs. Customers can now get all their account details, submit requests and undertake a wide range of transactions online. E-Banking service makes banking a lot more easy and effective.

Paybill Facility

Under paybill System the Bank provides following facilities.

- Nepal Telecom: For Prepaid Recharge, Landline and Postpaid Bill payments.
- Dish Home Nepal: For Dish home recharge.
- QFX Cinema: Online Movie Ticket booking.
- Muncha House: For online shopping.
- Subisu: For Cable TV and Internet Bill payment through online
- Music Nepal: For Music downloads through online
- Dot Fashion: For Retail outlet bill payments through Mobile. Dot fashion is having 4 stores inside valley.
- Converse Store: For Retail outlet bill payment through Mobile. Converse store is having 2 stores inside valley.
- KTM Bike Station: For Retail outlet bill payments through Mobile. They sell and Rent bikes.
- Human Click: For Retail outlet bill payments through mobile . They sell computer hardware and accessories.
- Harilo: For online shopping.
- Asri Jewelers: For Retail outlet bill payments through Mobile.

- Bhumi Restaurant: For bill payments through Mobile.
- Vesper Café: For restaurant bill payments through Mobile.
- Vesper House: For restaurant bill payments through Mobile.
- Road 2 Nepal: For online bus ticket payments through online.
- Nepbay: For online shopping.



Remittance- Citizens Remit

Citizens Remit, a premium online customer focused and technology oriented Money Transfer product is being provided by the Bank. It is a state of art web-based money transfer system which is easily accessible through the Bank's main web domain <http://www.citizensremit.com> . It can be directly accessed by all the branches, Branch Less Banking Units (BLBs) and more than 2600 payout agents covering every rural and urban areas of the country.

Further, the Bank has appointed City Express Money Transfer as the principal agent for the disbursement of

remittance transactions received through Citizens Remit. This arrangement allows the customers to receive their remittance payments from all the sub-agents of City Express Money Transfer across the country. The entire remittance and customer service activities are closed monitored by the separate and dedicated Remittance Service Department to deliver fast and reliable services to the customers.

The various remittance agreements made by the Bank with International and local remittance companies/banks are:

International Remittance Tie Ups

S.No.	Remittance Company	Remittance Product	Remittance Receiving Countries
1	Al Ahalia Money Exchange Bureau	Citizens Remit	UAE
2	Al Dahab Exchange	Citizens Remit	UAE
3	Al Ansari Exchange	Cash Express	UAE
4	Al Dahab Exchange	Citizens Remit	UAE
5	Xpress Money Services	Xpress Money	UAE, Qatar, Malaysia, Saudi Arabia and more than 100 countries.
6	Small World Financial Services	Citizens Remit	20 countries (Spain, UK, USA, Canada, Italy, Switzerland, Ireland, France, Germany, Belgium, Sweden & Others)
7	Aussie Forex Pty Ltd	Citizens Remit	Australia

Local Remittance Tie Ups

S.No.	Remittance Company/Bank	Remittance Product	Remittance Receiving Countries
1	IME Limited	IME	Malaysia, Qatar, Saudi Arabia, Japan, UAE, India and other countries
2	Prabhu Money Transfer	Prabhu Money	Malaysia, Qatar, Saudi Arabia, Japan, UAE, India and other countries
3	Batas Associates P. Ltd	Himal Remit	Malaysia, Qatar, Saudi Arabia, UAE, UK, USA, Bahrain & others.
4	Reliable Finance Ltd	Reliable Remit	Malaysia & European Countries
5	City Express Money Transfer	City Express	Malaysia, Qatar, Japan, Saudi Arabia, USA, UK & other countries
6	C.G Finco P. Ltd	Western Union	All over the world
7	United Remit P. Ltd	Money Gram	All over the world
8	Nepal Investment Bank Ltd	Prithivi Remit	UAE, Qatar, Saudi Arabia, Malaysia, U.K, USA & European Countries
9	C.G Remit Pvt Ltd	CG Money Remit	Malaysia, Japan, USA & U.K
10	JME Remit Co. P. Ltd	JME Remit	Japan
11	Nepal Remit Int. P. Ltd	Nepal Remit	Japan, USA, Canada & European Countries
12	Easy Link Remittance Co.	Easylink Remit	Japan
13	Samsara Money Transfer	Samsara Remit	Qatar, UAE & European Countries
14	Sewa Remit Pvt. Ltd	Sewa Remit	Saudi Arabia, Malaysia, Qatar, UAE
15	Best Remit Pvt. Ltd	Best Remit	Japan, Malaysia and Qatar

Citizens Visa Debit Card (NPR)

Citizens Visa Debit Card is issued by bank to its customers to use in any Automated Teller Machines (ATMs) and Point of Sales (POS) machines that are linked to Visa Network. These cards can be used 24 hours a day and 365 days a year within Nepal and India.

Citizens Visa Dollar Debit Card

Citizens Visa Dollar Debit Card is accepted in all Visa network Terminals all over the world. This Card can be issued to

Nepalese citizens as well as Foreign Nationals having USD account maintained at Citizens Bank and Nepalese citizens travelling abroad (other than India), who are eligible to get dollar exchange facility as per Nepal Rastra Bank.

Online Fee Payment- TOEFL, SAT, GRE, GMAT, ACCA, CA etc.

Citizens online fee payment service is an easy and economic way of payment of tests-TOEFL, SAT, GRE, GMAT, ACCA, CA etc. through Citizens Bank International Limited.







CHAIRMAN'S MESSAGE

Dear Shareholders, Investors and Stakeholders,

It's my honor, on behalf of the Board of Directors, to present the "Theme phrase of annual report" - Annual Report of Fiscal Year 2014/15 (2071/72) along with the financial statements for approval in the ninth annual general meeting as duly approved by the meeting of the Board of Directors.

The Bank has had another good year, with financial results that highlights our self-confidence in the strategy that we are pursuing. The core businesses of the Bank continued to show strong growth, and all of us – the Board of Directors, the Bank's management, our employees and our customers – are optimistic about further progress for the year ahead.



We managed, responded and steer our efforts on bank's financial and operation health and now we present you with the best year of performance in its history.

I would like to take this opportunity to briefly share my view on the Bank's performance for the review Fiscal Year 2014/15 (2071/72), future strategy and plans for the years to come.

1. Acquisition of Nepal Housing and Merchant Finance Limited and People's Finance Limited

The Bank has acquired two 'C' Class Financial Institutions namely Nepal Housing and Merchant Finance Limited and People's Finance Limited on 08.05.2015 (25.01.2072). The acquisition has been done with the approval of Special General Meeting held on 13.02.2015 (01.11.2071) and Nepal Rastra Bank on 09.04.2015 (26.12.2071).

With such acquisition, paid-up capital of the Bank has increased by NPR 174.82 Million and capital reserve has been created by NPR 113.26 Million. The deposits liability has been increased by NPR 1,235.44 Million and cash and bank balance in other banks and financial institutions has been increased by NPR 142.274 Million. Loans and advances have been increased by NPR 714.29 Million. The Bank has employed 19 new employees with such acquisition.

2. Bank's financial position and performance

In the face of complexities in political front and economic situation in the country, we managed, responded and steer our efforts on bank's financial and operation health and now we present you with the best year of performance in its history.

The capital adequacy ratio of 13.27 percent is well ahead of the norms stipulated by the Nepal Rastra Bank (NRB). We are able to achieve growth in deposits by 27 percent totaling our deposits to 35.78 billion. Similarly we achieve a growth of 26 percent on our loans and advances portfolio totaling to NPR 29.19 billion. We secured net profit of NPR 720.30 million, an incredible growth of 44.61 percent. We proposed to declare stock dividend of 21.05 percent to our valued shareholders.

3. Capital structure

The paid-up capital of the Bank at the end of the FY 2014/15 (2071/72) has been maintained to NPR 3.065 Billion.

4. Future program

Having covered a noticeable corporate journey over past 8 years, by blending our business strategy with a distinguished corporate culture that encourages corporate governance, institutional social responsibility, corporate values and understands the expectations of stakeholders, we present following programs to achieve greater heights of success:

- The building construction work of bank should be completed within Fiscal Year 2016/17 (2073/74).
- Expansion of ATM services in the possible areas of the country.
- Issuing VISA International credit card Replacing Magnetic Card by issuing EMV Compatible Chip Cards and upgrading ATMs by making EMV Compatible.
- Starting transactions with at least 4 foreign companies (Malaysia, Japan, Qatar, Southi Arab) for increasing remittance transactions.
- Expansion of branches in possible areas for business and continuity of branchless banking systems in additional places.

- Starting transactions in areas of Merchant Banking, Mutual Investment Fund by establishing subsidiary company under transaction expansion policy from fiscal Year 2016/17 (2072/73).
- Giving focus on agriculture, cottage and small scale industries and project financing on selected basis.
- Further enhancement of Internal Control System and Corporate Governance.
- Upgrade of Core Banking System of the Bank through improvement and expansion of Information System.
- Continuity of interbank sports competition organized on occasion of the Banks annual program.
- Organization of different additional programs under Corporate Social Responsibility.

Achieving success in the current economic and financial environment is challenging. The industry is highly competitive and fast-changing – and uncertainty is inherent. While the global economy continues to improve, new risks are beginning to materialize. We are very conscious of these risks, and your Board of Directors considers risk assessment and risk management to be among its principal responsibilities.

We have the necessary financial capability to reach out to our future aspirations - backed by the brand strength we have been creating; result oriented vibrant management team; sophisticated technology to suit the new-age of business; and effective risk management practices.

On behalf of Board of Directors of the Bank, I thank all the shareholders, customers, Nepal Government and Nepal Rastra Bank for continued confidence in our strategy and direction that we have been following. Also, I am very much thankful to the contributions of Chief Executive Officer, all the officers, employees and well-wishers. I also thank the media for providing the positive activities of the Bank towards the public.

Bal Krishna Prasai

Chairman
Board of Directors

BOARD OF DIRECTORS



In the Front

DR. SHANKAR PRASAD SHARMA
Chairman (w.e.f 15 Oct, 2015)

Sitting Left to Right

MR. BIJAYA DHOJ KARKI
Public Director

MR. MANOHAR DAS MOOL
Director

MR. PRAKASH CHANDRA MAINALI
Public Director

MR. CHANDRA TANDAN
Director

Standing Left to Right

DR. CHANDA KARKI
Director

MR. ABHINASH PANT
Director (till 15 Oct, 2015)

MR. RAJAN SINGH BHANDARI
Chief Executive Officer

MR. ARJUN LAL RAJBANSHI
Director (till 15 Oct, 2015)

MR. BAL KRISHNA PRASAI
Chairman (Director w.e.f 15 Oct, 2015)

MR. GANESH RAJ POKHAREL
Company Secretary

MR. PAVITRA KUMAR KARKI
Director

DIRECTORS' PROFILE



MR. BAL KRISHNA PRASAI
Chairman

Mr. Bal Krishna Prasai, former Secretary of the Government of Nepal, has successfully served for 25 years in various important capacities under different Ministries of the Government of Nepal. Mr. Prasai has acquired wide experience in the field of development and governance (including financial). He holds Masters Degree in Business Administration from Phillipines and Masters Degree in Science from Nepal.



MR. MANOHAR DAS MOOL
Director

Mr. Manohar Das Mool is one of the leading businessmen of the country with excellent track record since 1980. His main business is paper business and is also associated with various organizations such as Paper Merchants Association of Nepal, Nepal Stationery Manufacturer's Association, Rotary Club of Kantipur, All Nepal Lawn Tennis Association etc. Mr. Mool has acquired numerous entrepreneurship trainings in different countries. He has an excellent academic track record.



MR. PRAKASH CHANDRA MAINALI
Public Director

Mr. Mainali is an experienced businessman. He is mainly involved in sectors like service industry, poultry and other industries. He had also worked in a Joint venture bank for 9 years prior to commencing his own business ventures.

DIRECTORS' PROFILE



MR. ABINASH PANT
Director

Mr. Abinash Pant is a young and promising entrepreneur, who is managing a bunch of companies in the capacity of Managing Director and Partner since 2005. His area of activities are manufacturing of seeds & organic fertilizers along with Phyto-chemicals. Mr. Pant had served as Board of Directors for Nepal Telecommunications Authority from 2002 to 2007. He has also served as Project Director in several projects undertaken by Consolidated Management Services Nepal, funded by ADB, World Bank and IFAD. He had also served for Nepal Government in the capacity of Accounts Officer from 1983 to 1991. Since 1993 till date, he has been serving Consolidated Management Services Nepal (P) Limited, a consulting company in the capacity of Board of Directors.



MR. PAVITRA KUMAR KARKI
Director

Mr. Pravitra Kumar Karki is an enthusiastic professional who has been working in various positions in the Travel & Tours Trade. Mr. Karki has been in this industry for more than 26 years and has served in various positions for Nepal Association of Tour & Travels from 1995 to 2010. He had also been serving in various positions for United Federation of Travel Agents from 2006 to 2010. Besides the Travel and Tours Trade, he is also involved in the power and energy generating industries in the capacity of Chairman and Chief Executive Officer.



MR. ARJUN LAL RAJBANSHI
Director

Mr. Arjun Lal Rajbanshi is a hard working professional who has an experience of more than 24 years in the field of Issue Management & Capital markets Development, Administration management, System Design, Programming & Implementation and Finance control & management for various groups and industries. He is currently the Chief Manager in Citizen Investment Trust and is responsible for the system designing, programming and implementation.



MR. BIJAYA DHOJ KARKI
Public Director

Mr. Bijaya Dhoj Karki successfully served for 37 years in the Nepal Army and then retired in the post of Brigadier General. During the service period Mr. Karki visited all 75 districts of the country. He also served under the UN Mission in former Yugoslavia, Haiti, Lebanon, Congo etc. Mr. Karki also attended the Crisis Management Training at Israel. Mr. Karki is an Honorary Member of the Barphedi Society.

DIRECTORS' PROFILE

Elected from 9th AGM dated 15th October 2015



DR. SHANKAR PRASAD SHARMA
Chairman

Dr. Shankar Prasad Sharma, a prominent personality in the country, has held numerous important portfolios during his stay with the Government of Nepal such as Former Vice Chairman of National Planning Commission (1999-2006), Chief Advisor in Ministry of Finance (1997-1999), and Senior Economist in Institute of South East Asian Studies (1986-1993). He also worked as a consultant to the Constitution Committee on "Distribution of Natural Resources, Economic Rights and Public Revenue" in helping to draft the new Constitution of Nepal. He was appointed as the ambassador to the United States of America from 2009 to 2013. Dr. Sharma was also the founder Chairman of the Bank and contributed in the Bank's progress from its establishment in 2006 till 2010.



DR. CHANDA KARKI
Director

Professor Dr. Chanda Karki is a renowned Obstetrician and Gynecologists and also the principal of Kathmandu Medical College, a premier medical institute. Besides her professional affiliations to the hospital, she is actively involved in governmental and non-governmental organizations and also holds prestigious positions as Executive Member to the Senate, Kathmandu University (KU); Executive Member, Nepal Medical Council and Member, International Review Board (IRB) of Centre for Research on Environment Health and Population Activities (CREHPA).



MR. CHANDRA TANDAN
Director

Mr. Chandra Tandan is a skilled professional having excellent business development expertise with hands on knowledge of directing the activities of financial, banking and remittance sector. He is currently leading one of the country's largest remittance company and has experience of working as Director of finance companies in the past. His expert opinions on remittance are widely accepted in the industry and his articles are often published in different newspapers.



MOVEMENT IN BOARD OF DIRECTORS FOR FY 2014/15

NAME OF THE DIRECTORS	DIRECTORS SINCE	DESIGNATION	OCCUPATION	REMARKS
Bal Krishna Prasai	16.10.2011	Chairman	Professional Director	Served as Professional Director, elected as Chairman from 02.08.2015
Pradeep Jung Pandey	16.10.2011	Ex-Chairman	Business	Resigned with effect from 13.03.2015
Manohar Das Mool	02.10.2012	Director	Business	
Prakash Chandra Mainali	15.09.2009	Public Director	Business	
Abhinash Pant	16.11.2010	Director	Business	
Pavitra Kumar Karki	16.10.2011	Director	Business	
Arjun Lal Rajbanshi	16.10.2011	Director	Service	
Bijaya Dhoj Karki	08.10.2013	Public Director	Ex-Brigadier General	



We aspire to build on a fourfold platform, where we can address long term sustainability by managing investors, regulators, staff and customers expectations.



CEO'S MESSAGE

Despite the fiscal year of impediment due to incongruity and divergence between political parties on many agendas including federalism in the new constitution, it is clearly noticeable that the Bank has marked the privileged financial position and performance during the fiscal year 2014/15 (2071/72).

Nurturing our mission of becoming a "Preferred Partner for Progress", we head our way on service excellence, corporate governance and financial stability by following our corporate ideology.

My review of Fiscal Year 2014/15 (2071/72) herein institutes how we have achieved a year of success by correlating our investors, regulators, staff and customers. We aspire to build on a fourfold platform, where we can address long term sustainability by managing investors, regulators, staff and customer expectations.

Financial Results

We believe that the financial, operational and risk management strategies adopted by the Bank is adequate for the current level of operation. We assert to safeguard the growth potential of the Bank so that we become a major force in the financial sector of the country. We definitely are on the way of becoming "Preferred Partner for Progress". During the review fiscal year we achieved a growth of 27.96 percent on deposits and 26.66 percent growth in Loans and advances. Similarly, we attained a net profit of Rs. 720.31 million which is a growth of 44.61 percent. It shows that how we aspire to conquer our vision.

It is revealed in our financial highlights itself that our beliefs of mission and vision has been uphold in the actions with a collaborative effort and support of our all the stakeholders. Also, it is mirrored in the aspiration to grow revenue and profit in a way that respects all stakeholders.

One plus one makes three: this equation is the special alchemy of a merger or an acquisition i.e. synergistic effect. We understand the doctrine

of acquisition as such, during the review period we have effectively managed acquisition of two Kathmandu based "C" class financial institutions viz, Nepal Housing & Finance Limited and Peoples Finance Limited and started joint operation from 08.05.2015 (2072/01/25). As a result of acquisition, six branches were added and business to expanse of Rs. 2 billion was increased. Further, the Bank has also entered into Memorandum of Understanding (MOU) for acquiring a Lalitpur based Premier Finance Limited, the process of which is in in-principle approval phase from Nepal Rastra Bank.



We want to be a Bank whose shares you will confidently hold for a very long time, for the same reason that customers reward us with their loyalty – because we serve our customer to be a "Preferred Partner for Progress"

Assets quality

During the review period, we continue our persistent approach to endorse our financial discipline that managing the assets quality is essential for long term financial stability. Our supreme apprehension across all strata of the Bank, is to manage quality of the assets. As we endeavor to build stronger relationship with customers, simultaneously we assess the risk, monitoring them and take timely corrective measures. It is remarkable that how our recovery and risk management team has managed the Non-Performing loan ratio to 1.53 percent from 3.40 percent that is well within the tolerance level of 5 percent within the industry

Acknowledgment

I would like to express my sincere gratitude to Board of Directors, Deputy CEO, Assistant CEOs and all other staff, investors, customers, suppliers, strategic partners and other stakeholders for making us believe that over the years, diligence and determination certainly pays off.

We want to be a Bank whose shares you will confidently hold for a very long time, for the same reason that customers reward us with their loyalty – because we serve our customer to be a "Preferred Partner for Progress"

Rajan Singh Bhandari
Chief Executive Officer

MANAGEMENT TEAM



Left to Right

MR. SANJEEB KUMAR SHRESTHA
Chief Information Technology Officer

MR. RAJENDRA LAL SHRESTHA
Chief Risk and Recovery Officer

MR. BODH RAJ DEVKOTA
Assistant Chief Executive Officer

MR. GANESH RAJ POKHAREL
Deputy Chief Executive Officer

MR. RAJAN SINGH BHANDARI
Chief Executive Officer

MS. UMANG SHARMA
Chief Administrative Officer

MR. SUMIT BABU KHATRI
Chief Credit Officer

MR. RAMDHAN SHRESTHA
Assistant Chief Executive Officer

MR. PARAS KUMAR KAFLE
Chief Operating Officer

MR. SAMIR PRASAD DAHAL
Chief Finance Officer

MANAGEMENT TEAM PROFILE



MR. RAJAN SINGH BHANDARI
Chief Executive Officer

Mr. Rajan Singh Bhandari, a Chartered Accountant from Institute of Chartered Accountants of India (ICAI) and M.A (Economics) from Tribhuvan University, served Nepal Rastra Bank for 26 years (June 1980 to December 2006) and headed various departments such as Banking Regulation, Bank Supervision, Kathmandu Banking Office, Accounts, and Internal Audit etc. He was a key player in leading and coordinating Financial Sector Reform Program of Nepal which included re-engineering of Nepal Rastra Bank and restructuring of two state owned Commercial Banks and the capacity building of the financial system. He was also responsible in formulating and introducing various prudential norms and directives in the history of Nepalese Banking System.



MR. GANESH RAJ POKHAREL
Deputy Chief Executive Officer

Mr. Ganesh Raj Pokharel is a well-known individual in the management field. He sounds very competent as he has a wide range of knowledge and educational qualification that includes MBA (Marketing), B.L. (Banking) and eMBA (Finance). He started his professional career with Management Association of Nepal (July 1995 to January 2007) and also held the responsibility of Executive Director for six years during his tenure. He has also served as a Principal of Management Development Campus for EMBA program. He has been actively involved and serving in this organization, Citizens Bank International Limited since its inception. He also has a vast experience in organizing training programs, talk programs, various researches and consultancy works.



MR. BODH RAJ DEVKOTA
Assistant Chief Executive Officer

Mr. Bodh Raj Devkota, MPhil (Management) from Kathmandu University and an MBA (finance) from Tribhuvan University, Kirtipur started his Banking career from Nepal Bank Limited as a Deputy Manager. He served Nepal Bank Limited from December 1994 to March 2007. Prior to joining Citizens Bank International Limited he was Head of Relationship Management Division (Corporate/SME Business) where his key responsibilities were to approve credits, monitoring and supervision of Corporate/SME credit portfolio. He has been serving in Citizens Bank International Limited since its inception.

MANAGEMENT TEAM PROFILE



MR. RAMDHAN SHRESTHA
Assistant Chief Executive
Officer

Mr. Ramdhan Shrestha was associated with Nepal Rastra Bank where he served for 29 years and his area of expertise is in supervision of financial institutions, personnel administration etc.



MR. SAMIR PRASAD DAHAL
Chief Finance Officer

B.Com from Tribhuvan University in the year 1998, PGD in Certified Treasury Manager from ACTM India in the year 2000, Qualified Chartered Accountant from ICAI in the year 2002. He has experience of working as a Chartered Accountant for more than 2 years and also has experience of working as Executive in Internal Audit & Inspection Department of commercial bank for more than 6 years.



MR. RAJENDRA LAL SHRESTHA
Chief Risk and Recovery Officer

Mr. Rajendra Lal Shrestha, an MBA from SIBM, Pune has 15 years of Banking Experience in the field of Trade Finance, Credit and Branch Operation.



MR. PARAS KUMAR KAFLE
Chief Operating Officer

Mr. Paras Kumar Kafle, an MBS from Tribhuvan University has over 14 years of Experience in Banking Sector. His areas of experience and expertise include Trade Finance, Credit Operations, Branch Management, Bank Operations and Relationship Management both in Corporate Credit and SME Loans.



MS. UMANG SHARMA
Chief Administrative Officer

Ms. Umang Sharma, an MBA from Kathmandu University has 12 years of Banking Experience. She has been working in Credit Department in the field of Consumer Banking, SME Banking and also has experience of working in Business Development Unit.



MR. SUMIT BABU KHATRI
Chief Credit Officer

Mr. Sumit Babu Khatri, an MBA has 14 years of banking experience. He has over a decade of experience in credit and marketing department looking after corporate & commercial loans, consumer loans and infrastructure & project financing in various capacities.



MR. SANJEEB KUMAR SHRESTHA
Chief Information Technology Officer

Mr. Sanjeeb Kumar Shrestha, Master in Computer Engineering from Ukraine has over 16 years of Banking Experience in the field of Information Technology. He has been working in IT Department and also has experience in the field of Branchless Banking, Card and Remittance.

HEAD OF DEPARTMENTS

SN	NAME	POSITION	DEPARTMENT
1	Suman Mulepati	Head	Consumer Banking Unit Including Fast Track Loan
2	Amit Khanal	Head	Credit Risk (Corporate Credit Banking Unit/SME) Department
3	Narayan Raj Adhikari	Head	Credit Risk(Consumer Banking Unit Including Fast Track Loan) Department
4	Manisha Karna	Head	Recovery(CCBU/SME & CBU Including Fast Track Loan) Department
5	Pradeep Sedai	Regional Manager	Regional Manager-Biratnagar Region
6	Pramesh Raj Kayastha	Executive Finance Officer	Finance Department
7	Roshan Malla	Relationship Manager	Corporate Credit
8	Tulasi Raj Rijal	Relationship Manager	Corporate Credit
9	Anit Sapkota	Head	Internal Audit Department
10	Suresh Prasad Thapaliya	Head	Trade Administration Department
11	Suyesh Kumar Poudel	Head	Card Department
12	Bhupendra Bista	Head	General Service Department
13	Angish Shrestha	Head	Treasury Front Office/Agency Department
14	Hari Babu Thapa	Head	Credit Administration Department
15	Akanksha Basnet	Head	Compliance and NRB Reporting
16	Krishna Pandey	Head	Risk Management Department
17	Shyam Lamichhane	Head	Remittance
18	Raju Manandhar	Head	Operation Department
19	Prabesh Poudel	Head	IT Department
20	Kedar Adhikari	Head	Legal Department
21	Bandana Pandey	Head	New Products & Transaction Banking Department



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**Leadership,
honesty, character,
integrity and loyalty
are five pillars for
balanced success.**



ORGANOGRAM

COMPANY SECRETARY

RISK MANAGEMENT COMMITTEE

RISK MANAGEMENT DEPARTMENT

GENERAL ADMINISTRATION

HUMAN RESOURCE

GENERAL SERVICE

LEGAL & SHARE

INFORMATION TECHNOLOGY

CARD

NEW PRODUCTS

REMITTANCE

BANKING SYSTEMS

OVERALL FINANCE

FINANCE

CENTRAL RECONCILIATION UNIT

COMPLIANCE & NRB REPORTING

TREASURY BACK OFFICE/ MIS/SWIFT

ACCOUNTING UNIT



CORPORATE GOVERNANCE

The Bank is committed to the best practices in the area of corporate governance. The Bank is devoted to align the actions of executive management with the interests of shareholders. It aims to propel the business to greater commercial success with the good corporate governance. The major objectives can be summarized as following:

- To contribute to improved corporate performance and accountability in creating long-term shareholder value.
- The audit committee seeks to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.
- The shareholders are communicated through the Annual General Meeting.
- To ensure compliance with applicable laws and regulations and with the basic principles of integrity, transparency and clear communication.
- To enable robust and regular financial and management reporting fostering confidence in business from the funders/ banks as well as the investors.
- To lead to improved reporting on performance with the managers and owners equipped to make higher quality decisions that can drive an increase in business volume and margins and a reduction in costs.

BOARD MEETINGS

During the year 2014/15 (2071/72), 27 Board Meetings were held out of which 7 meetings were for resolution by circulation. The details of the meetings held in every month, attendance of the directors and sitting fees are as under:

For FY 2014/15(2071/72)

Shrawan Jul/Aug	Bhadra Aug/Sep	Ashwin Sep/Oct	Kartik Oct/Nov	Mangsir Nov/Dec	Poush Dec/Jan	Magh Jan/Feb	Falgun Feb/Mar	Chaitra Mar/Apr	Baishakh Apr/May	Jestha May/Jun	Asadh Jun/Jul
2	2	3	1	-	2	2	1	1	2	2	3

NAME OF THE DIRECTOR	NO. OF MEETINGS ATTENDED	SITTING FEES PER PERSON PER MEETING (NPR)
Pradeep Jung Pandey*	12/20	10,000
Bal Krishna Prasai**	20/20	10,000 [#]
Prakash Chandra Mainali	20/20	8,000
Pavitra Kumar Karki	19/20	8,000
Manohar Das Mool	16/20	8,000
Abinash Pant	7/20	8,000
Arjun Lal Rajbanshi	20/20	8,000
Bijaya Dhoj Karki	19/20	8,000

*Mr. Pradeep Jung Pandey was the Chairman till 11.03.2015.

**Mr. Bal Krishna Prasai was elected as Chairman of BOD with effective from 11.03.2015.

[#]Sitting Fees of meeting was previously NPR 8,000 (after being appointed as Chairman NPR 10,000 from 11.03.2015).

The major agendas of the board meeting during the FY are summarized as following:

- Approval and hindsight overview of credit proposals
- Credit recovery unit- related to transfer of ownership
- Sale of NBA
- Certification of financial statements for the year 2014/15 & seeking approval from NRB for the distribution of proposed dividend
- Investment in shares and debentures
- Acquisition
- Change in Employee Bye-laws.
- Re-appointment of CEO
- Addition of branches
- Amendment in Issued capital and Paid-up capital in AOA & MOA
- Amendment in Credit Policy Guidelines
- Listing of Bonus Share
- Acceptance of tender for the sale of NBA
- Foreign Exchange – Open Position Limit- Increase in bank's core capital from 25% to 30%.
- Application of interest free loan from NRB for opening branches in remote area
- Decisions related to Branch Less Banking (BLB)
- Related to 3rd special AGM
- Purchase of right shares of Mero Micro Finance Limited
- Listing of Shares
- Related to Acquisition of Premier Finance Limited
- Final Approval from NRB for Acquisition of Nepal Housing and Merchant Finance and People's Finance
- Related to Nepal Housing and Merchant Finance and People's Finance
- Overdraft facility to employees
- Donation to earthquake victims
- Related to preliminary MOU between the Bank and National Investment and Capital Market Limited
- Related to increase in investment limit in shares and debentures

Following are the major decisions taken in the board meeting

- Sale of NBA.
- Certification of financial statements of FY 2013/14, seeking approval of NRB for the publication of audited financial statements of FY 2013/14 and 13% Bonus Share and 5.95% cash dividend from distributable profits.
- As per the recommendation of Risk Management Committee to invest in the share and debenture of organized institution and NRB directives 2014, Directive no. 8, authority has been given to

management to invest up to 75 million in the share and debenture of organized institution listed in SEBON. It has been decided to invest the above amount in following categories:

Held for Trading: 25 million

Available for Sale/ Held to maturity: 50 million

- As per the recommendation of the decision of the merger committee of the Bank dated 30.07.2014 (14.04.2071), it has been decided to grant approval to make agreement with People's Finance Limited related to its acquisition.
- As per the recommendation of the merger committee of the Bank dated 22.08.2014 (06.05.2071), it has been decided to grant approval to make agreement with Premier Finance related to its acquisition.
- As per the Recommendation of Building Construction Committee, it has been decided to grant Construction Contract to M/s M. K. Nirman Sewa Private Limited which agreed to construct the corporate building of the Bank at the lowest cost of Rs. 91,683,158.
- Change in vehicle facility has been made in Employee Bye-laws presenting the documents to NRB for approval.
- Reappointment of CEO.

Other Board Level Committees

In terms of the provisions of Directives no.6 section 5 of Nepal Rastra Bank and section 14 and section 15 of Bank and Financial Institutions Act, 2007, licensed banks and financial institution are allowed to constitute board committees relating to Audit Committee, Risk Management Committee and Human Resource Management. Each committee can include minimum 3 and maximum 5 members. Committees relating to areas other than these three areas can be formed for a specified period of time and specific purpose. Board of Directors has constituted 5 Board Level Committees which are as follows:

Name of the Committees

- Audit Committee
- Risk Management Committee
- Human Resource Compensation Committee
- Building Construction Committee
- Merger Committee

These committees provide effective professional support in the conduct of Board level business and focus on expertise where it can best be used, and manage the flow of information so directors are not burdened with unnecessary materials that can hinder rather than facilitate good decision making.

AUDIT COMMITTEE

Audit Committee has been constituted under the chairmanship of a non-executive director. The committee of the board was constituted on 10.07.2007 (26.03.2064) and was reconstituted on 12.07.2015 (27.03.2072). The board functions according to the regulatory provisions of NRB Unified Directives and the provisions of Sections 164 and 165 of Company Act, 2063.

The committee meets regularly as per its charter to discuss and oversee the key issues highlighted by the Internal Audit Department.

Major responsibilities of the committee

The primary purpose of the audit committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations which includes the following:

- Review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements.
- Review the results of the audit with management and external auditors, including matters required to be communicated to the committee under Nepal Standards on Auditing.
- Consider internal controls and review their effectiveness.
- Review of report on, and management responses to, observations and significant findings.
- Control over the financial reporting, information technology security and operational matters.

Composition and Attendance during 2014/15

The committee has 3 members of the Board of Directors. The constitution and quorum requirements as per NRB are complied with. During the year, 15 meetings of the committee were held to review the various matters connected with the internal control, systems and procedures and other aspects, as required in the terms of NRB directives.

The composition of the committee as on 16.07.2015 (31.03.2072) is as follows:

Names	Coordinator/ Member
Arjun Lal Rajbanshi, Director	Coordinator
Bijaya Dhoj Karki, Director	Member
Abinash Pant, Director	Member
Anit Sapkota, Internal Audit Department- Head	Member Secretary

Dates of meetings of Audit Committee and attendance of the directors during the year 2014/15

No. of meetings held till January	7
No. of meetings held after January	8
Total	15

For FY 2014/15(2071/72)

Shrawan Jul/Aug	Bhadra Aug/Sep	Ashwin Sep/Oct	Kartik Oct/Nov	Mangsir Nov/Dec	Poush Dec/Jan	Magh Jan/Feb	Falgun Feb/Mar	Chaitra Mar/Apr	Baishakh Apr/May	Jestha May/June	Asadh Jun/Jul
1	3	1	-	1	1	1	1	1	-	2	3

Name of the director	No. of meetings attended till January	No. of meetings attended after January	Sitting fees till January per meeting (NPR)	Sitting fees after January per meeting (NPR)
Bal Krishna Prasai*	7/7	5/5	4,000	8,000
Arjun Lal Rajbanshi	7/7	8/8	4,000	8,000
Bijaya Dhoj Karki	6/7	8/8	4,000	8,000
Abinash Pant**	-	3/3	4,000	8,000

*Mr. Bal Krishna Prasai resigned with effect from 11.03.2015.

**As per Board Meeting held on 12.07.2015, Mr. Abinash Pant was included in the Audit Committee with effect from the same date.

RISK MANAGEMENT COMMITTEE (RMC)

The Bank has constituted a five member Risk Management Committee (constituting 3 BOD members, 1 Head of Risk Management Unit and 1 Chief Operating Officer) for review of risks associated with credit, operation, investment and ALCO function, concentration risk, policy risk, compliance risk and portfolio risk. The committee was constituted on 17.12.2010 (02.09.2067) under Risk Management Guidelines of Nepal Rastra Bank and the NRB Directives. The committee was last re-constituted on 12.07.2015 (27.03.2072) Mr. Manohar Das Mool is the Chairman of the committee. 5 meetings were held during the year 2014/15 (2071/72).

Major responsibilities of RMC

The purpose of the committee is to perform centralized oversight and policy-setting of risk management activities and to communicate with the Board of Directors about the important risks and related risk management activities which includes:

- Assist the Board of Directors in understanding and exercising regular oversight on risk management measures adopted by the management in operating the Banking business.
- Determine the adequacy and effectiveness of overall risk profile of the Bank.
- Recommend the board and formally announce, implement and maintain a sound system of risk oversight, management and internal control which identifies, assesses, manages and monitors risk and allows investors and other stakeholders to be informed of material changes to the risk profile of the Bank.
- Approve the design of risk management framework, including supporting methods, risk policies, risk exposures, and the risk ranking methodology, as they relate to financial, operational, strategic, and compliance risks.
- Review and advise the Board on the risk impact of strategic business decisions and assess strategic alignment with risk appetite.
- Review significant aggregate risk concentrations and other escalations, and approve significant corrective actions recommended by Management.
- Report to the board the most significant risks, risk trends, as well as related risk response strategies and the performance of the risk management capabilities.

Composition and Attendance during 2014/15

The composition of the committee as on 16.07.2015 (31.03.2072) is as follows:

Names	Co-ordinator/ Member
Manohar Das Mool, Director	Co-ordinator
Prakash Chandra Mainali, Director	Member
Arjun Lal Rajbanshi, Director	Member
Paras Kumar Kafle, Chief Operating Officer	Member
Krishna Pandey, Head- Risk Management Department	Member Secretary

Dates of meetings of Risk Management Committee and attendance of the directors during the year 2014/15

No. of meetings held till January	3
No. of meetings held after January	2
Total	5

For FY 2014/15(2071/72)

Shrawan Jul/Aug	Bhadra Aug/Sep	Ashwin Sep/Oct	Kartik Oct/Nov	Mangsir Nov/Dec	Poush Dec/Jan	Magh Jan/Feb	Falgun Feb/Mar	Chaitra Mar/Apr	Baishakh Apr/May	Jestha May/June	Asadh June/July
-	1	-	1	-	-	1	-	1	-	1	-

Members of the committee	Designation	No. of meetings attended	Sitting fees till January per meeting (NPR)	Sitting fees after January per meeting (NPR)
Manohar Das Mool	Coordinator	5/5	4,000	8,000
Bal Krishna Prasai*	Member	5/5	4,000	8,000
Prakash Chandra Mainali	Member	5/5	4,000	8,000
Pavitra Kumar Karki	Invitee	1		
Arjun Lal Rajbanshi	Invitee	1		
Rajan Singh Bhandari, Chief Executive Officer	Invitee	1		
Ganesh Raj Pokharel, Deputy CEO	Invitee	1		
Sumit Babu Khatri, Chief Credit Officer	Invitee	1		
Paras Kafle, Chief Operating Officer	Member	5/5		
Krishna Pandey, Head-Risk Management Department	Member Secretary	5/5		

*The committee has been reconstituted on 12.07.2015. Mr Bal Krishna Prasai is no longer member of the committee from 12.07.2015.

Agendas discussed in the meetings of the committee

Following are the major agendas discussed in the meeting.

- Review of Risk Management Reports
- Review on FCY open position
- Acquisition of Merchant Banking committees
- Investment in shares and debentures of listed companies
- Assets Liability Committee (ALCO) Minutes for consideration
- AML-CFT compliance review report
- Strategy for financing working capital loan exclusively secured by current assets and/or insufficient real estate collateral (in addition to current assets)
- Discussion on newly issued NRB circular with respect to new loan classification and loan loss provisioning (watch list)
- Impact on loan loss provision of the Bank due to recent NRB circular regarding 5% of the loan amount which falls under watch list



HUMAN RESOURCE AND COMPENSATION COMMITTEE

Human Resource and Compensation Committee of the board was constituted on 25.12.2006 (10.09.2063) and was reconstituted on 12.07.2015 (27.03.2072). The committee functions according to the NRB Unified Directives.

Major responsibilities of the committee

The committee is persistent to set the principles and parameters of the Bank's remuneration policy, and to oversee remuneration policy and outcomes. The all-encompassing purpose of the committee is to consider, agree and recommend to the board on overall remuneration policy and philosophy for the Bank that is aligned with its long term business strategy, its business objectives, its risk appetite, values and the long term interests and recognizes the interests of relevant stakeholders which includes:

- To formulate remuneration policy; set the general objectives and priorities in relation to production and utilization of human resources and define the general strategies and make the choices needed to achieve the objectives.
- Set the budget for annual salary increases.
- Determine the design and targets for any annual performance related pay schemes operated by the Bank and subsequently, review individuals' performance against these targets and agree any payments proposed.
- Review and approve the overall incentive spend.
- Determine the design of, eligibility for and targets for, any long term performance related pay schemes operated by the Bank and subsequently, review the performance against these targets and agree any payments proposed.
- Agree the policy for authorizing claims for expenses and ensure that all incentive plans comply with relevant legislation, codes of conduct and good remuneration practice.
- Review the report on the operation of the remuneration policy and its effectiveness including procedures and processes to avoid conflicts of interest to note the arrangements in place to ensure employees receive adequate information to understand the requirements of the Remuneration Policy and the Remuneration Code.

Composition and Attendance during 2014/15

The composition of the committee as on 16.07.2015 (31.03.2072) is as follows:

Names	Co-ordinator/ Member
Abinash Pant, Director	Co-ordinator
Pavitra Kumar Karki, Director	Member
Rajan Singh Bhandari, Chief Executive Officer	Member
Samir Prasad Dahal, Chief Finance Officer	Member
Umang Sharma, Chief Administrative Officer	Member Secretary

Dates of meetings of Human Resource and Compensation Committee and attendance of the directors during the year 2014/15

No. of meetings held till January	1
No. of meetings held after January	1
Total	2

For FY 2014/15

Ashwin Sep/Oct	Jestha May/Jun
1	1

Name of the director	No. of meetings attended till January	No. of meetings attended after January	Sitting fees till January per meeting (NPR)	Sitting fees after January per meeting (NPR)
Pavitra Kumar Karki	1/1	1/1	4,000	8,000
Abinash Pant	1/1	1/1	4,000	8,000

OFFICE BUILDING CONSTRUCTION COMMITTEE

The Office Building Construction Committee of the board was constituted on 08.11.2012 (23.07.2069) and was reconstituted on 12.07.2015 (27.03.2072). It is a board level committee formed for the construction works, operation and maintenance of the office building.

Major responsibilities of the committee

The Office Building Construction Committee oversees all the activities associated with the construction, operation, maintenance and safety of the office building.

The major responsibilities of the committee includes the following:

- Preparing annual Building Committee budget and amendments to same for submittal to the Finance department.
- Performing a detailed inspection of the building being constructed in Narayanhiti and determine any action needed to be taken care of.

Dates of meetings of Office Building Construction Committee and attendance of the directors during the year 2014/15

No. of meetings held till January	12
No. of meetings held after January	4
Total	16

For FY 2014/15(2071/72)

Shrawan Jul/Aug	Bhadra Aug/Sep	Ashwin Sep/Oct	Kartik Oct/Nov	Mangsir Nov/Dec	Poush Dec/Jan	Magh Jan/Feb	Falgun Feb/Mar	Chaitra Mar/Apr	Baishakh Apr/May	Jestha May/Jun	Asadh Jun/Jul
4	4	-	2	1	-	1	1	1	1	-	1

Composition and Attendance during 2014/15

The composition of the committee as on 16.07.2015 (31.03.2072) is as follows:

Names	Coordinator/ Member
Manohar Das Mool, Director	Coordinator
Prakash Chandra Mainali, Director	Member
Pavitra Kumar Karki, Director	Member
Bodh Raj Devkota, Asst. CEO – General Service Department	Member Secretary

Name of the director	No. of meetings attended till January	No. of meetings attended after January	Sitting fees till January per meeting (NPR)	Sitting fees after January per meeting (NPR)
Bal Krishna Prasai*	10/12	4/4	4,000	8,000
Prakash Chandra Mainali	12/12	4/4	4,000	8,000
Pavitra Kumar Karki	12/12	4/4	4,000	8,000
Bijaya Dhoj Karki*	8/12	4/4	4,000	8,000

*The committee has been reconstituted on 12.07.2015 Mr Bijaya Dhoj Karki & Bal Krishna Prasai are no longer member of the committee from 12.07.2015.

MERGER AND ACQUISITION COMMITTEE

The Merger and AcquiCommittee of the board was constituted on 24.10.2013 (07.07.2070) and was reconstituted on 12.07.2015 (27.03.2072). This committee is majorly a board level committee formed to perform the process of evaluation, review and recommendation for possible mergers and acquisitions.

Major responsibilities of the committee

The main purpose of the committee is to review and recommend acquisition transactions and strategic investment transactions proposed by the management. It puts forward the proposals for assessment of potential acquisitions and mergers and to perform any other responsibilities as required by the board.

The major responsibilities of the committee include the following:

- Review and recommend merger and acquisition requests to BOD.
- Carry out a thorough post-completion evaluation of the merger and acquisition requests and implementation plan of the same.
- Authorize and approve merger, acquisitions requests.
- Keep up to date with and be fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- Recommend merger and acquisition strategies to BOD.
- Assist with post acquisition integration and business development opportunities.

Composition and Attendance during 2014/15

The composition of the committee as on 16.07.2015 (31.03.2072) is as follows:

Names	Coordinator/ Member
Pavitra Kumar Karki, Director	Coordinator
Arjun Lal Rajbanshi, Director	Member
Bijaya Dhoj Karki, Director	Member
Rajan Singh Bhandari, Chief Executive Officer	Member
Ganesh Raj Pokharel, Deputy Chief Executive Officer	Member Secretary

Dates of meetings of Merger and Acquisition Committee and attendance of the directors during the year 2014/15

No. of meetings held till January	10
No. of meetings held after January	7
Total	17

For FY 2014/15(2071/72)

Shrawan Jul/Aug	Bhadra Aug/Sep	Ashwin Sep/Oct	Kartik Oct/Nov	Mangsir Nov/Dec	Poush Dec/Jan	Magh Jan/Feb	Falgun Feb/Mar	Chaitra Mar/Apr	Baishakh Apr/May	Jestha May/Jun	Asadh Jun/Jul
1	3	2	1	2	1	-	3	-	1	3	-

Name of the director	No. of meetings attended till January	No. of meetings attended after January	Sitting fees till January per meeting	Sitting fees after January per meeting
Prakash Chandra Mainali*	10/10	7/7	4,000	8,000
Pavitra Kumar Karki	10/10	7/7	4,000	8,000
Arjun Lal Rajbanshi	10/10	7/7	4,000	8,000

*The committee has been reconstituted on 12.07.2015. Mr Prakash Chandra Mainali is no longer member of the committee from 12.07.2015.

EXECUTIVE COMMITTEE OF THE BANK ~ MANAGEMENT LEVEL COMMITTEE

The Executive Committee (EC) consists of the Chief Executive Officer, Deputy Chief Executive Officer, Assistant Chief Executive Officer, Chief Finance Officer, Chief Risk and Recovery Officer, Chief Operating Officer, Chief Administrative officer, Chief Credit Officer and Chief IT Officer.

The Executive Committee represented by all Departmental Heads of the Bank is the summit body that manages the Bank's operation on a day to day basis. EC meets formally at least once a week and informally as and when required.

The Executive Committee of the Bank has the responsibility to direct the business of the Bank vested by law in the Board of Directors insofar as such powers and authority may be lawfully delegated to the Executive Committee, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

Major Responsibilities of the Committee

- The strategies for the Bank are decided and monitored on a regular basis and decisions are taken jointly by this Committee.
- Approve and/or implement any or all corporate acts within the competence of the board.
- Review and approve bank-wide credit strategy, profile and performance.
- Approve and monitor the risk taking-activities of the Bank based on the regulations of established approving authorities and reviews and endorses other activities.

The EC meetings are held once every week. The details of attendance of EC Meetings during the year 2014-15 are as under:

Attendance of members at EC Meetings during the year 2014/15

No. of meetings held – 44

S.No.	Names	No. of meetings attended
1	Rajan Singh Bhandari	40/44
2	Ganesh Raj Pokharel	42/44
3	Bodh Raj Devkota	41/44
4	Ram Dhan Shrestha	44/44
5	Samir Prasad Dahal	35/44
6	Rajendra Lal Shrestha	41/44
7	Paras Kumar Kafle	43/44
8	Umang Sharma	42/44
9	Sumit Babu Khatri	41/44
10	Sanjeeb Kumar Shrestha	40/44

OPERATIONAL RISK MANAGEMENT COMMITTEE

Agendas discussed in the meetings were related to risk management department, treasury back office, reconciliation unit, compliance and NRB reporting unit, card department, internal audit department, operation department and others.

No. of meetings held – 4

Attendance of Members at Operational Risk Management Committee during the year 2014/15

Members of the committee	Designation	Position	No. of meetings attended
Ganesh Raj Pokharel	Deputy CEO	Chairman	4/4
Ramdhan Shrestha	Assistant CEO-Operations	Member	4/4
Paras Kumar Kafle	Chief Operating Officer	Member	3/4
Roshan Manandhar	Operation In Charge	Member	3/3
Raju Manandhar*	Operation In Charge	Member	1/1
Suresh Thapaliya	Head-Trade Finance	Member	4/4
Hari Babu Thapa	Head-Credit Administration	Member	4/4
Macharaj Maharjan	Head-IT	Member	3/3
Prabesh Poudel*	Head-IT	Member	1/1
Saurav Tiwari	Head-Compliance	Member	2/2
Akanksha Basnet*	Head-Compliance	Member	2/2
Anit Sapkota	Head-Internal Audit	Member	3/4
Akanksha Basnet	Head-Treasury Back Office	Member	2/2
Anugya Kayastha*	Head-Treasury Back Office	Member	2/2
Bibek Adhikari	Head-Remittance	Member	1/2
Shyam Lamichhane*	Head-Remittance	Member	2/2
Uday Raj Keshari	Head-Card	Member	2/2
Suyesh Poudel*	Head-Card	Member	2/2
Ranjana Pannachan	Head-Central Reconciliation	Member	3/4
Sabina Basnet	Head-Clearing Department	Member	3/4
Bhupendra Bista	Head -GSD	Member	0/1
Dikendra Ram Kashajoo	GSD	Invitee	1/1
Sweecha Lohani	Card Back Office	Member	1/1
Krishna Pandey	Head-Risk Management Department	Member Secretary	4/4

* Members after reconstitution of the committee in place of transferred staff.

ASSETS LIABILITIES MANAGEMENT COMMITTEE (ALCO)

ALCO is the committee at the Bank responsible for balance sheet planning and management from risk-return perspective and also responsible for the strategic management of interest rate and liquidity risks. The ALCO committee reports to CEO which is further monitored by the risk management committee which report to the board of directors.

Major Responsibilities of the Committee

- Evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure.
- Formation of an optimal structure of the Bank's balance sheet to provide the maximum profitability.
- Monitor liquidity risk, interest rate risk, operational risk, foreign exchange risk, equity risk and external events that may affect the Bank's forecast and strategic balance-sheet allocations.
- Control over the capital adequacy and risk diversification.
- Monitor and review fees and commission on regular basis.
- Determination of the Bank's liquidity management policy.
- Responsible for setting placement limits to Banks and Financial Institutions.
- Control over dynamics of size and yield of trading transactions (purchase/sale of currency, government securities, shares, derivatives) as well as extent of diversification.
- Control over dynamics of the basic performance indicators (ROE, ROA, etc.) as prescribed by the Bank's policy.
- Consider treasury dealing strategies and holdings against the risk appetite set for Treasury Risk Management.

Attendance of members at Asset-Liability Committee meetings during the year 2014/15

No. of meetings held	14
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Members of the committee	Position	No. of meetings attended
Chief Executive Officer	Chairman	14/14
Deputy CEO	Member	12/14
Assistant CEO-Credit/Finance	Member	12/14
Assistant CEO-Operations	Member	13/14
Chief Finance Officer	Member	10/14
Chief Operating Officer	Member	13/14
Chief Credit Officer	Member	13/14
Head Treasury	Member secretary	14/14
Executive Finance Officer	Invitee	2/14

Major Agendas discussed in the meeting

- Review of IBT interest rates
- Review of Interest spread
- Review and publish quarterly Interest rates
- Review of Fund Position, Ratios and CCD Review
- Review of Fees and Commission
- Review of current market trend on call deposit and fixed deposit

IT STEERING COMMITTEE

The purpose of the Committee is to assist the Board to fulfill its corporate governance and oversight responsibilities for the investments, operations and strategies in relation to technology and information systems.

Attendance of members at IT Steering Committee meetings during the year 2014/15

No. of meetings held	12
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Members of the committee	Position	No. of meetings attended
Rajan Singh Bhandari, Chief Executive Officer	Chairman	12/12
Ganesh Raj Pokharel, Deputy CEO	Member	12/12
Bodh Raj Devkota, Assistant CEO	Member	12/12
Umang Sharma, Chief Administrative Officer	Member	12/12
Sanjeev Kumar Shrestha, CITO	Member	12/12
Prabesh Poudel, Head IT	Member Secretary	9/12

Major Agendas discussed in the meeting

- Storage upgrade
- Pumori server virtualization
- DR server
- Daily MIS software
- Online examination system
- CISCO firewall upgrade
- DR drill test
- CDS
- HR and inventory software
- Online KYC
- Datacenter RFP
- Voice conference
- Source code safety for banking software
- Nepal housing and Merchant Finance Limited
- Related to firewall, log analyzer and e-mail spam filtering
- Data center RFP
- Data migration of Nepal housing and Merchant Finance Limited and People's Finance Limited
- CARD migration
- Email security

PURCHASE COMMITTEE

Purchase Committee is responsible for the finalization of specification and quality of logistics, approval of tender/ quotation documents; recommending for procurement of logistics and awarding of tenders costing more than Rupees One Hundred Thousand to Chief Executive Officer or Approving Authority.

No. of meetings held – 20

Attendance of members of Purchase Committee during the year 2014/15

SN	Name	Designation	Position	No. of meeting attended
1	Bodh Raj Devkota	Assistant Chief Executive Officer	Chairman	20/20
2	Samir Prasad Dahal	Chief Finance Officer	Member	16/20
3	Umang Sharma	Chief Administrative Officer	Permanent Invitee	20/20
4	Bhupendra Bista	Head- General Service Department	Member Secretary	16/20
5	Dikendra Ram Kashajoo	General Service Department	Invitee	18/20

Major Agendas discussed in the meeting

- Procurement of logistics required for establishment of branches in Nijgadh, Sanushree, Dharan, Bajhang, Bhojpur and Naya Baneshwor.
- Procurement of New Software for Human Resource and Inventory & Fixed Asset Management.
- Procurement of vehicles for Corporate Office and Branch Office Pokhara.
- Shifting works of Butwal and Maitidevi branches.
- Reconstruction work of Janakpur branch building.
- Procurement of HP Arcsight Software based logger system.
- Procurement of Email Spam Filtering Software.
- Procurement of required logistics for various branches of the Bank.

INTERNAL CONTROL

The Bank, cogitate effective internal control system as a critical component of bank management and a foundation for the safe and sound operation of the Banking activities. The Bank has an independent Internal Audit function defining responsibilities at each level. The Bank has strong internal control system that ensures the achievement of goals, objectives and long term profitability targets and reliable financial and managerial reporting. The Bank also ensures the compliance with the laws, regulations as well as plans, policies, internal rules and procedures mitigating the risk of unexpected losses or damage to the Bank's reputation. The internal control system of the Bank emphasizes upon the prudent operation of the Bank promoting stability in the financial system as a whole. Internal Audit function is governed by Internal Audit Policy approved by the Board of Directors dated 21.01.2008.

The primary objectives of internal control system of the Bank are to ensure the following:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures, and contracts.

The Bank has set out the following principles for the assessment of Internal Control System

- The board of directors is ultimately responsible for ensuring that an adequate and effective system of internal controls is established and maintained.
- Senior management has the responsibility for implementing strategies and policies approved by the board; developing processes that identify, measure, monitor and control risks incurred by the Bank; maintaining an organizational structure that clearly assigns responsibility, authority and reporting relationships; ensuring that delegated responsibilities are effectively carried out; setting appropriate internal control policies; and monitoring the adequacy and effectiveness of the internal control system.
- The board of directors and senior management are responsible for promoting high ethical and integrity standards, and for establishing a culture within the Bank that emphasizes and demonstrates to all levels of personnel the importance of internal controls.
- An effective internal control system recognizes the material risks (i.e. credit risk, transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk and reputational risk) that could adversely affect the achievement of the Bank's goals and are continually assessed.
- An effective internal control system ensures that there is appropriate segregation of duties and that personnel

are not assigned conflicting responsibilities. Areas of potential conflicts of interest are identified, minimized, and subject to careful, independent monitoring.

- An effective internal control system ensures that there are adequate and comprehensive internal financial, operational and compliance data, as well as external market information about events and conditions that are relevant to decision making.
- An effective internal control system requires effective channels of communication to ensure that all staff fully understand and adhere to policies and procedures affecting their duties and responsibilities and that other relevant information is being communicated to the appropriate personnel.

Monitoring internal control system

Effective monitoring of the internal control system of the Bank streamlines the assessment process. The fundamental principles of the Bank for effective monitoring of internal control system includes the following:

- Ongoing and/or separate evaluations that enable management to determine whether the other components of internal control continue to function over time.
- Internal control deficiencies are identified and communicated in a timely manner to those parties responsible for taking corrective action and to management and the board as appropriate.

Furthermore, the Bank is committed to achieve the above principles in the best ways through the following three broad based elements:

- Establishing a foundation for monitoring through proper tone at the top, effective organizational structure that assigns monitoring roles to people with appropriate capabilities, objectivity and authority and a baseline of effective internal control from which ongoing monitoring and separate evaluations can be implemented.
- Designing and executing monitoring procedures focused on persuasive information about the operation of key controls that address meaningful risks to organizational objectives.
- Assessing and reporting results, evaluating the severity of any identified deficiencies and reporting the monitoring results to the appropriate personnel and the board for timely action and follow-up as required.

Internal Control Team

An effective and comprehensive internal audit of the internal control system is carried out by operationally independent, appropriately trained and competent staff. The team is responsible to adhere with the Internal Audit policies, procedures and annual audit plan as directed by the board of directors. The Internal Audit reports are periodically forwarded to the Audit Committee and the findings of all audits are reported to the Chief Executive

Officer and Business Heads for initiating immediate corrective measures.

Following are the major activities performed for establishing and maintaining effective internal control system.

- Review of Investment (as required by NRB): Shrawan End and Magh End
- Review of Capital Adequacy (as required by NRB): Monthly
- Loan Loss Provision overview on quarterly basis
- Review of Quarterly Financial statement
- Reporting Major audit issues to BOD along with quarterly financial statement.
- Compliance Audit of AML/CFT policy: yearly
- IC transaction review done on half yearly basis
- Other reviews as per the requirement of manuals, policies, etc.
- Other tasks such as coordinating Statutory Auditors, NRB Inspection Team, etc. as well as banking operations will be done as per the requirement.

The major activities has been further explained as following:

- The audit committee thoroughly discusses all the internal audit reports. After discussion, the audit committee refers the internal audit reports to the Board of Directors (BOD) and senior management. The BOD and/or management then gives appropriate instructions to the concerned for the implementation of the reported issues as soon as possible.
- The coverage, periodicity of internal audit reporting and the review of risk by the internal audit function are adequate for the existing size and transaction of the Bank.
- Internal audit reports and external audit reports are reviewed. Based on review of the process/procedure for the purpose of audit, the deficiencies identified by the internal auditor, previous period external audit reports have been resolved satisfactorily.
- The adequacy of the controls in credit operations are in commensurate to the size and nature of the Bank. The credit proposals are passed through independent credit risk department and executed by separate credit administration department.
- The Bank has Treasury Manual to control treasury operation. To control treasury operation, individual limit and institutional limit have been defined which controls the treasury deal limit. Further, treasury deals made through telephonic conversation are recorded in the treasury room for which adequate backup has been maintained. Treasury Back Office is involved in checking the limit based on the policy on treasury operation.
- The Bank has extended its operation through 54 branches across the country operating as on 16th July, 2015. Branch operation controls are ensured by assigning adequate human resources, infrastructure,

reporting requirement, authority level etc. according to the nature and size of the major activities of the branches. The branches operate in accordance with the approved authority and following the Bank's approved policies, procedures, manuals, guidelines and circulars/communiqués. Activities relating to branch operations are closely monitored by top level management.

- The adequacy of controls over Nostro Bank Operations is commensurate to the size and nature of the Bank. The Bank has in total 42 Local Nostro Accounts (including NRB accounts) and 9 foreign Nostro Accounts. The balances in the Foreign Nostro Accounts are reconciled on a Daily basis in order to identify the items causing the difference. Similarly local Nostro are reconciled on weekly basis.
- The controls on procedures related to expenditure is commensurate to the size and nature of the business. The major expenditures incurred during the period are guided by the budget approved by the Board of Directors (BOD) before the commencement of the financial year. The Financial Byelaws approved by the Board have delegated the authority and also assigned limit to competent authorities for approval of expenses incurred under various heads.
- The control over fixed assets is in place.
- The Bank has its own intranet through which the management and staff can have access to all the information, policies, procedures, byelaws, circulars, etc).

- The controls over e-banking and card operations is commensurate to the size and nature of the Bank.
- Controls in Information Technology and Related Support Functions appear to be commensurate to the size and nature of the Bank and are found to be operating satisfactorily. The IT policies and procedures have been implemented. Disaster recovery plan has been formulated.
- Inter-branch and Agency Reconciliation Function is in place. There is no un-reconciled item at the year-end in inter branch accounts. The Bank has identified, reconciled and have been reviewing all reconciling items on daily basis.
- The control system to minimize and/or prevent fraud and forgeries are in place. However, due to inherent limitations of any system, there always remains possibility of fraud and forgeries. The respective departments are responsible to monitor their operations to ensure that frauds and forgeries are prevented. Regular internal audit of the Bank has also strengthened for prevention and minimization of fraud and forgeries.
- All required policies, procedures, manuals and guidelines for the operation and management of the Bank are in place. The internal audit functions and oversight role of audit committee ensures the Bank abides to the policies, procedures, manuals and guidelines.

Branches and Departments covered during the course of Internal Audit

S.No. Branch/ Department	Period of Audit	S.No. Branch/ Department	Period of Audit
1 Kamaladi Branch/ Corporate Office	19.10.2014 - 22.10.2014	15 Nayabazar Branch	11.03.2015 - 13.03.2015
a Corporate Credit	18.03.2015 - 23.04.2015	16 Birtamod Branch	28.12.2014 - 29.12.2014
b Consumer Banking Unit	18.03.2015 - 06.04.2015	17 Maitidevi Branch	30.10.2014 - 04.11.2014
c Finance Department	17.05.2015 - 25.05.2015	18 Beni Branch	15.10.2014 - 17.10.2014
d Treasury Department	05.06.2015 - 08.06.2015	19 Ghorahi Branch	31.12.2014 - 02.01.2015
e HR Department	26.05.2015 - 31.05.2015	20 Gaighat Branch	08.01.2015 - 09.01.2015
f General Service Department	17.05.2015 - 25.05.2015	21 Kirtipur Branch	21.06.2015 - 23.06.2015
g Trade & Credit Operation	05.08.2014 - 26.08.2014	22 Narayangopal Chowk Branch	26.02.2015 - 03.03.2015
h Recovery Unit	10.05.2015 - 15.05.2015	23 Mahendranagar Branch	04.01.2015 - 06.01.2015
i Card Department	01.06.2015 - 03.06.2015	24 Kapan Branch	12.03.2015 - 15.03.2015
j IT Department	06.07.2015 - 08.07.2015	25 Pathlaiya Branch	18.09.2014 - 19.09.2014
2 Biratnagar Branch	02.01.2015 - 07.01.2015	26 Madhyapur Thimi Branch	23.03.2014 - 07.01.2015
3 Birgunj Branch	14.09.2014 - 18.09.2014	27 Itahari Branch	31.12.2014 - 01.01.2015
4 Pokhara Branch	19.10.2014 - 22.10.2014	28 Bhaktapur Branch	28.12.2014 - 01.01.2015
5 Nepalgunj Branch	21.12.2014 - 24.12.2014	29 Janakpur Branch	11.01.2015 - 13.01.2015
6 Boudha Branch	16.10.2014 - 22.10.2014	30 Patan Branch	24.06.2015 - 26.06.2015
7 Newroad Branch	31.08.2014 - 10.09.2014	31 Surkhet Branch	27.12.2014 - 30.12.2014
8 Kumaripati Branch	31.08.2014 - 05.09.2014	32 Hetauda Branch	20.09.2014 - 25.09.2014
9 Koteswor Branch	20.08.2014 - 26.08.2014	33 Jajarkot Branch	25.12.2014 - 26.12.2014
10 Narayanghat Branch	30.10.2014 - 03.11.2014	34 Siddharthanagar Branch	06.11.2014 - 07.11.2014
11 Kalanki Branch	15.02.2015 - 20.02.2015	35 Samakushi Branch	21.06.2015 - 23.06.2015
12 Butwal Branch	04.11.2014 - 05.11.2014	36 Kolhabi Branch	23.09.2014 - 23.09.2014
13 Thahiti Branch	09.03.2015 - 11.03.2015	37 Thapathali Branch	24.06.2015 - 26.06.2015
14 Dhangadhi Branch	07.01.2015 - 09.01.2015	38 Baglung Branch	17.10.2014 - 18.10.2014

RISK MANAGEMENT

Risk management has been an integral part of corporate governance to deal with the uncertainties associated with the business. The volatility in the financial markets requires the effective control over risk. The Bank believes that risk-taking is an inherent element of banking and, indeed, profits are in part the reward for successful risk taking in business. The Bank's objective is to practice good corporate governance and add maximum sustainable values with effective controls enabling risk to be assessed.

The risk management framework and the governance structure are based on the three lines of defense model. The Business Heads are responsible for identification and risk management in the respective business functions. Hence, the internal control structure and the management controls at operational level act as the 1st line of defense.

Credit Risk Management Systems

Credit Risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers or counterparties from outright default due to the inability or unwillingness of borrower to meet its commitments or from reduction in portfolio value. Credit Risk emanates from a bank's dealings with an individual, non-corporate, corporate, Bank, financial institution or sovereign. Credit Risk focuses on the borrower's possibility of default rather than probability of repayment. Credit Risk is concerned about the quality of credit portfolio so that it does not go into default and manages the portfolio by taking measures to bring the riskier assets into low risk assets before booking those.

To meet the purpose, the Bank has established Credit Risk Department with effect from November 2012 and all the Credit Proposals (corporate/consumer/SME) are duly assessed by Credit Risk prior to approval.

Adequacy of credit appraisal systems

The Bank has strong credit appraisal and risk assessment practices in place for identification, measurement, monitoring and control of the credit risk exposures.

The Bank has formulated Credit Policy Guidelines ("CPG"), which was approved by 17th Board meeting of the Bank dated 22.02.2007 (10.11.2063). Credit Policy Guidelines addresses Do's and Don'ts and Preamble, Statement of Policy, Types of Credit Risk/ Classification of Credit Risk, Approval Authorities, Credit Approval Process, Credit Administration- Documentation, Credit Administration-Security, Valuation and Monitoring, Exposure Norms, Irregular Accounts and Credit Review & Supervision.

The objective and feasibility of the credit/business are analyzed /documented in "Credit Application (CA)". Cash

flows and financial statements submitted by the borrowers are analyzed in a separate financial analysis spread sheet and incorporated in the Credit Application.

Business Unit and Credit Risk Management identify, manage, and monitor the credit risk, to which the Bank is exposed to, more effectively. All credit customer/counter parties are properly assessed and risk grading is done to reflect the degree of the risk being assumed before the approval of credits. A review of a customer's risk grade is made whenever new information is received and appropriate action is taken where a review results in a downward movement in the grade. Further, any follow up and continuation of credit facility to the customer is done by Credit Administration department.

An applicant fills a written loan application form and a loan sanction letter is issued which, if accepted by the applicant, serves as the loan agreement between the Bank and the applicant.

Adequacy of credit monitoring systems

Credit is reviewed through Collateral Site Visit Report (CSV), inspection report and offering sheet. The Credit Administration department is responsible for monitoring the developments affecting the business of the borrower, and communicates the impact to concerned department. The department then forwards such reports to the concerned relationship managers for follow up and regularization.

The following measures define the major credit monitoring activities.

- The credit files are well organized.
- Complete documentation of extended credit.
- Safe custody of security and mortgage document.
- Up to date maintenance of the files relating to consortium financing
- Periodic inspection of customer's workplace by an officer independent of responsibility for managing that relationship was undertaken and a report documented.
- Periodic Financial statements and inventory reports, status of receivables are obtained from the borrowers at regular intervals.
- Audited financial statements are obtained from the borrowers.
- Procedures are in place to review and monitor large loans extended to a group of companies.
- The systems of classification and provisioning for loan loss is adequate and additional provision to be made on restructured and rescheduled loans are disclosed.

Adequacy of the credit recovery systems

A Recovery Unit under "Credit Risk & Recovery Unit" has been constituted separately for monitoring the delinquent or non-performing accounts on an ongoing basis and offers recommendations to the management regarding the recovery efforts to be initiated so as to ensure timely

recovery of the credit and to minimize the quantum of bad loans. Recovery unit has also been assigned to undergo recovery actions against defaulting customers. The follow up and actions to be taken for recovery is mentioned in all the product papers of the loan. As on 16.07.2015 (31.03.2072), 1.53% of total loans and advances constitute of Non-Performing Loans.

Adequacy of Policies and procedure for Write off of Loans

Recovery Policy has been implemented for write off of loans. During the year, no any loans has been written off.

Adequacy of Policies, guidelines and Controls over Off Balance Sheet Items

Manuals for Letters of Credit and the Guarantee business have been developed and approved by Board on 20.02.2014. The Credit Policy Guide also contains brief provisions for providing non-fund based credit products. The off balance sheet items are being monitored through various MIS reports.

Concentrations in the credit and investment portfolio

There is a system of monitoring loans to a single or group of borrowers by preparing group exposure sheet. The loans disbursed to a single borrower or group of borrowers are within the limit as per Nepal Rastra Bank directives.

Credit concentrated to a single unit is 2.34% as on 16.07.2015 in maximum. The top five group wise borrowers constitute of 9.30% and top ten group wise borrowers constitute 13.82% of the total loans and advances of the Bank respectively.

The investments of the Bank are concentrated towards risk free investment. Out of total investments, investment in risk free securities (Treasury bills and GON Bonds) is 83.94%, investment in foreign bank is 12.01%, investment in local licensed institutions is 0.86%, investment in organized institutional shares is 1.60% and other investment is 1.60%.

Market Risk (Interest Rate, Liquidity and Foreign Exchange) Management Systems

Market Risk is the possibility of loss a bank may suffer on account of changes in values of its trading portfolio, due to change in market variables, such as exchange rates, interest rates and equity price, among others.

The Bank's market risk management consists of identification and measurement of risks, control measures, monitoring and reporting systems.

Adequacy of policies, procedures and guidelines for the market risk management

Market Risk management is the responsibility of Asset Liability Management Committee (ALCO) and the committee is guided by Assets and Liability Management

Policy. The ALCO of the Bank monitors, reviews and mitigates various risks such as liquidity, interest rate, foreign exchange. Also, the Bank has formulated a separate manual on the Treasury and Investment Manual in order to standardize and strengthen the internal control system over the treasury operations thus facilitating effective management of market risks. The Bank uses the liquidity table, foreign exchange risk monitoring table, stress testing and gap analysis table as prescribed by the Nepal Rastra Bank for minimizing liquidity risk, foreign exchange risk and interest rate risk respectively.

Adequacy of the system for measuring, monitoring and mitigation of Market Risk

The Bank uses the liquidity table, foreign, stress testing and gap analysis table as prescribed by the Nepal Rastra Bank for measuring and monitoring liquidity risk, foreign exchange risk and interest rate risk respectively. The Bank computes and analyzes the weighted average interest rate spread periodically in the form prescribed by NRB to monitor the yield.

The identified and measured market risks are discussed in the meeting of ALCO to identify possible ways out to mitigate the risks.

Operational Risk Management System

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Adequacy of policies, procedures and guidelines for the Operational risk management

The Bank has implemented various Standard Operational Procedure (SOP) for different operational areas such as cash, current and saving account, treasury & correspondence, LC settlement, reconciliation, remittance, safe deposit locker, security, term deposit, treasure back office, and policies to standardize and strengthen its framework for the effective management of operational risks. Also, various circulars/communiqué have been issued for the same purpose.

Adequacy of the system for measuring, monitoring and mitigation of Operational Risk

Internal Audit and Compliance Department of the Bank regularly monitors the compliance of the internal policies, manuals, and circulars/communiqué related with operation risk management.

Maintenance and back-up of the records of the entity

Directors and management take the reasonable care to maintain adequate records (including accounting records) commensurate with bank's needs and particular circumstances and with regards to the manner in which the business is structured, organized and managed, its size and the nature, volume and complexity of its

transactions and commitments. The accounting and other records are located where they best assist management to conduct the business of the Bank in a prudent manner on a day-to-day basis.

The accounts are maintained in accordance with Companies Act, 2007, Bank and Financial Institutions Act, 2007, Negotiable instrument Act 1977 and Income Tax Act, 2002.

Companies Act, 2007

In line with Sec. 108 of the Companies Act, 2007, the accounts are maintained in English language according to the double entry system of accounting and in consonance with the accounting standards enforced by the competent body under the prevailing law and with such other terms and provisions required to be observed pursuant to the Act, in such a manner as to clearly reflect the actual affairs.

The Board of Directors prepares the following annual financial statements within six months of the expiry of its financial year in accordance with Sec. 109 of the Act.

- Balance sheet as at the last date of the financial year.
- Profit and loss account of the financial year.
- Description of cash flow of the financial year.

The accounts and annual financial statements prepared by the Bank has been kept safely for at least five years after the date of expiry of the financial year concerned.

Bank and Financial Institutions Act, 2007

In accordance with Sec. 59 of BAFIA 2007, the Bank prepares its balance sheet, profit and loss account, cash flow statement and other financial statements in such format and in accordance with such procedure as may be prescribed by the Nepal Rastra Bank and are audited. Such financial statements are signed by at least two directors, the chief executive and the auditor.

Income Tax Act, 2002

In accordance with Sec. 81 with Income Tax Act, 2002, the Banks maintains the documents of the type, form, and certification prescribed by the Department including the following documents:

- Documents that are necessary to explain information to be provided in a return or in any other document to be filed with the Department under this Act.
- Documents that enable an accurate determination of the tax payable by the person.
- Documents that substantiate deductions and outgoings.

The documents as referred above are retained for a period of five years from the end of the income-year or years to which they are relevant unless the Department otherwise specifies by notice in writing.

Negotiable Instrument Act 1977

No complaint relating to the negotiable instrument is valid which is not filed within 5 years from the date of cause of action to file such complaint. So such documents related to Negotiable instruments are retained for at least 5 years.



BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

A robust anti-corruption program has been developed with regards to a necessary and effective internal control mechanism and strengthened risk management functions to prevent bribery and corruption in the Bank's operations. In consideration with Nepal Rastra Bank's guidelines on maintaining good corporate governance, all the members of the Board as well as the employees are committed to the code of ethics prescribed by NRB.

Information Officer

The Bank has designated Mr. Ganesh Raj Pokharel, Deputy Chief Executive Officer, as Chief Information Officer pursuant to section 6 of Right to Information Act 2008 which provides access to every citizens with following information:

- structure and nature of the Bank,
- functions, duties, and powers of the Bank
- number of employees and working details of the Bank,
- services rendered by the Bank,
- branch and responsible officer of the service providing the Bank
- fee and time frame required for delivery of service,
- decision making process and key responsible persons,
- authority to hear appeal against decision
- description of functions performed
- name and designation of Chief and Information Officer
- list of Acts, Rules, By Laws or Guidelines
- updated description of income, expenditures and financial transactions
- other particulars as prescribed by the laws

Legal and Regulatory requirements

In line with Directives-6 issued by NRB, though the Directors may delegate authorities to employees in the course of actions, the ultimate responsibility of the work of such employees rests with the Directors. A record of any supervision and actions taken against the employees are placed in the meeting of the Board of Directors.

The Bank obtains and submits the details of the self-declaration to NRB made by the Directors with regards to themselves and the details of the registration/ record book prepared by itself with regard to its Directors.

The Bank updates from completion of Income Year about the assets held in the name of Director, Chief Executive Officer & officer level staff and their family and description of loans taken from Banks and Financial Institutions.

Bank's Procedure

Chief of Respective Department undertakes the responsibility to instruct and receive information from the subordinate staff on matters relating to the Code of Conduct. The concerned Department Chief submits reports as to the breach of discipline or rules by the employees to the Human Resource Department. Human Resource Department makes such reports available to the supervision team of NRB in course of the inspection.

The operation department of the Bank ensures that the payments for the cheques are made within five minutes of presentment. If the payments are not made, the customers can place their complaints at complain@ctznbank.com.

Ways to handle complaints of Local Customers

The Bank handles the complaints of customer with great enthusiasm. The Bank treats our customers fairly at all times. Any complaints raised by customers are dealt with courtesy and on time. The Bank has always been acting in good faith and without prejudice to the interest of the customer. Still there may be occasions when customers feel that service levels are not up to the expected level and their enquiry/grievances raised are not attended properly. In such a situation customers are requested to approach the branch head for the redressal of their grievances/complaints. However, if they feel that matter requires to be attended at higher level, they may address their complaints to any of the officials.

The Bank has in-built system for handling customers' complaints and suggestions on priorities.

Following are the basic procedures for this.

- Customer Service In-charge in branches has been designated as "Complaint Handling Officer". A visible notice board in this regard has been displayed in the customer service area of each branch and BLB Location.

- For 24 * 7 availability mobile numbers of all the Branch Managers, Assistant Branch Managers, Operations In-charge and Executive Operating Officer has been displayed in the customer service area (or cash counter) of each branch, BLB location and ATM location. In case of ATM, Mobile Number of Head – Card has been displayed.
- Similarly, Email address and SMS facility for lodging complaints / suggestions have been displayed in each branch, BLB location and ATM location.

The Bank has adopted various reporting procedure for effective grievances handling. They can be summarized as follows:

- Staff receiving any verbally lodged complaints have been sending emails to complain@ctznbank.com writing the complaint /suggestion verbatim immediately or ASAP.
- Branch has been reporting via email any complain/ suggestion received in Complain Box to complain@ctznbank.com scanning the complaint on every Sunday.
- Customer can also report complain using SMS (Syntax: < COMPLAIN (space) Text > and send it to 7788). Any complaint/suggestions received through SMS are viewed daily in mobile banking by CSD-Head/ In-charge, ABM, BM and also forward it to complain@ctznbank.com immediately.
- Any complaint/suggestions received through SMS; e-Banking and any mobile number of executives as well as of any staff of the Bank are being reported to complain@ctznbank.com writing the complaint /suggestion verbatim immediately or ASAP.

- Emails received from complain@ctznbank.com are being forwarded to Operation Department, Operational In charge, Head-E Banking, Executive Operating Officer and Chief Operating Officer.

There is also separate fields (form) placed in the website (i.e. Feedback) to take the customer complaints/ suggestions/ compliments so that the customer could fill the field online and could submit their feedback to the Bank immediately. Further, the filled form is forwarded to complain@ctznbank.com automatically.

Operations Department, Head Office along with the help of respective Branch Manager and Department Heads have been supervising compliance of the lodged complaints. The handling procedure is as below:-

- Immediately acknowledge the complaint and make sure the issue is understood
- Do everything that the Bank could fix
- Keep the complainant informed of our progress
- Keep a record of the complaint
- Give our name, a reference number and contact details so that complainant can follow up if he/she wants to; and
- Provide a final response within 7 days. (Most complaints can be resolved in a few days.)

If the Bank is unable to provide final response to the complaint within 7 days, it will inform complainant of the reasons for the delay.

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RISK MANAGEMENT

RISK MANAGEMENT & CONTROL ENVIRONMENT

Overview

- Our Board members are actively engaged and involved in risk policy setting and governance, and spend more focused, higher-quality time on risk issues.
- The Bank has instituted an enterprise wide risk management system and instilled appropriate risk culture throughout the organisation, where risk is everyone's business from the top level management to the bottom level employees.
- The Bank aims to further improve transparency, quality, accuracy and timeliness of information to support risk management.
- Use of both qualitative and quantitative techniques with varied assumptions instead of blindly following the models.

a. Risk Management and Control Environment Framework

Risk is part of all our lives. Similarly, the Bank operates in an ever-dynamic environment. As such the Bank adjusts and adapts to environmental dynamism through a variety of strategic orientations for the survival which is essential determinant of success. The complexity, interrelatedness, and interconnectedness of influential variables in the environment, whether internal or external, calls for segmenting the environment and managing it properly. Thus, proper risk management will reduce not only the likelihood of an event occurring, but also the magnitude of its impact.

The Bank has formed BOD and Senior Management with adequate capabilities who are responsible for developing a vision for the institution and providing input in order to formulate business strategies and significant policies which include those relating to management of the various risks. Therefore, they are actively involved in the formulation and oversight of risk management processes by giving strategic direction and for implementing mechanisms to ensure an ongoing review of systems, policies and procedures for adopting any changes in risk management.

The directors and senior management define detailed policies, procedures and limits, which also form part of the risk management processes, in order to manage the specific type of risks facing the institution. For example, the Bank has separate Credit Policies Guidelines which includes defining the Bank's credit policies, risk mitigating measures and single obligor limit.

Effective risk monitoring and management requires that senior managers and directors are provided with timely reports on the financial conditions, operating performance and the risk exposure of the institution. There is an effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed. These aid in identifying and measuring the material risk exposure of the institution, which are then analysed to monitor exceptions within the concerned risks and perform explicit procedures to effectively manage the deviations observed.

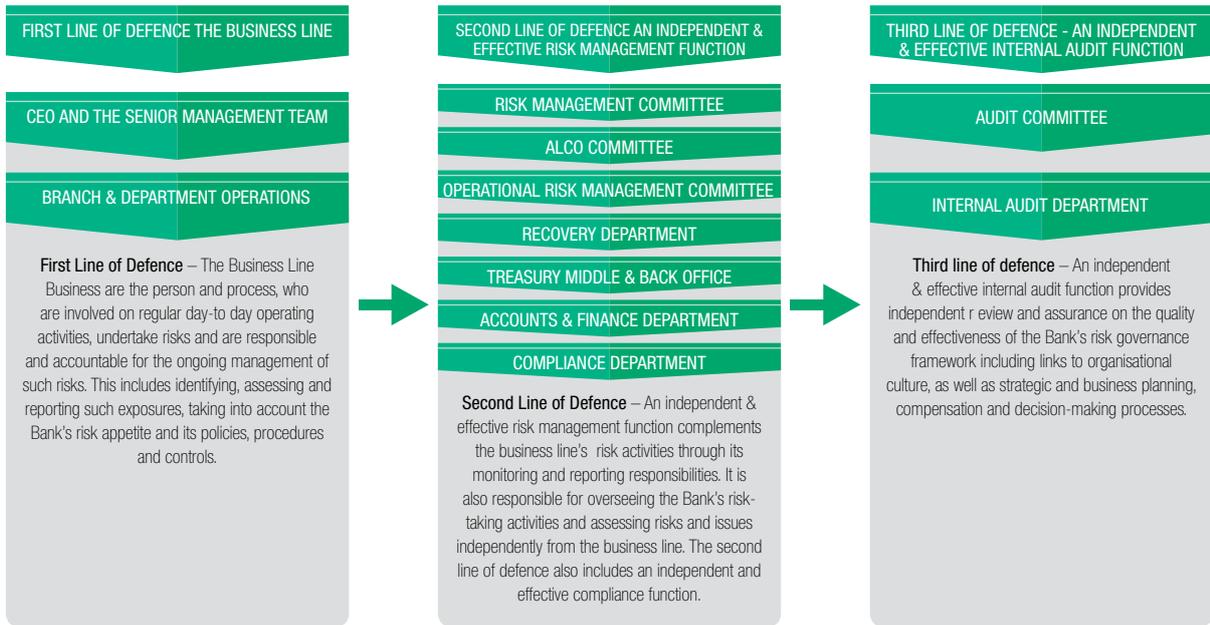
Establishing and maintaining an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties such as trading, custodial and back-office is one of management's more important responsibilities. The Bank therefore ensures a properly structured system of internal controls in order to promote effective operations and reliable financial and regulatory reporting, safeguards assets and helps to ensure compliance with relevant laws, regulations and institutional policies. Given the importance of appropriate internal controls, the results of audits or reviews are adequately documented as well as management's responses to them.

In order to provide scrutiny over these frameworks, the overall risk management function is institutionalised and is independent from those who take or accept risk on behalf of the institution. This means there is adequate accountability, clear lines of authority and separation of duties between business functions and those involved in risk management and internal control.

b. Risk Control and Mitigation Methodologies RISK MANAGEMENT PROCESS

The Bank has invested in processes, people and management structure with appropriate policies and guidelines that defines the Bank's risk identification process, risk appetite and risk management measures.

The Bank follows the standardized approach of managing risk, as mentioned on Guidelines for Corporate Governance of Basel Committee on Banking Supervision, which can be summarized as follows:



The board regularly reviews the risk management policies, compliance function, audit function and ensures that the risk management, compliance and audit functions are properly positioned, staffed and resourced and carry out their responsibilities independently and effectively.



Major Principles Governing Risk Management

- Objective is to strike balance between risk and return as higher risk means higher returns and also to ensure optimum risk adjusted return on capital.
- Risk exposure in any business is identified and risk aspects and systems designed to minimize and eliminate those risks
- Set risk appetite level (amount of risk institution is willing and able to absorb) and risk tolerance limits (level of variation relative to the achievement of specific objective)
- Use of risk mapping technique on portfolio basis in order to assess the impact on respective portfolio.

Specific methodologies for risk Identification and Management

CREDIT RISK

- It is the risk of negative effects on the financial results and the capital of the institution due to the borrower's default on its obligations to the Bank.
- Bank has Credit Policy and Investment Policy in place, separate Risk Management Committee and a separate Credit Risk Department (CRD) for both, Corporate Credit Banking Unit/SME and Consumer Banking Unit Including Fast Track Loan. CRD consists of skilled manpower to analyse risks in different credit functions separately.
- Loans are originated at the lower level and evaluated based on credit policy of the Bank and respective loan policy. Credit appraisal is done by risk owner acting within risk management policies and framework. Branch credit committees help strengthen credit evaluation process, who then recommend credit facilities to higher approval level with the BOD being highest authority to approve credit facilities that are of highest value of exposure.
- Delegated authority, additional documentation and IT system driven controls and laid down procedures are in place to mitigate risk further.
- Inherent credit risks are addressed through better safety margin, additional collateral backup, lower exposure and deposit of borrower in the Bank.
- Credit Risk Department measures and tracks status of credit portfolio in order to detect any signs of deterioration in financial health of borrower. Comprehensive management information reports are prepared regularly and submitted to senior management. Review of credit portfolio in order to realise possible correlations between them and the environmental factors.
- Continuous review process at branch level in order to identify any post disbursement problem credits and immediate action is taken by recovery officers if any identified. As last resort, legal recovery action is taken in order to reduce negative impact.

Credit Risk exposure (calculated as per NRB Capital Adequacy Framework)

NPR in million

Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid July 2015
26,065.65	26,089.50	30,357.39	3,0871.32

MARKET RISK

- Discussed at ALCO and within respective division level on open position on daily basis. In depth knowledge of the market and movement in variables are obtained in order to control limits for open position and monthly reports prepared. The open position is assessed on daily basis and calculates risk exposure for allocation of required capital in line with Basel provisions. ALCO ensures jobs in line with policies and procedures and suggests necessary steps to address risk on interest rate, exchange rate movement and equity price changes.
- Possible financial impact due to change in market conditions are assessed periodically and actions taken accordingly. The departments are well equipped with advance dealing platform and advanced information technology.
- Overview of current interest rate environment and monitoring of the movement of key interest rate indices. Periodic evaluation of net interest position and maturity gap analysis is prepared considering interest rate sensitive assets and liabilities. Interest rate risk indicators are periodically reviewed. The institution's rate indices are compared in line with market average of industry expert's rate indices of similar instruments with similar characteristics.
- Interest rates are altered in line with key policy rates of the Central Bank and interest rate spread is maintained according to the Central Bank's direction. Lending policy rates are adjusted according to changes in market rates in order to mitigate risk of falling interest rate margins.

Market Risk exposure (calculated as per NRB Capital Adequacy Framework)

NPR in million

Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid July 2015
47.83	59.40	58.63	44.39

Net Open Position

NPR in million

Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid July 2015
95.67	118.79	117.25	88.78

LIQUIDITY RISK

- Liquidity risk indicators such as liquid asset ratio, maturity gap analysis, capital adequacy ratios and funding concentration are used to assess liquidity position and are periodically monitored by ALCO in order to ensure the optimum gearing level of assets and liabilities.
- However, treasury department monitors daily liquidity requirement and manages and controls the overall liquidity position of the Bank.
- Treasury front office manages overall liquidity of the Bank. It also ensures that the Cash Reserve Ratio (CRR) is maintained within NRB Directives. It also deals in treasury bills and bonds and manages the lending/borrowing of currency (local/foreign) at local and international bank and financial institutions within the approved limit. These functions help in the analysis of maturity gap to determine the liquidity position of the Bank. As per the results of gap analysis, the Bank prepares future plan to manage the deficit or surplus liquidity as per the requirement of funds. While raising short term funds, the treasury negotiates for favourable rates to reduce interest costs, at the same time encouraging longer tenor deposits rather than short term deposits. Also, in order to reduce liquidity risk to an acceptable level, the institution also maintains adequate unutilised facilities as a safety cushion to honour future cash out-flow commitments.
- Moreover, the Bank regularly projects future cash flows in certain stress scenarios and thus determines the level of liquid assets required. There is appropriate stress testing done regularly for the management of the liquidity risk.

Liquidity ratio (calculated as per NRB guidelines)

Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid July 2015
24.03%	23.87%	26.53%	28.43%

OPERATIONAL RISK

- Factors of operational risk can be identified in the external as well as the internal environment. First step is to clearly identify the risk events, after which appropriate combination of qualitative or quantitative techniques are used to evaluate the magnitude of the consequences due to the occurrence of such events. Key risk indicators and audit findings are mostly used to assess operational risk of the Bank.
- The Internal Audit Department conducts audit reviews of the operational processes and reports to the Board level Audit Committee. The Bank then regularly monitors faults or operational failures and responds to them with resolutions and enhancements to internal procedures.
- The Bank implements sound internal control systems through instigating the Bank's internal control frame-

work in order to manage operational risk. The security aspects of the Bank are examined by the IT Division in line with the IT Policy of the Bank. Moreover, the Bank's system is audited regularly and safety and security standards are improved through suggestions received from the audit.

- The operational risk committee oversees any operation risk with help of adequate access to daily reports, operational processes and recommendations to correct any faults in systems and procedures. Further, a separate reporting line is maintained in order to preserve independency of check and balance reporting of daily functions of the Bank.
- Adequate focus is placed on staff of the Bank in order to avoid mistakes due to insufficient knowledge or practise. The staff are required to attain the necessary skills through various programs such as orientation of the Bank's systems and processes on the job and putting them under direct supervision of experienced staff before being allowed to work independently. Their development are pushed further with conduction of skill development and skill enhancement programs, seminars and workshops on a periodic basis.
- Each transaction goes through a check and balance concept where one individual conducts the transaction and the other checks the transaction in order to capture any abnormalities. The deviations are promptly addressed in the lower level as well as centrally through the use of the integrated system.
- An Active Directory System (ADS) is installed in server that does not allow data transfer through external devices. In addition, each individual computers are backed up into the data centre periodically thus reducing risk of data loss to an acceptably low level.
- For the effective management of operational risk, the Bank has constituted an Operation Risk Management Committee (ORMC) headed by Deputy Chief Executive Officer. The ORMC which supports RMC is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The key functions of ORMC:
 - Establish clear lines of management responsibility, accountability and reporting in such a manner that they are distinct to avoid conflict of interest
 - Review all operational risk events and suggest process improvements and mitigants
 - Review recent risk events in other banks and elsewhere as available in public domain and suggest key control required from operational risk perspectives

Operational Risk exposure (calculated as per NRB Capital Adequacy Framework)

NPR in million

Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid July 2015
1,752.52	1,752.52	1,752.52	1,752.52

STRATEGIC RISK

- The Bank ensures that the short term and medium term strategies align with the long term vision and mission of the institution. This is done through regular meetings at the higher levels where there is sharing of knowledge, experience and ideas in order to discuss the Bank's future plans and prospects. The achievement of budgetary targets are reviewed periodically by the senior management and any major deviations are further studied in detail and corrective actions planned in order to avoid same circumstances in the future.
- The Bank follows a well-designed strategic decision making process in order to make decisions regarding market segments, business activities, investments in specific industries and geographical locations. As per the general norms, the Bank focuses on feasibility, profitability and achievability of any major strategic decision, which is practiced in all of the Bank's aspects.

c. Disclosure of risk reporting

1. Bank recognizes the importance of Risk Management and has accordingly invested in processes, people and a management structure. Overall risk management function of the Bank is supervised by Risk Management Committee and Internal Audit Committee represented by BOD members and Senior Executives. Risk Management Committee reviews the asset quality at frequent intervals and Internal Audit Committee provides assurance on the

internal control systems of the Bank in place. The human capital is managed by Human Resource Management and Compensation Committee represented by BOD members and Senior Executives. There is Assets and Liabilities Management Committee (ALCO) represented by Senior Executives of the Bank to monitor the interest rate risk, liquidity risk, exchange risk, market risk, etc. Authority, responsibility and accountability has been fixed to the executives of the Bank. Product policies and programs are duly approved before any new product launches and are reviewed regularly.

2. Credit Risk Management Department analyses the inherent risks in a particular product. As such the Bank has drawn a clear demarcation between the Credit Business Unit (CBU) and the Risk Management Unit (RMU). A lending process completes once it undergoes both of these units, one business generating the other risk monitoring and controlling. The Bank has standard Credit Policies Guidelines that defines the Bank's credit policies, risk mitigating measures and the single obligor limit.

3. Credit risk mitigants used by the Bank are deposit of the borrower within the Bank and cash margin applying supervisory haircut of 20% for capital adequacy. Such mitigants have minimum impact on the overall capital adequacy of the Bank



RISK ASSESSMENT AND ITS MANAGEMENT

S.No.	RISK	FACTORS	MITIGANT	MONITORED BY
1	Credit Risk	<p>At individual level:</p> <ul style="list-style-type: none"> Analysing financial health of the business Repayment history of borrower Valuation of collateral Monitoring Use of loans <p>At overall level:</p> <ul style="list-style-type: none"> Proportion mix of loan portfolio Concentration on certain credit portfolio Compliance of provisions of NRB 	<ul style="list-style-type: none"> Independent and ongoing credit quality review Limiting credit exposures Problem credit management system Diversification of risk asset portfolio among several sectors and sub sectors of the economy over a large number of customers Deposit of borrower in bank, cash margin and additional collateral at individual level 	<ul style="list-style-type: none"> Board of Directors (BOD) Risk Management Committee (Board Level Committee) Credit Risk Management Department Compliance Department NRB Inspection Team Internal Audit Department Statutory Audit
2	Market Risk	<ul style="list-style-type: none"> Unfavourable changes in stock values, interest rates and foreign exchange rates 	<ul style="list-style-type: none"> Selective and momentary hedging Stress testing/simulation of market conditions Limiting trading activity of instruments in the different markets Regular review of risk management processes 	<ul style="list-style-type: none"> BOD Risk Management Committee Assets and Liabilities Management Committee (ALCO)
3	Liquidity Risk	<ul style="list-style-type: none"> Deterioration in quality of credit portfolio Concentrations in either assets or liabilities Rapid asset growth funded by highly volatile large deposits A large size of off-balance sheet exposure 	<ul style="list-style-type: none"> Appropriate composition of assets and liabilities Diversified and stable sources of funds Access to inter-bank market Contingency funding plan for crisis situations Regular stress testing Cushion of liquid assets held Consistent analysis using liquidity ratios 	<ul style="list-style-type: none"> BOD ALCO Treasury department

4	Operational Risk	<ul style="list-style-type: none"> • Inadequate internal policies and guidelines • Inadequate management of information systems • Non-fulfilment of job responsibilities • Inadequate safeguarding of physical assets • Unforeseen unfavourable external events • System failures 	<ul style="list-style-type: none"> • Effective Operational Risk Management Framework • Periodic evaluation based on internal and external changes • Regular assessment of risk through use of established Key Risk Indicators (KRI) • Reinforced organisational ethics • Appropriate segregation of duties and control • Adequate insurance coverage • Scenario analysis using bottom-up approach • Continuous development and upgrading of strategic information and communication systems 	<ul style="list-style-type: none"> • BOD • Operational Risk Management Committee • Audit Committee • Internal Audit Department • Line Management
5	Strategic Risk	<ul style="list-style-type: none"> • Inappropriate choice and unclear strategy • Failure to properly execute strategy • Inability to respond to abrupt changes or fast moving conditions • Incompatible strategy goals and resources deployed • Undertaking of unsuccessful acquisitions or mergers 	<ul style="list-style-type: none"> • In depth study of the subject matter • Regular performance review to align with long term goals • Market and competitor analysis 	<ul style="list-style-type: none"> • BOD • Other sub-committees

CORPORATE SOCIAL RESPONSIBILITY



Banking Awareness Rally organized on the occasion of 8th Anniversary of the Bank

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR has been a long standing commitment of Citizens' where responsiveness to the needs of the society and responsibility to meet those needs are due concerns. For us, CSR is not just a philanthropy, the Bank cares the needs and expectations of our stakeholders and act as a partner in progress of the community and the country. The Bank stands to set a paradigm to enrich the lives of poor, needy, deprived and differently able people all across the country. Citizens' has throughout its journey played an active role towards social, environmental and welfare activities.

Focus areas of our CSR activities

The Bank emphasizes on the following CSR activities:

- Fulfilling our responsibilities towards the society especially in healthcare and education
- Contribution in environmental preservation and protection

Categorization of CSR Activities

The Bank organized/participated in various function to fulfill its responsibilities towards the society for which the Bank has made total expenditure of NPR 10,747,000 in the FY 2014/15 (2071/72).

Category	Amount (NPR)	%
Relief efforts to those affected by natural calamities	10,100,000	94%
Supporting education	211,000	2%
Supporting healthcare	343,000	3%
Others	93,000	1%
Total	10,747,000	100%

Relief efforts to those affected by natural calamities

When the massive earthquake led to fear and discomfort around the nation killing more than 9,000 people and leaving more than 23,000 injured, people around the globe have given the best examples of resilience and generosity. Citizens' has also assisted in providing the funds to help the country from the catastrophe and to build back the nation. The Bank along with its employees has made a donation of sum of NPR 10,100,000 to the 'Prime Minister Relief Fund' for the relief of those affected by the devastating earthquake. In addition to the financial contribution made to the Relief Fund, the Bank distributed zinc sheets and food items equivalent to NPR 585,907 to the earthquake victims of Sitalpati, Sindhuli, Khokana, Dolakha, Nuwakot district.



The Chairman of the Bank, Mr. Bal Krishna Prasai along with other directors donating the sum of NPR 10,100,000 as contribution of the Bank and its employees to 'Prime Minister Relief Fund' for the relief work of devastating earthquake victims



The Chairman of the Bank, Mr. Bal Krishna Prasai and Chief Executive Officer, Mr. Rajan Singh Bhandari distributing zinc sheet and food items for the relief of the victims of the devastating earthquake in Sitalpati, Sindhuli district.



Mr. Rajan Singh Bhandari, CEO of the Bank distributing relief materials to the victims of earthquake at Khokana, Lalitpur



The Chairman of the Bank, Mr. Bal Krishna Prasai providing financial assistance to 'Snow Yak Foundation' working for education programs for under privileged children of upper regions of Dolpa.

Supporting education

The Bank has provided financial assistance of NPR 100,000 to 'Snow Yak Foundation' to support school education for the under privileged children of upper regions of Dolpa. Furthermore, the Bank has been continuously providing scholarship to 10 poor, underprivileged and hard-working students through "Baal Bikash Samaj, Kathmandu".



Mr. Bal Krishna Prasai, Chairman of the Bank, donating a sum of NPR 100,000 to "Aarogya Foundation" supporting the patients for transplantation of kidney and other parts of the body

Supporting healthcare

"To the young and healthy it's no loss. To sick its hope of life. Donate Blood to give back life." With such motto, the Bank has been organizing blood donation program every year in its anniversary program in association with the Nepal Red Cross Society.

On the occasion of the 9th anniversary, the Bank has conducted programs relating to blood donation, eye donation and kidney donation. The Bank has donated a sum of NPR 100,000 to "Aarogya Foundation" which supports the patients for transplantation of kidney and other parts of the body.

At a function organized by the Bank, joining hands to the corporate effort, nine employees of the Bank have volunteered to donate kidney after death for transplantation.

The Bank takes a pledge to light the lives of blind persons by donating eyes after death. Till 2014/15, 17 staff members have volunteered to donate eyes after death to Nepal Eye Bank, Tilganga Hospital.



Blood donation program organized by the Bank in association with Red Cross Society



Bagmati cleaning

Citizens' has presented an exemplary method of making the city environment clean by taking part in the Bagmati cleaning campaign.

Others

The Bank has conducted a one day program of providing food to fifty elder people residing in 'Nisahaya SewaSadon' located at Shantinagar, Kathmandu.



- Sales - \$ 112.0
- Net - \$ 15.22
- CR - 78.00
- 2ndly - 2000
- 200 - 6.200
- 200 - 200
- Investment - 100
- Interest - 10
- Technical - 100
- 100 - 100

BANK'S CONTRIBUTION AND RESPONSIBILITIES TOWARDS STAFF

Human Resource

As on Mid July, there are 532 employees working for the Bank. During this fiscal year, the Bank had appointed 177 new employees whereas 44 employees had resigned from the Bank's services. Out of the total employees, 165(31.01%) are female employees. For providing more accessible and quicker banking service with commercial motive to its customer, the Bank has been continuously providing trainings to its employees for better human resource development. Further, the Bank shall adopt the same training policy for the coming years.

The Bank seeks engagement with employees at all levels to bring out their talent, loyalty and drive individual and garner collective performance.

Human Resource Capital

Strategic Priorities	Performance Highlights
<ul style="list-style-type: none"> - Invest strategically on employee growth through training and development programmes in line with the Bank's long term goals. - Benchmark employee compensation packages to attract and retain best talent. - Foster employee diversity and promote equal opportunities. - Support employee well-being through work life balance, welfare and health and safety measures. 	<ul style="list-style-type: none"> - Revised remuneration packages of employees based on their performances. - Organized 4 induction programs for 71 new recruits. - Continued on the job trainings for staff at departmental and branch levels. - Intensified external trainings to 218 training hours. - Reduced staff turnover by retaining staff with measures such as performance based pay, adequate promotions and instilling best practices culture.

Recruitment

The Bank's recruitment process follows a strictly structured and competitive procedure with clear criteria with regards to job descriptions, qualifications, experience and aptitudes, where selection is made solely based on merits. Furthermore, in order to support the local communities where the branches operate, the Bank seeks to recruit employees within the local area. This not only increases the bonds and sense of responsibilities, but also the local knowledge that it brings to the Bank which ultimately escalates the quality of service being provided. Even though this still proves a strong challenge to the Bank, our aim of being the best in the business is only asserted by this policy.

In addition, the Bank provides adequate induction programmes in order to deliver new recruits with insight into the culture, values, goals and code of ethics of the Bank. It includes orientation programmes that generally cover all departments and the employees' specific job responsibilities as well.

Employee Diversity

The Bank exhibits its commitment towards equal opportunities to greater diversity of employees irrespective of ethnicity, gender, culture and other socio-economic prejudices by focusing on addressing these barriers that may exist between the employees at the same time promoting work culture that alleviates any conflicts arising from varied outlooks. Moreover, the Bank's recruitment policy is set on the principle of equal opportunities in order to attract the best talent from varied cultures and backgrounds and therefore form a multi-skilled workforce. Furthermore, the Bank can confidently assure that remuneration, incentives, benefits and promotions are not subject to any form of discrimination.

This is further demonstrated by the fact that during the year, the Bank did not record any incidents of discernment towards employees and if any may occur in the future, there are already existing measures and procedures in place to address such issues.

Remunerations and Rewards:

The remuneration packages available at CBIL is aligned with the industry norms and certain, intra industry benchmarks while also considering the current status of the country's economy. The package normally includes basic pay, allowances, incentives and bonus, which are all subject to job responsibility of individual employee and the performance of the individual employee and as a team as well. The packages are reviewed every two years to ascertain that the pay matches quality of service provided by the employee and that current economy and industry norms are adhered to. Moreover, as ascertained above, the remuneration policy is not biased against any social impartiality.

Staff Facilities:

The salary package of the staff of the Bank includes auto loan, home loan and other advances provided to staff besides regular salary, allowances and provident fund that are periodically reviewed.

(Amount in NPR)

Particulars	2014/15	2013/14
Staff Auto Loan	39,951,763	28,563,696
Staff Home Loan	169,660,011	128,058,422
Revolving Salary Advance	15,385,942	-
Employee Advances	3,390,751	5,032,410
Total	228,388,467	161,654,528

Performance Evaluation

The Bank always aims to improve and encourage high performance not only on the individual level but as a team as well. In order to support such policy, the Bank has in place a well-structured but challenging process to evaluate employee performance on an annual basis. This encourages constant communication between the higher level and lower level employees and motivates the staff by enabling effective succession planning, career mapping and structured and focused trainings. Performance evaluation is assessed through certain criteria, such as pre-agreed operational targets, discipline, punctuality and attitude, where high achievers are rewarded for their strengths while remedies and support is provided to others to address their weaknesses.

Training and Developments

The Bank has invested to provide adequate trainings and development programmes to its employees. The Bank believes that the employees are the core strength of the organization where they play a very significant role in the success of the Bank. Therefore, the employees are periodically provided with training opportunities in order to develop the necessary skills to not only survive but also compete in this dynamic industry. Focus is provided such that long term goals of the employees and the Bank are in line with each other. The structured, pragmatic and challenging training plans has enabled the Bank to extract maximum benefits from the available employees thus proving maximum utilization of human resource with minimum diversions. The employees are further encouraged to share their knowledge with fellow colleagues to strengthen the technical expertise at hand. Moreover, on-the-job trainings at relevant positions across the branches and departments are a significant portion of the Bank's training plans. Furthermore, employees in specific departments are provided with precise technical knowledge to help them nurture in the specific fields of knowledge.

The following are the details of trainings provided during FY 2014/15:

Types of Training	Training Description	Branch departments involved	No of persons involved	Training days
Outside Training	LC and Guarantee Operations, Amendments in Taxes by Finance Act 2071, Energy Project Finance, Operational Risk Management, Stakeholder Consultation Workshop, Seminar on Information Security, Current Issues & Challenges in BFIS, AML/CFT for BFIs, Seminar on web security, Corporate Governance, Electronic Payments to Deliver Social Security Allowances, NRB regulations on INR Transactions, Nepal Infrastructure Summit 2014, Excelling in HRM Skills, Treasury Sales Workshop, Hydropower Project Financing etc..	Trade Administration, Internal Audit, Corporate Credit Banking Unit, Branches, HR Department, General Administration, Risk & Recovery department	119	218
In house Marketing Training	Marketing of banks products and service excellence	Marketing and Branch level staff	38	76
In house Interaction Program	Interaction on operational issues	Staff from all branches and department	40	40
In house Training, with external resources	Hydropower financing	Corporate credit staff	23	46
Residential trainings	Credit appraisal	Corporate/SME Loans	44	104
Total			264	484

Employee Turnover and Retention

The Bank aims to maintain minimum staff turnover rate by providing a platform for the employees to develop their careers by helping them develop their skills and enhance their well-being as individuals and collectively as a team as well. This is further addressed by the Bank as there is constant interaction with the employees in areas such as grievance handling, amendments in job description and structured job rotations. Moreover, the employees are not only provided with new opportunities, remuneration packages and benefits but are also further encouraged to balance work life with their social responsibilities so that no employee feels tied down to work all the time.

Succession Planning

Succession planning as a continuous process in the Bank is supported by the annual performance evaluation system which helps to identify employees displaying the necessary skills to take it to the next level such as leadership and man management skills. In order to endow the future leaders of the organization, the employees are mentored and trained by the current leaders through on the job trainings and structured routine programmes. This ensures smooth transition for the employees between current job and responsibilities and potential future positions.

Employee Well- being

Employee well-being at CBIL is seen as an opportunity for the employees to live a well balanced life between work and home and for the Bank to maintain higher productivity levels, lower job absenteeism and control staff turnover. The Bank has in place a well-established and flexible leave system to give the employees enough independence in order to give adequate time to their personal lives. This in turn helps the Bank in improving employee's efficiency at work through work life balance.

Measures of employee well-being through staff expenses

(Amount in NPR)

Particulars	2014/15	2013/14
Salary	110,440,932	75,378,706
Allowances	88,535,501	60,672,866
Contribution to Provident Fund	7,159,068	4,994,379
Training Expenses	748,820	626,507
Uniform	4,280,358	3,457,593
Insurance	2,639,161	2,372,591
Gratuity and Leave Provision	30,253,144	14,768,781
Staff Welfare Fund	3,480,375	2,921,430
Recruitment Expenses	342,937	375,879
Staff Bonus	102,131,328	67,151,006
Total	350,011,623	232,719,738

Health and Safety

The Bank being a big family, cares for its employees' health and safety in addition to the development of their skills and knowledge. Therefore, the Bank has in place reasonable measures to ensure health and safety of the employees at the workplace which includes comprehensive medical and accidental insurance policy. Furthermore, the Bank also focuses on the quality of the work space to ensure physical safety of the employees in the workplace. The Bank complies with best practices and is equipped with necessary safety measures in order to safeguard employees and the Bank's infrastructures from fire, system failures and other work hazards. Moreover, the branches are also equipped with first aid kits for immediate response to any mishaps.

Grievance Handling:

The Bank encourages staff to express themselves to immediate line managers in areas of complaints, feedback and other issues. The Bank maintains policies and practices where the supervisors are suggested to address the employees' grievances under the guidance of the HR department. If this proactive method is not sufficient, the employees have the option to initiate an independent formal process that the Bank has already put in place.

Staff Composition:

The Bank's staff consist of competent individuals of various age groups, corporate titles and contractual status. The Bank focuses on equal opportunities to all and is unbiased towards genders.

Employee mix as per age group

Age Group	No.	%
20 - 30	359	67%
30 - 40	136	26%
40 - 50	29	5%
Above 50	8	2%
Total	532	100%

Employee mix as per permanency

Status	No.	%
Permanent	463	87%
Contract	24	5%
Probation	45	8%
Total	532	100%

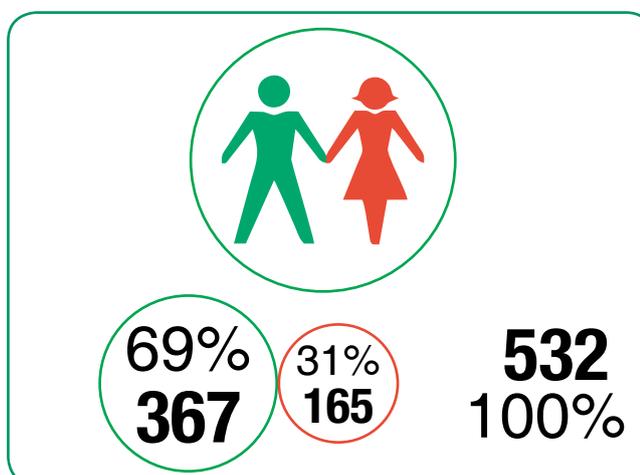
Employee mix as per corporate designation



Employee mix as per year of joining

Year of Joining	No.	%
2006	3	1%
2007	19	4%
2008	31	6%
2009	39	7%
2010	42	8%
2011	68	13%
2012	28	5%
2013	92	17%
2014	141	27%
2015	69	13%
Total	532	100%

Employee mix as per Gender





The balance of payment recorded a huge surplus of NPR 144.85 billion in the review year. The country needs to utilize foreign exchange reserves generated from such BoP surplus for the development of infrastructures. Due consideration needs to be given to utilize such surplus in support of nation building process.



ECONOMIC INDICATORS AND OUTLOOK

ECONOMIC GROWTH RATE AND GOVERNMENT EXPENDITURES

According to the Central Bureau of Statistics (CBS), the real GDP at basic price is estimated to grow by 3.0 percent in 2014/15 compared to a 5.1 percent growth in the previous year. Similarly, the real GDP at producers' price is estimated to grow by 3.4 percent in the review year compared to a 5.4 percent growth in the previous year. Delay in monsoon, the devastating earthquake of 25 April 2015 and the subsequent aftershocks have significant negative impact on all sectors of the economy resulting into a lower output growth in the review year.

In the review year, government budget on cash basis remained at a deficit of NPR 38.62 billion. Such budget deficit was NPR 13.75 billion in 2013/14. Low growth in resource mobilization relative to government expenditure accounted for such a budget deficit during the review year. The ratio of budget deficit-to-GDP remained at 1.8 percent in the review year.

SHARE MARKET

NEPSE index decreased by 7.2 percent to 961.2 points in mid-July 2015 on y-o-y basis. This index had increased by 99.9 percent to 1036.1 points a year ago. The y-o-y stock market capitalization decreased by 6.4 percent to NPR 989.40 billion in mid-July 2015. The ratio of market capitalization to GDP stood at 46.6 percent in mid-July 2015 compared to 54.4 percent a year ago.

Of the total market capitalization as of mid-July 2015, the share of banks and financial institutions (including insurance companies) stood at 77.7 percent. Hydropower, manufacturing and processing companies, hotels, trading and others recorded a share of 7.0 percent, 3.0 percent, 2.5 percent, 0.1 percent and 9.6 percent respectively.

INFLATION AND PRICE LEVEL

Consumer price inflation

The annual average consumer price inflation increased by 7.2 percent in 2014/15 compared to an increase of 9.1 percent in 2013/14. Inflation remained lower than the projected 8.0 percent in the monetary policy of 2014/15. The annual average indices of food and beverages group and non-food and services group increased by 9.6 percent and 5.2 percent respectively during the review year. Such

indices had increased by 11.6 percent and 6.8 percent respectively in 2013/14.

Under the food and beverages group, the annual average price index of tobacco products sub-group increased by the highest rate of 25.6 percent in the review year whereas it had increased by 18.8 percent in the previous year. Similarly, the annual average price indices of hard drinks sub-group and legume varieties sub-group increased by 20.1 percent and 17.6 percent respectively compared to the increment of 16.9 percent and 4.9 percent respectively in the previous year. Likewise, the annual average price indices of fruits sub-group and milk products and egg sub-group which had witnessed a growth of 13.7 percent and 7.2 percent in the previous year went up by 13.7 percent and 12.8 percent respectively in the review year.

Under the non-food and services group, the annual average index of clothing and footwear sub-group increased by the highest rate of 9.9 percent in the review year whereas it had increased by 11.1 percent in the previous year. Similarly, the annual average price indices of furnishing and household equipment sub-group and miscellaneous goods and services sub-group went up by 8.2 percent and 8.0 percent respectively in the review year compared to the rise of 9.2 percent and 7.3 percent respectively in the previous year. Likewise, the annual average price indices of recreation and culture sub-group and education sub-group increased by 6.2 percent and 5.6 percent respectively in the review year. These indices had increased by 6.7 percent and 7.6 percent respectively in the previous year.

Region-wise, the annual average price indices increased by 7.3 percent in Hills followed by 7.2 percent in Kathmandu Valley and 7.1 percent in Terai in the review year. Such indices had risen by 8.1 percent in Hills, 9.1 percent in Kathmandu Valley and 9.6 percent in Terai in the previous year.

Wholesale price inflation

The annual average wholesale price inflation increased by 6.1 percent in 2014/15 compared to a growth of 8.3 percent in the previous year. The annual average

price indices of agricultural commodities, domestic manufactured commodities and imported commodities increased by 8.8 percent, 5.6 percent and 0.7 percent respectively in the review year compared to a growth of 11.3 percent, 6.0 percent and 4.2 percent in the previous year.

BALANCE OF PAYMENT (BOP)

The overall BOP registered a record high surplus of NPR 144.85 billion in 2014/15 compared to a surplus of NPR 127.13 billion in the previous year. In US dollar terms, the BOP recorded a surplus of USD 1.43 billion compared to USD 1.29 billion in the previous year.

The trade deficit widened in 2014/15 on account of the increase in imports and the fall in exports. The trade deficit widened at a lower pace due to slow down in the import growth caused by devastating earthquake in the last quarter of the review year.

Merchandise exports decreased by 7.3 percent to NPR 85.32 billion in 2014/15. Such exports had increased by 19.6 percent to NPR 91.99 billion in the previous year. A fall in exports to India, China and other countries resulted in a decrease in overall exports.

LIQUIDITY MANAGEMENT

In 2014/15, the NRB mopped up liquidity of NPR 155.0 billion through deposit auctions, NPR 315.80 billion through reverse repo auction and NPR 6.0 billion through outright sale auction on cumulative basis. In the previous year, NPR 602.50 billion was mopped up through reverse repo and NPR 8.50 billion through outright sale auction.

In the review year, the NRB injected net liquidity of NPR 396.72 billion through the net purchase of USD 4.03 billion from foreign exchange market (commercial banks). Net liquidity of NPR 343.46 billion was injected through the net purchase of USD 3.52 billion in the previous year.

The NRB purchased Indian currency (INR) equivalent to NPR 348.09 billion through the sale of USD 3.50 billion in the review year. INR equivalent to NPR 307.98 billion was purchased through the sale of USD 3.14 billion in the previous year.

INTER-BANK TRANSACTION AND STANDING LIQUIDITY FACILITY

In the review year, inter-bank transactions of commercial banks stood at NPR 374.70 billion and those of other financial institutions (excluding transactions among

commercial banks) amounted to NPR 226.91 billion. These were NPR 200.76 billion and NPR 171.06 billion respectively in the previous year. The BFIs used standing liquidity facility (SLF) of NPR 10.31 billion in the review year.

INTEREST RATES

Both the weighted average of 91-days Treasury Bill rate and inter-bank transaction rates increased in the last month of 2014/15 compared to a year ago. The weighted average 91-days Treasury Bill rate increased to 0.1739 percent in the review month from 0.02 percent a year ago. The weighted average inter-bank transaction rate among commercial banks that was 0.16 percent a year ago reached 1.01 percent in the review month. Likewise, the weighted average inter-bank rate among other financial institutions increased to 3.89 percent from 2.40 percent a year ago.

Weighted average interest rate spread of commercial banks inched down to 4.61 percent in the review month from 5.21 percent a year ago and the average base rate came down to 7.88 percent from 8.36 percent a year ago.

DEPOSIT MOBILIZATION

Deposits at banks and financial institutions (BFIs) increased by 20.1 percent (NPR 282.06 billion) in the review year compared to an increase of 18.4 percent (NPR 218.68 billion) in the previous year. Deposits at commercial banks and development banks increased by 21.4 percent and 15.2 percent respectively while that of finance companies decreased by 0.6 percent in the review year compared to the respective increase of 17.8 percent, 29.1 percent and 5.7 percent in the previous year.





LOANS AND ADVANCES

Loans and advances of BFIs increased by 17.5 percent (NPR 229.30 billion) in the review year compared to a growth of 14.4 percent (NPR 165.48 billion) in the previous year. In the review period, loans and advances of commercial banks, development banks and finance companies increased by 18.8 percent, 13.5 percent and 0.3 percent respectively. Likewise, credit to the private sector from BFIs increased by 19.8 percent (NPR 221.61 billion) in the review year compared to an increase of 18.7 percent (NPR 176.14 billion) in the previous year. In the review year, private sector credit from commercial banks, development banks and finance companies increased by 22.0 percent, 16.0 percent and 0.4 percent respectively.

PRICE OF OIL AND GOLD IN THE INTERNATIONAL MARKET AND EXCHANGE RATE MOVEMENT

The price of oil (Crude Oil Brent) in the international market decreased sharply by 45.3 percent to USD

57.31 per barrel in mid-July 2015 from USD 104.73 per barrel a year ago. The decrease in the price of petroleum product is attributed to the decrease in demand of petroleum products in Japan, China and Euro area coupled with constant production by the OPEC and increase in production by the USA. Similarly, the price of gold declined by 12.6 percent to USD 1,144.40 per ounce from USD 1310.00 per ounce a year ago.

Nepalese currency vis-à-vis the US dollar depreciated by 5.2 percent in mid-July 2015 from the level of mid-July 2014. It had depreciated by 0.9 percent in the previous year. The exchange rate per US dollar remained NPR 101.14 in mid-July 2015 compared to NPR 95.90 in mid-July 2014.

POST EARTHQUAKE OUTLOOK IN THE COUNTRY

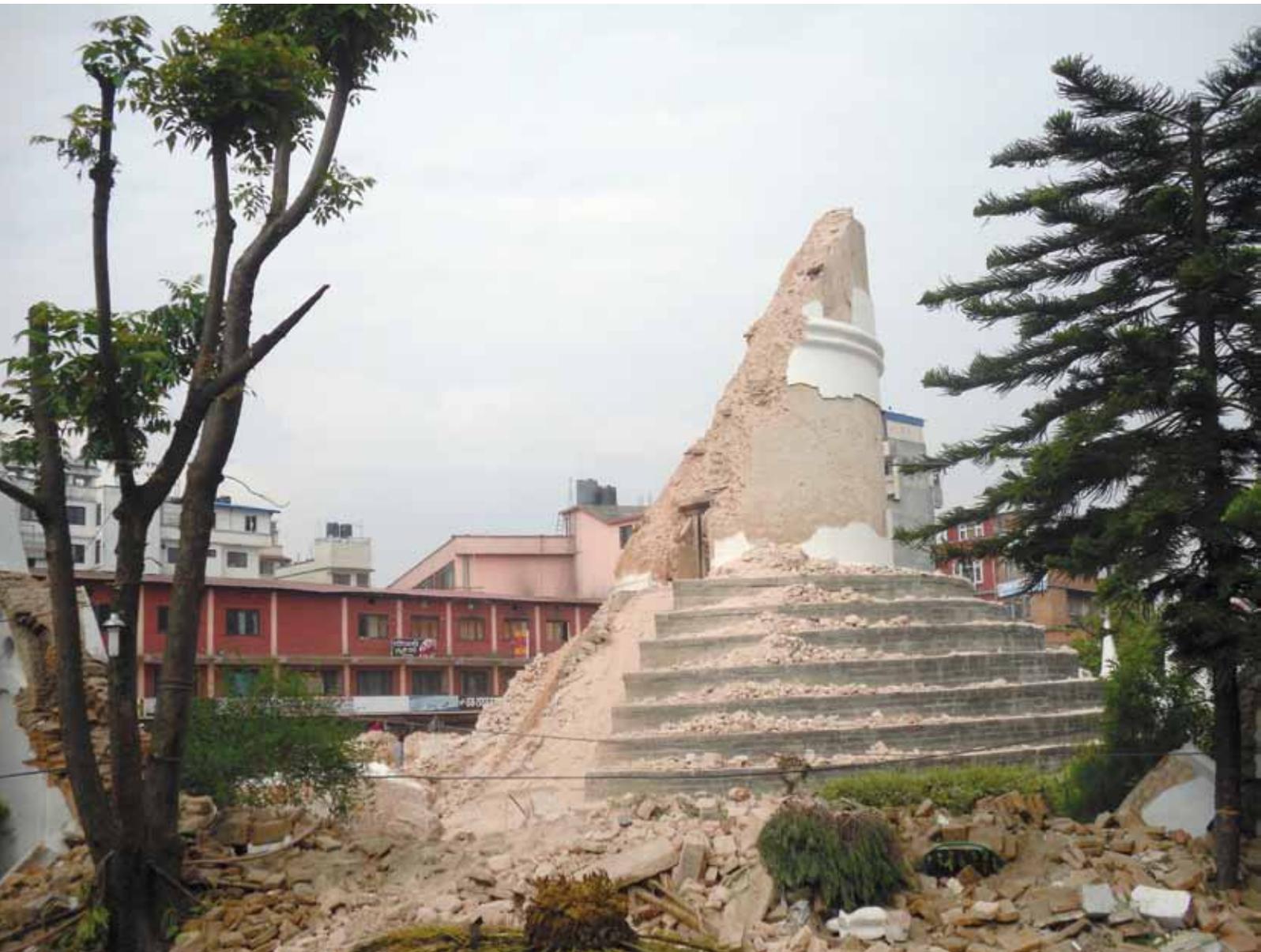
According to the Post Disaster Needs Assessment

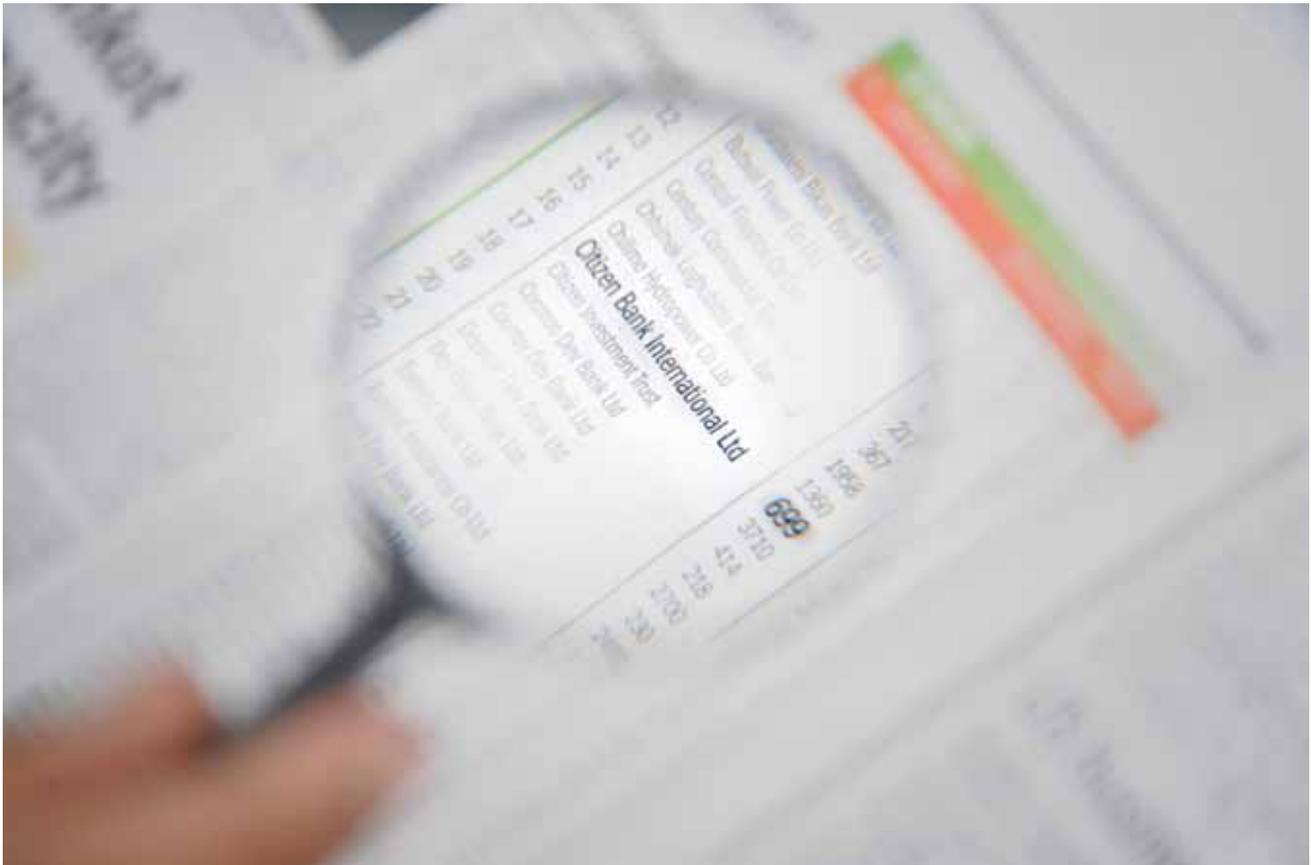
(PDNA) report published by the National Planning Commission (NPC), the earthquake caused a total loss of NPR 706 billion in the economy. The damage of the earthquake is estimated at 57.8 percent in the social sector, 25.2 percent in the productive sector, 9.5 percent in the infrastructure sector and 7.5 percent in the cross cutting issues. The loss from the earthquake is estimated at about one-third GDP of 2014/15. The destruction resulted in a loss of Rs. 36.0 billion in the GDP leading to around 1.6 percentage points shrinkage in the overall economic growth rate.

Effect of earthquake on economic growth *in percent*

Sector	Pre	Post
Agricultural sector	2.3	1.9
Non - agricultural sector	5.7	3.6
Gross Domestic Product (at basic price)	4.6	3.0
Gross Domestic Product (at market price)	5.0	3.4

Dharahara damaged due to massive earthquake 25.04.2015





REVIEW OF FINANCIAL MARKET OF THE COUNTRY

The total number of banks and financial institutions licensed by NRB came down to 193 in mid-July 2015 from 200 a year ago (Box 12). The total number of commercial banks stood 30 while the number of development banks, finance companies and microfinance development banks stood at 76, 48 and 39 respectively as of mid-July 2015. Despite the decline in the number of BFIs due to merger and acquisition, financial access has widened because of expansion in number of BFIs branches from 3430 at mid-July 2014 to 3838 at mid-July 2015 together with the expansion of some products such as mobile banking and branchless banking.

A number of banks and financial institutions merged with each other as a result of NRB's initiative to consolidate the financial system. The merger/acquisition process is expected to further accelerate in the coming days. Together with merger and acquisition of financial institutions, NRB has been licensing new microfinance institutions and encouraging expansion of bank branch network in areas of low financial access. This has resulted in widening the financial access together with the consolidation of financial institutions. The challenge before the nation is to prioritize the task of financial sector development along with the financial sector stability set in a dynamic mode through the promotion of financial access and consolidation of the financial sector.

The analysis of the overall macroeconomic situation of 2014/15 shows that there are some structural problems in the economy despite the sound macroeconomic fundamentals. The significant surplus in BOP, comfortable reserve position and single digit inflation; all indicate a stable macroeconomic situation. However, the slump in economic activities is the matter of concern. The devastating earthquake that struck in the fourth quarter of the review year has severely affected the economic development of the country.

The decline in export, the mirror image of economic activities, is another matter of concern. Though export price index is on increasing trend, the main reasons behind the failure to reap its benefits are the capacity constraints in the productive sectors and inadequate development of infrastructures.

On fiscal front, resource mobilization of the government is satisfactory as reflected in the rising revenue-to-GDP ratio. However, capital expenditure has not increased relative to resource mobilization. The accumulation of cash balance of the government at NRB due to low expenditure relative to resource mobilization implies the existence of entrenched structural problems in the public spending system.

The public debt-to-GDP ratio, which has been continuously falling in the last few years, declined further to 25.4 percent in mid-July 2015. This shows the improvement in the debt sustainability of the nation and an ample fiscal space for building necessary infrastructure for economic development. The utilization of such fiscal space for nation building, however, stands as a challenge.

The balance of payment recorded a huge surplus of NPR 144.85 billion in the review year. The country needs to utilize foreign exchange reserves generated from such BoP surplus for the development of infrastructures. Due consideration needs to be given to utilize such surplus in support of nation building process.

Monetary aggregates were kept at the desired level in 2014/15. Despite high growth in net foreign assets, this was possible mainly due to liquidity absorption through open market operations such as the deposit collection auction. This has also helped to contain inflation within the targeted level.

INTERNATIONAL MARKET REVIEW **International Investment Position (IIP)**

NRB has prepared and made public for the first time the International Investment Position (IIP) from this edition of Current Macroeconomic Situation. The IIP shows that foreign assets and liabilities of Nepal were NPR 847.66 billion and NPR 487.32 billion respectively in mid-July 2015. Accordingly, the net IIP remained in surplus by NPR 360.35 billion as at mid-July 2015. Such surplus was NPR 204.03 billion in mid-July 2014.

Export and import price index

Nepal Rastra Bank (NRB) has prepared and made public for the first time the export and import price index from this edition of Current Macroeconomic Situation. The annual



average unit value export price index based on customs data increased by 11.5 percent in 2014/15 compared to 12.4 percent rise in the previous year. Increase in price of major export items such as red lentils, big cardamom, p.p. woven fabrics, jute sacking bags caused the export price index to increase in the review year.

The ratio of export to import price index (Terms of Trade-TOT) improved by 12.6 percent compared to 3.4 percent increase in 2013/14. This ratio reflects that international trade is in Nepal's favor. Despite the improvement in this ratio, Nepal has not benefited from the improved TOT in terms of production and employment because of fall in exports.

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DIRECTOR'S REPORT

Respected Shareholders,

On behalf of the Board of Directors, I would like to welcome all the shareholders in this Ninth Annual General Meeting of Citizens Bank International Limited. I would like to present the Bank's Balance Sheet as on 16.07.2015 (31st Ashadh 2072), Profit and Loss Account, Profit and Loss Appropriation Account, Cash Flow Statement and other financial statements for the fiscal year 2014/15 (2071/72) for approval by the respected meeting.

On behalf of the Board of Directors, I would like to present to respected meeting Financial and Banking Sectors Indicators followed by review of the performance of the Bank in previous fiscal year and future programs of the Bank.

1. FINANCIAL AND BANKING SECTOR'S INDICATORS

Gross Domestic Production

According to the Central Bureau of Statistics (CBS), the real GDP at basic price is estimated to grow by 3.0 percent in 2014/15 compared to a 5.1 percent growth in the previous year. Similarly, the real GDP at producers' price is estimated to grow by 3.4 percent in the review year compared to a 5.4 percent growth in the previous year. Delay in monsoon, the devastating earthquake of 25.04.2015 and the subsequent aftershocks have significant negative impact on all sectors of the economy resulting into a lower output growth in the review year.

Foreign Trade

The trade deficit widened in 2014/15 on account of the increase in imports and the fall in exports. The trade deficit widened at a lower pace due to slow down in the import growth caused by devastating earthquake in the last quarter of the review year. Merchandise exports decreased by 7.3 percent to NPR 85.34 billion in 2014/15. Such exports had increased by 19.6 percent to NPR 91.99 billion in the previous year. A fall in exports to India, China and other countries resulted in a decrease in overall exports. Due to the decrease in export and increase in import, the export-import ration has been declined to 11% from 12.9% of that of previous year.

Exports to India dropped by 6.3 percent during the review year in contrast to an increase of 16.9 percent in the previous year. Similarly, the export to China had been increased by 36.4% in the previous year whereas

it has declined by 41.5% in the current year. To the other countries, the export which had been increased by 43.9% in the previous year has been declined by 7.8% in the current year.

Imports from India went up by 2.9 percent in the review year compared to a growth of 30.2 percent in the previous year. Likewise, imports from China increased sharply by 36.6 percent in the review year compared to a growth of 17.4 percent in the previous year. Similarly, imports from other countries increased by 12.1 percent in the review year compared to a growth of 28.2 percent in the previous year.

Total trade deficit during the review year grew by 10.8 percent to NPR 689.37 billion compared to an increase of 29.7 percent in the previous year.

Balance of Payment and remittance position

The overall BOP registered a record high surplus of NPR 144.85 billion in 2014/15 compared to a surplus of NPR 127.13 billion in the previous year. In US dollar terms, the BOP recorded a surplus of USD 1.43 billion compared to USD 1.29 billion in the previous year. The inflow of workers' remittances increased by 13.6 percent to NPR 617.28 billion in the review year compared to 25.0 percent growth of previous year. In US dollar terms, remittances increased by 11.9 percent to US dollar 6.19 billion compared to a growth of 12.3 percent in the previous year.

Interest Rates

Both the weighted average of 91-days Treasury Bill rate and inter-bank transaction rates increased in the last month of 2014/15 compared to a year ago. The weighted average 91-days Treasury Bill rate increased to 0.1739 percent in the review month from 0.02 percent a year ago. The weighted average inter-bank transaction rate among commercial banks that was 0.16 percent a year ago reached 1.01 percent in the review month. Likewise, the weighted average inter-bank rate among other financial institutions increased to 3.89 percent from 2.40 percent a year ago.

Deposit Mobilization

Deposits at banks and financial institutions (BFIs) increased by 20.1 percent (NPR 282.06 billion) in the review year compared to an increase of 18.4 percent

(NPR 218.58 billion) in the previous year. Deposits at commercial banks and development banks increased by 21.4 percent and 15.2 percent respectively while that of finance companies decreased by 0.6 percent in the review year compared to the respective increase of 17.8 percent, 29.1 percent and 5.7 percent in the previous year.

Credit Disbursement

Loans and advances of BFIs increased by 17.5 percent (NPR 229.30 billion) in the review year compared to a growth of 14.4 percent (NPR 165.48 billion) in the previous year.

2. ACQUISITION OF NEPAL HOUSING AND MERCHANT FINANCE LIMITED AND PEOPLE'S FINANCE LIMITED

During the current fiscal year, bank acquired 2 Class "C" Financial Institutions- namely Nepal Housing and Merchant Finance Limited and People's Finance Limited and started joint operation from 08.05.2015 (25.01.2072). The acquisition was duly approved by the 4th Special General Meeting held on 13.02.2015 (01.11.2071) and final approval letter received from Nepal Rastra Bank on 09.04.2015 (26.12.2071). The acquisition done by the Bank is the first acquisition in the history of banking sector of Nepal.

The impact of acquisition in the financial position of the Bank is summarized below:

Capital base of the Bank increased by NPR 174.82 million, capital reserve of NPR 113.26 was created, Deposit increased by NPR1235.44 million and cash and bank balance of the Bank increased by NPR 142.27 million. Loans and Advances of the Bank increased by NPR 714.29 million. Similarly, Non- Banking Assets of the Bank increased by NPR 599.29 million along with increment in the provision made for the same thereof. Similarly, investment in government securities increased by NPR 21.75 million, other investment by NPR 14.03 million and money at call and short notice increased by NPR 245.66 million. Likewise, under Fixed Assets category, land worth of NPR 214.33 million, building of NPR 41.68 million, other fixed assets of NPR 741.9 million and other assets of NPR 264.28 million was acquired. Similarly, 19 employees from these acquired institutions joined the service of the Bank.

3. FINANCIAL POSITION OF THE BANK

The comparative financials of the FY 2014/15 and FY 2013/14 has been presented below:

(NPR in million)

Particulars	FY 2013/14	FY 2014/15	Increase/ (Decrease) %
Total Assets	32,222	41,493	28.77
Deposits	27,963	35,782	27.96
Loans and Advances	23,174	29,200	26.00
Investment	2,832	5,763	103.53
Net Interest Income	1,073	1,268	18.20
Operating Income	341	342	0.41
Non- Operating Income	0	46	24,027.42
Other Operating Expenses	434	582	34.05
Operating Profit Before Loan Loss Provision	975	1,028	5.43
Net Profit	498	720	44.61
Capital Adequacy Ratio	12.99%	13.27%	0.28%
Real Estate Loan to Total Loan	11.00%	12.30%	1.30%

Capital Base

At the end of the current FY 2014/15, the paid up capital of the Bank is NPR 2,554.36 million.

Capital adequacy

At the end of the current FY 2014/15, the capital adequacy is 13.27 percent. The same was 12.99 percent in the FY 2013/14. The minimum requirement of NRB is 10 percent.

Gross assets

At the end of the current FY 2014/15, the gross asset is NPR 41,493.12 million which has increased by 28.77 percent in comparison to last fiscal year. In the previous year, it was NPR 41,493.12 million.

Deposit collection

The deposit collection for the FY 2014/15 is NPR 35,782.15 million which has been increased by 27.96 percent. In the previous year, it was NPR 27,963.45 million. In the FY 2013/14, current deposits covered 2.78 percent, saving deposits 21.63 percent and fixed deposits 45.06 percent, call accounts 29.89 percent and remaining

were other deposits. In the FY 2014/15, current deposits covered 3.14 percent, saving deposits 21.15 percent and fixed deposits 53.44 percent, call accounts 21.80 percent and remaining were other deposits.

Loans, Advances and Bills Purchased

In FY 2013/14, the Bank has provided NPR 23,173.66 million loans under loans and advances. In comparison to last fiscal year, it has been increased by 26 percent to NPR 29,199.98 million in current FY 2014/15. Out of total loans and advances of FY 2014/15, 13.30 percent is in real estate sector, 5.95 percent in housing sector, 3.06 percent in margin lending, 21.34 percent in term loan, 35.16 percent in overdraft loan and 22.16 percent in other loans.

Out of the total approved limit of NPR 2.65 billion for hydro power projects, the Bank has already disbursed loan to the tune of NPR 1.85 billion by the end of FY 2014/15. The hydro power projects that the Bank has invested on are as below:

a) Bank's leadership/ co-leadership in project financing

Lower Modi Hydropower (United Modi Hydropower Private Limited)	10 Megawatt	Completed
Upper Chaku Khola Hydropower (Shivashree Hydropower Private Limited)	22.2 Megawatt	Under Construction
Khanikhola Hydropower (Greenlife Energy Private Limited)	25 Megawatt	Under Construction
Tungun Thosne Khanikhola Hydropower (Khanikhola Hydropower Private Limited)	6.36 Megawatt	Under Construction

b) Bank's involvement in other project financing

Upper Hadikhola Hydropower (Center for Power Development)	1 Megawatt	Completed
Chranawati Hdropower (Nepal Hydro Developers)	4 Megawatt	Completed
Puwakhola-1 Hydropower (Puwakhola-1 Hydropower Private Limited)	3.52 Megawatt	Under Construction
Down Puluwa Hydropower (Riverfalls Hydropower Development Private Limited)	9.5 Megawatt	Under Construction
Rawa Khola Hydropower (Dudhkoshi Power Private Limited)	6.5 Megawatt	Under Construction
Ewa Khola Hydropower (Rairang Hydropower Development Co. Limited)	9.9 Megawatt	Under Construction

Similarly, in fiscal year 2014/15 (2071/72), the Bank has invested NPR 2.60 billion in 879 loans under the title "Small and Medium Enterprise Loan", NPR 961 million in 2,738 loans under the title "Fast Track Loan". In addition to that, as per the "One Zone One Product" policy, the Bank has invested NPR 71 million in 53 projects.

4. BRANCH NETWORK EXPANSION

As per the Bank's policy on branch expansion in FY 2014/15 (2071/72), the Bank has opened 12 new branches. The new branches were opened in Nijgad of Bara district, Chainpur of Bajhang district, Kusumba Bazaar of Bardiya district, Bhojpur of Bhojpur district, and Dharan of Sunsari district outside the valley and in New Baneshor inside the valley. Furthermore, the Bank has acquired Nepal Housing and Merchant Finance Limited and People's Finance Limited and acquired their Dillibazar branch, Maha Boudha branch, Tripureshwor branch, Bouddha branch, Banepa branch of Kavre district, Biratnagar branch of Biratnagar sub metropolitan city. As such, there are total 54 branches of the Bank.

In cooperation with Ministry of Federal Affairs and Local Development, the Bank has undertaken the Pilot Project for distribution of Social Security Allowance in 159 VDC's of Banke, Baglung and Surkhet districts through Branchless Banking services. The project catered to 109,347 customers and was considered highly successful. The Bank has added branchless banking services in Khodape, Baitadi in the current fiscal year.

For FY 2016/17 (2072/73), the Bank has entered into contact with Sakcham Access to Finance program, sponsored by UK, to operate branchless banking in 38 V.D.C. in Dolakha, Nuwakot, and Dhading districts and the project work has been commenced. Till date, the Bank has been operating 56 branchless banking services and is planning to continue this policy for operating branchless banking in coming days.

5. CORPORATE GOVERNANCE AND NON-COMPLIANCE

Maintaining higher level of Corporate Governance has been of great importance for the Bank. The Bank has its own objectives, policies, internal control system, and employee code of conduct for the effective implementation. Codes of conduct have been implemented for directors and employees. The Bank has been working for effective Corporate Governance by maintaining transparency in operation of the function of BOD and other committees. Furthermore, Bank has been complying with policies and directives issued by NRB and other regulatory authorities.

6. INFORMATION TECHNOLOGY

Considering the role of Information Technology in the Banks' development and with regards to customers' satisfaction, the Bank has been providing technology based services such as mobile banking, internet banking and ABBS through which online balance enquiry, account to account fund transfer, SMS banking facilities are widely used. Similarly, the Bank has enhanced its services for utility bill payments like PSTD telephone, ADSL services, school fees which are accessible through mobile/ internet banking or through branches of the Bank.

For timely improvement and development of information technology, the process for upgrading core banking software has been initiated in current FY. Similarly, in the current FY, the Bank has initiated opening of DEMAT account, the statement for which can be assessed online.

7. INTERNAL CONTROL SYSTEM

The Bank has adopted the policy of implementing strong internal control system visualizing the loan risks, market risks, operational risk and other risks of banking business. In relation to this, the Bank has formulated necessary rules and policies for every areas of banking transactions and make them implemented. The Bank has also constituted independent internal audit department for reviewing the compliance of prevailing laws, governed by Audit committee under the coordination of Non-Executive Director. Similarly, the Bank has formulated Risk Management Committee under the coordination of non-executive directors for supervision of risks related to banking transaction and the committee has been effectively working on the same. Separate Credit Risk Department has also been constituted and operated for minimizing the loan related risks.

8. CREDIT CARD

The Bank has established Nepal Electronic Payment System Limited, in joint investment of other 12 Commercial banks and Financial Institutions considering the risk in credit card. Nepal Electronic Payment System Limited (NEPS) is in operation from FY 2014/15 (2071/72). From 20.07.2015 (04.04.2072), the Bank has successfully migrated and started operating card business through NEPS's Card System.

With increasing scope of service related with card, Credit Card Service is planned to be started in Fiscal Year 2015/16 (FY 2072/73). Bearing in mind security, Magnetic Strip Card will be replaced by EMV Based Card.

9. REMITTANCE TRANSACTION

With the view of making remittance transaction more effective, the Bank has been expanding its network by contracting with Remittance Companies inside and

outside the Country. Similarly, The Bank has entered into contract with Al Ahalia Money Exchange Bureau, Al Dahab Money Exchange and Al Ansari Money Exchange in UAE and Xpress Money Services in UK and conducting remittance service through Citizens remit in overseas. Furthermore, the Bank has contracted with other domestic remittance companies such as IME, Prabhu Money Transfer, Batas Association (Himal Remit), City Express, United Remit (Money Gram), CG Finco (Western Union), Siddhartha Trust Remit, Reliable Remit, CG Money, Prithivi Remit, Best Remit for operating remittance business continuously.

In current Year, the Bank has signed agreement with Small World Financial Service Limited, World Remit Limited and Gurkha Remit Limited for foreign remittance and Samsara Remit, Sewa Remit, Easylink Remit, Nepal Remit and JME Remit for domestic remittance and has widen its scope. The Bank has been able to bring total USD 5.24 million and from such remittance, the Bank has earned NPR 8.19 million. Remittance from 40 different countries can be paid directly through all branches and 2600 agents of the Bank located around the country. In future, to expand remittance business further agreement will be signed with exchange companies of potential countries such as South Korea, India, Qatar, Saudi Arabia, Kuwait, Malaysia, Japan, America, Australia and remittance business will be expanded and enhanced.

10. CORPORATE SOCIAL RESPONSIBILITY

Since its establishment, the Bank has been contributing for corporate social responsibility through various social institutions. Especially the Bank has been contributing for upliftment of education, health, sports, cultural areas and victims of natural calamities. In current FY 2014/15 (2071/72), the total expenditure of the Bank on corporate social responsibility is 10.74 million. It includes the financial assistance for the earthquake victims of NPR 10 million provided to Prime Minister Relief Fund. Likewise, the Bank has distributed miscellaneous goods equivalent to NPR 2.1 million to earthquake victims of Khokana, Kavre, Dolakha, Sindhuli, Nuwakot, etc.

On the occasion of 9th anniversary, the Bank has conducted blood donation, eye donation and kidney donation programs. In association with Aarogya Foundation, 9 employees donated kidneys and an amount of NPR 100,000 has been donated to the foundation for patients that required human organ transplantation. Furthermore, the Bank has provided scholarship to 10 underprivileged and hard-working students through Baal Bikash Samaj. With the objective of providing education to underprivileged children of Upper Dolpa, the Bank provided the financial assistance of NPR 100,000 to

'Snow Yak Foundation' working for it. Moreover, the Bank conducted a one day program of providing food to 50 elderly people residing in 'Nisahaya Sewa Sadan' located at Shantinagar, Kathmandu.

11. CHANGES IN BOARD OF DIRECTORS AND ITS REASONS

In current FY the chairman of the Board of Directors, Mr. Pradeep Jung Pandey has resigned and Mr. Bal Krishna Prasai has been appointed as the chairman of the Board of Directors. The Bank expresses sincere gratitude to Mr. Pradeep Jung Pandey for his valuable contribution in the growth of the Bank.

12. OTHER COMMITTEES

As per the provisions of NRB directives and Section 14 and Section 15 of Bank and Financial Institutions Act, 2007, the Board of Directors formed Audit Committee, Risk Management Committee, Employee Management and Service Facility Committee for its accountability. Besides these, Building Construction Committee and Merger & Acquisition Committee have been formed and their functions, duties and rights have been defined.

Audit Committee

Board of Directors has formed Audit Committee under the coordination of non-executive Director, Mr. Arjun Lal Rajbanshi. The head of Internal Audit Department is the member-secretary of the committee. The committee has been discussing for the assessment of financial condition, internal control system, audit related program and findings of audit and giving necessary directions to the management of the Bank.

For the FY 2014/15 (2071/72), 15 meetings of the audit committee were held. In the meetings, as per the prevailing law, audit committee has reviewed entire financial condition of the Bank, internal control, audit plan and the main point/remarks pointed out on audit report presented by internal auditor and external auditor and directed to take the corrective action to the management. Similarly, the committee has reviewed the implementation of the main point/remarks pointed out on the report obtained on inspection and supervision by NRB. The issues have been recorded and information are provided to BOD. The committee has also supported the management for preparing true and fair Annual Financial Statement of the Bank, reviewed adherence to the regularity in the Bank's proceedings, economy, relevance, effectiveness and others and provided necessary suggestion, reviewed the Quarterly Financial Statement of the Bank and reported it to BOD.

Risk Management Committee

The Board of Directors has formed Risk Management

Committee under the coordination of non-executive director Mr. Manohar Das Mool. The departmental head of Risk Management Department is appointed as the member-secretary of the committee. The coordinator of Audit Committee acts as invitee member of Risk Management Committee and meeting of the committee is to be held at least once in three months. The functions, duties and rights have been determined in compliance with the directives of NRB. In the FY 2014/15 (2071/72), meetings of Risk Management Committee were held for 5 times. The Risk Management Committee of the Bank has been working on finding out risks affecting the Bank and its suitable management. The Committee has been giving special attention for risk management to minimize credit risk, market risk, operating risk, liquidity risk, non-compliance risk and other risks. The Bank has separate credit risk unit for credit risk management.

Human Resource Compensation Committee

The Board of Directors has formed Human Resource Compensation Committee under coordination of non-executive director Mr. Avinash Panta. The departmental head of Finance Department and the departmental head of Human Resource Management Department are member secretaries of the committee. The functions, duties and rights of the committee have been determined in compliance with the directives of NRB.

For the FY 2014/15 (2071/72), meetings of the committee were held for two times and the committee reviewed remuneration and regulations of employees and recommended necessary employees recruitment.

Building Construction Committee

The Board of Directors has formed Building Construction Committee under the coordination of Non-executive director Mr. Manohar Das Mool. The Deputy Managing Director of General Administration Department is appointed as member secretary of the committee. In the FY 2014/15 (2071/72), meetings of the committee were held for 16 times and the committee inspected the corporate building of the Bank which is under construction. It is hereby informed that the construction work of double basement of under construction office building has been started at Narayanhiti Path in FY 2014/15 (2071/72).

Merger and Acquisition Committee

The Board of Directors has formed Merger and Acquisition Committee under the coordination of non-executive director Mr. Pavitra Kumar Karki. The Chief Executive Officer/ Company Secretary is appointed as member secretary of the committee. In the FY 2014/15 (2071/72), meetings of the committee were held for 13 times. In the meetings, committee has recommended BOD for the authorization from the NRB for the acquisition of Nepal Housing & Merchant Finance Limited and People's Finance Limited

and also signed the preliminary agreement deed for the acquisition of Premier Finance Limited

13. CONTRIBUTION TO THE GOVERNMENT EXCHEQUER

In current FY 2014/15 (2071/72), the Bank has deposited in aggregate NPR 38.51 crore including NPR 12 crore for Advance Income Tax and NPR 18.51 crore for tax deduction on sources on various payments to Inland Revenue Office.

14. FACTOR AFFECTING BANKING TRANSACTION

Different risks that may affect banking transaction are listed below:

- Potential risks that may arise due to change in commercial bank policy by Nepal Government and NRB.
- Risks due to change in exchange rate during foreign exchange transaction.
- Risk due to change in interest rate on deposit and credit.
- Risks arising due to non-recovery of current period credit.
- Risks due to change in financial condition of the country.
- Potential risks arising on providing non-funded services such as letter of credit and Bank guarantee.
- Financial risks on Nepalese Market due to crisis in foreign market.
- Risks due to capital market fluctuation.
- Negative impact on country's economy due to devastating Earthquake.
- Effect due to inconsistent political condition in country.
- Effect due to rapid increase in banking competition.

15. APPOINTMENT OF AUDITOR

In FY 2014/15 (2071/72), 8th General Meeting of the Bank has appointed M/s K. K. Budhathoki and Associates, Chartered Accountants, for auditing every book of account and audit has been completed. For FY 2016/17 (2072/73), appointment of auditor will be done on recommendation of Audit Committee.

16. HUMAN RESOURCE

By the end of the FY 2014/15, there are 532 employees working in the Bank. During the FY, the Bank had appointed 177 new employees and 44 employees have resigned from the Bank's service. Out of total employees, 165 (31.01%) are female employees. With the motive of providing more accessible and speedy banking services to its customers, the Bank has provided trainings to its

employees for human resource development. The Bank shall carry out similar training programs in the future as well.

17. STRATEGIES AND PROGRAMS FOR FY 2015/16

- As per the circular issued by the NRB, in order to make the paid-up capital 8,000 Million by the end of Ashad 2074, the Bank has made the decision to issue bonus share and right share as per the approved capital plan of the Bank.
- In order to reduce the average interest rate on deposits, the Bank has introduced new products and has been implementing necessary plans and increasing concentration on personal deposits by decreasing the dependency on corporate deposits.
- To acquire the financial institutions if found appropriate, as approved by the AGM and EGM.
- The construction work of the new building should be completed within the Income Year.
- Expansion of ATM services in the possible areas of the country.
- Issuing VISA International credit card for easy transactions between customers of Nepal and India.
- Replacing Magnetic Card by issuing EMV Compatible Chip Cards and upgrading ATMs by making EMV Compatible.
- Starting transactions with at least 4 foreign companies (Malaysia, Japan, Qatar, and Saudi Arabia) for increasing remittance transactions.
- Expansion of branches in possible areas for business and continuity of branchless banking systems in additional places.
- Starting transactions in areas of Merchant Banking, Mutual Investment Fund by establishing subsidiary companies under transaction expansion policy from Income Year 2015/16.
- Increment in standard of loan and increase the credit disbursement mainly to Agriculture and Cottage and Small Scale Industries.
- Further enhancement of Internal Control System and Corporate Governance.
- Upgrade Core Banking System of the Bank through improvement and expansion of Information System.
- Continuity of interbank sports competition organized on occasion of Bank's annual program.
- Organization of different additional programs under Corporate Social Responsibility.

18. AUDIT, BALANCE SHEET AND OTHER STATEMENTS

The Balance Sheet, Profit and Loss Account, Profit and Loss Appropriation, Cash flow statement, Schedules and Auditor's report have been included as the part of this annual report.

Profit and Loss Appropriation

In the FY 2014/15, 20% of the net profit i.e. 20% of NPR 720.309 Million amounting NPR 144.061 Million has been transferred to Statutory Reserve Fund in line with the requirement of Section 44 of Bank and Financial Institutions Act (BAFIA), 2007. Similarly, the Bank has earned NPR 21.456 Million due to the changes in the foreign exchange rates as such it has transferred NPR 5.364 Million to Foreign Exchange Fund in line with the Section 45 of BAFIA, 2063. An amount of NPR 29.273 Million has been transferred to Investment Adjustment Reserve. The capital reserve generated as a result of Share Swap Ratio from the acquisition of Nepal Housing and Merchant Finance Limited and People's Finance Limited amounting to NPR 113.258 Million has been transferred to Profit and Loss Appropriation Account and included in accumulated profits of last year of NPR 8.096 Million and thus the distributable profits arrived for the FY 2014/15 is NPR 662.964 Million. Out of such profits, deferred tax assets of NPR 59.935 Million have been deducted as per the NRB Directive and the net distributable profit is NPR 603.029 Million. Out of such profits, the proposed dividend is NPR 26.888 Million and the proposed bonus shares amount NPR 510.872 Million. The remaining NPR 125.204 Million has been proposed to be transferred to the accumulated profit for the year.

19. OTHER DETAILS REQUIRED BY SEC 109(4) OF COMPANIES ACT, 2063 HAVE BEEN INCLUDED IN SCHEDULE A OF THIS ANNUAL REPORT.

20. THE DETAILS REQUIRED BY RULE 22(1) OF SECURITIES REGISTRATION AND ISSUE REGULATIONS, 2008 HAS BEEN INCLUDED IN THE SCHEDULE B OF THIS ANNUAL REPORT.

Thank you Note

On behalf of Board of Directors of the Bank, I would like to thank all the shareholders, customers and Nepal Government related institutions and Nepal Rastra Bank. Also, I would like to express my gratitude to the contributions of Chief Executive Officer, all the officers, employees and other supporters. I would also like to thank the media for acting as the bridge between the positive activities of the Bank and the public and the well-wishers who has supported the Bank directly and indirectly.

Date: 15.10.2015

On behalf of the Board of Directors
Bal Krishna Prasai
Chairman

COMPLIANCE STATEMENT OF APPLICABLE REPORTING STANDARDS AND DIRECTOR'S RESPONSIBILITY FOR ANNUAL REPORTS

Compliance statement

The board and all other staff of the Bank including its branches endeavor to ensure objectivity and transparency to maintain company culture and business strategy. The accepted principles of ethical and professional conduct are duly maintained at all levels and within all the activities of the business.

Along with customers' satisfaction as our core concern, the Bank is committed to meet statutory and regulatory obligations. The Bank complies with Generally Accepted Accounting Principles, Nepal Accounting Standards, Directives issued by Nepal Rastra Bank, Companies Act, national legislation, regulations issued by local authorities, guidelines issued and other prevalent laws and regulations. The Bank has depicted compliance with the same through our core values and standards, high standards of integrity, governance and risk management frameworks and control works.

Director's Responsibility in respect of annual report and financial statements

The statement of Director's Responsibility should be read simultaneously with the Auditor's statement of their responsibilities set out in Auditor's report to shareholders, which provides the shareholders a precise view to distinguish the respective responsibilities of the Directors and of the Auditor in relation to the financial statements.

The directors are primarily responsible for the preparation of the Annual Report comprising the financial statements of the Bank in accordance with applicable laws and regulations. Section 108 along with section 109 of the Companies Act, 2063 explains the responsibility of Board of Directors for the preparation of Annual Reports.

In the preparation of the financial statements the directors undertake the responsibility of following arrangements.

- Select suitable accounting policies and then apply them consistently
- Make reasonable judgements and estimates where necessary
- State that the financial statements comply with Generally Accepted Accounting Principles, Nepal Accounting Standards, Directives issued by Nepal Rastra Bank, Companies Act, national legislation, regulations issued by local authorities, guidelines issued and other prevalent laws and regulations.
- Prepare the financial statements on the going concern basis with the satisfaction that the Bank has the resources to continue the business for the foreseeable future; unless it is not appropriate.

The directors are responsible for keeping proper books of account which discloses the financial position of the Bank with reasonable accuracy at any time. Also, the directors ensure that that the financial statements comply with the Companies Acts 2063. Reasonable steps are taken for the prevention and detection of fraud and other irregularities for safeguarding of assets. The responsibility of the maintenance and integrity of the corporate and financial information included on the Bank's website also lies with the directors.

On Behalf of Boards of Directors,
Chairman
Bal Krishna Prasai

REVIEW OF BANK'S PERFORMANCE WITH THE MANAGEMENT'S OBJECTIVES AND STRATEGIES

STANDARD AND RELIABLE BANKING SERVICES

The focus of the Bank in the previous and the coming years has always been to provide quality standard and highly reliable banking services to the general public. In this regard, the Bank has been able to increase the total number of branches from 42 to 54 in the review year with focus given to rural and semi-urban areas resulting in new branches being opened in Dolpa, Nijgadh, Bajhang and Sanoshree, wherein CBIL is the first commercial bank to enter Sanoshree as well as Nijgadh. Furthermore, the Bank has also been able to mobilise branchless banking in such areas as well, therefore, taking the count of branchless banking centers to 226 with the Bank's BLB service reaching to 112,306 customers in the review year, representing an increase of 23% from the previous year. The Bank also acknowledges the growing trend in the use of electronic banking services as a result of which, the Bank has been able to maintain 42,482 customers of mobile banking service whereas number of internet banking customers has reached 7,709 with an increase of 13% and 22% in both services respectively. Furthermore, for the convenience and satisfaction of the Bank's valued customers, the Bank has added 7 more ATM's to increase the number of ATM's to 45 and therefore maintain a compassionate figure of 1,125 card holders per ATM.

Development of industrial, trade and agricultural sectors of the country

Amount in NPR million

Sector	2013/14	2014/15	Growth
Industry	5,535.52	6,213.35	11%
Trade	5,658.89	6,631.83	15%
Agriculture	1,661.74	2,180.03	24%
Others	10,317.51	14,174.88	27%
Total	23,173.66	29,200.10	21%

As can be depicted from the table above, the Bank stands firm on its objective to associate itself with the growth in the economy, with growing amounts of investment in all the sectors and an increase of 21% in the amounts invested in each sector. The highest increase can be seen in the sector other than industry, trade or agriculture which saw loans increase by 27% whereas the industry sector has seen the lowest growth of 11%. An example of the Bank's commitment can be seen with the announcement of a new product the 'Fast Track Loan' which aims to focus an increase in investment in the agricultural sector and thus help in the development of agronomy in the country.

To support employment oriented businesses and render support to alleviate poverty

No. of Customers

Sector	2013/14	2014/15	Growth
Industry	427.00	444.00	4%
Trade	1,103.00	1,320.00	16%
Agriculture	198.00	256.00	23%
Others	10,567.00	13,654.00	23%
Total	12,295.00	15,674.00	22%

The growth trend is also reflected in the numbers as the highest increase is seen in the others category where customers has increased by 3,087 and lowest is seen in industry sector where loan files has increased by 17 files. Therefore, in total, the Bank has invested in 3,379 new businesses, which represents an increase in 22% from the previous year, reflecting the drive to support employment generating businesses and therefore lend a helping hand in alleviating poverty from the country.

Provide financial intermediary services

The Bank has been playing the intermediary role since the beginning and still continues to move forward in that path by increasing its services in the form of domestic as well as international remittance, dematerialisation account, branchless banking, utility payments and services, undertaking government projects and even escrow account management during the review year. In this regard, the Bank has entered into agreements with two international remittance companies and four domestic remittance companies during the review year in order to further provide seamless remittance service from more parts of the world and the country itself. Moreover, the Bank aims to familiarise itself with the stock market where it provides dematerialisation service to the general public starting from the review year. Furthermore, the Bank has increased its reach to more areas of the country with ever increasing branchless banking service providing services to customers even in areas where no branches operate. In addition, during the review year, the Bank has continued to provide utility payment services such as NTC bill payment, Dish Home recharge and QFX Cinema online ticket purchase, and further aims to add more to the list for the convenience of the customers. Furthermore, the Bank has also continued with the escrow account management service so that the clients of such service can easily and conveniently handle and manage their funds. Therefore, with new and continued services as mentioned above being provided by the Bank, it has been able to successfully maintain the financial intermediary role.

Amidst national political uncertainty, the Bank stands firm on achieving its objectives through business generation, voluminous growth in loans and advances and deposits and expansion during the review year through acquisition. Further the Bank's contribution towards industry expansion, employment creation and compliance through payment of tax to government has always been its objectives, for which it has acted accordingly.



CFO'S FOREWORD

Economic stewardship together with business growth and profitability are our major concerns. We are committed to telling our financial story clearly and thoroughly with high standards of governance and transparency, strategies, dedication and disciplined management team.

As on 16.07.2015 (31.03.2072), we had total assets of 41.493 Billion and shareholders' fund 3.74 Billion. The capital adequacy has been increased to 13.27% in FY 2014/15 (FY 2071/72). The same was 12.99% in the FY 2013/14 (FY 2070/71).

Shareholders returns

The Bank's financial results in fiscal year FY 2014/15 (FY2071/72) reflect magnificent operating performance and the momentum we have demonstrated over a number of years. During the year, we grew Earning Per Share (EPS) to NPR 30.94, a increment of NPR 7.24, we announced dividend of 21.05 percent, an increment of 2.10 percent. We completed the acquisition of Nepal Housing and Merchant Finance Limited and People's Finance Limited and strengthened our capital base.

The net distributable profit for the review Fiscal Year is NPR 603.029 Million. Out of such profits, the dividend of NPR 26.888 million and the bonus shares of NPR 510.872 million has been proposed. Market price of our share is NPR 489 per share as at fiscal year ending. The return on equity grew from 18.09% to 19.26%.

With the growing competitive environment, the Bank has managed to increase the loan and advances including bills purchase and discount by 26% to NPR 29,199.91 million. Similarly, the customer deposits increased by 27.96% to NPR 35,782.15 million.

Challenges

Despite extended pressure of regulators on capital enhancement and fierce competition with high degree of cost of compliance; we put ourselves committed for better return to the shareholders.

Stability

We focus on sustainable growth and profitability with straightforward business model and clear geographic focus. Throughout this report, our results include many individual indicators that reveal our on-going progress. We take the strengths and consistency of our strategies, dedication and disciplined management team as the glory for our performance.



With the growing competitive environment, the Bank has managed to increase the loan and advances including bills purchase and discount by 26%.

Nevertheless, we believe the Bank to be highly dedicated for customer service. Our loans and advances are diversified across all economic sectors to minimize the risk.

To conclude,

We believe the Bank to be highly dedicated for customer service. Our loans and advances are diversified across all economic sectors to minimize the risk. We look forward to improve shareholders' returns and to offer the best products and services to the customers. We march ahead with the clear visions, missions and disciplines to see them a reality.

Thanking you!

Samir Prasad Dahal
CFO

INFORMATION FOR UNDERSTANDING FINANCIAL STATEMENT

1. Preparation of financial statements is in conformity with NAS requirement to the use of certain critical accounting estimates and also requirement of management to exercise judgement in process of applying the Bank's accounting policies.

2. These financial statements include the following components:

- Balance Sheet disclosing the financial position of the Bank.
- Profit and Loss Account disclosing the financial performance of the Bank.
- Cash Flow Statement disclosing the sources of cash in the Bank and the uses of the cash and cash equivalents.
- Statement of Changes in Equity showing all changes in equity of the Bank.
- Notes to the Financial Statements comprising a summary of principal accounting policies of the Bank and other relevant explanatory notes that is of material importance to the readers of the financial statements to facilitate informed decision making.

3. Equity

- Equity is the residual interest of the equity holders in the assets after deducting all its liabilities. It comprises of all funds contributed by equity holders, retained earnings and reserves representing appropriation of retained earnings.
- As per Section 44 of Bank and Financial Institutions Act 2007, all licensed institutions must maintain a general reserve fund. It is required to transfer minimum 20% of net profit after tax to the General Reserve until it becomes double of paid up capital. The Bank consistently transfers the fund from the profit in the General Reserve to comply with this requirement.
- As per Section 45 of the Bank and Financial Institutions Act 2007, all licensed institutions are required to transfer minimum 25% of the Total Revaluation Gain (except gain from revaluation of Indian Currency) in the Exchange Fluctuation Reserve Fund. The Bank consistently maintains the Reserve by transferring the fund from the profit to comply with this requirement.
- The Bank has to maintain an Investment Adjustment Reserve for Available for Sale Investment
- Investment adjustment reserves created as a cushion for adverse price movements in the Bank's investments

falling under "Available for Sale" category. These investments should be marked to market on a regular basis and the difference to be adjusted through reserves.

4. Staff loans comprise of housing loan facility, personal loan facility and vehicle loan facility and are presented under "Staff Loans and Advances" in Schedule 16 "Other Assets" of the Financial Statements.

5. Interest Receivables

- Interest receivable consists of interest accrued on loans and investments are recognized on daily basis based on the outstanding balance at the end of the day.
- Interest receivables on investments are stated at full value.
- Interest receivables on loans (except staff loans) are stated at full value and are disclosed net of interest suspense under "Accrued Interest on Loan" in Schedule 16 of the Financial Statements. Similarly, Interest receivables on staff loans are presented under "Others" in the same Schedule.

6. Prepaid Expenses

- A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.
- Prepaid Expenses comprise of amount paid in advance for insurance services, rental of leased premises, communication like internet connectivity, maintenance of services and other miscellaneous services.
- Prepaid Expenses are recognized as asset at full value on the date of payment.
- They are derecognized as and when services are received or at the time service accrues or period mature.

Following is the breakdown of Prepaid Expenses amount presented in financial statements under Schedule 16 "Other Assets".

(Amount in NPR)

Particulars	2014/15	2013/14
Prepaid House Rent	7,512,686	9,933,179
Prepaid Insurance	6,469,290	5,808,179
Prepaid Communication Exp.	54,780	1,440,618
Prepaid Fee & Subscription	522,836	1,327,596
Prepaid Insurance-Staff	3,710,637	2,792,311
Prepaid Expenses Others	923,435	204,462
Prepaid Expenses Total	19,193,664	21,506,345

7. Liabilities

Liabilities are present obligations of the entity arising from past events, the settlement of which are expected to result in an outflow from the entity of resources embodying economic benefits. Liabilities of the Bank comprise of borrowings, deposits, bills payable, dividend payable, interest accruals, unearned income, sundry creditors and other liabilities.

a. Borrowings

Borrowings consists of local and foreign currencies' inter-bank borrowing and the debentures issued to the public. Borrowings are recorded as the total amount that has been borrowed and recognized on the effective dates mentioned in the contract. Borrowings are derecognized at the time of its maturity or settlement/payment.

b. Deposits

Deposits of the Bank comprise of local and foreign currencies' current deposits, savings deposits, call deposits, margin deposits and other deposits of the customers held by the Bank. Deposits are recorded at the amount deposited and recognized on the date of deposition. Deposits are derecognized at the time of its withdrawal or maturity.

c. Bills Payable

Bills payable includes outstanding manager's cheques issued by the Bank. The bills payables are recorded at full value and recognized at the time of its issuance for the consideration payable. They are derecognized at the time of its disposal at the Bank's counter.

d. Dividend Payable

Dividend payables are the dividends, payable to its equity holders duly approved by the current or earlier AGMs. They are recorded at the value immediately after AGM approves the Board's proposal on dividend.

e. Interest Accruals

Interest accruals consists of interest payables on deposits, borrowings and debenture. They are recognized on the outstanding balance at the end of the day on daily basis. Interest accruals are derecognized at the date when its due.

f. Unearned Income

Commission on guarantees issued by the Bank is recognized as income on yearly basis over the period of the guarantee, except for guarantee commission not exceeding NPR 10 thousands, which is recognized at the time of issue of the guarantee.

Commission on Letters of Credit (LC) issued by the Bank is recognized as income at the time of issue of the LC. However, income from Usance LC is accounted for on the basis of period of LC on accrual basis.

Other fees and commission income are recognized on accrual basis

8. Gain/(Loss) arising on disposal of assets

The gain or loss arising from the sale of a property, plant and equipment is included in profit or loss when the item is derecognized. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying value of the item. The carrying value of an item of property, plant and equipment is derecognized on its disposal or when there is no expected future economic benefits from it. The gain or loss on disposal of Available for Sale Investments are also included in the gain or loss arising on disposal of assets.

9. Provision on Investments

Impairment on quoted investments is recognized by assessing the recoverable amount of an investment from the stock exchange and the cost of an investment. In case of investments that are not actively traded at stock exchange, recoverable amount is computed on equity basis. Impairment is determined when the carrying amount exceeds the recoverable amount.

In case of unquoted investments, recoverable amount of an investment is determined on an equity basis. Impairment loss is recognized if the recoverable amount so calculated on an equity basis is less than the cost of an investment.

10. Impairment on Fixed Assets

The Bank evaluates at each reporting date, whether there is any indication that an impairment loss recognized in prior periods for an asset no longer exist or may have reduced. If any such indication exists, the Bank estimates the recoverable amount of that asset. The Bank books impairment loss to the extent it has been expensed off in prior years when the carrying amount exceeds the recoverable amount.

11. Write Off Expense

During the review year no loans and advances were written off.

12. Earnings Per Share

Earnings per share, also called net income per share, is a market prospect ratio that measures the amount of net income earned per share of stock outstanding. In other words, this is the amount of money each share of stock would receive if all of the profits were distributed to the outstanding shares at the end of the year. It is calculated by dividing profit or loss attributable to ordinary equity holders by the average number of ordinary shares outstanding during the period.

The earnings attributable to the ordinary equity holders consists of the earnings of the Bank after deduction of all expenses, tax expense and preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

Ordinary Shares

Ordinary Shares are those shares that are not preferred shares and do not have any predetermined dividend amounts. An ordinary share represents equity ownership in the Bank and entitles the owner to a vote in matters put before shareholders in proportion to their percentage ownership in the Bank.

Simple average number of ordinary shares

The simple average of outstanding shares is a calculation that incorporates any changes in the amount of outstanding shares over a reporting period. It is an important number, as it is used to calculate key financial measures such as Earnings per share (EPS) for the time period.

13. Basis of Interest Computation

Interest expenses on deposits/borrowings/bonds and

interest income on loans & local currency investments are calculated on the basis of 365 days a year.

Also, the interest on foreign currency investments is calculated on the basis of 365 days a year.

14. Events after the Balance Sheet Date

The events after the balance sheet date are all those events, whether favorable or unfavorable, which have occurred between the balance sheet date and the date of preparation or approval of the financial statements for its disclosure. During the review year there exists no events after balance sheet date.

15. Chronology of stock issuance

Since the establishment, the Bank has increased its paid up equity capital to NPR 3,065,233,817 from initial level of NPR 560,000,000

16. Related Party Disclosure

The related party disclosure helps to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity')

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity;
 - (iii) is a member of the key management personnel of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:

Fiscal Year	Total Paid Up Capital NPR	Remarks
2006/07	560,000,000	Promoter's Share capital
2007/08	560,000,000	No change.
2008/09	1,000,000,000	Additional NPR 140 million Promoter Share and NPR 300 million Public Share Issued
2009/10	2,000,000,000	Issuance of 1:1 Right Share
2010/11	2,100,000,000	5 % Bonus Shares Issued
2011/12	2,101,840,000	Fraction Share Adjustment in promoter share to maintain the ratio between promoter and public shareholders
2012/13	2,101,840,000	No change.
2013/14	2,375,079,200	13% Bonus Shares Issued
2014/15	3,065,233,817	After acquisition of NHMFL & PEFIL and fraction share adjustment and bonus issuance.

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

17. Staff loans and advances

Presented in financial statements under Schedule 16 "Other Assets", Staff Loans and Advances are extended in line with the integrated staff loan policy of the Bank. Eligibility criteria for availing staff loans are directly linked to the period of service under permanent payroll of the Bank and the HR Policy.

The staff loans and advances has been increased during the year 2014/15 since many staff have been recruited, annual increment in their grades and salaries and addition due to the acquisition of Nepal Housing and Merchant Finance Limited and People's Finance Limited.

The loans outstanding as at the balance sheet date were as under:

(Amount in NPR)

Particulars	2014/15	2013/14
Staff Loan	39,951,763	28,563,696
Staff Loan Home	169,660,011	128,058,422
Employee's Advances	3,390,751	5,032,410
Staff Overdraft	15,385,942	-
Total	228,388,467	161,654,528

The Staff Loans and Advances are included in the Schedule 16 "Other Assets" which is NPR 228,388,467 of 2014/15 and 161,654,528 of 2013/14.

18. Deposit Insurance

The Bank has executed contract with Deposit Credit Guarantee Corporation for insuring deposits of depositors upto NPR 0.2 million per depositor.

19. Impairment Loss

During the year no any impairment loss has been recorded.

20. Internal audit

The Bank has formed an internal audit team. The Internal audit of the Bank is independent from the management and directly reports to the board level committee called Audit Committee.

Internal Audit formulates audit plan on risk based approach which is duly approved by the board level committee. The internal audit team performs activities considering the level of operation and size of the branch or department of the Bank and suggests for necessary actions to minimize/mitigate the risks involved.

21. Rounding off

All figures have been rounded off to the nearest rupee.

22. Cash and Cash Equivalents

Cash and cash equivalents comprises of cash and bank balances.

23. Provision for Taxation

Provision for taxation has been made on the basis of the Income Tax Act 2002 and amendments thereto.



**INDEPENDENT AUDITOR'S REPORT TO THE
SHAREHOLDERS OF CITIZENS BANK INTERNATIONAL LIMITED.**

We have audited the accompanying Financial Statements of the **Citizens Bank International Limited**, which comprise the Balance Sheet as at **Ashad 31, 2072 (July 16, 2015)**, the Income Statement, Statement of Changes in Equity, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves examining, on test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respect of the financial position of **Citizens Bank International Limited** as at **Ashad 31, 2072 (July 16, 2015)** and its financial performance, Statement of Changes in Equity and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with the prevailing laws, directives from Nepal Rastra Bank, Company Act 2063, Banks and Financial Institutions Act, 2063.

Report on other Legal and Regulatory Requirements

On the basis of our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit,
- ii. Financial statement including Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules have been prepared in accordance with the methods and format specified by Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank,
- iii. So far as it appears from our examination, books of accounts are properly maintained in accordance with the prevailing laws,
- iv. So far as it appears from our examination, we have not come across 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 caused loss or damage to the Bank or committed any misappropriation or violated directives of Nepal Rastra Bank,
- v. The operations of the Bank were within its jurisdiction,
- vi. So far as it appears from our examination, the Bank has maintained adequate capital fund and risk bearing fund and has maintained adequate provisions for possible impairment of assets,
- vii. The Bank has not acted in a manner to jeopardize the interest and security of the depositors and investors,
- viii. The returns received from branches of the Bank though the statements are independently not audited were adequate for the purpose of our audit, and
- ix. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the book of accounts.

Date : Bhadra 16, 2072
Place: Kathmandu


CA. Keshab Kumar Budhathoki
Proprietor
KK Budhathoki & Associates.
Chartered Accountants



BALANCE SHEET

As at July 16, 2015 (Ashad 31, 2072)

Capital & Liabilities	Schedule	Current Year NPR	Previous Year NPR
1. Share Capital	1	3,065,233,817	2,375,079,200
2. Reserves and Funds	2	674,648,732	377,734,630
3. Debentures & Bonds	3	500,000,000	500,000,000
4. Borrowings	4	902,000,000	457,244,800
5. Deposit Accounts	5	35,782,148,764	27,963,454,595
6. Bills Payable	6	15,526,487	4,204,418
7. Proposed Cash Dividend		26,888,016	125,004,168
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	526,670,683	418,896,724
Total Capital & Liabilities		41,493,116,499	32,221,618,535

Assets	Schedule	Current Year NPR	Previous Year NPR
1. Cash Balance	8	1,462,489,942	1,046,350,678
2. Balance with Nepal Rastra Bank	9	2,850,444,255	3,828,392,842
3. Balance with Banks/Financial Institutions	10	1,372,994,801	998,547,690
4. Money at Call and Short Notice	11	95,424,114	121,251,250
5. Investments	12	5,667,850,633	2,710,413,643
6. Loans, Advances and Bills Purchased	13	28,480,534,681	22,485,420,005
7. Fixed Assets	14	907,012,867	587,555,769
8. Non- Banking Assets	15	-	-
9. Other Assets	16	656,365,206	443,686,658
Total Assets		41,493,116,499	32,221,618,535

Contingent Liabilities	Schedule 17
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Schedules 1 to 17, 32 and 33 form integral part of this Balance Sheet

(Samir Prasad Dahal) Chief Finance Officer	(Rajan Singh Bhandari) Chief Executive Officer	(Bal Krishna Prasai) Chairman	As per attached report of even date
(Manohar Das Mool) Director	(Prakash Chandra Mainali) Director	(Abinash Pant) Director	CA. Keshab Kumar Budhathoki Proprietor
(Pabitra Kumar Karki) Director	(Arjun Lal Rajbanshi) Director	(Bijaya Dhoj Karki) Director	K. K. Budhathoki & Associates Chartered Accountants

Date:- 2nd September, 2015
Place:- Kamaladi, Kathmandu

PROFIT & LOSS ACCOUNT

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Particulars	Schedule	Current Year NPR	Previous Year NPR
1. Interest Income	18	2,766,920,009	2,455,752,598
2. Interest Expenses	19	1,498,517,165	1,382,625,633
Net Interest Income		1,268,402,844	1,073,126,965
3. Commission & Discount	20	62,456,717	55,876,589
4. Other Operating Incomes	21	181,212,064	205,035,445
5. Exchange Fluctuation Income (Trading Gain)	22	98,668,337	80,028,898
Total Operating Income		1,610,739,962	1,414,067,897
6. Staff Expenses	23	247,880,296	165,568,732
7. Other Operating Expenses	24	334,467,602	268,855,066
8. Exchange Fluctuation Loss	22	-	4,195,526
Operating Profit Before Provision for Possible Loss		1,028,392,064	975,448,573
9. Provision for Possible Losses	25	235,882,945	560,524,090
Operating Profit		792,509,119	414,924,483
10. Non - Operating Income/Expenses	26	45,928,720	190,359
11. Loan Loss Provision Written Back	27	237,398,568	316,124,100
Profit from Regular Operations		1,075,836,407	731,238,942
12. Profit/Loss from Extra-Ordinary Activities	28	47,608,198	7,422,120
Profit after considering all activities		1,123,444,605	738,661,062
13. Provision for Staff Bonus		102,131,328	67,151,006
14. Provision for Income Tax		301,004,775	173,417,339
Current Year's Tax Provision		146,447,003	167,901,365
Prior Period Taxation		1,204,417	-
Deferred Tax (Income)/ Expenses		153,353,355	5,515,974
Net Profit/ (Loss)		720,308,502	498,092,717

Schedule 18 to 28, 32 and 33 form integral part of this Profit and Loss Account.

(Samir Prasad Dahal)
Chief Finance Officer

(Rajan Singh Bhandari)
Chief Executive Officer

(Bal Krishna Prasai)
Chairman

As per attached report of even date

(Manohar Das Mool)
Director

(Prakash Chandra Mainali)
Director

(Abinash Pant)
Director

CA. Keshab Kumar Budhathoki
Proprietor

(Pabitra Kumar Karki)
Director

(Arjun Lal Rajbanshi)
Director

(Bijaya Dhoj Karki)
Director

K. K. Budhathoki & Associates
Chartered Accountants

Date:- 2nd September, 2015
Place:- Kamaladi, Kathmandu

PROFIT & LOSS APPROPRIATION ACCOUNT

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Particulars	Current Year NPR	Previous Year NPR
Income		
1. Accumulated Profit upto Last Year	8,096,567	2,649,788
2. Current Year's Profit	720,308,502	498,092,717
3. Exchange Fluctuation Fund		
4. Deferred Tax Reserve Fund		5,515,974
5. Capital Reserve Fund	113,257,918	
Total	841,662,987	506,258,478
Expenses		
1. Accumulated Loss upto Last Year		
2. Current Year's Loss		
3. General Reserve Fund	144,061,701	99,618,543
4. Contingent Reserve		
5. Institutional Development Fund		
6. Dividend Equalization Fund		
7. Employees' Related Fund		
8. Proposed Dividend	26,888,016	125,004,168
9. Proposed Issue of Bonus Share	510,872,303	273,239,200
10. Special Reser Fund		
11. Exchange Fluctuation Fund	5,364,077	
12. Bond/Debentures Redemption Reserve Fund		
13. Capital Adjustment Fund		
14. Adjustment of Prior Period Item		
15. Deferred Tax Reserve Fund		
16. Investment Adjustment Reserve	29,273,114	300,000
Total	716,459,211	498,161,911
17. Accumulated Profit/(Loss)	125,203,776	8,096,567

(Samir Prasad Dahal)
Chief Finance Officer

(Rajan Singh Bhandari)
Chief Executive Officer

(Bal Krishna Prasai)
Chairman

As per attached report of even date

(Manohar Das Mool)
Director

(Prakash Chandra Mainali)
Director

(Abinash Pant)
Director

CA. Keshab Kumar Budhathoki
Proprietor

(Pabitra Kumar Karki)
Director

(Arjun Lal Rajbanshi)
Director

(Bijaya Dhoj Karki)
Director

K. K. Budhathoki & Associates
Chartered Accountants

Date:- 2nd September, 2015
Place:- Kamaladi, Kathmandu

CASH FLOW STATEMENT

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Particulars	Current Year NPR	Previous Year NPR
(A) Cash Flow from Operation	2,049,165,464	1,426,653,315
1. Cash Receipts	3,047,939,369	2,743,668,301
1.1 Interest Income	2,664,667,829	2,384,511,839
1.2 Commission and Discount Income	66,441,404	58,423,466
1.3 Gain on Trading of Foreign Exchange	77,212,029	80,028,898
1.4 Recovery of Write off Loan	47,608,198	7,422,120
1.5 Other Income	192,009,909	213,281,978
2. Cash Payments	2,072,424,506	2,079,265,402
2.1 Interest Expenses	1,480,056,235	1,348,533,150
2.2 Staff Expenses	182,714,298	218,688,656
2.3 Office Overhead Expenses	255,168,557	210,498,959
2.4 Payment of Income Tax	154,485,416	301,544,637
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	975,514,863	664,402,899
Decrease/(Increase) in Current Asset from Operating Activities	(7,351,244,040)	(4,388,691,511)
1. Changes in Money at Call and Short Notice	25,827,136	122,504,669
2. Changes in Other Short Term Investments	(724,235,231)	935,927,770
3. Changes in Loans, Advances and Bills Purchased	(6,026,250,647)	(5,356,642,174)
4. Changes in Other Assets	(626,585,298)	(90,481,776)
Increase/(Decrease) in Current Liability from Operating Activities	8,424,894,641	5,150,941,927
1. Changes in Deposits	7,818,694,169	5,220,350,354
2. Changes in Certificate of Deposits	-	-
3. Changes in Short Term Borrowings	595,881,000	(332,056,000)
4. Changes in Other Liabilities	10,319,472	262,647,573
(B) Cash Flow from Investing Activities	(1,935,167,460)	(764,984,048)
1. Changes in Long Term Investments	(2,170,940,956)	(935,751,000)
2. Changes in Fixed Assets	(60,718,055)	(86,833,188)
3. Interest Income from Long Term Investments	78,367,105	77,235,990
4. Dividend Income	743,522	114,000
5. Others (Sale of Non Banking Assets)	75,107,125	180,250,150
6. Others (Cash & Bank balance increased during acquisition)	142,273,799	-
(C) Cash Flow from Financial Sources	(322,991,313)	634,532,267
1. Long Term Borrowings (Bond ,Debenture) Increase/(Decrease)	-	500,000,000
2. Paid Up Capital Increase/(Decrease)	4,460,600	-
3. Other Liabilities Increase/(Decrease)	-	-
4. Refinance/soft loan from Nepal Rastra Bank Increase/(Decrease)	(151,125,800)	453,125,800
5. Interest Paid on Bonds	(48,560,382)	(21,584,112)
6. Dividend Paid	(127,765,731)	(297,009,421)
(D) Income Due to Fluctuation in Exchange rate of Cash and Bank Balance	21,621,342	(4,195,526)
(E) Net Cash Flow of the Year	(187,371,967)	1,292,006,008
(F) Opening Cash and Bank Balance	5,873,291,210	4,581,285,202
(G) Closing Cash and Bank Balance	5,685,919,243	5,873,291,210

(Samir Prasad Dahal)
Chief Finance Officer

(Rajan Singh Bhandari)
Chief Executive Officer

(Bal Krishna Prasai)
Chairman

As per attached report of even date

(Manohar Das Mool)
Director

(Prakash Chandra Mainali)
Director

(Abinash Pant)
Director

CA. Keshab Kumar Budhathoki
Proprietor

(Pabitra Kumar Karki)
Director

(Arjun Lal Rajbanshi)
Director

(Bijaya Dhoj Karki)
Director

K. K. Budhathoki & Associates
Chartered Accountants

Date:- 2nd September, 2015
Place:- Kamaladi, Kathmandu

STATEMENT OF CHANGES IN EQUITY

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Particulars	Amount in NPR									
	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve Fund	Total Amount	
Opening Balance as at 1st Shrawan 2071	2,375,079,200	8,096,567	335,739,846	-	2,971,617	3,120,720	27,367,881	438,000	2,752,813,831	
Adjustments				113,257,918				1,108,000	114,365,918	
Adjusted Opening Balance	2,375,079,200	8,096,567	335,739,846	113,257,918	2,971,617	3,120,720	27,367,881	1,546,000	2,867,179,749	
Adjustment During the year										
Right Share Issue									-	
Fraction Share Adjustment	4,460,600								4,460,600	
Issue of Share to NHMFL	88,118,600								88,118,600	
Issue of Share to PEFIL	86,703,114								86,703,114	
Transfer from Share Premium									-	
Net Profit for the Year		720,308,502							720,308,502	
Transfer to General Reserve		(144,061,701)	144,061,701						-	
Capital Reserve Fund		113,257,918		(113,257,918)					-	
Declaration of Dividend		(26,888,016)							(26,888,016)	
Issue of Bonus Share		(510,872,303)							-	
Exchange Fluctuation Fund	510,872,303	(5,364,077)				5,364,077			-	
Deferred Tax Liabilities/ (Assets)		-					(27,367,881)	27,367,881	-	
Investment Adjustment Reserve		(29,273,114)						29,273,114	-	
Closing Balance as at 31st Ashad 2072	3,065,233,817	125,203,776	479,801,547	-	2,971,617	8,484,797	-	58,186,995	3,739,882,549	

(Samir Prasad Dahal)
Chief Finance Officer**(Rajan Singh Bhandari)**
Chief Executive Officer**(Bal Krishna Prasai)**
Chairman

As per attached report of even date

(Manohar Das Mool)
Director**(Prakash Chandra Mainali)**
Director**(Abinash Pant)**
Director**CA. Keshab Kumar Budhathoki**
Proprietor**(Pabitra Kumar Karki)**
Director**(Arjun Lal Rajbanshi)**
Director**(Bijaya Dhoj Karki)**
Director**K. K. Budhathoki & Associates**
Chartered AccountantsDate:- 2nd September, 2015
Place:- Kamaladi, Kathmandu

SHARE CAPITAL & OWNERSHIP

As at July 16, 2015 (Ashad 31, 2072)

Schedule 1

Particulars	Current Year NPR	Previous Year NPR
1. Share Capital		
1.1 Authorised Capital	5,000,000,000	5,000,000,000
a) 50,000,000 Ordinary Shares of Rs 100 each	5,000,000,000	5,000,000,000
b) Non-Redeemable Preference Shares of Rs _ each		
c) Redeemable Preference Shares of Rs _ each		
1.2 Issued Capital	2,554,361,514	2,101,840,000
a) 25,543,615.14 Ordinary Shares of Rs 100 each (Previous Year Issued Capital of 21,018,400 Ordinary Shares of Rs. 100 each)	2,554,361,514	2,101,840,000
b) Non-Redeemable Preference Shares of Rs _ each		
c) Redeemable Preference Shares of Rs _ each		
1.3 Paid Up Capital	2,554,361,514	2,101,840,000
a) 25,543,615.14 Ordinary Shares of Rs 100 each (Previous Year paid up Capital of 21,018,400 Ordinary Shares of Rs. 100 each)	2,554,361,514	2,101,840,000
b) Non-Redeemable Preference Shares of Rs _ each		
c) Redeemable Preference Shares of Rs _ each		
1.4 Proposed Bonus Share	510,872,303	273,239,200
1.5 Calls in Advance		
1.6 Total Amount	3,065,233,817	2,375,079,200

SHARE OWNERSHIP

As at July 16, 2015 (Ashad 31, 2072)

Particulars OF Share Ownership	%	Current Year NPR	%	Previous Year NPR
1. Local Ownership	100.00%	2,554,361,514	100.00%	2,101,840,000
1.1 Government of Nepal			-	
1.2 "Ka" Class Licensed Institutions				
1.3 Other Licensed Institutions				
1.4 Organised Institutions (Promoters)	6.08%	155,215,700	5.97%	125,423,900
1.5 General Public	48.72%	1,244,513,105	49.00%	1,029,901,600
1.6 Others (Promoters)	45.20%	1,154,632,709	45.03%	946,514,500
2. Foreign Ownership				
Total	100.00%	2,554,361,514	100.00%	2,101,840,000

Details of Shareholders holding 0.5% or above shares are mentioned below:

SN	Name	Number of Shares held	Paid Up Value NPR	% of Shareholding
1	Janak Bista	1,031,025	103,102,500	4.04%
2	Nagarik Lagani Kosh	846,097	84,609,700	3.31%
3	Urmila Pandey	832,968	83,296,800	3.26%
4	Sabitri Sharma	523,409	52,340,900	2.05%
5	Bijen Joshi	433,837	43,383,700	1.70%
6	Manohar Das Mool	349,240	34,924,000	1.37%
7	Rabindra Man Singh Pradhan	325,377	32,537,700	1.27%
8	Soni Joshi	325,377	32,537,700	1.27%
9	Pabitra Kumar Karki	325,377	32,537,700	1.27%
10	Nagarik Lagani Kosh*	315,213	31,521,300	1.23%
11	Urmila Pandey*	309,480	30,948,000	1.21%
12	Ramesh Sharma	260,303	26,030,300	1.02%
13	S.R.Hydro and Investment Pvt. Ltd.	248,098	24,809,800	0.97%
14	Prem Bahadur Shrestha*	247,562	24,756,200	0.97%
15	Dr. Shankar Prasad Sharma	218,233	21,823,300	0.85%
16	Narendra Kumar Dev Bhatta	173,534	17,353,400	0.68%
17	Sulochan Raj Rajbhandari	173,534	17,353,400	0.68%
18	Anil Kumar Dhungel	173,493	17,349,300	0.68%
19	Arjun Prasad Sharma	173,493	17,349,300	0.68%
20	Jagannath Gyawali	173,457	17,345,700	0.68%
21	Prem Bahadur Shrestha	172,911	17,291,100	0.68%
22	NLG Insurance Co. Ltd	164,657	16,465,700	0.64%
23	Badri Kumar Shrestha	162,689	16,268,900	0.64%
24	Dhurba Kumar Shrestha	162,689	16,268,900	0.64%
25	Bijen Joshi*	161,188	16,118,800	0.63%
26	Pratap Jung Pandey	149,674	14,967,400	0.59%
27	Manita Bhattarai	147,504	14,750,400	0.58%
28	Ramita Bhattarai	147,504	14,750,400	0.58%
29	Usha Kiran Shrestha	130,463	13,046,300	0.51%
30	Rajesh Khadka	130,151	13,015,100	0.51%
31	Dr. Babu Ram Pokharel	130,151	13,015,100	0.51%
32	Ram Prasad Shrestha	130,064	13,006,400	0.51%
33	Pradeep Kumar Shrestha	130,028	13,002,800	0.51%
34	Manohar Das Mool*	129,756	12,975,600	0.51%
Grand Total		9,508,536	950,853,600	37.23%

RESERVE FUNDS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 2

Particulars	Current Year NPR	Previous Year NPR
1. General/ Statutory Reserve Fund	479,801,547	335,739,846
2. Share Premium	2,971,617	2,971,617
3. Capital Redemption Reserve		
4. Capital Reserve Fund	-	
5. Other Reserve Fund		
5.1. Contingent Reserve		
5.2 Institutional Development Fund		
5.3 Dividend Equalization Fund		
5.4 Special Reserve Fund		
5.5 Assets Revaluation Reserve		
5.6 Other Free Reserve		
a. Deferred Tax Reserve	27,367,881	27,367,881
b. Investment Adjustment Reserve	30,819,114	438,000
6. Accumulated Profit	125,203,776	8,096,567
7. Exchange Fluctuation Reserve	8,484,797	3,120,719
Total	674,648,732	377,734,630

DEBENTURES AND BONDS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 3

Particulars	Current Year NPR	Previous Year NPR
1. 500,000 8.5% Citizens Bank Bond 2077 of Rs. 1,000 each Issued in Poush 2070 and Maturity in Poush 2077 (Redemption Reserve till date : - Nil)**	500,000,000	500,000,000
2. ...% Bond/Debenture per Bonds/ Debenture of ... Issued onand Maturity on (Redemption Reserve till date : - Rs.....)		
3.....		
Total	500,000,000	500,000,000

** Redemption Reserve will be created from FY 2072/73 onwards only.

BORROWINGS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 4

Particulars	Current Year NPR	Previous Year NPR
A. Local		
1. Government of Nepal		
2. Nepal Rastra Bank	302,000,000	453,125,800
3. Repo Liability		
4. Inter-bank and Financial Institutions	600,000,000	-
5. Other Financial Institutions		
6. Others		
Total	902,000,000	453,125,800
B. Foreign		
1. Banks	-	4,119,000
2. Others		
Total	-	4,119,000
Total (A+B)	902,000,000	457,244,800

DEPOSITS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 5a

Particulars	Current Year NPR	Previous Year NPR
1. Non-Interest Bearing Accounts		
A. Current Deposits	1,123,753,939	777,311,800
1. Local Currency	981,690,045	745,020,464
1.1 Government of Nepal	38,487,710	12,458,491
1.2 "A" Class Licensed Institutions	3,059,240	11,741,127
1.3 Other Licensed Financial Institutions	207,671,403	159,220,469
1.4 Other Organized Institutions	561,301,692	369,415,562
1.5 Individuals	171,170,000	192,184,815
1.6 Others		
2. Foreign Currency	142,063,894	32,291,336
2.1 Government of Nepal		
2.2 "A" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions	130,200,523	28,965,158
2.5 Individuals	11,863,371	3,326,178
2.6 Others		
B. Margin Deposits	167,150,025	179,933,807
1. Employees' Guarantee		
2. Guarantee Margin	71,278,497	71,341,791
3. Letters of Credit Margin	91,305,843	95,190,476
4. Others	4,565,685	13,401,540
C. Others	-	-
1. Local Currency		
1.1 Financial Institutions	-	-
1.2 Other Organised Institutions	-	-
1.3 Individuals	-	-
2. Foreign Currency		
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total of Non-Interest Bearing Accounts	1,290,903,964	957,245,607

DEPOSITS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 5b

Particulars	Current Year NPR	Previous Year NPR
2. Interest Bearing Accounts		
A. Savings Deposits	7,568,628,044	6,047,489,710
1. Local Currency	7,504,432,827	5,990,007,232
1.1 Institutions	7,177,846	7,542,092
1.2 Individuals	7,497,254,981	5,982,465,140
1.3 Others		
2. Foreign Currency	64,195,217	57,482,478
2.1 Institutions	2,960	5,830,623
2.2 Individuals	64,192,257	51,651,855
2.3 Others		
B. Fixed Deposits	19,122,699,169	12,601,389,623
1. Local Currency	18,499,233,563	12,120,389,623
1.1 Institutions	14,372,555,636	10,161,102,965
1.2 Individuals	4,125,468,927	1,959,286,658
1.3 Others	1,209,000	
2. Foreign Currency	623,465,606	481,000,000
2.1 Institutions	618,540,000	481,000,000
2.2 Individuals	4,925,606	-
2.3 Others		
C. Call Deposits	7,799,917,587	8,357,329,655
1. Local Currency	7,783,946,136	8,338,350,529
1.1 "A" Class Licensed Institutions	8,060,167	-
1.2 Other Licensed Financial Institutions	3,727,064,453	3,051,574,206
1.3 Other Organised Institutions	3,070,733,440	4,239,364,672
1.4 Individuals	977,955,295	1,047,411,651
1.5 Others	132,781	
2. Foreign Currency	15,971,451	18,979,126
2.1 "A" Class Licensed Institutions		
2.2 Other Licensed Financial Institutions	6,407,985	
2.3 Other Organised Institutions	9,331,082	18,979,126
2.4 Individuals	232,384	
2.5 Others		
D. Certificate of Deposits	-	-
1. Organised Institutions	-	-
2. Individuals	-	-
3. Others	-	-
Total of Interest Bearing Accounts	34,491,244,800	27,006,208,988
Total Deposits (1+2)	35,782,148,764	27,963,454,595

BILLS PAYABLE

As at July 16, 2015 (Ashad 31, 2072)

Schedule 6

Particulars	Current Year NPR	Previous Year NPR
1. Local Currency	15,526,487	4,204,418
2. Foreign Currency	-	-
Total	15,526,487	4,204,418

OTHER LIABILITIES

As at July 16, 2015 (Ashad 31, 2072)

Schedule 7

Particulars	Current Year NPR	Previous Year NPR
1. Gratuity and Leave Fund	57,413,175	24,973,276
2. Employees' Provident Fund	30,363	2,829
3. Employees' Welfare Fund	-	-
4. Provision for Staff Bonus	107,261,156	67,151,006
5. Interest Payable on Deposits	24,749,642	7,687,030
6. Interest Payable on Borrowings	14,486,174	13,087,856
7. Unearned Discount and Commission	14,703,952	10,719,265
8. Sundry Creditors	3,562,420	1,797,455
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Unpaid Dividend	55,283,225	58,044,788
12. Others	249,180,576	235,433,219
a. Audit Fees Payable	310,750	310,750
b. Debit Card Payable	9,033,857	4,344,058
c. Account Payable Others	185,361,062	191,080,992
d. Tax Deducted At Source	39,936,041	30,331,905
e. Retention Money	5,142,470	1,633,439
f. Provision for Expenses	9,396,396	7,732,075
Total	526,670,683	418,896,724

CASH BALANCE

As at July 16, 2015 (Ashad 31, 2072)

Schedule 8

Particulars	Current Year NPR	Previous Year NPR
1. Local Currency (Including Coins)	1,429,804,947	1,027,653,644
2. Foreign Currency	32,684,995	18,697,034
Total	1,462,489,942	1,046,350,678

BALANCE WITH NEPAL RASTRA BANK

As at July 16, 2015 (Ashad 31, 2072)

Schedule 9

Particulars	Local Currency NPR	Foreign Currency Equivalent in NPR			Current Year NPR	Previous Year NPR
		INR	Convertible Foreign Currency	Total		
1. Nepal Rastra Bank	2,743,942,258	-	106,501,997	106,501,997	2,850,444,255	3,828,392,842
a. Current Account	2,743,942,258	-	106,501,997	106,501,997	2,850,444,255	3,828,392,842
b. Other Account	-	-	-	-	-	-

Note:

Total Bank Balance as per the balance confirmation from Nepal Rastra Bank NPR. 2,856,820,160.

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 10

Particulars	Local NPR	Foreign Currency in Rs.			Current Year NPR	Previous Year NPR
		INR	Convertible Foreign Currency	Total		
1. Local Licenced Institution	285,072,634	-	1,493,831	1,493,831	286,566,465	478,255,193
a. Current Account	285,072,634	-	1,493,831	1,493,831	286,566,465	478,255,193
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	56,020,458	1,030,407,878	1,086,428,336	1,086,428,336	520,292,497
a. Current Account	-	56,020,458	1,030,407,878	1,086,428,336	1,086,428,336	520,292,497
b. Other Account	-	-	-	-	-	-
Total	285,072,634	56,020,458	1,031,901,709	1,087,922,167	1,372,994,801	998,547,690

Note:

Total Bank Balance as per the balance confirmation from Bank/ Financial Institution NPR. 1,432,196,806.

MONEY AT CALL AND SHORT NOTICE

As at July 16, 2015 (Ashad 31, 2072)

Schedule 11

Particulars	Current Year NPR	Previous Year NPR
1. Local Currency	-	-
2. Foreign Currency	95,424,114	121,251,250
Total	95,424,114	121,251,250

INVESTMENTS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 12

Particulars	Purpose		Current Year NPR	Previous Year NPR
	Trading NPR	Others NPR		
1. Nepal Government's Treasury Bills		1,064,182,050	1,064,182,050	591,954,059
2. Nepal Government's Savings Bonds		-	-	-
3. Nepal Government's Others Securities*		3,693,391,074	3,693,391,074	1,525,075,000
4. Nepal Rastra Bank Bonds		-	-	-
5. Foreign Securities		-	-	-
6. Local Licenced Institutions		48,874,800	48,874,800	28,860,000
7. Foreign Banks		680,432,274	680,432,274	538,924,584
8. Corporate Shares	56,764,185	33,721,500	90,485,685	25,600,000
9. Corporate Bonds & Debentures		-	-	-
10. Other Investments		90,484,750	90,484,750	-
Total Investment	56,764,185.00	5,611,086,448	5,667,850,633	2,710,413,643
Less: Investment Adjustment Reserve**	-	30,819,114	30,819,114	438,000
Net Investment	56,764,185.00	5,580,267,334	5,637,031,519	2,709,975,643

* Investment includes unamortized premium on development bond of Rs. 641,074.

** Investment adjustment reserve has been created as per requirement of Unified Directive issued by Nepal Rastra Bank.

INVESTMENT IN SHARE, DEBENTURES AND BONDS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 12(A)

Particulars	Cost Price NPR	Market Value NPR	Provision NPR	Current Year NPR	Previous Year NPR
1. Investment in Shares	87,012,637	90,485,685	2,335,431	84,677,206	25,600,000
1.1 Soaltee Hotel Ltd (A)					
6,094 Equity Shares @ Rs 100 each Fully Paid Up	2,674,952	2,590,035	84,917	2,590,035	
1.2 Oriental Hotel Ltd (A)					
200 Equity Shares @ Rs 100 each Fully Paid Up	137,249	136,400	849	136,400	
1.3 Prime Life Insurance Co. (A)					
3,000 Equity Shares @ Rs 100 each Fully Paid Up	3,286,925	3,477,000	-	3,286,925	
1.4 Asian Life Insurance Co. (A)					
4,485 Equity Shares @ Rs 100 each Fully Paid Up	4,248,316	4,544,252	-	4,248,316	
1.5 Neco Insurance Ltd ** (A)					
7,675 Equity Shares	5,004,100	3,545,850	1,458,250	3,545,850	
1.6 Prabhu Insurance ** (A)					
8,776 bonus Shares	-	1,799,080	-	-	
1.7 National Life Insurance Co. Ltd (A)					
3,367 Equity Shares @ Rs 100 each Fully Paid Up	6,074,225	6,195,280	-	6,074,225	
1.8 Chilime Hydropower Company Ltd (A)					
4,911 Equity Shares @ Rs 100 each Fully Paid Up	8,734,641	8,265,213	469,428	8,265,213	
1.9 Butwal Power Company Ltd (A)					
5,184 Equity Shares @ Rs 100 each Fully Paid Up	3,342,153	3,198,528	143,625	3,198,528	
1.10 Ridi Hydropower Development Co. Ltd (A)					
1,314 Equity Shares @ Rs 100 each Fully Paid Up	707,045	532,373	174,672	532,373	
1.11 Sanima Mai Hydropower Co Ltd (A)					
999 Equity Shares @ Rs 100 each Fully Paid Up	702,990	699,300	3,690	699,300	
1.12 Nepal Telecom (A)					
6,670 Equity Shares @ Rs 600 each Fully Paid Up	4,189,298	4,242,120	-	4,189,298	
1.13 First Micro Finance Development Bank Ltd (A)					
3,400 Equity Shares @ Rs 100 each Fully Paid Up	1,740,535	2,210,000	-	1,740,535	
1.14 Deprosc Development Bank Ltd (A)					
1,080 Equity Shares @ Rs 100 each Fully Paid Up	1,053,558	1,447,200	-	1,053,558	
1.15 Chhimek Laghubitta Bikash Bank (A)					
1,736 Equity Shares @ Rs 100 each Fully Paid Up	1,353,658	2,428,186	-	1,353,658	
1.16 Swabalamban Bikash Bank (A)					
1,245 Equity Shares @ Rs 100 each Fully Paid Up	1,493,860	2,176,697	-	1,493,860	
1.17 Nirdhan Utthan Bank (A)					
657 Equity Shares @ Rs 100 each Fully Paid Up	701,032	920,737	-	701,032	
1.18 Nerude Laghubitta Bikash Bank (A)					
967 Equity Shares @ Rs 100 each Fully Paid Up	887,710	1,379,655	-	887,710	
1.19 NMB Mutual Fund (A)					
521,999 Equity Shares @ Rs 10 each Fully Paid Up	5,219,990	5,219,990	-	5,219,990	
1.20 NIBL Samriddhi Fund 1 (A)					
173,890 Equity Shares @ Rs 10 each Fully Paid Up	1,738,900	1,756,289	-	1,738,900	
1.21 National Banking Institute Limited (B)					
12,000 Equity Shares @ Rs 100 each Fully Paid Up	1,200,000	1,200,000	-	1,200,000	1,200,000

INVESTMENT IN SHARE, DEBENTURES AND BONDS (Contd...)

As at July 16, 2015 (Ashad 31, 2072)

Schedule 12(A)

Particulars	Cost Price NPR	Market Price NPR	Provision Rs. NPR	Current Year Rs NPR	Previous Year Rs. NPR
1.22 Nepal Clearing House Limited (B) 26,000 Equity Shares @ Rs 100 each Fully Paid Up	2,600,000	2,600,000		2,600,000	2,500,000
1.23 Mero Microfinance Bittiya Sanstha Limited (B) 138,000 Equity Shares @ Rs 100 each Fully Paid Up	13,800,000	13,800,000		13,800,000	6,900,000
1.24 Nepal Electronic Payment System Limited (B) 150,000 Equity Shares @ Rs 100 each Fully Paid Up	15,000,000	15,000,000		15,000,000	15,000,000
1.25 Credit Information Bureau ** (B) 3,850 Equity Shares @ Rs 100 each Fully Paid Up	121,500	121,500		121,500	
1.26 Growmore Merchant Bank Ltd ** (B) 10,000 Equity Shares @ Rs 100 each Fully Paid Up	1,000,000	1,000,000		1,000,000	
2. Investment in Debentures and Bonds					
2.1					
2.2					
2.3					
Total Investment	87,012,637	90,485,685	2,335,431	84,677,206	25,600,000
3. Investment Adjustment Reserve					
3.1 Upto Previous Year			1,546,000	1,546,000	138,000
3.2 Addition/Write Back			29,273,114	29,273,114	300,000
Total Provision			30,819,114	30,819,114	438,000
Net Investment				53,858,092	25,162,000

Note:

- *Shares of National Banking Institute Limited (NBI), Nepal Clearing House Limited, Credit Information Bureau, Mero Microfinance Bittiya Sanstha Limited, Nepal Electronic Payment System Limited, Growmore Merchant Bank Ltd are not listed in Nepal Stock Exchange
- ** Shares of these companies were purchased by NHMFL & PEFIL and transferred to the books of Citizens Bank International Limited after acquisition.
- Shares marked as (A) are categorised as shares held for trading and shares marked as (B) are Categorised as Available for sale

INVESTMENTS (Held for Trading)

As at July 16, 2015 (Ashad 31, 2072)

Schedule 12.1

S.No. Particulars	Cost Price	Last Market Price (A) NPR	Current Market Price (B) NPR	Current Year Profit/(Loss) NPR	Previous Year Profit/(Loss) NPR	Remarks
1. Nepal Government's Treasury bills						
2. Nepal Government's Savings Bonds						
3. Nepal Government's Others Securities						
4. Nepal Rastra Bank Bonds						
5. Foreign Securities						
6. Local Licenced Institutions's Share	56,764,185	53,291,137	56,764,185	6,276,545		
7. Local Licenced Institutions's Corporate Bonds & Debentures						
8. Local Organised Institutions's Share, Debenture and Bonds						
9. Foreign Placement						
10. Interbank Lending						
11. Other Investments						
Total Investment	56,764,185	53,291,137	56,764,185	6,276,545		

INVESTMENTS (Held to Maturity)
As at July 16, 2015 (Ashad 31, 2072)

Schedule 12.2

S.No. Particulars	Cost Price(A) NPR	Loss Till Date (B) NPR	Loss During The Year (C) NPR	Current Year Profit/ (Loss) (A-B-C) NPR	Previous Year Profit/ (Loss) NPR	Remarks
1. Nepal Government's Treasury bills	1,064,182,050					
2. Nepal Government's Savings Bonds						
3. Nepal Government's Others Securities	3,693,391,074					
4. Nepal Rastra Bank Bonds						
5. Foreign Securities						
6. Local Licenced Institutions's Share						
7. Local Licenced Institutions's Bonds & Debentures						
8. Local Organised Institutions's Debenture and Bonds						
9. Foreign Placement	680,432,274					
10. Inter Bank Lending						
11. Other Investments	48,874,800					
Total Investment	5,486,880,198					

INVESTMENTS (Available for Sale)
As at July 16, 2015 (Ashad 31, 2072)

Schedule 12.3

S.No. Particulars	Cost Price NPR	Last Market Price (A) NPR	Current Market Price (B) NPR	Current Year Fund Adjustment Amount NPR	Previous Year Profit/ (Loss) NPR	Remarks
1. Nepal Government's Treasury bills						
2. Nepal Government's Savings Bonds						
3. Nepal Government's Others Securities						
4. Nepal Rastra Bank Bonds						
5. Foreign Securities						
6. Local Licenced Institutions's Share						
7. Local Licenced Institutions's Bonds & Debentures						
8. Local Organised Institutions's Shares, Debenture and Bonds	33,721,500	33,721,500	33,721,500			
9. Foreign Placement						
10. Inter Bank Lending						
11. Other Investments	90,484,750					
Total Investment	124,206,250	33,721,500	33,721,500	-		

Note:

- Shares of National Banking Institute Limited (NBI), Nepal Clearing House Limited, Credit Information Bureau, Mero Microfinance Bittiya Sanstha Limited, Nepal Electronic Payment System Limited, Growmore Merchant Bank Ltd are not listed in Nepal Stock Exchange
- Gold/ Silver at Vault are shown under Other Investments.

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASE AND PROVISIONING
As at July 16, 2015 (Ashad 31, 2072)

Particulars	Loans and Advances in NPR						Bills Purchased and Discounted in NPR			Current Year NPR		Previous year NPR	
	Domestic			Foreign	Total	Local	Foreign	Total	Current Year NPR	Previous year NPR			
	Deprived Sector		Other										
	Insured	Un-insured											
1. Performing Loan	-	1,205,295,873	27,478,051,757	-	28,683,347,630	68,995,000	-	68,995,000	28,752,342,630	22,384,746,047			
1.1 Pass	1,205,295,873		24,690,879,774	-	25,896,175,647	68,995,000	-	68,995,000	25,965,170,647	22,384,746,047			
1.2 Watch List	-		2,787,171,983	-	2,787,171,983	-	-	-	2,787,171,983	-			
2. Non Performing Loan	-	-	-	-	-	-	-	-	447,565,386	788,911,322			
2.1 Restructured/Re-scheduled	-		57,398,821	-	57,398,821	-	-	-	57,398,821	178,529,225			
2.2 Sub Standard	-		53,313,272	-	53,313,272	-	-	-	53,313,272	402,096,153			
2.3 Doubtful	-		307,253,293	-	307,253,293	29,600,000	-	29,600,000	336,853,293	208,285,944			
2.4 Loss	-		27,896,017,143	-	29,101,313,016	98,595,000	-	98,595,000	29,199,908,016	23,173,657,369			
Total Loan (A)	-	1,205,295,873	27,896,017,143	-	29,101,313,016	98,595,000	-	98,595,000	29,199,908,016	23,173,657,369			
3. Loan Loss Provision	-	12,052,959	265,609,462	-	277,662,421	689,950	-	689,950	278,352,371	232,712,254			
3.1 Pass	-		63,161,330	-	63,161,330	-	-	-	63,161,330	-			
3.2 Watch List	-		-	-	-	-	-	-	-	-			
3.3. Restructured /Re-scheduled	-		14,349,705	-	14,349,705	-	-	-	14,349,705	44,632,306			
3.4 Sub Standard	-		26,656,636	-	26,656,636	-	-	-	26,656,636	202,606,860			
3.5 Doubtful	-		307,253,293	-	307,253,293	29,600,000	-	29,600,000	336,853,293	208,285,944			
3.6 Loss	-		677,030,426	-	689,083,385	30,289,950	-	30,289,950	719,373,335	688,237,364			
Total Provisions (B)	-	12,052,959	677,030,426	-	689,083,385	30,289,950	-	30,289,950	719,373,335	688,237,364			
4. Provision upto Previous year	-	9,310,303	226,348,683	-	235,658,986	583,500	93,140	676,640	236,335,626	180,934,881			
4.1 Pass	-	50,475	3,504,809	-	3,555,284	-	-	-	3,555,284	-			
4.2 Watch List	-		52,225,703	-	52,225,703	-	-	-	52,449,937	17,590,184			
4.3. Restructured /Re-scheduled	-		216,316,854	-	216,801,798	-	-	-	216,801,798	92,645,987			
4.4 Sub Standard	-		257,807,734	-	260,521,435	-	-	-	260,521,435	106,204,424			
4.5 Doubtful	-		756,203,783	-	768,987,440	583,500	93,140	676,640	769,664,080	397,375,476			
4.6 Loss	-		(162,291,443)	-	(162,291,443)	-	-	-	(162,291,443)	(127,839,070)			
Total Provision upto Previous year (C)	-	12,783,657	756,203,783	-	768,987,440	583,500	93,140	676,640	769,664,080	397,375,476			
Written Back from	-		(730,698)	-	(730,698)	29,706,450	(93,140)	29,613,310	112,000,697	418,700,958			
Previous Year's Provision (D)	-		83,118,086	-	82,387,388	29,706,450	(93,140)	29,613,310	112,000,697	418,700,958			
Additional Provision of current Year (E)	-		(79,173,357)	-	(79,904,055)	29,706,450	(93,140)	29,613,310	(50,290,746)	290,861,888			
Net change in this Year (F)	-			-									
Net Loan (A-B)	-	1,193,242,914	27,218,986,717	-	28,412,229,631	68,305,050	-	68,305,050	28,480,534,681	22,485,420,005			

* Previous year provision figure includes provision carried forward from acquired Nepal Housing and Merchant Finance Limited and People's Finance Limited as on acquisition date.

SECURITIES AGAINST LOAN, ADVANCES AND BILLS PURCHASED

As at July 16, 2015 (Ashad 31, 2072)

Schedule 13(A)

Particulars	Current Year NPR	Previous Year NPR
(A) Secured	29,199,908,016	23,173,657,369
1. Collateral of Movable/Immovable Assets	15,375,764,269	11,012,073,234
2. Guarantee of Local Licensed Institutions		
3. Guarantee of Government of Nepal		
4. Guarantee of Internationally Rated Banks		
5. Export Documents	79,700,000	76,103,046
6. Fixed Deposit Receipts	171,836,600	74,660,068
(a) Own FDR	171,836,600	74,660,068
(b) FDR of Other Licensed Institution		
7. Government Bonds		
8. Counter Guarantees		
9. Personal Guarantee		-
10. Other Securities	13,572,607,147	12,010,821,021
(B) Unsecured		
Total	29,199,908,016	23,173,657,369

FIXED ASSETS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 14

Particulars	Assets NPR					Current Year NPR	Previous Year NPR
	Building	Vehicles	Machinery	Office Equipment	Others		
1. Cost Price							
a. Previous year's balance	44,238,490	48,259,652		255,236,277	25,719,037	373,453,457	314,151,821
b. Addition during the year	44,727,855	19,087,006		48,354,378	1,278,456	113,447,695	62,425,535
c. Revaluation/ Written back this year						-	-
d. Sold / disposed off during the year		(24,916,059)		(3,504,787)	-	(28,420,846)	(3,123,898)
e. Written off during the year						-	-
Total Cost (a+b+c-d-e)	88,966,345	42,430,599	-	300,085,867	26,997,493	458,480,305	373,453,457
2. Depreciation							
a. Upto previous year	4,451,421	28,020,440		171,575,741	19,773,253	223,820,855	183,499,730
b. For this year	2,653,794	6,317,522		36,546,122	2,943,517	48,460,954	43,445,014
c. Depreciation on revaluation/ Written back						-	-
d. Depreciation on Assets sold/ Disposed off		(21,935,117)		(3,228,958)	-	(25,164,075)	(3,123,889)
Total Depreciation (a+b+c-d)	7,105,215	12,402,845	-	204,892,905	22,716,771	247,117,735	223,820,855
3. Written Down Value (1-2)	81,861,130	30,027,754	-	95,192,962	4,280,722	211,362,569	149,632,602
4. Land						581,388,007	367,056,000
5. Capital Construction (to be Capitalised)						52,996,808	7,858,371
6. Leasehold Assets (Net of Amortisation)						61,265,483	63,008,797
Total (3+4+5+6)	81,861,130	30,027,754	-	95,192,962	4,280,722	907,012,867	587,555,769

NON-BANKING ASSETS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 15

Name and Address of Borrower	Date of assuming Non Banking Assets	Gross Non-Banking Assets NPR	Less : Provision		Net Non Banking Assets NPR	Previous Year NPR
			%	NPR		
Shree Nil Saraswati Suppliers Private Limited, Siddhartha Banasthali, Balaju, Kathmandu	13.01.2013	6,890,000	100%	6,890,000		
Fatte Man/Ratna Lama, Makwanpur, Hetauda	15.10.2015	4,270,000	100%	4,270,000		
Om GC, Makwanpur, Hetauda	15.10.2015	1,115,000	100%	1,115,000		
Kathmandu Shopping Mall, Kathmandu-22, Kathmandu	16.10.2015	23,000,000	100%	23,000,000		
Mandip Thapa, Mechinagar Municipality, Jhapa	30.03.2015	8,721,656	100%	8,721,656		
Amlashwor Construction, Kathmandu-15, Syowambhu	16.10.2015	1,000,360	100%	1,000,360		
Jay Ganesh Crusher Udhog Pvt. Ltd., Makwanpur, Hetauda	15.10.2015	36,099,062	100%	36,099,062		
Shivaraj Chaudhary Group, Bachauli, Chitwan	16.10.2015	1,295,000	100%	1,295,000		
M. M. Construction Group, Pokharichauri-02, Kavre	08.07.2015	40,656,855	100%	40,656,855		
Shree Manokamana Emporium, Bhimdatta Municipality-9, Kanchanpur	04.07.2015	1,848,034	100%	1,848,034		
Meenadevi/Gajendra Prasad Kurmi, Birgunj-15, Parsa	16.07.2015	3,540,849	100%	3,540,849		
Chhabi Lal Sunar, Jorpati, Kathmandu	09.08.2001	594,166	100%	594,166		
Maiya Shrestha, Danchhi, Kathmandu	21.06.2013	1,266,017	100%	1,266,017		
Bishnu Narayan Shrestha, Dolakha	25.06.2013	4,399,943	100%	4,399,943		
Mitthu Oli, Dolkha	30.11.2013	3,017,932	100%	3,017,932		
Shangrila Investment Pvt. Ltd., Sundhara, Kathmandu	24.12.2014	31,631,427	100%	31,631,427		
Nanu Maya Joshi, Gorakhkali	24.12.2014	3,242,893	100%	3,242,893		
Hum Singh Giri, Kirtipur Municipality	24.12.2014	3,217,020	100%	3,217,020		
Ramesh Prasad Mishra, Dhumbarahi-4, Kathmandu, Bagmati	24.12.2014	2,786,345	100%	2,786,345		
Saraswoti Dhungana, Patle khet-5 Kavrepalanchowk, Bagmati	24.12.2014	2,765,003	100%	2,765,003		
Pramila Basnet, Phak phuk-4, Ilam, Mechi	24.12.2014	2,819,954	100%	2,819,954		
Anil Pradhan, Koteswor-35, Kathmandu, Bagmati	24.12.2014	2,766,021	100%	2,766,021		
Gyanu Pulami, Basundhara-9, Kathmandu, Bagmati	24.12.2014	2,765,003	100%	2,765,003		
Sunil Badal, Patlekheth-5, Kavre, Bagmati	24.12.2014	2,765,512	100%	2,765,512		
Ishwori Devi Pulami, Dharampur-8, Jhapa, Mechi	24.12.2014	2,795,475	100%	2,795,475		
Nabin Kumar Chauhan, Panchami-7, Pachthar, Mechi	24.12.2014	2,796,495	100%	2,796,495		
Ganga Prasad Gautam, Mahendranagar-4, Sunsari, Koshi	24.12.2014	2,813,000	100%	2,813,000		
Bhuban Kumar Basnet, Janakpur Sindhuli-2	24.12.2014	2,856,388	100%	2,856,388		
Manta Subba, Chabahil-7, Kathmandu, Bagmati	24.12.2014	2,954,925	100%	2,954,925		

NON-BANKING ASSETS (CONTD...)

As at Ashad 31, 2072 (July 16, 2015)

Schedule 15

Name and Address of Borrower	Date of assuming Non Banking Assets	Gross Non-Banking Assets NPR	Less : Provision		Net Non Banking Assets NPR	Previous Year NPR
			%	NPR		
Lal Bahadur Tamang, Kapan Milan Chowk, Kathmandu, Bagmati	24.12.2014	2,924,765	100%	2,924,765		
Hari Kala Shikari, Ratna Nagar, Chitwan	24.12.2014	8,728,479	100%	8,728,479		
Siddhi Ganesh Investment, Ka.Ma.Na.Pa. Lal Durbar, Kathmandu	24.12.2014	46,509,817	100%	46,509,817		
Basu Bhakta Shrestha, Bagbazar, Kathmandu	12.01.2015	46,354,774	100%	46,354,774		
Purna Chandra Pradhan, New Coloney, Sukedhara	12.01.2015	18,289,883	100%	18,289,883		
Mahakali Kastha Udhog, Sitapaila, Kathmandu	12.01.2015	15,251,363	100%	15,251,363		
Hareram Timilsina, Dharmasthali, Kathmandu	12.01.2015	2,663,194	100%	2,663,194		
Punya Maya Chouhan, Panchami Pachthar, Mechi	12.01.2015	2,800,988	100%	2,800,988		
Sapana Kharel, Gaushala-9	12.01.2015	2,793,923	100%	2,793,923		
Rita Shrestha, Ward no-7, Sifal, Kathmandu	12.01.2015	2,807,954	100%	2,807,954		
Ganesh Kharel, Battisputali, Kathmandu	12.01.2015	2,754,035	100%	2,754,035		
Shree Ganesh Art, Battisputali, Kathmandu	12.01.2015	7,941,531	100%	7,941,531		
Hom Narayan Shrestha, Gorkha, Dhuwakot-5 (Gongabu, Ktm)	26.12.2014	2,169,000	100%	2,169,000		
Rim Kumari Pradhan, Tanahu, Bhanu VDC-5 (Gongabu, Ktm)	26.12.2014	1,434,911	100%	1,434,911		
Tirtha Raj Niroula, Mahendranagar-2, Sunsari (Koteswor, Ktm)	26.12.2014	3,032,696	100%	3,032,696		
Niru Rana , Dharampur VDC-9, Jhapa (Kapan, Ktm)	26.12.2014	3,032,696	100%	3,032,696		
Roshan Raj Bhandari, Satashidham-2, Jhapa (Koteswor, Ktm)	26.12.2014	3,032,696	100%	3,032,696		
Bal Bdr. Rai, Jhalthal-2, Jhapa (Kapan, Kathmandu)	26.12.2014	3,032,696	100%	3,032,696		
Santosh Chamling Rai, Batse-5, Khotang (Kapan, Kathmandu)	26.12.2014	3,032,696	100%	3,032,696		
Naba Raj Shrestha, Bhimeswor-2, Dolkha	26.12.2014	705,331	100%	705,331		
Dhana Maya Biswokarma, Anaikot VDC-5, Kavre (Boudha, Ktm)	26.12.2014	493,916	100%	493,916		
Naya Kumar Rana Magar, Sifal-6, Kathmandu, Bagmati	18.02.2015	2,868,503	100%	2,868,503		
Nirmal Raman Kharel, Phattepur-3, Saptari, Sagarmatha	18.02.2015	4,354,361	100%	4,354,361		
Cisco Trading Company, Ward No 13, Kathmandu	18.02.2015	28,125,968	100%	28,125,968		
Jayaram N. Shrestha, Dhulikhel, Kavre	18.02.2015	4,088,791	100%	4,088,791		
Saraswoti Maya Khadka, Solukhumbhu, Nele Tusal, Boudha	18.02.2015	2,835,561	100%	2,835,561		
Guru Pd. Siwakoti, Bishnu-2 Budanilkantha, Bagmati	18.02.2015	2,964,262	100%	2,964,262		
Dirgha Bdr. Singh	18.02.2015	2,953,868	100%	2,953,868		
Sneha Builders Pvt Ltd , Arghauli-9, Nawalparasi, Lumbini	26.08.2013	10,317,329	100%	10,317,329		

NON-BANKING ASSETS (CONTD...)

As at Ashad 31, 2072 (July 16, 2015)

Schedule 15

Name and Address of Borrower	Date of assuming Non Banking Assets	Gross Non-Banking Assets NPR	Less : Provision		Net Non Banking Assets NPR	Previous Year NPR
			%	NPR		
Netra Jyoti Builders Pvt.Ltd., Bed Bahadur Gharti Ward no-10,Kathmandu	30.08.2013	7,902,147	100%	7,902,147		
Shreyaskar Housing Pvt.Ltd., Devendra khadka, Chabahil Chowk, Kathmandu, Bagmati	30.08.2013	7,650,000	100%	7,650,000		
Saphal Chundhunga Udhyog Pvt.Ltd., Tinthana Kathmandu, Bagmati	09.10.2013	13,511,978	100%	13,511,978		
Alankar Bilders, Janam Thapa, Ward no-10, Kathmandu	09.10.2013	2,520,007	100%	2,520,007		
Sirseni Jagga Bikash Company, Ward-6, Naikap, Kathmandu, Bagmati	09.10.2013	3,226,745	100%	3,226,745		
Mansorabar Chundhunga Udhyog Pvt.Ltd., Ward-2, Dahachowk, GBS, Kathmandu	29.10.2013	23,115,040	100%	23,115,040		
Om Shiva Shakti Chundhungaudhyog Pvt.Ltd., Naya Naikap-6, Kathmandu, Bagmati	29.10.2013	10,095,745	100%	10,095,745		
Shinha Bildars Pvt.Ltd., Narayan Subedi, Ward-10, Kathmandu, Bagmati	29.10.2013	10,371,283	100%	10,371,283		
Satyam Builders, Ward-22, Kathmandu, Bagmati	29.10.2013	9,307,392	100%	9,307,392		
Devyani Builders Pvt. Ltd., Debu Lal Neupane, Ward-10, Kathmandu, Bagmati	29.10.2013	8,441,032	100%	8,441,032		
Smarika Property Dealers(Netra Prasad), Ward-11, Kathmandu, Bagmati	30.10.2013	10,089,188	100%	10,089,188		
Gharana Housing Pvt.Ltd., Yub Raj Upadhaya, Ward-6, Naya Naikap	30.10.2013	11,717,640	100%	11,717,640		
Laxmipati Housing Pvt.Ltd., Ram Thapa Ward-32, Kathmandu	30.10.2013	8,523,418	100%	8,523,418		
Bhagyaswori Housing Pvt.Ltd., Prakash Aryal, Nawalparasi, Lumbini	30.10.2013	4,614,036	100%	4,614,036		
Ruru Kanya Housing, Lokmani Aryal, Ward-10, Kathmandu	30.10.2013	2,268,389	100%	2,268,389		
Tuteshwor Nath Housing, Gunjamani Bhattarai, Ward-6, Naya Naikap	30.10.2013	11,162,936	100%	11,162,936		
Dev Gopal Housing Gopal Bdr Nepali, Ward-7, Dhapasi	30.10.2013	7,967,199	100%	7,967,199		
Sagarmatha Housing Pvt.Ltd., Dahachowk-2, Kathmandu, Bagmati	30.10.2013	4,470,256	100%	4,470,256		
Shristi Binayak Housing, Govind Panthi, Dahachok-2, Kathmandu, Bagmati	30.10.2013	7,194,474	100%	7,194,474		
Teen Devi Property Dealer, Ward-11, Kathmandu	31.10.2013	10,369,614	100%	10,369,614		
Gateway Housing, Jangi Lal Loniya, Ward-6, Naya Naikap	31.10.2013	10,131,298	100%	10,131,298		
C.K. Laxmi Developers, Ram Sariwan Yadav Ward-14, Kathmandu	31.10.2013	10,486,377	100%	10,486,377		
Ashaya Property Dealers, Sher Bahadur Thapa Ward-11, Kathmandu	31.10.2013	3,884,213	100%	3,884,213		
Suryadaya Resort Pvt.Ltd., Naya Naikap, Kathmandu, Bagmati	31.10.2013	9,244,402	100%	9,244,402		
Poudel Housing, Naya Naikap-6, Kathmandu, Bagmati	31.10.2013	2,203,817	100%	2,203,817		
Govinda Housing, GovindaPrasadParajuli, Ward6, Naya Naikap, Kathmandu	31.10.2013	4,002,616	100%	4,002,616		
Adhikari Housing (Kamal Raj Adhikari), Ward-6, Naya Naikap, Kathmandu	31.10.2013	4,003,797	100%	4,003,797		
Bharat Mani Sharma, Ward-11, Kathmandu, Bagmati	15.06.2006	54,886	100%	54,886		
Total (Current Year)		663,516,247	100%	663,516,247	-	-
Total (Previous Year)		17,447,850	100%	17,447,850	-	-

OTHER ASSETS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 16

Particulars		Current Year NPR		Previous Year NPR
1. Stock of Stationery		16,243,004		7,983,301
2. Income Receivable on Investments		16,278,118		9,210,094
3. Accrued Interest on Loans		206,534,085		210,533,051
Less: Interest Suspense		(206,534,085)		(210,533,051)
4. Commission Receivable		-		-
5. Sundry Debtors		17,819,187		27,931,188
6. Staff Loans and Advances		228,588,467		161,654,527
7. Prepayments		19,193,664		21,506,345
8. Cash-in-Transit		-		-
9. Other Transit Items (including cheques)		-		-
10. Drafts Paid Without Notice				
11. Expenses not Written off				
12. Branch Adjustment Accounts		-		
13. Deferred Tax Asset		59,934,561		27,367,881
14. Others		298,308,205		188,033,322
a. Account Receivables Others	200,291,107	198,839,804		61,585,240
Less: Provision for Advance Rent	(1,451,303)			
b. ATM Cards		111,136		128,115
c. Security Deposit		1,041,390		828,628
d. Advance Income Tax		84,775,579		109,179,112
e. Debit Card Receivable		2,968,652		2,509,693
f. Premium on Development Bonds		-		9,967,270
g. Tax Deposit		10,571,644		3,835,264
Total		656,365,206		443,686,658

OTHER ASSETS (Additional Statement)

As at July 16, 2015 (Ashad 31, 2072)

Schedule 16(A)

Particulars	Current Year NPR				Previous Year NPR
	Up to 1 Year	1 to 3 Years	Above 3 Years	Total	
1. Accrued Interest on Loans	74,833,493	131,700,592		206,534,085	210,533,051
2. Draft Paid without Notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Domestic/ Foreign Agency Account	65,577,910	-	-	65,577,910	70,658,321

CONTINGENT LIABILITIES

As at July 16, 2015 (Ashad 31, 2072)

Schedule 17

Particulars	Current Year NPR	Previous Year NPR
1. Claims on Institution but not Accepted by the Institutions		
2. Letters of Credit (Full Amount)	1,000,290,127	922,649,928
a. Letter of Credit With Maturity of Less than 6 Months	634,928,331	515,183,828
b. Letter of Credit With Maturity of More than 6 Months	365,361,796	407,466,101
3. Rediscounted Bills		
4. Unmatured Guarantees/Bonds	1,353,688,612	745,876,739
a. Bid Bonds	184,786,644	72,232,325
b. Performance Bonds	1,168,901,968	673,644,414
c. Other Guarantee/Bonds		
5. Unpaid Investment in Shares	-	-
6. Forward Exchange Contract Liabilities	14,449,860	509,860,000
7. Bills under Collection	12,263,726	58,208,004
8. Acceptances and Endorsements	251,190,967	274,199,005
9. Underwriting Commitments		
10. Irrevocable Loan Commitments	5,877,708,359	2,226,361,985
11. Guarantees issued against Counter Guarantee of Internationally Rated Foreign Banks		
12. Advance Payment Guarantees	356,339,845	357,768,896
13. Financial Guarantees		
14. Contingent Liabilities on Income Tax	41,068,908	7,214,948
15. Others		
Total	8,907,000,404	5,102,139,505

INTEREST INCOME

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 18

Particulars	Current Year NPR	Previous Year NPR
A. On Loans, Advances and Overdrafts	2,667,736,887	2,353,769,590
1. Loans and Advances	1,901,242,094	1,648,335,682
2. Overdrafts	766,494,793	705,433,908
B. On Investment	97,991,996	97,030,454
1. Nepal Government Securities	91,500,349	85,764,514
a. Treasury Bills	6,065,220	14,627,689
b. Development Bonds	85,435,129	71,136,825
c. National Savings Certificates		
2. Foreign Securities		
a.		
b.		
3. Nepal Rastra Bank Bonds		
4. Debentures and Bonds		-
5. Inter Bank Investment	6,491,647	11,265,940
a. Banks/Financial Institutions	6,442,480	11,265,940
b. Foreign Banks	49,167	
C. On Agency Balances	871,424	598,802
1. Domestic Banks/ Financial Institution	1,313	1,902
2. Foreign Banks	870,111	596,900
D. On Money at Call and Short Notice	319,702	4,353,752
1. Domestic Banks/ Financial Institution	318,386	4,353,533
2. Foreign Banks	1,316	219
E. On Others	-	-
1. Certificates of Deposit	-	-
2. Income from Inter-Bank Loan		
3. Others		
Total	2,766,920,009	2,455,752,598

*Interest received on investment (placements) made in foreign banks is shown under this heading

INTEREST EXPENSES

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 19

Particulars	Current Year NPR	Previous Year NPR
A. On Deposit Liabilities	1,448,558,465	1,355,108,778
1. Fixed Deposits	951,762,640	866,357,085
1.1 Local Currency	944,290,787	855,856,476
1.2 Foreign Currency	7,471,853	10,500,609
2. Savings Deposits	151,335,597	182,830,963
2.1 Local Currency	150,063,335	182,111,390
2.2 Foreign Currency	1,272,262	719,573
3. Call Deposits	345,460,228	305,920,730
3.1 Local Currency	345,406,594	305,875,825
3.2 Foreign Currency	53,634	44,905
4. Certificate of Deposits	-	-
B. On Borrowings	49,958,700	27,516,855
1. Debentures & Bonds	42,499,998	21,192,856
2. Loan from Nepal Rastra Bank	3,090,852	3,295,001
3. Inter Bank/Financial Institutions Borrowings	4,367,850	3,028,998
4. Other Organised Institutions	-	-
5. Other Loans	-	-
C. On Others	-	-
Total	1,498,517,165	1,382,625,633

COMMISSION AND DISCOUNT

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 20

Particulars	Current Year NPR	Previous Year NPR
A. Bills Purchased and Discounted	4,693,159	6,404,843
1. Local	4,693,159	6,404,843
2. Foreign	-	-
B. Commission	38,153,053	32,569,212
1. Letters of Credit	14,096,751	12,542,188
2. Guarantees	15,644,491	13,103,343
3. Collection Fees	118,556	93,710
4. Inward Remittance Fees	8,293,255	6,829,971
5. Credit Cards	-	-
6. Share Underwriting /Issues	-	-
7. Government Transactions	-	-
8. Licenced Institution's Commission	-	-
9. Exchange Fee	-	-
C. Others	19,610,505	16,902,534
a. ATM Commission	10,372,843	7,307,179
b. Other Commissions of Loan	6,607,788	5,494,481
c. Other Fee -Trade Operation	2,363,672	3,855,376
d. Other Miscellaneous	266,202	245,498
Total	62,456,717	55,876,589

OTHER OPERATING INCOME

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 21

Particulars	Current Year NPR	Previous Year NPR
1. Rental on Safe Deposit Lockers	2,588,250	1,983,284
2. Issue and Renewal of Credit Cards	-	-
3. Issue and Renewal of ATM Cards	14,420,082	10,203,290
4. Telex/ T. T.	2,659,416	2,197,531
5. Service Charges	142,461,771	127,924,230
6. Loan Renewal Fees	12,261,972	8,860,078
7. Others	6,820,573	53,867,032
Branchless Banking Fees	-	47,304,640
SMS Banking Fee	4,166,953	2,885,285
ABBS Income	1,200,195	2,375,910
Income from Foreign Outward Remittance	1,453,425	1,301,197
Total	181,212,064	205,035,445

EXCHANGE FLUCTUATION GAIN/LOSS

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 22

Particulars	Current Year NPR	Previous Year NPR
A. Revaluation Gain/ (Loss)	21,456,308	(4,195,526)
B. Trading Gain/ (Loss) (Excluding exchange fee)	77,212,029	80,028,898
Total	98,668,337	75,833,372

STAFF EXPENSES

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 23

Particulars	Current Year NPR	Previous Year NPR
1. Salary	110,440,932	75,378,706
2. Allowances	88,535,501	60,672,866
3. Contribution to Provident Fund	7,159,068	4,994,379
4. Training Expenses	748,820	626,507
5. Uniform	4,280,358	3,457,593
6. Medical	-	-
7. Insurance	2,639,161	2,372,591
8. Gratuity and Leave Provision	30,253,144	14,768,781
9. Others	3,823,312	3,297,309
Staff Welfare Fund	3,480,375	2,921,430
Recruitment Expenses	342,937	375,879
Total	247,880,296	165,568,732

OFFICE OPERATING EXPENSES

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 24

Particulars	NPR	Current Year NPR	Previous Year NPR
1. House Rent		38,698,823	33,990,912
2. Electricity, Water & Fuel		23,106,457	23,829,843
3. Repairs and Maintenance		12,610,248	10,860,948
a. Leasehold Premises	734,320		944,335
b. Vehicles	1,557,042		1,500,841
c. Other Assets	10,318,886		8,415,772
4. Insurance Premium		7,334,351	6,324,072
5. Postage, Telex, Telephone, Fax		24,823,589	21,779,619
6. Office Equipment & Furniture Repair (Consumable Capital Goods)		1,359,574	1,093,596
7. Travelling Allowance and Expenses		3,285,444	4,322,094
8. Stationery and Printing		17,069,234	10,736,431
9. Periodicals and Books		122,140	222,404
10. Advertisements		9,732,744	9,300,145
11. Legal Expenses		435,498	541,570
12. Donations		-	-
13. Expenses Relating to Board of Directors		3,020,224	2,710,615
a. Meeting Fees	1,760,000		1,460,000
b. Other Expenses	1,260,224		1,250,615
14. Annual General Meeting Expenses		923,372	1,265,200
15. Expenses Relating to Audit		1,031,687	548,116
a. Audit Fees	310,750		310,750
b. Other Expenses	720,937		237,366
16. Fund Transfer Charge		937,943	338,185
17. Depreciation on Fixed Assets		48,460,955	43,445,018
18. Amortization of Pre-Operating Expenses			
19. Share/ Bond Issuance Expenses		778,674	1,127,618
20. Technical Services Fees		529,200	324,590
21. Entertainment		8,420	121,991
22. Amortization Expenses		18,264,833	22,142,455
23. Security Expenses		32,851,168	25,447,215
24. Deposit/Credit Guarantee Premium		6,972,024	6,194,973
25. Commission and Discount		12,789,017	7,269,811
26. Others Expenses		69,321,983	34,917,645
a. Membership, Fees and Taxes	23,728,943		4,519,430
b. Anniversary Expense	1,150,563		527,303
c. Credit Information Charges	3,836,400		3,116,367
d. Cleaning Expenses	3,766,867		3,643,267
e. Corporate Social Responsibility	10,747,822		1,282,888
f. Transportation Expenses	149,057		78,714
g. Bank Charges	1,082,196		840,981
h. Outsourced Manpower Expenses	10,951,864		10,295,312
i. Debit Card Expenses	6,076,302		4,395,037
j. Miscellaneous Expenses	7,831,969		6,218,346
Total		334,467,602	268,855,066

PROVISION FOR POSSIBLE LOSSES

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 25

Particulars	Current Year NPR	Previous Year NPR
1. Increase in Loan Loss Provision	112,000,697	418,700,958
2. Increase in Provision for Loss on Investment	2,335,431	
3. Provision for Non Banking Assets	121,546,817	141,823,132
4. Provision for Other Assets		
Total	235,882,945	560,524,090

NON-OPERATING INCOME/LOSS

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 26

Particulars	Current Year NPR	Previous Year NPR
1. Profit/ (Loss) on Sale of Investments	6,276,545	
2. Profit/ (Loss) on Sale of Assets	28,110,808	(7,035,958)
3. Dividend (net of Tax Deducted at Source)	743,522	114,000
4. Subsidies Received from Nepal Rastra Bank <ul style="list-style-type: none"> a. Reimbursement of Losses of Specified Branches b. Interest Subsidy c. Exchange Counter 		
5. Other Income	10,797,845	7,112,317
Total Non-operating Income/ (Loss)	45,928,720	190,359

PROVISION WRITTEN BACK

For the period from July 17, 2014 to July 16, 2015) July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 27

Particulars	Current Year NPR	Previous Year NPR
1. Loan Loss Provision Written Back	162,291,443	127,839,070
2. Provision against Non Banking Assets Written Back	75,107,125	188,285,030
3. Provision against Investment Written Back	-	-
4. Provision against Other Assets Written Back	-	-
Total	237,398,568	316,124,100

INCOME/ EXPENSES FROM EXTRAORDINARY ACTIVITIES

For the period from July 17, 2014 to July 16, 2015 (Shrawan 1, 2071 to Ashad 31, 2072)

Schedule 28

Particulars	Current Year NPR	Previous Year NPR
1. Recovery of Loan Written off	47,608,198	7,422,120
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write Offs {28 (a)}	-	-
4. Other Expense/Income		
Total	47,608,198	7,422,120

DETAIL OF WRITTEN-OFF LOAN

Fiscal Year 2014/2015 (2071/2072)

Schedule 28 (A)

S.N.	Loan Type NPR	Amount Written Off NPR	Types of Security	Basis of valuation	Loan approved by Name/Desig nation Authority	Initiations made for Recovery Name	Remarks

Note:

During the FY 2071/72, none of the loans and advances have been written off.

STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/ CHIEF EXECUTIVE/ PROMOTER/ EMPLOYEES AND SHAREHOLDERS HOLDING MORE THAN 1 PERCENT SHARES.

As at July 16, 2015 (Ashad 31, 2072)

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

Schedule 29

Name of Promoter/Director/ Chief Executive	Last Year's Balance		This Year 's Recovery		This year Disbursed NPR	Balance as at 16.07.2015	
	Principal NPR	Interest NPR	Principal NPR	Interest NPR		Principal NPR	Interest NPR
(A) Directors							
1							
2							
(B) Chief Executive							
1							
2							
(C) Promoters							
1							
2							
(D) Employees							
1. Ramdhan Shrestha	2,660,006	43,213	2,660,006	253,717	3,337,000	3,336,145	-
2. Anit Sapkota	200,000	-	200,000	7	300,000	2,257	-
3. Susmita Chaudhary	-	-	-	1,356	50,000	50,000	-
4. Samir Prasad Dahal	303,000	-	303,000	18,671	300,000	300,000	-
(E) Shareholders							
1							
2							
Total	3,163,006	43,213	3,163,006	273,751	3,987,000	3,688,402	-

Note:

- Loans and Advances to employees provided as per employee byelaws of the Bank are accounted in Schedule 16 Other Assets.
- Bank has not extended any credit facility to BOD member, promoters, employees, shareholders and Chief Executive Officer in FY 2014/15 (2071/72) other than Loan against Gold/ Fixed Deposit as permitted by NRB Directive.

FORM NO.1 CAPITAL ADEQUACY TABLE
As at July 16, 2015 (Ashad 31, 2072)

Schedule 30 A

Amount in NPR '000

Particulars	Mid July 2015	Mid July 2014
1.1 RISK WEIGHTED EXPOSURES		
a Risk Weighted Exposure for Credit Risk	30,871,322	24,314,922
b Risk Weighted Exposure for Operational Risk	1,752,520	1,379,570
c Risk Weighted Exposure for Market Risk	44,390	84,602
Total Risk Weighted Exposures (Before adjustments of Pillar II)	32,668,232	25,779,094
ADJUSTMENT UNDER PILLAR II		
SRP 6.4a (5) AML policies & practices are not satisfactory, add 1% of net interest income to RWE	-	-
SRP 6.4a (6) Add% of the total deposit due to insufficient Liquid Assets	-	-
SRP 6.4a (7) Add RWE equivalent to reciprocal of capital charge of 3 % of gross income	438,941	391,829
SRP 6.4a (9) Overall risk management policies and precedures are not satisfactory. Add 2% of RWE	653,365	515,582
SRP 6.4a (10) If desired level of disclosure requirement has not been achieved, Add% of RWE	-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	33,760,538	26,686,505
1.2 CAPITAL		
Core Capital (Tier 1)	3,625,003	2,739,289
a Paid up Equity Share Capital	2,554,362	2,101,840
b. Irredeemable Non-cumulative preference shares	-	-
c. Share Premium	2,972	2,972
d. Proposed Bonus Equity Shares	510,872	273,239
e. Statutory General Reserves	479,801	335,740
f. Retained Earnings	125,204	8,097
g. Un-audited current year cumulative profit/(loss)	-	-
h. Capital Redemption Reserve	-	-
i. Capital Adjustment Reserve	-	-
j Dividend Equalization Reserves	-	-
k Debenture Redemption Reserves	-	-
l Deferred Tax Reserve	-	27,368
m Other Free Reserve	27,368	-
Less:		
a Goodwill -	-	-
b Fictitious Assets	(641)	(9,967)
c Deferred Tax Assets	(59,935)	-
d Investment in equity in licensed Financial Institutions	-	-
e Investment in equity of institutions with financial interests	(15,000)	-
f Investment in equity of institutions in excess of limits	-	-
g Investments arising out of underwriting commitments	-	-
h Reciprocal crossholdings	-	-
i Purchase of land & building in excess of limit and unutilized	-	-
j Other Deductions	-	-
ADJUSTMENT UNDER PILLAR II		
SRP 6.4a(1) Less: Shortfall in Provision		
SRP 6.4a(2) Less: Loans & Facilities extended to related parties and restricted lending		
Supplementary Capital (Tier 2)	854,699	727,406
a Cumulative and/or Redeemable Preference Share	-	-
b Subordinated Term Debt	500,000	500,000
c Hybrid Capital Instruments	-	-
d General Loan Loss Provision	315,395	223,847
e Exchange Equalization Reserve	8,485	3,121
f Investment Adjustment Reserve	30,819	438
g Assets Revaluation Reserve	-	-
h Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	4,479,702	3,466,695
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	10.74%	10.26%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	13.27%	12.99%

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As at July 16, 2015 (Ashad 31, 2072)

Schedule 30 B

Amount in NPR '000

A. Balance Sheet Exposures	Mid July 2015						Mid July 2014	
	Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e	Net Value	Risk Weighted Exposures
Cash Balance	1,462,490	-	-	1,462,490	0%	-	1,046,351	-
Balance with Nepal Rastra Bank	2,850,444	-	-	2,850,444	0%	-	3,828,393	-
Gold	83,098	-	-	83,098	0%	-	-	-
Investment in Nepalese Government Securities	4,757,573	-	-	4,757,573	0%	-	2,117,029	-
All Claims on Government of Nepal	86,537	-	-	86,537	0%	-	82,102	-
Investment in Nepal Rastra Bank	-	-	-	-	0%	-	-	-
All Claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims on Foreign Government & Central Banks (ECA Rating 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government & Central Banks (ECA Rating -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government & Central Banks (ECA Rating -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government & Central Banks (ECA Rating 4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government & Central Banks (ECA Rating -7)	-	-	-	-	150%	-	-	-
Claims on BIS, IMF, ECB, EC and 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)	368,742	-	-	368,742	100%	368,742	-	-
Claims on Public Sector Entity (ECA Rating 7)	-	-	-	-	150%	-	222,244	333,366
Claims on domestic banks that meet capital adequacy requirements	213,469	-	-	213,469	20%	42,694	92,611	18,522
Claims on domestic banks that do not meet capital adequacy requirements	121,973	-	-	121,973	100%	121,973	414,504	414,504
Claims on foreign bank (ECA Rating 0-1)	1,350,877	-	-	1,350,877	20%	270,175	684,203	136,841
Claims on foreign bank (ECA Rating 2)	455,387	-	-	455,387	50%	227,694	366,275	183,138
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	56,020	-	-	56,020	20%	11,204	132,274	26,455
Claims on Domestic Corporates	14,565,347	15,113	-	14,550,234	100%	14,550,234	11,533,843	11,533,843
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)	6,594,689	-	-	6,594,689	75%	4,946,017	4,709,991	3,532,493
Claims fulfilling all criterion of regulatory retail portfolio except for granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	1,647,949	-	-	1,647,949	60%	988,769	1,192,597	715,558
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	25,772	14,005	-	11,767	100%	11,767	6,904	6,904
Claims secured by commercial real estate	2,051,708	7,418	-	2,044,290	100%	2,044,290	1,710,207	1,710,207
Past due claims (except for claim secured by residential properties)	421,794	363,854	-	57,940	150%	86,910	433,327	649,991
High Risk Claims	3,444,758	3,587	1,522,088	1,919,083	150%	2,878,625	1,546,635	2,319,953
Investments in equity and other capital instruments of institutions listed in the stock exchange	56,764	-	-	56,764	100%	56,764	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	33,722	-	-	33,722	150%	50,583	25,600	38,400
Staff loan secured by residential property	169,660	-	-	169,660	60%	101,796	128,058	76,835
Interest Receivable/claim on government securities	13,438	-	-	13,438	0%	-	6,926	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-
Other Assets	2,559,136	1,178,856	-	1,380,280	100%	1,380,280	843,715	843,715
TOTAL	43,391,347	1,582,833	1,522,088	40,286,426		28,138,517	31,123,789	22,540,725

FORM NO.2 RISK WEIGHTED EXPOSURE FOR CREDIT RISK
(As at July 16, 2015 (Ashad 31, 2072))

Schedule 30 B
Amount in NPR

B. Off Balance Sheet Exposures	Mid July 2015						Mid July 2014	
	Gross Book Value a	Specific Provision b	Eligible CRM c	Net Value d=a-b-c	Risk Weight e	Risk Weighted Exposures f=d*e	Net Value	Risk Weighted Exposures
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	12,264	-	-	12,264	0%	-	58,208	-
Forward Exchange Contract Liabilities	14,450	-	-	14,450	10%	1,445	509,860	50,986
LC Commitments With Original Maturity Upto 6 months domestic counterparty	634,928	-	69,417	565,511	20%	113,102	473,792	94,758
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	365,362	-	18,825	346,537	50%	173,269	374,729	187,365
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	1,353,689	-	48,350	1,305,339	50%	652,670	694,819	347,410
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	356,340	-	-	356,340	100%	356,340	357,546	357,546
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	251,191	-	-	251,191	100%	251,191	274,199	274,199
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	5,877,708	-	-	5,877,708	20%	1,175,542	2,226,362	445,272
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-
Other Contingent Liabilities	-	-	-	-	100%	-	7,215	7,215
Unpaid Guarantee Claims	4,623	-	-	4,623	200%	9,246	4,723	9,446
TOTAL (B)	8,870,555	-	136,592	8,733,963		2,732,805	4,981,453	1,774,197
Total RWE for Credit Risk Before Adjustment (A) + (B)	52,261,902	1,582,833	1,658,680	49,020,389		30,871,322	36,105,242	24,314,922
Adjustments under Pillar II								
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE								
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE								
Total RWE for Credit Risk after Bank's adjustments under Pillar II	52,261,902	1,582,833	1,658,680	49,020,389	-	30,871,322	36,105,242	24,314,922

'000

FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS

As at July 16, 2015 (Ashad 31, 2072)

Schedule 30 C

Amount in NPR '000

A. Balance sheet Exposure	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt.& NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
Cash Balance										
Balance with Nepal Rastra Bank										
Gold										
Investment in Nepalese Government Securities										
All Claims on Government of Nepal										
Investment in Nepal Rastra Bank Securities										
All Claims on Nepal Rastra Bank										
Claims on Foreign Government & Central Banks (ECA Rating 0-1)										
Claims on Foreign Government & Central Banks (ECA Rating -2)										
Claims on Foreign Government & Central Banks (ECA Rating -3)										
Claims on Foreign Government & Central Banks (ECA Rating 4-6)										
Claims on Foreign Government & Central Banks (ECA Rating -7)										
Claims on BIS, IMF, ECB, EC and Multilateral Development Banks (MDB's) recognized by the framework										
Claims on Other Multilateral Development Banks										
Claims on Public Sector Entity (ECA 0-1)										
Claims on Public Sector Entity (ECA 2)										
Claims on Public Sector Entity (ECA3-6)										
Claims on Public Sector Entity (ECA 7)										
Claims on domestic banks that meet capital adequacy requirements										
Claims on domestic banks that do not meet capital adequacy requirements										
Claims on Foreign bank (ECA Rating 0-1)										
Claims on Foreign bank (ECA Rating 2)										
Claims on Foreign bank (ECA Rating 3-6)										
Claims on Foreign bank (ECA Rating 7)										
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										
Claims on Domestic Corporates	-									-
Claims on Foreign Corporates (ECA 0-1)										-
Claims on Foreign Corporates (ECA 2)										-
Claims on Foreign Corporates (ECA 3-6)										-
Claims on Foreign Corporates (ECA 7)										-
Regulatory Retail Portfolio (Not Overdue)										-
Regulatory Retail Portfolio (Overdue)										-
Claims fulfilling all criterion of regulatory retail except granularity										-
Claims secured by residential properties										-
Claims not fully secured by residential properties										-
claims secured by residential properties (Overdue)										-
Claims secured by commercial real estate										-
Past due claims (except for claim secured by residential properties)										-
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	171,842	-	1,350,247							1,522,089
Investments in equity of institutions listed in the stock exchange and other Investment in Capital Instrument										-
Investments in equity of institutions not listed in the stock exchange										-
Employee loans secured by residential properties										-
Interest receivable/claims on Nepal Government Bonds										-
Cash in transit										-
Other Assets (as per attachment)										-
Total Balance Sheet Exposure	171,842	-	1,350,247	-	-	-	-	-	-	1,522,089

FORM NO.3 ELIGIBLE CREDIT RISK MITIGANTS (Continued...)

B. Off Balance sheet Exposure	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
Revocable Commitments										-
Bills Under Collection										-
Forward Exchange Contract Liabilities										-
LC Commitments with Original Maturity up to 6 Months (domestic counterparty)	69,417									69,417
Foreign Counterparty (ECA Rating 0-1)										-
Foreign Counterparty (ECA Rating 2)										-
Foreign Counterparty (ECA Rating 3-6)										-
Foreign Counterparty (ECA Rating 7)										-
LC Commitments with Original Maturity over 6 Months (domestic counterparty)	18,825									18,825
Foreign Counterparty (ECA Rating 0-1)										-
Foreign Counterparty (ECA Rating 2)										-
Foreign Counterparty (ECA Rating 3-6)										-
Foreign Counterparty (ECA Rating 7)										-
Bid Bond, Performance Bond and Counter Guarantee (domestic counterparty)	48,350									48,350
Foreign Counterparty (ECA Rating 0-1)										-
Foreign Counterparty (ECA Rating 2)										-
Foreign Counterparty (ECA Rating 3-6)										-
Foreign Counterparty (ECA Rating 7)										-
Underwriting commitments										-
Lending of Bank's securities or posting of securities as collateral										-
Repurchase Agreements, Assets sale with recourse (including repo/reverse repo)										-
Advance Payment Guarantee										-
Financial Guarantee										-
Acceptances and Endorsements										-
Unpaid portion of partly paid shares & securities										-
Irrevocable Credit commitments Short Term										-
Irrevocable Credit commitments Long Term										-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										-
Other Contingent Liabilities										-
Unpaid Guarantee Claims										-
Total Off Balance Sheet Exposure	136,592	-	-	-	-	-	-	-	-	136,592
Grand Total	308,434	-	1,350,247	-	-	-	-	-	-	1,658,681

Note:

The total amount of Eligible CRM shall be adjusted for the supervisory haircuts and floors. In this regard banks should disclose the total value of eligible collateral in the respective column of type of CRM and while summing up the total value necessary adjustments have to be made.

RISK WEIGHT EXPOSURE FOR OPERATIONAL RISK

As at July 16, 2015 (Ashad 31, 2072)

Schedule 30 D

Amount in NPR '000

Particulars	Previous Year of Mid July 2015			Mid July 2014
	Fiscal Year			
	2012/13	2013/14	2014/15	
1 Net Interest Income	574,460	1,035,071	1,073,127	
2 Commission and Discount Income	40,361	52,569	54,742	
3 Other Operating Income	71,927	134,436	206,170	
4 Exchange Fluctuation Income	23,092	27,171	75,833	
5 Addition/Deduction in Interest Suspense during the period	25,969	56,849	53,265	
6 Gross income (a)	735,809	1,306,096	1,463,137	
7 Alfa (b)	15%	15%	15%	
8 Fixed Percentage of Gross Income [c=(a×b)]	110,371	195,914	219,471	
9 Capital Requirement for operational risk (d) (average of c)			175,252	137,957
10 Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
11 Equivalent Risk Weight Exposure [f=(d×e)]			1,752,520	1,379,570
SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)				
1 Total Credit and Investment (net of Specific Provision)			-	
2 Capital Requirement for Operational Risk (5% of net credit and investment)			-	
3 Risk Weight (reciprocal of capital requirement of 10%) in times				
4 Equivalent Risk Weight Exposure (g)			-	
5 Equivalent Risk Weight Exposure [h=f+g]			1,752,520	1,379,570

RISK WEIGHTED EXPOSURE FOR MARKET RISK

As at July 16, 2015 (Ashad 31, 2072)

Schedule 30 E

Amount in NPR '000

S.No.	Currency	Mid July 2015			Mid July 2014
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	Relevant Open Position (NPR)
1	INR	38,829	62,156	62,156	135,188
2	USD	86	8,673	8,673	14,091
3	GBP	42	6,686	6,686	5,184
4	AUD	19	1,450	1,450	658
5	CAD	5	401	401	573
6	CHF	6	655	655	1,090
7	SGD	15	1,121	1,121	143
8	JPY	2,168	1,772	1,772	132
9	SEK	-	4	4	1
10	DKK	2	23	23	56
11	HKD	5	69	69	84
12	SAR	85	2,292	2,292	1,998
13	QAR	17	481	481	1,426
14	AED	42	1,142	1,142	1,761
15	THB	5	16	16	54
16	EUR	5	589	589	4,714
17	MYR	37	982	982	1,093
18	CNY	3	51	51	73
19	KWD	1	193	193	852
20	BHD	-	27	27	34
(a) Total Open Position				88,783	169,205
(b) Fixed Percentage				5%	5%
(c) Capital Charge for Market Risk (=a×b)				4,439	8,460
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10	10
(e) Equivalent Risk Weight Exposure (=c×d)				44,390	84,602

Indicators	Indicators In	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13	Fiscal Year 2013/14	Fiscal Year 2014/15
1. Net Profit / Gross Income	Percent	10.37	10.57	16.84	17.81	23.17
2. Earning Per Share (Average share outstanding)	NPR	12.60	10.70	19.66	23.70	30.94
3. Market Value Per Share	NPR	222	230	267	539	489
4. Price Earning Ratio	Times	17.62	21.50	13.58	22.74	15.80
5. Dividend (including bonus) on Share Capital	Percent	10.53	8.42	15.00	18.95	21.05
6. Cash Dividend on Share Capital	Percent	8.53	8.42	15.00	5.95	1.05
7. Interest Income / Loans and Advances	Percent	15.32	13.94	13.07	11.44	10.19
8. Staff Expenses / Total Operating Expenses	Percent	31.32	33.84	37.06	38.11	42.57
9. Interest Expenses / Total Deposits and Borrowings	Percent	8.93	8.86	5.81	5.37	4.60
10. Exchange Gain / Total Income	Percent	-0.06	0.03	1.11	2.71	3.17
11. Staff Bonus / Total Staff Expenses	Percent	34.76	29.69	39.47	40.56	41.20
12 Net Profit / Loans and Advances	Percent	1.69	1.67	2.55	2.42	2.75
13. Return on Total Assets	Percent	1.18	1.22	1.79	1.71	1.95
14. Total Credit / Deposits	Percent	92.85	83.06	78.97	82.87	81.60
15. Total Operating Expenses / Total Assets	Percent	1.55	1.74	1.69	1.49	1.58
16. Adequacy of Capital Fund on Risk Weighted Assets	Percent	15.54	14.47	11.89	12.99	13.27
Core Capital	Percent	14.69	13.58	11.05	10.26	10.74
Supplementary Capital	Percent	0.85	0.89	0.84	2.73	2.53
17. Liquidity (CRR)	Percent	10.13	17.53	13.24	11.48	8.20
18. Non-Performing Loans / Total Loans	Percent	1.17	2.01	2.01	3.40	1.53
19. Weighted Average Interest Rate Spread	Percent	3.27	3.87	4.82	4.99	4.22
20. Book Net Worth Per Share	NPR	106	109	113	131	146
21. Number of Equity Shares (At Year End)	Nos.	21,000,000	21,018,400	21,018,400	21,018,400	25,543,615
22. Number of Permanent Staff	Nos.	291	301	330	399	532
23. Return on Equity	Percent	8.89	9.85	17.37	18.09	19.26
24. Dividend Pay Out Ratio	Percent	86.85	78.74	76.29	25.10	3.73
25. Earnings Yield	Percent	5.68	4.65	5.67	1.17	5.25
26. Dividend Yield	Percent	4.74	3.66	5.62	3.52	4.30
27. Cost to Operating Income Ratio	Percent	38.55	45.30	30.52	30.72	36.15
28. Total Assets to Shareholder' Fund	Times	7.74	8.80	10.92	11.70	11.09
29. Shareholders' Fund to Total Liability including Contingent Liability	Percent	10.76	9.56	7.98	7.38	7.42
30. Base Rate	Percent	-	-	9.72	8.16	7.30
31. CCD Ratio as per NRB Directives	Percent	82.96	74.98	72.38	75.45	74.95
32. Number of Branches	Nos.	32	33	34	42	54
33. Number of ATMs	Nos.	29	31	35	38	44
34. Net Profit per staff	NPR	681,629	746,824	1,252,258	1,248,353	1,353,963
35. Per employee staff cost	NPR	287,830	361,507	437,683	414,959	465,940

Note.

- Gross Income in S.N. 1 comprises of Interest Income, Commission and Discount, Other Operating Income and Exchange Income.
- EPS in S.No.2 is restated in line with Nepal Accounting Standard (NAS) 26 Earning Per Share that requires computation of EPS dividing earnings attributable to equity holders by weighted average number of shares. Average number of shares during the year is considered as weighted average number of shares. Bank's basic diluted EPS is same since there are no potential ordinary shares outstanding as on the balance sheet date.
- Market Value per Share in S.N. 3 is the closing price quoted in Nepal Stock Exchange on Thursday, the 16th July 2015, being last time trading for the year.
- The Interest Income in S. N. 7 is the interest income from loans and advances (excluding staff loans). The loans and advances are the average loans and advances for the entire financial year.
- Total Operating Expense in S.N. 8 comprises Interest Expense, Staff Expense and Other Operating Expense.
- The Deposits and Borrowings in S.N.9 are the average deposits and borrowings for the entire financial year.
- Total Income in S.N. 10 is same as Gross Income in S.N. 1 comprising of Interest Income, Commission and Discount, Other Operating Income and Exchange Income.
- The Loans and Advances in S.N. 12 is same as Loans and Advances in S.N. 7 and is the average balance for the entire financial year.
- Total Assets in S.N 13 and S.N. 15 are average balance of assets computed by averaging outstanding balance of previous financial year and current financial year.
- Credit and Deposit in S.N. 14 is the outstanding balance as of balance sheet date.
- CRR in the S.N. 17 is computed on the basis of cash and cash equivalents and deposits outstanding on the balance sheet date. The CRR (as per NRB Directives) for the last week of the current financial year was 7.53%.
- NPA in S.N. 18 also includes restructured / rescheduled loans.
- Equity in SN 23 and shareholder's fund in 29 & 30 comprises share capital and reserve funds.
- Earnings Yield represent earnings (attributable to equityholders) per market value of share.
- Dividend Yield represent dividend per market value of share.

Principal Accounting Policies

Schedule 32

For the period of 1 Shrawan 2071 to 31 Ashad 2072

1. Overview

Citizens Bank International Limited (the 'Bank' or CBIL) is a publicly held bank engaged in providing a wide range of banking and financial services. CBIL is a banking company governed by the Bank and Financial Institution Act, 2006. The Bank has its Corporate Office at Sharada Sadan, Kamaladi, Kathmandu and was incorporated as a limited company under the Companies Act, 2063. The Bank received the license to commence banking operations from the Nepal Rastra Bank on 20.04.2007. CBIL is an "A" class Commercial Bank. Its Equity Shares are listed in Nepal Stock Exchange.

On April 8, 2015 (Baisakh 25, 2072), the Bank acquired the two "C" class financial institutions Nepal Housing & Merchant Finance Limited and People's Finance Limited as per final approval for acquisition received from Nepal Rastra Bank on 09.04.2015. The principal activities of the Bank is to provide all commercial banking services including agency services, trade finance services, e-commerce services and trading of gold and silver, etc. to its customers through head office, branches and ATMs. The financial statements of the Bank have been approved by the Board of Directors vide its meeting held on 02.09.2015. The Board of Directors acknowledges the responsibility of preparation of financial statements of the Bank.

2. Statement of Compliance

The financial statements have been prepared in accordance with requirements prescribed under directives issued by Nepal Rastra Bank. The accounting and reporting policies of the Bank used in the preparation of these financial statements confirm the guidelines issued by the Nepal Rastra Bank from time to time, Nepal Accounting Standards (NAS) to the extent applicable and practices generally prevalent in the Banking industry in Nepal.

3. Basis of preparation

The assets and liabilities reported in the financial statements of the Bank are presented in functional currency which is Nepalese Rupees (NPR) and are prepared following the accrual method of accounting (except where otherwise stated), and the historical cost convention except for translated foreign currency value.

4. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

5. Significant accounting policies

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

a. Revenue recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of loans & advances as per NRB Directives.
- Interest suspense on Loans and Advances as on fiscal year closing that are received within 15th of Shrawan of subsequent fiscal year is recognized as interest income in the books of accounts as per NRB Directives.
- Interest on loans & advances is recognized on cash basis as prescribed by NRB Directives, which is not in accordance with NAS that prescribes recognition of interest on accrual basis considering the effective interest method. The practice followed by the Bank as per NRB Directives is more conservative.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee, except for guarantee commission not exceeding Rs 10 thousands, which is recognized at the time of issue of the guarantee.
- Commission on Letters of Credit (LC) issued by the Bank is recognized as income at the time of issue of the LC. However, income from usance LC is accounted for on the basis of period of LC on accrual basis.
- Income on discounted instruments like bills purchased, documents negotiation is recognized at the time of discounting.
- Other fees and commission income are recognized on accrual basis.
- Cash dividend declared by resident company is recognized when the right to receive payment is established at net of withholding tax. Bonus dividend declared is not recognized as income. The quantity of shares received as bonus dividend is disclosed in Schedule 12 (A) of the financial statements.

b. Interest Expense

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

c. Fixed Assets, Depreciation & Amortization Policy

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the Management. Depreciation is calculated applying following useful life on straight line basis.

Class of Assets	Useful Life	Rate of Depreciation
Building	20 years	5.00%
Metal Furniture	6 years	16.67%
Wooden Furniture	5 years	20.00%
Office Vehicles	7 years	14.29%
Computer (including Printer)	4 years	25.00%
Office Equipments	5 years	20.00%

However,

1. For income tax calculation purpose, depreciation is calculated as per the rate and procedures defined in Income Tax Act 2002.
2. The expenses of leasehold improvements are amortized over the lease period or a maximum of 10 year period whichever is lower.
3. The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 year period or within the ownership period.
4. Assets costing less than Rs 5,000 are fully depreciated in the year of purchase.

For assets purchased/sold during the year, depreciation is provided upto the date of use on pro-rata basis.

d. Investments

Classification and valuation of the Bank's investments are carried out in accordance with NRB directives. Bank's investment portfolio are segregated in the following categories viz. the investment as held for trade, investment available for sale and investment held till maturity. Accordingly, investments are shown in separate headings.

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account. Re-classification of investments from one category to the other is done in accordance with NRB guidelines.

1- Investment held for trade: An investment that is made for the purpose of generating a profit from short term fluctuations in price shall be classified under this class. An asset shall be classified as held for trade even if it is a part of a portfolio of similar assets for which there is a pattern of trading for the purpose of generating a profit from short term fluctuations in price. These investments shall be marked to market on a daily basis and differences reflected in the profit and loss account.

2- Investment held to maturity: Investment made with positive intent and capacity to hold till maturity falls under this class. Positive intent to hold shall not be deemed in the following circumstances:-

(1) In case there is intent and capacity to hold until undefined period;

(2) In case the institution stands ready to sell the assets, except in case a situation arises which is non-recurring and could not have been reasonably anticipated, owing to changes in market interest rate or risk, liquidity requirements, changes in availability of and yield on alternate investment, financial sources and terms or changes in the risks of foreign currency.

Investment held to maturity shall have to be evaluated at the amortized costs. Write off costs shall be calculated having deducted impairment from cost price. Impairment shall be included in the profit/loss account of the concerned period.

3- Investment available for sale: All investment not falling under the held for trading and held to maturity shall have to be placed under this class. Such investment shall have to be marked to market on regular basis and the difference shall have to be adjusted through reserves.

In case of the investment held for trading and available for sales which have not been enlisted in the stock exchange market and having no active market, they shall be written off at the cost price and the actual investment therefore shall be presented in the balance sheet having made provision of investment adjustment reserve pursuant to Nepal Rastra Bank Directives. Bank creates investment adjustment reserve at 2% of investment classified as available for sale except on investment on shares specifically allowed by Nepal Rastra Bank. Moreover, in case bonus shares are acquired, only the number of shares has to be added and it will not be accounted as an income.

e. Non-Banking Assets

The valuation of the asset is accounted at the prevailing market value of the collateral property or aggregate recoverable amount due up to the day before the date of assumption whichever is lower. Where the market value of assumed property is less than the total recoverable amount, the difference amount is charged to Profit and Loss Account in the year of acquisition. Provision for Non Banking Asset has been fully provided for as per NRB Directive and continues to remain until it is disposed off. Non Banking Asset is derecognized at the time of its disposal.

f. Loans and advances including bills purchases

Loans and advances including bills purchased include direct finance provided to the customers such as bank overdrafts, credit card, personal loans, term loans, hire purchase finance and loans to deprived sectors. Advances are classified as performing and non-performing based on the relevant NRB Directives. Advances are stated net of specific loan loss provisions, interest suspense (if capitalized), export credit guarantee corporations claims received, inter-bank participation certificates issued and bills rediscounted. Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant NRB Directives. Provision is made for possible losses on loans and advances, overdraft and bills purchased at 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with the directives of Nepal Rastra Bank.

g. Loans and advances write offs

Loans considered uncollectible is written off in accordance with directive issued by NRB and Bank's Loan Write-Off policy duly approved by NRB, without prejudice to Bank's right to recovery.

Impairment provisions held for the loss accounts are written back immediately after the loans are written-off. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognized in the Profit and Loss Account.

h. Staff Loans

Loans and advances granted to staff in accordance with the staff loan scheme are booked as loan but categorized as Other Assets.

i. Stationery

Stationery purchased is accounted for on cost and expended as and when it is issued for consumption on a FIFO basis and inventory as at the end of reporting period are measured at the lower of cost or net realizable value.

j. Transactions involving Foreign Exchange

Monetary foreign currency assets and liabilities are translated at the balance sheet date at mid- exchange rates published by the Bank at the end of each day. The resulting profits or losses are recognized in the profit and loss account. Income and expenditure in foreign currency are accounted for at exchange rates prevalent on the date of the transaction.

Profit or loss realized from the difference between buying and selling rates of foreign currencies are accounted for as "Trading Gain or Loss on Foreign Exchange". Profit or Loss arising from fluctuations in exchange rates of foreign currencies are accounted for as "Revaluation Gain or Loss on Foreign Exchange". At the annual closing, if the revaluation loss is reported, the same is charged to Profit and Loss Account and if revaluation profit is reported, such amount is shown as income in Profit and loss Account and 25 percent of such profit is appropriated to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account as required by NRB Directives. Premium/ discount on foreign exchange forward contract is accounted for as trading gain or loss at the time of transaction and presented under "Trading Gain/ (Loss)" in Schedule 22 of the financial statements.

k. Retirement and employee benefits

Leave salary

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

Gratuity

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

Provident fund

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

l. Income Tax Provision

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the prevailing Income Tax Act, 2002 and the rules framed there under) and the net change in the deferred tax asset or liability in the year.

Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

In addition to the exhibition of regular tax expenses as “Current Tax” under Income Tax Provisions in Profit and Loss account, the current year’s deferred tax is also accounted under the heading of “Deferred Taxation”. Deferred Tax Reserve is earmarked to the extent of outstanding balance of Deferred Tax Assets as per NRB Directives.

m. Provisions and Contingent Assets/ Liabilities

Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

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

Liabilities on account of derivative contracts are reported under Contingent Liabilities under sub- heading Outstanding Liabilities for Forward Exchange Contract. These include notional principal on outstanding forward rate agreements and currency swap transactions. The profit or loss that arise from Forward Exchange Contract is recognized at the time of settlement.

NOTES TO ACCOUNTS

Schedule 33

1. ACQUISITION OF FINANCIAL INSTITUTIONS:

In current fiscal year 2071/72, Bank has acquired two financial institutions Nepal Housing & Merchant Finance Ltd (NHMFL) and People's Finance Ltd (PEFIL) with due approval from Special General Meeting of the Bank as well as from Nepal Rastra Bank w.e.f. 08.05.2015 (25.01.2072). For acquisition, Bank issued 4 and 3 equity shares respectively for every 10 equity shares of NHMFL and PEFIL each. The excess of net-worth than the purchase consideration was Rs 113,257,919 as calculated below has been credited to Capital Reserve Account.

Amount in NPR '000

PARTICULARS	NHMFL	PEFIL	TOTAL
Paid-up Capital	220,296	289,010	509,307
Reserves & Surpluses	(131,930)	(89,298)	(221,227)
Total Net Worth	88,367	199,713	288,080
Purchase Consideration Payable	88,119	86,703	174,822
Surplus Equity transferred to Capital Reserve (NPR)	248	113,010	113,258

The Bank has transferred the capital reserve fund of NPR 113,257,918 to Profit and Loss Appropriation Account for distribution of proposed bonus share.

2. DETAIL OF PAID UP CAPITAL OF BANK

Fiscal Year	Total Paid Up Capital NPR	Remarks
2006/07	560,000,000	Promoter's Share capital
2007/08	560,000,000	No change.
2008/09	1,000,000,000	Additional Rs. 140 Million Promoter Share and Rs. 300 Million Public Share Issued
2009/10	2,000,000,000	Issuance of 1:1 Right Share
2010/11	2,100,000,000	5 % Bonus Shares Issued
2011/12	2,101,840,000	Fraction Share Adjustment in between promoter and public promoter share to maintain the ratio shareholders
2012/13	2,101,840,000	No change.
2013/14	2,375,079,200	13% Bonus Shares Issued
2014/15	2,554,361,514	After acquisition of NHMFL & PEFIL and fraction share adjustment.

3. INTEREST INCOME RECOGNITION ON LOANS AND ADVANCES:

Interest on loans & advances is recognized on cash basis as prescribed by NRB Directives. NRB directive 04/070, Section 5(1) has also allowed BFIs to recognize as interest income, interest accrued at year end but has been subsequently recovered in cash within 15 days after year-end date. However, the Bank has not recognized such interest income received in cash within 15 days after year end as income in the current year.

Similarly, as per NRB circular Bai. Bi. Ni. BI./Paripatra/ Kakhaga/ 30/ 071/072, in earthquake affected areas for interest income recognition of Mid July 2015(Ashadh 2072) BFIs are allowed to recognize as interest income, interest accrued at year end but has been subsequently recovered within Mid October 2015(Ashwin 2072). The Bank has not recognized such interest income received in cash within Mid October 2015(Ashwin 2072) after year end as income in the current year.

4. EVENTS AFTER BALANCE SHEET DATE

There are no such events after Balance Sheet Date affecting financial status as on Mid July 2015.

5. PROPOSED BONUS SHARE IN CURRENT FISCAL YEAR 2014/15 (FY 2071/72)

The Board of Directors has proposed Bonus Share of 20 per cent per equity share.

6. PROPOSED CASH DIVIDEND FOR CURRENT FISCAL YEAR 2014/15 (FY 2071/72)

The Board of Directors has proposed Cash Dividend of 1.053 per cent per equity share.

Section 47A (5) of Income Tax Act, 2002, has provided tax exemption on dividend paid and capital gain due to merger or acquisition of another Financial Institution to the shareholders that existed as on date of such merger/acquisition. Hence, cash dividend shall also be used to pay dividend tax.

7. UNPAID DIVIDEND

Dividend declared to the shareholders but not collected till the end date of the reported fiscal year 2014/15 (2071/72) are as below:

1. Dividend payable for FY 2008/09 (2065/66)	NPR 3,246,830
2. Dividend payable for FY 2009/10 (2066/67)	NPR 5,189,969
3. Dividend payable for FY 2010/11 (2067/68)	NPR 4,116,011
4. Dividend payable for FY 2011/12 (2068/69)	NPR 8,990,736
5. Dividend payable for FY 2012/13 (2069/70)	NPR 19,466,827
6. Dividend payable for FY 2013/14 (2070/71)	NPR 12,013,371
7. Dividend payable for FY 2009/10 (2066/67)- NHMFL	NPR 243,105
8. Dividend payable for FY 2010/11 (2067/68)- NHMFL	NPR 154,689
9. Dividend payable for FY 2009/10 (2066/67)- PEFIL	NPR 1,379,918
10. Unclaimed Dividend FY 2003/04 (2060/61) & 2004/05 (2061/62) - PEFIL	NPR 481,770

List of shareholders are published in Bank's website.

8. GENERAL RESERVE FUND.

As per section 44 of Bank and Financial Institutions Act (BAFIA) 2006, 20% of the Current Year's Profit NPR 144,061,701 has been transferred to General Reserve Fund.

9. EXCHANGE FLUCTUATION RESERVE FUND.

Bank has appropriated NPR 5,364,077 to Exchange Fluctuation Reserve out of the Revaluation Gain of NPR 21,456,308 made during the year.

10. INCOME TAXES

Income Tax Provision has been made at the rate of 30% on Taxable Profit. During financial year 2014/15 (2071/72), bank deposited total income tax of NPR 120 million to the Large Tax Payer's Office. Similarly, bank also deposited NPR 185.14 million on account of tax deducted on various payments.

In current fiscal year, tax office has completed the tax assessment order of the Bank of FY 2010/11 (2067/68) with additional income tax demand of NPR 2.886 million. Similarly, tax assessment order of PEFIL of FY 2010/11 (2067/68) has also been completed with additional income tax demand of NPR 21 million whereas tax assessment of NHMFL of FY 2010/11 (2067/68) is yet to be completed. Bank is in the process of filing for the administrative review for additional income tax demand of the Bank and PEFIL of FY 2010/11 (2067/68).

In case of FY 2009/10 (2066/67) with additional income tax demand of NPR 2.79 million and NPR 3.69 million on account of TDS, bank has filed Administrative Review for the disputed amount of tax. Similarly, in case of FY 2008/09 (2065/66), tax litigation is pending with Revenue Tribunal for the additional income tax demand of NPR 7.70 million and additional TDS demand of NPR 2.12 million. In case of FY 2006/07 (2063/64) and 2007/08 (2064/65), bank has filed for petition with Supreme Court in current year which is yet to be decided. The disputed tax amount is NPR 7.13 million of FY 2006/07 (2063/64) and 2007/08 (2064/65).

In case of PEFIL, tax payable and disputed tax of FY 1994/95 (2051/52), FY 1999/2000 (2056/57) and FY 2008/09 (2065/66) is NPR 4.25 million and in case of NHMFL, the tax reassessment upto FY 2009/10 (2066/67) has been done and there are no additional tax liability.

Bank has disclosed the disputed tax amount of NPR 41.06 million as contingent liability in Schedule 17.

a. Income Tax Liability Computation

Amount in NPR '000

Particulars	NPR	Current Year NPR
Profit Before Tax		1,021,313
Income Tax @30%		306,394
Adjusted Expenses:		
Increase in tax liability due to less expense allowable than expense incurred		
Depreciation & Amortization	11,463	
Gratuity & Leave Expense Provision	22,869	
Capital Items Cost Upto Rs 5,000 Written Off	1,360	
Unabsorbed Software expenses capitalized	5,029	
Donation	10,000	
Staff Bonus pertaining to Final Dividend	74	
Other Expenses	7,299	
Total Adjusted Expenses & Increase in Income Tax	58,094	17,428
Adjusted Income:		
Decrease in tax liability as the incomes are not taxable		
Provision Expenses on Non- Banking Assets and Loan	(480,798)	
Profit on Sale of Fixed Asset	(10,197)	
Dividend Income	(744)	
Provision Written Back on NBA	(75,107)	
Carried Forward Unabsorbed Lossess of NHMFL and PEFIL	(18,597)	
Mark to Market Gain on Investment	(5,808)	
Total Adjusted Income & Decrease in Income Tax	(591,251)	(177,375)
Income Tax After Adjustment (A)		146,447
Interest U/S 118 (B)		-
Prior Period Taxation (C)		1,204
Deferred Tax Adjustment (D)		153,353
Total Income Tax Expenses (A+B+C+D)		301,005

b. Deferred Tax :

Deferred tax is computed at the rate of 30% of the temporary differences. Deferred tax Assets/ Liabilities and the calculation of Deferred taxes are tabulated below.

Amount in NPR '000

Particulars	Accounting Base	Tax Base	Difference	Deferred Tax Assets/ (Liability) of This Year	Deferred Tax Assets/(Liability) of Last Year*	Deferred Tax Income/ (Expenses) of This Year
Fixed Assets	907,013	937,801	30,789	9,237	12,019	(2,782)
Provision for Gratuity	16,652	-	16,652	4,996	2,476	2,520
Provision for Accumulated Leave	40,761	-	40,761	12,228	7,836	4,392
Provision for Investment	-	-	-	-	300	(300)
Loan Loss Provision	-	-	-	-	5,636	(5,636)
Provision on Non-Banking Assets	-	-	-	-	185,021	(185,021)
Unabsorbed Losses	-	111,580	111,580	33,474	-	33,474
Total	964,426	1,049,381	199,782	59,935	213,288	(153,353)

* Deferred Tax Assets/(Liability) of last year includes balance of NHMFL & PEFIL as on date of acquisition.

11. GRATUITY AND LEAVE FUND

Bank has provided Rs. 9,080,474 for Gratuity (Previous Year Rs. 4,013,962) and Rs. 21,120,047 for Leave encashment expenses in Current Fiscal Year 2014/15 (2071/72) (Previous Year Rs. 10,754,820) which has been credited to Gratuity and Leave Fund.

<i>Amount in NPR '000</i>			
Particulars	Gratuity	Leave	Total
Opening Balance (Adjusted)	8,303	26,290	34,593
Additions during the Year	9,080	21,120	30,200
Payment during the Year	(731)	(6,653)	(7,384)
Investment during the Year	-	-	-
Balance as on 16 July 2015	16,652	40,758	57,409

12. PROVISION FOR BONUS TO EMPLOYEES

Provision for staff bonus has been made as per Bonus Act 2030, calculated at 10% of net profit after bonus. For the FY 2014/15 (2071/72), the Bank has made provision of Rs. 102,131,328 towards Staff Bonus.

13. PROVISION FOR EMPLOYEES HOUSING

As per the terms of service of the staff provision for providing housing loans to eligible staff, a separate housing fund has not been created as required by Labor Act, 2049.

14. FIXED ASSETS, DEPRECIATION AND AMORTIZATION.

1. Depreciation for the year is Rs. 48,460,954. Expenses for office furnishing are capitalized as Fixed Assets and depreciated over a maximum 5 years period. Similarly, Software Purchase and installation costs are also capitalised as Fixed Assets and depreciated over a maximum 5 year period or within the ownership period.

2. The expenses of leasehold improvements are amortized over a maximum of 10 years period or the lease rental period, whichever is earlier. As such, during the fiscal year 2014/15 (2071/72) Rs. 12,023,177 is amortized as expenses and balance Rs. 61,265,483 will be amortized in coming years.

3. The Premium on Development Bond has been amortized over the period of development bond. During the fiscal year 2014/15 (2071/72), premium on development bond of Rs. 9,326,195.48 has been amortized.

4. Net Profit on sale of Fixed Assets is Rs. 2,929,088.86 and Net Profit on sale of Non- Bankkind Assets is Rs. 17,883,570.63 which have been shown in Schedule 26.

5. The additions of fixed assets during the year includes following assets acquired from NHMFL and PEFIL and are stated in net book value as on date of acquisition.

Assets	Net Book Value (NPR '000)	
	NHMFL	PEFIL
Land	142,486	71,846
Building	9,028	32,654
Vehicle	386	156
Office Equipment	772	3,167
Other Assets	1,150	1,790
Total	153,822	109,613

14. a. Particulars of Loans disbursed, recovered and Principal written off during the Fiscal Year:

Amount in NPR '000

Particulars	Amount
Balance of Loans and Advances as on 17 July 2014	23,173,657
Loan Disbursed during the Year	24,261,916
Loan Recovered during the Year	(18,234,990)
Loans Written Off during the year	-
Balance of Loans and Advances as on 16 July 2015	29,200,583

14. b. Particulars of Interest Accrued, recovered and written off during the Fiscal Year:

Amount in NPR '000

Particulars	Amount
Balance of Interest Accrued as on 17 July 2014	210,533
Interest Accrued during the Year	2,766,860
Interest Recovered during the Year	(2,667,737)
Interest Written Off	(103,122)
Balance of Interest Accrued as on 16 July 2015	206,534

The total interest income on loan accrued during the year is NPRj 2,766.86 million which should be shown as income as per NAS 07. However, the Bank has shown the interest income on cash basis as per the NRB Unified Directives, as a result the interest income on loans and advances shown in Profit and Loss Account has been undercasted by NPR 99.12 million.

15. SUMMARY OF CHANGES IN LOANS & ADVANCES :

Amount in NPR '000

Particulars	Current Year	Last Year	Changes
	16.07.2015	16.07.2014	
Loans & Advances	29,101,313	23,105,993	25.95%
Bills Purchased & Discounted	98,595	67,664	45.71%
Accrued Interest Receivables	206,534	210,533	-1.90%

16. SUMMARY OF CHANGES IN DEPOSIT LIABILITIES :

Amount in NPR '000

Particulars	Current Year	Last Year	Changes
	16.07.2015	16.07.2014	
Current and Margin Accounts	1,290,904	957,246	34.86%
Savings Bank Account	7,568,628	6,047,490	25.15%
Call Deposits	7,799,918	8,357,330	-6.67%
Fixed Deposits	19,122,699	12,601,390	51.75%
Interest Payables on Deposits	24,750	7,687	221.97%

17. WEIGHTED AVERAGE INTEREST SPREAD (AS PER NRB DIRECTIVES):

Particulars	Rate
Average Rate of Loan and Advances & Investment in Government Securities	9.22%
Average Rate of Local Currency Deposits	5.00%
Net Spread	4.22%

Note:

While publishing Unaudited Financial Result of 4th quarter of FY 2071/72, bank had published Interest spread as 4.12% which has been restated as per recommendation of statutory auditors.

18. STATEMENT OF EXPENSES YET TO BE WRITTEN OFF:

Amount in NPR '000

Particulars	Amount
Premium On Development Bond	641
Total	641

* The unamortized premium on Development Bond is capitalized with respective investment and shown in Schedule 12.

19. SUMMARY OF CONCENTRATION OF EXPOSURE:

Amount in NPR '000

Particulars	Loans, Advances and Bills Purchased	Deposits & Borrowings	Off Balance Sheet
Total Amount as on 16 July 2015	29,199,908	36,684,149	8,907,000
Highest Exposure to a Single Unit	366,511	1,974,760	218,391
Highest % of Exposure to a Single Unit	1.26%	5.38%	2.45%
Core Capital	3,625,003		

20. MATCHING ASSETS AND LIABILITIES: LIQUIDITY PROFILE/ STRUCTURAL LIQUIDITY TABLE

As on Ashad End 2072

Amount in NPR '000

Particulars	1-7 days	8-30 days	31-90days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Assets								
Cash Balance	1,462,490	-	-	-	-	-	-	1,462,490
Balance with Banks & FIs	4,223,439	-	-	-	-	-	-	4,223,439
Investment in Foreign Banks Call Money	95,424	-	253,500	101,400	-	325,532	-	775,856
Government Securities	466	-	319,685	407,715	50,000	392,407	3,587,300	4,757,573
Nepal Rastra Bank Bonds	-	-	-	-	-	-	-	-
Inter Bank & FI Lending	-	-	48,875	-	-	-	-	48,875
Loans & Advances	612,344	1,664,861	3,328,925	4,661,648	4,367,148	4,078,580	10,486,402	29,199,908
Interest Receivable	-	-	163	4,296	915	214	10,689	16,278
Reverse Repo	-	-	-	-	-	-	-	-
Acceptance Receivable	-	-	-	-	-	-	-	-
Payments under S.No. 20,21 & 22	1,382,079	630,479	668,349	1,745,841	1,632,974	2,364,952	414,544	8,839,218
Others	307,626	83,098	215,083	-	-	1,041	1,121,222	1,728,070
Total (A)	8,083,868	2,378,438	4,834,580	6,920,900	6,051,037	7,162,728	15,620,157	51,051,708
Liabilities								
Current Deposits	64,544	193,631	129,088	322,719	322,748	258,175	-	1,290,904
Saving Deposits including call)	2,328,411	2,706,843	1,536,856	2,316,847	1,158,424	1,158,424	4,162,741	15,368,546
Fixed Deposits	751,474	1,497,940	1,679,637	5,091,685	3,837,268	3,484,909	2,779,786	19,122,699
Debentures/Bonds	-	-	-	-	-	-	500,000	500,000
Borrowings	600,000	13,400	56,000	232,600	-	-	-	902,000
Call/Short Notice	-	-	-	-	-	-	-	-
Inter-bank/Financial Institutions	600,000	-	-	-	-	-	-	600,000
Refinance	-	13,400	56,000	232,600	-	-	-	302,000
Others	-	-	-	-	-	-	-	-
Other Liabilities and Provisions	377,523	-	-	107,261	-	-	57,413	542,197
Sundry Creditors	3,562	-	-	-	-	-	-	3,562
Bills Payable	15,526	-	-	-	-	-	-	15,526
Interest Payable	39,236	-	-	-	-	-	-	39,236
Provisions	-	-	-	-	-	-	-	-
Others	319,198	-	-	107,261	-	-	57,413	483,872

Particulars	1-7 days	8-30 days	31-90days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Acceptance Liabilities	15,614	53,127	113,595	24,391	33,233	11,231	-	251,191
Irrevocable Loan Commitment	587,771	293,885	293,885	1,469,427	1,175,542	2,057,198	-	5,877,708
Letter of Credit/Guarantee Repo	778,694	283,467	260,868	252,024	424,199	296,523	414,544	2,710,319
Payable under s.no.11	-	-	-	-	-	-	-	-
Others	-	-	26,888	-	-	-	4,459,256	4,486,144
Total (B)	5,504,031	5,042,294	4,096,817	9,816,954	6,951,413	7,266,459	12,373,740	51,051,708
Net Financial Assets (A-B)	2,579,837	(2,663,856)	737,763	(2,896,055)	(900,376)	(103,732)	3,246,418	-
Cumulative Net Financial Assets	2,579,837	(84,018)	653,745	(2,242,310)	(3,142,686)	(3,246,418)	-	-

Assumption:

Assets and liability with no specified maturity date are apportioned in following basis:

Amount in NPR '000

a) Particulars	1-7 days	8-30 days	31-90 days	91-180 days	181-270 days	271-365 days	More than 365 days
Categorization of Current Deposit	5%	15%	10%	25%	-	20%	0%
Categorization of Saving Deposit	5%	10%	10%	10%	-	5%	55%
Call Deposit	25%	25%	10%	20%	-	10%	0%
Irrecoverable loan commitment	10%	5%	5%	25%	-	35%	0%

b. Stationery, Sundry Debtors, Deffered Tax Asset, Account Receivable Others, Security Deposit, Gold/Silver at Vault are assumed to be received in 1-7 days and all other assets are assumed to be received in more than 1 year.

c. Employees Providend Fund, Sundry Creditors, Bills Payable, Unpaid Dividend, Audit Fees Payable, Account Payable Others, Tax deducted at Source and Provision For expenses are assumed to be paid in 1-7 days and all other liabilities are assumed to be paid in more than 1 year.

d. Interest payable within 30 days or maturity priod whichever is earlier.

e. Loan Loss Provision, Accumulated Depreciation, Interest Suspense assumed to be more than 1 year.

f. Staff loans are assumed to be received after 1 year, Interest receivable to be realised at maturity or within 30 days (quarter End).

21. PARTICULARS OF SECURED BORROWINGS

None.

22. DETAILS OF NON BANKING ASSETS

Amount in NPR '000

Particulars	Amount
Balance as on 17 July 2014	17,448
Additions during the Year	975,510
Disposals during the Year	329,442
Balance as on 16 July 2015	663,516

During the year there was a net profit of Rs. 17,883,571 on disposal of Non- Banking Assets. The profit has been shown under Schedule 26.

23. Details of paid up share capital relating to amount paid in advance, calls in arrears & forfeited but not re-issued

None.

24. PARTICULARS RELATING TO AMORTIZATION OF LEASED HOLD PROPERTY UP TO THE PREVIOUS AND IN THE CURRENT YEAR.
Amount in NPR '000

Particulars	Amortization up to last year	Amortization for this year	Amortization for disposed off Assets	Amortization up to this year
Leasehold Assets (included in Other Assets of Schedule 14)	72,733	12,023	-	84,756

25. AGE-WISE PARTICULARS OF RECONCILIATION PENDING ITEMS (1 YEAR, 1-3 YEARS, AND ABOVE 3 YEARS) IN AGENCY ACCOUNTS.
a. Inter Branch Account

There are no unreconciled transactions in the Interbranch Accounts as on year end FY 2014/15 (2071/72).

b. Nepal Rastra Bank
Amount in NPR '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below		3,594		2,606
1 - 3 months				
3 - 6 months		176		
6 - 12 months				
1 - 2 years				

c. Other Financial Institutions
Amount in NPR '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below		511	606	520
1 - 3 months				
3 - 6 months				
6 - 12 months				
1 - 2 years				

d. Foreign Bank
Amount in NPR '000

Time Duration	Ledger Debit	Ledger Credit	Statement Debit	Statement Credit
1 month and below		54903	2	3026
1 - 3 months		494		
3 - 6 months		271		
6 - 12 months		85		
1 - 2 years		-		

26. RELATED PARTY DISCLOSURE
a. Key Management Personnel of the Bank

Mr. Bal Krishna Prasai	BOD Chairman
Mr. Manohar Das Mool	Director
Mr. Prakash Chandra Mainali	Director
Mr. Abinash Panta	Director
Mr. Pabitra Kumar Karki	Director
Mr. Arjun Lal Rajbanshi	Director
Mr. Bijaya Dhoj Karki	Director
Mr. Rajan Singh Bhandari	Chief Executive Officer

b. Transactions between the Bank and BOD Members

Amount in NPR '000

Particulars	Amount
Meeting Fees	1,760
Other Expenses	1,260

c. Facilities to Chief Executive Officer and other Executives of the Bank

Amount in NPR '000

Particular	Chief Executive Officer	Management Team
1. Short Term Employment Benefits		
a. Salary	6,316	8,795
b. Allowance	3,604	4,569
c. Dashain Expenses	744	1,170
d. Provident Fund	632	668
e. Accumulated Leave Encashment	-	714
f. Staff Welfare Fund	720	731
Total Income	12,016	16,647
Less: Income Tax Paid	3,737	3,917
Net Income	8,279	12,730
2. Telephone/Mobile	As per contract with the Bank	As per Employee Byelaws of the Bank
3. Post Employment Benefit	No	No
4. Other Long Term Benefits	No	No
5. Termination Benefits	No	Yes
6. Shares Based Payments	No	No

Note:

1. Management Team includes Deputy Manager and above.

2. Chief Executive Officer is entitled for facilities as per Contract of appointment with the Bank, Bonus as per Bonus Act 2033, and vehicle facility.

3. Permanent staff of the Bank are entitled to gratuity and leave encashment facility as termination benefits.

27. COMPARATIVE FIGURES

Previous year figures have been reclassified/ re-arranged to facilitate fair comparison, wherever necessary.

28. BASEL II DISCLOSURE**28.1. Capital Structure and Capital Adequacy:****a. Core Capital and its components**

Description	Amount in NPR '000
Paid up Equity Share Capital	2,554,362
Statutory General Reserve	479,801
Proposed Bonus Equity Shares	510,872
Retained Earning	125,204
Share Premium	2,972
Other Free Reserves	27,368
Deductions	
Deferred Tax Assets	(59,935)
Miscellaneous Expenditure not written off	(641)
Investment in equity of institutions with financial interests	(15,000)
Core Capital (Tier 1)	3,625,003

b. Supplementary Capital and its components:

Description	Amount in NPR '000
Subordinated Term Debt	500,000
General Loan Loss Provision	315,395
Exchange Equilisation Reserve	8,485
Investment Adjustment Reserve	30,819
Supplementary Capital (Tier 2)	854,699

c. Subordinated Term Debt

8.5% Citizens Bank Bond, 2077 issued in Poush 2070	Amount in NPR '000
Outstanding Amount	500,000
Maturity Date	Poush 2077
Amount raised during the year	-
Amount eligible for Tier 2 Capital Fund (net of redemption reserve)	500,000

d. Deduction from Capital

Description	Amount in NPR '000
i. Unamortized portion of Premium paid on Development Bond	641
ii. Deferred Tax Assets	59,935
iii. Investment in equity of institutions with financial interests	15,000

e. Total Qualifying Capital

Description	Amount in NPR '000
Core Capital (Tier 1)	3,625,003
Supplementary Capital (Tier 2)	854,699
Total Capital Fund	4,479,702

f. Capital Adequacy Ratio

Description	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	10.74%
Tier 2 Capital to Total Risk Weighted Exposures	13.27%

g. Summary of the Bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable.

The capital of the Bank stands at NPR 3,065,233,817 which fulfills the capital requirement of the Bank. In compliance with the NRB Circular, the Bank has approved capital plan to make the paid up capital of the Bank Rs. 8 billion by Mid July 2017 (Ashad end 2074).

h. Summary of the terms, conditions and main features of all capital instruments, specially in case of subordinated term debts including hybrid capital instrument.

All the capital of the Banks are unconditional.

The Bank has issued Subordinated Debt of 500,000 8.5% Citizens Bank Bond, 2077, the main features of which are as under:

Name	8.5% Citizens Bank Bond, 2077
Amount	NPR 500,000,000.00
Interest Rate	8.5% per annum (before tax) payable quarterly
Type	Unsecured and Redeemable at Maturity No call / convertible feature
Numbers of Debentures	500,000 (Five Hundred Thousand Only)
Face Value	NPR 1,000.00
Maturity Period	7 Years
Maturity date	Mid January 2021
Priority to Debenture Holders	At the time of liquidation, priority of payment to the debenture holders will be after the depositors and secured creditors.
Listing	Listed with Nepal Stock Exchange

28.2 Brief About Risk Assets

a. Risk Weighted Assets

Risk Weighted Assets	Amount in NPR '000
Risk Weighted Exposure for Credit Risk	30,871,322
Risk Weighted Exposure for Operational Risk	1,752,520
Risk Weighted Exposure for Market Risk	44,390
Adjustment Under Pillar- II	
Add: 1% of Net Interest Income as Supervisory Haircut	-
Add: 2% of RWE as Supervisory Haircut	653,365
Add: 3% of Operational Risk as Supervisory Haircut	438,941
Total Risk Weighted Exposures (after bank's adjustments of Pillar II)	33,760,538

b. Categories of Credit Risk Assets

Risk Weighted Exposure	Amount in NPR '000
Claims On Government and Central Bank	-
Claims On Other Official Entities	368,742
Claims On Banks	673,740
Claims on Corporate And Securities Firms	14,550,234
Claims On Regulatory Retail Portfolio	4,946,017
Claims Secured By Resedential Properties	988,769
Claims Secured By Commercial Real Estate	2,044,290
Past Due Claims	98,677
High Risk Claims	2,929,208
Staff loan secured by residential property	101,796
Interest Receivable/claim on government securities	-
Cash in transit and other cash items in the process of collection	-
Investments in equity and other capital instruments of institutions listed in the stock exchange	56,764
Other Assets	1,380,280
Off Balance Sheet Items	2,732,805
Total Credit Risk Assets	30,871,322

c. Computation of Capital Adequacy Ratio

Particulars	Amount in NPR '000
Total Risk Weighted Assets	33,760,538
Total Core Capital	3,625,003
Total Capital Fund	4,479,702
Core Capital to Total Risk Weighted Exposures	10.74%
Total Capital Fund to Total Risk Weighted Exposures	13.27%

d. Non Performing Assets

Particulars	Amount NPR	Provision NPR	Net NPL NPR
Rescheduled / Restructured	-	-	-
Sub Standard	57,398,821	14,349,705	43,049,116
Doubtful	53,313,272	26,656,636	26,656,636
Loss	336,853,293	336,853,293	-
Total	447,565,386	377,859,634	69,705,752

e. Non Performing Assets Ratios

Particulars	Percentage
Total NPL to Total Loans & Advances	1.53%
Net NPL to Net Loans & Advances	0.24%

f. Change in Non Performing Loans

Particulars	Previous Year NPR	Current Year NPR	Change
Rescheduled/Restructured	-	-	-
Sub Standard	178,529,225	57,398,821	-68%
Doubtful	402,096,153	53,313,272	-87%
Loss	208,285,944	336,853,293	62%
Total	788,911,322	447,565,386	-43%

g. Written Off Loans & Advances

Particulars	Previous Year NPR	Current Year NPR	Change
Loan written off	-	-	-
Interest Receivables written off	32,761,238	103,122,165	215%

h. Details of Additional Loan Loss Provision and Movement in Loan Loss Provisions and Interest Suspense

Particulars	Previous Year NPR	Current Year NPR	Additional Provision in Current Year NPR	Change
Pass Loan	236,335,626	278,352,371	42,016,745	18%
Watch List	3,555,284	63,161,330	59,606,046	1677%
Rescheduled / Restructured	-	-	-	-
Sub Standard	52,449,937	14,349,705	(38,100,232)	-73%
Doubtful	216,801,798	26,656,636	(190,145,162)	-88%
Loss	260,521,435	336,853,293	76,331,858	29%
Total	769,664,080	719,373,335	(50,290,745)	-7%
Interest Suspense	210,533,051	206,534,085	(3,998,966)	-2%

Note:

Previous year figure includes that carried forward from acquired Nepal Housing and Merchant Finance Limited and People's Finance Limited as on date of acquisition.

i. Investments

Particulars	Classification	Amount in NPR
Investment in Equity Shares	Available for Sale	90,485,685
Investment in Treasury Bills	Held To Maturity	1,064,182,050
Investment in Government Bonds	Held To Maturity	3,693,391,074
Placements In banks	Held To Maturity	729,307,074
Other Investments	-	90,484,750
Total		5,667,850,633

28.3 Risk Management System

1. Based on the Bank's own risk profile, Bank has adopted Pillar 1 minimum capital requirement approach to assess its adequacy of capital. Under this approach, Bank uses as a starting point the minimum capital calculated according to the Nepal Rastra Bank Directives on Capital Adequacy Framework 2007 (updated 2008), for credit risk, operational risk and market risk. If the level of capital maintained is not adequate to cater the need of the annual budgeted risk appetite, then plans to allocate additional capital to cover these risks or strengthen bank's internal processes so that the probability of incurring unexpected losses in the future is minimized. The current paid up capital of the Bank stands at NPR 3,065,233,816 which fulfills the capital requirement of the Bank as required by NRB Directives and the budgeted risk appetite of the Bank. The Bank will increase capital to NPR 8 billion till FY 2073/74 as per the capital plan of the Bank submitted to NRB.
2. Bank recognizes the importance of Risk Management to maintain capital adequately and has accordingly invested in processes, people and a management structure. Overall risk management function of the Bank is supervised by Risk Management Committee and Internal Audit Committee represented by BOD members and Senior Executives. Risk Management Committee reviews the asset quality at frequent intervals and Internal Audit Committee provides assurance that the internal control systems of the Bank are in place. The human capital is also managed by Human Resource Management and Compensation Committee represented by BOD members and Senior Executives. There is Assets and Liabilities Management Committee (ALCO) represented by Senior Executives of the Bank to monitor the interest rate risk, liquidity risk, exchange risk, market risk, etc. Authority, responsibility and accountability has been fixed to the executives of the Bank. Product policies and programs are duly approved before any new product launches and are reviewed regularly.
3. Credit Risk Management Department analyzes the inherent risks in a particular product. As such the Bank has drawn a clear demarcation between the Credit Business Unit (CBU) and the Risk Management Unit (RMU). A lending process completes once it undergoes both of these units, one business generating and the other risk monitoring and controlling. The Bank has standard Credit Policies Guidelines that define the Bank's credit policies, risk mitigating measures, and the single obligor limit.
4. Credit risk mitigants used by the Bank are deposit of the borrower within the Bank, cash margin and deposit with other banks and financial institutions applying supervisory haircut of 20% for capital adequacy. Such mitigants have minimum impact on the overall capital adequacy of the Bank.

STATEMENT OF ADVANCE TAKEN BY PROMOTERS/PROMOTER GROUP AGAINST PLEDGE OF OWN SHARE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Schedule 34

S/N Shareholders Name under Promoters/ Promoter Group	Share under the Ownership of Promoters		Advance Details			Remarks
	Total No. of Shares	Percent of Total Paid	Name of Bank/Financial Institution from where Advance is taken	Advance NPR	Pledged No. of Shares	
1. Pragya Jung Rana	39,748	0.16%	Lumbini Finance and Leasing Ltd.	4,500,000	35,106	
2. Arjun Prasad Neupane	52,060	0.20%	Global IME Bank Ltd.	3,000,000	45,946	
3. Kiran Ghimire	5,404	0.02%	Manjushree Financial Institution Ltd.		4,782	
4. Tuk Naryan Aryal	21,698	0.08%	Global IME Bank Ltd.	3,000,000	19,201	
5. Lek Nath Pandey	56,399	0.22%	NIC Asia Bank Ltd.	2,400,000	30,000	
6. Sabitri Sharma	403,814	1.58%	Nepal Investment Bank Ltd.	10,000,000	293,000	
7. Roshan Shrestha	78,090	0.31%	NIC Asia Bank Ltd.	48,000,000	68,919	
8. Subash Shrestha	95,444	0.37%	NIC Asia Bank Ltd.	35,000,000	84,235	
9. Yadu Nath Ghimire	17,798	0.07%	Jyoti Bikash Bank Ltd.	1,200,000	15,750	
10. Dinesh Prasad Shrestha	29,740	0.12%	Kumari Bank Ltd.	1,700,000	26,247	
11. Dashi Ram Khanal	54,143	0.21%	NIC Asia Bank Ltd.	50,000,000	47,784	
12. Suraj Adhikary	30,256	0.12%	NIC Asia Bank Ltd.	5,000,000	26,775	
13. Bodh Prasad Tripathi	27,200	0.11%	NIC Asia Bank Ltd.	51,000,000	24,070	
14. Janak Bista	1,031,025	4.04%	NMB Bank Ltd.	50,000,000	518,364	
15. Ramba pandey	74,297	0.29%	NIC Asia Bank Ltd.	5,900,000	74,297	
16. Udhav Kumar K.C.	34,578	0.14%	Prime Commercial Bank Ltd.	2,800,000	34,578	
17. Usha Kiran Shrestha	130,463	0.51%	Prabhu Bank Ltd.	55,876,000	115,141	
18. Prem Bahadur Shrestha	172,911	0.68%	Prabhu Bank Ltd.	55,876,000	152,604	
19. Badri Kumar Shrestha	162,689	0.64%	Prabhu Bank Ltd.	55,876,000	143,582	
20. Dhurba Kumar Shrestha	162,689	0.64%	Prabhu Bank Ltd.	55,876,000	143,582	
21. Pradeep Kumar Shrestha	130,028	0.51%	Prabhu Bank Ltd.	55,876,000	115,069	
22. Rukmani Pradhan	65,693	0.26%	Prime Commercial Bank Ltd.	110,000,000	65,693	

S/N Particulars	As per Unaudited F/S	As per Audited F/S	Variance		Reasons for Variance
			In Amount	In %	
1 Total Capital and Liabilities (1.1 to 1.7)	42,198,243	42,212,491	14,248	0.03%	
1.1 Paid Up Capital	2,554,362	3,065,234	510,872	0.20	
1.2 Reserves and Surplus	1,215,990	674,649	(541,341)	-44.52%	Increase in capital after the proposed bonus shares which decreases the reserve and surplus.
1.3 Debenture and Bonds	500,000	500,000	-	-	
1.4 Borrowings	902,000	902,000	-	-	
1.5 Deposits (a+b)	35,782,131	35,782,149	18	0.0001%	
a. Domestic Currency	34,933,345	34,933,363	18	0.0001%	
b. Foreign Currency	848,786	848,786	-	-	
1.6 Income Tax Liability	-	-	-	-	
1.7 Other Liabilities	1,243,760	1,288,459	44,699	3.59%	
2 Total Assets (2.1 to 2.7)	42,198,243	42,212,490	14,247	0.03%	
2.1 Cash and Bank Balance	5,685,919	5,685,929	10	0.0002%	
2.2 Money at Call and Short Notice	95,424	95,424	-	-	
2.3 Investments	5,661,836	5,667,851	6,015	0.11%	
2.4 Loan and Advances	29,200,383	29,199,908	(475)	-0.002%	
2.5 Fixed Assets	899,603	907,013	7,410	0.82%	
2.6 Non Banking Assets	-	-	-	-	
2.7 Other Assets	655,077	656,365	1,288	0.20%	
3 Profit and Loss Account					
3.1 Interest Income	2,767,425	2,766,920	(505)	-0.02%	
3.2 Interest Expenses	1,498,682	1,498,517	(165)	-0.01%	
A. Net Interest Income (3.1-3.2)	1,268,743	1,268,403	(340)	-0.03%	
3.3 Fees, Commission and Discount	63,015	62,457	(558)	-0.89%	
3.4 Other Operating Income	180,653	181,212	559	0.31%	
3.5 Foreign Exchange Gain/Loss (Net)	98,833	98,668	(165)	-0.17%	
B. Total Operating Income	1,611,245	1,610,740	(505)	-0.03%	
(A + 3.3+3.4+3.5)					
3.6 Staff Expenses	247,877	247,880	3	0.00%	
3.7 Other Operating Expenses	335,828	334,468	(1,360)	-0.40%	
C. Operating Profit Before Provision	1,027,541	1,028,393	852	0.08%	
(B - 3.6-3.7)					
3.8 Provision for Possible Losses	214,286	235,883	21,597	10.08%	Due to changes made as per recommendation of statutory auditors
D. Operating Profit (C - 3.8)	813,254	792,509	(20,745)	-2.55%	
3.9 Non Operating Income/Expenses (Net)	32,663	45,929	13,266	40.61%	Due to changes made as per recommendation of statutory auditors
3.10 Write Back to Provision for Possible Loss	237,399	237,399	-	-	
E. Profit from Regular Activities	1,083,316	1,075,837	(7,479)	-0.69%	
(D + 3.9+3.10)					
3.11 Extraordinary Income/Expenses	47,608	47,608	-	-	
F. Profit before Bonus and Taxes	1,130,924	1,123,445	(7,479)	-0.66%	
(E + 3.11)					
3.12 Provision for Staff Bonus	102,811	102,131	(680)	-0.66%	
3.13 Provision for Tax	304,223	301,005	(3,218)	-1.06%	
G. Net Profit/Loss (F - 3.12-3.13)	723,890	720,309	(3,581)	-0.49%	

UNAUDITED FINANCIAL RESULTS (QUARTERLY)
For the Fiscal Year 2014/15 (2071/72)

Schedule 36

Amount in NPR '000

S/N	Particulars	This Quarter Ending on 16.07.2015	Previous Quarter Ending on 13.04.2015	Corresponding Previous Year Quarter Ending On 16.07.2014
1	Total Capital and Liabilities (1.1 to 1.7)	42,198,243	40,672,291	32,909,857
1.1	Paid Up Capital	2,554,362	2,379,540 S	2,375,079
1.2	Reserve and Surplus	1,215,990	835,618	377,735
1.3	Debenture and Bonds	500,000	500,000	500,000
1.4	Borrowings	902,000	354,848	457,245
1.5	Deposits (a+b)	35,782,131	34,799,653	27,963,455
	a. Domestic Currency	34,933,345	34,261,705	27,361,134
	b. Foreign Currency	848,786	537,948	602,321
1.6	Income Tax Liability	-	196,752	-
1.7	Other Liabilities	1,243,760	1,605,881	1,236,343
2	Total Assets (2.1 to 2.7)	42,198,243	40,672,291	32,909,857
2.1	Cash and Bank Balance	5,685,919	6,234,406	5,873,291
2.2	Money at Call and Short Notice	95,424	-	121,251
2.3	Investments	5,661,836	3,862,885	2,710,414
2.4	Loans and Advances(a+b+c+d+e+f)	29,200,383	28,740,520	23,173,657
	a. Real Estate Loan	3,601,145	3,303,623	2,551,047
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs. 1 crore)	725,668	691,103	599,513
	2. Business Complex & Residential Apartment Construction Loan	986,003	642,520	570,172
	3. Income generating Commercial Complex Loan	-	-	102,860
	4. Other Real Estate Loan (Including Land purchase & Plotting)	1,889,474	1,970,000	1,278,502
	b. Personal Home Loan of Rs. 1 crore or Less	1,738,139	1,587,235	1,218,720
	c. Margin Type Loan	893,005	941,973	757,073
	d. Term Loan	6,230,711	5,826,931	4,542,109
	e. Overdraft Loan /TR Loan/WC Loan	10,266,439	10,936,479	9,142,924
	f. Others	6,470,944	6,144,279	4,961,784
2.5	Fixed Assets	899,603	638,252	587,556
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	655,077	1,196,228	443,688

UNAUDITED FINANCIAL RESULTS (QUARTERLY) (CONTINUE...)

Schedule 36

For the Fiscal Year 2014/15 (2071/72)

Amount in NPR '000

S/N	Particulars	This Quarter Ending on 16.07.2015	Previous Quarter Ending on 13.04.2015	Corresponding Previous Year Quarter Ending On 16.07.2014
3	Profit and Loss Account			
3.1	Interest Income	2,767,425	1,991,541	2,455,753
3.2	Interest Expenses	1,498,682	1,047,087	1,382,626
	A. Net Interest Income (3.1-3.2)	1,268,743	944,454	1,073,127
3.3	Fees, Commission and Discount	63,015	45,300	54,742
3.4	Other Operating Income	180,653	140,716	206,170
3.5	Foreign Exchange Gain/Loss (Net)	98,833	62,057	75,833
	B. Total Operating Income (A + 3.3+3.4+3.5)	1,611,245	1,192,528	1,409,872
3.6	Staff Expenses	247,877	164,323	165,569
3.7	Other Operating Expenses	335,828	215,256	268,855
	C. Operating Profit Before Provision (B - 3.6-3.7)	1,027,541	812,949	975,448
3.8	Provision for Possible Losses	214,286	245,539	560,524
	D. Operating Profit (C - 3.8)	813,254	567,410	414,924
3.9	Non Operating Income/Expenses (Net)	32,663	29,511	190
3.10	Write Back to Provision for Possible Loss	237,399	124,503	316,124
	E. Profit from Regular Activities (D + 3.9+3.10)	1,083,316	721,424	731,238
3.11	Extraordinary Income/Expenses	47,608	-	7,422
	F. Profit before Bonus and Taxes (E + 3.11)	1,130,924	721,424	738,660
3.12	Provision for Staff Bonus	102,811	65,584	67,151
3.13	Provision for Tax	304,223	197,956	173,417
	G. Net Profit/Loss (F - 3.12-3.13)	723,890	457,883	498,092
4	Ratios			
4.1	Capital Fund to RWA	13.45%	12.04%	12.99%
4.2	Non Performing Loan (NPL) To Total Loan	1.53%	1.79%	3.40%
4.3	Total Loan Loss Provision to NPL	156.23%	143.24%	101.62%
4.4	Cost of Funds	5.00%	4.70%	5.24%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	74.74%	75.75%	75.45%
4.6	Base Rate	7.30%	7.32%	8.16%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.12%	4.47%	4.99%
5	Other Key Indicators			
5.1	Average Yield (Calculated as per NRB Directives)	9.13%	9.18%	10.23%
5.2	Return on Equity (ROE)	19.20%	18.99%	18.09%
5.3	Return on Assets (ROA)	1.72%	1.50%	1.51%
5.4	Liquidity Ratio	28.43%	26.53%	29.59%
5.5	Home Loans and Real Estate Loans to Total Loans	18.28%	17.02%	16.27%
5.6	Other Real Estate Loans (Including Land Purchase & Plotting) to Total Loans	6.47%	6.85%	5.52%

Note:

1) Previous quarters' figures have been regrouped and rearranged wherever necessary.

2) The above figures are subject to change as per the directions, if any, of Nepal Rastra Bank and/or Statutory Auditor.

INFORMATION ABOUT ANNUAL GENERAL MEETING

As decided by the 186th BOD meeting held on 18.09.2015 (1st Aswin 2072), 9th Annual General Meeting (AGM) of the Bank will be held on following Date, place and time:

Date : 15th October, 2015 (2072 Ashwin 28)

Place : Amrit Bhog, Kalikasthan, Dillibazar, Kathmandu

Time : 11:00 AM

Following agendas will be discussed in the Annual General Meeting:

A. Ordinary Resolution

1. To approve Director's Reports of FY 2014/15 after discussion.
2. To approve the Balance Sheet as of 16th July 2015, Profit and Loss Account and Cash Flow Statement and other financial statements for the period of 17th July 2014 to 16th July 2015, along with Independent Auditor's Report.
3. To approve donation provided to Prime Minister Relief Fund amounting to Rs. 10.00 million and distribution of sundry goods amounting to Rs. 2.147 million for earthquake victims as assistance.
4. To approve cash dividend at the rate of 1.05% of paid up capital as proposed by the Board of Directors.
5. To appoint Auditor for the FY 2015/16 (2072/73) and to fix the auditor's remuneration as per section 111 of the Companies Act 2006 (present auditor M/s. K. K. Budhathoki & Associates, Chartered Accountants is eligible for re-appointment).
6. To elect four board members as representative of Group "A" of Promoter shareholder and one board member as representative of Group "B1" from ordinary shareholder converted from promoter shareholder group as per the provision of Article of Association of the Bank.

B. Special Resolution

1. As proposed by Board of Directors, to approve issuance of 20% Bonus Shares and to delegate the

authority to Board of Directors for right issuance in proportion of 10:4 after issuance of bonus share and to undertake any other required responsibilities to increase the share capital as per NRB Directives. In case of right share computed on the proportion of 10:4 is fraction, it shall be rounded up to whole number for right share issuance.

2. To approve amendments in the Memorandum and Articles of Association of the Bank as follows:
 - a. Work to be carried out to meet the objectives of the Bank
 - b. Increasing authorized Capital, Issued and Paid up capital of the Bank.
 - c. Restrictions on sale and transfer of shares,
 - d. To approve to increase the sitting fees and other facilities of Board of Directors'
3. To authorize the Board of Directors for making necessary adjustments in the Memorandum and Articles of Association of the Bank in case of any instructions with respect to increase- decrease and changes is received from the approving authority; and
4. Related to Merger and Acquisition between CBIL and any other Financial Institution:
 - a. Delegation of authority to Board of Directors by AGM to undertake all the required activities to process the merger or acquisition with appropriate bank and financial institution by forming Merger Committee.
 - b. To delegate the authority to Board of Directors to appointment national or international valuator for valuation of current and fixed assets, liabilities and transaction of target institution and signing of Merger or Acquisition Agreement and carrying out any other activities for the process of Merger and/or acquisition pursuant to NRB Merger Byelaws 2068 and NRB Acquisition Byelaws 2070.

C. Miscellaneous

INFORMATION TO SHAREHOLDERS

Shareholders Communications

The Bank regularly communicates all the appropriate and relevant information to shareholders, customers and general public through print media (national daily) and electronically through Bank's official website, <http://citizensbank.com.np/>. The detailed information on AGM including ordinary agendas and special agendas to be discussed in the meeting is published in the national daily newspapers 21 days prior to the date of AGM as per the requirement of the companies act.

Over the years, the timeliness of conducting Annual General Meeting (AGM) shows how enthusiastic the Bank is to communicate the information and reports to the shareholders.

Equally, the Bank has been publishing our interim financial highlights within the stipulated time of 30 days as prescribed by the Securities Board of Nepal. The Bank also publishes Basel II Disclosures as prescribed by Point 7.4(b) of Capital Adequacy Framework 2007 (updated July 2008) under Directive 1 of NRB Unified Directives on Bank's website on timely basis.

Dividend Payment, Bonus Share Distribution and Tax Implication

As per Section 88 (2) read with Section 92(1)(a) of Income Tax Act, 2002, the tax on dividend distributed by the Bank is subject to final withholding tax (Tax Deduction at Source TDS) at the rate of 5%. Similarly, distribution of bonus share is deemed as distribution of dividend as per Section 53(1)(b) of Income Tax Act, 2002.

Similarly, as per Section 47A (5) of Income Tax Act, 2002 has provided tax exemption on dividend paid by the Financial Institutions that has merged or acquired another Financial Institutions to the shareholders that existed as on date of such migration/ acquisition.

Complaint Handling of Investors

As part of its commitment to quality and customer service, bank encourages feedback on the services provided to investors in the funds under management. Bank aims at creating and maintaining among its employees, Senior Management and directors (the "directors" or "Board of Directors") a culture of treating all investors fairly and diligently. Thus, bank handles all Complaints from investors who invest in the funds for which the Bank acts as Management Company in a professional, correct and prompt manner and in accordance with its internal instructions. Complaints handling is free of charge to all investors.

In order to ensure a consistent and efficient investor oriented approach for shares registration services, bank has appointed Global IME Capital Limited (then Elite Capital Limited) for:

- Maintaining the shareholders list of the companies.
- Signature verification of the shareholders.
- Registration of transfer (Naam Saari) of shares
- Delivery of share certificates to the Stock Exchange after transfer of shares in the name of the buyer.
- Distribution of remaining bonus shares, cash dividend, IPO share certificates.
- Assisting to the company for preparation / conduct of the AGM/ EGM/ SGM

PROCEDURE FOR SHAREHOLDER COMPLAINTS/ ENQUIRIES

a. Contact to Registrar

Shareholders/ investors who wish to make compliant/ enquiry shall at first instance contact the Registrar, Global IME Capital Limited (then Elite Capital Limited). Upon receiving the complaint / enquiry, Registrar shall either address within the time line as per our agreement with them. They are also bound to provide with relevant details of such complaints to the Bank.

Address of the Global IME Capital Limited (then Elite Capital Limited)

Registrar to Shares Division
Rastriya Nachghar 4th Floor,
Jamal, Kathmandu, Nepal
Contact No: +977-01-4222460

b. Contact Company Secretary/ Chief Information Officer:

If the Registrar is unable to satisfactorily address the enquiries and resolve the complaints then shareholder may contact the Office of the Company Secretary/ Chief Information Officer of the Bank.

Address of the Company Secretary/ Chief Information Officer

Mr. Ganesh Raj Pokhrel
Deputy Chief Executive Officer/ Company Secretary/ Chief Information Officer
Citizens Bank International Limited
P.O.Box: 19681, Sharda Sadan,
Kamaladi, Kathmandu, Nepal
Toll Free Number: 977-1-6600166667
TEL: 977-1- 4169067/ 4169068
Fax: 977-1-4169077
Email: info@ctznbank.com
URL: www.ctznbank.com

c. Contact Online:

Investors can lodge their complaints and enquiries via online complaint handling. The reporting and resolution process for investors and shareholders are same as the Bank follows with the valued customer.

CAPITAL STRUCTURE OF THE BANK

Details of our shares distribution:

NPR In million

Particulars	FY 2014/15	FY 2013/14
Paid up Capital as per Financial statement	3,065.23	2,375.08
Less: Proposed Bonus shares	510.87	273.24
Paid up capital before bonus issue	2,554.36	2,101.84

Holder	FY 2014/15		FY 2013/14	
	Amount	% Holding	Amount	% Holding
Institutional Promoter Shares	155.22	6.08%	125.42	5.97%
Individual Promoter Shares	1,244.51	48.72%	1,029.90	49.00%
Public Shareholder	1,154.63	45.20%	946.52	45.03%

Particulars	FY 2014/15	FY 2013/14
No of shareholder holding 0.5% or more shares	29	37
% of Holding	37.23%	46.37%

Details of shares held by Directors and Executive Members

Name	Designation	No. of shares held as on FY end	
		2014/15	2013/14
Bal Krishna Prasai	Chairman	-	-
Manohar Das Mool	Director	478,996	423,052
Prakash Chandra Mainali	Director	238	210
Abinash Pant	Director	59,326	52,500
Pabitra Kumar Karki	Director	446,268	394,147
Arjun Lal Rajbanshi	Director	-	-
Bijaya Dhoj Karki	Director	64	56
Rajan Singh Bhandari	CEO	52,196	45,927
Ganesh Raj Pokhrel	DCEO	36,543	89,771
Bodh Raj Devkota	ACEO	-	9,534
Ramdhan Shrestha	ACEO	99,783	97,094
Samir Prasad Dahal	CFO	-	-
Rajendra Lal Shrestha	CRRO	-	160
Paras Kumar Kafle	COO	4,960	4,389
Umang Sharma	CAO	4,960	4,389
Sumit Babu Khatri	CCO	-	-
Sanjeeb Kumar Shrestha	CITO	214	5,334

SHARE MARKET INFORMATION

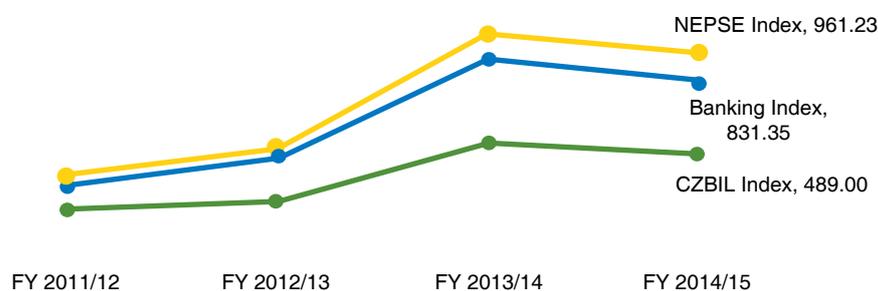
Stock Symbol

The Bank's shares are traded on the Nepal Stock Exchange Ltd. (NEPSE) with stock symbol "CZBIL" for ordinary shares and "CZBILP" for promoter shares.

Particulars	Symbol	Year end 2014/15 Closing price NPR
Ordinary shares	CZBIL	489
Promoter Shares	CZBILP	139

Stock movement comparison

Particulars	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
CZBIL Index	230.00	267.00	539.00	489.00
Banking Index	358.57	505.48	945.00	831.35
NEPSE Index	389.74	518.33	1,036.11	961.23



WHAT DOES CREDIT RATING AGENCY (ICRA NEPAL) THINK ABOUT THE BANK?

During the review year, ICRA Nepal has reaffirmed rating of [ICRANP] LBBB (pronounced ICRA NP L triple B) to subordinated bonds of NPR 500 million of Citizens Bank International Limited (CBIL). Instruments with [ICRANP] LBBB Rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The result of rating shows our market credibility and believability.

Particulars	May, 2013	December, 2014
Rating for Subordinated Bonds	ICRA Nepal assigns [ICRANP] LBBB rating to subordinated bonds of Citizens Bank International Limited	ICRA Nepal reaffirms [ICRANP] LBBB rating to subordinated bonds of Citizens Bank International Limited
Meaning	Instruments with [ICRANP] LBBB Rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk	
Market share – Credit	2.4% in terms of credit portfolio in Nepal's banking system as on mid-Jul-12	2.5% in terms of credit portfolio in Nepal's commercial banking system as on mid-Jul-14
Factors for Positive rating	Adequate franchise (33 branches spread across 14 zones of Nepal)	Adequate franchise (48 branches spread across Nepal)
	Adequate capitalization (CRAR of 12.69% as of mid-April-2013)	Adequate capitalization (CRAR of 12.49% as of mid-Oct-2014)
	Experienced management team	Experienced management team.
Constraints on rating	Limited track record (it started commercial operations in Apr-2007)	Limited track record (it started commercial operations in Apr-2007)
	Relatively lower proportion of low cost deposits	Relatively lower proportion of low cost deposits
	NA	High deposit concentration on top 20 depositors around 47% as on Jul-14
	Relatively higher exposure to real estate sector though remains within limit prescribed by Nepal Rastra Bank (NRB)	Relatively higher exposure to real estate sector (around 11% as on Jul-14) though remains within limit prescribed by Nepal Rastra Bank (NRB)
Suggestions and recommendation	Bank's ability to maintain NIMs and strict control on asset quality would be critical for its profitability profile	

Citizens Bank International Limited

ICRA Nepal reaffirms [ICRANP] LBBB rating to subordinated bonds of Citizens Bank International Limited

	Amount Outstanding	Rating Action
Subordinated Bond Programme	500 mn	[ICRANP] LBBB (Reaffirmed)

ICRA Nepal has reaffirmed rating of [ICRANP] LBBB (pronounced ICRA NP L triple B) to subordinated bonds of NRs 500 million of Citizens Bank International Limited (CBIL). Instruments with [ICRANP] LBBB Rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The rating of CBIL factors in the bank's adequate franchise (48 branches spread across Nepal), adequate capitalization (CRAR of 12.49% as of mid-Oct-2014), adequate profitability profile (PAT/ATA of 1.71% and return on net worth of 18.09% for FY14) and experienced management team. The rating is however constrained by CBIL's limited track record (it started commercial operations in Apr-2007), relatively lower proportion of low cost deposits (CASA¹ deposit around 25% as on Jul-14), high deposit concentration on top 20 depositors around 47% as on Jul-14, relatively higher exposure to real estate sector (around 11% as on Jul-14) though remains within limit prescribed by Nepal Rastra Bank (NRB), deterioration in asset quality indicators (gross NPLs increased from 1.18% as of mid-Jul-11 to 3.4% as of mid-Jul-14 though reduced to 2.35% as of mid-Oct-14) and high credit concentration (top 20 borrower accounts around 28% of credit book as on Jul-14) vis-a-vis larger banks in Nepal. The rating is also constrained by unstable political conditions and uncertain operating environment that banks in Nepal are currently facing.

CBIL is a medium sized bank with market share of around 2.5% in terms of credit portfolio and 2.3% in terms of deposit in Nepal's commercial banking system as on mid-Jul-14. CBIL's credit portfolio grew by CAGR 26% in last two years ending Jul-14 higher than Nepal's commercial banking industry average CAGR of 21% for the same period; earlier the bank grew at moderate pace in 2010-11 and 2011-12 due to tight liquidity conditions and lower deposits growth. CBIL has relatively higher exposure to real estate sector (around 11%) though remains within ceiling prescribed by NRB; higher exposure to real estate sector increases bank's portfolio vulnerability and could impact its asset quality profile in case property prices decline significantly. CBIL's asset quality profile deteriorated during last 2-3 years, gross NPL's increased from 1.18% as of mid-Jul-11 to 3.4% as of mid-Jul-2014, though declined to 2.35% as of mid-Oct-2014, primarily as a result of sharp increase in fresh slippages in real estate sector (around 1% NPLs in total credit book); going forward CBIL's ability to arrest fresh slippages and maintain asset quality indicators would be a key rating sensitivity. Further, CBIL's moderate provisioning cover (58% as of mid-Jul-14 & 60% as on mid-Oct-14) and adequate standard asset provisioning (1% of credit portfolio) in Nepalese banking system provides some cushion. CBIL, started its operations in April-2007, has limited track record and as a result its deposits profile remain inferior to larger banks in Nepal, consequently cost of deposits was also higher; it would be important for CBIL to reduce its cost of deposits to improve its competitiveness. CBIL's low cost deposits accounted for around 25% of total deposits as of mid-Jul-2014 as against Nepalese commercial banking industry average of around 48% as of same date.

CBIL's capitalisation levels are adequate with CRAR of 12.49% and tier I capital of 9.9% as of mid-Oct-2014 against minimum regulatory requirement of 10% and 6% respectively. Despite of adequate profitability profile, CBIL's internal capital generation has been low in past years cash dividend distribution strategy followed by bank. However, in year FY 2013-14, CBIL followed mixed strategy of

¹ Current & Saving account



profit distribution (13% of capital bonus share & 5.95% of capital cash dividend). The ability of the bank to raise capital from existing promoters or external investors will have a strong bearing on CBIL's capitalization profile. As for profitability, CBIL has adequate profitability profile as reflected in PAT/ATA of ~1.7% and return on net worth of ~ 17% in last 2 years. The profitability is supported by healthy NIMs (around 3.5-4%), primarily a result of lower cost of deposits (less than 5.5% as on July 2014), and adequate non-interest income (around 1.2% in 2013-14). It is also supported by relatively lower operating expense (around 1.72% of ATA as on Jul-14). Going forward, bank's ability to maintain its NIMs in a competitive landscape and strict control on asset quality profile would be critical for earnings profile.

Bank Profile

Citizens Bank International Ltd (CBIL) started its commercial operation from April 20, 2007 and is registered as "A" class Commercial Bank with Nepal Rastra Bank (NRB). Its head office is located at Sharada Sadan, Kamaladi, Kathmandu. The bank is promoted by individuals, retirement fund (Citizen Investment Trust), business and industrial houses and is managed by a team of experienced bankers and professionals. Mr. Rajan Singh Bhandari is the Chief Executive Officer of the bank. The bank's equity share is listed in Nepal stock exchange and being actively traded in with market capitalization of about NPR 12,802 million as of mid-July 2014.

CBIL has presence throughout the country through its 48 branches, 203 branchless banking network and 39 ATMs spread across Nepal. CBIL is a medium sized bank with market share of about 2.3% in terms of deposit base and 2.5% in terms of credit portfolio in Nepal's commercial banking system as on mid Jul-14. CBIL reported a profit after tax of NRs 498 million during 2013-14 over an asset base of NRs 32,222 million as on Jul-14 as against profit after tax of NRs 413 million during 2012-13 over an asset base of NRs 25,980 million as on Jul-13. CBIL's CRAR was 12.99% and gross NPLs were 3.40% as on mid-Jul-2014. During 3M 2014-15, CBIL reported profit after tax of NRs 110.35 million over assets base of NPR 34,453 as on Oct-14. CBIL's CRAR was 12.49% and gross NPLs were 2.35% as on mid-Oct-2014.

December 2014

DISCLOSURE OF INFORMATION UNDER SECTION 109(4) OF COMPANIES ACT 2006

a. Business review of previous year:

This has been disclosed in the annual report of directors.

b. Any impact caused to the business of the Company due to national and international condition:

In spite of strong economic stability in overall economy of Fiscal Year 2014/15 (2071/72), there seems to be structural problem in economy. The trade surplus of the country, benefited foreign exchange reserve and lower inflation indicate the satisfactory economic condition. However, the economic activities not being able to take the right path is a matter of concern. The catastrophic earthquake that occurred in the fourth quarter of the FY 2014/15 (2071/72) has highly affected the economic development of the country. Similarly, the decline in export of goods has been another area of major concern. Though China and India are two developed countries in the sector of economy, due to the fluctuations in their economy there has been direct impact in Nepalese currency with respect to foreign currency increasing inflation leading to negative impacts in overall banking sector.

c. Current year's (FY 2015/16) achievement until the date of preparation of Report from the Directors and Board of Directors' view on future activities of the Company:

This has been disclosed under the head "future programs" in director's report.

d. Industrial and professional relations of the Company:

The Bank maintains sound and cordial relationship with all its stakeholders including the staff members.

e. Changes in the Board of Directors and the reason thereof:

This has been disclosed under the head "changes in the board" in director's report.

f. Main factors that affect business activities:

1. Change in policy relating to commercial banks by Nepal Government or Nepal Rastra Bank.
2. Risks that may arise from change in exchange rate in course of foreign exchange transactions.
3. Risks arising from change in interest rate of loan and deposits.
4. Risks arising from non-recovery of loan in time.
5. Risks that may arise from changes in economic situation of country.
6. Possible risks that may arise while providing non-funded services such as issuing LC and Guarantee.
7. Economic risks of affecting Nepali market due to recession in international market.
8. Risks that may arise due to fluctuations in capital market.
9. Negative impacts that may arise in economy of country due to earthquake.
10. Adverse political environment that affects stability in the business.
11. Fierce Banking Competition.

g. Any remarks and observation stated in the Independent Auditors' Report and Board of Directors' response thereon:

No material remarks.

h. Amount recommended for distribution of dividend:

NPR 1.05 per share cash dividend and NPR 20 per share stock dividend.

i. Details of shares forfeited (number of share, face value, amount received by the Company prior to forfeiture, amount received by the Company after putting such forfeited shares into subscription and amount refunded on account of forfeited shares):

The Bank has not forfeited any shares.

j. Review of the progresses made by the Company and its subsidiary(s) in the previous fiscal year and the position of the same at the end of that fiscal year:

The Bank has no any subsidiaries.

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

The Bank has no any subsidiaries.

l. Disclosures made by the substantial shareholders of the company to the company in the previous financial year:

No such information provided by the principal shareholder.

m. Details of shareholding taken by the directors and officers of the company in the previous financial 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:

The Bank has not received any such information.

n. Information provided on personal interest of Board of Directors and their relatives (nearest kin) regarding contract or agreement done with the Company during previous financial year:

There is no record of such event or transaction.

o. Buyback of share by the Company, reason thereof for buyback, number of shares bought back, face value of share and amount paid during the buyback:

The Bank has not bought back any shares.

p. Information on existence of Internal control system and if there is, its detail:

The Bank has done following work under internal control system:

1. Prepared and implemented the financial by-laws, HR By-laws, loan write-off policy, loan policy, directives and necessary work directives under operation procedure.
2. Independent Internal Audit Department and Risk Management Department has been formed.
3. A system has been developed for regular supervision of internal control system by Audit Committee and Risk Management Committee.

q. Details of total management expenses incurred during the previous financial year:

1. Staff Expenses NPR 247,880,296
2. Office operating expenses NPR 334,467,602

r. Name list of members in the audit committee, remuneration, allowance and benefits they have received, details of the functions performed by that committee, and details of suggestions, if any, made by that committee:

1. The Committee constituted of following:
Director Arjun Lal Rajbanshi (Convener)
Director Bijaya Dhoj Karki (Member)
Director Abinash Pant (Member)
Head of Internal Audit Department Anit Sapkota (Member Secretary)
2. Apart from sitting fees, no any remuneration or facilities is provided to Audit Committee Members. Convener and Members, except Member Secretary, is provided NPR 8,000 sitting fees per meeting.
3. The committee meeting was held 15 times during FY 2014/15.

s. Dues payable to the Company by any director,CEO, other executives, principal shareholders (holding share more than 1%) or their relatives or firms or institutions in which they have their involvement (interest):

The Bank has no such dues.

t. Remuneration, allowances and benefits paid to Director,CEO and other executives

Amount in NPR

SN	Details	Director	Chief Executive Officer	Other Executive Officer
1	Sitting fees	2,152,000*		
2	Remuneration and allowances			
	a. Salary		6,316,440	8,795,281
	b. Allowances		3,603,600	5,283,239
	c. Dashain allowances		743,600	1,169,849
	d. Provident fund contribution		631,644	667,834
	e. Staff welfare fund		720,200	730,870
	Gross remuneration and allowances		12,015,484	16,647,073
	(-)Income tax		3,737,473	3,917,225
	Net remuneration and allowances		8,278,011	12,729,848
3	Bonus		As per prevailing Bonus Act	
4	Telephone/Mobile	288,000	As per contract with bank	As per staff bylaws
5	Fuel	624,213		
6	Newspaper	192,000		
7	Vehicle Facility	NO	YES	YES
8	Accommodation Facility	NO	NO	NO
9	Insurance	NO	YES	YES

*Including sitting fees of different sub-committee NPR 1,064,000.

Notes:

1. Vehicle facility is provided to CEO along with driver, fuel and repair and maintenance. Other executive officers are provided vehicle facilities along with fuel as per rules.
2. There is provision of accident insurance, medical insurance as per rules of bank to all staff including CEO. Similarly there is also medical insurance facility for their dependent family members.
3. There is provision of payment of mobile expenses of CEO and other executive level officers by the Bank as per rules.
4. Chairman of bank is provided with vehicle facility for official purpose.

4) Uncollected dividend by the shareholder:

Dividend declared to the shareholders but not collected till the end date of the reported fiscal year 2014/15 are as follows:

1. Dividend payable for FY 2008/09 (2065/66)	NPR 3,246,830.00
2. Dividend payable for FY 2009/10 (2066/67)	NPR 5,189,969.00
3. Dividend payable for FY 2010/11 (2067/68)	NPR 4,116,011.02
4. Dividend payable for FY 2011/12 (2068/69)	NPR 8,990,736.00
5. Dividend payable for FY 2012/13 (2069/70)	NPR 19,466,826.59
6. Dividend payable for FY 2013/14 (2070/71)	NPR 12,013,370.51
7. Dividend payable for FY 2009/10 (2066/67)- NHMFL	NPR 243,104.60
8. Dividend payable for FY 2010/11 (2067/68)- NHMFL	NPR 154,689.25
9. Dividend payable for FY 2009/10 (2066/67)- PEFIL	NPR 1,379,918.12
10. Unclaimed Dividend FY 2003/04 (2060/61) & 2004/05 (2061/62) - PEFIL	NPR 481,770.00

List of shareholders are published in Bank's website.

v. Information on asset bought or sold as per Section 141:

N/A

w. Details of related party transaction as per Section 175 (transactions between associated companies):

N/A

x. Any other details to be disclosed in the Report from the Directors in accordance with Companies Act, 2006 or other prevailing laws:

N/A

y. Any other pertinent details:

N/A

DISCLOSURE OF INFORMATION UNDER SECTION 22(1) OF SECURITIES REGISTRATION AND ISSUE REGULATION ACT 2065

A. Legal Proceedings:

Whereby following law-suit has been filed, the Bank shall disclose the date when the case is filed, the issue pertaining in the case, the name of such promoter or director and possible legal outcomes of the legal proceedings:

(a) A law-suit filed by or against the Bank during the period:

In Fiscal year 2014/15, 11 law-suits have been filed by bank and 20 Law-suits have been filed against the Bank.

(b) A law-suit filed by or against the promoter or director of the Bank involving statutory regulations or criminal offence:

No such information has been received.

(c) A law-suit, if any, filed against the promoter and director for committing economic crimes:

No such information has been received.

B. Analysis of Stock Performance of the Bank:

(a) Management's view on the performance of the stocks of the Bank in the Stock Exchange:

Apart from the fluctuation in share transaction of organized institutions in stock market of the country, the Bank has satisfactory share transactions.

(b) High, Low and Closing price of the stocks of the Bank during each quarter of the preceding year along with total volume of trading of shares and number of days traded:

The same is as follows:

Details	Mid Oct 2014	Mid Jan 2015	Mid Apr 2015	Mid Jul 2015
High Price NPR	630	461	500	489
Low Price NPR	419	376	402	358
Closing Price NPR	453	431	448	489
Total volume of trading of shares	1,041,301	213,992	378,211	370,683
Total days traded	54	58	57	46

C. Problems and Challenges:

(a) Internal:

Increasing profit of bank has become challenging due to internal problems in present scenario such as excessive liquidity and competition causing decrease in interest spread, increase in operating expenses, increase in transactions and branches and challenges in operational risk management.

(b) External:

The main external problems are high competition in banking sector, lack of areas for investment, lack of skilled manpower in bank, decline in rate of economic development, unsuitable environment for investment, problem of employees in industrial and business sectors and scarcity of energy. Expansion of transactions in presence of such problem is becoming challenging.

D. Details on deviation of 20 percentage or more in Bank's audited Financials in comparison to Financials projected in prospectus:

While issuing the Citizens Bank Bond in Poush 2070, the presented prospectus was based on the estimation of business growth of overall banking sector but due to policy adopted by bank in review year and active management, the business growth of bank has been greater than overall banking sector. As a result of which indicator of Balance Sheet and Profit And Loss Account is greater than 20 percent than that of projected.

(a) Share Capital:

The share capital as projected in prospectus is NPR 2101.84 million which has varied than that of audited capital of NPR 3,065.234 million by 45.84 percent. The variance is due to issue of share as per swap ratio during acquisition of Nepal Housing and Merchant Finance Limited and Peoples Finance Limited and issue of bonus share from distributable profit of FY 2014/15 (2070/71) and FY 2015/16 (2071/72).

(b) Reserves and surplus:

Reserves and surplus of NPR 528.91 million projected has varied by 27.55 percent to NPR 674.649 million. The deviation is the result of increment in profit than that of projected.

(c) Borrowings:

Borrowings projected to be NPR 336.18 million which increased by 168.3 percent to 902 million because of requirement in normal course of business due to increment in banking transactions.

(d) Other Liabilities:

Other Liabilities was projected to be NPR 752.98 million but it decreased by 24.42 percent to NPR 569.085 million in course of regular business.

(e) Balance at Nepal Rastra Bank:

Balance at NRB projected to be NPR 1,948.97 million was increased by 46.25 percent to NPR 2,850.444 million. The increment is due to high liquidity in banking sector.

(f) Money at call and short notice:

Money at call and short notice was projected to be NPR 500 million, it decreased by 80.92 percent due to less interbank lending/investment in call to NPR 95.424 million.

(g) Investment:

The investment projected to be NPR 3,063.8 million deviated more by 84.99 percent to NPR 5,667.851 million. The reason of deviation in investment is due to investment in government bond and other sectors providing reasonable interest and dividend on cash and bank balances that remained idle due to high liquidity to use it effectively.

(h) Fixed Assets:

Due to takeover of assets during acquisition of Nepal Housing and Merchant Finance Limited and Peoples Finance Limited and purchase of Fixed Assets during the year for expansion of branches, the projected Fixed Assets NPR 542.25 million was more by 67.27 percent to NPR 907.013 million.

(i) Other Assets:

Other Assets was projected to be NPR 384.37 million whereas it increased more by 70.76 percent to NPR 656.365 million during the normal course of business.

(j) Net Interest Income:

Net Interest Income was projected to be NPR 956.16 million which increased more by 32.66 percent to NPR 1,268.403 million due to increase in interest income and decrease in interest expenses than that of projection.

(k) Net Foreign Exchange Gain:

Net Foreign Exchange Gain projected to be NPR 32.88 million whereas actual gain is NPR 98.668 million which increased more by 200.09 percent due to effective management of fluctuation in foreign exchange rates.

(l) Staff Expenses and Other Operating Expenses:

Due to appointment of staff as per requirement and addition of staff during acquisition, the projected staff expenses amount of NPR 190.89 million has been surpassed by 29.89 percent to NPR 247.88 million. Similarly, due to increment in operating transactions, the Other Operating Expenses also surpassed the projected amount of NPR 275.35 million by 21.49 percent to NPR 334.468 million.

(m) Non-Operating Income:

Though Non-Operating Income has not been projected, there is an income of NPR 45.929 million in course of regular business.

(n) Extraordinary Income:

There has been income of NPR 47.608 million from extraordinary activities due to recovery of loan written off though no amount has been projected.

(o) Provision for Staff Bonus:

Provision for Staff Bonus was projected to be NPR 68.04 million which in actual is more by 50.10 percent and is NPR 102.131 million due to increase in Operating Profit after considering all activities being more than projected.

(p) Provision for Tax:

Due to Net profit after considering all activities more than that of projected, the provision for tax increased by 47.46 percent than the projected amount of NPR 204.12 million to NPR 301.005 million.

(q) Net Profit:

Net profit projected of NPR 476.27 million has been surpassed by 51.24 percent to NPR 720.309 million due to management's work efficiency, capability and dedication and customers support.



GROWTH THROUGH ACQUISITION

The Bank has acquired Nepal Housing and Merchant Finance Limited (NHMFL) and People's finance Limited (PEFIL) during the review year. Acquisition was the corporate action in which the Bank bought the whole business, assets and liabilities of the finance companies. Acquisitions was made as part of a the Bank's growth strategy. The acquisition done by the Bank is the first acquisition in the history of banking sector of Nepal. Synopsis of acquisition are as follows:

Name of the Entity Acquired	Nepal Housing and Merchant Finance Limited (NHMFL)	People's finance Limited (PEFIL)
Description of the Acquiree	A national level financial institution approved by Nepal Rastra Bank as "C" class finance company having its corporate office at Dillibazar Kathmandu.	A national level financial institution approved by Nepal Rastra Bank as "C" class finance company having its corporate office at Mahaboudha Kathmandu.
Primary reasons for the business combination	To increase capital base, customer base of the Bank	To increase capital base, customer base of the Bank
How the Bank obtained control of the acquiree?	The Bank purchased the running business of NHMFL, where the acquisition was duly approved by the 4th Special General Meeting held on 13.02.2015 (1st Falgun 2071) and final approval letter received from Nepal Rastra Bank on 09.04.2015 (26th Chaitra 2071).	The Bank purchased the running business of PEFIL, where the acquisition was duly approved by the 4th Special General Meeting held on 13.02.2015 (1st Falgun 2071) and final approval letter received from Nepal Rastra Bank on 09.04.2015 (26th Chaitra 2071).
Acquisition-date fair value of the total consideration transferred in Bank NPR	NPR 88,367,000	NPR 199,712,633
The acquisition-date fair value of each major class of consideration paid		
- Equity Shares in face value NPR	NPR 88,118,600	NPR 86,703,114
- Others	-	-
Capital Reserve Generated NPR	NPR 248,400	NPR 113,009,519
Acquisition Date	07.05.2015	07.05.2015
Date of Joint Operation	08.05.2015	08.05.2015
No. of Branches Added	4	2
Pre-existing relationships with Acquiree	None	None





CONSOLIDATED BALANCE SHEET

(After Acquisition of former Nepal Housing and Merchant Finance Limited and People's finance Limited by Citizens Bank International Limited)

As at May 07, 2015 (Baisakh 24, 2072)

Capital & Liabilities	Citizens Bank	NHMFL	PEFIL	Consolidated
	NPR	NPR	NPR	NPR
1. Share Capital	2,379,539,800	88,118,600	86,703,114	2,554,361,514
2. Reserves and Funds	847,746,404	248,400	113,009,519	961,004,323
3. Debentures & Bonds	500,000,000	-	-	500,000,000
4. Borrowings	281,365,650	-	-	281,365,650
5. Deposit Accounts	33,375,907,114	1,199,625,455	35,818,136	34,611,350,705
6. Bills Payable	125,396,752	-	-	125,396,752
7. Proposed Cash Dividend	-	-	-	-
8. Income Tax Liabilities	201,949,801	-	-	201,949,801
9. Other Liabilities	1,072,500,640	43,085,620	13,063,272	1,128,649,532
Total Capital & Liabilities	38,784,406,161	1,331,078,075	248,594,041	40,364,078,277

Assets	Citizens Bank	NHMFL	PEFIL	Consolidated
	NPR	NPR	NPR	NPR
1. Cash Balance	1,207,336,690	6,920,365	253,002	1,214,510,057
2. Balance with Nepal Rastra Bank	2,395,886,957	82,949,410	51,946,020	2,530,782,387
3. Balance with Banks/Financial Institutions	1,597,656,203	205,001	-	1,597,861,204
4. Money at Call and Short Notice	100,000,000	245,657,947	-	345,657,947
5. Investments	3,736,801,784	58,730,872	194,500	3,795,727,156
6. Loans, Advances and Bills Purchased	27,748,267,494	629,825,194	-	28,378,092,688
7. Fixed Assets	639,557,706	129,096,966	109,612,869	878,267,541
8. Non-banking Assets	-	-	-	-
9. Other Assets	1,358,899,327	177,692,320	86,587,649	1,623,179,296
Total Assets	38,784,406,161	1,331,078,075	248,594,041	40,364,078,277

ADDITIONAL INFORMATION

Particulars	Citizens Bank	NHMFL	PEFIL	Consolidated
	NPR	NPR	NPR	NPR
Non- Banking Assets	91,427,656	349,006,003	250,282,928	690,716,587
Loan Written Off	-	80,995,954	-	80,995,954
Loans and Advances	28,740,519,557	684,639,980	29,650,058	29,454,809,595
LCY Deposit	32,834,658,068	1,199,625,455	35,818,136	34,070,101,659
Tier 1 Capital	3,223,727,484	83,653,000	119,544,220	3,438,975,978
Capital Adequacy Ratio	11.06%	9.49%	50.71%	11.28%
CD Ratio	78.95%	53.35%	19.08%	77.80%
NPL Amount	512,048,038	85,283,957	29,650,058	626,982,053
NPL Ratio	1.78%	12.46%	100%	2.13%

INTERIM FINANCIAL REPORTING

QUARTERLY FINANCIAL STATEMENTS

For each quarter of the year 2014/15

(NPR in million)

S.No.	Particulars	Q I	Q II	Q III	Q IV
		Mid Jul - Mid Oct	Mid Oct - Mid Jan	Mid Jan - Mid Apr	Mid Apr - Mid Jul
1	Total Capital & Liabilities (1.1 to 1.7)	34,453.43	36,531.82	40,672.29	42,198.24
1.1	Paid-up Capital	2,379.54	2,379.54	2,379.54	2,554.36
1.2	Reserves and Surplus	488.08	657.61	835.62	1,215.99
1.3	Debenture and Bond	500.00	500.00	500.00	500.00
1.4	Borrowings	407.06	763.54	354.85	902.00
1.5	Deposits (a+b)	29,609.04	30,918.05	34,799.65	35,782.13
	a. Domestic Currency	29,214.00	30,486.25	34,261.71	34,933.35
	b. Foreign Currency	395.04	431.81	537.95	848.79
1.6	Income Tax Liabilities	47.29	119.95	196.75	-
1.7	Other Liabilities	1,022.42	1,193.15	1,605.88	1,243.76
2	Total Assets (2.1 to 2.7)	34,453.43	36,531.82	40,672.29	42,198.24
2.1	Cash & Bank Balance	4,283.26	4,203.22	6,234.41	5,685.92
2.2	Money at call and short Notice	-	8.00	-	95.42
2.3	Investments	3,915.42	4,324.14	3,862.89	5,661.84
2.4	Loans & Advances (a+b+c+d+e+f)	24,972.05	26,556.08	28,740.52	29,200.38
	a. Real Estate Loan	2,945.94	3,247.76	3,303.62	3,601.15
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	625.51	666.39	691.10	725.69
	2. Business Complex & Residential Apartment Construction Loan	636.36	655.49	642.52	986.00
	3. Income generating Commercial Complex Loan	-	-	-	-
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	1,684.07	1,925.88	1,970.00	1,889.47
	b. Personal Home Loan of Rs. 10 million or less	1,325.88	1,400.51	1,587.24	1,738.14
	c. Margin Type Loan	771.25	777.53	941.97	893.01
	d. Term Loan	4,912.77	5,335.18	5,826.93	6,230.71
	e. Overdraft Loan / TR Loan / WC Loan	9,905.93	10,214.91	10,936.48	10,266.44
	f. Others	5,110.27	5,580.18	6,144.28	6,470.94
2.5	Fixed Assets	594.56	614.42	638.25	899.60
2.6	Non Banking Assets	-	-	-	-
2.7	Other Assets	688.14	825.96	1,196.23	655.08

3	Profit and Loss Account				
3.1	Interest income	649.03	653.27	689.25	775.88
3.2	Interest Expense	348.40	338.38	360.31	451.60
A	Net Interest Income (3.1-3.2)	300.63	314.89	328.94	324.29
3.3	Fees Commission and Discount	25.84	15.54	3.92	17.72
3.4	Other Operating Income	45.25	50.52	44.95	39.94
3.5	Foreign Exchange Gain/Loss (Net)	14.94	21.55	25.56	36.78
B	Total Operating Income (A+3.3+3.4+3.5)	386.66	402.50	403.37	418.72
3.6	Staff Expenses	53.99	54.16	56.17	83.55
3.7	Other Operating Expenses	70.06	71.08	74.12	120.57
C	Operating profit Before Provision (B-3.6-3.7)	262.60	277.26	273.08	214.59
3.8	Provision for Possible Loss	96.72	98.00	50.82	(31.25)
D	Operating profit (C-3.8)	165.88	179.26	222.27	245.84
3.9	Non Operating Income/Expenses (Net)	7.51	15.59	6.40	3.15
3.10	Write Back of Provision for Possible Loss	-	71.55	52.96	112.90
E	Profit From Regular Activities (D+3.9+3.10)	173.40	266.40	281.63	361.89
3.11	Extraordinary Income/Expenses (Net)	-	-	-	47.61
F	Profit Before Bonus and Taxes (E+3.11)	173.40	266.40	281.63	409.50
3.12	Provision For Staff Bonus	15.76	24.22	25.60	37.23
3.13	Provision For Tax	47.29	72.66	78.01	106.27
G	Net Profit/Loss (F-3.12 -3.13)	110.34	169.53	178.01	266.01

The quarter to quarter growth rate in net interest income has been recorded to be 4.75 percent, 4.46 percent and 1.41 percent negative respectively in the 2nd, 3rd and 4th quarters of the year. There has been a change of NPR 14.27 Million, NPR 14.05 Million and (NPR 4.65 Million) respectively during these quarters. Total net interest income for the year has been recorded to be NPR 1,268.74 Million which is higher than that of the previous year by 18.23 percent i.e. by NPR 195.61 Million.

Along with the interest earnings, there has been improvements in the commission and discount incomes, foreign exchange gains, provision for possible loans that have led the Bank to higher profit than that of the previous year. In the 4th quarter, significant net write back of loss provisions has been made by NPR 59.94 Million.

Quarterly net profit after tax has increased at 53.64 percent, 5 percent and 49.43 percent respectively in each of 2nd, 3rd and 4th quarter respectively. The absolute changes in net profit after tax are NPR 59.19 NPR Million, NPR 8.48 Million and NPR 88 Million in the 2nd, 3rd and 4th quarter respectively. Year end net profit after tax has been recorded to be NPR 723.89 Million which is 45.33 percent higher than that of the previous year.

SEGMENT REPORTING

Different profitability, different risks and different growth prospects are different when the Bank has different nature of operations and the same is operated in different location. As such, the progress and success of a diversified bank is composites of the progress and success of its several segments. Our segmental performance analysis is done in a manner that assists Executive Committee, that is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between segments are conducted on pre- determined transfer price with Treasury Department as the fund manager.

The segmental performance analysis is mainly done on the basis of:

- A. Primarily, nature of operations of the Bank - Banking, Treasury, Cards, Remittance and Others.
- B. Secondly, the segmental performance is done on the basis of geographical region- 5 development regions namely Eastern, Central, Western, Mid-Western and Far-Western.

A.Segmental Performance Analysis on the basis of Nature of Operations

Banking Operations (including loans and deposit) is the major segment of the Bank that constitutes 83.01% of the total segment results. Similarly, Treasury, Card and Remittance contributed 15.80%, 0.90% and 0.29% respectively. The Banking operations result includes the fees and commission pertaining to treasury, card and remittance operations as well shared on the pre- determined transfer pricing rate with Treasury Department, Card Department and Remittance Department.

NPR in million

Particulars	Banking NPR	Treasury NPR	Card NPR	Remittance NPR	Total NPR
1. Interest Income	3,705	98	1	-	3,805
2. Interest Expenses	2,529	7	-	-	2,537
3. Net Interest Income (1 - 2)	1,177	91	1	-	1,268
4. Fees and Commission	47	-	10	6	62
5. Other Income	170	1	10	-	181
6. FX Income	17	82	-	-	99
7. Total Operating Income (3 + 4+ 5)	1,410	174	21	5	1,611
8. Staff Expenses	243	2	1	1	248
9. Other Operating Expenses	315	9	10	1	334
10. Operating Profit Before Provision (7 - 8 - 10)	852	163	10	3	1,028
11. Provision for Possible Losses	234	2	-	-	236
12. Operating Profit (10 - 11)	619	160	10	3	793
13. Non Operating Income/Expenses (Net)	29	17	-	-	46
14. Write Back to Provision for Possible Loss	237	-	-	-	237
15. Profit from Regular Activities (12 + 13 + 14)	885	177	10	3	1,076
16. Extraordinary Income/Expenses	48	-	-	-	48
17. Segment Result (15 + 16)	933	177	10	3	1,123
18. Provision for Staff Bonus					102
19. Provision for Tax					301
20. Net Profit/Loss (17 - 18 - 19)					720

B.Segmental Performance Analysis on the basis of Geographical Region

The segmental performance on the basis of the location of the branches in the five developmental regions constitutes our secondary segment reporting. Treasury Department, Card Department and Remittance Department are all included in the Central Region as it is under Head Office Function.

The Eastern Development Region, Central Development Region, Western Development Region, Mid Western Development Region and Far Western Development Region contributed 9.16%, 79.22%, 3.51%, 5.22% and 2.90% respectively.

NPR in million

Particulars	Eastern NPR	Central NPR	Western NPR	Mid Western NPR	Far Western NPR	Total NPR
1. Interest Income	242	3,254	103	137	70	3,805
2. Interest Expenses	109	2,315	45	44	24	2,537
3. Net Interest Income (1 - 2)	133	939	58	93	46	1,268
4. Fees and Commission	2	58	1	1	-	62
5. Other Income	2	143	8	12	6	62
6. FX Income	1	98	-	-	-	99
7. Total Operating Income (3 + 4+ 5)	147	1,238	67	106	52	1,611
8. Staff Expenses	16	200	10	15	7	248
9. Other Operating Expenses	24	255	19	27	11	334
10. Operating Profit Before Provision (7 - 8 - 10)	108	783	38	64	35	1,028
11. Provision for Possible Losses	6	221	(1)	6	4	236
12. Operating Profit (10 - 11)	102	563	39	58	32	793
13. Non Operating Income/Expenses (Net)	1	42	1	1	1	46
14. Write Back to Provision for Possible Loss	-	237	-	-	-	237
15. Profit from Regular Activities (12 + 13 + 14)	103	842	39	59	33	1,076
16. Extraordinary Income/Expenses	-	48	-	-	-	48
17. Segment Result (15 + 16)	103	890	39	59	33	1,123
18. Provision for Staff Bonus						102
19. Provision for Tax						301
20. Net Profit/Loss (17 - 18 - 19)						20

PRODUCT WISE LOANS AND ADVANCES

(NPR in million)

S.No.	Particulars	As at Mid July 2014		As at Mid July 2015	
		Outstanding	%	Outstanding	%
1	Term Loan	4,542.11	20%	6,230.71	21%
2	Overdraft	5,215.11	23%	6,241.79	21%
3	Trust Receipt Loan / Import Loan	463.78	2%	624.90	2%
4	Demand & Other Working Capital Loan	3,464.03	15%	3,399.75	12%
5	Residential Personal Home Loan (Up to Rs. 10 million)	1,218.72	5%	1,738.14	6%
6	Real Estate Loan	2,551.05	11%	3,601.14	12%
7	Margin Nature Loan	757.07	3%	893.01	3%
8	Hire Purchase Loan	893.46	4%	1,166.55	4%
9	Deprived Sector Loan	922.80	4%	1,205.30	4%
10	Bills Purchased	67.66	0%	105.69	0%
11	Other Product	3,077.87	13%	3,993.40	14%
	Total	23,173.66	100%	29,199.19	100%

Major part of the loans and advances, comprises of overdraft (21 percent), as compared to the previous year(23 percent). Similarly, 21 percent and 12 percent of loans were extended as term loan and demand and other working capital loan respectively. There is a increase in real state loan which is 12 percent in the review year compared to 11% of the previous year.

INTEREST RATE WISE DEPOSIT

As at Mid July 2015

(NPR in million)

S.No.	Deposits	Interest rate for				Total amount
		LCY		FCY		
		Wt. avg%	Amount	Wt. avg%	Amount	
1	Saving	2.05	7,504.43	2.00	64.20	7,568.63
2	Fixed	6.65	18,499.23	1.13	623.47	19,122.70
3	Call	4.51	7,783.95	0.35	15.967	7,799.92
	Total		33,787.61		703.63	34,491.24

The table is divided as per interest rates for saving, fixed and call deposits. The weighted average interest rate and amount for savings, fixed and call deposits have been further bifurcated into local currency and foreign currency. For local currency, the weighted average interest rate is highest for fixed deposits i.e. 6.65 percent and for foreign currency, the same is highest for savings deposits i.e. 2 percent.

PRODUCT WISE LOANS AND ADVANCES

As at Mid July 2015

(NPR in million)

S.No.	Loan Sector	Number	Amount	Percentage of Total loan & advances	Percentage of Core Capital
1	Agriculture	50	277.25	0.95%	8.63%
2	Fishery	10	55.11	0.19%	1.72%
3	Mining	5	11.55	0.04%	0.36%
4	"Agriculture, Forestry & Beverage Production Related"	196	1,847.67	6.33%	57.53%
5	Non-food Production Related	248	3,642.76	12.48%	113.43%
6	Construction	119	487.54	1.67%	15.18%
7	Electricity, Gas and Water	50	2,018.75	6.91%	62.86%
8	Metal Production, Machinery and Electrical Tools	22	52.74	0.18%	1.64%
9	Transportation, Communications and Public Services	152	183.90	0.63%	5.73%
10	Wholesaler and Retailer	893	4,395.83	15.05%	136.87%
11	Finance, Insurance and Fixed Assets	124	3,975.65	13.61%	123.78%
12	Hotel or Restaurant	39	745.93	2.55%	23.23%
13	Other Service Industries	236	1,306.17	4.47%	40.67%
14	Consumable Loan	7,852	3,124.73	10.70%	97.30%
15	Local Government	3	1.58	0.01%	0.05%
16	Others	5,675	7,072.73	24.22%	220.24%
	Total	15,674	29,199.91	100.00%	909.22%

The Bank has disbursed the loans and advances to the different sectors of the economy. Wholesaler and Retailer sector is the dominant sector of lending with 15.05 %share of total loan followed by Finance, Insurance and Fixed Assets 13.61% and Non-food Production Related 12.48 percent.

Collateral (Security) - Wise Statement of Loan & Advance

(NPR in million)

S.No.	Collateral	FY 2014/15			FY 2013/14		
		Outstanding Balance			Outstanding Balance		
		No.	Principal	Percentage	No.	Principal	Percentage
1	Gold and Silver	7,019	1,780.07	6.10%	5794	1,519.75	6.56%
2	Government Securities	3	2.52	0.01%	-	-	-
3	Non Governmental Securities	143	887.31	3.04%	89	757.09	3.27%
4	Fixed Deposit Receipts	184	126.35	0.43%	103	74.66	0.32%
5	Collateral of Properties	8,015	23,141.13	79.25%	6132	18,845.42	81.32%
6	Against security of Bill	29	785.28	2.69%	38	600.86	2.59%
7	Against Guarantee	67	36.59	0.13%	-	-	-
8	Credit Card	-	-	-	-	-	-
9	Others	214	2440.67	8.36%	141	13,75.89	5.94%
	Total	15,674	29,199.91	100%	12,297	23,173.66	100%

All of the loans and advances, disbursed by the Bank, are secured by the securities. In mid-July 2015, 79.25% (previous year 81.32%) of the total loans and advances are secured by the property as collateral. Similarly, 6.10% (previous year 6.56%) of the total loans and advances are secured by gold and silver and 3.04 % (Previous year 3.27%) by Non Government securities.

E- Banking Services

Branchless banking service	FY 2014/15	FY 2013/14
Number of branchless banking center	226	225
Number of branchless banking customer	112,306	91,638
No of BLB Customers per Counter	497	407

Mobile banking service	FY 2014/15	FY 2013/14
Number of mobile banking customer	42,482	37,553

Internet banking service	FY 2014/15	FY 2013/14
Number of Internet banking customer	7,709	6,332

Card services	FY 2014/15	FY 2013/14
Total number of ATM	45	38
Number of debit card holder	50,642	59,833
No of debit card holder per ATM	1,125	1,575

The above table shows the present status of electronic banking of the Bank. This depicts a growing trend in the use of electronic banking services.

The Bank is providing following types of electronic banking services:

- a) Branchless Banking
- b) Mobile Banking
- c) Internet Banking
- d) Card Services

a) Branchless Banking

Branchless banking is a distribution channel strategy used for delivering financial services without relying on the Bank's branches. It is serviced through point of transaction (POT) machine by using smart cards. It is an agent based service. The services include deposit, withdrawal, balance enquiry, and fund transfer. As on mid July 2015, there are 226 (Previous year 225) branchless banking center with 112,306 (Previous Year 91,638) customers throughout the country. In the review year, the number of BLB Customers is increased by around 90 customers.

b) Mobile Banking

The Bank is providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, intra-bank fund transfer, utility bill payments etc. through mobile banking. As on mid July 2015, there are 42,482 (Previous year 37,553) users of mobile banking.

c) Internet Banking

The Bank is offering Internet Banking services to the customers. As on mid July 2015, there are 7,709 (Previous year 6,332) internet banking users of the Bank. The Bank is providing the service of utility payments, fund transfers and the generation of account statements as internet banking services.

d) Card Services

The Bank is providing debit card services to the customers. There are 50,642 debit card users of the Bank, as on mid-July 2015 and 59,833 users as on mid July 2014. In the review year, The Bank has expanded our service for the convenience of valued customer. As a result, the number of debit card holder per ATM is 1125.37 (Previous year 1574.55).

e) Automated Teller Machines (ATMs)

The Bank has installed ATMs in different places of the country for the convenience of the customers.. As on mid July 2015, there are 45 (Previous year 38) ATMs installed by the Bank.

VALUE ADDED STATEMENT

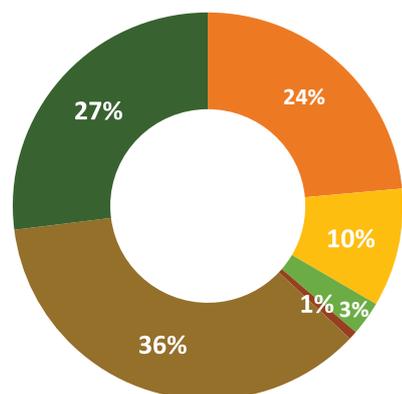
Value Generated by the Bank

The Bank has its own defined objectives, as such how much value (wealth) the Bank created through utilization of capacity, capital, staff, and other resources, and how it is allocated among different stakeholders viz. employees, lenders, shareholders, government, etc.

During review year the Bank has generated total value of NPR 1.493billion. This is a growth of 50.24 percent or NPR 499.30 million as compared to that of previous year. Highest value has been added to provider of capital which stands at 36 percent (previous year 40 percent). Value addition to expansion and growth stands at 27 percent of total value generation (previous year 17 percent). Value generated to government stands at 10 percent of total value generated as compared to previous year which stands at 17 percent. The decrease in value addition to the Government is due to tax benefits that arise from acquisition of two finance companies.

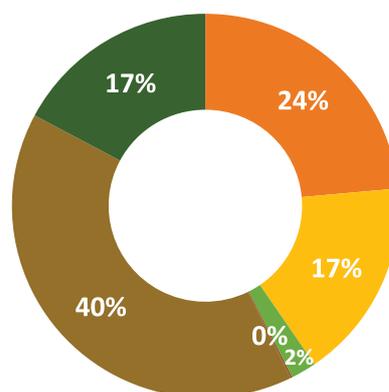
PARTICULARS	JULY 16, 2015 (ASHAD 31, 2072)	%	JULY 16, 2014 (ASHAD 32, 2071)	%
To Directors and employees	351.77	24%	234.18	24%
To the government	147.65	10%	167.90	17%
To provider of Long term Fund	42.50	3%	21.19	2%
To Community	10.74	1%	1.28	0%
To provider of Capital	537.76	36%	398.24	40%
To Expansion and Growth	402.63	27%	170.95	17%
Total value Added	1,493.05	100%	993.75	100%

July 16, 2015 (Ashad 31, 2072)



- To Directors and employees
- To the government
- To provider of Long term Fund
- To Community
- To provider of Capital
- To Expansion and Growth

July 16, 2014 (Ashad 32, 2071)



- To Directors and employees
- To the government
- To provider of Long term Fund
- To Community
- To provider of Capital
- To Expansion and Growth

Economic Value Added by the Bank

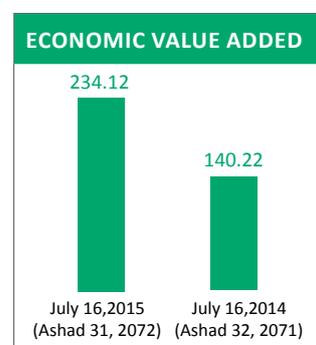
Economic value added (EVA) measures the Bank's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit. During review year the Bank has generated economic value of NPR 234.12 million. This is a growth 67 percent. The Bank has assumed the cost of capital (Economic costs) of 13 percent that is bank rate of 8 percent plus 5 percent risk premium.

STATEMENT OF ECONOMIC VALUE ADDED

NPR in million

For the Year ended	July 16, 2015 (Ashad 31, 2072)	July 16, 2014 (Ashad 32, 2071)
A. Shareholders Fund NPR	3,739.88	2,752.81
B. Net Profit NPR	720.31	498.09
Return on Shareholders Fund	19.26%	18.09%
C. Economic cost (Bank Rate plus 5% risk premium)	13.00%	13.00%
D. Economic Costs NPR (A*C)	486.18	357.86
E. Economic Value Added NPR (B-D)	234.12	140.23

NPR in million



Market Value Added by the Bank

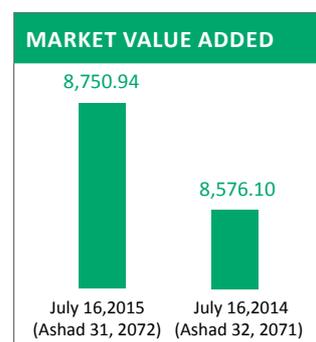
Market value added (MVA) measures the difference between the market value of the Bank and the capital contributed by shareholders. During review year the Bank has heightened its market value addition by NPR 174.84 million which is a growth of 2.04 percent.

STATEMENT OF MARKET VALUE ADDED

NPR in million

For the Year ended	July 16, 2015 (Ashad 31, 2072)	July 16, 2014 (Ashad 32, 2071)
A. No of Shares	25,543,615	21,018,400
B. Market Price per Share	489	539
C. Total market Capitalisation NPR (A*B)	12,490.83	11,328.92
D. Shareholders Fund NPR	3,739.88	2,752.81
E. Market Value Added NPR (C-D)	8,750.94	8,576.10

NPR in million



CITIZENS BANK INTERNATIONAL LIMITED

CAPITAL PLAN 2015

1. NRB Provision with respect to Capital of the Banks

Recently, Nepal Rastra Bank in its Monetary Policy 2072 has announced policy for increasing the minimum ceiling of paid up capital for banks and financial institutions so as to increase the capital base so that fund for long term development is available and to ensure financial stability of banks and financial institutions that are in operations, following requirements have been pronounced.

a) Classification of banks and financial institutions and minimum capital requirement

CLASS	NATIONAL LEVEL	4-10 districts	1-3 DISTRICTS
A	NPR 8,000 million		
B	NPR 2,500 million	NPR 1,200 million	NPR 500 million
C	NPR 800 million	NPR 800 million	NPR 400 million

b) Banks and financial institutions that are in operations are supposed to submit business plan/ capital plan so as to increase the minimum paid up capital as required by new policy proportionately by Mid July 2017 (Ashadh 2074). Banks are required to submit their plan by Mid September 2015 to Banks and financial Institutions Regulations and Supervision Department.

The bonus share as declared in the financial reports of FY 2016/17 shall be considered for calculation of paid up capital.

c) Following actions shall be taken to Banks and Financial Institutions not maintaining the minimum paid up capital as required:

- i. Barring from bonus share and cash dividend declaration and distribution.
- ii. Barring from deposit collection.
- iii. Barring from loan disbursement.
- iv. Barring from Branch expansion.

2. Capital position of the Bank

As on Mid July 2015 the paid up capital base of the Bank stands at NPR 3,065 million and hence in next 2 years bank needs to increase the paid up capital proportionately by NPR 4,935 million.

3. Capital plan of the Bank

Following are the capital plan to maintain the paid up capital of the Bank at NPR 8,000 million by Mid July 2017.

- a. Distribution of bonus share of 20% from distributable profit of FY 2014/15 and maintaining paid up capital of the Bank by Mid October 2015 at NPR 3060 million.
- b. Acquisition of Premier Finance Limited by second quarter of FY 2015/16 and maintaining paid up capital of the Bank at NPR 3100 million.
- c. Right share issuance at the rate of 100:55 by the end of third quarter of FY 2015/16 and maintaining paid up capital of the Bank at NPR 4,800 million.
- d. Distribution of bonus share of 15.48% from distributable profit of FY 2015/16 and maintaining paid up capital of the Bank by Mid October 2016 at NPR 5,550 million.
- e. Right share issuance at the rate of 100:33 by the end of third quarter of FY 2016/17 and maintaining paid up capital of the Bank at NPR 7,380 million.
- f. Distribution of bonus share of 9.00% from distributable profit of FY 2016/17 and including it in paid up capital of the Bank to make it NPR 8,000 million.

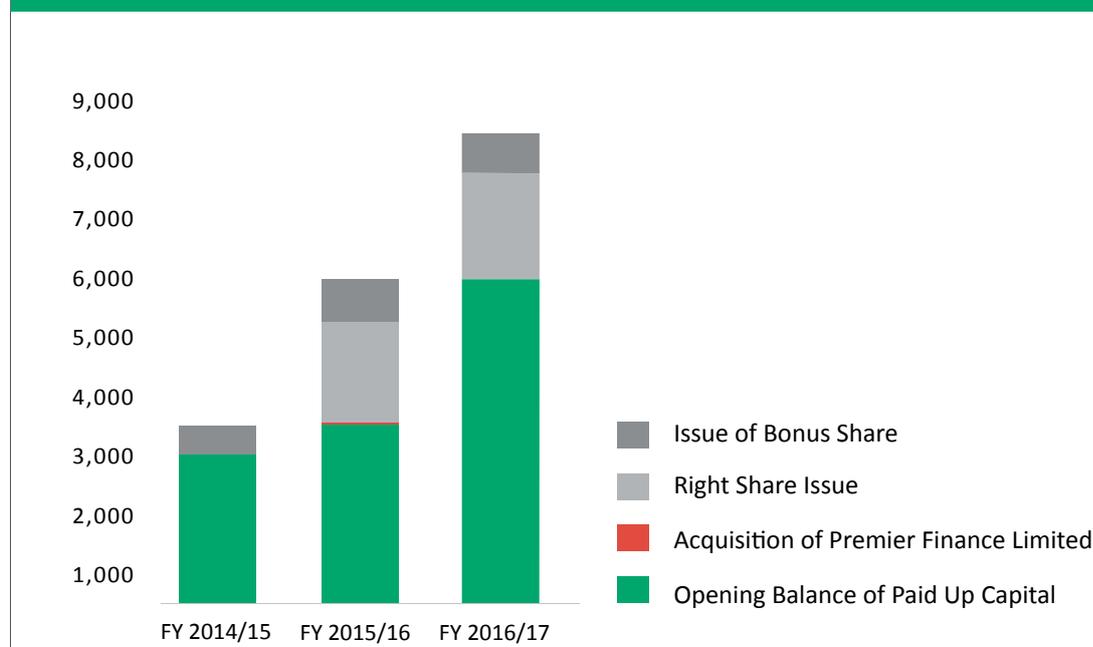
Note: Cash dividend to cover the tax deduction at source prevalent shall be distributed.

NPR in Million

S. No.	Particulars	FY 2014/15	FY 2015/16	FY 2016/17
1	Opening Balance of Paid Up Capital NPR	2,554.36	3,065.23	5,550.38
2	Acquisition of Premier Finance Limited NPR		35.56	
3	Right Share Issue NPR		1,705.44	1,831.63
4	Total Paid up Capital NPR (1+2+3)	2,554.36	4,806.23	7,382.01
5	Undistributed Profit of last year NPR	8.09	125.18	85.95
6	Current Year Profit NPR	720.30	940.81	977.58
7	Transfer from Capital Reserve NPR	113.25	91.44	
8	Transfer to General Reserve NPR	144.06	188.16	195.52
9	Transfer to Other Reserves NPR	34.64	100.00	100.00
10	Distributable Profit NPR (5+6+7-8-9)	662.94	869.27	768.01
11	Issue of Bonus Share NPR	510.87	744.15	664.52
12	TDS on Dividend NPR	23.89	39.17	34.97
13	Undistributed Profit at the end of year NPR (10-11-12)	128.18	85.95	68.52
14	Paid up Capital at the end of the year NPR (4+11)	3,065.23	5,550.38	8,046.53

CAPITAL PLAN

NPR in Million



BRANCH NETWORKS

2007

KAMALADI BRANCH
Kamaladi, Kathmandu

2008

BIRATNAGAR BRANCH
Dharan Road, Morang

BIRGUNJ BRANCH
Adarsha Nagar Chowk, Parsa

POKHARA BRANCH
Naya Sadak, Kaski

NEPALGUNJ BRANCH
Dhamboji Chowk, Banke

BOUDHA BRANCH
Jorpati, Kathmandu

NEWROAD BRANCH
Naya Sadak, Basantapur, Kathmandu

KUMARIPATI BRANCH
Kumaripati, Lalitpur

KOTESHWOR BRANCH
Koteswor, Kathmandu

2009

NARAYANGHAT BRANCH
Lions Chowk, Chitwan

KALANKI BRANCH
Ganesh Man Singh Marg, Kathmandu

BUTWAL BRANCH
Pushpalal Park, Rupendehi

THAHITI BRANCH
Thahiti Chowk, Kathmandu

DHANGADHI BRANCH
Main Road, Dhangadhi, Kailali

NAYABAZAR BRANCH
V.S. Complex, Sohrakhutte, Kathmandu

BIRTAMOD BRANCH
Kakadvitta Road, Jhapa

MAITIDEVI BRANCH
Seto Pul, Maitidevi, Kathmandu

2010

BENI BRANCH
New Road, Beni Bazar, Myagdi

GHORAH BRANCH
New Road, Ghorahi, Dang

GAIGHAT BRANCH
Gaighat Bazar, Udayapur

KIRTIPUR BRANCH
Nayabazar, Kirtipur, Kathmandu

NARAYANGOPAL CHOWK BRANCH
Narayangopal Chowk, Maharajgunj, Kathmandu

MAHENDRANAGAR BRANCH
Near Buspark, Mahendranagar, Kanchanpur

KAPAN BRANCH
Saraswati Nagar, Kapan Marg, Kathmandu

PATHLAIYA BRANCH
Pipra Simra, Bara, Bara

THIMI BRANCH
Bayakha Bazar, Thimi, Bhaktapur

SUMMARY OF BRANCH EXPANSION

YEAR	NO OF BRANCH
2007	1
2008	8
2009	8
2010	9
2011	7
2013	3
2014	11
2015	7
TOTAL	54

2011

SIMIKOT BRANCH
Mathillo Bazar, Humla

CHARIKOT BRANCH
Beech Bazar, Charikot,
Dolakha

ITAHARI BRANCH
Dharan Road, Itahari,
Sunsari

BHAKTAPUR BRANCH
Durbar Square Area,
Khauma, Bhaktapur

JANAKPUR BRANCH
Bhanu Chowk, Janakpur

PATAN BRANCH
Chayabahal, Lalitpur

SURKHET BRANCH
Sunny Hall Line, Surkhet

2013

HETAUDA BRANCH
Parijat Path, Makwanpur

JUMLA BRANCH
Chandannath, Jumla

JAJARKOT BRANCH
Khalangawa Bazar, Jajarkot

2014

SIDDHARTHANAGAR BRANCH
Bank Road, Rupandehi

SAMAKHUSI BRANCH
Samakhusi, Kathmandu

KOLHABI BRANCH
Kolhabi, Bara

DUNAI BRANCH
Dunai Bazar, Dolpa

BAGLUNG BRANCH
Bal Mandir Road, Baglung

THAPATHALI BRANCH
Thapathali, Kathmandu

NIJGADH BRANCH
Nijgadh, Nijgadh

CHAINPUR BRANCH
Bajhang, Bajhang

SANUSHREE BRANCH
Bardiya, Bardiya

BHOJPUR BRANCH
Bhojpur, Bhojpur

DHARAN BRANCH
Dharan, Sunsari

2015

DILLIBAZAR BRANCH
Dillibazar, Kathmandu

BANEPA BRANCH
Banepa, Kavre

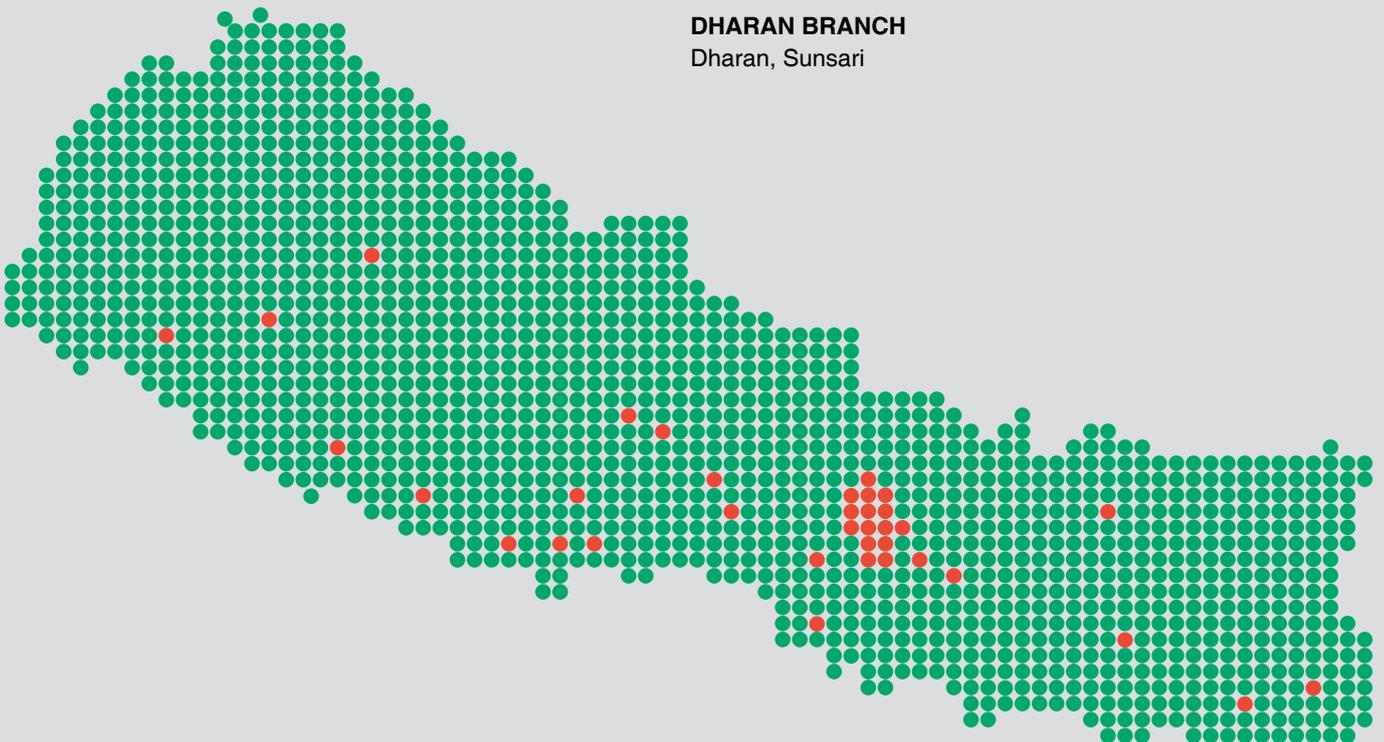
MAHABOUDHA BRANCH
Mahaboudha,
Kathmandu

TRIPURESHWOR BRANCH
Tripureshwor,
Kathmandu

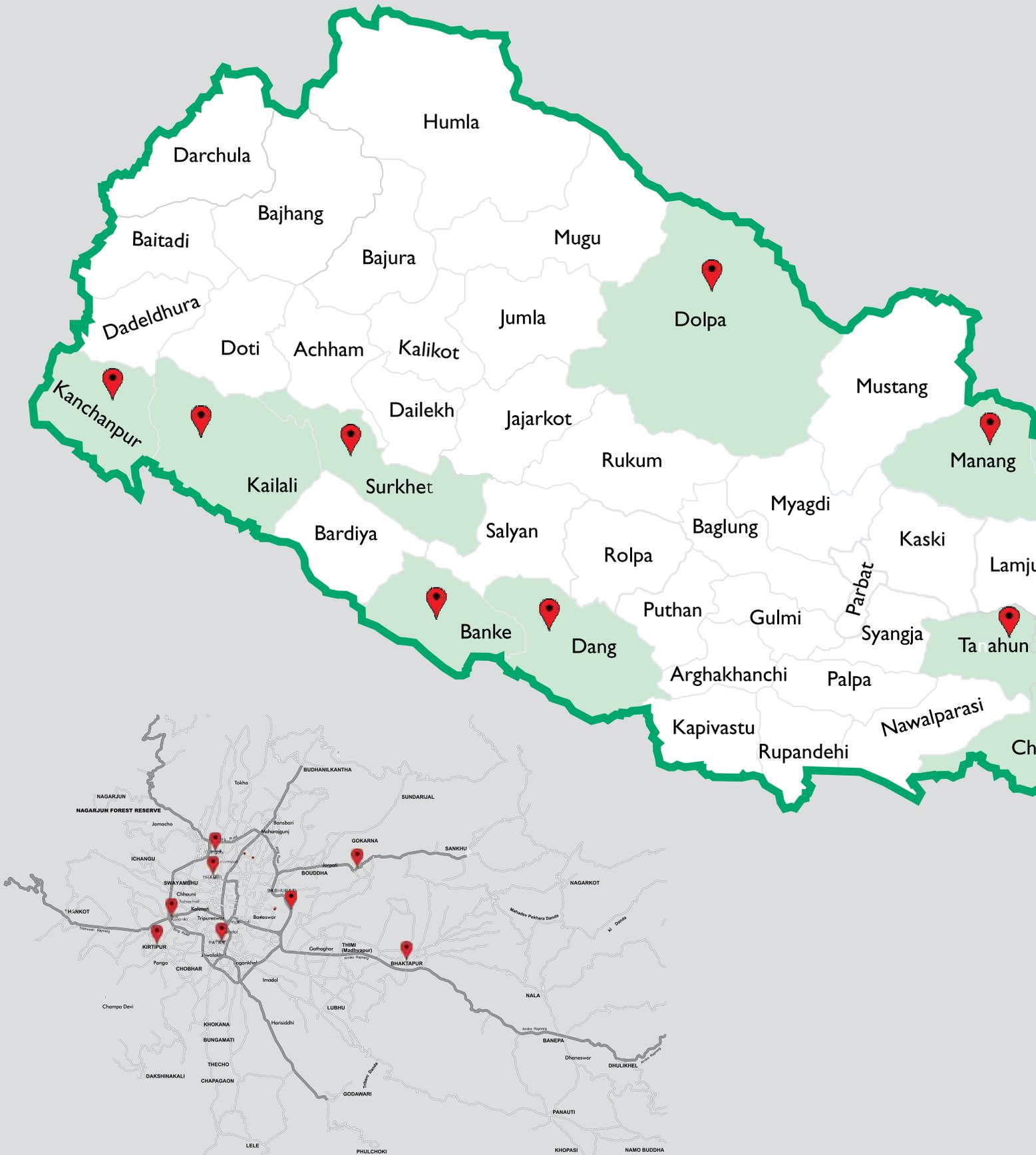
NAYA BANESHWOR BRANCH
Naya Baneshwor,
Kathmandu

BIRATNAGAR BRANCH
Himalayan Road, Morang

BOUDHA BRANCH
Boudha, Kathmandu



ATM LOCATIONS



INSIDE VALLEY

KAMALADI	Kamaladi
BOUDHA	Jorpati
NEWROAD	Basantapur
KUMARIPATI	Kumaripati
KOTESHWOR	Koteshwor
KALANKI	Ganesh Man Singh Marga
THAIHITY	Thaihiti Chowk
NAYABAZAR	V.S Complex, Sohrakutte
MAITIDEVI	Seto Pul-Maitidevi
KIRTIPUR	Nayabazar, Kirtipur
NARAYAN GOPAL CHOWK	Naryan Gopal Chowk
KAPAN	Saraswotinaragar
THIMI	Bayakha Bazar, Thimi
BHAKTAPUR	Durbar Square Area, Kha
PATAN	Chayabahal
GEMS, DHAPAKHEL	Dhapakhel
BATTISPUTALI	Battisputali
BHATBHATENI	Bhatbhateni
THAPATHALI	Thapathali
SALLAGHARI	Sallaghari, Bhaktapur
SAMAKHUSI	Samakhusi, Kathmandu
NEW BANESHWOR	Shankhamul Marg, New Baneshwor, Kathmandu

OUTSIDE VALLEY

BIRATNAGAR	Dharan Road
BIRGUNJ	Adarsha Nagar Chowk
POKHARA	Naya Sadak
NEPALGUNJ	Dhambouji Chowk
NARAYANGHAT	Lions Chowk
BUTWAL	Pushpalal Park
DHANGHADI	Main Road
BIRTAMOD	Kakadvitta Road
BENI	New Road, Beni Bazar
GHORAH	New Road, Ghorahi
GAIGHAT	Gaighat Bazar
MAHENDRANAGAR	Near Buspark, Mahendranagar
CHARIKOT	Beech Bazar, Charikot
ITAHARI	Dharan Road, Itahari
JANAKPUR	Bhanu Chowk
SURKHET	Sunny Hall Line
HETAUDA	Parijatpath
SIDDHARTHANAGAR	Bank Road, Siddharthanagar
JUMLA	Chadannath VDC-07
KOLHABI	Kolhabi Bara
SANOSHREE	Sanoshree-03, Bardiya
DHARAN	Putaliline, Dharan -9, Sunsari
NIJGADH	Sahid Chowk, Nijgadh, Bara



MAJOR EVENTS OF FY 2014/15



BRANCH OPENINGS

NIJGHAD

July 29, 2014

BAJHANG

August 14, 2014

SANOSHREE

August 16, 2014

BHOJPUR

August 26, 2014

DHARAN

September 25, 2014

DILLIBAZAR

May 08, 2015

BANEPA

May 08, 2015

MAHABOUDHA

May 08, 2015

BOUDHA

May 08, 2015

BIRATNAGAR

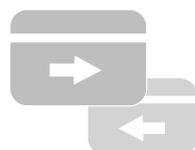
May 08, 2015

TRIPURESHWOR

May 08, 2015

NAYABANESHWOR

June 07, 2015



REMITTANCE CONTRACT SIGNING

INTERNATIONAL REMITTANCE COMPANIES

SMALL WORLD FIN. SERVICES

March 06, 2015

WORLD REMIT

May 18, 2015



DOMESTIC REMITTANCE COMPANIES

SEWA REMIT

August 15, 2014

SAMSARA REMIT

August 18, 2014

EASYLINK REMIT

August 25, 2014

JME REMIT

February 05, 2015



AGM FY 2013/14

October 01, 2014

SPECIAL AGM

February 14, 2015



ANNIVERSARY DATE

April 14, 2015



BRANCH MANAGER'S MEET

April 13, 2015



COMPLETION OF MOFALD PROJECT

FORMAL TERMINATION

May 19, 2015



AGREEMENT SIGNED WITH SAKCHHAM

July 02, 2015



ACQUISITION

May 08, 2015



BLB OPENED

SIDDESWOR VDC, KHODPE
OF BAITADI DISCTRICT

March 30, 2015

CITIZENS BANK INTERNATIONAL LIMITED
P. O. BOX: 19681, SHARADA SADAN, KAMALADI,
KATHMANDU, NEPAL
01-4169067