

**Growing  
Together**

ANNUAL REPORT  
**2014/15**

**HBL**



हिमालयन बैंक लिमिटेड

**Himalayan Bank Ltd.**

# Growing Together



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## Corporate Profile

We at Himalayan Bank believe that we are much a part of society as any other and we have a proactive role to play for those who are striving to rise above their circumstances on the basis of enterprise and effort to pursue their dreams. With a helping hand to assist along the path of progress, these dreams could be achieved.

We believe we have a strong role to play in these endeavors for growth by stepping in to help financially. Whether it is for business establishment or business growth, manageable social obligation, children's education, housing needs, medical expenses etc., we can step in as a helping hand.

With so many banks and financial institutions in the market, what makes us so different? Himalayan Bank being one of the most experienced banks in the country was established as one of the first four private commercial banks and has a solid portfolio of commendable and unimpeachable

achievements. We have helped many people to stand on their own feet. We have assisted many entrepreneurs to set up their businesses and have supported many people in their time of need. Our products have the flexibility to be tailored as per requirement of our clientele.

Himalayan Bank Ltd (HBL) was established in 1993 in joint venture with Habib Bank Limited of Pakistan. Despite the cut-throat competition in the Nepalese banking sector, we have been able to maintain a lead in the primary banking activities-loans and deposits.

## Our Vision

Himalayan Bank has the vision of becoming a leading bank of the country by gaining substantial business growth through premium products and services to customers, thus ensuring attractive and substantial returns to all our stakeholders.



## Our Mission

Himalayan Bank's mission is to become the preferred provider of quality financial services in the country. There are two components to our mission: 'preferred provider' and 'quality financial services'. We believe that our mission will be accomplished only by satisfying these two important components with the customer at the focal point of all our efforts.

## Objective

To become the Bank of first choice is the main objective of the Bank.



## Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors, I would like to thank the Management and staff for their sincere hard work and dedication during the fiscal year. Despite all external challenges, your dedication has helped the bank deliver strong results and maintain its trajectory.

The earthquake on April 25, 2015 was one of the worst natural calamities the country has experienced in recent history. Thousands of people lost their lives, property worth billions was lost or damaged and peoples' livelihoods, particularly in the fourteen worst hit districts were severely destroyed. Even in Kathmandu, people had to resort to living in tents and temporary shelter for over a month given the magnitude and frequency of the aftershocks. On behalf of the Bank, I would like to offer my deepest condolences to families who suffered great loss as result of the earthquake.

The people of Nepal showed great promise, resolve and unity in the aftermath of the earthquake. The political parties were able to unify and expedite the promulgation of the country's constitution, which was declared on September 20, 2015. The unity was short lived, however, with political unrest in the Terai disrupting the supply of fuel and other essentials from the southern borders. The disruptions in the Terai have continued unabated for over three months, and its impact on trade and the economy is expected to severely exacerbate the already fragile

economic state of the country. The banking industry, similar to other industries, continues to struggle amidst continuous political and economic uncertainty.

The Bank's performance during the fiscal year was encouraging despite the challenges facing the Nepalese economy. The Bank saw good growth in most business verticals. Credit growth has been strong, despite excess liquidity in the market. Deposits continue to grow and the Bank's focuses on savings deposits have yielded solid results. The Bank's remittance business has been robust and we remain excited about its growth and development potential. Strong synergies between the Bank's remittance, treasury and trade operations have helped us deliver high quality services to our clients, which have contributed strongly to the Bank's overall bottom-line. Engagement with American Express to solicit AMEX card acquisition and issuance business in Nepal puts the Bank ahead of its competitors. I am confident that Management will continue to look for innovative ways to increase fee based income through the Bank's card operations business.

The Board's focus has been to instill and practice good corporate governance and this remains an ongoing priority. The Board will ensure that the policies of the Bank are aligned to new business needs, and that internal control mechanism are strengthened with updated operating manuals and best practice procedures.

The Board is aware of many challenges facing the country and will offer every support that Management and staff need to grow the Bank's business. We remain encouraged by the display of unity in the aftermath of the earthquake and are hopeful that the ongoing political protests will end soon and that the country and industries will return to trajectory of growth and prosperity. Our management and staff give us great confidence that the Bank will always find new avenues of growth through great customer relationships and innovative products and services.

Thank you.

**Manoj Bahadur Shrestha**  
Chairman, Board of Directors



# Board Of Directors



**Mr. Manoj Bahadur Shrestha**  
Chairman



**Mr. Salim Amlani**  
First Vice Chairman



**Mr. Prachanda Bahadur Shrestha**  
Director



**Mr. Upendra Keshari Poudyal**  
Professional Director



**Mr. Krishna Prasad Acharya**  
Director



**Mr. Sushil Bikram Thapa**  
Director



**Mr. Surendra Silwal**  
Director



**Mr. Himalaya S. Rana**  
Chief Advisor to the Board



## From the Desk of CEO

It gives me pleasure to report another successful year for Himalayan Bank in fiscal year 2014-15. Cohesive effort by the staff members and the management has led to growth in all aspects of the Bank.

I would like to offer my sincere thanks to all the staff members and my fellow colleagues in the Management for their hard work. I would also like to offer my gratitude to the Board Members who provided continuous guidance to the Management, particularly on strategic issues of the Bank. The country faced one of the worst natural calamities in history with the earthquake on April 25, 2015 and the after-shocks that we continue to feel to this day. The fourteen districts that were severely affected are still recovering from what they had to go through—loss of lives and properties. Reflecting on one of its pillars of being a good corporate citizen, the Bank along with its joint venture partner Habib Bank Limited, offered in cash and kind, an assistance in excess of Rs 20 million for relief and rehabilitation of the earthquake victims. Some of the Branches of the Bank were affected and had to be re-located.

Despite the challenges facing the market and the country overall, through our collective effort, we have been able to achieve good results for the Bank. The credit expansion continued with a particular focus on retail and SMEs. The Bank's loan monitoring and recovery was further strengthened to make sure not many loans were

downgraded. The overall deposit of the bank grew as well and a large part of this increase came in the form of low cost savings deposits, where the Bank has been particularly focusing. The remittance business of the Bank continues to grow despite increased competition. As always, the Bank has been continuously exploring new destinations and corridors to increase its remittance business where the Bank continues to lead amongst its competitors. New engagements with new partners abroad is key, and the Bank continues to look for these new engagements. On the same, the Bank made its presence felt by opening a representative office in Malaysia. Similarly, the focus has also been in promoting the business through brand visibility. And all these efforts will be continued in the future.

Treasury operations continue to generate good returns. Cards, which is an important offering of the Bank, continued to grow during the fiscal year. Engagement with American Express to manage the issuance and acquiring business of American Express Cards in Nepal gives Himalayan Bank a distinct advantage over its competitors. IT infrastructure, which has been one of the key strengths of the Bank, will further be strengthened for effective and

efficient delivery of services and for strong control mechanism. The Bank is continuously working to improve its controls and checks and balances and these efforts will be ongoing in the future as well.

The political economy of the country still remains to be in a flux although majority of the parliamentarians were able to promulgate the new constitution of the country. The ongoing protests in the southern parts of the country and border disruptions in the last three months have not helped the country at all. And we, as a Bank, anticipate adverse impacts of these protests and disruptions on our overall business volume and loan repayments. I am cautiously optimistic about our business in the upcoming fiscal year and I hope that the hard work of our staff members, cohesive effort of the Management and guidance by the Board Members will all help us to ride through the tides in the upcoming fiscal year and we are able to achieve what we intend to during the year.

Thank you.

**Ashoke SJB Rana**  
Chief Executive Officer  
Himalayan Bank Ltd.

# Senior Management Team





**Mr. Ashoke SJB Rana**  
Chief Executive Officer



**Mr. Ejaz Qadeer Gill**  
Senior General Manager



**Mr. Sushiel Joshi**  
General Manager



**Mr. Ujjal Rajbhandary**  
Dy. General Manager



**Mr. Anup Maskay**  
Dy. General Manager



**Mr. Maheshwor P. Joshi**  
Chief Manager



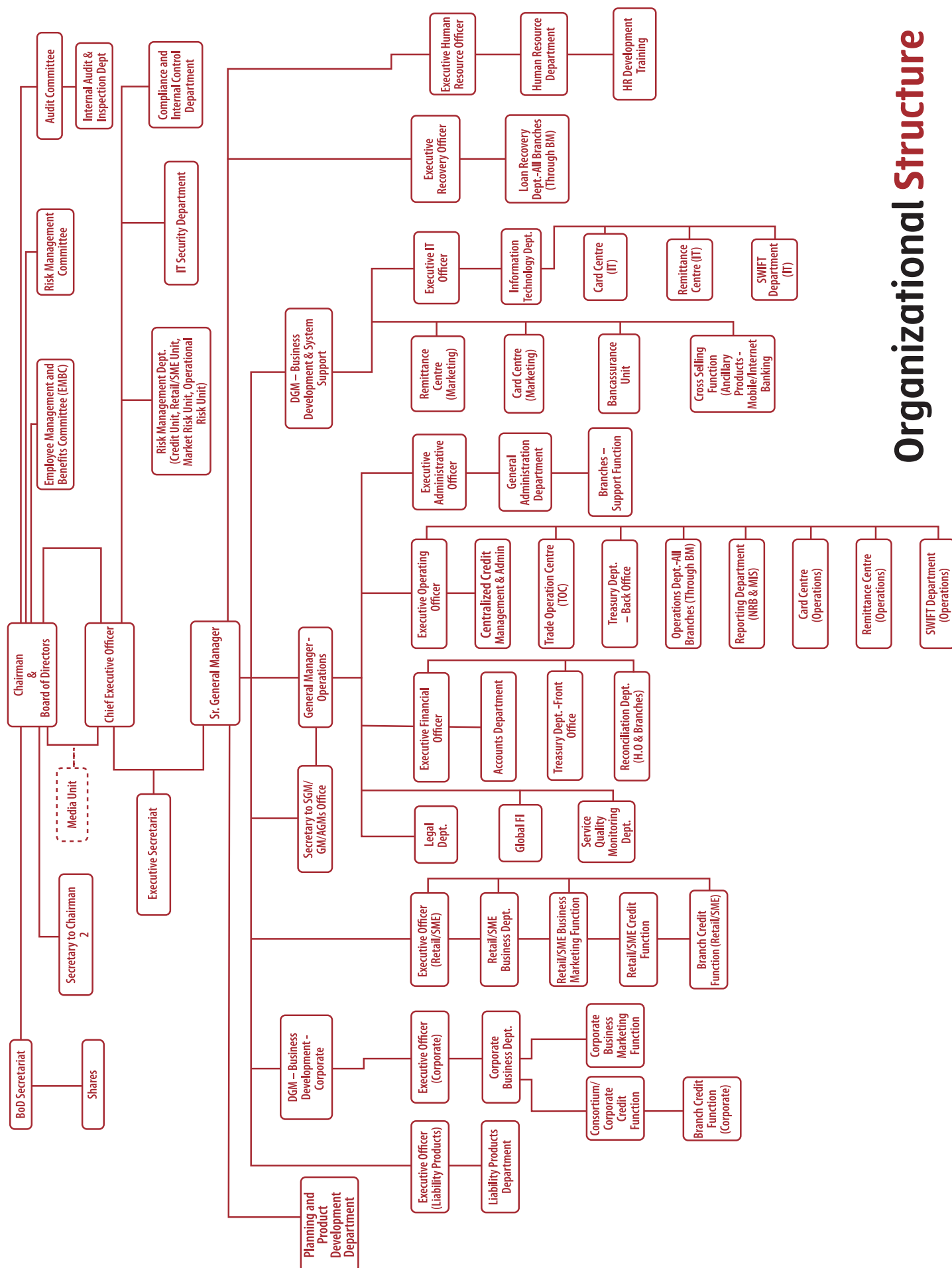
**Mr. Rabindra N. Pradhan**  
Chief Manager



**Mr. Kapil Prasad Lohani**  
Chief Manager



**Mr. Bipin Hada**  
Chief Manager



# Organizational Structure

## HBL Profile/History

With 23 years of banking operation, Himalayan Bank Ltd. is a force to be reckoned with in the Nepalese banking. HBL has always been a pioneer in the Nepalese banking scene with an impeccable track record of performance. HBL, since its inception has been a customer centric bank by connecting customers to opportunities, enabling the businesses to thrive, economies to prosper and ultimately helping people to fulfill their hopes & realize ambitions. Himalayan Bank Ltd. (HBL) was established in 1993 in joint venture with Habib Bank Limited of Pakistan.

Himalayan Bank stays committed to strengthen its footprints in the Nepalese banking industry by focusing on the needs of its customers and the societies we serve, thereby delivering long terms sustainable value to all the stakeholders. In a continuous effort for enhancement and improvement of performance, the bank has outlined key strategic benchmarks:

- Grow the business and returns
- Implement global standards and
- Streamline processes and procedures

Each benchmark set, is complimentary and underpinned by initiatives being undertaken within the day to day business. Together, we aspire to create value for our customers and shareholders and contribute to the long term sustainability of the bank. The bank as always will not rest on its past laurels but look ahead to sustain fiscal consolidation through fiscal strategies.

HBL has upheld the spirit of "pursuing excellence" throughout its 23 year history. With adoration of the nation in

its soul, integrity as its backbone, reform and innovation as its path forward and "customer first" as its guiding principle, the Bank has built up an excellent brand image that is widely recognized within the industry and by its customers. Faced with new historic opportunities, the Bank will meet its social responsibilities, strive for excellence, and make further contributions to achieving the Nepal Dream and the great rejuvenation of the nation.

To build HBL into an excellent bank driven by the pursuit of noble values, a bank that shoulders significant responsibility for the nation's revival, a bank that possesses competitive edges in the globalization process, a bank that leads lifestyle changes in technological innovations, a bank that earns customer loyalty in market competition and a bank that meets the expectations of shareholders, employees and society in the course of its sustained development. Our strategy guides where and how we seek to compete. We constantly assess our progress against this strategy and provide regular updates to stakeholders and in this; we march ahead with power to lead.



## What We Do

Himalayan Bank Ltd. has a diverse range of products and services that cater to the different individual needs of its many customers. The Bank has earned a well-deserved reputation as a pioneer in introducing many innovative products.

### DEPOSIT PRODUCTS

Himalayan Bank offers a choice of deposit products that customers can choose from to suit their individual requirements. Savings products include the following accounts:

- **Normal Savings:** with minimum balance
- **Himal Savings:** zero balance account
- **Bishesh Savings:** for minor, senior citizens, physically handicapped and illiterate people
- **Premium Savings:** with exclusive service
- **Super Premium Savings:** with exclusive service and high returns
- **Himal Remit Savings:** customized for remitters and beneficiaries
- **Nari Bachat:** for all category female
- **Shareholder's Savings:** for the shareholders of Himalayan Bank Ltd
- **3 Years Recurring:** for monthly fixed deposit
- **Fixed Deposit:** for deposit of funds for a fixed period of time)
- **Special Payroll:** for payroll employees of corporate houses
- **Current:** for daily business transaction
- **Current Call:** for NGOs, INGOs and charitable trusts with interest rate

Fixed deposit products for individuals and institutions include:

Fixed Term Deposit Account (for those willing to park funds for 2 to 5 years and earn attractive returns).

### LOAN

Himalayan Bank offers a variety of Loan facility to meet their customers purpose.

- **Subidha Loan:** customized loan facility to the customers to meet expenses related to various social religious ceremonies, higher education, refurbishment, consumer durables, medical treatment of family member, travelling etc.
- **Home Loan:** for purchase of house, purchase of Land alone, Construction of house, Home Loan Extension (Additions/extension/renovation/modification).
- **Hire Purchase Loan:** to purchase a new vehicle for individual and commercial purpose
- **SME Loan:** special loan package meant for small and medium sized enterprises.
- **SPB Loan:** for purchase of assets or loan against already owned property
- **Consumer Financing:** To magnify the utility by providing customer the opportunity to purchase high value consumer products despite of lower credit limit.

### CREDIT SERVICES

Himalayan Bank offers a wide range of tailor-made funded and non-funded credit facilities to suit different funding requirements.

### Corporate Lending:

Project financing, consortium financing, fixed term loan, working capital financing, trade financing, and loan against first class bank guarantee.

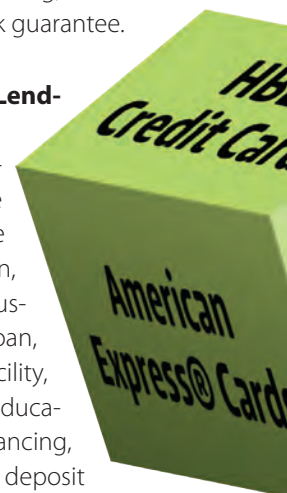
### Retail/Consumer Lending:

Home Loan, hire purchase loan, fixed rate home/hire purchase loan, mortgage loan, credit card loan, housing loan, subidha loan, and FD with OD facility, card merchant loan, educational institution financing, loan against fixed deposit receipt, loan against government bonds/securities, and loan against shares.

Specialized Lending is directed towards providing credit facilities to small and medium enterprises (SMEs), Small Personal Business Loan, Trade Services (LC) and guarantee (bid bond, performance bond, advance payment, and counter guarantee).

### CARD SERVICES

Himalayan Bank was the first to introduce the first Nepali credit card for the domestic market. HBL Card, which was the most popular card in the country at one time. Now, Himalayan Bank is offering various types of card services like; HBL SCT/Visa /Master Debit Card, HBL Visa Credit Card, HBL Master Credit Card, HBL Prepaid Visa Card and Hi-



Himalayan Bank American Express Gold Credit Card. The Bank has been facilitating its customer by providing acquiring card service of JCB and China Union Pay cards through its network.

#### HBL Debit Card

"A debit card is an electronic card tied for direct and immediate access to a bank account for any transaction up to the available balance in the account.

HBL provides 3 types of debit cards namely, VISA Debit, MasterCard Debit and SCT Debit card to its customers."

#### HBL Credit Card

"It is a card that facilitates cardholder to buy goods/services, borrow money for payment to a merchant, Withdraw cash in advance (ATM) for pre approved funds that cardholder agrees to pay later."

#### American Express Gold Credit Card

"American Express® is a global services company, providing customers with access to products, insights and experiences that enrich lives and build business success. Himalayan Bank Limited is the



sole issuer of the cards with state-of-the-art CHIP based advanced technology. It is a premium world renowned brand product and you can get supplementary cards for spouse/children too."

### HBL Prepaid Card

"A prepaid card is a card you can load with a set amount of money to allow you to make purchases at thousands of merchants and ATMs where the card/brand is accepted without going into debt. It offers online transaction option and is best suitable for travel purpose. Unlike in debit cards, the customers do not need to open an account for the issuance of prepaid cards. Visa Domestic Prepaid, Visa International Prepaid and HBL UnionPay International Prepaid can be used by HBL's customer."

### HIMAL REMIT

Himalayan Bank is a pioneer in the field of retail money transfer business with over a decade-long customized service delivery experience in the field. The bank conducts this business through HimalRemit, a state-of-art web-based online money transfer system that is easily accessible through our main

web domain [www.himalayanbank.com](http://www.himalayanbank.com). It can be directly accessed by all our branches and network thus ensuring prompt execution of remittances. The product is monitored and serviced 24/7 by our Remittance Promotion Department dedicated to deliver fast and reliable services to the customers. HimalRemit has the largest payment network with more than 7,400 payment locations covering all cities, towns, and villages of the country.

### ANCILLARY SERVICES

Himalayan Bank offers a host of ancillary services that provide convenience, security and comfort to its customers. Among these are:

- **SMS banking:** Allows customers to check their balance, status of cheque (encashed or not), the last three transactions, and the Bank's foreign exchange rate.
- **Himal@net - Internet Banking:** Banking can be done safely and securely at all times of the day from wherever there is a connection.
- **24/7 Automated Teller Machines (ATMs):** in more than 80 locations.
- 365 days banking.
- **Any Branch Banking Services (ABBS).**

- **Fund transfer:** within and outside the country.
- **Fee collection/payment services:** for educational institutions.
- **Service package for students:** for those going abroad for higher studies.
- **SMS Alert:** Sends SMS notifications on Debit & Credit transaction (Cash Deposit/Cheque Withdrawal, Remittance Credit)
- **Internet Banking:** most advanced and secured online banking Himal@net (Internet Banking, ARC IB) facilitates access to all your banking needs in a simple and secure environment over the internet, from the comfort of anywhere.
- **Safe Deposit Locker:** Customers availing of this facility enjoy not only peace of mind in terms of security of their valuable belongings but also one of the most attractive rates, different sizes and ease of location.
- **e-Commerce :** A payment gateway that allows customers to pay-online using Visa/Mastercard

### BANCASSURANCE

Bancassurance will give the bank's customers' access to financial products of insurance companies, both life and non-life.





## International Correspondent Network



### **USA**

- Standard Chartered Bank
- Mashreq Bank
- Habib American Bank
- Habib Bank Ltd
- Commerz Bank



### **UK**

- Habib - UK Plc
- Standard Chartered Bank



### **GERMANY**

- Standard Chartered Bank
- Commerz Bank



### **PAKISTAN**

- Habib Bank Limited



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#### **INDIA**

- ICICI Bank Limited
- Bank of America
- Bank of India
- HDFC Bank Limited
- Standard Chartered Bank
- Axis Bank

#### **SINGAPORE**

- Habib Bank Limited

#### **AUSTRALIA**

- Commonwealth Bank

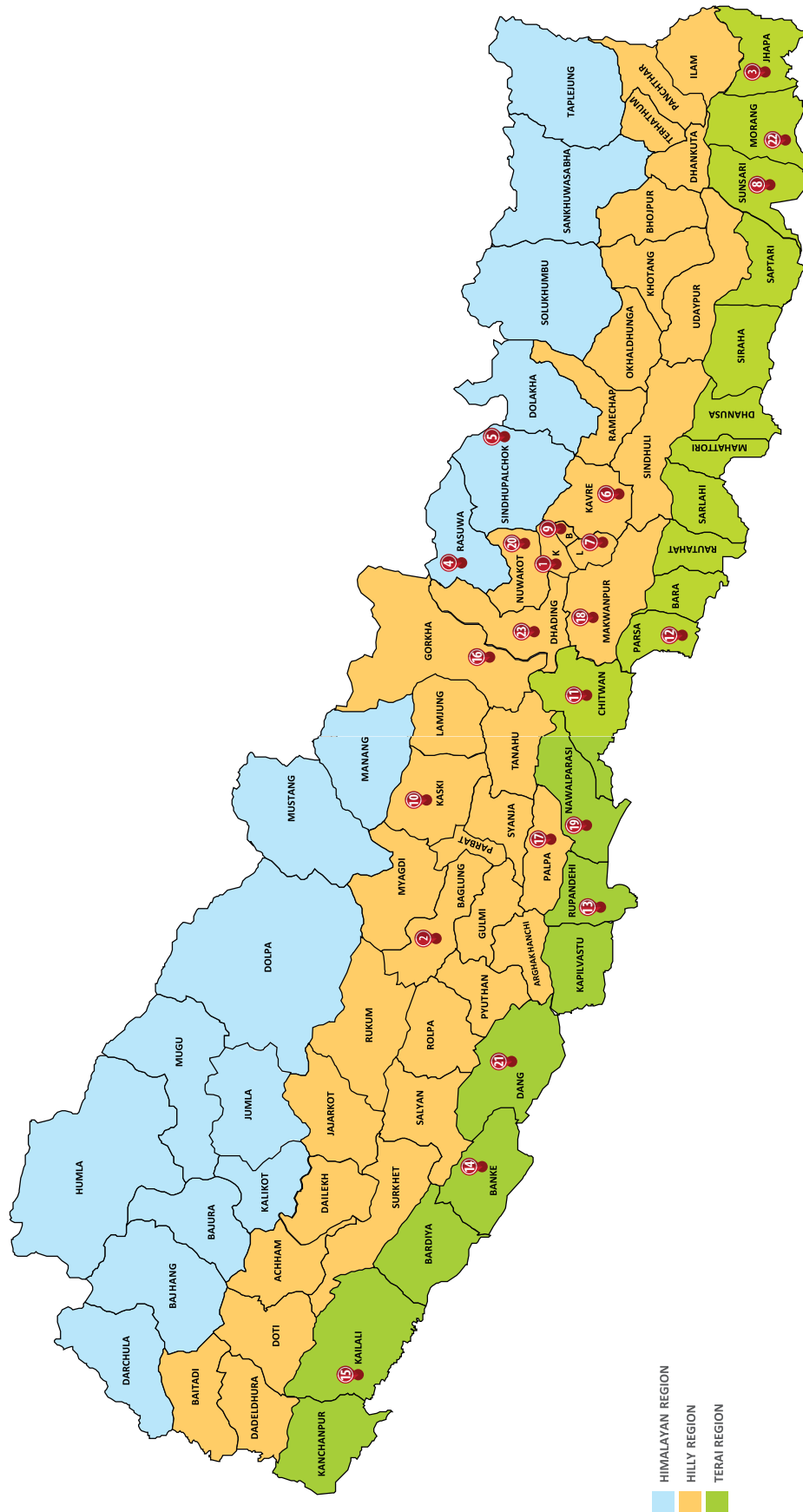
#### **SOUTH KOREA**

- Korea Exchange Bank
- Kookmin Bank
- Woori Bank

#### **JAPAN**

- Standard Chartered Bank

# Local Network



**1 a. Corporate Office:**

Kamaladi, Kathmandu, Nepal  
P.O. Box: 20590, Tel: 4227749, Fax: 977-1-4222800  
E-mail: himal@himalayanbank.com  
Website: www.himalayanbank.com, SWIFT: HIMANPKA

**2. Baglung Branch**

Jeep Park, Baglung  
Tel: 068-522690, Fax: 977-68-522691  
Email: baglung@himalayanbank.com

**1 b. Battisputali Branch**

Battisputali, Kathmandu  
Tel: 01-4484990, Fax: 977-1-4484991  
Email: battisputali@himalayanbank.com

**3 a. Birtamod Branch**

Sanischarya Road, Birtamod, Jhapa  
Tel: 023-545611, Fax: 977-023-545610  
Email: birtamod@himalayanbank.com

**4. Betrawati Branch**

Laharepauwa, Betrawati, Rasuwa  
Tel: 010-681343, 412001, Fax: 977-10-412002  
Email: betrawati@himalayanbank.com

**5. Bahrabise Branch**

Barahabise Bazar, Sindhupalchowk  
Tel: 011-489290, Fax: 977-11-489291  
Email: barahabise@himalayanbank.com

**6. Banepa Branch**

Tindobato, Banepa  
Tel: 011-664734, Fax: 977-11-664735  
Email: banepa@himalayanbank.com

**7 a. Patan Branch**

Pulchowk, Lalitpur  
Tel: 01-5010584, 5010593, Fax: 977-1-5010754  
Email: patan@himalayanbank.com

**1 c. New Road Branch**

Bishal Bazaar Complex, Kathmandu  
Tel: 01-4243107, 4224787, Fax: 977-1-4240086  
Email: newroad@himalayanbank.com

**1 d. Maharajgunj Branch**

Maharajgunj, Kathmandu  
Tel: 01-4425183, 4424292, Fax: 977-1-4425181  
Email: maharajgunj@himalayanbank.com

**1 e. Global FI & Remittance Centre**

Kamaladi, Kathmandu  
Tel: 01-4227749, 4250354 Fax: 977-1-4250351  
Toll Free No.: 16-600-111-000

**8 a. Dharan Branch**

Putali Line, Sunsari  
Tel: 025-528966, 528967, Fax: 977-25-528968  
Email: dharan@himalayanbank.com

**9 a. Kaushaltar Branch**

Gatthaghar, Bhaktapur  
Tel: 01-6639564, Fax: 977-1-6639563  
Email: kaushaltar@himalayanbank.com

**10 a. Pokhara Branch**

New Road, Pokhara  
Tel: 061-538907, 540230, Fax: 977-61-538908  
Email: pokhara@himalayanbank.com

**11 a. Parsa Branch**

Naya Road, Parsa, Chitwan  
Tel: 056-583628, Fax: 977-56-583629  
Email: parsa@himalayanbank.com

**12. Birgunj Branch**

Mahabir Road, Birgunj  
Tel: 051-524678, 527504, Fax: 977-51-527518  
Email: birgunj@himalayanbank.com

**13 a. Butwal Branch**

Traffic Chowk, Butwal  
Tel: 071-551016, 551017, Fax: 977-71-546908  
Email: butwal@himalayanbank.com

**1 f. Sohrakhutte Branch**

Sorakhutte Chowk, Kathmandu  
Tel: 01-4389035, Fax: 977-1-4389036  
Email: sorakhutte@himalayanbank.com

**1 g. Teku Branch**

Kathmandu Business Park, Kathmandu  
Tel: 01-4104572, 4104687, Fax: 977-1-4104568  
Email: teku@himalayanbank.com

**1 h. Dillibazar Branch**

Siddhibhawan, Charkhal Adda, Kathmandu  
Tel: 01-4431658, Fax: 977-1-4431659  
Email: dillibazar@himalayanbank.com

**14. Nepalgunj Branch**

Dhamboji, Nepalgunj  
Tel: 01-4431658, Fax: 977-1-4431659  
Email: nepalgunj@himalayanbank.com

**15. Dhangadi Branch**

Ratopool, Dhangadi  
Tel: 091-520202, Fax: 977-91-520204  
Email: dhangadi@himalayanbank.com

**11 b. Bharatpur Branch**

Pulchowk, Chitwan  
Tel: 056-572097, 572225, Fax: 977-56-571822  
Email: bharatpur@himalayanbank.com

**8 b. Itahari Branch**

Pathibhara Market, Dharan Road, Itahari  
Tel: 025-587041, 587042, Fax: 977-25-587940  
Email: itahari@himalayanbank.com

**16. Gorkha Branch**

Bus Park, Gorkha  
Tel: 064-421520, Fax: 977-64-421521  
Email: gorkha@himalayanbank.com

**11 c. Tandil Branch**

Sauraha Chowk, Tandil  
Tel: 056-560750, Fax: 977-56-561850  
Email: tandil@himalayanbank.com

**17. Palpa Branch**

Silkhan Tole, Tansen, Palpa  
Tel: 075-522641, 520095, Fax: 977-75-522642  
Email: palpa@himalayanbank.com

**1 i. Kalanki Branch**

Kalanki Chowk, Kathmandu  
Tel: 01-4279762, Fax: 977-1-4279765  
Email: kalanki@himalayanbank.com

**9 b. Bhaktapur Branch**

Sukuldhoka, Bhaktapur  
Tel: 01-6617493, 6616092 Fax: 977-1-6617492  
Email: bhaktapur@himalayanbank.com

**1 j. Chabahil Branch**

Chuchepati, Chabahil  
Tel: 01-4462045, Fax: 977-1-4490064  
Email: chabahil@himalayanbank.com

**7 b. Satdobato Branch**

Satdobato Chowk, Lalitpur  
Tel: 01-5002645, Fax: 977-1-5002535  
Email: satdobato@himalayanbank.com

**1 k. Samakhushi Branch**

Gangabu, Samakhushi  
Tel: 01-4354663, Fax: 977-1-4354446  
Email: samakhushi@himalayanbank.com

**18. Hetauda Branch**

Main Road, Hetauda  
Tel: 057-525877, 522899, Fax: 977-57-523156  
Email: hetauda@himalayanbank.com

**1 l. Swoyambhu Branch**

APF Welfare Plaza, Swoyambhu  
Tel: 01-4033798, 4285461, Fax: 977-1-4033776  
Email: swoyambhu@himalayanbank.com

**19. Kawsoti Branch**

Shabhupati Chowk-5, Nawalparasi  
Tel: 078-541040, Fax: 977-78-541045  
Email: kawsoti@himalayanbank.com

**13 b. Bhairahawa Branch**

Prahari Tole, Siddharthanagar  
Tel: 071-526945, 524395, Fax: 977-71-524407  
Email: bhairahawa@himalayanbank.com

**20. Trishuli Branch**

Neupane Bhawan, Battar, Trishuli  
Tel: 010-561696, Fax: 977-10-561697  
Email: trishuli@himalayanbank.com

**1 m. Card Centre**

Kamaladi, Kathmandu  
Tel: 01-4245979, 4245980, Fax: 977-1-4245932  
Toll Free No.: 16-600-112-000  
Email: cardcenter@himalayanbank.com

**21. Ghorahi Branch**

New Road, Ghorahi, Dang  
Tel: 082-562901, Fax: 977-82-562902  
Email: ghorahi@himalayanbank.com

**22. Biratnagar Branch**

Sanihat, Mainroad, Biratnagar  
Tel: 021-524653, 534944, Fax: 977-21-528452  
Email: biratnagar@himalayanbank.com

**1 n. New Baneshwor Branch**

New Baneshwor Chowk, Kathmandu  
Tel: 01-4785583, 4784859, Fax: 977-1-4785589  
Email: nbaneshwor@himalayanbank.com

**23. Dhading Branch**

Dhading Besi, Dhading  
Tel: 010-5211111, Fax: 977-10-521110  
Email: dhading@himalayanbank.com

**3 b. Damak Branch**

Highway, Damak, Jhapa  
Tel: 023-585291, 585292 Fax: 977-23-585094  
Email: damak@himalayanbank.com

**10 b. Ram Bazaar Branch**

Amarsingh Chowk, Rambazaar, Pokhara  
Tel: 061-430301, Fax: 977-61-430302

**1 o. Thamel Branch**

Karmachari Sanchaya Kosh Building, Tridevi Marg, Thamel  
Phone: 4227745, 4227756  
Fax: 977-1-4250356  
Email: thamel@himalayanbank.com

# Report of the Board of Directors To the Twenty-third Annual General Meeting

Dear Shareholders.

On behalf of the Board of Directors, we cordially welcome all the shareholders present at this Twenty-third Annual General Meeting of Himalayan Bank Limited.

We are pleased to inform you that the Bank's performance during FY 2014-15, leaving aside a few exceptions, by and large has been very good. The Bank has done well in all the areas. Credit disbursement, deposit solicitation, remittance related profits, human resource development and expansion of services were quite encouraging resulting to increased profitability of the Bank. Having said that, we have to mention that the earthquake in April has had some adverse impacts on the Bank's performance. The full picture of the impact is yet to come and we will have to anticipate those impacts coming through during the ongoing fiscal year as well. Similarly, the protests in Madhesh (terai areas) that have been going on for more than 3 months now and the problems observed in the customs points of the Nepal-India border are expected to have adverse impacts on the income of banks and financial institutions.

Having provided efficient service over the last 23 years HBL today stands as one of the leading, secured and dependable bank in the country. As of F.Y. 2014-15 the Bank was able to maintain deposit of Rs. 73.53 billion. As compared to last year loan portfolio of the Bank increased by 19.33% and operating profit increased by 38.54%. While the Bank was able to register a growth of 38.54% in its operating profit, the 100% loan loss provisions that

had to be made against the guarantee issued to Melamchi Drinking Water Development Board that amounted to NPR 681.7 million as advised by the regulator, Nepal Rastra Bank has brought down the operating profit by 30.84% vis-à-vis operating profit of last fiscal year. After this the provisioning of NPR 319.7 million done last year has been reversed and this has resulted to an increase of 15.97% in the Bank's net income after considering tax allocations. We would also like to inform that the court case related to the above guarantee is being deliberated at the Kathmandu District Court and the Court in China.

During the review period the Bank's total number of Branches has reached 42 and total number of ATM to 80.

With the trust of the customers, support of the shareholders and creative initiative of the management, the Bank has been able to progress by the passing of each year. Since its very inception, the Bank's goal has been to contribute towards a safe and secure banking system in Nepal and to provide access to quality financial services to the general public. Given the minimum capital requirement of NPR 8 billion that needs to be fulfilled by FY 2016/17, the Bank has already submitted its capital plan to Nepal Rastra Bank and is carrying out necessary homework to implement action plans mentioned in the capital plan.

I would like to present the Balance Sheet as on July 16, 2015, the Profit and Loss Account for the fiscal year 2014-15, the Profit and Loss Appropriation Account and other financial statements for approval by the Annual General Meeting.

## Review of the Bank's Operations

During the period under review, the Bank's total deposit reached Rs. 73.53 billion, recording an increase of 13.70 percent over the previous year. Similarly, the loans and advances reached Rs. 55.42 billion during the period under review, recording an increase of 19.33 percent over the previous year.

The net assets of the Bank increased by 14.39 percent, reaching Rs. 6.95 billion during the review period, while the gross assets increased by 13.43 percent and are valued at Rs. 84.753 billion.

Even after making provisions of NPR 681.7 million towards the guarantee issued to Melamchi Drinking Water Development Board, the Bank has been able to post an operating profit of NPR 679.56 million during the fiscal year and its net operating income stood at NPR 1.112 billion.

The financial status of the Bank as on October 17, 2015 (first quarter end) is given below:

(In Rs. million)

S.N.	Particulars	2014 As on Oct 17	2015 As on Oct 17	Increase (Decrease) %
1.	Gross Assets	80,979	89,299	10.27
2.	Deposits	68,912	77,530	12.51
3.	Loans, Overdrafts and Bills Purchased and Discounted	50,548	57,494	13.74
4.	Investments	17,438	15,670	(10.14)

During the year under review, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 2.386 million. The Bank has been able to recover Rs 18.7 million from already written off loans. Because of accounting the amount of NPR 681.7 million paid to Melamchi Drinking Water Development under bad loans, the total NPL of the Bank has increased to 3.28%. Owing to concerted efforts being put by the management to recover bad loans, we would like to assure that this effort will help in enhancing profitability of the bank in the ongoing fiscal year.

### Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2013-14 and 2014-15 are presented below:

S.N.	Particulars	16 July 2014	16 July 2015	Increase (Decrease) %
1.	Net Assets (Net Worth)	6,083	6,958	14.39
2.	Gross Assets	74,718	84,753	13.43
3.	Deposits	64,674	73,538	13.70
4.	Loans, Overdrafts and Bills Purchased and Discounted	46,449	55,428	19.33
5.	Investments	1,984	1,711	(13.75)
6.	Net Interest Income	2,494	2,673	7.19
7.	Other Income	2,049	2,305	12.46
8.	Operating and Staff Ex-pense	1,679	1,964	16.96
9.	Operating Profit	982	679	(30.84)
10.	Net Profit	959	1,112	15.97

The comparative compositions of deposit, credit, income and expenditure of the Bank during the fiscal year 2013-14 and the year under review are presented below as an:

Deposit composition : Annex A

Credit composition : Annex B

Income composition : Annex C

Expenditure composition : Annex D

### National and International Events and their Impact on the Bank

The world economy continues to struggle for growth. Most of the developed countries, particularly America and European countries are finding it difficult to

register encouraging growth. The political uncertainty appears to be continued going ahead thereby adversely impacting investments. We all are aware of the impact of the April 25th earthquake in terms of loss of lives and properties. The banking industry was not spared of the adversities brought about by the earthquake. The impact facing the businesses and tourism industry has had adverse impact on the Bank's customers as well which has eventually impacted the Bank's loans and advances. Similarly, we are also aware of the adverse impacts on people's livelihoods and businesses, trade, education that has been brought about by the Madhesh Andolan (terai protests) and the problems seen in the Nepal-India border.

As per Nepal Rastra Bank, the GDP growth of Nepal stood at 3.0% during 2014-15 while the GDP growth rate in the previous year was 5.1%. The inflation rate that clocked 9.1% last year stood at 7.2% in F.Y. 2014-15. Exports decreased by 7.3% in 2014/15. Such exports had increased by 19.6% in the previous year. Import growth rate stood at 8.4% which at previous year stood 28.3%.

The overall BOP recorded a surplus of Rs. 144.85 billion during the review period compared to a surplus of Rs. 127.13 billion in the previous year. The gross foreign exchange reserves surged by 22.8 percent. Such reserves had increased by 24.8 percent in the previous year. The broad money supply during the review period increased by 19.9% as compared to the last year's increment of 19.1%. Similarly, the narrow money supply during the review period increased by 19.7% as compared to the last year's increment of 17.7%.

During the year under review, the total deposits in the banking sector in-

creased by Rs. 282.6 billion (20.1%). Similarly, the loans and advances in the banking sector increased by Rs. 229.30 billion (17.5%). Last year the total loans and advances had increased by Rs. 165.48 billion.

### Current Financial and Banking Environment

The country's GDP that grew by 3.0% in FY 2014-15 grew at 5.1% in the previous year. The banking industry continued to have excess liquidity and lack of investment opportunities in the country resulted into parking of excess funds in low return investment tools such as the treasury bills. Competition and the Central Bank's thrust on consolidation of the banking industry has led to merger of some financial institutions in the industry already and this seems to be continued in the near future as well.

Total number of bank and financial institutions licensed by NRB dropped to 193 as in mid-July 2015 from 200 as of mid-July 2014. After the issuance of bank and financial institution merger and acquisition regulation in 2068, numbers of banks and financial institutions have come down as a result of mergers.

Implementation Status of the Strategy and Program of the Bank for the FY 2014-2015

1. As per the Branch expansion plan, application has been submitted to the Central Bank for opening 5 new Branches. The total number of branches of the Bank reached to 42.
2. The total number of ATMs installed by the Bank is 80.
3. NPA stand at 3.28 percent.
4. Continuity given to the recovery of written-off loans in an active manner.
5. Expanded remittance business to Asian, European and American markets with a focus on sophisticated services.

6. Established Himal Center Flagship Counters at strategic location.
7. Installed additional 346 POS machines for the convenience of the debit and credit card customers.
8. Providing extended hour counter service in the name of 'Non-Stop Banking'.
9. Made deposit and loan products more attractive as per the demand of the general public.
10. Upgraded T24 banking software browser
11. Continuous effort to make the ambience of branches convenient and environment friendly.
12. Regionalization concept introduced – Biratnagar, Bhairahawa, Bharatpur, Birgunj, Pokhara and Nepalgunj Branch as Regional Branches.
13. Centralized credit management and credit administration has already commenced and a total of 41 branches are already part of this centralized system.
14. A separate IT security department has been established.
15. Representative office established in Malaysia.

### Strategies and Programs for FY 2015/2016

1. To contain NPA at the lowest.
2. To establish branches within and outside the valley.
3. Introduction of Loyalty Card for the customers of Himal Remit in domestic market.
4. To expand remittance business to Asian, European and American markets with a focus on sophisticated services.
5. Enhance service delivery of the branches and profit centers
6. To set up additional 4 ATMs at various places. Till date 80 ATMs has been installed.
7. To install additional 500 POS machines.
8. To introduce new deposit, credit products and services.

9. To give continuity to recovery of written –off loans in an active manner.
10. To introduce new deposit, credit products and services
11. To make the ambience of various branches convenient and environmental friendly.
12. To upgrade T24 version and fine tune for better performance

### Corporate Social Responsibility

From its commencement, the Bank has been discharging its social responsibilities through various social and allied institutions. The main services being rendered by the Bank on this front include those relating to education, healthcare, sports, culture and social services. In order to assist in relief and rehabilitation of the April 25th earthquake victims, the Bank and its joint venture partner, Habib Bank Limited, donated NPR 10 million each to make a total donation of NPR 20 million to the Prime Minister's Natural Disaster Relief Fund. Similarly, the Bank distributed solar lights worth NPR 1.1 million to the earthquake victims. On behalf of all the Nepalese people, we would like to offer our sincere thanks to Habib Bank Limited that provided this assistance. Similarly, the Bank has provided various items as assistance to flood victims in Banke and Dang districts. In addition, the Bank provided computers to Nepal Cultural Society as part of its corporate social responsibility.

The Bank has been continuously involved in the development of sports culture such as the cricket, football, basketball, golf, badminton besides sponsoring dance and other cultural programs. Similarly, the Bank sponsored various cultural programs that include dance competition, painting exhibition and music competition. The Bank is alert in discharging its responsibilities in such and other additional fields.

### Board of Directors

During the review period, Mr. Manoj Bahadur Shrestha (representing N. Trading), Mr. Salim Amlani (representing Habib Bank Ltd.) and Mr. P.P Khetan (representing Mutual Trading Company) continue to chair the Board as Chairman, First Vice Chairman and Second Vice Chairman respectively. Similarly, Mr. Prachanda Bahadur Shrestha (representing Chhaya International), Mr. Sushil Bikram Thapa (representing Ava International) continue as Directors in the Bank's Board of Directors. In addition to this, Mr. Upendra Keshari Poudyal Professional Director continues as Directors in the Bank's Board of Directors.

Mr. Surendra Silwal, Director representing Public Shareholders has been elected unopposed with effect from December 24, 2014.

Mr. Radha Krishna Pote, Director representing Employee Provident Fund has been replaced by Mr. Krishna Prasad Acharya as the Director of the Bank with effect from May 27, 2015. And Mr. Himalaya Prasad Siwakoti, Alternate Director representing Employee Provident Fund has been replaced by Mr. Shreeram Shekhar Adhikari with effect from May 27, 2015.

Miss. Menuka Shrestha representing Chhaya International, Mrs. Ranjana Shrestha representing N. Trading continues as the Alternate Director in the Bank's Board of Directors.

Further, Mr. Arun K.C. has been nominated as Alternate Director in the Bank's Board of Directors with effect from July 15, 2015 representing Mutual Trading Company

Further, Mr. Himalaya SJB Rana continues to hold the position of Chief Advisor.

I would like to congratulate the new Directors, Alternate Directors to the

Board and expect his future cooperation towards the Bank's progress and prosperity. I would like to also thank former director Mr. Radha Krishna Pote and former Alternate Director, Mr. Himalaya Prasad Siwakoti for their invaluable contributions to the Bank's success for years. Further, the Board, on this occasion, expresses its firm commitment to continue work in the best interest of the Bank.

### Audit, Balance Sheet and Other Financials

The Balance Sheet as on July 16, 2015, the Profit and Loss Account for fiscal year 2014-15, the Profit and Loss Appropriation Account for the fiscal year 2014-15, the Cash Flow Statement for the fiscal year 2014-15, relevant annexes and the Auditors' Report are enclosed with this report. Further, information required to be disclosed as per the provisions of Company Act 2063, Chapter 7, Clause 109, Sub-Clause (4) are presented as Annex E.

### Profit and Loss Appropriation

The net profit of the Bank amounts Rs. 1.112 billion for the fiscal year 2014-15. Besides this, profit of NPR 18.35 million transferred to the balance sheet from last year's profit, bond redemption reserve amount of NPR 500 million and the contingent liability of NPR 212.5 million allocated for payment towards Melamchi Water Drinking Development Board have been separated for allocations. 20% the net profit i.e. Rs. 222.45 million, has been appropriated to the Statutory General Reserve Fund. In addition, the Bank has allocated Rs 85.714 million from its profit and transferred it to Bond Repayment Reserve. I would like to announce with pleasure a special resolution on distributing a 35 percent bonus share and a 7.1053 percent cash dividend on the paid-up capital to the shareholders for the fiscal year 2014/15. For the proposed bonus

shares and dividends, an amount of Rs. 1.166 billion and 236.7 million respectively has been allocated. After the distribution of the proposed bonus shares, paid - up capital of the Bank would amount to Rs. 4.499 billion. In line with the capital plan submitted to NRB, after distribution of the bonus, the total paid up capital of the bank will stand at NPR 4.499 billion and it propose to issue right share to the tune of 14.28% percent (i.e., 1 share for every 7 shares existing). We are proud of the fact that the Bank has been able to distribute good returns in the form of cash dividends and bonus shares to its shareholders right from the commencement of its operations.

### Vote of Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks to the shareholders, esteemed customers, officials of the Government of Nepal and Nepal Rastra Bank. I would also like to place on record special thanks to the management of our partner Habib Bank Limited, Pakistan, the Bank's Chief Executive Officer, Senior General Manager, General Manager, Deputy General Managers, Senior Executives, staff and associates for making dynamic contributions to the progress and prosperity of the Bank. Finally, I would like to extend hearty thanks to the media for giving wide coverage to our activities and to all our well-wishers.

Thank you.

On behalf of the Board of Directors

Manoj Bahadur Shrestha  
Chairman



Computer Set handing over to Nepal Heritage Society



HBL Golf Tournament Prize Distribution



Cheque and food stuffs handing over to New Cheldren's Home, Chapali

## CSR and Other Activities of the Bank



HBL Rep Office Malaysia, Inauguration



22nd AGM of HBL



Water Tank provided to New Children's Home, Chapali



People collecting drinking water from the tap of Bidur, Nuwakot district renovated by Himalayan Bank



Bank supporting logistics to Om Briddhashram, Thimi, Bhaktapur.



Financial Support to Council of Community Health Services, Swyambhu



Donation Cheque handing over to Prime Minister's Disaster Relief Fund

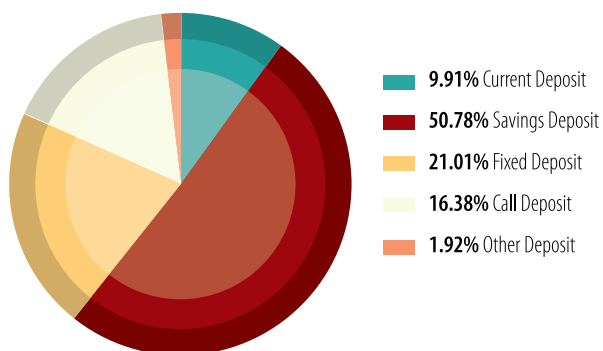


Bank distributing logistic support to Helping Hands Children's Home Dallu, Kathmandu

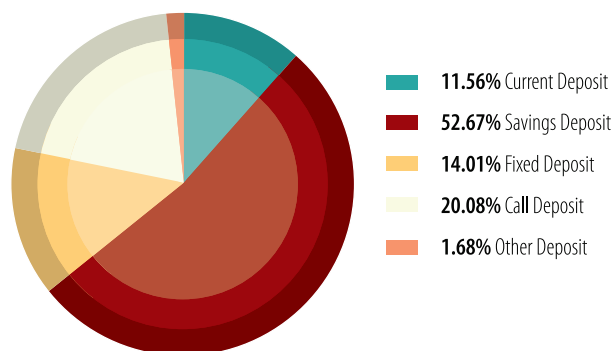


Bank providing food stuffs and logistics at Dharmashala Children Home at Jhaukhel, Bhaktapur.

### Deposit Composition

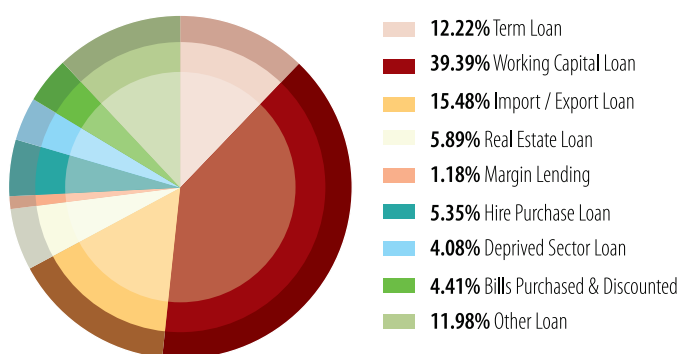


Financial Year 2013/14

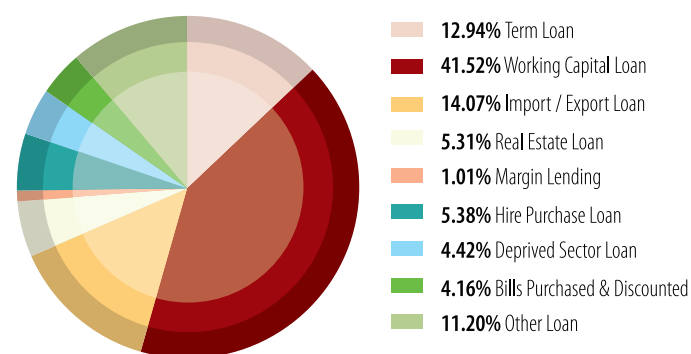


Financial Year 2014/15

### Loan Composition

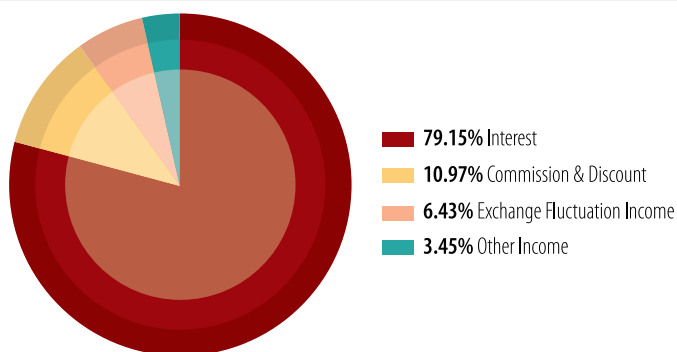


Financial Year 2013/14

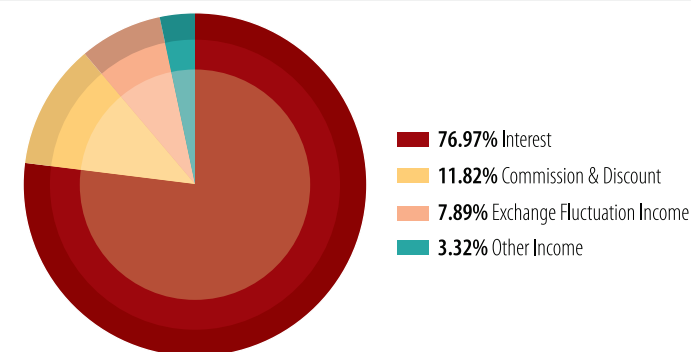


Financial Year 2014/15

### Income Composition

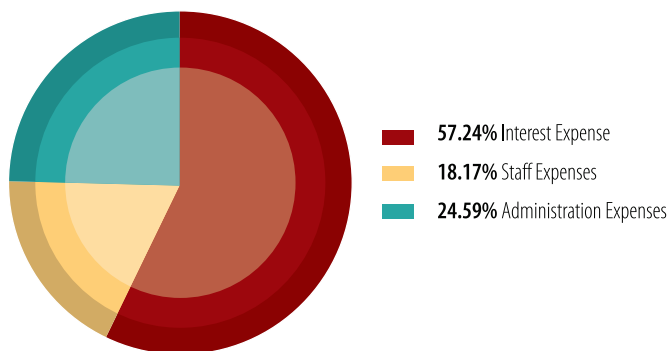


Financial Year 2013/14

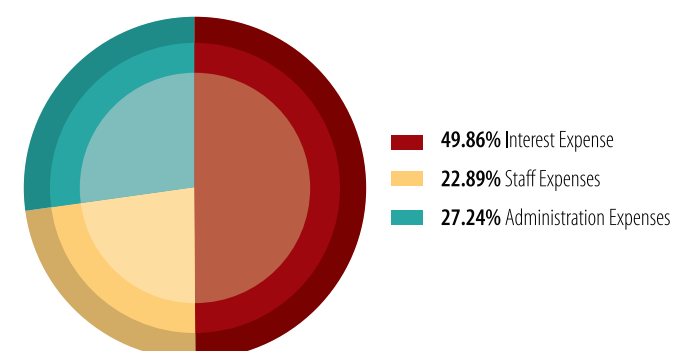


Financial Year 2014/15

### Expense Composition



Financial Year 2013/14



Financial Year 2014/15

# HIMALAYAN BANK LIMITED

## ADDITIONAL DISCLOSURE AS PER SECTION 109(4) OF COMPANIES ACT, 2063

### 1) Detail of Share Forfeiture:

No shares were forfeited during the year.

### 2) Transaction with Subsidiaries:

The Bank has no subsidiaries

### 3) Information provided to the Company by its Substantial Shareholders:

NIL

### 4) Shares purchased by Directors and Officials of the Company during the year:

No such transaction was reported to the Bank.

### 5) Information received on the personal interest of Directors and their close relatives in any Agreement/Contract entered into by the Company:

No such information was received during the year.

### 6) Detail of Share Buy-Back during the year:

The Bank didn't buy-back its own shares during the year.

### 7) Detail of Internal Control System:

The Bank has a very effective Internal Control System in operation which has the following major components:

- 1) Strong internal checks and controls
- 2) Operation Manuals, Comprehensive policies, procedures and guidelines for orderly conduct of operations.
- 3) Credit Policy Guidelines and various manuals
- 4) Compliance & Internal Control Department for monitoring compliance of & periodic review of internal control system
- 5) Independent Internal Audit & Inspection Department
- 6) Periodic review of internal controls and significant audit issues by Audit Committee.

### 8) Total Management expenses during the year:

Employee Expenses during the FY	: Rs. 897,135,263
Administrative Expenses during the FY	: Rs. 1,067,734,990
<b>Total</b>	<b>: Rs. 1,964,870,253</b>

### 9) List of Audit Committee members, their remuneration and facilities and description (and suggestions if any) of the Committee's performance during the year:

Audit Committee members:

- |   |                  |
|---|------------------|
| 1) Mr. Sushil Bikram Thapa  | Co-ordinator     |
| 2) Mr. Surendra Silwal  | Member           |
| 3) Mr. L.D. Mahat (Engagement Leader & Managing Partner – ESC Pvt. Ltd) | Member secretary |

The Committee members have been paid no other remuneration/facility other than the under-mentioned per meeting fees:

Co-ordinator	Members
Rs. 10,000	Rs. 8,000

**The Committee conducted 36 meetings during the FY 2014/15 during which it, among others:**

- 1) Reviewed Internal Audit Reports and gave necessary instruction to the Management for resolution of audit issues.
- 2) Reviewed investigation reports and made various recommendations to the Board of Directors.
- 3) Reviewed Annual Accounts and Auditors Preliminary Audit Report issued by Statutory Auditors, Nepal Rastra Bank inspection report and recommended their adoption by the Board of Directors after incorporation of the directives/instructions issued by the Committee.
- 4) Directed the Management to improve Internal Control system and procedures and recommended amendments to Manuals, Policies and procedures for improvement and effective control, wherever necessary.

**10) Amount receivable by the Company from Directors, Managing Director, Substantial Shareholders and their close relatives and associated firms, Companies etc:**

NIL

**11) Remuneration, Allowances and facilities given to Directors, Managing Director, Chief Executive Officer and Officials during the year:**

**MANAGERIAL REMUNERATION for the purpose of section 109(4)**

SN	PARTICULARS	DIRECTORS	CEO	MANAGERS
1	Meeting Fees	792,500	-	-
2	Salary	-	5,895,000	104,285,672
3	Allowances	-	5,211,500	59,386,762
4	PF Contribution	-	-	8,986,748
5	Telephone / Mobile / Utilities	213,814	11,196	6,761,682
6	Others	2,743,755	1,117,550	15,229,500
<b>Total</b>		<b>3,750,069</b>	<b>12,235,246</b>	<b>194,650,364</b>
7	Car Facility	No	**Yes	Yes
8	Accommodation	No	No	***No
9	Insurance Coverage	Yes	Yes	Yes
	Number of persons	13	1	92

**Notes:**

- 1) \*\*Office vehicle with driver, fuel and maintenance is provided to the CEO, General Manager, DGMs and Ex-Pat (Sr. General Manager). The Managers are given vehicle under OYVS scheme with fuel as per the Bank's policy.
- 2) \*\*\*Fully furnished accommodation at Bank's cost is provided to the Ex-pats. & outside valley branch managers.
- 3) (a) Directors are covered with medical insurance of Rs. 200,000 and Accident Insurance policy of Rs. 3,000,000.  
b) All Managers are covered for Accidental Insurance, Medical Insurance and Life Insurance as per the Bank's Staff Rules. CEO and Ex-pats are covered for Accidental Insurance and Medical Insurance as per their terms of contract.
- 4) Telephone bill is paid by the Bank on actual basis for CEO. In case of SGM & G.M. reimbursement as per policy, up to a maximum of Rs. 12,000 and Rs. 2,000 respectively per month is made by the Bank.
- 5) Water and Electricity bill is reimbursed to the CEO and GM up to approved limit.
- 6) Bonus as per Bonus Act, 1974 was paid to all employees except the ex-pat. Senior General Manager was paid Performance Bonus amounting to USD 10,000 (net of tax).

**12) Amount of Dividend remaining unpaid:**

Total Unpaid Dividend : Rs. 30,049,842 as on 16 July 2015

**13) Others matters required to be disclosed in the Directors' Report by this Ordinance or others Laws in force:**

NIL

**14) Other relevant issues:**

NIL

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Manoj Bahadur Shrestha  
Chairman



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIMALAYAN BANK LTD.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Himalayan Bank Ltd, which comprise the balance sheet as at 31<sup>st</sup> Ashadh 2072 corresponding to 16<sup>th</sup> July 2015 and the profit & loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act)**

On examination of the financial statements as aforesaid, we report that:

- a. We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.

- b. In our opinion, proper books of account as required by law have been kept by the bank, in so far as appears from our examination of those books of account and the financial statements dealt with by this report , prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of accounts.
- c. In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any employee of the Bank has acted deliberately contrary to the provisions of the law relating to accounts or caused loss or damage to the Bank or committed any misappropriation or violated any directive of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Bank and its depositors.
- e. In our opinion, adequate capital fund and provisions for losses have been made and the business of the Bank has been conducted within its authority.

### **Opinion on the Financial Statements**

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements referred to above, read together with the notes attached thereon give a true and fair view of the financial position of the bank as of Ashadh 31, 2072 (July 16<sup>th</sup>, 2015), and of the results of its financial performances 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.

Sundar Man Shrestha, FCA  
Chartered Accountant  
Partner  
Sundar & Co.

Date: Kartik 18, 2072

November 4, 2015

# BALANCE SHEET

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

(Amount in Rs.)

CAPITAL AND LIABILITIES	Schedule	Current Year	Previous Year
1. Share Capital	1	4,499,145,000	3,332,700,000
2. Reserves and Funds	2	2,459,754,626	2,750,711,016
3. Debentures and Bonds	3	600,000,000	1,100,000,000
4. Borrowings	4	-	-
5. Deposits	5	73,538,200,185	64,674,848,295
6. Bills Payables	6	95,873,089	95,187,157
7. Proposed Dividend		236,797,105	175,404,348
8. Income Tax Liabilities		-	57,575,637
9. Other Liabilities	7	1,371,780,609	1,403,419,245
<b>Total Capital &amp; Liabilities</b>		<b>82,801,550,614</b>	<b>73,589,845,698</b>

ASSETS	Schedule	Current Year	Previous Year
1. Cash Balance	8	1,349,261,530	1,112,465,463
2. Balance with Nepal Rastra Bank	9	5,873,158,748	3,766,154,837
3. Balance with Banks / Financial Institutions	10	1,164,991,531	663,969,702
4. Money at Call and Short Notice	11	1,063,950,000	196,100,000
5. Investments	12	17,113,389,432	19,842,060,285
6. Loan Advances and Bills Purchase	13	53,476,229,873	45,320,359,244
7. Fixed Assets	14	1,321,271,898	1,322,814,480
8. Non - Banking Assets	15	-	-
9. Other Assets	16	1,439,297,602	1,365,921,687
<b>Total Assets</b>		<b>82,801,550,614</b>	<b>73,589,845,698</b>

Contingent Liabilities	Schedule 17
Declaration of Directors	Schedule 29
Statement of Capital Fund	Schedule 30 (A1)
Credit Risk	Schedule 30 (B)
Credit Risk Mitigation	Schedule 30 (C)
Operation Risk	Schedule 30 (D)
Market Risk	Schedule 30 (E)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 & 32 and 33 form an integral part of this Balance Sheet

**Satish Raj Joshi**  
Executive Financial Officer

**Ashoke S. Rana**  
Chief Executive Officer

**Sushiel Joshi**  
General Manager

**Manoj Bahadur Shrestha**  
Chairman

As per our attached report of even date  
**CA. Sundar Man Shrestha**  
Senior Partner  
Sundar & Co.  
Chartered Accountants

## Directors

- Salim Amlani, First Vice Chairman
- Surendra Silwal
- Sushil Bikram Thapa
- Prachanda Bahadur Shrestha
- Krishna Prasad Acharya
- Arun K C

Date: November 4, 2015

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

(Amount in Rs.)

Particulars	Schedule	Current Year	Previous Year
1. Interest Income	18	4,627,750,829	4,742,975,480
2. Interest Expenses	19	1,954,262,604	2,248,797,712
<b>Net Interest Income</b>		<b>2,673,488,225</b>	<b>2,494,177,768</b>
3. Commission and Discount	20	710,743,560	657,298,100
4. Other Operating Income	21	199,455,088	206,814,193
5. Exchange Fluctuation Income	22	474,312,069	385,101,575
<b>Total Operating Income</b>		<b>4,057,998,942</b>	<b>3,743,391,636</b>
6. Staff Expenses	23	897,135,263	713,829,706
7. Other Operating Expenses	24	1,067,734,990	966,119,719
8. Exchange Fluctuation Loss	22	-	-
<b>Operating Profit before Provision for Possible Losses</b>		<b>2,093,128,689</b>	<b>2,063,442,211</b>
9. Provision for Possible Losses	25	1,413,568,174	1,080,863,093
<b>Operating Profit</b>		<b>679,560,515</b>	<b>982,579,118</b>
10. Non-Operating Income/(Loss)	26	23,209,362	17,487,163
11. Loan Loss Provision Written-Back	27	895,299,696	774,565,043
<b>Profit from Regular Operations</b>		<b>1,598,069,573</b>	<b>1,774,631,324</b>
12. Profit/(Loss) from Extra-ordinary Activities	28	2,301,514	8,645,806
<b>Net Profit after considering all Activities</b>		<b>1,600,371,087</b>	<b>1,783,277,130</b>
13. Staff Bonus Provision		145,488,281	162,116,103
14. Tax Provision		342,597,090	662,053,786
a) Current Years		350,763,477	645,799,454
b) Previous Year's Additional Tax		7,245,526	852,892
c) Deferred Tax		(15,411,913)	15,401,440
<b>Net Profit/(Loss)</b>		<b>1,112,285,716</b>	<b>959,107,241</b>

**Satish Raj Joshi**  
Executive Financial Officer

**Ashoke S. Rana**  
Chief Executive Officer

#### Directors

- Salim Amlani, First Vice Chairman
- Surendra Silwal
- Sushil Bikram Thapa
- Prachanda Bahadur Shrestha
- Krishna Prasad Acharya
- Arun K C

**Sushiel Joshi**  
General Manager

**Manoj Bahadur Shrestha**  
Chairman

As per our attached report of even date  
**CA. Sundar Man Shrestha**  
Senior Partner  
Sundar & Co.  
Chartered Accountants

Date: November 4, 2015

# PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

(Amount in Rs.)

Particulars	Current Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to Last Year	18,357,988	4,685,148
2. Current Year's Profit	1,112,285,716	959,107,241
3. Transfer from Capital Adjustment Fund	500,000,000	-
4. Transfer from Deferred Tax Reserve	-	15,401,440
5. Transfer from Contingent Reserve	212,516,333	-
<b>Total</b>	<b>1,843,160,037</b>	<b>979,193,829</b>
<b>Expenses</b>		
1. Accumulated Loss up to Last Year	-	-
2. Current year's Loss	-	-
3. General Reserve	222,457,143	191,821,449
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserve Fund	-	-
8. Proposed Dividend	236,797,105	175,404,348
9. Proposed Issue of Bonus Share	1,166,445,000	434,700,000
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	997,448	1,767,187
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Bond Redemption Reserve	85,714,286	157,142,857
15. Deferred Tax Reserve	15,411,913	-
16. Investment Adjusment Reserve	339,956	-
<b>Total</b>	<b>1,728,162,851</b>	<b>960,835,841</b>
17. Accumulated Profit / (Loss)	114,997,186	18,357,988

**Satish Raj Joshi**  
Executive Financial Officer

**Ashoke S. Rana**  
Chief Executive Officer

## Directors

- Salim Amlani, First Vice Chairman
- Surendra Silwal
- Sushil Bikram Thapa
- Prachanda Bahadur Shrestha
- Krishna Prasad Acharya
- Arun K C

**Sushiel Joshi**  
General Manager

**Manoj Bahadur Shrestha**  
Chairman

As per our attached report of even date  
**CA. Sundar Man Shrestha**  
Senior Partner  
Sundar & Co.  
Chartered Accountants

Date: November 4, 2015

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

(Amount in Rs.)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/(LOSS)	GENERAL RESERVE	PROPOSED BONUS SHARE	SPECIAL RESERVE FUND	EXCHANGE FLUCTUATION	OTHER RESERVE FUND	DEFERRED TAX RESERVE	INVESTMENT ADJUSTMENT RESERVE	TOTAL AMOUNT
Opening Balance as at 16 July 2014	2,898,000,000	18,357,988	1,763,712,138	434,700,000	4,000,000	31,537,085	883,944,903	47,485,624	1,673,278	6,083,411,016
Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 16 July 2014	2,898,000,000	18,357,988	1,763,712,138	434,700,000	4,000,000	31,537,085	883,944,903	47,485,624	1,673,278	6,083,411,016
Net Profit for the year	-	1,112,285,716	-	-	-	-	-	-	-	1,112,285,716
Transfer to General Reserve	-	(222,457,143)	222,457,143	-	-	-	-	-	-	-
Transfer from Capital Adjustment Fund	-	500,000,000	-	-	-	-	(500,000,000)	-	-	-
Proposed Dividend	-	(236,797,105)	-	-	-	-	-	-	-	(236,797,105)
Issue of Bonus Share	434,700,000	-	-	(434,700,000)	-	-	-	-	-	-
Proposed Issue of Bonus Shares	-	(1,166,445,000)	-	1,166,445,000	-	-	-	-	-	-
Transfer to Deferred Tax Reserve	-	(15,411,913)	-	-	-	-	-	15,411,913	-	-
Transfer to Exchange Fluctuation Fund	-	(997,448)	-	-	-	997,448	-	-	-	-
Transfer to Bond Redemption Fund	-	(85,714,286)	-	-	-	-	85,714,286	-	-	-
Transfer to Investment Adjustment Reserve	-	(339,956)	-	-	-	-	-	-	339,956	-
Transfer from Other Reserve	-	212,516,333	-	-	-	-	(212,516,333)	-	-	-
<b>Closing Balance</b>	<b>3,332,700,000</b>	<b>114,997,186</b>	<b>1,986,169,281</b>	<b>1,166,445,000</b>	<b>4,000,000</b>	<b>32,534,533</b>	<b>257,142,856</b>	<b>62,897,537</b>	<b>2,013,234</b>	<b>6,958,899,627</b>

# CASH FLOW STATEMENT

FOR THE PERIOD FROM SHRAWAN 1, 2071 TO ASHAD 31, 2072 (JULY 17, 2014 TO JULY 16, 2015)

(Amount in Rs.)

Particulars	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>	<b>1,674,431,093</b>	<b>1,355,852,722</b>
<b>1. Cash Received</b>	<b>5,934,546,210</b>	<b>5,796,839,983</b>
1.1 Interest Income	4,531,318,469	4,529,280,816
1.2 Commission and Discount Income	710,743,560	657,298,100
1.3 Income from Foreign Exchange Transaction	474,312,069	385,101,575
1.4 Recovery of Loan Written off	18,717,024	18,345,299
1.5 Other Income	199,455,088	206,814,193
<b>2. Cash Payment</b>	<b>(4,260,115,117)</b>	<b>(4,440,987,261)</b>
2.1 Interest Expenses	(1,882,469,086)	(2,221,584,726)
2.2 Staff Expenses	(805,858,830)	(688,943,580)
2.3 Voluntary Retirement Expenses	(14,029,416)	-
2.4 Office Overhead Expenses	(882,662,553)	(770,422,502)
2.5 Income Tax Paid	(512,979,129)	(622,367,182)
2.6 Other Expenses	(162,116,103)	(137,669,271)
<b>Cash Flow before Changes in Working Capital</b>	<b>(563,573,143)</b>	<b>7,679,264,020</b>
<b>(Increase) / Decrease in Current Assets</b>	<b>(9,187,977,098)</b>	<b>(4,164,120,721)</b>
1. (Increase) / Decrease in Money at Call and Short Notice	(867,850,000)	1,865,731,588
2. (Increase) / Decrease in Other Short-term Investment	424,588,020	(69,926,494)
3. (Increase) / Decrease in Loan & Bills Purchases	(8,987,730,216)	(5,591,587,067)
4. (Increase) / Decrease in Others Assets	243,015,098	(368,338,748)
<b>Increase / (Decrease) in Current Liabilities</b>	<b>8,624,403,955</b>	<b>11,843,384,741</b>
1. Increase/(Decrease) in Deposits	8,863,351,890	11,602,528,808
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowing	-	-
4. Increase/(Decrease) in Others Liabilities	(238,947,935)	240,855,933
<b>B. Cash Flow from Investment Activities</b>	<b>2,347,464,311</b>	<b>(6,713,746,776)</b>
1. (Increase)/Decrease in Long Term Investments	1,255,524,084	(2,878,859,625)
2. (Increase)/Decrease in Fixed Assets	(111,538,184)	(140,168,122)
3. Interest Income from Long Term Investment	130,596,483	181,826,005
4. Dividend Income	19,257,179	14,479,955
5. Others	1,053,624,749	(3,891,024,989)
<b>C. Cash Flow from Financing Activities</b>	<b>(613,500,454)</b>	<b>(426,978,616)</b>
1. Increase/(Decrease) in Long Term Borrowings ( Bond, Debentures etc)	(334,980,000)	(140,000)
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	(278,520,454)	(338,409,616)
4. Increase/(Decrease) in Refinance/facilities received from NRB.	-	(88,429,000)
<b>D. Income/Loss from change in exchange rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>E. Current Year's Cash Flow from All Activities</b>	<b>2,844,821,807</b>	<b>1,894,391,350</b>
<b>F. Opening Balance of Cash and Bank Balances</b>	<b>5,542,590,002</b>	<b>3,648,198,652</b>
<b>G Closing Balance of Cash and Bank Balances</b>	<b>8,387,411,809</b>	<b>5,542,590,002</b>

## SHARE CAPITAL & OWNERSHIP

### SCHEDULE 1

Amount in Rs.

Particulars	Current Year	Previous Year
<b>1. Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>5,000,000,000</b>	<b>4,000,000,000</b>
a. 50,000,000 Ordinary Shares of Rs 100 each.	5,000,000,000	4,000,000,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
<b>1.2 Issued Capital</b>	<b>3,332,700,000</b>	<b>2,898,000,000</b>
a. 33,327,000 Ordinary Shares of Rs 100 each (Previous year 28,980,000 Ordinary Shares of Rs. 100 each)	3,332,700,000	2,898,000,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
<b>1.3 Paid up Capital</b>	<b>3,332,700,000</b>	<b>2,898,000,000</b>
a. 33,327,000 Ordinary Shares of Rs 100 each fully paid up (Previous year 28,980,000 Ordinary Shares of Rs 100 each fully paid up)	3,332,700,000	2,898,000,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
<b>1.4 Proposed Bonus Shares</b>	<b>1,166,445,000</b>	<b>434,700,000</b>
<b>1.5 Calls-in-advance</b>		
<b>1.6 Total</b>	<b>4,499,145,000</b>	<b>3,332,700,000</b>

## SHARE OWNERSHIP

Amount in Rs.

Particulars	Current Year		Previous Year	
	%	Share Capital	%	Share Capital
<b>1. Domestic Ownership</b>	<b>80.00</b>	<b>2,666,160,000</b>	<b>80</b>	<b>2,318,400,000</b>
1.1 Nepal Government	-	-	-	-
1.2 "A" Class Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	65.00	2,166,255,000	65	1,883,700,000
1.5 General Public	15.00	499,905,000	15	434,700,000
1.6 Others	-	-	-	-
<b>2. Foreign Ownership</b>	<b>20.00</b>	<b>666,540,000</b>	<b>20</b>	<b>579,600,000</b>
<b>Total</b>	<b>100.00</b>	<b>3,332,700,000</b>	<b>100</b>	<b>2,898,000,000</b>

Particulars of Individual/Group/Firm/Company holding 0.5% or above are as follows:

Amount in Rs.

Name of Shareholder	Number of Shares	%	Share Capital
Habib Bank Limited	6,665,399	20.00	666,539,900
Karmachari Sanchaya Kosh	4,665,779	14.00	466,577,900
N. Trading Co. Pvt. Ltd.	4,235,310	12.71	423,531,000
Mutual Trading Co. Pvt. Ltd.	4,205,867	12.62	420,586,700
Ava International Pvt. Ltd.	3,794,067	11.38	379,406,700
Chhaya International Pvt. Ltd.	2,962,226	8.89	296,222,600
Shashi Kant Agrawal	882,947	2.65	88,294,700
Syakar Co. Ltd.	329,938	0.99	32,993,800
Sharma & Co. Pvt. Ltd.	219,958	0.66	21,995,800
<b>Total</b>	<b>27,961,491</b>	<b>83.90</b>	<b>2,796,149,100</b>

## RESERVES AND FUNDS

SCHEDULE 2  
Amount in Rs.

Particulars	Current Year	Previous Year
<b>1. General Reserve Fund</b>	<b>1,986,169,281</b>	<b>1,763,712,138</b>
<b>2. Capital Reserve Fund</b>	-	-
<b>3. Capital Redemption Reserve</b>	-	-
<b>4. Capital Adjustment Fund</b>	-	-
<b>5. Other Reserve Fund</b>	<b>326,053,626</b>	<b>937,103,805</b>
a. Contingent Reserve	-	212,516,333
b. Institution Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	4,000,000	4,000,000
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	62,897,537	47,485,624
g. Other Free Reserves	-	-
h. Bond Redemption Reserve	257,142,855	671,428,570
i. Investment Adjustment Reserve	2,013,234	1,673,278
<b>6. Accumulated Profit / (Loss)</b>	<b>114,997,186</b>	<b>18,357,988</b>
<b>7. Exchange Fluctuation Fund</b>	<b>32,534,533</b>	<b>31,537,085</b>
<b>Total</b>	<b>2,459,754,626</b>	<b>2,750,711,016</b>

## DEBENTURES AND BONDS

SCHEDULE 3  
Amount in Rs.

Particulars	Current Year	Previous Year
<b>1. 8 Percent HBL Bond 2072 of Rs 1,000 each</b> (Issued on July 14, 2008 and matured on July 14, 2015 ) [Balance in Redemption Reserve Nil (Previous Year Rs. 500,000,000)]	-	500,000,000
<b>2. 8 Percent HBL Bond 2077 of Rs 1,000 each</b> (Issued on July 15, 2013 and matured on July 14, 2020 ) [Balance in Redemption Reserve Rs. 257,142,855 (Previous Year Rs. 171,428,569)]	600,000,000	600,000,000
<b>Total</b>	<b>600,000,000</b>	<b>1,100,000,000</b>

## BORROWINGS

SCHEDULE 4  
Amount in Rs.

Particulars	Current Year	Previous Year
<b>A. Local</b>		
1. Nepal Government	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligation	-	-
4. Inter Bank and Financial Institutions	-	-
5. Other Financial Institutions	-	-
6. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B. Foreign</b>		
1. Banks	-	-
2. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>-</b>	<b>-</b>

## DEPOSITS

## SCHEDULE 5

Amount in Rs.

Particulars	Current Year	Previous Year
<b>1. Non Interest Bearing accounts</b>		
<b>A. Current Deposits</b>	<b>8,499,073,076</b>	<b>6,407,989,296</b>
<b>1. Local Currency</b>	<b>6,440,789,368</b>	<b>5,055,369,195</b>
1.1 Nepal Government	270,314,058	395,569,475
1.2 "A" Classs Licensed Institutions	146,359,654	257,873,707
1.3 Other Licensed Institutions	2,139,146,139	1,065,261,762
1.4 Other Organized Institutions	3,711,846,388	3,194,815,890
1.5 Individuals	173,123,129	141,848,361
1.6 Others	-	-
<b>2. Foreign Currency</b>	<b>2,058,283,708</b>	<b>1,352,620,101</b>
2.1 Nepal Government	5,489,187	47,253,027
2.2 "A" Classs Licensed Institutions	5,062,618	10,825,856
2.3 Other Licensed Institutions	497,643,475	394,400,418
2.4 Other Organized Institutions	1,539,692,843	892,990,933
2.5 Individuals	10,395,585	7,149,867
2.6 Others	-	-
<b>B. Margin Deposits</b>	<b>1,237,906,251</b>	<b>1,242,331,037</b>
1. Employees Guarantee	-	-
2. Guarantee Margin	20,625,610	244,206,943
3. Letters of Credit Margin	1,217,280,641	998,124,094
<b>C. Others</b>	<b>-</b>	<b>-</b>
<b>1. Local Currency</b>	<b>-</b>	<b>-</b>
1.1 Financial Institutions	-	-
1.2 Other Organized Institution	-	-
1.3 Individual	-	-
<b>2. Foreign Currency</b>	<b>-</b>	<b>-</b>
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
<b>Total of Non-Interest Bearing Accounts</b>	<b>9,736,979,327</b>	<b>7,650,320,333</b>

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## DEPOSITS

## SCHEDULE 5

Amount in Rs.

Particulars	Current Year	Previous Year
<b>2. Interest Bearing accounts</b>		
<b>A. Saving Deposits</b>	<b>38,731,972,941</b>	<b>32,843,446,256</b>
<b>1. Local Currency</b>	<b>37,489,316,638</b>	<b>31,788,206,758</b>
1.1 Organized Institutions	890,926,411	681,464,154
1.2 Individuals	36,598,390,227	31,106,742,604
1.3 Others	-	-
<b>2. Foreign Currency</b>	<b>1,242,656,303</b>	<b>1,055,239,498</b>
2.1 Organized Institutions	35,605,955	30,715,214
2.2 Individuals	1,207,050,348	1,024,524,284
2.3 Others	-	-
<b>B. Fixed Deposits</b>	<b>10,305,425,836</b>	<b>13,589,370,348</b>
<b>1. Local Currency</b>	<b>8,976,180,131</b>	<b>11,422,641,691</b>
1.1 Organized Institutions	3,857,041,678	5,699,476,436
1.2 Individuals	5,119,138,453	5,723,165,255
1.3 Others	-	-
<b>2. Foreign Currency</b>	<b>1,329,245,705</b>	<b>2,166,728,657</b>
2.1 Organized Institutions	1,224,182,990	2,023,986,880
2.2 Individuals	105,062,715	142,741,777
2.3 Others	-	-
<b>C. Call Deposits</b>	<b>14,763,822,081</b>	<b>10,591,711,358</b>
<b>1. Local Currency</b>	<b>10,595,485,090</b>	<b>6,664,521,264</b>
1.2 "A" Classs Licensed Institutions	-	-
1.3 Other Licensed Institutions	409,971,778	829,198
1.4 Other Organized Institutions	9,548,350,303	6,581,813,874
1.5 Individuals	637,163,009	81,878,192
1.6 Others	-	-
<b>2. Foreign Currency</b>	<b>4,168,336,991</b>	<b>3,927,190,094</b>
2.1 "A" Classs Licensed Institutions	-	-
2.2 Other Licensed Institutions	153,792	284,089
2.3 Other Organized Institutions	4,165,506,320	3,920,558,804
2.4 Individuals	2,676,879	6,347,201
2.5 Others	-	-
<b>D. Certificate of Deposits</b>	<b>-</b>	<b>-</b>
<b>1. Other Organized Institutions</b>	<b>-</b>	<b>-</b>
<b>2. Individual</b>	<b>-</b>	<b>-</b>
<b>3. Other</b>	<b>-</b>	<b>-</b>
<b>Total of Interest Bearing Accounts</b>	<b>63,801,220,858</b>	<b>57,024,527,962</b>
<b>Total Deposits</b>	<b>73,538,200,185</b>	<b>64,674,848,295</b>

## BILL PAYABLES

### SCHEDULE 6

Amount in Rs.

Particulars	Current Year	Previous Year
1. Local Currency	95,591,274	94,078,321
2. Foreign Currency	281,815	1,108,836
<b>Total</b>	<b>95,873,089</b>	<b>95,187,157</b>

## OTHER LIABILITIES

### SCHEDULE 7

Amount in Rs.

Particulars	Current Year	Previous Year
1. Pension / Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	145,488,281	162,116,103
5. Interest Payable on Deposit	89,667,474	105,654,778
6. Interest Payable on Borrowings/Bonds	31,976,782	41,467,903
7. Unearned Discount & Commission	-	-
8. Sundry Creditors	161,249,165	140,134,791
9. Branch Adjustment Account	3,408,040	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	30,049,842	35,894,005
12. Others		
a. Provision for Audit Fee	820,380	820,380
b. Provision for leave encashment	239,485,395	194,895,280
c. Matured HBL Bond Payable	165,295,000	275,000
d. Provision for Gratuity	110,852,826	64,166,508
e. Others	393,487,424	657,994,497
<b>Total</b>	<b>1,371,780,609</b>	<b>1,403,419,245</b>

## CASH BALANCE

## SCHEDULE 8

Amount in Rs.

Particulars	Current Year	Previous Year
1 Local Currency (Including coins)	1,207,120,633	1,063,025,807
2. Foreign Currency	142,140,897	49,439,656
<b>Total</b>	<b>1,349,261,530</b>	<b>1,112,465,463</b>

## BALANCE WITH NEPAL RASTRA BANK

## SCHEDULE 9

Amount in Rs.

Particulars	Local Currency	Foreign Currency			Current Year	Previous Year
		INR	Convertible Currency	Total		
1. Nepal Rastra Bank	5,803,333,905	-	69,824,843	69,824,843	5,873,158,748	3,766,154,837
a. Current Account	5,803,333,905	-	69,824,843	69,824,843	5,873,158,748	3,766,154,837
b. Other Account	-	-	-	-	-	-
<b>Total</b>	<b>5,803,333,905</b>	<b>-</b>	<b>69,824,843</b>	<b>69,824,843</b>	<b>5,873,158,748</b>	<b>3,766,154,837</b>

Note: Total balance as per the statement of Nepal Rastra Bank is Rs 5,967,563,910

## BALANCE WITH BANKS/ FINANCIAL INSTITUTIONS

## SCHEDULE 10

Amount in Rs.

Particulars	Local Currency	Foreign Currency			Current Year	Previous Year
		INR	Convertible Currency	Total		
1. Local Licensed Institutions	230,256,302	-	-	-	230,256,302	235,975,820
a. Current Account	230,256,302	-	-	-	230,256,302	235,975,820
b. Other Account	-	-	-	-	-	-
2. Foreign Bank	-	301,025,902	633,709,327	934,735,229	934,735,229	427,993,882
a. Current Account	-	301,025,902	633,709,327	934,735,229	934,735,229	427,993,882
b. Other Account	-	-	-	-	-	-
<b>Total</b>	<b>230,256,302</b>	<b>301,025,902</b>	<b>633,709,327</b>	<b>934,735,229</b>	<b>1,164,991,531</b>	<b>663,969,702</b>

Note: Total balance as per the statement received from respective bank is Rs 1,772,611,079

## MONEY AT CALL AND SHORT NOTICE

### SCHEDULE 11

Amount in Rs.

Particulars	Current Year	Previous Year
1. Local Currency	150,000,000	100,000,000
2. Foreign Currency	913,950,000	96,100,000
<b>Total</b>	<b>1,063,950,000</b>	<b>196,100,000</b>

## INVESTMENTS

### SCHEDULE 12

Amount in Rs.

Particulars	Purpose		Current Year	Previous Year
	Trading	Other		
1. Nepal Government Treasury Bills	-	8,886,096,895	8,886,096,895	10,158,618,779
2. Nepal Government Saving Bond	-	-	-	-
3. Nepal Government Other Securities	-	706,954,702	706,954,702	2,024,355,644
4. NRB Bonds	-	-	-	-
5. Foreign Bonds	-	-	-	-
6. Local Licensed Institutions	-	864,285,390	864,285,390	1,288,873,410
7. Foreign Banks	-	6,550,267,445	6,550,267,445	6,281,425,252
8. Corporate Shares	-	106,999,859	106,999,859	90,002,059
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
<b>Total Investment</b>	-	<b>17,114,604,291</b>	<b>17,114,604,291</b>	<b>19,843,275,144</b>
<b>Provision</b>			<b>1,214,859</b>	<b>1,214,859</b>
<b>Net Investment</b>			<b>17,113,389,432</b>	<b>19,842,060,285</b>

## INVESTMENTS IN SHARES, DEBENTURES AND BONDS

## SCHEDULE 12 (A)

Amount in Rs.

Particulars	Cost Price	Market value	Provision	Current Year	Previous Year
<b>1. Investment in Shares</b>					
1.1 Rural Microfinance Dev Centre 528,000 Shares (including 48,000 bonus shares) @ Rs. 100 per share, fully paid up	48,000,000	345,840,000	-	48,000,000	48,000,000
1.2 Nepal Grameen Bikas Bank Ltd. 95,996 Shares @ Rs. 100 per share, fully paid up	3,000,000	N/A	-	3,000,000	3,000,000
1.3 Nirdhan Utthan Bank Ltd. 377,101 Shares (including 249,168 bonus shares) @ Rs.100 per share, fully paid up	12,793,300	528,318,501	-	12,793,300	12,793,300
1.4 Chhimek Bikas Bank Ltd. 339,955 Shares (including 266,154 bonus shares) @ Rs. 100 per share, fully paid up	7,380,100	475,257,090	-	7,380,100	7,380,100
169,978 Right Shares to be allotted @ Rs. 100 each, fully paid up	16,997,800	N/A	-	16,997,800	-
1.5 Swabalamban Bikas Bank Ltd. 264,245 Shares (including 139,340 bonus shares) @ Rs. 100 per share, fully paid up	12,490,500	461,900,260	-	12,490,500	12,490,500
1.6 Swift SC 6 Shares	1,214,859	N/A	1,214,859	1,214,859	1,214,859
1.7 Credit Information Center Limited 39,304 shares (including 25,071 bonus shares) @ Rs. 100 per share, fully paid up	1,423,300	N/A	-	1,423,300	1,423,300
1.8 Nepal Clearing House Ltd. 25,000 shares @ Rs. 100 each, fully paid up	2,500,000	N/A	-	2,500,000	2,500,000
1.9 VISA Card International 5,860 nos. of Common Stock	-	-	-	-	-
1.10 National Banking Institute Limited 12,000 shares of Rs. 100 each, fully paid up	1,200,000	N/A	-	1,200,000	1,200,000
<b>2. Investment in Debentures and Bonds</b>					
2.1 .....					
2.2 .....					
2.3 .....					
<b>Total Investment</b>	<b>106,999,859</b>	<b>1,811,315,851</b>	<b>1,214,859</b>	<b>106,999,859</b>	<b>90,002,059</b>
<b>3. Provision for Loss</b>					
3.1 Up to previous year			1,214,859	1,214,859	1,214,859
3.2 Addition this year			-	-	-
<b>Total Provision</b>			<b>1,214,859</b>	<b>1,214,859</b>	<b>1,214,859</b>
<b>Net Investment</b>				<b>105,785,000</b>	<b>88,787,200</b>

**Note:**

- Shares of Chhimek Bikas Bank Limited, Nirdhan Utthan Bank Limited, Swabalamban Bikas Bank Limited and Rural Micro Finance Development Center are listed in Nepal Stock Exchange.
- Companies except RMDC, Chhimek Bikas Bank Limited, Nirdhan Utthan Bank Limited, Nepal Grameen Bikas Bank Ltd., Swabalamban Bikas Bank Limited, Credit Information Center Limited and National Banking Training Institute have not declared dividend in the last three Years.
- Calls paid in advance amounting to Rs. 16,997,800/- for rights issue made by Chhimek Bikas Bank Limited has been shown as investment.
- 95,996 shares of Nepal Grameen Bikas Bank Ltd has been allotted in lieu of 37,950 shares of Paschimanchal Grameen Bikas Bank Ltd. after merger.
- Market value of shares not listed in Stock Exchange has been shown as Not- Applicable (N/A)

## HELD FOR TRADING INVESTMENTS

## SCHEDULE 12.1

Amount in Rs.

Particulars	Cost price	Market Price As At		Profit / Loss		Remarks
		17-Jul-2014	16-Jul-2015	Current Year	Previous Year	
1. Nepal Government Treasury Bills	-	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other Securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debentures and Bonds of Local Licensed Institution	-	-	-	-	-	
8. Shares, Debentures and Bonds of Local Organised Institutions	-	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Inter Bank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	-
<b>Total Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## HELD TO MATURITY INVESTMENTS

## SCHEDULE 12.2

Amount in Rs.

Particulars	Cost Price	Impaired Amount till		Profit / Loss		Remarks
		17-Jul-2014	16-Jul-2015	Current Year	Previous Year	
1. Nepal Government Treasury Bills	8,886,096,895	-	-			
2. Nepal Government Saving Bonds	-	-	-			
3. Nepal Government Other Securities	706,954,702					
4. Nepal Rastra Bank Bonds	-					
5. Foreign Bonds	-					
6. Shares of Local Licensed Institutions	-					
7. Debentures and Bonds of Local Licensed Institutions	-					
8. Shares, Debentures and Bonds of Local Organised Institutions	-					
9. Placement in Foreign Banks	6,550,267,445	-	-			
10. Other Investments	864,285,390	-	-			
<b>Total Investments</b>	<b>17,007,604,432</b>					

## AVAILABLE FOR SALE INVESTMENTS

## SCHEDULE 12.3

Amount in Rs.

Particulars	Cost price	Market Price As At		This Year Investment Adjustment Reserve (B-A)	Previous Year Profit/ Loss	Remarks
		17-Jul-2014	16-Jul-2015			
1. Nepal Government Treasury Bills	-					
2. Nepal Government Saving Bonds	-					
3. Nepal Government Other Securities	-					
4. Nepal Rastra Bank Bonds	-					
5. Foreign Bonds	-					
6. Shares of Local Licensed Institutions	100,661,700	1,405,793,479	1,811,315,851			
7. Debentures and Bonds of Local Licensed Institution	-					
8. Shares, Debentures and Bonds of Local Organised Institutions	5,123,300	N/A	N/A			
9. Placement in Foreign Banks	-					
10. Other Investments	1,214,859	N/A	N/A			
<b>Total Investments</b>	<b>106,999,859</b>	<b>1,405,793,479</b>	<b>1,811,315,851</b>			

## CLASSIFICATION OF LOANS AND BILLS PURCHASED AND PROVISIONING

## SCHEDULE 13

Amount in Rs.

Particulars	Loans & Advances					Bills Purchased & Discounted			Current Year	Previous Year
	Domestic		Other	Foreign	Total	Local	Foreign	Total		
	Priority									
	Insured	Un-insured								
1. Performing Loan	-	2,399,953,980	48,435,159,835	505,578,703	51,340,692,518	15,452,073	2,287,910,162	2,303,362,235	53,644,054,753	45,537,814,432
1.1 Pass Loan	-	2,399,473,565	45,475,818,994	505,075,428	48,380,367,987	15,452,073	2,287,910,162	2,303,362,235	50,683,730,222	45,537,814,432
1.2 Watch - List	-	480,415	2,959,340,841	503,275	2,960,324,531	-	-	-	2,960,324,531	
2. Non-Performing Loan	-	49,931,863	1,709,397,749	24,409,253	1,783,738,865	-	213,636	213,636	1,783,952,501	911,514,998
2.1 Re-structured	-	-	297,416,378	-	297,416,378	-	-	-	297,416,378	151,102,227
2.2 Substandard	-	1,666,667	138,108,178	-	139,774,845	-	-	-	139,774,845	237,258,043
2.3 Doubtful	-	3,725,549	222,513,215	-	226,238,764	-	-	-	226,238,764	74,432,313
2.4 Loss	-	44,539,647	1,051,359,978	24,409,253	1,120,308,878	-	213,636	213,636	1,120,522,514	448,722,415
(A) Total Loan	-	2,449,885,843	50,144,557,584	529,987,956	53,124,431,383	15,452,073	2,288,123,798	2,303,575,871	55,428,007,254	46,449,329,430
3. Loan Loss Provision										
3.1 Pass	-	23,994,736	459,259,079	5,050,754	488,304,569	154,521	22,879,102	23,033,623	511,338,192	460,687,970
3.2 Watch - List	-	9,608	59,186,817	10,065	59,206,490	-	-	-	59,206,490	
3.2 Re-structured	-	-	112,647,092	-	112,647,092	-	-	-	112,647,092	123,029,134
3.3 Substandard	-	416,667	34,527,044	-	34,943,711	-	-	-	34,943,711	59,314,511
3.4 Doubtful	-	1,862,774	111,256,608	-	113,119,382	-	-	-	113,119,382	37,216,156
3.5 Loss	-	44,539,647	1,051,359,978	24,409,253	1,120,308,878	-	213,636	213,636	1,120,522,514	448,722,415
(B) Total Provisioning	-	70,823,432	1,828,236,618	29,470,072	1,928,530,122	154,521	23,092,738	23,247,259	1,951,777,381	1,128,970,186
4. Provisioning up to Previous Year										
4.1 Pass	-	18,518,077	415,783,676	5,913,344	440,215,097	442,800	20,030,073	20,472,873	460,687,970	470,949,511
4.2 Re-structured	-	-	123,029,134	-	123,029,134	-	-	-	123,029,134	113,344,335
4.3 Substandard	-	674,513	58,139,998	-	58,814,511	500,000	-	500,000	59,314,511	18,443,559
4.4 Doubtful	-	1,194,444	36,021,712	-	37,216,156	-	-	-	37,216,156	228,075,180
4.5 Loss	-	42,486,457	375,772,150	30,276,413	448,535,020	-	187,395	187,395	448,722,415	502,779,382
(C) Total Provision up to Last Year	-	62,873,491	1,008,746,670	36,189,757	1,107,809,918	942,800	20,217,468	21,160,268	1,128,970,186	1,333,591,967
(D) Provision written back this year	-	(21,711,796)	(541,067,235)	(9,185,049)	(571,964,080)	(924,464)	(1,423,079)	(2,347,543)	(574,311,623)	(774,019,412)
(E) This year's additional provision	-	29,661,737	1,360,557,183	2,465,364	1,392,684,284	136,185	4,298,349	4,434,534	1,397,118,818	569,397,631
(F) Net adjustment during the year	-	7,949,941	819,489,948	(6,719,685)	820,720,204	(788,279)	2,875,270	2,086,991	822,807,195	(204,621,781)
Net Loan (A - B)	-	2,379,062,411	48,316,320,966	500,517,884	51,195,901,261	15,297,552	2,265,031,060	2,280,328,612	53,476,229,873	45,320,359,244

## SECURITY WISE DETAIL OF LOANS, ADVANCES AND BILLS PURCHASED

### SCHEDULE 13 (A)

Amount in Rs.

Particulars	Current Year	Previous Year
<b>(A) Secured</b>	<b>55,428,007,254</b>	<b>46,449,329,430</b>
1. Movable / Immovable Assets	49,035,778,076	41,324,734,863
2. Guarantee of Local Licensed Institutions	-	-
3. Government Guarantee	-	-
4. Internationally Rated Bank Guarantee	72,795,013	60,522,484
5. Export Documents	2,303,575,871	2,049,474,722
6. Fixed Deposit Receipts	316,037,162	418,806,021
a. Own FDR	316,037,162	418,806,021
b. FDR of other Licensed Institutions	-	-
7. Nepal Government Bonds	-	-
8. Counter Guarantee	3,086,605,970	1,895,300,617
9. Personal Guarantee	52,204,446	56,249,128
10. Other Securities	561,010,716	644,241,595
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>55,428,007,254</b>	<b>46,449,329,430</b>

## FIXED ASSETS

### SCHEDULE 14

Amount in Rs.

Particulars	Assets				Current Year	Previous Year
	Building	Vehicles	Machinery	Office equipment		
<b>1. At Cost</b>						
a. Previous Year Balance	425,815,017	254,532,599	421,177,942	521,414,864	1,622,940,422	1,534,821,236
b. Addition this year	6,479,109	30,568,400	40,904,057	43,395,858	121,347,424	118,017,126
c. Revaluation / Written back this year	-	-	(82,000)	82,000	-	-
d. This year sold	-	(30,662,540)	(1,921,997)	(2,139,129)	(34,723,666)	(29,448,686)
e. This Year written off	-	-	-	(86,724)	(86,724)	(449,254)
<b>Total Cost (a + b + c + d + e)</b>	<b>432,294,126</b>	<b>254,438,459</b>	<b>460,078,002</b>	<b>562,666,869</b>	<b>1,709,477,456</b>	<b>1,622,940,422</b>
<b>2. Depreciation</b>						
a. Up to previous year	71,915,592	92,853,230	283,368,127	277,232,953	725,369,902	636,301,914
b. For this year	17,694,971	24,134,538	28,649,102	35,194,899	105,673,510	106,164,870
c. Depreciation on revaluation/written back	-	-	-	-	-	-
d. Depreciation Adjusted/Written Back	-	(17,953,819)	(1,589,125)	(1,467,771)	(21,010,715)	(17,096,882)
<b>Total Depreciation</b>	<b>89,610,563</b>	<b>99,033,949</b>	<b>310,428,104</b>	<b>310,960,081</b>	<b>810,032,697</b>	<b>725,369,902</b>
<b>3. Book Value (WDV)*(1-2)</b>	<b>342,683,563</b>	<b>155,404,510</b>	<b>149,649,898</b>	<b>251,706,788</b>	<b>899,444,759</b>	<b>897,570,520</b>
<b>4. Land</b>					<b>326,458,149</b>	<b>325,671,342</b>
<b>5. Capital Construction (WIP)</b>					<b>25,111,524</b>	<b>36,803,856</b>
<b>6. Leasehold Assets</b>					<b>70,257,466</b>	<b>62,768,762</b>
<b>Total (3 + 4 + 5 + 6)</b>					<b>1,321,271,898</b>	<b>1,322,814,480</b>

## NON BANKING ASSETS

## SCHEDULE 15

Amount in Rs.

Name & Address of Borrower or Party	Date of Assuming Non-Banking Assets	Total amount of Non-Banking Assets	Loss Provision		Current Year	Previous Year
			%	in Amount		
Ramesh Babu Shrestha	2010.12.09	376,000	100	376,000	-	376,000
Everest Floriculture	2013.07.15	83,109,039	100	83,109,039	-	83,109,039
Everest Floriculture	2013.10.02	112,590,645	100	112,590,645	-	112,590,645
Everest Floriculture	2014.06.23	16,864,072	100	16,864,072	-	16,864,072
Prism International	2013.10.17	53,000,000	100	53,000,000	-	53,000,000
Metro Mall & Touch Stone Sales	2015.02.15	621,094	100	621,094	621,094	
Prem Lama	2015.07.16	1,300,254	100	1,300,254	1,300,254	
<b>Grand Total</b>		<b>267,861,104</b>		<b>267,861,104</b>	<b>1,921,348</b>	<b>265,939,756</b>
Opening Balance of NBA Provision		265,939,756				83,485,039
Addition during the year		1,921,348				182,454,717
Closing provision on NBA		267,861,104				265,939,756
<b>Net Non-banking Assets</b>		<b>-</b>				<b>-</b>

## OTHER ASSETS

## SCHEDULE 16

Amount in Rs.

Particulars		Current Year	Previous Year
1. Stock of Stationery		30,733,793	26,699,457
2. Income Receivable on investments		57,987,999	51,952,149
3. Accrued Interest on Loan	480,138,447		449,463,362
Less : Interest Suspense Amount	(480,138,447)	-	(409,263,389)
4. Commission Receivable		-	-
5. Sundry Debtors		-	-
6. Staff Loan and Advances		850,980,304	863,958,962
7. Prepayments		69,505,539	64,319,140
8. Cash in Transit		-	-
9. Other Transit Items(Including Cheques)		593,843	6,788
10. Drafts Paid without Notice		-	-
11. Expenses not written off		147,189,388	167,315,022
12. Branch Adjustment Account		-	960,318
13. Deferred Tax Assets	62,897,537	62,897,537	47,485,624
14. Others		219,409,199	-
a. Advance for capital works	9,737,150		9,055,230
b. Advance Corporate Tax	97,394,489		-
c. Others	307,205,124		276,722,146
Less: Provision for possible losses	(194,927,564)		(182,753,122)
<b>Total</b>		<b>1,439,297,602</b>	<b>1,365,921,687</b>

## OTHER ASSETS (Additional Statement)

## SCHEDULE 16 (A)

Amount in Rs.

Particulars	Current Year				Previous Year
	Upto 1 year	1 to 3 Year	Above 3 Years	Total	
1. Accrued interest on Loan	214,950,569	46,499,388	218,688,490	480,138,447	449,463,362
2. Drafts Paid without Notice	-	-	-	-	
3. Branch Adjustment A/c	-	-	-	-	
4. Agency Balance					
<b>Total</b>	<b>214,950,569</b>	<b>46,499,388</b>	<b>218,688,490</b>	<b>480,138,447</b>	<b>449,463,362</b>

## CONTINGENT LIABILITIES

## SCHEDULE 17

Amount in Rs.

Particulars	Current Year	Previous Year
1. Claims on Institutions but not accepted by bank	13,559,739	653,105,239
2. Letters of Credit (full amount)	6,881,554,198	6,862,523,097
a. Less than 6 months maturity	4,762,873,319	5,915,111,928
b. More than 6 months maturity	2,118,680,879	947,411,169
3. Rediscounted Bills		
4. Unmatured Guarantees/Bonds	2,745,433,889	2,293,792,130
a. Bid Bond	436,220,603	233,829,552
b. Performance Bond	1,835,384,261	1,568,767,631
c. Other Guarantees/ Bonds	473,829,025	491,194,947
5. Unpaid Shares in Investment	-	-
6. Forward Exchange contract liabilities	786,384,933	607,819,643
7. Bills under collection	3,304,314,864	3,021,093,483
8. Acceptance and Endorsements	952,659,634	1,043,767,670
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	4,340,357,801	4,205,049,312
11. Counter Guarantee of internationally Rated Banks	1,063,234,954	661,251,268
12. Advance Payment Guarantee	571,650,672	447,489,324
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	103,440,667	56,690,052
15. Others		
<b>Total</b>	<b>20,762,591,351</b>	<b>19,852,581,218</b>

## INTEREST INCOME

## SCHEDULE 18

Amount in Rs.

Particulars	Current Year	Previous Year
<b>A. On Loan, Advances and Overdraft</b>	<b>4,314,053,184</b>	<b>4,380,824,588</b>
1. Loan and Advances	3,328,656,464	3,319,241,072
2. Overdraft	985,396,720	1,061,583,516
<b>B. On Investment</b>	<b>139,453,476</b>	<b>289,002,310</b>
1. Nepal Government Securities	139,453,476	289,002,310
a. Treasury Bills	27,032,257	111,464,109
b. Development Bonds	112,421,219	177,538,201
c. National Saving Certificate	-	-
2. Foreign Securities	-	-
a. ....	-	-
b. ....	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	-
5. Interest on Inter Bank Lending	-	-
A. Bank/Financial Institutions		
B. Other Organizations		
<b>C. On Agency Balances</b>	<b>1,404,915</b>	<b>929,656</b>
1. Local Banks	-	-
2. Foreign Banks	1,404,915	929,656
<b>D. On Money at Call and Short Notice</b>	<b>6,031,667</b>	<b>1,973,468</b>
1. Local Banks	5,903,872	1,913,237
2. Foreign Banks	127,795	60,231
<b>E. On Others</b>	<b>166,807,587</b>	<b>70,245,458</b>
1. Certificate of Deposits		
2. Inter-Bank Loan	14,436,144	20,757,208
3. FCY Placements	152,371,443	49,488,250
<b>Total</b>	<b>4,627,750,829</b>	<b>4,742,975,480</b>

## INTEREST EXPENSES

## SCHEDULE 19

Amount in Rs.

Particulars	Current Year	Previous Year
<b>A. On Deposit Liabilities</b>		
<b>1. Fixed Deposits</b>	<b>621,363,803</b>	<b>929,807,290</b>
1.1 Local Currency	595,612,150	901,664,130
1.2 Foreign Currency	25,751,653	28,143,160
<b>2. Saving Deposits</b>	<b>989,520,713</b>	<b>986,679,919</b>
2.1 Local Currency	983,101,849	980,842,638
2.2 Foreign Currency	6,418,864	5,837,281
<b>3. Call Deposit</b>	<b>253,096,349</b>	<b>240,368,154</b>
3.1 Local Currency	223,630,013	220,365,030
3.2 Foreign Currency	29,466,336	20,003,124
<b>4. Certificate of Deposits</b>	<b>-</b>	<b>-</b>
<b>B. On Borrowings</b>	<b>90,281,739</b>	<b>91,942,349</b>
1. Debentures and Bonds	87,780,822	88,000,000
2. Loan from Nepal Rastra Bank	-	494,233
3. Inter Bank/Financial Institutions Borrowing	2,500,917	3,448,116
4. Other Corporate Bodies	-	-
5. Other Loans	-	-
<b>C. Others</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,954,262,604</b>	<b>2,248,797,712</b>

## COMMISSION AND DISCOUNT INCOME

## SCHEDULE 20

Amount in Rs.

Particulars	Current Year	Previous Year
<b>A. Bills Purchased and Discounted</b>	<b>66,099,885</b>	<b>69,261,133</b>
1. Local		10,163,049
2. Foreign	66,099,885	59,098,084
<b>B. Commission</b>	<b>542,701,942</b>	<b>502,472,501</b>
1. Letters of Credit	53,806,843	50,317,539
2. Guarantees	66,189,099	51,355,121
3. Collection Fees	30,967,528	30,078,704
4. Remittance Fees	90,609,867	118,624,131
5. Credit Cards Fee	301,128,605	252,097,006
6. Share Underwriting /Issue		
7. Government Transactions	-	-
8. Agency Commissions	-	-
9. Exchange Fees	-	-
<b>C. Others</b>	<b>101,941,733</b>	<b>85,564,466</b>
<b>Total</b>	<b>710,743,560</b>	<b>657,298,100</b>

## OTHER OPERATING INCOME

## SCHEDULE 21

Amount in Rs.

Particulars	Current Year	Previous Year
1. Safe Deposit Lockers Rental	16,409,732	15,231,487
2. Issue and Renewal of Credit Cards	79,614,067	71,793,046
3. Issue and Renewals of ATM Cards	27,037,633	33,878,828
4. Telex/ T. T	19,517,093	17,808,589
5. Service Charges	-	-
6. Renewal Fees	-	-
7. Others	56,876,563	68,102,243
<b>Total</b>	<b>199,455,088</b>	<b>206,814,193</b>

## EXCHANGE GAIN / (LOSS)

## SCHEDULE 22

Amount in Rs.

Particulars	Current Year	Previous Year
A. Revaluation Gain/(Loss)	3,989,793	7,068,746
B. Trading Gain (including exchange Fee on INR)	470,322,276	378,032,829
<b>Total Income / (Loss)</b>	<b>474,312,069</b>	<b>385,101,575</b>

## STAFF EXPENSES

## SCHEDULE 23

Amount in Rs.

Particulars	Current Year	Previous Year
1. Salary	329,955,575	267,887,314
2. Allowances	363,120,676	291,931,480
3. Contribution to Provident Fund	30,846,685	25,337,520
4. Training Expenses	3,538,858	3,504,526
5. Uniform	-	6,448,600
6. Medical	-	-
7. Insurance	29,231,774	29,381,946
8. Pension and Gratuity	110,852,826	64,166,508
9. Others	29,588,869	25,171,812
<b>Total</b>	<b>897,135,263</b>	<b>713,829,706</b>

## OTHER OPERATING EXPENSES

## SCHEDULE 24

Amount in Rs.

Particulars		Current Year	Previous Year
1. Office Rent		138,362,468	102,995,984
2. Electricity & Water		19,126,288	19,344,477
3. Repairs and Maintenance		84,276,285	70,069,017
a. Building	2,529,907		1,871,048
b. Vehicles	1,316,590		2,078,673
c. Others	80,429,788		66,119,296
4. Insurance		18,260,929	15,789,574
5. Postage Telex, Telephone, Fax		39,856,961	40,684,981
6. Office Equipment & Furniture- Repairs		779,486	490,412
7. Travelling Allowances and Expenses		57,636,825	46,739,721
8. Printing and Stationery		28,571,148	25,889,005
9. Books and Periodicals		609,615	1,019,176
10. Advertisements		20,935,818	34,923,946
11. Legal Expenses		9,075,991	1,439,693
12. Donations		11,313,175	196,255
13. Expenses Relating to Board of Directors		5,632,538	6,703,788
a. Meeting Fees	792,500		1,152,500
b. Other Expenses	4,840,038		5,551,288
14. Annual General Meeting Expenses		1,519,474	1,158,990
15. Expenses Relating to Audit		1,571,709	1,456,423
a. Audit Fees	820,380		820,380
b. Other Expenses	751,329		636,043
16. Commission on Remittances			
17. Depreciation on Fixed Assets		105,673,511	106,164,870
18. Amortization		76,992,380	87,838,558
19. Share Issue Expenses		-	-
20. Technical Services Fee		-	-
21. Entertainment		1,802,847	1,380,187
22. Written off Expenses		2,406,546	1,693,789
23. Security Expenses		32,579,374	31,117,667
24. Deposit Guarantee Premium		26,677,116	24,864,456
25. Commission and Discount		11,336,075	7,839,498
26. Others		372,738,431	336,319,252
a. Registration Fee and Charges	36,347,366		43,919,658
b. Card Membership and other expenses	238,012,579		206,126,682
c. Committee Meeting Fees	1,075,692		799,600
d. Fuel, Janitorial & Cleaning	54,337,076		57,493,269
e. Professional Fees	15,168,233		13,693,198
f. Others	27,797,485		14,286,845
<b>Total</b>		<b>1,067,734,990</b>	<b>966,119,719</b>

## PROVISION FOR POSSIBLE LOSSES

### SCHEDULE 25

Amount in Rs.

Particulars	Current Year	Previous Year
1. Increase in Loan Loss Provision	1,397,118,818	569,397,631
2. Increase in Provision for Loss on Investment	-	-
3. Provision against Non-Banking Assets	1,570,554	182,454,717
4. Provision against Other Assets	14,878,802	9,237,995
5. Provision for Performance Bond Guarantee Claim of MWSDDB	-	319,772,750
<b>Total</b>	<b>1,413,568,174</b>	<b>1,080,863,093</b>

## NON OPERATING INCOME / (LOSS)

### SCHEDULE 26

Amount in Rs.

Particulars	Current Year	Previous Year
1. Profit/(Loss) on Sale on Investment	-	-
2. Profit / (Loss) on Sale of Assets [including profit of Rs. 321,050 on sale of NBA]	3,952,183	3,007,208
3. Dividend	19,257,179	14,479,955
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest subsidy	-	-
c. Exchange counter	-	-
5. Others	-	-
<b>Total Non- Operating Income (Loss)</b>	<b>23,209,362</b>	<b>17,487,163</b>

## LOSS PROVISIONS WRITTEN BACK

### SCHEDULE 27

Amount in Rs.

Particulars	Current Year	Previous Year
1. Loan Loss Provision Written Back	574,311,623	774,268,452
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written Back	1,215,323	296,591
5. Provision for Performance Bond Guarantee Claim of MWSDDB	319,772,750	-
<b>Total</b>	<b>895,299,696</b>	<b>774,565,043</b>

## PROFIT/ (LOSS) FROM EXTRA-ORDINARY ACTIVITIES

### SCHEDULE 28

Amount in Rs.

Particulars	Current Year	Previous Year
1. Recovery of Writen off Loan	18,717,024	18,345,299
2. Voluntary Retirement Scheme Expenses	(14,029,416)	-
3. Loan Write/offs [Schedule 28 (A)]	(2,386,094)	(9,699,493)
4. Other Expenses/Income	-	-
<b>Total</b>	<b>2,301,514</b>	<b>8,645,806</b>

## STATEMENT OF LOANS WRITTEN-OFF

## SCHEDULE 28A

Amount in Rs.

S. N.	Type of Loan	Amount Written off	Security Detail	Basis of valuation	Approving authority	Recovery steps taken	Remarks
1	Hire Purchase	2,320,220	Vehicle registered in favour of bank	Purchased / invoice value	MCC/SGM	Served various follow-up letters, 35 days notice published in newspaper. Owners have been blacklisted.	
2	Credit Card Loan	65,874	Personal Guarantee	NA	BM/ECO	Follow-up through telephonic calls and written notices served to the card holder. 35 days notice published in newspaper along with the photographs.	
<b>Total Loan</b>		<b>2,386,094</b>					

## STATEMENT OF LOANS & ADVANCES GIVEN TO DIRECTORS/ CEO/ PROMOTERS/ EMPLOYEES AND SHAREHOLDERS

Out of total Bills Purchased and Discounted, Loans, Advances and Overdraft, amount provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to 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

Amount in Rs.

Name of Promoters / Directors / Chief Executive	Previous Years's Balance		This Year Recovery		This Year Additions	Balance as of Ashad 31, 2072	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors							
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
(B) Chief Executives							
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
(C) Promoters							
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
(D) Employees							
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
(E) Shareholders							
1. ....	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: The Bank has various Staff Loan Schemes and the loans availed under such schemes by the Staffs are included under "Schedule 16 - Other Assets"

# TABLE OF CAPITAL FUND

AS AT ASHAD END, 2072 (JULY 16, 2015)

## SCHEDULE 30A

Amount in Rs.

	PARTICULARS	Current Year	Previous Year
<b>1.1</b>	<b>RISK WEIGHTED EXPOSURES</b>		
a	Risk Weighted Exposure for Credit Risk	62,815,599,427	55,329,593,123
b	Risk Weighted Exposure for Operational Risk	5,101,721,510	4,586,360,657
c	Risk Weighted Exposure for Market Risk	356,179,780	189,690,740
	Adjustment under Pillar II		
	Add 5% of gross income for operational risk	1,862,015,957	1,820,321,497
	Add: 3% of total RWE for overall risk	2,048,205,022	1,803,169,336
	<b>Total Risk Weighted Exposures (a+b+c)</b>	<b>72,183,721,696</b>	<b>63,729,135,353</b>
<b>1.2</b>	<b>CAPITAL</b>		
	<b>Core Capital (Tier I)</b>	<b>6,841,375,523</b>	<b>5,754,474,636</b>
a	Paid up Equity Share Capital	3,332,700,000	2,898,000,000
b	Irredeemable Non-cumulative preference shares	-	-
c	Share Premium	-	-
d	Proposed Bonus Equity Shares	1,166,445,000	434,700,000
e	Statutory General Reserves	1,986,169,281	1,763,712,138
f	Retained Earnings	114,997,186	18,357,988
g	Current year profit/(loss)	-	-
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	-	-
j	Dividend Equalization Reserves	-	-
k	Debenture Redemption Reserve	257,142,855	671,428,570
l	Special Reserve	4,000,000	4,000,000
m	Deferred Tax Reserve	62,897,537	47,485,624
n	Less: Goodwill	-	-
o	Less: Miscellaneous Expenditure not written off	190,942	283,657
p	Less: Investment in equity in licensed Financial Institutions	-	-
q	Less: Investment in equity of institutions with financial interests	-	-
r	Less: Investment in equity of institutions in excess of limits	-	-
s	Less: Investments arising out of underwriting commitments	-	-
t	Less: Reciprocal crossholdings	-	-
u	Less: Other Deductions	82,785,394	82,926,027
	<b>Adjustment under Pillar II</b>		
	Less shortfall in Provision		
	Less loans and facilities extended to related parties and restricted lending		
	<b>Supplementary Capital (Tier II)</b>	<b>1,200,591,560</b>	<b>1,401,104,840</b>
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	600,000,000	700,000,000
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	566,043,793	455,378,144
e	Exchange Equalization Reserve	32,534,533	31,537,085
f	Investment Adjustment Reserve	2,013,234	1,673,278
g	Assets Revaluation Reserve	-	-
h	Other Reserves	-	212,516,333
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>8,041,967,083</b>	<b>7,155,579,476</b>
<b>1.3</b>	<b>CAPITAL ADEQUACY RATIOS</b>		
	Tier 1 Capital to Total Risk Weighted Exposures	9.48	9.03
	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	11.14	11.23

# RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD END, 2072 (JULY 16, 2015)

SCHEDULE 30 (B)

Amount in Rs.

PARTICULARS	Current Year						Previous Year	
	BOOK VALUE A	SPECIFIC PROVISION B	ELIGIBLE CRM C	NET VALUE D=A-B-C	RISK WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHT- ED EXPOSURE
<b>A. BALANCE SHEET EXPOSURES</b>								
Cash Balance	1,349,261,530	-	-	1,349,261,530	0%	-	1,112,465,462	-
Balance With Nepal Rastra Bank	5,873,158,748	-	-	5,873,158,748	0%	-	3,766,154,836	-
Gold	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	9,593,051,597	-	-	9,593,051,597	0%	-	12,182,974,423	-
All Claims on Government of Nepal	255,195,000	-	-	255,195,000	0%	-	255,195,221	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All Claims on Nepal Rastra Bank	7,533,742	-	-	7,533,742	0%	-	2,287,981	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	722,482,537	-	206,263,261	516,219,276	100%	516,219,276	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	265,982,404	398,973,606
Claims on domestic banks that meet capital adequacy requirements	1,139,312,762	-	-	1,139,312,762	20%	227,862,552	1,251,732,463	250,346,493
Claims on domestic banks that do not meet capital adequacy requirements	114,336,973	-	-	114,336,973	100%	114,336,973	478,324,810	478,324,810
Claims on foreign bank (ECA Rating 0-1)	4,034,716,443	-	-	4,034,716,443	20%	806,943,289	1,432,267,034	286,453,407
Claims on foreign bank (ECA Rating 2)	568,316,857	-	-	568,316,857	50%	284,158,429	62,719,570	31,359,785
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	3,795,919,373	-	-	3,795,919,373	20%	759,183,875	5,228,317,460	1,045,663,492
Claims on Domestic Corporates	36,630,876,024	29,972,500	239,285,728	36,361,617,796	100%	36,361,617,796	29,607,648,554	29,607,648,554
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	5,744,403,175	40,889	123,705,728	5,620,656,558	75%	4,215,492,419	4,955,644,854	3,716,733,641
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	4,876,117,641	-	-	4,876,117,641	60%	2,925,670,585	3,871,528,809	2,322,917,285
Claims not fully secured by residential properties	95,245,427	-	-	95,245,427	150%	142,868,141	193,946,997	290,920,496
Claims secured by residential properties (Overdue)	125,514,109	31,536,465	-	93,977,644	100%	93,977,644	92,322,131	92,322,131
Claims secured by Commercial real estate	808,268,765	300,000	-	807,968,765	100%	807,968,765	926,005,209	926,005,209
Past due claims (except for claim secured by residential properties)	1,868,327,519	1,296,060,104	-	572,267,415	150%	858,401,123	1,130,852,018	1,696,278,027
High Risk claims	4,301,577,057	27,823,629	4,443,710	4,269,309,718	150%	6,403,964,577	3,970,008,731	5,955,013,097
Investments in equity and other capital instruments of institutions listed in the stock exchange	100,661,700	-	-	100,661,700	100%	100,661,700	83,663,900	83,663,900
Investments in equity and other capital instruments of institutions not listed in the stock exchange	6,338,159	1,214,859	-	5,123,300	150%	7,684,950	5,123,300	7,684,950
Staff loan secured by residential Property	747,671,359	-	-	747,671,359	60%	448,602,815	762,536,635	457,521,981
Interest Receivable/Claim on Government securities	11,844,283	-	-	11,844,283	0%	-	35,906,711	-
Cash in transit & other cash items in the process of collection	593,843	-	-	593,843	20%	118,769	6,788	1,358
Other Assets	4,206,721,758	2,326,828,343	-	1,879,893,415	100%	1,879,893,415	1,882,196,625	1,882,196,625
<b>TOTAL</b>	<b>86,977,446,381</b>	<b>3,713,776,789</b>	<b>573,698,427</b>	<b>82,689,971,165</b>		<b>56,955,627,090</b>	<b>73,555,812,926</b>	<b>49,530,028,847</b>

# RISK WEIGHTED EXPOSURE FOR CREDIT RISK

CONTINUE...

AS AT ASHAD END, 2072 (JULY 16, 2015)

## SCHEDULE 30 (B)

Amount in Rs.

PARTICULARS	Current Year						Previous Year	
	BOOK VALUE A	SPECIFIC PROVISION B	ELIGIBLE CRM C	NET VALUE D=A-B-C	RISK WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHTED EXPOSURE
<b>B. Off Balance Sheet Exposures</b>								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	3,304,314,864	-	-	3,304,314,864	0%	-	3,021,093,483	-
Forward Exchange Contract Liabilities	786,384,933	-	-	786,384,933	10%	78,638,493	607,819,643	60,781,964
LC Commitments With Original Maturity Upto 6 months domestic counterparty	4,762,873,319	-	391,963,104	4,370,910,215	20%	874,182,043	5,435,422,272	1,087,084,454
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	2,118,680,879	-	149,964,240	1,968,716,639	50%	984,358,320	737,329,688	368,664,844
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	2,759,993,030	-	259,528,854	2,500,464,176	50%	1,250,232,088	2,098,645,503	1,049,322,752
Foreign counterparty (ECA Rating 0-1)	82,256,215	-	16,211,130	66,045,085	20%	13,209,017	72,704,023	14,540,805
Foreign counterparty (ECA Rating 2)	527,102,391	-	263,551,195	263,551,196	50%	131,775,598	198,506,644	99,253,322
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	571,650,672	-	69,241,356	502,409,316	100%	502,409,316	434,066,789	434,066,789
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	952,659,634	-	-	952,659,634	100%	952,659,634	1,043,767,670	1,043,767,670
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	4,319,571,741	-	-	4,319,571,741	20%	863,914,348	4,196,106,199	839,221,240
Irrevocable Credit commitments (long term)	20,786,060	-	-	20,786,060	50%	10,393,030	8,943,113	4,471,557
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	439,317,207	-	87,863,441	351,453,766	20%	70,290,753	389,321,184	77,864,237
Other Contingent Liabilities	103,440,667	-	-	103,440,667	100%	103,440,667	56,690,052	56,690,052
Unpaid guarantee claims	13,559,739	-	1,325,224	12,234,515	200%	24,469,030	331,917,295	663,834,590
<b>TOTAL</b>	<b>20,762,591,351</b>	<b>-</b>	<b>1,239,648,544</b>	<b>19,522,942,807</b>		<b>5,859,972,337</b>	<b>18,632,333,558</b>	<b>5,799,564,276</b>
<b>Total RWE for credit Risk (A) +(B)</b>	<b>107,740,037,732</b>	<b>3,713,776,789</b>	<b>1,813,346,971</b>	<b>102,212,913,972</b>		<b>62,815,599,427</b>	<b>92,188,146,484</b>	<b>55,329,593,123</b>
<b>Adjustment under Pillar II</b>								
<b>Add:10% of the loan and facilities in excess of Single Obligor Limits</b>								
<b>Add:1% of the contract(sale) value in case of the sale of credit with recourse</b>								
<b>Total RWE for credit Risk (A)+(B)+(C)</b>	<b>107,740,037,732</b>	<b>3,713,776,789</b>	<b>1,813,346,971</b>	<b>102,212,913,972</b>		<b>62,815,599,427</b>	<b>92,188,146,484</b>	<b>55,329,593,123</b>

CONTINUE...

## ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD END, 2072 (JULY 16, 2015)

SCHEDULE 30 (C)  
Amount in Rs.

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT. & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
<b>A. BALANCE SHEET EXPOSURES</b>										
Cash Balance	-	-	-	-	-	-	-	-	-	-
Balance With Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Gold	-	-	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	-	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on BIS, IMF, ECB, EC and on Multilateral Development Banks (MDBs) recognized by the framework	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	206,263,261	-	-	-	-	-	-	-	-	206,263,261
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that 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	162,090,714	4,400,000	-	-	-	-	-	-	72,795,013	239,285,727
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)	123,705,728	-	-	-	-	-	-	-	-	123,705,728
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	4,443,711	-	-	-	-	-	-	-	-	4,443,711
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>496,503,414</b>	<b>4,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,795,013</b>	<b>573,698,427</b>

CONTINUED...

## ELIGIBLE CREDIT RISK MITIGANTS

AS AT ASHAD END, 2072 (JULY 16, 2015)

CONTINUED...  
SCHEDULE 30 (C)  
Amount in Rs.

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT. & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
<b>B. Off Balance Sheet Exposures</b>										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	391,963,104	-	-	-	-	-	-	-	-	391,963,104
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	149,964,240	-	-	-	-	-	-	-	-	149,964,240
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	259,528,854	-	-	-	-	-	-	-	-	259,528,854
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	16,211,130	16,211,130
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	263,551,195	263,551,195
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	69,241,356	-	-	-	-	-	-	-	-	69,241,356
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	87,863,441	87,863,441
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Claims on Guarantee	1,325,225	-	-	-	-	-	-	-	-	1,325,225
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>872,022,779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367,625,766</b>	<b>1,239,648,545</b>
<b>Total (a+b)</b>										<b>1,813,346,972</b>

## RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

## SCHEDULE 30 (D)

Amount in Rs.

Particulars	15 July 2012	15 July 2013	16 July 2014	Previous Year
<b>Net Interest Income</b>	<b>1,908,445,919</b>	<b>2,508,273,070</b>	<b>2,494,177,768</b>	
Commission and Discount Income	510,840,279	550,149,068	657,298,100	
Other Operating Income	182,028,635	165,071,706	206,814,193	
Exchange Fluctuation Income	309,897,962	300,469,098	385,101,575	
Additional/Deduction in Interest Suspense during the period	(72,444,685)	116,680,051	(19,359,723)	
<b>Gross Income (a)</b>	<b>2,838,768,110</b>	<b>3,640,642,993</b>	<b>3,724,031,913</b>	
Alfa (b)	0.15	0.15	0.15	
<b>Fixed percentage of Gross Income [c=(a*b)]</b>	<b>425,815,217</b>	<b>546,096,449</b>	<b>558,604,787</b>	
Capital Requirement for operational risk (d) (average of c)			510,172,151	458,636,066
Risk Weight (reciprocal of capital requirement of 10% times) (e)			10	10
<b>Equivalent Risk Weight Exposure [f=(d*e)]</b>			<b>5,101,721,510</b>	<b>4,586,360,657</b>

## RISK WEIGHTED EXPOSURE FOR MARKET RISK

## SCHEDULE 30 (E)

Amount in Rs.

S.No.	Currency	Open Position (FCY)	Mid Rate	Open Position (NPR)	Relevant Open Position	Previous Year Relevant Open Position
1	AED	(92,430)	26.56	(2,454,479)	2,454,479	1,666,522
2	AUD	(24,936)	74.56	(1,859,203)	1,859,203	6,679,814
3	BHD	(325)	267.72	(86,874)	86,874	-
4	CAD	(8,668)	78.07	(676,680)	676,680	1,009,977
5	CHF	(81,454)	106.06	(8,638,587)	8,638,587	3,376,747
6	CNY	(803)	16.16	(12,976)	12,976	1,030,731
7	DKK	(10,000)	14.94	(149,400)	149,400	273,546
8	EUR	(130,286)	110.87	(14,444,822)	14,444,822	9,791,507
9	GBP	101,817	158.56	16,143,566	16,143,566	8,098,675
10	HKD	(16,003)	13.06	(208,918)	208,918	203,976
11	INR	(164,901,386)	1.60	(263,965,894)	263,965,894	71,888,075
12	JPY	(5,562,687)	0.82	(4,558,344)	4,558,344	2,493,468
13	KRW	(1,152,000)	0.09	(101,952)	101,952	-
14	KWD	(1,246)	333.75	(415,679)	415,679	-
15	MYR	(77,377)	25.81	(1,996,713)	1,996,713	791,088
16	NOK	(2,650)	16.67	(44,176)	44,176	44,176
17	QAR	(59,658)	26.92	(1,605,993)	1,605,993	1,951,248
18	SAR	(148,752)	25.89	(3,850,446)	3,850,446	3,814,129
19	SEK	(180)	11.67	(2,101)	2,101	117,182
20	SGD	(36,737)	74.18	(2,725,120)	2,725,120	4,327,119
21	THB	(58,820)	2.83	(166,167)	166,167	162,393
22	USD	3,823,254	101.55	388,251,481	388,251,481	261,661,108
<b>Total Open Position (a)</b>					<b>712,359,569</b>	<b>379,381,480</b>
<b>Fixed Percentage (b)</b>					<b>5%</b>	<b>5%</b>
<b>Capital Charge for Market Risk [c=(a*b)]</b>					<b>35,617,978</b>	<b>18,969,074</b>
<b>Risk Weight (reciprocal of capital requirement of 10% times) (d)</b>					<b>10</b>	<b>10</b>
<b>Equivalent Risk Weight Exposure [e=(c*d)]</b>					<b>356,179,780</b>	<b>189,690,740</b>

## PRINCIPAL INDICATORS FOR LAST FIVE YEARS

## SCHEDULE 31

Amount in Rs.

Particulars	Unit	FY	FY	FY	FY	FY
		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
		2067/2068	2068/2069	2069/2070	2070/2071	2071/2072
Net Profit/Total Income	Percent	25.46	24.65	25.19	26.25	23.08
Per Share Income	Rs.	44.66	39.94	34.19	33.10	33.37
Per Share Market Value	Rs.	575	653	700	941	813
Price Earning Ratio	Ratio	12.88	16.35	20.47	28.43	24.36
Dividend on Share Capital (Including Bonus)	Percent	36.84	28.42	15.00	21.05	42.11
Cash Dividend on Share Capital	Percent	16.84	13.42	10.00	6.05	7.11
Interest Income/Loan and Advances	Percent	13.12	13.14	11.27	10.21	8.35
Staff Expenses/Total Operating Expenses	Percent	47.06	47.03	44.49	42.49	45.66
Interest Expenses on Total Deposit	Percent	5.90	5.90	3.99	3.48	2.66
FX Fluctuation Gain/Total Income	Percent	3.66	5.00	5.00	5.67	6.84
Staff Bonus/Total Staff Expenses	Percent	19.30	17.97	16.78	18.51	13.95
Net Profit/Loan and Advances	Percent	2.83	2.74	2.38	2.12	2.08
Net Profit/Total Assets	Ratio	1.91	1.76	1.54	1.30	1.34
Total Loan/Deposits	Percent	80.57	75.36	77.36	71.82	75.37
Total Operating Expenses/Total Income	Percent	22.88	24.00	27.83	27.12	30.44
Capital Adequacy Ratio:						
A. Core Capital	Percent	8.88	9.60	8.96	9.03	9.48
B. Supplementary Capital	Percent	1.80	1.43	2.60	2.20	1.66
C. Total Capital Fund	Percent	10.68	11.02	11.55	11.23	11.14
Liquidity (CRR)	Percent	5.75	8.72	6.08	8.72	8.32
Non-performing Loan/Total Loan	Percent	4.22	2.09	2.89	1.96	3.22
Weighted Average Interest Rate Spread	Percent	3.96	4.25	5.17	4.54	4.35
Book Networth per share	Rs.	199.77	193.00	192.02	209.92	208.81
Total Share	Number	20,000,000	24,000,000	27,600,000	28,980,000	33,327,000
Total Staff	Number	647	793	830	835	856

# SIGNIFICANT ACCOUNTING POLICIES

## SCHEDULE 32

### 1. General Information

Himalayan Bank Limited ("the Bank") is a public limited liability company domiciled in Nepal, with its registered office as G.P.O. Box No. 20590, Kamaladi, Kathmandu, Nepal. The Bank is a Joint-venture of Habib Bank Limited, Pakistan & is licensed by Nepal Rastra Bank, the central bank of Nepal, to carry out commercial banking activities in Nepal as class 'A' financial institution under the Bank and Financial Institution Act, 2063. The Bank is listed in Nepal Stock Exchange Limited.

### 2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation & presentation of the financial statements of the Bank are stated herein below. The said policies have been consistently applied to all the years presented, unless stated otherwise.

#### 2.1. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Accounting Standards (NAS) except as otherwise stated, generally accepted accounting principles, Banks and Financial Institutions Act, 2063, directives issued by Nepal Rastra Bank and the Company Act, 2063.

#### 2.2. Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in conformity with NAS and generally accepted accounting principles requires the use of certain critical accounting estimates as well as management's judgement & discretion in the process of applying the Bank's accounting policies.

#### 2.3. Interest Income

Interest income on loans and advances is recognised on cash basis as per the directives issued by Nepal Rastra Bank, which however is not in conformity with Nepal Accounting Standards that requires income recognition on accrual basis. In case of loans and advances disbursed to projects of national level priorities, interest accrued pertaining to the moratorium period is capitalised and taken into income, where the same is allowed and approval is given by Nepal Rastra Bank.

Interest income on Investments is generally recognized on accrual basis, however, where the return is fluctuating and is not reasonably ascertainable, the same is recognised on cash basis.

#### 2.4. Fees and Commission Income

Commission and fee income on bills purchased and discounted, guarantees and documentary credit are booked at the time of transaction on cash basis.

#### 2.5. Dividend Income

Dividend income (net of withholding tax) is accounted for as and when right to receive is established.

### 2.6. Foreign Exchange Transactions

Foreign currency assets and liabilities are translated into local currency at mid exchange rate prevailing on the Balance Sheet date. Net differences arising from such conversion is accounted for as "Revaluation gain/(Loss)". As required by NRB Directives, 25% of such revaluation gain during the accounting year is transferred to Exchange Fluctuation Reserve by charging to Profit and Loss Appropriation Account. Income / (expenses) arising due to the differences between buying and selling rates of foreign currencies are accounted for as trading gain/(loss).

### 2.7. Interest Expenses

Interest expenses on deposit liabilities & borrowings from other banks are accounted for on accrual basis.

### 2.8. Loans and Advances, Overdraft and Bills Purchased

Loans and advances, overdrafts and bills purchased represent direct financing provided to the customers & include all long / short term loans, consumer loans, credit card facilities as well as loans given to the deprived sector. Such loans are subject to regular review and are classified as per the directives issued by Nepal Rastra Bank. Loans and advances including bills purchased are shown net of loan loss provision.

### 2.9. Staff Loans

Loans and advances provided to staff in accordance with the Bank's policies are shown under Other Assets. In addition to this, directors & staffs of the bank are provided with credit card facility under approved policy of the bank.

### 2.10. Loan Loss Provision

Provision for possible losses on loans and advances & bills purchased is provided at 0.25% to 100% on the basis of assets classification in accordance with NRB Directives. Additional provision over the prescribed requirement is provided at the discretion of the management on prudent basis. Also, for loans classified under watch-list category, provision has been provided at 2% on the outstanding balance as at the year-end as required under NRB directives.

### 2.11. Loans & Advances Write off

Loans and advances classified as loss loan for at least a year and deemed irrecoverable are written off in accordance with the by-laws of the Bank duly approved by Nepal Rastra Bank.

### 2.12. Recovery of Loan and Interest

Amount repaid by borrowers is first applied towards settlement of due interest in full and the remaining balance is applied towards settlement of the principal amount.

Amounts recovered against loans written off in earlier years are recognized as income in the profit and loss account in the year when the amount is actually received from borrowers. All transaction costs viz., legal costs, commission fee etc. incurred towards recovery of written-off loans are included in Schedule 24 (Legal Expenses) of the financial statements.

### 2.13. Appropriation of Profit

Appropriations out of profit after tax and bonus to various reserves are made as required under directives issued by Nepal Rastra Bank and other applicable laws.

### 2.14. Investments

The investments held by the Bank comprise of the following three categories as per NRB Directives:

a. Held For Trading: These investments are held primarily with an intention of resale over a short period of time. Any gain or loss arising from trading / revaluation are recognised in Profit and Loss Account.

b. Held Till Maturity: These investments are purchased with positive intent and ability to hold till maturity and are recorded at cost or at cost adjusted for amortisation of premiums or discounts. Premiums paid on acquiring these investments are subsequently amortized as reversal of interest income on proportionate basis till the maturity date. Any impairment losses arising in such investments are provisioned and charged in the Profit or Loss Account.

c. Available for Sale: These are investments not falling under "Held for Trading" or "Held Till Maturity" and are marked to market on regular basis. The investments classified under this category but not listed in the stock exchange, are carried at cost at the Balance Sheet without assigning any market value. Amount equivalent to at least 2% of this portfolio is earmarked as Investment Adjustment Reserve from the Retained Earnings in line with NRB Directives.

In case of bonus shares allotted with respect to investment made, only the number of shares is increased in record without any changes in the cost price of the shares.

### 2.15. Fixed Assets and Depreciation

a. Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

b. Non-consumable items normally having useful life of less than one year and / or costing less than Rs.5,000 are expensed off in the year of purchase.

c. Fixed assets other than freehold land are depreciated on diminishing balance method at the following rates:

S.N.	Nature of Assets	Rates
1.	Building	5%
2.	Vehicles	15%
3.	Furniture-Wood	15%
4.	Furniture-Steel	10%
5.	Office Equipment	15%
6.	Computers	20%
7.	Generators	15%

Depreciation on assets acquired during the accounting year is charged from the month subsequent to the date of acquisition, whereas depreciation on assets disposed off during the year is charged up to the month prior to disposal.

Depreciation for Income Tax purpose is calculated at the rates and manners prescribed by the Income Tax Act, 2058.

### 2.16. Amortization

Software applications purchased by the Bank are amortized over a period of 5 years from the month of purchase. Licence fees paid by the Bank are amortized over the period of the licence. Leasehold improvements are amortized in equal annual instalments over the period of lease.

### 2.17. Lease Rental

All leases entered into by the Bank are operating leases. Total payments made under operating leases are charged to profit and loss account as 'Other Operating Expenses' on monthly basis.

### 2.18. Retirement Benefits

The Bank has provision of Gratuity and Provident Fund as retirement benefits to the employees. Expenses on account of Gratuity and Provident Fund are recognised on accrual basis with contributions made in accordance with the provisions of the Bank's Staff Service By-Laws. Such contributions are transferred to the Approved Retirement Fund (an entity independent of the Bank) on regular basis as per the rules and regulations of the said Retirement Fund.

### 2.19. Staff Leave Encashment Provision

Accumulated staff leave liability upto 120 days of annual leave as well as sick leave as on mid-April is accounted for on accrual basis. Leave balance in excess of 120 days is encashed each year as per the Staff Service By-Laws.

### 2.20. Employees' Housing Scheme

In view of provision of housing loan facilities to its employees, Bank does not make provision for Employees' Housing Fund as required under the Labour Act, 2048.

### 2.21. Income and Deferred Taxes

#### a. Corporate Tax:

Corporate Income Tax liability is calculated as per the provisions of Income-Tax Act, 2058. Any variation occurring in the course of final tax assessment is adjusted in the year of acceptance by the bank.

#### b. Deferred Tax:

Deferred tax is provided on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are recognized where the carrying amount of the assets exceeds its tax base so that taxable economic benefits arising in future will exceed the amount that will be allowed as deduction for tax purposes.

Deferred tax reserve is earmarked to the extent of outstanding balance of Deferred Tax Assets as per NRB guidelines.

### 2.22. Non-Banking Assets

Non-Banking Assets are the assets obtained as security for loans & advances subsequently taken over by the Bank in the course of loan recovery. Such assets are valued at fair market value (Panchakrit Mulya) or total amount due from the borrower, whichever is lower and the balance loan remaining is charged to profit and loss account in the same year as per NRB directives. Provision for possible losses on non-banking assets equal to the takeover value is made in the year of takeover by a charge to the profit and loss account for the amount not covered by the related balance, if any, available in interest suspense account as per the directives of Nepal Rastra Bank.

## NOTES TO ACCOUNTS

For the Financial Year July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

### SCHEDULE 33

Amount in Rs.

#### 1. Status of Bank Reconciliation

##### With Nepal Rastra Bank

(In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	-	73,811,162	121,062	8,537,858
1 to 3 months	-	2,024,797	-	304,650
3 to 6 months	-	1,757,015	-	1,003,900
6 to 12 months	-	3,750,100	4,000,000	786,808
1 to 2 years	2,500,000	15,400	-	6,564,181
above 2 years	-	-	-	2,470,354
<b>Total</b>	<b>2,500,000</b>	<b>81,358,474</b>	<b>4,121,062</b>	<b>19,667,750</b>

##### With Other Authorized Local Financial Institutions

(In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	-	213	-	1,551,845
1 to 3 months	-	-	200	1,030,393
3 to 6 months	-	-	-	322,635
6 to 12 months	-	-	1,800	100,970
1 to 2 years	6,845	1,369	-	9,287,100
above 2 years	-	-	-	-
<b>Total</b>	<b>6,845</b>	<b>1,582</b>	<b>2,000</b>	<b>12,292,943</b>

##### With Foreign Banks

(In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	37,669,871	356,599,190	76,270,634	301,668,200
1 to 3 months	2,031,000	12,587,111	610,421	4,856,248
3 to 6 months	-	1,161,992	15,173	1,608,384
6 to 12 months	1,206,175	3,151,932	1,428,779	3,406,057
1 to 2 years	4,375,182	3,808,363	-	2,349,141
above 2 years	-	4,898,071	-	22,846,414
<b>Total</b>	<b>45,282,228</b>	<b>382,206,658</b>	<b>78,325,008</b>	<b>336,734,445</b>

A sum of Rs. 3,408,040 (Credit Balance) is outstanding in Inter Branch Account. Major part of these pending entries pertain to clearing related payments and other payments made by branches through Head Office, inter-branch transfers etc. All of these pending entries have been settled in the subsequent days.

#### 2. Amortization of expenses not written off

Expenses incurred by way of construction and other improvements on the leased banking premises are capitalized as "Leasehold Improvements". The Bank has adopted the policy of amortizing the same on a yearly basis in equal instalments over the lease period. Accordingly, Rs.11,038,389 has been amortized during the year, leaving a balance of Rs. 70,257,466 for future amortization (Previous year amortized Rs. 20,448,228 and balance Rs. 62,768,762).

The computer software has been capitalized as Deferred Revenue Expenditure for amortization within five years effective from

the date of commencement of operation and from the date of purchase including any subsequent purchase. Accordingly, a sum of Rs. 65,782,248 has been amortized during the year, leaving a balance of Rs. 146,963,332 for future amortization (Previous year amortized Rs. 67,149,132 and balance Rs. 167,031,364).

Expenses incurred on office furnishing are capitalized as deferred revenue expenditure for amortization in three years effective from the date of purchase. Accordingly, a sum of Rs. 171,743 has been amortized during the year under review, leaving a balance of Rs. 226,056 for future amortization (Previous year amortized Rs 241,199 and balance Rs 283,657).

#### 3. Summary of Loans and Advances

Rs. in '000

Particulars	2013-14	2014-15	Change %
Loan & Advances outstanding as at the year end	46,449,329	55,428,007	19.13
Loan Written-off during the year	9,699	2,386	(75.39)

#### 4. Summary of Changes in Deposit Liabilities

Rs. in '000

Particulars	2013-14	2014-15	Change %
Interest Free Deposits	7,650,320	9,736,979	27.28
Interest Bearing Deposits	57,024,528	63,801,221	11.88
<b>Total</b>	<b>64,674,848</b>	<b>73,538,200</b>	<b>13.70</b>

#### 5. Weighted Average Interest Rate Spread

Particulars	Rate %
Weighted Average Interest Rate on Loans and Investments	7.71
Weighted Average Interest Rate on Deposits, Bonds and Borrowing	3.36
<b>Net Spread</b>	<b>4.35</b>

Note: Average interest spread calculated as per NRB Directives as at the year-end is 4.58%.

#### 6. Details of Deferred Expenses

Rs. in '000

Particulars	2013-14	2014-15
1. At Cost	466,070	511,899
a) Upto Last Year	426,444	466,070
b) Addition this year	39,626	45,829
c) Deduction this year	-	-
2. Amortization	298,755	364,709
3. Remaining Value	167,315	147,190

#### 7. Summary of Concentration of Exposure

Figures in Rs. in '000

Particulars	Loan and Advances	Contingent
Total Amount as on 16 July 2015	55,428,007	20,645,591
Highest Exposure to single group	919,887	979,093
Highest % of exposure to single group	1.66%	4.74%

## 8. Classification of Assets Liability Maturity as at July 16, 2014

Figures in Rs. in '000

Particulars	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Above 1 Yr.	Total
<b>Assets</b>						
Cash Balance	1,349,262	-	-	-	-	1,349,262
Balance with Banks	3,356,363	-	-	-	3,681,787	7,038,150
Money at Call	1,063,950	-	-	-	-	1,063,950
Treasury Bills	5,594,679	2,596,795	-	694,623	-	8,886,097
Govt. Bonds	-	100,096	48,484	51,525	506,850	706,955
Other Investments	11,087	1,320,328	3,239,445	1,472,475	1,478,218	7,521,553
Loans & Advances /Bills purchase	22,710,234	6,216,404	4,913,056	4,625,160	16,963,153	55,428,007
Fixed Assets	-	-	-	-	1,321,272	1,321,272
Other Assets	178,438	151,295	39,427	38,177	1,031,960	1,439,297
<b>Total Assets (A)</b>	<b>34,264,013</b>	<b>10,384,918</b>	<b>8,240,412</b>	<b>6,881,960</b>	<b>24,983,240</b>	<b>84,754,543</b>
<b>Liabilities</b>						
Borrowings	-	-	-	-	-	-
Current Deposits	2,125,528	1,699,612	2,124,515	2,124,515	424,903	8,499,073
Call Deposits	14,763,822	-	-	-	-	14,763,822
Saving Deposits	9,682,872	3,873,213	1,936,607	9,683,034	13,556,247	38,731,973
Fixed Deposits	2,499,836	1,330,264	2,457,841	3,096,031	921,454	10,305,426
Margin Deposits	1,237,906	-	-	-	-	1,237,906
Bills Payable	95,873	-	-	-	-	95,873
Bonds	-	-	-	-	600,000	600,000
Share Capital & Reserves	-	-	-	-	6,958,900	6,958,900
Other Liabilities	1,105,832	337,179	3,363	3,363	2,111,833	3,561,570
<b>Total Liabilities (B)</b>	<b>31,511,669</b>	<b>7,240,268</b>	<b>6,522,326</b>	<b>14,906,943</b>	<b>24,573,337</b>	<b>84,754,543</b>
Net Financial Assets (A-B)	2,752,344	3,144,650	1,718,086	(8,024,983)	409,903	-
Cumulative Net Financial Assets	2,752,344	5,896,994	7,615,080	(409,903)	-	-

NOTE: A) Loan has been categorized in Gross amount &amp; provision provided is included in other liabilities under above 1 year bucket.

B) The Bank has no borrowings against the collateral of its own assets.

## 9. Paid up Share Capital

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

Financial Year	Cumulative Paid up Capital Rs.	Remarks
Initial capital	60,000,000.00	
F.Y. 1994-95 (BS 2051-52)	120,000,000.00	Issue of 100% bonus share
F.Y. 1997-98 (BS 2054-55)	192,000,000.00	Issue of 60% bonus share
F.Y. 1998-99 (BS 2055-56)	240,000,000.00	Issue of 25% bonus share
F.Y. 1999-00 (BS 2056-57)	300,000,000.00	Issue of 25% bonus share
F.Y. 2000-01 (BS 2057-58)	390,000,000.00	Issue of 30% bonus share
F.Y. 2001-02 (BS 2058-59)	429,000,000.00	Issue of 10% bonus share
F.Y. 2002-03 (BS 2059-60)	536,250,000.00	Issue of 25% bonus share
F.Y. 2003-04 (BS 2060-61)	643,500,000.00	Issue of 20% bonus share
F.Y. 2004-05 (BS 2061-62)	772,200,000.00	Issue of 20% bonus share
F.Y. 2005-06 (BS 2062-63)	810,810,000.00	Issue of 5% bonus share
F.Y. 2006-07 (BS 2063-64)	1,013,512,500.00	Issue of 25% bonus share
F.Y. 2007-08 (BS 2064-65)	1,216,215,000.00	Issue of 20% bonus share
F.Y. 2008-09 (BS 2065-66)	1,600,000,000.00	Issue of 31.56% bonus share
F.Y. 2009-10 (BS 2066-67)	2,000,000,000.00	Issue of 25% bonus share
F.Y. 2010-11 (BS 2067-68)	2,400,000,000.00	Issue of 20% bonus share
F.Y. 2011-12 (BS 2068-69)	2,760,000,000.00	Issue of 15% bonus share
F.Y. 2012-13 (BS 2069-70)	2,898,000,000.00	Issue of 5% bonus share
F.Y. 2013-14 (BS 2070-71)	3,332,700,000.00	Issue of 15% bonus share

## 10. Dividend and Bonus

The Board of Directors has recommended 7.1053% cash dividend & 35% stock dividend for the financial year.

## 11. Unpaid Dividend

As on the balance sheet date, unpaid dividend over five years amounts to Rs.7,286,972.

## 12. Deferred Tax

Deferred income taxes are calculated on temporary differences using an effective tax rate of 30%.

The movement in deferred tax assets / (liabilities) during the year is as follows:

PARTICULARS	Balance 16 Jul 2014	Balance 16 Jul 2015
Opening Deferred Tax Assets / (Liabilities)	62,887,064	47,485,624
Movement During the Year	(15,401,440)	15,411,913
Closing Deferred Tax Assets / (Liabilities)	47,485,624	62,897,537

The movement during the year is charged to the Profit and Loss Account & adjusted in Deferred Tax Reserve through Profit & Loss Appropriation A/C.

## 13. Provision for Gratuity

During the year, the Bank has provided Rs. 110,852,826 (Previous Year Rs. 64,166,508) on account of gratuity which has been subsequently transferred to HBL Staff Retirement Fund.

## 14. Provision for Bonus

Provision for bonus has been made as per the Bonus Act, 2030 and provided for at 10% of net profit, after making adjustments for loan loss provision and bonus.

## 15. Staff Leave Encashment Provision

Total sum amounting to Rs. 64,592,791 has been charged to profit and loss account towards provision for accumulated leave and leave encashment made during the year as per the bank's Staff Service By-Laws.

## 16. Provision for Other Asset

A sum of Rs. 14,878,802 has been provided by a charge to profit and loss account for receivables categorised under other assets which are disputed and recovery of which is doubtful.

## 17. Mutually Agreed Retirement Scheme (MARS)

The bank has offered voluntary retirement to three of the executive level staffs during the year and the total compensation provided to them amounting to Rs. 14,029,416 has been disclosed separately under schedule 28 of the financial statements.

## 18. Loan Written Off

Loan outstanding amounting to Rs. 2,386,094 and accrued interest amounting to Rs.2,905,367 has been written off from the books during the year as the same has been considered not recoverable. The interest so written off has been adjusted against the corresponding interest suspense.

A sum of Rs.18,717,024 has been recovered with respect to loan and interest written off in earlier years and recognised as income during the year.

## 19. Dividend Income

A total of Rs. 19,257,179 has been received as dividend during the year from investment in shares made by the bank.

## 20. Investments in Visa Card International

Visa Card International on conversion into a private stock corporation allocated its franchisee class C common stock to members in recognition of their membership interest. The bank currently holds 5,860 units of class C common stock.

## 21. Interest Capitalised

Interest accrued on loans amounting to Rs.12,609,641 pertaining to gestation period of projects financed by the bank has been capitalised and taken into income during the year with due approval of Nepal Rastra Bank.

## 22. Interest suspense

A sum of Rs. 480,138,447 has been provided till the year end as interest suspense representing interest accrued on loans but not realised as at the year-end. During previous year, a sum of Rs. 40,199,973 representing similar interest, but realised within the first 15 days of the following month of Shrawan was taken into income of the year as allowed under directives of Nepal Rastra Bank and therefore need to be considered for the purpose of comparison.

## 23. Cash and Cash Equivalent

The bank has gold coins valued at cost of acquisition amounting to Rs. 8,379,634, which is included in cash balance shown in the Balance Sheet.

## 24. Redemption of Debentures

Unsecured Bonds of value Rs. 500,000,000 issued by the bank in the year 2065 has been redeemed during the year on maturity. Bond Redemption Reserve of equivalent amount created through appropriation of profits over the period of the bond has become free and therefore transferred to profit and loss appropriation account through Capital Adjustment Fund.

The bank has unsecured debentures of value Rs. 600,000,000 with coupon rate of 8% outstanding as at the year-end which was issued in Ashad 2070 and maturing in Ashad 2077.

## 25. Forced Loan

The bank under instruction of Nepal Rastra Bank has booked a forced loan amounting to Rs.681,738,200 (equivalent to USD 6,655,000) in respect of claim paid to Melamchi Water Supply Development Board against a performance bond guarantee issued by the bank on behalf of CRCC 15 Bureau J/V, China against the counter guarantee of China Construction Bank. The claim is still sub-judice in Zhengzhou Intermediate People's Court, China as well as in Kathmandu District Court, Nepal. However, the loan has also been fully provided for during the year.

Provision for possible losses amounting to Rs. 319,772,750 and contingent reserve of Rs. 212,516,333 made with respect to the said claim in earlier years have been reversed during the year and written back into income and profit & loss appropriation account respectively.

## 26. Contingent Liability

Beneficiaries of bank guarantees have claimed Rs. 13,559,739 which the bank has not accepted as debt.

Self assessment returns filed by the bank for the financial years 2011-12 (2068-69), 2012-13 (2069-70) and 2013-14 (2070-71) are pending for assessment with Inland Revenue Department. Assessments of the years prior to those mentioned above have been completed. However, assessment pertaining to 2006-07 (2063-64), 2007-08 (2064-65 BS), 2008-09 (2065-66), 2009-10 (2066-67) & 2010-11 (2067-68) are in various stages of appeal and review, with respect to which a sum of Rs. 103,440,667 has been shown as contingent liability. The bank has further applied to Tax Settlement Commission 2071 for amicable settlement of tax assessments of 2006-07 (2063-64), 2007-08 (2064-65 BS), 2008-09 (2065-66) & 2009-10 (2066-67).

## 27. Related Parties Disclosure

Habib Bank Ltd. is a joint venture partner with the bank holding 20% of total share capital. During the review period Rs. 28,979,826 (net of tax) has been repatriated to Habib Bank on account of dividend payable for F.Y. 2013-14 (2070-71).

The bank made placement transactions with Habib Bank Limited and its related parties and earned interest income of Rs. 19,586,640 during the year. Out of such placements, USD 6 Mil is yet to mature as on the balance sheet date. The bank also maintains nostro accounts with Habib Bank Limited and its related parties, which have closing balance of Rs. 19,326,032 (in equivalent Nepalese Rupees) as on the balance sheet date.

## Key Management Personnel

Key Management Personnel of the Banks includes Directors of the Board and Chief Executive Officer and are as follows:

Mr. Manoj Bahadur Shrestha - Chairman  
 Mr. Salim Amlani - Vice Chairman  
 Mr. Prem Prakash Khetan - Second Vice Chairman  
 Mr. Prachanda Bahadur Shrestha - Director  
 Mr. Krishna Prasad Acharya - Director  
 Mr. Sushil Bikram Thapa - Director  
 Mr. Upendra Keshari Poudyal - Director  
 Mr. Surendra Silwal - Director  
 Mrs. Ranjana Shrestha - Alternate Director  
 Ms. Menuka Shrestha - Alternate Director  
 Mr. Arun K.C. - Alternate Director  
 Mr. Torup Prasai - Alternate Director  
 Mr. Shreeram Shekhar Adhikari - Alternate Director  
 Mr. Ashoke S. Rana - Chief Executive Officer

## Compensation to Key Management Personnel of the Bank

The service of the CEO is governed by the terms of the contract entered into between him and the bank. Total compensation paid to Chief Executive Officer during the year is as follows:

a) Total Salary & Allowances	Rs. 11,106,500.00
b) Utilities Payment	Rs. 1,115,807.00
d) Medical and Accidental Insurance Premium	Rs. 12,939.00
Total Staff Expenses of this FY	Rs. 897,135,263.00

Chief Executive Officer is also provided the following benefits as per the terms of the contract:

- i) Bonus to local staff as per Bonus Act,
- ii) Vehicle Facility

## Transaction with Key Management Personnel of the Bank

The following provides transactions between the Bank and Key Management Personnel of the Bank during the year.

Nature of Transaction	Current Year
Meeting Fees Paid	792,500
Allowance and other fees & expenses	4,840,038

## 28. Operating Lease Commitment

The future minimum lease payment under non-cancellable operating leases with the bank as lessee is NIL.

## 29. Disclosure under New Capital Adequacy Framework

### I. Capital structure and capital adequacy

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

SN	PARTICULARS	AMT IN RS.
	<b>Core Capital (Tier I)</b>	<b>6,841,375,523</b>
1	Paid up Equity Share Capital	3,332,700,000
2	Statutory General Reserves	1,986,169,281
3	Retained Earnings	114,997,186
4	Proposed Bonus Equity Shares	1,166,445,000
5	Capital Adjustment Reserve	-
6	Debenture Redemption Reserve	257,142,855
7	Special Reserve	4,000,000
8	Deferred Tax Reserve	62,897,537
9	Miscellaneous Expenditure not w/off	(82,976,336)

#### b. Tier 2 capital and a breakdown of its components:

SN	PARTICULARS	AMT IN RS.
	<b>Supplementary Capital (Tier II)</b>	<b>1,200,591,560</b>
1	Subordinated Term Debt	600,000,000
2	General loan loss provision	566,043,793
3	Exchange Equalization Reserve	32,534,533
4	Investment Adjustment Reserve	2,013,234
5	Other Reserves	-

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

Bond Issued	HBL Bond 2077
Outstanding Amount	NPR 600,000,000
Interest Rate	8%
Maturity Date	July 2020
Interest Payment	Half Yearly Basis
Tenor	7 Years
Amount recognised as capital	NPR 600,000,000

**d. Total qualifying capital:**

SN	PARTICULARS	AMT IN RS.
1	Core Capital (Tier I)	6,841,375,523
2	Supplementary Capital (Tier II)	1,200,591,560
<b>Total</b>		<b>8,041,967,083</b>

**e. Capital adequacy ratio:**

Core Capital to Total Risk weighted Exposure	9.48
Total Capital to Total Risk Weighted Exposure	11.14

**II. Risk exposures**

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

SN	PARTICULARS	AMT IN RS.
a	Risk Weighted Exposure for Credit Risk	62,815,599,427
b	Risk Weighted Exposure for Operational Risk	5,101,721,510
c	Risk Weighted Exposure for Market Risk	356,179,780
	Adjustment under Pillar II	
	Add 5% of gross income for operational risk	1,862,015,957
	Add: 3% of total RWE for overall risk	2,048,205,022
<b>Total Risk Weighted Exposures (a+b+c)</b>		<b>72,183,721,696</b>

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

SN	PARTICULARS	AMT IN RS.
1	Claims on government & central bank	-
2	Claims on other official entities	516,219,276
3	Claims on banks	2,192,485,117
4	Claims on domestic corporates & securities firms	36,361,617,796
5	Claims on regulatory retail portfolio	4,215,492,419
6	Claims secured by residential properties	3,517,141,541
7	Claims secured by commercial real estate	807,968,765
8	Past due claims	952,378,767
9	High risk claims	6,403,964,577
10	Other assets	1,988,358,834
11	Off balance sheet items	5,859,972,337
<b>Total</b>		<b>62,815,599,427</b>

**c. Total Risk Weight Exposures calculation table**

SN	PARTICULARS	AMT IN RS.
1	Total Risk Weighted Exposure	72,183,721,696
2	Total Core Capital Fund (Tier I)	6,841,375,523
3	Total Capital Fund (Tier I & II)	8,041,967,083
<b>Total Core Capital to Total RWE</b>		<b>9.48</b>
<b>Total Capital to Total RWE</b>		<b>11.14</b>

**d. Amount of NPAs**

SN	LOAN CLASSIFICATION	GROSS AMOUNT	PROVISION	NET NPA
1	Restructured Loan	297,416,378	112,647,092	184,769,286
2	Substandard Loan	139,774,845	34,943,711	104,831,134
3	Doubtful Loan	226,238,764	113,119,382	113,119,382
4	Loss Loan	1,120,522,514	1,120,522,514	-
<b>Total</b>		<b>1,783,952,501</b>	<b>1,381,232,699</b>	<b>402,719,802</b>

**e. NPA ratios**

PARTICULARS	PERCENTAGE
Gross NPA to Gross Advances	3.22
Net NPA to Net Advances	0.75

**f. Movement of Non Performing Assets**

SN	LOAN CLASSIFICATION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Restructured Loan	297,416,378	151,102,227	96.83
2	Substandard Loan	139,774,845	237,258,043	(41.09)
3	Doubtful Loan	226,238,764	74,432,313	203.95
4	Loss Loan	1,120,522,514	448,722,415	149.71
<b>Total</b>		<b>1,783,952,501</b>	<b>911,514,998</b>	<b>48.90</b>

**g. Write off of Loans and Interest Suspense**

PRINCIPAL	INTEREST	TOTAL (Rs)
2,386,094	2,905,367	5,291,461

**h. Movements in Loan Loss Provisions and Interest Suspense**  
• **Movement in Loan Loss Provision**

SN	LOAN LOSS PROVISION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Pass Loan	511,338,192	460,687,970	10.99
2	Watch-List Loan	59,206,490	-	-
3	Restructured Loan	112,647,092	123,029,134	(8.44)
4	Substandard Loan	34,943,711	59,314,511	(41.09)
5	Doubtful Loan	113,119,382	37,216,156	203.95
6	Loss Loan	1,120,522,514	448,722,415	149.71
<b>Total</b>		<b>1,951,777,381</b>	<b>1,128,970,186</b>	<b>72.88</b>

• **Movement in Interest Suspense**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
Interest Suspense	480,138,447	409,263,389	17.32

**i. Segregation of Investment Portfolio**

PARTICULARS	AMT IN RS.
<b>Available for Sale</b>	
Investment in equity	106,999,859
<b>Held to Maturity</b>	
Investment in Treasury Bills	8,886,096,895
Investment in Government Bonds	706,954,702
Placements	8,478,502,835
	<b>18,071,554,432</b>

**III. Risk Management**

HBL has set up a strong control & monitoring environment for comprehensive risk management at all levels of operation. A strong internal control system is in place which defines rights, authorities, roles and responsibilities at different levels of management and detailed working procedures have been laid out for various operational aspects. A systematic assessment process is in place to ensure compliance with the requirements of the Capital Adequacy Framework based on Basel II accord as well as other statutory and regulatory requirements. The risk assessment and internal control system is reviewed periodically to address loopholes and new areas of risk identified in the course of operation.

Credit Risk at HBL is being managed through implementation of Credit Policy Guidelines, Credit Policy Manual, and specific Product Documents developed for each banking product. These policies, manual & product documents lay down the basic framework for credit appraisal & authority for approval. A comprehensive credit risk assessment process has been defined which involves individual appraisal of all borrowers including corporate, institutional & SME borrowers against stipulated criteria & also encompasses assignment of systematic credit ratings. The Risk Management Department reviews and assesses the risk associated with the credit proposals forwarded for approval by branches in addition to periodical review & appraisal of the overall loan portfolio of the bank with respect to risk concentration, market scenario & recommends initiatives to be taken for improved risk management. The Board of Directors on its own & also through Risk Management Committee under coordination of a non-executive director further reviews the overall credit & other risk on the basis of the current market conditions & management analysis & issue necessary instructions or amend the policies in order to strengthen the bank's credit portfolio. The credit administration function of the bank has now been centralized and all approved facilities are implemented only after scrutiny of related security and other documents and after reasonable assurance of compliance with the approving conditions.

The bank recognizes operational risk as a significant potential risk faced by financial institutions. For proper management of the risk, the bank has developed and implemented different operation manuals like Cash & Customer Service Manual, Bills and Remittance Manual, Fund Transfer Manual, SMS and Internet Banking Manual, IT Policy, IT Security Policy, Document Retention Manual, Record & Reconciliation Manual etc. which define policy as well as procedural matters for operation of banking activities at different levels. Compliance to these policy & procedures, prudential guidelines and other directives and circulars issued by Nepal Rastra Bank is monitored at branch level by KYC Officers & centrally by Compliance & Internal Control Department. The Executive Operating Officer reporting to General Manager compiles data related to operational risks observed at branch level and takes necessary precautionary and remedial steps as may be required. The senior management working as a team further analyses these data, assesses risk and related internal control systems and takes corrective & preventive actions to remedy any breakdown in the system. Capital charge on account of exposure to operational risk is measured and reviewed by the senior management of the bank. The bank is PCIDSS certified (recommendation of compliance issued and certificate awaited) which has provided additional assurance as regards the effectiveness and adequacy of control system relating to card operations in the bank. The management is strongly committed towards maintaining a strong internal control system at all levels of banking activities in order to mitigate operational risks to the maximum possible extent.

Risks associated with adverse movements in exchange rate, interest rate, liquidity and investment in equity are covered under market risk management. This risk is continuously monitored by the Treasury Department under direct supervision of the Executive Financial Officer & General Manager. A comprehensive treasury manual is in place which defines procedures & authority aimed at regulating the related activities including setting up of various risk limits, maintaining liquidity levels & risk hedging. Net open position of all currencies is prepared on daily basis and reported to the management for necessary review & risk / return assessment. Periodic reporting is done to Assets Liabilities Management Committee which reviews the associated risks and returns, assesses the impact of the exposure on the bank's capital adequacy position and makes periodic reports to the Board of Directors.

In addition to the credit, operational and market risk, the bank gives due significance to legal, reputation & other risks associated with banking activities as well. These risks are identified, assessed and monitored at regular intervals by the senior management. The Board of Directors also reviews these risks on the basis of feedback from the management & the prevailing market scenario & issue necessary instructions to the management. An effective MIS is in place which provides factual data on all risks, including credit, operational and market exposures which is instrumental in analysis & management of the risks & assessment of capital requirement.

A strong & effective internal control system in continuous operation is inevitable for smooth functioning of any organization. Management assumes the primary responsibility of ensuring that all control systems are in place & are functioning as required within the bank. Compliance & Internal Control Department at Head Office monitors the day to day functioning of the bank through off-site & on-site reviews with particular emphasis on proper functioning of internal control systems & makes reporting to the senior management along with recommendations for necessary corrective actions. Internal Audit function within the bank is fully independent with the department directly reporting to the Audit Committee of the Board. Any lapses or non-compliance with the stipulated control systems as identified during the audit of various business units, branches & departments is reported to the Audit Committee & the Board where upon instructions are issued to the management to remedy such reported instances.

**30. Rounding off and Comparative Figures**

The financial statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Previous year figures have been reclassified / re-arranged to facilitate fair comparison, where necessary.

## Statement of loans availed by promoters/shareholders falling under promoters' group from other banks and financial institutions by pledging shares of the Bank under their ownership

**SCHEDULE 34**

Amount in NPR

SN	Promoters / Share-holders classified under Promoters Group	Shares registered in the name of promoters		Particulars of Loan			Remarks
		Total No. of shares	% of paid up capital	Name of Bank / Financial Institution providing loan	Loan Amount (Rs.)	No. of Shares pledged	
1	Shashi Kant Agrawal	882,947	2.65	Century Commercial Bank Ltd.	45,000,000	323,237	
2	Mutual Trading Co. P. Ltd	4,205,867	12.62	Nepal Investment Bank Ltd.	100,000,000	1,009,600	

# COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS

## SCHEDULE 35

Amount in NPR in thousand

S.N.	PARTICULARS	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance	Variance %	Reasons for Variance
<b>1.</b>	<b>TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)</b>	<b>84,912,988</b>	<b>84,753,328</b>	<b>(159,660)</b>	<b>(0.19)</b>	
1.1	Paid Up Capital	3,332,700	4,499,145	-	-	declaration of bonus shares
1.2	Reserve And Surplus	3,846,306	2,459,755	(1,386,551)	(36.05)	change in tax liability after audit, additional provisions, declaration of bonus shares & cash dividend
1.3	Debenture And Bond	600,000	600,000	-	-	
1.4	Borrowings	-	-	-	-	
1.5	Deposits (A + B)	73,523,334	73,538,201	14,867	0.02	
	A. Domestic Currency	64,510,023	64,524,890	14,867	0.02	overdrawn a/c in vostro a/c shown as receivable
	B. Foreign Currency	9,013,311	9,013,311	-	-	
1.6	Income Tax Liability	-	-	-	-	
1.7	Other Liabilities	3,610,648	3,656,227	45,579	1.26	regrouping of account balances, proposed dividend for the year
<b>2.</b>	<b>TOTAL ASSETS (2.1 TO 2.7)</b>	<b>84,912,988</b>	<b>84,753,328</b>	<b>(159,660)</b>	<b>(0.19)</b>	
2.1	Cash And Bank Balance	8,387,412	8,387,412	-	-	
2.2	Money At Call And Short Notice	1,063,950	1,063,950	-	-	
2.3	Investments	17,113,389	17,113,389	-	-	
2.4	Loans And Advances	55,428,007	55,428,007	-	-	
	a. Real Estate Loan	2,942,354	2,942,354	-	-	
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	882,387	882,387	-	-	
	2. Business Complex & Residential Apartment Construction	345,947	345,947	-	-	
	3. Income Generating Commercial Complex Loan	40,826	40,826	-	-	
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,673,194	1,673,194	-	-	
	b. Personal Home Loan of Rs. 10 Mil or less	4,232,643	4,232,643	-	-	
	c. Margin Type Loan	557,120	557,120	-	-	
	d. Term Loan	7,173,486	7,173,486	-	-	
	e. Overdraft Loan/TR Loan/WC Loan	30,812,799	30,812,799	-	-	
	f. Others	9,709,605	9,709,605	-	-	
2.5	Fixed Assets	1,319,092	1,321,272	2,180	0.17	adjustment of depreciation for the year
2.6	Non Banking Assets	-	-	-	-	
2.7	Other Assets	1,601,138	1,439,298	(161,840)	(10.11)	Regrouping of account balances, change in estimated tax liability
<b>3.</b>	<b>PROFIT AND LOSS ACCOUNT</b>					
3.1	Interest Income	4,626,793	4,627,751	958	0.02	adjustment of interest suspense
3.2	Interest Expense	1,956,513	1,954,263	(2,250)	(0.12)	adjustment of provision made at year-end
	A. Net Interest Income (3.1 - 3.2)	2,670,280	2,673,488	3,208	0.12	
3.3	Fees, Commission And Discount	710,744	710,744	-	-	
3.4	Other Operating Income	200,860	199,455	(1,405)	(0.70)	regrouping of account balances
3.5	Foreign Exchange Gain/Loss (Net)	474,312	474,312	-	-	
	B. Total Operating Income (A. + 3.3 + 3.4 + 3.5)	4,056,196	4,057,999	1,803	0.04	
3.6	Staff Expenses	910,246	897,135	(13,111)	(1.44)	adjustment of provisions made, voluntary retirement expenses disclosed separately
3.7	Other Operating Expenses	1,066,891	1,067,735	844	0.08	adjustment of provisions made
	<b>C. Operating Profit Before Provision (B. - 3.6 - 3.7)</b>	<b>2,079,059</b>	<b>2,093,129</b>	<b>14,070</b>	<b>0.68</b>	
3.8	Provision For Possible Losses	1,413,568	1,413,568	-	-	
	D. Operating Profit (C. - 3.8)	665,491	679,561	14,070	2.11	
3.9	Non Operating Income / Expenses (Net)	23,209	23,209	-	-	
3.10	Write Back Of Provision For Possible Loss	895,300	895,300	-	-	
	E. Profit From Regular Activities (D. + 3.9 + 3.10)	1,584,000	1,598,070	14,070	0.89	
3.11	Extraordinary Income / Expenses (Net)	16,331	2,302	(14,029)	(85.90)	voluntary retirement expenses disclosed separately
	F. Profit Before Bonus And Taxes (E. + 3.11)	1,600,331	1,600,372	41	0.00	
3.12	Provision For Staff Bonus	145,485	145,488	3	0.00	changes in net profit before tax
3.13	Provision For Tax	359,251	342,597	(16,654)	(4.64)	change in tax liability on final computation
	<b>G. Net Profit / Loss (F. - 3.12 - 3.13)</b>	<b>1,095,595</b>	<b>1,112,287</b>	<b>16,692</b>	<b>1.52</b>	

## UNAUDITED FINANCIAL RESULTS

## SCHEDULE 36

Amount in NPR in thousand

S.N.	PARTICULARS	This Quarter Ending	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
<b>1.</b>	<b>TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)</b>	<b>84,912,988</b>	<b>79,449,866</b>	<b>74,718,815</b>
1.1	PAID UP CAPITAL	3,332,700	3,332,700	3,332,700
1.2	RESERVE AND SURPLUS	3,846,306	3,652,226	2,750,711
1.3	DEBENTURE AND BOND	600,000	1,100,000	1,100,000
1.4	BORROWINGS	-	-	-
1.5	DEPOSITS (A + B)	73,523,334	68,307,233	64,674,848
	A. DOMESTIC CURRENCY	64,510,023	58,785,055	55,935,740
	B. FOREIGN CURRENCY	9,013,311	9,522,178	8,739,108
1.6	INCOME TAX LIABILITY	-	-	57,576
1.7	OTHER LIABILITIES	3,610,648	3,057,707	2,802,980
<b>2.</b>	<b>TOTAL ASSETS (2.1 TO 2.7)</b>	<b>84,912,988</b>	<b>79,449,866</b>	<b>74,718,815</b>
2.1	CASH AND BANK BALANCE	8,387,412	8,333,843	5,542,590
2.2	MONEY AT CALL AND SHORT NOTICE	1,063,950	261,272	196,100
2.3	INVESTMENTS	17,113,389	12,361,830	19,842,060
2.4	LOANS AND ADVANCES	55,428,007	55,500,982	46,449,329
	a. Real Estate Loan	2,942,354	3,236,405	2,735,573
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	882,387	891,836	665,907
	2. Business Complex & Residential Apartment Construction	345,947	369,170	397,346
	3. Income Generating Commercial Complex Loan	40,826	44,999	60,741
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,673,194	1,930,400	1,611,579
	b. Personal Home Loan of Rs. 10 Mil or less	4,232,643	4,110,783	3,525,954
	c. Margin Type Loan	557,120	427,812	549,964
	d. Term Loan	7,173,486	6,995,414	5,676,510
	e. Overdraft Loan/TR Loan/WC Loan	30,812,799	30,378,562	25,490,539
	f. Others	9,709,605	10,352,006	8,470,789
2.5	FIXED ASSETS	1,319,092	1,273,971	1,322,814
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,601,138	1,717,968	1,365,922
<b>3.</b>	<b>PROFIT AND LOSS ACCOUNT</b>			
3.1	INTEREST INCOME	4,626,793	3,384,674	4,742,975
3.2	INTEREST EXPENSE	1,956,513	1,450,691	2,248,798
	<b>A. NET INTEREST INCOME (3.1 - 3.2)</b>	<b>2,670,280</b>	<b>1,933,983</b>	<b>2,494,178</b>
3.3	FEES, COMMISSION AND DISCOUNT	710,744	548,599	657,298
3.4	OTHER OPERATING INCOME	200,860	149,704	206,814
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	474,312	310,539	385,102
	<b>B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)</b>	<b>4,056,196</b>	<b>2,942,825</b>	<b>3,743,392</b>
3.6	STAFF EXPENSES	910,246	609,677	713,830
3.7	OTHER OPERATING EXPENSES	1,066,891	773,536	966,120
	<b>C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)</b>	<b>2,079,059</b>	<b>1,559,612</b>	<b>2,063,442</b>
3.8	PROVISION FOR POSSIBLE LOSSES	1,413,568	173,793	1,080,863
	<b>D. OPERATING PROFIT (C - 3.8)</b>	<b>665,491</b>	<b>1,385,819</b>	<b>982,579</b>
3.9	NON OPERATING INCOME / EXPENSES (NET)	23,209	18,201	17,487
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	895,300	-	774,565
	<b>E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)</b>	<b>1,584,000</b>	<b>1,404,020</b>	<b>1,774,631</b>
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	16,331	12,648	8,646
	<b>F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)</b>	<b>1,600,331</b>	<b>1,416,668</b>	<b>1,783,277</b>
3.12	PROVISION FOR STAFF BONUS	145,485	128,788	162,116
3.13	PROVISION FOR TAX	359,251	386,364	662,054
	<b>G. NET PROFIT / LOSS (F - 3.12 - 3.13)</b>	<b>1,095,595</b>	<b>901,516</b>	<b>959,107</b>

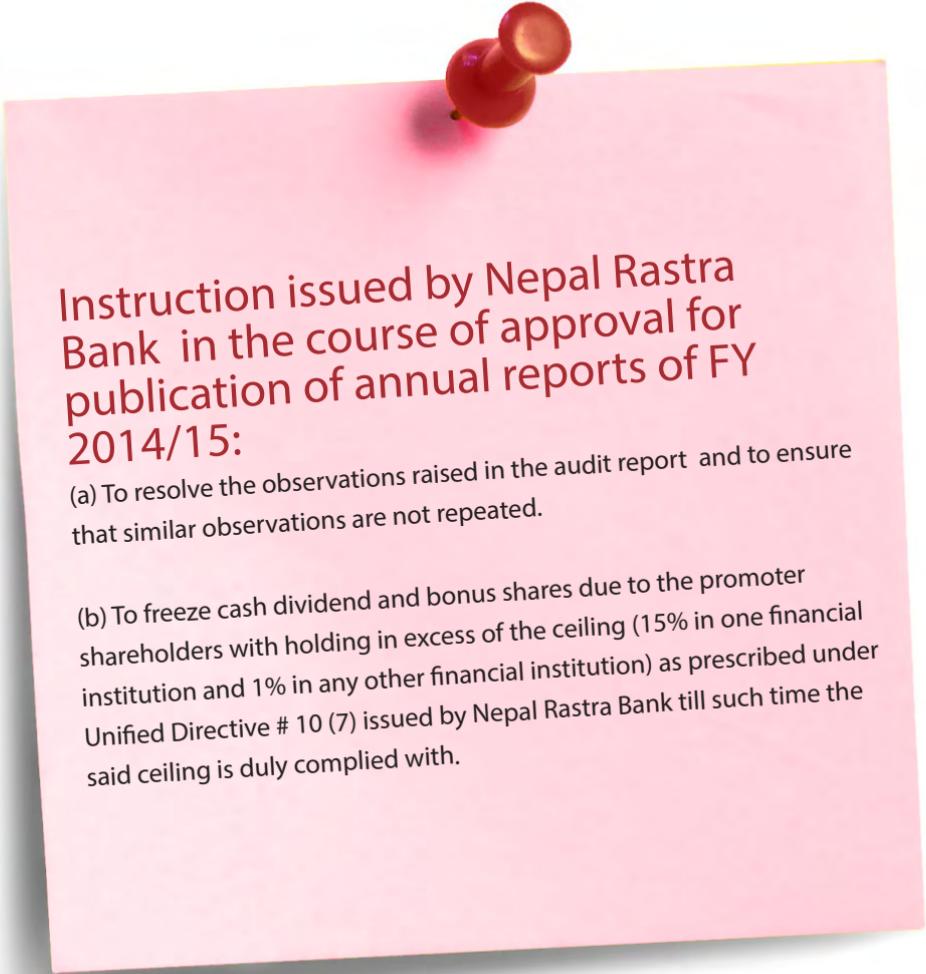
## 10 YEAR'S FINANCIAL SUMMARY BALANCE SHEET

Amount in NPR in thousand

PARTICULARS	2005/06 2062/63	2006/07 2063/64	2007/08 2064/65	2008/09 2065/66	2009/10 2066/67	2010/11 2067/68	2011/12 2068/69	2012/13 2069/70	2013/14 2070/71	2014/15 2071/72
<b>Assets</b>										
Cash & Bank Balances	1,717,352	1,757,341	1,448,143	3,048,527	3,866,491	2,964,651	6,362,296	3,648,199	5,542,590	8,387,412
Money at Call	1,005,280	1,710,024	518,530	1,170,794	308,840	734,000	264,600	2,061,832	196,100	1,063,950
Investments	10,889,031	11,822,985	13,340,177	8,710,691	8,444,910	8,769,939	10,031,580	12,992,045	19,842,060	17,113,389
Loans, Advances & Bills Purchased	15,761,977	17,793,724	20,179,613	25,519,519	29,123,755	32,968,270	35,968,473	41,057,398	46,449,329	55,428,007
Fixed Assets	540,825	574,060	795,310	952,196	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814	1,321,272
Other Assets	665,343	656,734	575,852	644,959	1,054,384	1,513,144	1,435,153	1,418,311	1,365,922	1,439,298
<b>Total Assets</b>	<b>30,579,808</b>	<b>34,314,868</b>	<b>36,857,624</b>	<b>40,046,686</b>	<b>43,860,251</b>	<b>48,137,497</b>	<b>55,367,467</b>	<b>62,486,557</b>	<b>74,718,816</b>	<b>84,753,328</b>
<b>Liabilities</b>										
Borrowings	504,625	595,968	943,178	500,000	500,000	510,000	500,000	1,188,429	1,100,000	600,000
Deposit Liabilities	26,490,852	30,048,418	31,842,789	34,681,345	37,611,202	40,920,627	47,730,994	53,072,319	64,674,848	73,538,200
Reserve for Doubtful Debts	1,119,417	795,727	682,093	726,364	1,143,126	1,401,294	1,003,039	1,333,592	1,128,970	1,951,777
Other Liabilities	698,738	728,256	876,573	1,019,096	1,166,717	1,310,099	1,501,424	1,592,509	1,731,586	1,704,451
<b>Total Liabilities</b>	<b>28,813,632</b>	<b>32,168,368</b>	<b>34,344,633</b>	<b>36,926,805</b>	<b>40,421,046</b>	<b>44,142,019</b>	<b>50,735,457</b>	<b>57,186,849</b>	<b>68,635,405</b>	<b>77,794,428</b>
<b>Net Assets</b>	<b>1,766,176</b>	<b>2,146,500</b>	<b>2,512,992</b>	<b>3,119,881</b>	<b>3,439,205</b>	<b>3,995,478</b>	<b>4,632,010</b>	<b>5,299,708</b>	<b>6,083,411</b>	<b>6,958,900</b>
<b>Shareholders' Equity</b>										
Paid up Capital	772,200	810,810	1,013,513	1,216,215	1,600,000	2,000,000	2,400,000	2,760,000	2,898,000	3,332,700
Proposed capitalisation of profits	38,610	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445
Reserves	798,808	948,601	1,199,934	1,483,355	1,302,618	1,562,546	1,799,111	2,397,023	2,732,353	2,344,757
Retained Earnings	156,558	184,386	96,842	36,526	136,587	32,932	72,899	4,685	18,358	114,997
<b>Total Shareholders' Equity</b>	<b>1,766,176</b>	<b>2,146,500</b>	<b>2,512,992</b>	<b>3,119,881</b>	<b>3,439,205</b>	<b>3,995,478</b>	<b>4,632,010</b>	<b>5,299,708</b>	<b>6,083,411</b>	<b>6,958,900</b>
<b>Total Capital + Liabilities</b>	<b>30,579,808</b>	<b>34,314,868</b>	<b>36,857,624</b>	<b>40,046,686</b>	<b>43,860,251</b>	<b>48,137,497</b>	<b>55,367,467</b>	<b>62,486,557</b>	<b>74,718,816</b>	<b>84,753,328</b>
<b>Contingent Liabilities</b>										
Letter of Credit	3,068,891	2,916,470	6,125,565	7,042,307	5,294,496	3,574,914	3,983,150	3,697,028	6,862,523	6,881,554
Guarantees	3,423,337	3,449,207	1,644,703	1,701,268	4,104,631	3,292,959	3,371,855	2,355,843	2,955,043	3,808,669
Forward Exchange Contract	-	165,278	13,998	169,911	5,603	821,620	199,188	174,795	607,820	786,385
Other Contingent Liabilities	86,880	322,681	3,087,675	5,836,222	3,513,372	5,743,679	6,882,662	8,153,638	9,427,195	9,285,983
<b>Total Contingent Liabilities</b>	<b>6,579,108</b>	<b>6,853,636</b>	<b>10,871,941</b>	<b>14,749,708</b>	<b>12,918,103</b>	<b>13,433,171</b>	<b>14,436,855</b>	<b>14,381,305</b>	<b>19,852,581</b>	<b>20,762,591</b>

## 10 YEAR'S FINANCIAL SUMMARY PROFIT AND LOSS ACCOUNT

PARTICULARS	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	2062/63	2063/64	2064/65	2065/66	2066/67	2067/68	2068/69	2069/70	2070/71	2071/72
<b>Income</b>										
Interest Income	1,626,474	1,775,583	1,963,647	2,342,198	3,148,605	4,326,141	4,724,887	4,627,335	4,742,975	4,627,751
Interest Expense	648,842	767,411	823,745	934,778	1,553,531	2,414,807	2,816,441	2,119,062	2,248,798	1,954,263
<b>Net Interest Income</b>	<b>977,632</b>	<b>1,008,171</b>	<b>1,139,903</b>	<b>1,407,420</b>	<b>1,595,075</b>	<b>1,911,333</b>	<b>1,908,446</b>	<b>2,508,273</b>	<b>2,494,178</b>	<b>2,673,488</b>
Commission & Discount	165,448	193,224	187,820	284,302	270,259	350,365	510,840	550,149	657,298	710,744
Foreign Exchange Income	198,130	151,637	207,669	249,983	180,279	195,529	309,898	300,469	385,102	474,312
Other Income	52,325	40,329	62,103	46,343	112,346	129,517	182,029	165,072	206,814	199,455
Non Operating Income	1,887	3,493	9,700	3,810	12,382	15,856	8,006	5,999	17,487	23,209
<b>Total Income</b>	<b>1,395,422</b>	<b>1,396,855</b>	<b>1,607,196</b>	<b>1,991,858</b>	<b>2,170,341</b>	<b>2,602,600</b>	<b>2,919,218</b>	<b>3,529,962</b>	<b>3,760,879</b>	<b>4,081,208</b>
<b>Expenses</b>										
Staff Expenses	234,589	290,921	292,213	360,981	414,984	517,592	634,229	682,978	713,830	897,135
Operating Expenses	329,699	322,865	344,321	398,317	471,103	582,210	714,436	852,111	966,120	1,067,735
Provision for Doubtful Debts	88,593	90,689	6,008	68,806	692,640	471,729	505,491	842,900	1,080,863	1,413,568
Provision for Staff Bonus	67,240	71,740	94,884	106,661	75,573	123,773	138,909	137,669	162,116	145,488
Non-Operating Expenses	2,902	(96,763)	(79,069)	(9,511)	(239,686)	(330,438)	(462,939)	(362,389)	(783,211)	(897,601)
<b>Total Expenses</b>	<b>723,023</b>	<b>679,452</b>	<b>658,357</b>	<b>925,252</b>	<b>1,414,614</b>	<b>1,364,866</b>	<b>1,530,127</b>	<b>2,153,269</b>	<b>2,139,718</b>	<b>2,626,325</b>
Profit before Tax	672,399	717,404	948,839	1,066,606	755,727	1,237,734	1,389,092	1,376,693	1,621,161	1,454,883
Income Tax provision	214,941	225,580	312,970	313,771	246,929	344,619	430,453	432,995	662,054	342,597
<b>Net Profit after Tax</b>	<b>457,458</b>	<b>491,823</b>	<b>635,869</b>	<b>752,835</b>	<b>508,798</b>	<b>893,115</b>	<b>958,638</b>	<b>943,698</b>	<b>959,107</b>	<b>1,112,286</b>
<b>P/L Appropriation</b>										
Profit/Loss carried down	615,633	648,380	820,254	849,676	901,324	1,073,766	1,038,634	1,016,597	979,194	1,843,160
Interest Spread Reserve reversed	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	91,492	98,365	127,174	150,567	101,760	178,623	191,728	188,740	191,821	222,457
Exchange Equalisation Fund	5,906	-	1,302	2,237	-	6,682	-	-	1,767	997
Interest Spread Reserve Fund	-	-	-	-	-	-	-	-	-	-
HBL Bond redemption fund	51,429	51,429	122,857	122,857	71,429	71,429	71,429	157,143	157,143	85,714
Interim Dividend	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	231,660	121,622	253,378	145,946	189,474	336,842	322,106	276,000	175,404	236,797
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment A/c	38,610	-	-	-	-	-	-	-	-	-
Proposed capitalisation of profit-Bonus Share	38,610	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445
Income Tax of last year	1,369	(10,122)	15,998	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	7,760	596	-	20,473	39,513	-	15,412
Investment Adjustment Reserve	-	-	-	-	1,479	47,259	-	-	-	340
Contingent Reserve	-	-	-	-	-	-	-	212,516	-	-
<b>Profit Transferred to Balance Sheet</b>	<b>156,557</b>	<b>184,385</b>	<b>96,842</b>	<b>36,525</b>	<b>136,587</b>	<b>32,932</b>	<b>72,899</b>	<b>4,685</b>	<b>18,358</b>	<b>114,997</b>



Instruction issued by Nepal Rastra Bank in the course of approval for publication of annual reports of FY 2014/15:

- (a) To resolve the observations raised in the audit report and to ensure that similar observations are not repeated.
- (b) To freeze cash dividend and bonus shares due to the promoter shareholders with holding in excess of the ceiling (15% in one financial institution and 1% in any other financial institution) as prescribed under Unified Directive # 10 (7) issued by Nepal Rastra Bank till such time the said ceiling is duly complied with.



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