

ANNUAL REPORT
2015/16

SHAPING FOR FUTURE

HBL



हिमालय बँक लिमिटेड

Himalayan Bank Ltd.

Back in 1994, when the banking industry in Nepal was in an infantial stage, Himalayan Bank Limited (HBL) revolutionized the sector by introducing ATM service. We were also the first bank to launch credit card service in Nepal. We Stick to the vision and mission of catering to the need of our esteemed clients. This is our quest of shaping for the future.



FORWARD-LOOKING STATEMENTS

The Reports and Financial Statements of fiscal year 2015-16 contain forward-looking statements. These statements are subject to a number of risks and uncertainties that could cause actual results or outcomes to differ materially from those currently being anticipated. The terms "estimate", "project", "plan", "intend", "expect", "should be", "will be", "believe", "trends" and similar expressions identify forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to competitive factors in the industries in which the Bank operates; demand for the Bank's products and services; exchange rate fluctuations; general economic and business conditions; legislative, fiscal, tax and regulatory developments and political risks; the availability of third-party content and data; breaches of our data security systems and interruptions in our information technology systems; changes in law and legal interpretations affecting the Bank's intellectual property rights and other risks referenced from time to time in the filings of the Bank with the Nepal Rastra Bank (NRB).





CONTENT





HBL History	6
Year in Review	8
At a Glance	10
Vision / Mission / Objective	11
Chairman's Statement	13
Board of Directors	15
CEO's Statement	17
Senior Management Team	19
Economic Perspective	22
Foreign Nostro	22
Director's Report	24
HBL Additional Disclosure	32
Organizational Chart	42
CSR and Other Activities of the Bank	44
Financials	54
Local Network	101



HBL has carved a niche in the already crowded financial industry. We have been leaders in several forefronts than merely being followers."

HBL HISTORY

One of the pioneers in Nepal's banking industry, Himalayan Bank Limited (HBL) was established in 1993 in joint venture with Habib Bank Limited of Pakistan. Under the leadership and guidance of renowned personalities of that time as the founder members, HBL began banking service from Employees Provident Fund Building, popularly known as Sanchayakosh Building at Thamel in Kathmandu.

HBL holds proud legacy of introducing new banking services in Nepal. It is the first bank in Nepal to introduce ATM and Tele-banking services. HBL was also the first one to launch debit and credit card service in the country. HBL has carved a niche in the already crowded financial industry of the country. We have been leaders in several forefronts than merely being followers.





Rs 60m

Initial paid-up
capital

Total Active accounts

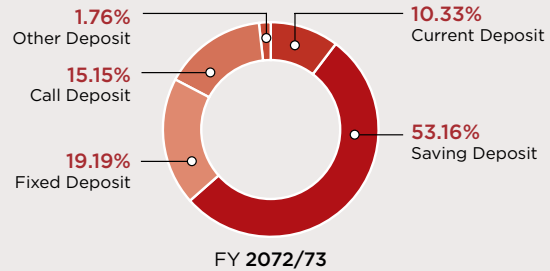
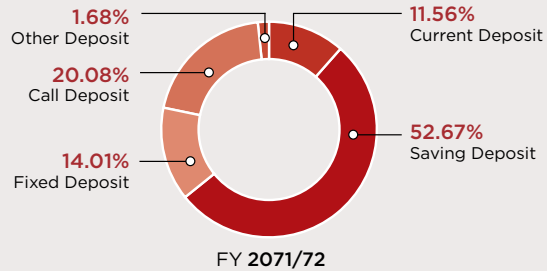
500,000+

Initial authorized capital

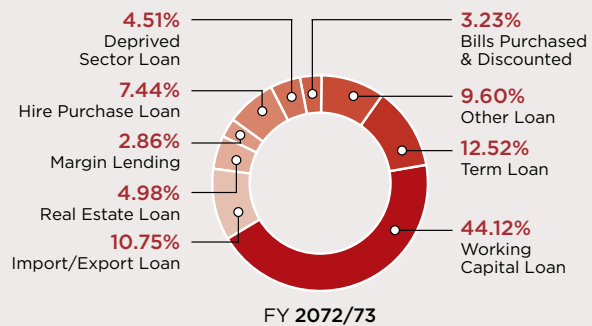
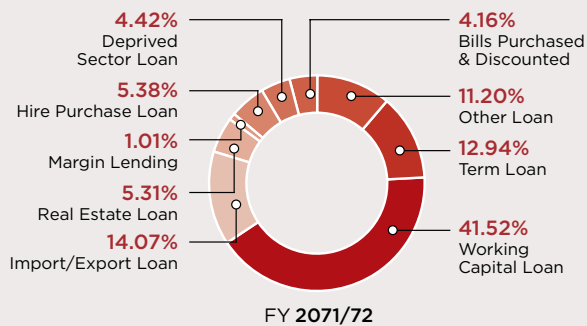
Rs 240m

YEAR IN REVIEW

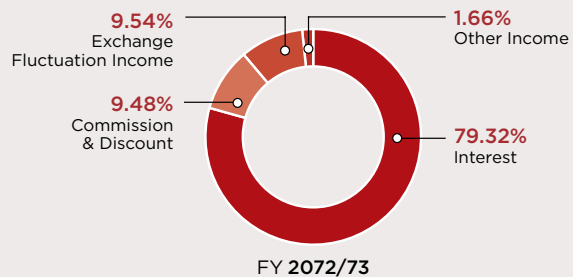
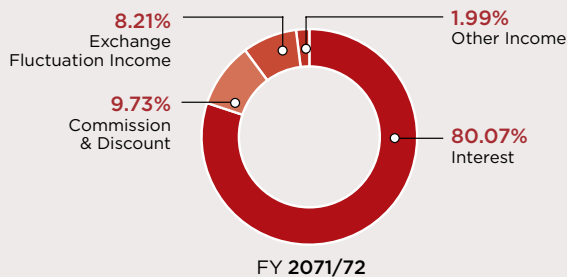
DEPOSITS



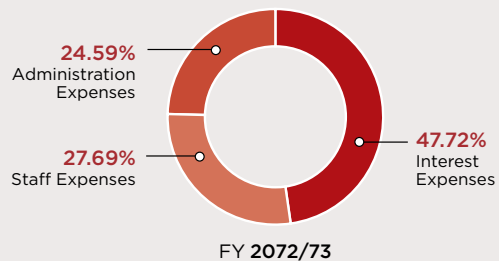
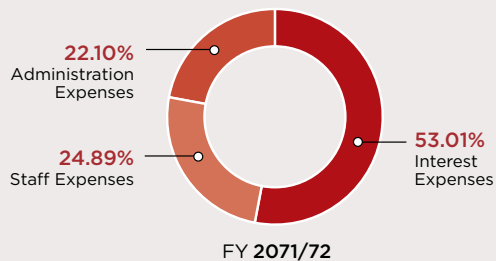
LOAN & ADVANCES



INCOME



EXPENSES



OPERATIONAL HIGHLIGHTS

- The Bank's performance during fiscal year FY 2015-16 was very good. HBL did well in all the areas.
- Credit disbursement, deposit solicitation, remittance-related profits, human resources development and expansion of services were largely encouraging, resulting in increased profitability of the Bank.
- During the FY 2015-16, the Bank's total number of Branches reached 42, while the total number of ATMs stood at 84.
- Expansion of remittance business to Asian, Europe and American markets with focus on premium services.
- As the minimum capital requirement of Rs. 8 billion needs to be fulfilled by FY 2016-17, the Bank has formulated an action plan, including issuance of rights shares.
- Deposit and loan products were made attractive in line with the demand of general public.
- Growth in revenue generation despite cut throat competition in the market and declining interest margin.
- Strengthened risk management system for minimizing financial and operational risks thereby eliminating losses.
- Remarkable growth in balance sheet size inspite of adverse situation triggered by Gorkha Earthquake and trade embargo.

SHARE OVERVIEW

PER SHARE
INCOME (Rs)

43.03

PER SHARE MARKET
VALUE (Rs)

1500

BOOK NETWORTH
PER SHARE (Rs)

196.12

TOTAL SHARE

44.99 m

FINANCIAL HIGHLIGHTS

TOTAL DEPOSITS

Rs. 87.33 b

During the period under review, the Bank's total deposit reached Rs. 87.33 billion, recording an increase of 18.76 %.

TOTAL LOANS & ADVANCES

Rs. 69.10 b

The loans and advances reached Rs. 69.10 billion during the period under review, recording an increment of 24.67 %.

NET ASSETS

Rs. 8.82 b

The net assets of the Bank increased by 26.80 %, reaching Rs. 8.82 billion, during the review period, while the total assets increased by 19.43 %.

OPERATING PROFIT

Rs. 2.29 b

The Bank was able to post an operating profit after provision for loan loss to the tune of Rs 2.297 billion, with its net operating profit standing at Rs. 1.935 billion.

AT A GLANCE

HBL has been leading in several forefronts in Nepal's banking industry and thrives continue doing so in the days to come. With innovative products and services, sound capital structure, bonafide human resource and focused top-level management, the bank has made substantial progress.

At HBL, we understand the needs of individuals as well as institutions and design innovative products so as to cater to the needs of our esteemed clients. HBL is known for its innovative approaches to merchandising and customer service. From deposit products to loan, remittance, card and ancillary services, HBL offers a wide range of choice to its customers.

HBL, which had initial authorized capital worth Rs240 million and initial paid up capital worth Rs60 million at the time of inception, today has the highest deposit base and loan portfolio amongst private sector banks. Extending guarantees to correspondent banks covering exposure of other local banks under our credit standing with foreign correspondent banks, we believe we obviously lead the banking sector of Nepal.

Likewise, all our branches are integrated with banking software Globus. This makes it convenient for customers as we are able to provide 'Any Branch Banking Facility', Internet Banking and SMS Banking. HBL is not just limited to banking industry. It has developed exclusive and proprietary online money transfer software -- HimalRemitTM. We are among top three remittance service providers the country having ties with financial institutions based in the Middle East and Gulf region. HBL, today, stands as the biggest inward remittance handling bank in Nepal.

We have pioneered several products and services in Nepal and the innovation continues to be the order of the day. Like in the past, we feel we stand a good chance of introducing new products and services to the banking industry of Nepal which will eventually benefit the entire financial sector. With a strong capital base, quality human resource and strong governance in place, we can only move forward and upward.



Besides modernizing the banking sector, HBL also stands for innovations at customer service."

THE JOURNEY OF HBL

Establishment of Himalayan Bank Ltd. Issuance of HBL Proprietary Cards for the first time in Nepal.

Nepal's first ATM launched at HBL's new Road Branch

1993

1994



Our Vision

Himalayan Bank Limited holds of a vision to become a **Leading Bank of the country** by providing premium products and services to the customers, thus ensuring attractive and substantial returns to the stakeholders of the Bank.

Our Mission

The Bank's mission is to become preferred provider of quality financial services in the country. There are two components in the mission of the Bank; **Preferred Provider and Quality Financial Services**; therefore we at HBL believe that the mission will be accomplished only by satisfying these two important components with the Customer at focus. The Bank always strives positioning itself in the hearts and minds of the customers.

Objective

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



The Bankers' ALMANAC World Ranking 2003
FNCCI - National Excellence Award 2003
Launched SCT Card and Internet Banking

2003

Launching of Himal, Bishesh & Recurring Savings Account, Jumbo Term Deposit, Best Presented Accounts & Corporate Governance Disclosure Award

2008

Issuance of EMV Compliant Chip Card, Launch of Himal@net Internet Banking Service & Small Personal Business loan, Inauguration of Corporate Building

2011

Launching of Himalayan Bank American Express Gold Credit Cards (NPR & USD) Opening of Betrawati and Birtamod Branch

2013

NO. OF EMPLOYEES

857

NO. OF BRANCHES

42

NO. OF ACTIVE CUSTOMERS

0.5m+

NO. OF ATM NETWORK

84

HIMAL REMIT PAYMENT AGENTS

5,000+

INDUCTION OF ADDITIONAL POS MACHINE (CURRENT FY)

436



MR. MANOJ B. SHRESTHA
CHAIRMAN, BOARD OF DIRECTOR

CHAIRMAN'S STATEMENT

CHANGING GROWTH VISION

Himalayan Bank Limited (HBL) is a bank with a storied heritage. Despite the mayhem caused by numerous economic and political setbacks, there has been no looking back for the bank. Since its establishment, the bank has delivered consistent growth, expanded its product and service offerings, and continued to serve its customers.

Fiscal year 2015/2016 was a challenging year. While the country was still feeling the after effects of the devastating earthquake, more turmoil followed in the form of political unrest and economic embargo. The confluence of multiple problems created a difficult environment for the financial and economic sector. Economic growth slowed to 0.4 percent, which is the lowest growth experienced in our democratic history.

Despite significant challenges and multiple headwinds, the Bank delivered strong performance. Acting early on market insights, the bank launched several successful savings

schemes that helped the bank meet its deposit targets. Lending activity remained robust during the fiscal year and remittance flow was strong. The bank was able to meet its profit targets due to expansion of services across multiple sectors and strong operational performance.

All the challenges notwithstanding, the long-awaited constitution was promulgated in the same fiscal year. The local elections were largely successful and will soon create the foundation on which our federal structure will be built. We remain cautiously optimistic for the successful implementation of a full-fledged federal republic. We are confident that political stability will be the harbinger of sustained economic prosperity.

We are beginning to see early evidences of an economic turnaround. Growth has rebounded to 7.5% in FY 2016/17, with improving performance across agriculture, trade, electricity and even tourism. The government's initiative

to bring management reforms in electricity has paid quick dividends in convenience and economic growth. Rapid growth in credit, coupled with the government's large cash balance and slowing remittance inflows, created a difficult liquidity environment. We remain hopeful, however, as government spending and post-earthquake reconstruction has gathered pace in recent months, which should help ease the current liquidity situation and provide much needed stimuli to deliver sustained economic growth.

I firmly believe that the best days for the country lie ahead. As the country progresses, so will Himalayan Bank. I would like to thank our valued customers for their trust and support, and our management team and staff for their dedicated service. It is the opportunity to serve our customers and our country, that has made this successful journey possible.

Mr. Manoj B. Shrestha
Chairman, Board of Director



HBL is known for innovative approaches to merchandising and customer service. Our board of directors play an instrumental role in motivating the top management to understand the need of individual to ensure the numero uno position."



BOARD OF DIRECTORS



1



2



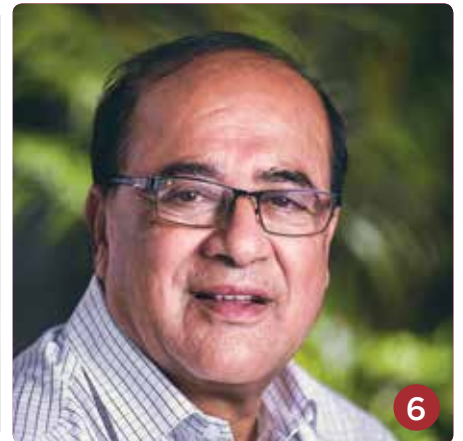
3



4



5



6



7



8

1. Mr. Manoj Bahadur Shrestha
CHAIRMAN
2. Mr. Salim Amlani
FIRST VICE CHAIRMAN
3. Mr. Prachanda Bahadur Shrestha
DIRECTOR
4. Mr. Sushil Bikram Thapa
DIRECTOR
5. Mr. Jeetendra Dhital
DIRECTOR
6. Mr. Upendra Keshari Poudyal
PROFESSIONAL DIRECTOR
7. Mr. Surendra Silwal
DIRECTOR
8. Mr. Himalaya S. Rana
CHIEF ADVISOR TO THE BOARD



MR. ASHOKE SJB RANA
CHIEF EXECUTIVE OFFICER

CEO'S STATEMENT

THRIVING BEYOND BUSINESS

It gives me immense pleasure to report that the bank performed considerably well in the fiscal year 2015-16. The impact of Great Earthquake was visible in the entire economy and banking was no exception. Disruption of trade, on top of that, had made the situation worst.

In spite of such circumstances, Himalayan Bank Limited (HBL) was able to maintain healthy growth in the balance sheet.

I would like to thank HBL family for standing rock-solid during the difficult situation. That is the spirit that helped us achieve growth in all the major areas. I would also like to acknowledge the support and guidance extended by the Board.

Our focus remained intact in expanding our portfolio in the fiscal year 2015-16. Be it deposits or credit, HBL was able to meet the projected targets during the beginning of the fiscal year. We continued promoting lending to Small and Medium Enterprises

(SMEs) and retail while also exploring new avenues in the corporate sector.

The bank was also able to expand network in numerous new locations across the country. HBL is dedicated to serve the society and increase access to finance in every nook and corner.

We are among the major remittance service providers of the country with HimalRemit standing in the top position. The bank also plans to expand the scope of its Treasury and Trade Departments to leverage on its rich network of correspondent partners.

Likewise, the Bank will continue to explore opportunities to enhance profitability from ancillary services such as cards, drafts, internet banking, mobile banking, bancassurance and so forth.

The advent of IT has become a boon as it has helped increasing financial accessibility. For ensuring proper balance, we have gone through international

standard operation manuals and best practices to ensure that our IT infrastructure is up to the task.

We will be celebrating the 25th year of HBL's establishment next year. And I believe that this is the right time to look back at our journey. The bank has grown organically and has succeeded in building huge assets. Our culture has been to provide excellent banking services based on prudence, transparency, and foresight. Stability is our strength.

I would, once again, like to take this opportunity to express thanks to all our well-wishers and stakeholders, regulator Nepal Rastra Bank and other concerned government agencies, our respected shareholders, the Board of Directors, the Management, all our staff, and all our valued customers.

Mr. Ashoke SJB Rana
Chief Executive Officer



We take pride in acknowledging the fact that about one fourth of top-ranking employees including CEO, in the country's financial fraternity, once served in HBL. This has been possible because of our continuous focus in ensuring that every HBL member gets to learn, grow and lead."



SENIOR MANAGEMENT TEAM



1



2



3



4



5



6



7



8

1. **Mr. Ashoke SJB Rana**
CHIEF EXECUTIVE OFFICER
2. **Mr. Ejaz Qadeer Gill**
SENIOR GENERAL MANAGER
3. **Mr. Sushiel Joshi**
GENERAL MANAGER
4. **Mr. Ujjal Rajbhandary**
DY. GENERAL MANAGER
5. **Mr. Anup Maskay**
DY. GENERAL MANAGER
6. **Mr. Maheshwor P. Joshi**
CHIEF MANAGER
7. **Mr. Rabindra N. Pradhan**
CHIEF MANAGER
8. **Mr. Bipin Hada**
CHIEF MANAGER




OPEN



BUSINESS AT THE CORE

As a leading commercial bank of Nepal, we stay focused and committed to serving the requirement of the customers. We have been offering multiple choice of products and services keeping business at the core. Be it deposit or lending, we have got widest range of products to offer.

ECONOMIC PERSPECTIVE

GLOBAL SCENARIO

The global production growth rate has declined due to slow revival of world economy and decreased growth rate of large emerging economies that contribute greatly to world economic growth rate. World Economic Outlook published by International Monetary Fund (IMF) in April, 2016 revealed that the global production rate that had increased by 3.4 percent in 2014 dropped to 3.1 percent in 2015. Such production growth rate is expected to improve marginally and stand at 3.2 percent in 2016. IMF has predicted that economy of developed countries that had expanded by 1.9 percent in 2015 is likely to attain same growth rate in 2016 as well. Of the developed countries, production of the US economy that had grown by 2.4 percent in 2015 is projected to grow at same rate in 2016.

IMF predicts that emerging and developing economies that had grown by 4.0 percent in 2015 are likely

to grow by 4.1 percent in 2016. The economic growth rate of emerging and developing economies are likely to remain low as a result of economic recession in Russia and Brazil and low economic growth of China coupled with weak performance of oil exporting economies.

Economic growth rate of India is estimated to expand gradually due to increase in investment as a result of policy improvement in Indian economy while that of China is likely to fall. Of the economies of large Asian countries, economies of India and China that had grown by 7.3 percent and 6.9 percent respectively in 2015 are projected to grow by 7.5 percent and 6.5 percent respectively.

Among South Asian countries, economic growth rates of countries except that of Maldives and Nepal increased in 2015 as compared to that of 2014.

FOREIGN NOSTRO

USA

- Standard Chartered Bank
- Mashreqbank
- Habib American Bank
- Habib Bank Limited
- Commerz Bank

UK

- Standard Chartered Bank
- Habib Bank London

GERMANY

- Standard Chartered Bank
- Commerzbank Ag

PAKISTAN

- Habib Bank

INDIA

- ICICI Bank Limited
- Bank Of America
- Bank Of India
- HDFC Bank Limited
- Standard Chartered Bank
- Axis Bank Ltd.

SINGAPORE

- Habib Bank Ltd

AUSTRALIA

- Commonwealth Bank

SOUTH KOREA

- Korea Exchange Bank
- Kookmin Bank
- Woori Bank

JAPAN

- Standard Chartered Bank



DOMESTIC REVIEW

In current fiscal year 2015-16, real Gross Domestic Production (GDP) of the country is estimated to rise by 0.77 percent against its growth rate of 2.32 percent in the previous year. Low growth rate of the agriculture sector, non-agriculture sector activities highly affected by earthquake, and difficult supply situation as a result of border obstructions are attributable for low economic growth in current fiscal year as compared to that of previous fiscal year.

Production of Agriculture sector is expected to grow by 1.3 percent in FY 2015-16 against its growth of 0.8 percent in previous fiscal year. Likewise, non-agriculture sector that registered a growth of 3.1 percent in previous fiscal year is estimated to grow by 0.6 percent in current fiscal year. Production of the industry sector has declined by 6.3 percent while that of the services sector increased by 2.7 percent. Industry and services sector had

recorded growths of 1.5 percent and 3.6 percent respectively in previous fiscal year.

There has been structural change in the Nepalese economy. Contribution of agriculture and industry sectors to GDP is declining while that of the services sector is rising. The primary sector that had expanded by 0.8 percent in previous fiscal year 2014-15 is expected to grow by 1.2 percent in current fiscal year. Likewise, the secondary sector that grew by 1.5 percent in previous fiscal year is estimated to decrease by 6.3 percent in current fiscal year 2015-16, and the tertiary sector that recorded a growth of 3.6 percent last year is projected to grow only by 2.7 percent in this fiscal year.

Contribution of the agriculture sector to GDP is in declining trend, while that of non-agriculture sector is steadily growing. Contribution of the agriculture sector to real

GDP, which stood at 36.6 percent in fiscal year 2001-02, has dropped to 31.6 percent in current fiscal year while that of the non-agriculture sector has gone up from 63.4 percent to 68.3 percent in the same period.

Net consumption expenditure at prevailing price in current fiscal year 2015-16 is expected to stand at Rs. 2130.52 billion against Rs. 1934.04 billion that of previous fiscal year. The share of consumption expenditure to GDP at prevailing price in FY 2004-05 was 90.2 percent while this is expected to rise and reach 94.7 percent in current fiscal year. In fiscal year 2014-15, the share of gross domestic surplus to GDP remained at 8.8 percent while this is estimated to stand at 5.3 percent in current fiscal year 2015-16. The share of gross national surplus to GDP is estimated to decline to 42.9 percent in current fiscal year from 43.9 percent of previous fiscal year.



DIRECTOR'S REPORT

Dear Shareholders.

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

We are pleased to inform you that the Bank's performance during FY 2015-16 was very good. The Bank did well in all the areas. Credit disbursement, deposit solicitation, remittance-related profits, human resources development and expansion of services were quite encouraging, resulting in increased profitability of the Bank. The earthquake in April 2015 has had

some adverse impacts on the Bank's physical assets. During the review period, the partially affected branches (Maharajgunj, Kaushaltar, Banepa, Trishuli and Dillibazar) were relocated to safer places.

For the last 23 years, HBL has been continuously at your service. During the period we have been successful in making the Bank a reliable and

**NET ASSETS
OF BANK (RS)**

8.82 b



safer bank in the country. As of FY. 2015-16, the Bank was able to maintain a deposit of Rs. 87.33 billion. As compared to last year, the loan portfolio of the Bank increased by 24.67%, and the operating profit by 238.07%. The Bank was able to register a growth of 74.05% in its net profit.

During the review period, the Bank's total number of Branches reached 42, and the total number of ATMs 84.

With the trust of the customers, support of the shareholders and creative initiative of the Management, the Bank has been able to achieve its desired progress. Since its very inception, the Bank's goal has been to contribute towards a safe and secure banking

system in the country. Given the minimum capital requirement of NPR 8 billion that needs to be fulfilled by FY 2016/17, the Bank has formulated a necessary action plan, including issuance of rights shares.

I would like to present the Balance Sheet as on July 15, 2016, the Profit and Loss Account for the fiscal year 2015-16, the Profit and Loss Appropriation Account and other financial statements for approval by this Annual General Meeting.

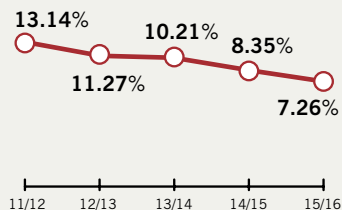
Review of the Bank's Operations

During the period under review, the Bank's total deposit reached

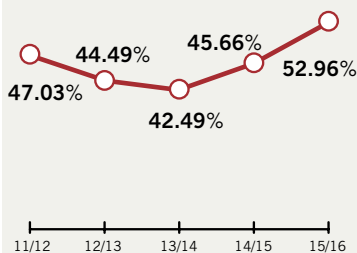


With the trust of the customers and creative initiative of the Management, HBL has been able to achieve desired progress. Since its inception, the Bank's goal has been to contribute to secure banking system."

INTEREST INCOME / LOAN AND ADVANCES



STAFF EXPENSES



Rs. 87.33 billion, recording an increase of 18.76 percent over the previous year. Similarly, the loans and advances reached Rs. 69.10 billion during the period under review, recording an increment of 24.67 percent over the previous year.

The net assets of the Bank increased by 26.80 percent, reaching Rs. 8.82 billion, during the review period, while the total assets increased by 19.43 percent and were valued at Rs. 101.21 billion.

The Bank was able to post an operating profit after provision for loan loss to the tune of NPR 2.297 billion during the fiscal year, with its net operating profit standing at NPR 1.935 billion.

The status of the Bank as on first quarter end of current fiscal year is given below:

During the year under review, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 707.732 million. The Bank was able to recover Rs 10.2 million from the already-written-off loans.

An amount of NPR 681.7 million paid to Melamchi Drinking Water Development Board was written off; however, the case is still sub judice in the Kathmandu District Court and the Chinese court. So there still exists the possibility of recovering the amount. The Bank Management is deliberately working towards recovering bad loans, which, we

(In Rs. million)

S.N.	PARTICULARS	2015 AS ON OCT 17	2016 AS ON OCT 17	INCREASE (DECREASE) %
1.	Gross Assets	89,299	107,025	19.85
2.	Deposits	77,530	93,226	20.25
3.	Loans, Overdrafts and Bills Purchased and Discounted	57,495	72,184	25.55
4.	Investments	15,671	20,125	28.42



would like to assure you, will help in enhancing profitability of the Bank in the coming fiscal year.

Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2014/15 and 2015/16 are presented below:

The comparative status of deposit, credit, income and expenditure of the Bank during the fiscal year 2014-15 and the year under review is presented in separate annexes as detailed below:

Deposit composition : Annex A

Credit composition : Annex B

Income composition : Annex C

Expenditure composition : Annex D

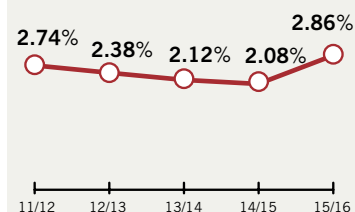
National and International Events and their Impact on the Bank

The world economy continues to struggle for growth. Most of the developed countries, particularly the United States of America, European countries, China and India, are finding it difficult to attain encouraging growth. The

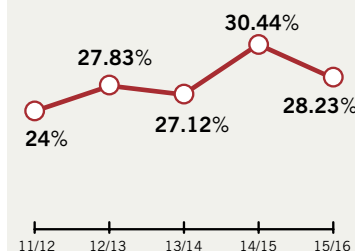
political uncertainty appears to be continuing unabated, thereby hampering progress in economic growth. We all are aware of the impact of the 2015 April 25th earthquake in terms of loss of life and property and damage to infrastructures. And delay in reconstruction has also adversely affected industries, businesses and tourism as well as banking and other financial sectors of the country.

As per Nepal Rastra Bank, the increment ratio of GDP growth of Nepal on the base price stood at 0.8% during 2014-15, while the GDP growth rate in the previous year was 2.3%. Inflation was 7.2 % last year vis-à-vis 9.9% in F.Y. 2015-16. Exports decreased by 17.8% in FY 205/16 whereas it decreased by 7.3% in F.Y. 2014/15. Import growth was 8.4% last fiscal year, which has decreased by 0.1% this year. The overall BOP recorded a surplus of Rs. 140.42 billion during the review period compared to a surplus of Rs. 108.32 billion in the previous year. The gross foreign exchange reserves increased by 26.1% compared to last year. The broad money supply during the review period increased by 19.9% as compared to last year's increment of 19.5%.

NET PROFIT / LOAN AND ADVANCES

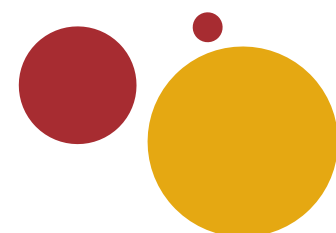


TOTAL OPERATING EXPENSES / TOTAL INCOME

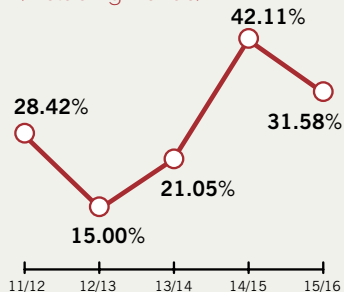


(In Rs. million)

S.N.	PARTICULARS	2014/15 AS ON JULY 16	2015/16 AS ON JULY 15	INCREASE (DECREASE) %
1.	Net Assets (Net Worth)	6,959	8,824	26.80
2.	Total Assets	84,753	101,218	19.43
3.	Deposits	73,538	87,336	18.76
4.	Loans, Overdrafts and Bills Purchased and Discounted	55,428	69,101	24.67
5.	Investments	17,713	19,306	12.81
6.	Net Interest Income	2,674	3,450	29.02
7.	Other Income	2,073	2,034	(1.88)
8.	Operating and Staff Expense	1,732	1,715	(0.98)
9.	Operating Profit	680	2,298	237.94
10.	Net Profit	1,112	1,936	74.10



DIVIDEND ON SHARE CAPITAL (Including Bonus)



From its commencement, the Bank has been fulfilling social obligations through various social and allied institutions. We have been actively engaged in sector like education, healthcare, sports, culture, rehabilitation of victims of natural calamities and social services."

During the year under review, the total deposits in the banking sector increased by 19.4% vis-à-vis 20.1% in the previous year. Last year, the total loans and advances had increased by 19.8% against 23.7% in FY 2014/15.

Current Financial and Banking Environment

The economy of the country is still dependent on remittance money. But slow growth in the remittance inflow has created doubts about economic stability. The banking industry witnessing excess liquidity till last fiscal year has been facing a liquidity crisis, resulting in a paucity of loanable funds.

Due to increasing competition and the policy adopted by NRB, the number of banks and financial institutions has come down drastically as a result of mergers and acquisitions. The total number of banks and financial institutions licensed by NRB dropped to 179 in mid-July 2015 from 193 in mid-July 2014.

Implementation Status of the Strategy and Program of the Bank for the FY 2015-2016

1. NPA stands at 1.23 percent.
2. Branch expansion plan has been postponed till next FY considering the post-earthquake unfavorable circumstances.
3. Expanded remittance business to Asian, European and American markets with a focus on sophisticated services.
4. Deposit and loan products were made more attractive as per the demand of the general public.

5. The total number of ATMs with addition of 4 new ATMs installed by the Bank has reached 84.
6. Enhancement in service delivery from branches and profit centers has been implemented.
7. Continuity has been given to the recovery of written-off loans in an active manner.
8. Additional 436 POS machines have been installed for the convenience of the debit and credit card holders.
9. Continuous effort being made to make the ambience of branches convenient and environment-friendly.
10. T24 banking software browser is being upgraded.
11. Life and non-life insurance services have been commenced by establishing Bancassurance Unit.

Strategies and Programs for FY 2015/2016

1. To establish 5 new branches within and outside the valley as per branch expansion plan.
2. To contain NPA at the lowest.
3. To give continuity to recovery of written-off loans in an active manner.
4. To introduce new deposits, credit products and services.
5. To make deposit accounts, loan facilities and other services attractive as per customers' requirements.
6. To set up additional ATMs at various places to make the total number 100.
7. To install additional 500 POS machines.
8. To make the ambience of various branches convenient and environmental-friendly.
9. To upgrade and fine-tune T24 version for better performance



Corporate Social Responsibility (CSR)

From its commencement, the Bank has been discharging its social responsibilities through various social and allied institutions. This includes those relating to education, healthcare, sports, culture, rehabilitation help to victims of natural calamities and social services.

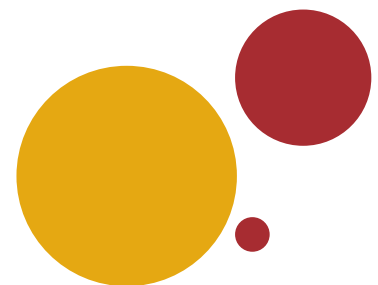
During review period, under Corporate Social Responsibility the Bank provided financial assistance for reconstruction of Shree Karunamaya Peeth Temple (Bungmati, Lalitpur), distributed relief materials to earthquake victims and provided financial assistance to Shree Raithane Higher Secondary School for drinking water and sanitary management.

The Bank is active in the development of sports culture such as golf and badminton. Similarly, the Bank has sponsored various cultural

programs and exhibitions. The Bank is fully aware of its corporate social responsibilities towards the community and the nation and has upheld its commitments.

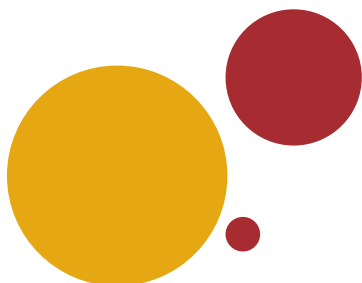
Board of Directors

During the review period, Mr. Manoj Bahadur Shrestha (representing N. Trading), Mr. Salim Amlani (representing Habib Bank Ltd.), Mr. Prachanda Bahadur Shrestha (representing Chhaya International), Mr. Sushil Bikram Thapa (representing Ava International) and Mr. Krishna Prasad Acharya (representing Employee Provident Fund) have been nominated as Directors on the Bank's Board of Directors for the next four years. Similarly Ms. Menuka Shrestha (representing Chhaya Internatona) and Mrs. Ranjana Shrestha (representing N. Trading) have been nominated as Alternate Directors on the Bank's Board of Directors for the next four years.





The net profit of the Bank amounted to Rs. 1.935 billion in the FY 2015-16. Besides this, the Bank was able to retain earnings worth Rs. 114.99 million from last year's profit making a total of Rs. 2.05 billion available for appropriation."



Mr. Surendra Silwal, Director representing Public Shareholders, continues as Director in the same capacity. In addition, Mr. Upendra Keshari Poudyal, Professional Director, continues as such on the Bank's Board of Directors.

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

Further, Mr. Bhisma Chudal has been nominated in place of Mr. Torup Prasai as Alternate Director on the Bank's Board of Directors with effect from April 19, 2016 representing Ava International.

Mr. Krishna Prasad Acharya, Director representing Employee Provident Fund, has been replaced by Mr. Jeetendra Dhital as the Director of the Bank with effect from July 19, 2016. And Mr. Shree Ram Shekhar Adhikari continues as Alternate Director representing Employee Provident Fund.

As per the decision of Board of Directors' meeting #326, Senior General Manager Mr. Ejaz Qadeer Gill has been appointed for the next four years on contract.

According to the Bank's regulations and decision of the Board of Directors' meeting #330 held on March 1, 2016, Mr. Manoj Bahadur Shrestha has been re-elected as Chairman of the Bank's Board of Directors for the next four years. Similarly Director Mr. Salim Amlani and Director Mr. Prachanda Bahadur Shrestha have been elected for the next four years as First Vice-Chairman and Second Vice-Chairman respectively.

As per the decision of Board of Directors' meeting #330 held on March 1, 2016, CEO Mr. Ashoke SJB

Rana has been appointed in the same position on contract for the next four years

I would like to congratulate the new Directors, Alternate Directors, Chief Executive Officer and Senior General Manager of the Bank and expect their sterling cooperation towards the Bank's progress and prosperity as in the past. I would like to also thank former Second Vice-Chairman Mr. Prem Prakash Khetan, former Director Mr. Krishna Prasad Acharya and former Alternate Director Mr. Torup Prasai for their invaluable contributions to the Bank's success. Further, the Board, on this occasion, expresses its firm commitment to continue working in the best interests of the Bank.

Audit, Balance Sheet and Other Financials

The Balance Sheet as on July 15, 2016, the Profit and Loss Account for the fiscal year 2015/16, the Profit and Loss Appropriation Account for the fiscal year 2015/16, the Cash Flow Statement for the fiscal year 2015/16, 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 amounted to Rs. 1.935 billion for the fiscal year 2015/16. Besides this, the retained earnings of NPR 114.99 million from last year's profit make a total of Rs. 2.05 billion available for appropriation. 20% the net

profit i.e. Rs. 387.18 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 the Bond Repayment Reserve. I would like to announce with pleasure a special resolution on distributing a 30 percent bonus share and a 1.5789 percent cash dividend on the paid-up capital to the shareholders for the fiscal year 2015/16. For the proposed bonus shares and dividends, an amount of Rs. 1.349 billion and 71.039 million respectively has been allocated. After the distribution of the proposed bonus shares, the paid-up capital of the Bank will amount to Rs. 5.848 billion. After allocation of 7:1 right shares as per the resolution of the 23rd AGM in line with the capital plan submitted to NRB, the total paid-up capital of the Bank will stand at NPR 6.491 billion. We would like to assure you that we will achieve the target of the paid-up capital prescribed by the regulatory body within the prescribed time frame. We are proud of the fact that the Bank has been able to provide good returns in the form of

Prachanda Bahadur Shrestha
Second Vice-Chairman

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

NET PROFIT / LOAN AND ADVANCES

2.86%



NET PROFIT / TOTAL ASSETS (RATIO)

1.94%

“After the distribution of the proposed bonus shares, the paid-up capital of the Bank will amount to Rs. 5.848 billion.”

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. 908,436,071
Administrative Expenses during the FY	: Rs. 806,909,410
Total	: Rs. 1,715,345,481

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 & Chairman - 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 17 meetings during the FY 2072/73 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	770,000	-	-
2	Salary	-	6,840,000	107,857,235
3	Allowances	-	6,660,000	60,720,398
4	PF Contribution	-	-	9,245,914
5	Telephone / Mobile / Utilities	214,473	273,582	6,831,945
6	Others	2,815,278	801,169	20,555,308
	Total	3,799,751	14,574,751	205,210,800
7	Vehicle Facility	No	**Yes	Yes
8	Accommodation	No	No	***No
9	Insurance Coverage	Yes	Yes	Yes
	Number of persons	11	1	94

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 By laws. 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 & GM reimbursement 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 12,000 (net of tax).

12) Amount of Dividend remaining unpaid:

Total Unpaid Dividend : Rs. 66,412,337 as on Asar 31, 2073.

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

Manoj Bahadur Shrestha
Chairman





ENSURING ECONOMIC GROWTH

With diversification of portfolio and expansion of business to every nook and corner of the country, HBL remains committed in driving economic growth. HBL not just stands for business but also thrives to make economic growth inclusive and sustainable.

CORPORATE GOVERNANCE





HBL is aware about the role it needs to play for shaping the country's financial sector. With power comes responsibility and HBL is committed to lead as the flag bearer in all the forefronts.



As a true corporate citizen, corporate governance is one of the most crucial aspects under consideration of Himalayan Bank Limited (HBL). In most simplest terms, corporate governance is all about performing one's duty sincerely.

Financial sector plays role of mediator between lenders and borrowers. Hence, gaining public trust is one of the vital components. Financial sector is bound to be accountable so as to cater to the demand of all the stakeholders from depositors to creditors and shareholders. This can be ensured only through sheer integrity and professionalism.

Inability to maintain governance contributes to instability. We have seen numerous such examples across the globe and within the country. Weak governance increases risk factor. From excessive concentration to a particular sector to poor management of credit risk, exchange rate risk, and interest rate risk sound governance mechanism is must to counter such adversities.

At HBL, we have trained, motivated and dedicated employees who are aware about their role and

responsibilities. We have documented role of all the departments within the bank. That ensures there's no breach of jurisdiction and every department gets to perform independently. Likewise, the system checks and balances the day to day functioning of the bank.

Governance is one of the most crucial aspects for any sector. However, it carries special meaning in financial sector. Being a leading player in the financial service provider, HBL is aware about the role it needs to play for shaping the country's financial sector. With power comes responsibility and HBL is committed to lead as the flag bearer in all the forefronts. Efficient corporate governance is our mantra for that.

Likewise, HBL complies with norms set by the central bank. Our disclosure policy fits to the requirement of the regulator. We are not just confined to the directives and compliance set by the regulator. We understand and value the importance of governance, which is why the concept has been inducted in heart and mind of our employees.

TOTAL DEPOSIT

Rs. 87.33 b

(an increase of 18.76 percent over the previous year)

NET ASSETS

Rs. 8.82 b

(an increment of 26.80 percent over the previous year)

NON PERFORMING LOAN / TOTAL LOAN

1.23 %

LOANS AND ADVANCES

Rs. 69.10 b

(an increment of 24.67 percent over the previous year)

STAFF EXPENSES / TOTAL OPERATING EXPENSES

52.96 %

TOTAL ASSETS

Rs. 101.21 m

(an increment of 19.43 percent)

LIQUIDITY (CRR)

6.27 %

NET OPERATING PROFIT

Rs. 1.935 b

(an increment of 26.80 percent over the previous year)

RISK MANAGEMENT

Management of risk is one of the most crucial components for a financial institution. Risk is an uncertain event that if it occurs, can have a negative impact. Financial institution, in particular, are prone to several risks. Himalayan Bank Limited (HBL) is committed to safeguard the interest of valued clients, shareholders and the regulator.

In doing so, we have always been cautious and maintained efficient system to check and balance possible risks. The main mantra is implementation of the concept of Maker and Checker. This means there needs to be approval of at least two officials in all the transactions processed in our network.

We have complied with the Know Your Customer (KYC) guideline as prescribed by the Nepal Rastra Bank. Proper enforcement of KYC has helped us identify customers as well as other necessary information. Likewise, we also comply with international norms related with Anti Money Laundering.

For minimizing operational risk, credit risk and risk posed by Information Technology, we continuously follow up, monitor and work to counter lapses. We have used top-notch international software to maintain scrutiny over every transaction. We are the only bank in Nepal to issue DIGITAL SECURITY DEVICE for all online transactions.

The advancement of technology has turned out to be a boon for

the financial industry, especially for country like Nepal that has huge infrastructure gap. While advent of technology has countless advantages, it also has numerous disadvantages.

To mitigate IT related risk, we have established a dedicated Information and Technology (IT) department. The department is composed of qualified manpower capable of pulling off all kinds of technology-based risks.

Likewise, we have Risk Management Department that directly reports to the Risk Management Committee under the HBL board. The committee is responsible to make necessary recommendations to the board. Likewise, the department is responsible to monitor risk factor and provide necessary feed to the committee. Decision taken by the board is communicated to the department through the committee and necessary step is taken.



HBL is committed

to safeguard the interest of valued clients, shareholders and the regulator. In doing so, we have always been cautious and maintained efficient system to check and balance all possible risks."



HUMAN RESOURCE MANAGEMENT

Himalayan Bank Limited (HBL), today, stands among one of the top-notch financial institutions of the country. Our 25 glorious years have much to do with sheer dedication, devotion and determination of employees. At HBL it is not just about working. It's about sharing passion, aiming higher and achieving it.

Nepal's banking industry today has come off age and has gained maturity. When we began the journey, about two and half decades ago, people from the banking industry had come together and

“ We stand among the leading financial institutions with highest retention rate. That gives us an edge in the industry as our workforce not just understands, but functions to our vision, mission and goals.”

partnered for good. Most of them continue being a part of the HBL family. This stands as one of the major strengths of HBL. We stand among the leading financial institution with good retention rate. That gives us an edge in the industry as our workforce not just understands but functions to our vision, mission and goals. Most of the employees handling key position in HBL have been internally groomed.

We also take pride in acknowledging the fact that about one fourth of top-ranking employees including Chief Executive Officer (CEO), Deputy CEOs and Senior Managers in the country's financial fraternity have originated from HBL. And that is because of continuous focus in ensuring that every HBL member gets to learn, grow and lead.

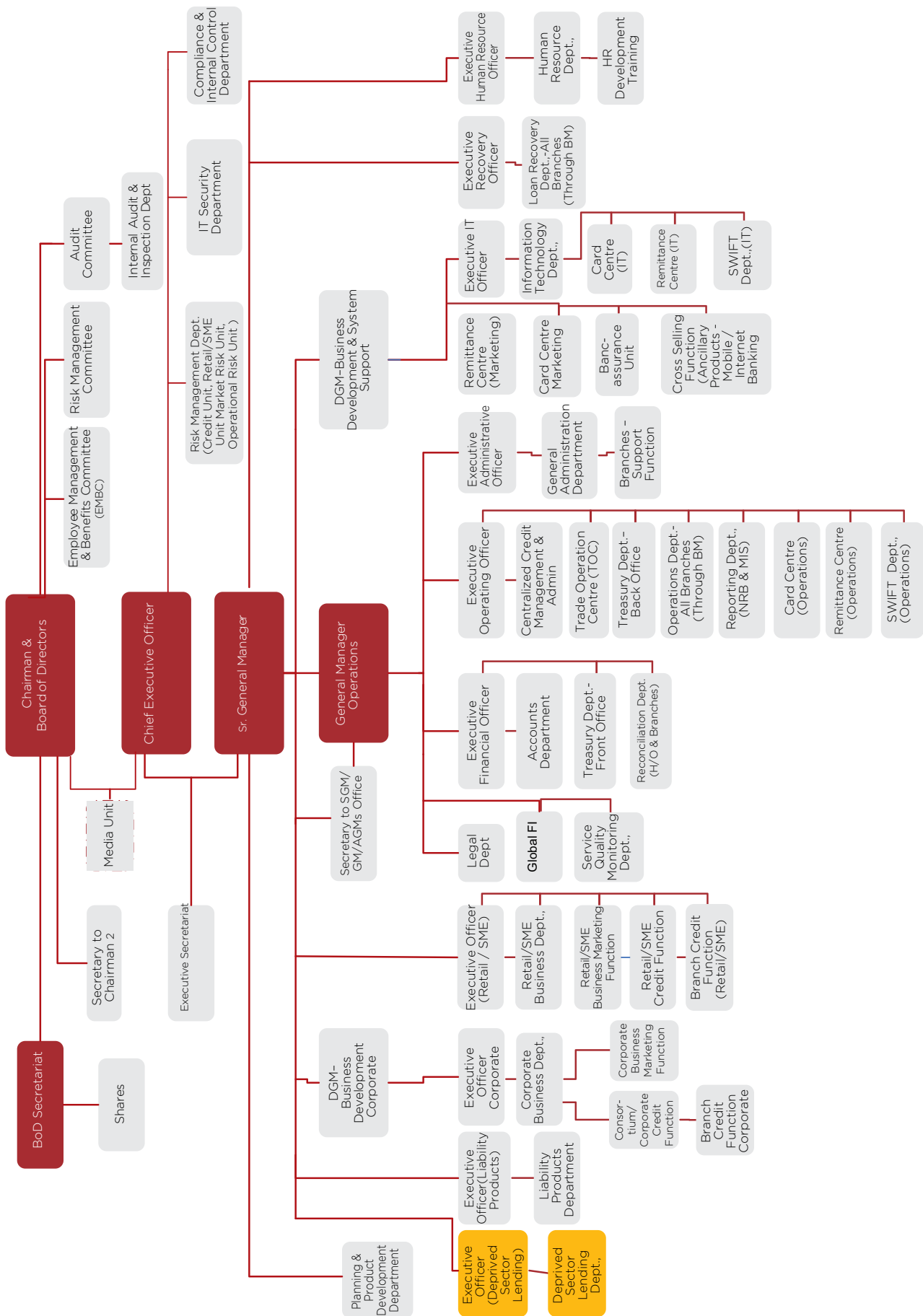
Training, training and training is the mantra at HBL. We assess the needs of employee right from the time of recruitment. We also encourage personal assessment and demand. Annual appraisal is conducted and support program is designed on the basis of recommendation and evaluation. That way we find out suitable position for the staffers, eventually ensuring that we have got right person in right job.

Our top-management is always focused and determined to get best out of the employees. Hence, we ensure at least one training to all the staffers each year. Apart from outsourced trainers, we use internal





ORGANIZATIONAL CHART





resources. In house resource is mobilized for reaching out to all the branches under HBL network.

We also abide by the guideline set by Nepal Rastra Bank (NRB). We have allocated budget for human resource development in line with the directive of the central bank.

HBL has higher operating cost due to focus in human resource. Many in the industry consider it as demerit. At HBL, however, we take it as our major strength. We take human resource as an asset.

Business magnet, investor and philanthropist Richard Branson has rightly said, "By putting the employee first, the customer effectively comes first by default, and in the end, the shareholder comes first by default as well." At HBL, we carry the same spirit.

**NO. OF
EMPLOYEES**

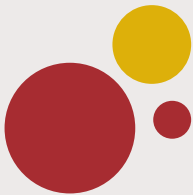
857

**STAFF BONUS / TOTAL
STAFF EXPENSES**

23.23%

CORPORATE SOCIAL RESPONSIBILITY (CSR)

" At HBL, we just don't care about balance sheet. We care about the foundation, i.e society. We are committed to continue serving the society in the days to come."



Himalayan Bank Limited (HBL), as an institution that has always remained devoted to the society, considers Corporate Social Responsibility (CSR) as a focal component. HBL has been contributing its part in various fields of the society. For instance, HBL has supported education programs, health related activities and heritage conservation initiatives among several other causes that can uplift the society.

Proper budget for CSR activities is allocated at the time of finalizing annual budget of the Bank.

However, we do not restrict ourselves only to it as we have time and again gone out of the box to help initiatives and causes that can do good for a large section of the society. We believe in giving back to the society.

HBL is not only a Bank, it is committed Corporate Citizen.

In the fiscal year 2015-16, HBL conducted number of CSR initiatives with a motive of giving back to the society. The bank distributed children residing at Helping Hands Children's Home in Chauni with school bag and uniform. New Children's Home, Chapali received foodstuffs while the Chief Executive Officer Ashoke SJB Rana,

himself, stood at the forefront and distributed clothes and kitchen utensils to the senior citizens living in Om Old Age Home situated in Bhaktapur. Likewise, Bal Sudhar Sangh, Budhanilkantha received food stuffs and kitchenware.

The CSR initiative taken by HBL is not just limited to Kathmandu. Various activities were conducted to support livelihood of earthquake survivors in Dolkha district. HBL Cup Open Golf Tournament 2016 was also held last year.

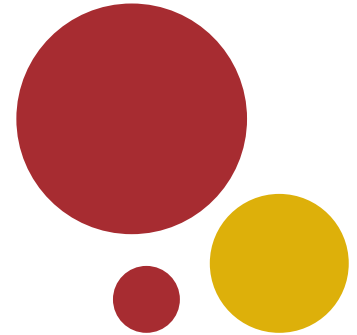
High ranking officials like the General Manager, Deputy General Manager and CEO Rana attended the CSR initiatives, showing that the management is not just motivated to expand business. We stand true to the spirit of Corporate Citizen.

We are committed to continue serving the society in the days to come. As a leading financial institution of the country, we realize the fact that all the industries in the country, including banking, can only grow if the society embarks on a development journey. And it is our responsibility to ensure that.

At HBL, we just don't care about balance sheet. We care about the foundation, i.e society.



PRODUCTS AND SERVICES



DEPOSIT

■ Normal Savings Account

Account with minimum balance amount of Rs. 2500/- (inside valley branch) and Rs. 1000/- (outside valley branch).

■ Himal Savings Account

Account with Zero minimum balance. But to receive cheque book need to maintain Rs. 1000/- minimum balance.

■ Bishesh Savings Account

Account for special persons like; Illiterate, Senior Citizens (above 50 years), Differently abled persons and Minor. Minimum balance required is Rs. 2000/-.

■ Premium & Super premium Savings Account

Specialized account with high return and various facilities and rebates in banking service charge. Minimum balance required is Rs. 50,000/- for PSA and Rs. 100,000/- for SPSA

■ Nari Savings Account

Specially designed for

women with various services and facilities. Minimum Balance required is Rs. 1000/-.

■ Family Savings Account

Account for family members interested to open joint account. Minimum balance required is Rs.10,000/-.

■ Shareholders' Savings Account

Account for Bank's shareholders to credit the Cash Dividend amount besides regular transaction . Minimum balance required is Rs. 500/-.

■ Special Payroll Account

Salary Account for staff of Government and Non-government offices to credit their salary. No minimum balance required.

■ Himal Remit Savings Account

Account for Remitters (people working abroad) and their beneficiary (ultimate receiver). No minimum balance required. For cheque book Rs.

1000/- minimum balance is to be maintained.

All savings deposit accounts have Accidental Death Insurance for value upto four times of the monthly minimum balance in the account with maximum ceiling of Rs. 500,000/-

&

Deposit guarantee of upto Rs. 200,000/- in line with regulatory requirement of Nepal Rastra Bank

■ Current Account

Current Account can be opened as a checking account for Individual & institutions for financial transaction which is non-interest bearing.

■ Current Call Account

Current Call Account can be open on requirement basis on negotiated terms related to minimum balance, tenure and interest rates with Bank for Individual & institutions having bulk deposit.



■ **Non-Profit**

Organization Current Call Account

Account for Non Profit Organization, Charitable Trust, NGO/INGO running for social welfare, Non depleting Fixed Deposit Fund, Interest of which is mobilized for social service like Scholarships/ Awards etc.

■ **Fixed Deposit**

Account for Individuals/ Institutions having bulk deposits for specific time period of 3 months, 6 months, 1 year and 2 years and above

■ **Structured Deposit**

Account for fixed deposit with the amount of 1 million and above.

■ **3 years Recurring Deposit**

Account for Individuals having surplus funds and willing to deposit, as savings, part of their surplus funds from regular/monthly income such as salary for specific period of time (3 years).

LENDING

■ **Home Loan**

Loan to purchase house, land, construction of house or extension /renovation/ modification/addition of house

■ **Home Loan Plus**

To support the home buyers by financing their furnishing/ furniture, consumer durables such as TV, Refrigerator, Air Conditioner, Modular Kitchen etc.

■ **Hire Purchase Loan (Auto Loan)**

Private: To provide an easy access to an individual to acquire own vehicle for personal use.
Commercial: To provide an easy access to finance to acquire vehicles for commercial purpose (Bus, Mini/Micro Bus, Taxi, Truck, Tanker, heavy vehicles like Loader, Bull Dozer, Excavators etc.)

■ **Small and Medium Enterprises Loan**

To help in establishment, growth and expansion of small and medium sized enterprises,

the Bank provides loan facility to business houses coming from industrial, trading and service sector to meet their short-term and long-term financing needs. This could come in any form- funded or non-funded, depending on specific needs of the business enterprise.

■ **Small and Personal Business Loan**

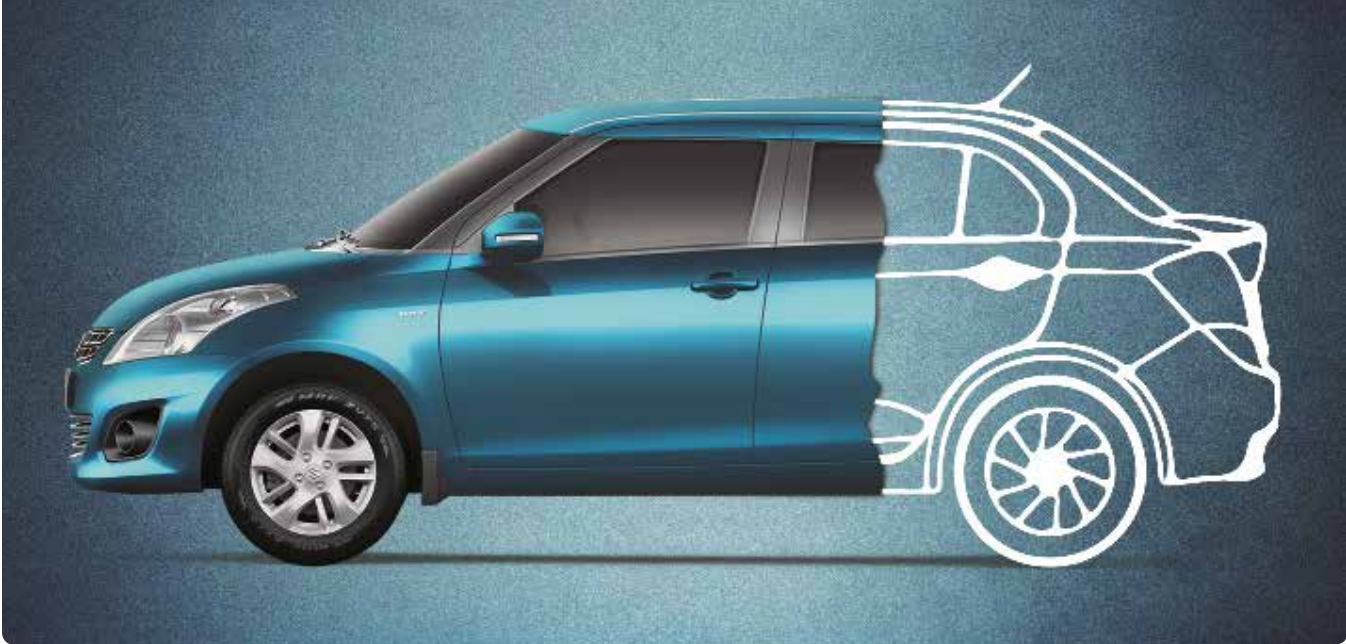
Loan to professionals/ Businessmen with reliable income source for business investment (to meet Working Capital Requirement and Fixed Assets Investment.)

■ **Subidha Loan**

Loan to cover up the expenses related to social religious ceremonies (marriage, pasni, bratabandha etc), higher education, home refurbishment/consumer durables, Medical treatment of family member, Travelling etc.

■ **Education Loan**

Loan to cover education expenses of self or dependent family members of employee of public / private organized sector etc. for professional courses like Medicine,



Engineering, CA, IT Consultant, Management Expert, Financial Analyst, Insurance Agents, Banker etc.

■ **Education Institution Financing**

To fulfill financial requirements to all Educational Institutions Such as Schools (Pre-Schools to Higher Secondary); Plus Two Colleges/Campuses, Vocational Training Institute conducting educational courses recognized by the Government of Nepal etc.

■ **HBL Farmers' Loan**

Loan to support the farmers engaged in various agro-farming activities as prescribed by the Bank.

The Bank shall extend its lending facility in the following field as well.

- Loan against HBL FD (Npr.)
- Loan against other banks FD/ Bonds
- Loan against share of listed companies (Easy Share Loan)

- Loan against International Bank Guarantee
- Loan against Government Bonds
- Business Loans for corporate to cover fixed assets, working capital requirement under stand alone or consortium of FIs.



At HBL, we understand the need of individuals as well as institution and design innovative products so as to cater to their needs."

SERVICES

■ **Remittance Services**

Inward remittance (fund transfer) from various countries in form of SWIFT message, Draft, Cheque, Online system (HimalRemit, Moneygram, Xpress Money etc.)

■ **Fund Transfer**

Inside Country: Through Draft, A/C to A/C transfer, Online transfer (HimalRemit Domestic Money Transfer)
Outside Country: Through SWIFT (TT), Draft etc.

■ **Card Services**

The Bank has been issuing Debit/Credit and Prepaid cards of different brands like; VISA, MasterCard, American Express, Union Pay and JCB in NPR and USD value. Similarly it acquires all above mentioned card brands in its ATMs and POS Terminals.

■ **Letter of Credit (LC)**

The Bank facilitates the



customers with LC for importing and exporting goods inside and outside the country.

■ **Bancassurance Service**

The Bank is providing Bancassurance service of both Life and Non-life to its customers.

For Life Insurance the Bank has agreement with Metlife Pvt. Ltd. and Life Insurance (Nepal) Pvt. Ltd.

For Non- Life Insurance the Bank has agreement with Shikhar Insurance Co., Siddhartha Insurance Co., Prudential Insurance Co., Sagarmatha Insurance Co., Prabhu Insurance Co., NLG Insurance Co. etc.

■ **Internet Banking**

(himal@net)

To facilitate access to banking needs in a simple and secure environment over the internet (subject to availability), the Bank has offered the internet banking service known as himal@ net. The user simply can get information of their account balance, statement, cheque status, transaction detail etc. The service can be used to make payment of utility bill and a/c to a/c transfer.

■ **SMS Alert Service**

The Bank provides SMS alert for all debit and credit transaction for all its customers.

■ **SMS Banking**

The Bank provides easy access to get account balance enquiry, exchange rate enquiry, Bank's branch

contact information etc through the service.

■ **Locker Service**

The Bank offers locker facilities with various sizes as per the need of the of the Customer's. 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 and ease of location.

■ **Foreign Exchange Service**

The Bank provides exchange (buy and sell) facility of foreign currencies listed by Nepal Rastra Bank in all its branches.







FOR THOSE WHO ARE AT NEED

For HBL it's not just about business. Through diversified products targeted at Small and Medium Enterprises (SMEs) to personal loans and support to entrepreneurs with innovative ideas, we are there to take care of your aspiration. We are always there for those in need.

**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 31st Ashadh 2073 corresponding to 15th July 2016 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, based on the prevailing Acts and laws, is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

- a. 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, 2073 (July 15th, 2016), and of the results of its financial performances and its cash flows for the year then ended.
- b. As the financial statements of the Bank have not been prepared in compliance with the Nepal Financial Reporting Standards issued by The Institute of Chartered Accountants of Nepal, no opinion is expressed on the same.

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

Date: November 30, 2016

BALANCE SHEET

AS AT ASHAD END 2073 (JULY 15, 2016)

(Amount in Rs.)

CAPITAL AND LIABILITIES	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
1. Share Capital	1	5,848,888,500	4,499,145,000
2. Reserves and Funds	2	2,974,879,628	2,459,754,626
3. Debentures and Bonds	3	600,000,000	600,000,000
4. Borrowings	4	1,000,000,000	-
5. Deposits	5	87,335,785,849	73,538,200,185
6. Bills Payables	6	504,174,092	95,873,089
7. Proposed Dividend		71,039,132	236,797,105
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	1,528,240,879	1,371,780,609
Total Capital & Liabilities		99,863,008,080	82,801,550,614

ASSETS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
1. Cash Balance	8	1,498,347,320	1,349,261,530
2. Balance with Nepal Rastra Bank	9	5,677,702,310	5,873,158,748
3. Balance with Banks / Financial Insitutions	10	698,934,429	1,164,991,531
4. Money at Call and Short Notice	11	1,482,036,329	1,063,950,000
5. Investments	12	19,306,073,338	17,113,389,432
6. Loan Advances and Bills Purchase	13	67,745,978,944	53,476,229,873
7. Fixed Assets	14	1,922,966,664	1,321,271,898
8. Non - Banking Assets	15	-	-
9. Other Assets	16	1,530,968,746	1,439,297,602
Total Assets		99,863,008,080	82,801,550,614

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

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report
of even date

Ashoke S. Rana
Chief Executive Officer

Manoj Bahadur Shrestha
Chairman

Salim Amlani
First Vice Chairman

CA. Sundar Man Shrestha
Senior Partner
Sundar & Co
Chartered Accountants

Prachanda B Shrestha
Second Vice Chairman

Sushil Bikram Thapa
Director

Surendra Silwal
Director

Jeetendra Dhital
Director

Upendra Keshari Poudyal
Director

Date: November 30, 2016

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2072 TO Ashad END, 2073 (JULY 17, 2015 TO July 15, 2016)

(Amount in Rs.)

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
1. Interest Income	18	5,015,843,968	4,627,750,829
2. Interest Expenses	19	1,565,895,670	1,954,262,604
Net Interest Income		3,449,948,298	2,673,488,225
3. Commission and Discount	20	599,641,824	562,185,768
4. Other Operating Income	21	105,107,706	115,282,369
5. Exchange Fluctuation Income	22	602,985,146	474,312,069
Total Operating Income		4,757,682,974	3,825,268,431
6. Staff Expenses	23	908,436,071	917,500,643
7. Other Operating Expenses	24	806,909,410	814,639,099
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before Provision for Possible Losses		3,042,337,493	2,093,128,689
9. Provision for Possible Losses	25	744,816,820	1,413,568,174
Operating Profit		2,297,520,673	679,560,515
10. Non-Operating Income/(Loss)	26	22,276,054	23,209,362
11. Loan Loss Provision Written-Back	27	1,401,387,144	895,299,696
Profit from Regular Operations		3,721,183,871	1,598,069,573
12. Profit/(Loss) from Extra-ordinary Activities	28	(697,479,118)	2,301,514
Net Profit after considering all Activities		3,023,704,753	1,600,371,087
13. Staff Bonus Provision		274,882,250	145,488,281
14. Tax Provision		812,914,869	342,597,090
a) Current Years		809,825,053	350,763,477
b) Previous Year's Additional Tax		9,707,048	7,245,526
c) Deferred Tax		(6,617,232)	(15,411,913)
Net Profit/(Loss)		1,935,907,634	1,112,285,716

Schedules 18 to 28 & 32 and 33 form an integral part of this Profit and Loss Account

Satish Raj Joshi
Executive Financial Officer

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report
of even date

Ashoke S. Rana
Chief Executive Officer

Manoj Bahadur Shrestha
Chairman

Salim Amlani
First Vice Chairman

CA. Sundar Man Shrestha
Senior Partner
Sundar & Co
Chartered Accountants

Prachanda B Shrestha
Second Vice Chairman

Sushil Bikram Thapa
Director

Surendra Silwal
Director

Jeetendra Dhital
Director

Upendra Keshari Poudyal
Director

Date: November 30, 2016

PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2072 TO Ashad END, 2073 (JULY 17, 2015 TO July 15, 2016)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Income		
1. Accumulated Profit up to Last Year	114,997,186	18,357,988
2. Current Year's Profit	1,935,907,634	1,112,285,716
3. Transfer from Capital Adjustment Fund		500,000,000
4. Transfer from Deferred Tax Reserve	-	-
5. Transfer from Investment Adjustment Reserve		212,516,333
Total	2,050,904,820	1,843,160,037
Expenses		
1. Accumulated Loss up to Last Year	-	-
2. Current year's Loss	-	-
3. General Reserve	387,181,527	222,457,143
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserve Fund	-	-
8. Proposed Dividend	71,039,132	236,797,105
9. Proposed Issue of Bonus Share	1,349,743,500	1,166,445,000
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	1,658,437	997,448
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	10,108,210	-
14. Bond Redemption Reserve	85,714,286	85,714,286
15. Deferred Tax Reserve	6,617,232	15,411,913
16. Investment Adjusment Reserve		339,956
Total	1,912,062,324	1,728,162,851
17. Accumulated Profit / (Loss)	138,842,496	114,997,186

Satish Raj Joshi
Executive Financial Officer

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report
of even date

Ashoke S. Rana
Chief Executive Officer

Manoj Bahadur Shrestha
Chairman

Salim Amlani
First Vice Chairman

CA. Sundar Man Shrestha
Senior Partner

Prachanda B Shrestha
Second Vice Chairman

Sushil Bikram Thapa
Director

Surendra Silwal
Director

Sundar & Co
Chartered Accountants

Jeetendra Dhital
Director

Upendra Keshari Poudyal
Director

Date: November 30, 2016

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM SHRAWAN 1, 2072 TO Ashad END, 2073 (JULY 17, 2015 TO July 15, 2016)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/(LOSS)	GENERAL RESERVE	PROPOSED BONUS	SPECIAL RESERVE SHARE	EXCHANGE FLUCTUATION FUND	CAPITAL ADJUSTMENT FUND	OTHER RESERVE FUND	DEFERRED TAX RESERVE	INVESTMENT ADJUSTMENT RESERVE	TOTAL AMOUNT
Opening Balance as at 17 July 2015	3,332,700,000	114,997,186	1,986,169,281	1,166,445,000	4,000,000	32,534,533	-	257,142,855	62,897,537	2,013,234	6,958,899,626
Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 17 July 2015	3,332,700,000	114,997,186	1,986,169,281	1,166,445,000	4,000,000	32,534,533	-	257,142,855	62,897,537	2,013,234	6,958,899,626
Net Profit for the year	-	1,935,907,634	-	-	-	-	-	-	-	-	1,935,907,634
Transfer to General Reserve	-	(387,181,527)	387,181,527	-	-	-	-	-	-	-	-
Bond Redemption Fund transferred	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	(71,039,132)	-	-	-	-	-	-	-	-	(71,039,132)
Issue of Bonus Share	1,166,445,000	-	-	(1,166,445,000)	-	-	-	-	-	-	-
Proposed Issue of Bonus Shares	-	(1,349,743,500)	-	1,349,743,500	-	-	-	-	-	-	-
Transfer from Deferred Tax Reserve	-	(6,617,232)	-	-	-	-	-	-	6,617,232	-	-
Transfer to Exchange Fluctuation Fund	-	(1658,437)	-	-	-	1,658,437	-	-	-	-	-
Transfer to Bond Redemption Fund	-	(85,714,286)	-	-	-	-	10,108,210	85,714,286	-	-	-
Transfer to Capital Adjustment Fund	-	(10,108,210)	-	-	-	-	-	-	-	-	-
Closing Balance	4,499,145,000	138,842,496	2,373,350,808	1,349,743,500	4,000,000	34,192,970	10,108,210	342,857,141	69,514,769	2,013,234	8,823,768,128

CASH FLOW STATEMENT

FOR THE PERIOD FROM SHRAWAN 1, 2072 TO Ashad END, 2073 (JULY 17, 2015 TO July 15, 2016)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow from Operating Activities	3,420,624,535	1,110,857,950
1. Cash Received	6,185,143,474	5,934,546,210
1.1 Interest Income	4,860,450,252	4,531,318,469
1.2 Commission and Discount Income	599,641,824	710,743,560
1.3 Income from Foreign Exchange Transaction	602,985,146	474,312,069
1.4 Recovery of Loan Written off	8,538,248	18,717,024
1.5 Other Income	113,528,004	199,455,088
2. Cash Payment	(4,006,380,733)	(4,260,115,117)
2.1 Interest Expenses	(1,521,440,177)	(1,882,469,086)
2.2 Staff Expenses	(925,619,711)	(805,858,830)
2.3 Voluntary Retirement Expenses	-	(14,029,416)
2.3 Office Overhead Expenses	(620,377,366)	(882,662,553)
2.4 Income Tax Paid	(793,455,198)	(512,979,129)
2.5 Other Expenses	(145,488,281)	(162,116,103)
Cash Flow before Changes in Working Capital	2,178,762,741	1,674,431,093
(Increase) / Decrease in Current Assets	(14,138,866,314)	(9,187,977,098)
1. (Increase) / Decrease in Money at Call and Short Notice	(418,086,329)	(867,850,000)
2. (Increase) / Decrease in Other Short-term Investment	795,532,417	424,588,020
3. (Increase) / Decrease in Loan & Bills Purchases	(14,431,993,957)	(8,987,730,216)
4. (Increase) / Decrease in Others Assets	(84,318,445)	243,015,098
Increase / (Decrease) in Current Liabilities	15,380,728,108	8,624,403,955
1. Increase/(Decrease) in Deposits	13,797,585,664	8,863,351,890
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowing	1,000,000,000	-
4. Increase/(Decrease) in Others Liabilities	583,142,444	(238,947,935)
B. Cash Flow from Investment Activities	(3,521,208,188)	2,347,464,311
1. (Increase)/Decrease in Long Term Investments	(1,534,883,768)	2,572,925,026
2. (Increase)/Decrease in Fixed Assets	(641,755,761.00)	(111,538,184)
3. Interest Income from Long Term Investment	34,713,745	130,596,483
4. Dividend Income	21,050,151	19,257,179
5. Others	(1,400,332,555)	(263,776,193)
C. Cash Flow from Financing Activities	(411,844,097)	(613,500,454)
1. Increase/(Decrease) in Long Term Borrowings (Bond,Debentures etc)	(154,495,000)	(334,980,000)
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	(257,349,097)	(278,520,454)
4. Increase/(Decrease) in Refinance/facilities received from NRB.	-	-
D. Income/Loss from change in exchange rate in Cash and Bank Balances	-	-
E.Current Year's Cash Flow from All Activities	(512,427,750)	2,844,821,807
F. Opening Balance of Cash and Bank Balances	8,387,411,809	5,542,590,002
G Closing Balance of Cash and Bank Balances	7,874,984,059	8,387,411,809

SHARE CAPITAL & OWNERSHIP

Schedule 1
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Share Capital		
1.1 Authorized Capital	8,500,000,000	5,000,000,000
a. 85,000,000 Ordinary Shares of Rs 100 each.	8,500,000,000	5,000,000,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.2 Issued Capital	4,499,145,000	3,332,700,000
a. 44,991,450 Ordinary Shares of Rs 100 each (Previous year 33,327,000 Ordinary Shares of Rs. 100 each)	4,499,145,000	3,332,700,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.3 Paid up Capital	4,499,145,000	3,332,700,000
a. 44,991,450 Ordinary Shares of Rs 100 each fully paid up (Previous year 33,327,000 Ordinary Shares of Rs 100 each fully paid up)	4,499,145,000	3,332,700,000
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.4 Proposed Bonus Shares	1,349,743,500	1,166,445,000
1.5 Calls-in-advance		
1.6 Total	5,848,888,500	4,499,145,000

SHARE OWNERSHIP

(Amount in Rs.)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	%	Share Capital	%	Share Capital
1. Domestic Ownership	80.00	3,599,316,000	80	2,666,160,000
1.1 Nepal Government	-	-	-	-
1.2 "A" Classs Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	65.00	2,924,444,250	65	2,166,255,000
1.5 General Public	15.00	674,871,750	15	499,905,000
1.6 Others	-	-	-	-
2. Foreign Ownership	20.00	899,829,000	20	666,540,000
Total	100.00	4,499,145,000	100	3,332,700,000

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	8,998,289	20.00	899,828,900
Karmachari Sanchaya Kosh	6,298,802	14.00	629,880,200
N. Trading Co. Pvt. Ltd.	5,717,668	12.71	571,766,800
Mutual Trading Co. Pvt. Ltd.	5,677,920	12.62	567,792,000
Ava International Pvt. Ltd.	5,121,991	11.38	512,199,100
Chhaya International Pvt. Ltd.	3,999,005	8.89	399,900,500
Shashikant Agrawal	1,191,979	2.65	119,197,900
Syakar Co. Ltd.	445,417	0.99	44,541,700
Sharma & Co. Pvt. Ltd.	296,943	0.66	29,694,300
Total	37,748,014	83.90	3,774,801,400

RESERVES AND FUNDS

Schedule 2
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. General Reserve Fund	2,373,350,808	1,986,169,281
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	10,108,210	-
5. Other Reserve Fund	418,385,144	326,053,626
a. Contingent Reserve	-	-
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	69,514,769	62,897,537
g. Other Free Reserves	-	-
h. Bond Redemption Reserve	342,857,141	257,142,855
i. Investment Adjustment Reserve	2,013,234	2,013,234
6. Accumulated Profit / (Loss)	138,842,496	114,997,186
7. Exchange Fluctuation Fund	34,192,970	32,534,533
Total	2,974,879,628	2,459,754,626

DEBENTURES AND BONDS

Schedule 3
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
8 Percent HBL Bond 2077 of Rs 1,000 each (Issued on July 15, 2013 and maturing on 14 July 2020) [Balance in Redemption Reserve Rs. 342,857,141 (Previous Year Rs. 257,142,855)]	600,000,000	600,000,000
Total	600,000,000	600,000,000

BORROWINGS

Schedule 4
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Local		
1. Nepal Government	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligation	-	-
4. Inter Bank and Financial Institutions	1,000,000,000	-
5. Other Financial Institutions	-	-
6. Others	-	-
Total	1,000,000,000	-
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A+B)	1,000,000,000	-

DEPOSITS

Schedule 5
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Non Interest Bearing accounts		
A. Current Deposits	9,022,902,938	8,499,073,076
1. Local Currency	7,153,398,751	6,440,789,368
1.1 Nepal Government	307,899,067	270,314,058
1.2 "A" Classs Licensed Institutions	373,759,622	146,359,654
1.3 Other Licensed Institutions	1,593,348,435	2,139,146,139
1.4 Other Organized Institutions	4,599,452,476	3,711,846,388
1.5 Individuals	278,939,151	173,123,129
1.6 Others -	-	-
2. Foreign Currency	1,869,504,187	2,058,283,708
2.1 Nepal Government	102,435,555	5,489,187
2.2 "A" Classs Licensed Institutions	29,899,428	5,062,618
2.3 Other Licensed Institutions	597,976,778	497,643,475
2.4 Other Organized Institutions	1,133,700,511	1,539,692,843
2.5 Individuals	5,491,915	10,395,585
2.6 Others -	-	-
B. Margin Deposits	1,536,699,360	1,237,906,251
1. Employees Guarantee	-	-
2. Guarantee Margin	14,519,908	20,625,610
3. Letters of Credit Margin	1,522,179,452	1,217,280,641
C. Others	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institution	-	-
1.3 Individual -	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual -	-	-
Total of Non-Interest Bearing Accounts	10,559,602,298	9,736,979,327

Continued...

DEPOSITS

Schedule 5
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
2. Interest Bearing accounts		
A. Saving Deposits		
1. Local Currency		
1.1 Organized Institutions	46,429,004,190	38,731,972,941
1.2 Individuals	45,063,450,335	37,489,316,638
1.3 Others -	1,091,555,498	890,926,411
2. Foreign Currency	43,971,894,837	36,598,390,227
2.1 Organized Institutions	-	-
2.2 Individuals	1,365,553,855	1,242,656,303
2.3 Others-	35,340,835	35,605,955
B. Fixed Deposits	1,330,213,020	1,207,050,348
1.1 Organized Institutions	-	-
1.2 Individuals	16,763,515,439	10,305,425,836
1.3 Others -	15,911,996,536	8,976,180,131
2. Foreign Currency	11,835,488,340	3,857,041,678
2.1 Organized Institutions	4,076,508,196	5,119,138,453
2.2 Individuals	-	-
2.3 Others-	851,518,903	1,329,245,705
C. Call Deposits	756,701,100	1,224,182,990
1. Local Currency	94,817,803	105,062,715
1.2 "A" Classs Licensed Institutions	-	-
1.3 Other Licensed Institutions	13,583,663,922	14,763,822,081
1.4 Other Organized Institutions	8,042,467,435	10,595,485,090
1.5 Individuals	-	-
1.6 Others -	529,274,570	409,971,778
2. Foreign Currency	7,465,820,015	9,548,350,303
2.1 "A" Classs Licensed Institutions	47,372,850	637,163,009
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	5,541,196,487	4,168,336,991
2.4 Individuals	-	-
2.5 Others-	389,204	153,792
D. Certificate of Deposits	5,538,003,537	4,165,506,320
1. Other Organized Institutions	2,803,747	2,676,879
2. Individual	-	-
3. Other	-	-
Total of Interest Bearing Accounts	76,776,183,551	63,801,220,858
Total Deposits	87,335,785,849	73,538,200,185

BILLS PAYABLES

Schedule 6
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Local Currency	503,614,272	95,591,274
2. Foreign Currency	559,820	281,815
Total	504,174,092	95,873,089

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	274,882,250	145,488,281
5. Interest Payable on Deposit	86,098,309	89,667,474
6. Interest Payable on Borrowings/Bonds	23,086,953	31,976,782
7. Unearned Discount & Commission	-	-
8. Sundry Creditors	211,646,686	161,249,165
9. Branch Adjustment Account	78,574,943	3,408,040
10. Deferred Tax Liability	-	-
11. Dividend Payable	66,412,337	30,049,842
12. Others		
a. Provision for Audit Fee	1,921,000	820,380
b. Provision for leave encashment	262,385,607	239,485,395
c. Matured HBL Bond Payable	10,800,000	165,295,000
d. Provision for Gratuity	70,768,974	110,852,826
e. Others	441,663,820	393,487,424
Total	1,528,240,879	1,371,780,609

CASH BALANCE

Schedule 8
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1 Local Currency (Including coins)	1,432,761,899	1,207,120,633
2. Foreign Currency	65,585,421	142,140,897
Total	1,498,347,320	1,349,261,530

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	5,624,701,145	-	53,001,165	53,001,165	5,677,702,310	5,873,158,748
a. Current Account	5,624,701,145	-	53,001,165	53,001,165	5,677,702,310	5,873,158,748
b. Other Account	-	-	-	-	-	-
Total	5,624,701,145	-	53,001,165	53,001,165	5,677,702,310	5,873,158,748

Note: Total balance as per the statement of Nepal Rastra Bank is Rs 5,755,505,733

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	197,251,426	-	-	-	197,251,426	230,256,302
a. Current Account	197,251,426	-	-	-	197,251,426	230,256,302
b. Other Account	-	-	-	-	-	-
2. Foreign Bank	-	366,390,500	135,292,503	501,683,003	501,683,003	934,735,229
a. Current Account	-	366,390,500	135,292,503	501,683,003	501,683,003	934,735,229
b. Other Account	-	-	-	-	-	-
Total	197,251,426	366,390,500	135,292,503	501,683,003	698,934,429	1,164,991,531

Note: Total balance as per the statement received from respective bank is Rs. 1,322,332,478

MONEY AT CALL AND SHORT NOTICE

Schedule 11
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Local Currency	840,036,329	150,000,000
2. Foreign Currency	642,000,000	913,950,000
Total	1,482,036,329	1,063,950,000

INVESTMENTS

Schedule 12
(Amount in Rs.)

PARTICULARS	PURPOSE		CURRENT YEAR	PREVIOUS YEAR
	TRADING	OTHER		
1.Nepal Government Treasury Bills	-	5,281,324,304	5,281,324,304	8,886,096,895
2.Nepal Government Saving Bond	-	-	-	-
3.Nepal Government Other Securities	-	4,130,950,000	4,130,950,000	706,954,702
4. NRB Bonds	-	-	-	-
5. Foreign Bonds	-	1,617,537,061	1,617,537,061	-
6. Local Licensed Institutions	-	68,752,973	68,752,973	864,285,390
7. Foreign Banks	-	8,003,600,000	8,003,600,000	6,550,267,445
8.Corporate Shares	-	205,123,859	205,123,859	106,999,859
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	-	19,307,288,197	19,307,288,197	17,114,604,291
Provision			1,214,859	1,214,859
Net Investment			19,306,073,338	17,113,389,432

INVESTMENTS IN SHARES, DEBENTURES AND BONDS

Schedule 12(A)
(Amount in Rs.)

PARTICULARS	COST PRICE	MARKET VALUE	PROVISION	CURRENT YEAR	PREVIOUS YEAR
1. Investment in Shares					
1.1 Rural Microfinance Dev Centre 580,800 Shares (including 100,800 bonus shares) @ Rs. 100 per share, fully paid up	48,000,000	777,110,400	-	48,000,000	48,000,000
1.2 Nepal Grameen Bikas Bank 95,996 Shares @ Rs. 100 per share, fully paid up	3,000,000	103,675,680	-	3,000,000	3,000,000
1.3 Nirdhan Utthan Bank Ltd. 561,162 Shares (including 433,229 bonus shares) @ Rs.100 per share, fully paid up	12,793,300	1,358,012,040	-	12,793,300	12,793,300
1.4 Chhimek Bikas Bank Ltd. 713,906 Shares (including 470,127 bonus shares) @ Rs. 100 per share, fully paid up	24,377,900	1,634,844,740	-	24,377,900	24,377,900
1.5 Swabalamban Bikas Bank Ltd. 375,538 Shares (including 250,633 bonus shares) @ Rs. 100 per share, fully paid up	12,490,500	1,062,772,540	-	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 Corporation 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 Limited 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	-	N/A	-	-	-
1.10 National Banking Institute Limited 12,000 shares @ Rs. 100 each, fully paid up	1,200,000	N/A		1,200,000	1,200,000
1.11 Smart Choice Technologies Limited 230,880 shares @ Rs. 100 each, fully paid up	98,124,000	N/A		98,124,000	
2. Investment in Debentures and Bonds					
2.1					
2.2					
2.3					
Total Investment	205,123,859	4,936,415,400	1,214,859	205,123,859	106,999,859
3. Provision for Loss					
3.1 Up to previous year			1,214,859	1,214,859	1,214,859
3.2 Addition this year			-		
Total Provision			1,214,859	1,214,859	1,214,859
Net Investment				203,909,000	105,785,000

Notes:

- Shares of Chhimek Bikas Bank Limited, Nirdhan Utthan Bank Limited, Swabalamban Bikas Bank Limited, Nepal Grameen 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, National Banking Institute Limited and Nepal Clearing House Limited have not declared dividend in the last three Years.

HELD FOR TRADING INVESTMENTS

Schedule 12.1
(Amount in Rs.)

PARTICULARS	COST PRICE	MARKET PRICE AS AT		PROFIT / LOSS		REMARKS
		16-Jul-2015	15-Jul-2016	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	-	-	-	-	-	
Total Investments	-	-	-	-	-	

HELD TO MATURITY INVESTMENTS

Schedule 12.2
(Amount in Rs.)

PARTICULARS	COST PRICE	IMPAIRED AMOUNT TILL		PROFIT / LOSS		REMARKS
		16 Jul-2015	15 Jul-2016	Current Year	Previous Year	
1. Nepal Government Treasury Bills	5,281,324,304	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other Securities	4,130,950,000	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	1,617,537,061	-	-	-	-	
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	8,003,600,000	-	-	-	-	
10. Other Investments	68,752,973	-	-	-	-	
Total Investments	19,102,164,338	-	-	-	-	

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
		16 Jul-2015	15 Jul-2016			
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	1,811,315,851	4,936,415,400			
7. Debentures and Bonds of Local Licensed Institutions	-					
8. Shares, Debentures and Bonds of Local Organised Institutions	103,247,300	N/A	N/A			
9. Placement in Foreign Banks	-					
10. Other Investments	1,214,859	N/A	N/A			
Total Investments	205,123,859	1,811,315,851	4,936,415,400			

CLASSIFICATION OF LOANS AND BILLS PURCHASED AND PROVISIONING

Schedule 13
(Amount in Rs.)

PARTICULARS	LOAN & ADVANCES						BILLS PURCHASED & DISCOUNTED				CURRENT YEAR	PREVIOUS YEAR	
	DOMESTIC			FOREIGN			LOCAL		FOREIGN				TOTAL
	DEPRIVE SECTOR		OTHER	FOREIGN		TOTAL	LOCAL	FOREIGN	TOTAL				
	INSURED	UN-INSURED	INSURED	UN-INSURED	INSURED	UN-INSURED							
1. Performing Loan	-	3,064,903,895	62,419,030,139	533,581,016	66,017,515,050	19,028,283	2,212,970,060	2,231,998,343	68,249,513,393	53,644,054,753			
1.1 Pass Loan	-	3,064,903,895	59,775,752,785	532,533,976	63,373,190,656	19,028,283	2,212,970,060	2,231,998,343	65,605,188,999	50,683,730,222			
1.2 Watch - List	-	-	2,643,277,354	1,047,040	2,644,324,394	-	-	-	2,644,324,394	2,960,324,531			
2. Non-Performing Loan	-	52,120,011	793,146,671	5,884,109	851,150,791	-	225,157	225,157	851,375,948	1,783,952,501			
2.1 Re-structured	-	-	207,423,984	-	207,423,984	-	-	-	207,423,984	297,416,378			
2.2 Substandard	-	-	26,360,394	-	26,360,394	-	-	-	26,360,394	139,774,845			
2.3 Doubtful	-	3,428,506	151,731,347	-	155,159,853	-	-	-	155,159,853	226,238,764			
2.4 Loss	-	48,691,505	407,630,946	5,884,109	462,206,560	-	225,157	225,157	462,431,717	1,120,522,514			
(A) Total Loan	-	3,117,023,906	63,212,176,810	539,465,125	66,868,665,841	19,028,283	2,213,195,217	2,232,223,500	69,100,889,341	55,428,007,254			
3. Loan Loss Provision	-	-	-	-	-	-	-	-	-	-			
3.1 Pass	-	30,649,039	604,317,507	5,325,340	640,291,886	190,283	22,129,701	22,319,984	662,611,870	511,338,192			
3.2 Watch - List	-	-	105,731,094	41,882	105,772,976	-	-	-	105,772,976	59,206,490			
3.3 Re-structured	-	-	39,923,810	-	39,923,810	-	-	-	39,923,810	112,647,092			
3.4 Substandard	-	-	6,590,098	-	6,590,098	-	-	-	6,590,098	34,943,711			
3.5 Doubtful	-	1,714,253	75,865,673	-	77,579,926	-	-	-	77,579,926	113,119,382			
3.6 Loss	-	48,691,505	407,630,946	5,884,109	462,206,560	-	225,157	225,157	462,431,717	1,120,522,514			
(B) Total Provisioning	-	81,054,797	1,240,059,128	11,251,331	1,332,365,256	190,283	22,354,858	22,545,141	1,354,910,397	1,951,777,381			
4. Provisioning up to Previous Year	-	-	-	-	-	-	-	-	-	-			
4.1 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			
4.2 Watch - List	-	9,608	59,186,817	10,065	59,206,490	-	-	-	59,206,490	-			
4.3 Re-structured	-	-	112,647,092	-	112,647,092	-	-	-	112,647,092	123,029,134			
4.4 Substandard	-	416,667	34,527,044	-	34,943,711	-	-	-	34,943,711	59,314,511			
4.5 Doubtful	-	1,862,774	111,256,608	-	113,119,382	-	-	-	113,119,382	372,161,156			
4.6 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			
(C) Total Provision up to Last Year	-	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			
(D) Provision written back this year	-	(14,314,525)	(1,295,732,179)	(25,031,382)	(1,335,078,086)	(69,525)	(4,819,235)	(4,888,760)	(1,339,966,846)	(574,311,623)			
(E) This year's additional provision	-	24,545,890	707,554,689	6,812,641	738,913,220	105,287	4,081,355	4,186,642	743,099,862	1,397,118,818			
(F) Net adjustment during the year	-	10,231,365	(588,177,490)	(18,218,741)	(596,164,866)	35,762	(737,880)	(702,118)	(596,866,984)	822,807,195			
Net Loan (A - B)	-	3,035,969,109	61,972,117,682	528,213,794	65,536,300,585	18,838,000	2,190,840,359	2,209,678,359	67,745,978,944	53,476,229,873			

SECURITY WISE DETAIL OF LOANS, ADVANCES AND BILLS PURCHASED

Schedule 13 (A)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
(A) Secured	69,100,889,341		55,428,007,254	
1. Movable / Immovable Assets	61,316,658,275		49,077,737,209	
2. Guarantee of Local Licensed Institutions	-		-	
3. Government Guarantee	-		-	
4. Internationally Rated Bank Guarantee	61,736,555		72,795,013	
5. Export Documents	2,221,805,411		2,303,575,871	
6. Fixed Deposit Receipts	329,711,060		316,037,162	
a. Own FDR	329,711,060		316,037,162	
b. FDR of other Licensed Institutions	-		-	
7. Nepal Government Bonds	-		-	
8. Counter Guarantee	-		-	
9. Personal Guarantee	32,799,896		52,204,446	
10. Other Securities	5,138,178,144		3,605,657,553	
(B) Unsecured	-		-	
Total	69,100,889,341		55,428,007,254	

FIXED ASSETS

Schedule 14

(Amount in Rs.)

PARTICULARS	ASSETS				CURRENT YEAR	PREVIOUS YEAR
	BUILDING	VEHICLES	MACHINERY	OFFICE EQUIPMENT		
1. At Cost						
a. Previous Year Balance	432,294,126	254,438,459	460,078,002	562,666,869	1,709,477,456	1,622,940,422
b. Addition this year	1,876,889	72,946,800	38,087,177	17,631,130	130,541,996	121,347,424
c. Revaluation / Written back this year	-	-	-	-	-	-
d. This year sold	-	(44,412,056)	(781,124)	(95,425)	(45,288,605)	(34,723,666)
e. This Year written off	-	-	-	-	-	(86,724)
Total Cost (a + b + c + d + e)	434,171,015	282,973,203	497,384,055	580,202,574	1,794,730,847	1,709,477,456
2. Depreciation						
a. Up to previous year	89,610,563	99,033,949	310,428,104	310,960,081	810,032,697	725,369,902
b. For this year	17,185,896	25,846,452	31,627,116	35,466,470	110,125,934	105,673,510
c. Depreciation on revaluation/written back	-	-	-	-	-	-
d. Depreciation Adjusted/ Written Back	-	(25,437,954)	(690,605)	(47,671)	(26,176,230)	(21,010,715)
Total Depreciation	106,796,459	99,442,447	341,364,615	346,378,880	893,982,401	810,032,697
3. Book Value (WDV)*(1-2)	327,374,556	183,530,756	156,019,440	233,823,694	900,748,446	899,444,759
4. Land					941,602,422	326,458,149
5. Capital Construction (WIP)					27,309,462	25,111,524
6. Leasehold Assets					53,306,334	70,257,466
Total (3 + 4 + 5)					1,922,966,664	1,321,271,898

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		-		-	(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	1,302,213	100	1,302,213	1,959	1,300,254
Valley Top Overseas Pvt. Ltd.	2016.01.17	1,715,000	100	1,715,000	1,715,000	-
Grand Total		216,578,063		216,578,063	(51,283,041)	267,861,104
Opening Balance of NBA Provision		267,861,104				265,939,756
Addition during the year		(51,283,041)				1,921,348
Closing provision on NBA		216,578,063				267,861,104
Net Non-banking Assets		-				-

OTHER ASSETS

Schedule 16
(Amount in Rs.)

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
1. Stock of Stationery		19,845,392	30,733,793
2. Income Receivable on investments		136,876,765	57,987,999
3. Accrued Interest on Loan	453,950,248		480,138,447
Less : Interest Suspense Amount	(453,950,248)	-	(480,138,447)
4. Commission Receivable		-	-
5. Sundry Debtors		-	-
6. Staff Loan and Advances		892,234,115	850,980,304
7. Prepayments		67,911,859	69,505,539
8. Cash in Transit		-	-
9. Other Transit Items(Including Cheques)		-	593,843
10. Drafts Paid without Notice		-	-
11. Expenses not written off		108,798,121	147,189,388
12. Branch Adjustment Account		-	-
13. Deferred Tax Assets		69,514,769	62,897,537
14. Others		235,787,725	
a. Advance for capital works	13,739,128		9,737,150
b. Advance Corporate Tax	71,317,586		97,394,489
c.Others	339,891,497		307,205,124
Less: Provision for possible losses	(189,160,486)		(194,927,564)
Total		1,530,968,746	1,439,297,602

OTHER ASSETS (ADDITIONAL STATEMENT)

Schedule 16(A)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR			TOTAL	PREVIOUS YEAR
	UPTO 1 YEAR	1 TO 3 YEAR	ABOVE 3 YEARS		
1. Accrued interest on Loan	253,541,902	36,056,156	164,352,190	453,950,248	480,138,447
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment A/c	-	-	-	-	-
4. Agency Balance	-	-	-	-	-
Total	253,541,902	36,056,156	164,352,190	453,950,248	480,138,447

CONTINGENT LIABILITIES

Schedule 17

(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Claims on Institutions but not accepted by bank	18,156,550	13,559,739
2. Letters of Credit (full amount)	8,957,264,473	6,881,554,198
a. Less than 6 months maturity	6,496,201,095	4,762,873,319
b. More than 6 months maturity	2,461,063,378	2,118,680,879
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	3,199,705,269	2,745,433,889
a. Bid Bond	706,834,935	436,220,603
b. Performance Bond	2,142,524,614	1,835,384,261
c. Other Guarantees/ Bonds	350,345,720	473,829,025
5. Unpaid Shares in Investment	-	-
6. Forward Exchange contract liabilities	1,168,528,954	786,384,933
7. Bills under collection	3,246,945,701	3,304,314,864
8. Acceptance and Endorsements	1,309,923,933	952,659,634
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	5,364,484,155	4,340,357,801
11. Counter Guarantee of internationally Rated Banks	879,796,602	1,063,234,954
12. Advance Payment Guarantee	872,937,357	571,650,672
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	82,387,211	103,440,667
15. Others	-	-
Total	25,100,130,205	20,762,591,351

INTEREST INCOME

Schedule 18
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. On Loan, Advances and Overdraft	4,754,653,539	4,314,053,184
1. Loan and Advances	3,810,297,086	3,328,656,464
2. Overdraft	944,356,453	985,396,720
B. On Investment	140,542,754	139,453,476
1. Nepal Government Securities	115,416,802	139,453,476
a. Treasury Bills	70,337,241	27,032,257
b. Development Bonds	45,079,561	112,421,219
c. National Saving Certificate	-	-
2. Foreign Securities	25,125,952	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	-
5. Interest on Inter Bank Lending	-	-
A. Bank/Financial Institutions	-	-
B. Other Organizations	-	-
C. On Agency Balances	2,344,759	1,404,915
1. Local Banks	-	-
2. Foreign Banks	2,344,759	1,404,915
D. On Money at Call and Short Notice	7,960,936	6,031,667
1. Local Banks	7,954,980	5,903,872
2. Foreign Banks	5,956	127,795
E. On Others	110,341,980	166,807,587
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	3,160,288	14,436,144
3. FCY Placements	107,181,692	152,371,443
Total	5,015,843,968	4,627,750,829

INTEREST EXPENSES

Schedule 19
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. On Deposit Liabilites		
1. Fixed Deposits	457,148,137	621,363,803
1.1 Local Currency	442,742,732	595,612,150
1.2 Foreign Currency	14,405,405	25,751,653
2. Saving Deposits	780,037,869	989,520,713
2.1 Local Currency	772,637,326	983,101,849
2.2 Foreign Currency	7,400,543	6,418,864
3. Call Deposit	277,336,649	253,096,349
3.1 Local Currency	244,190,879	223,630,013
3.2 Foreign Currency	33,145,770	29,466,336
4. Certificate of Deposits	-	-
B. On Borrowings	51,373,015	90,281,739
1. Debentures and Bonds	48,000,000	87,780,822
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	3,373,015	2,500,917
4. Other Corporate Bodies	-	-
5. Other Loans	-	-
C. Others	-	-
Total	1,565,895,670	1,954,262,604

COMMISSION AND DISCOUNT INCOME

Schedule 20
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Bills Purchased and Discounted	48,066,263	66,099,885
1. Local	4,000,901	-
2. Foreign	44,065,362	66,099,885
B. Commission	446,462,834	396,739,697
1. Letters of Credit	65,872,945	53,806,843
2. Guarantees	83,262,921	66,189,099
3. Collection Fees	30,922,792	30,967,528
4. Remittance Fees	96,500,202	90,609,867
5. Credit Cards Fee	169,903,974	155,166,360
6. Share Underwriting /Issue	-	-
7. Government Trasactions	-	-
8. Agency Commissions	-	-
9. Exchange Fees	-	-
C. Others	105,112,727	99,346,186
Total	599,641,824	562,185,768

OTHER OPERATING INCOME

Schedule 21
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Safe Deposit Lockers Rental	19,219,658	16,409,732
2. Issue and Renewal of Credit Cards	4,931,999	5,327,786
3. Issue and Renewals of ATM Cards	14,315,789	17,151,195
4. Telex/ T. T	21,501,535	19,517,093
5. Service Charges	-	-
6. Renewal Fees	-	-
7. Others	45,138,725	56,876,563
Total	105,107,706	115,282,369

EXCHANGE GAIN / (LOSS)

Schedule 22
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Revaluation Gain/(Loss)	6,633,749	3,989,793
B. Trading Gain (including exchange Fee on INR)	596,351,397	470,322,276
Total Income / (Loss)	602,985,146	474,312,069

STAFF EXPENSES

Schedule 23
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Salary	347,307,490	329,955,575
2. Allowances	384,255,598	383,486,056
3. Contribution to Provident Fund	31,736,007	30,846,685
4. Training Expenses	5,441,894	3,538,858
5. Uniform	5,925,547	-
6. Medical	-	-
7. Insurance	30,447,122	29,231,774
8. Pension and Gratuity	70,768,974	110,852,826
9. Others	32,553,439	29,588,869
Total	908,436,071	917,500,643

OTHER OPERATING EXPENSES

Schedule 24

(Amount in Rs.)

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
1. Office Rent		149,795,476	138,362,468
2. Electricity & Water		18,445,998	19,126,288
3. Repairs and Maintenance		88,895,790	84,276,285
a. Building	3,577,835		2,529,907
b. Vehicles	1,549,169		1,316,590
c. Others	83,768,786		80,429,788
4. Insurance		19,629,472	18,260,929
5. Postage Telex, Telephone, Fax		38,723,003	39,856,961
6. Capital Expenses writen off		526,718	779,486
7.Travelling Allowances and Expenses		16,879,793	25,895,847
8. Printing and Stationery		26,509,782	28,571,148
9. Books and Periodicals		558,617	609,615
10 Advertisements		45,178,983	32,311,416
11. Legal Expenses		272,091	9,075,991
12. Donations		1,294,970	11,313,175
13. Expenses Relating to Board of Directors		6,739,575	5,632,538
a. Meeting Fees	770,000		792,500
b. Other Expenses	5,969,575		4,840,038
14. Annual General Meeting Expenses		1,451,241	1,519,474
15. Expenses Relating to Audit		2,543,428	1,571,709
a. Audit Fees	1,921,000		820,380
b. Other Expenses	622,428		751,329
16. Commission on Remittances			
17. Depreciation on Fixed Assets		110,125,934	105,673,511
18. Amortization		74,587,108	76,992,380
19. Share Issue Expenses		-	-
20 Technical Services Fee		-	-
21. Entertainment		760,462	1,802,847
22. Written off Expenses		1,819,002	2,406,546
23. Security Expenses		36,202,269	32,579,374
24. Credit Guarantee Premium		29,919,371	26,677,116
25. Commission and Discount		11,940,330	11,336,075
26. Others		124,109,997	140,007,920
a. Registration Fee and Charges	10,378,969		13,315,978
b. Card Membership and other expenses	28,293,369		28,313,456
c. Committee Meeting Fees	576,600		1,075,692
d. Fuel, Janitorial & Cleaning	46,078,031		54,337,076
e. Professional Fess	17,855,808		15,168,233
f. Others	20,927,220		27,797,485
Total		806,909,410	814,639,099

PROVISION FOR POSSIBLE LOSSES

Schedule 25
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Increase in Loan Loss Provision	743,099,861	1,397,118,818
2. Increase in Provision for Loss on Investment		
3. Provision against Non-Banking Assets	1,716,959	1,570,554
4. Provision against Other Assets	-	14,878,802
Total	744,816,820	1,413,568,174

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 (Previous year profit includes profit on sale of NBA Rs. 321,050)	1,225,903	3,952,183
3. Dividend	21,050,151	19,257,179
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. interest subsidy	-	-
c. Exchange counter	-	-
5. Others	-	-
Total Non- Operating Income (Loss)	22,276,054	23,209,362

LOSS PROVISIONS WRITTEN BACK

Schedule 27
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Loan Loss Provision Written Back	1,339,966,846	574,311,623
2. Provision against Non-Banking Assets Written Back	53,000,000	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written Back	8,420,298	1,215,323
5. Provision for Performance Bond Guarantee Claim of MWSDB	-	319,772,750
Total	1,401,387,144	895,299,696

PROFIT / (LOSS) FROM EXTRA-ORDINARY ACTIVITIES

Schedule 28
(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. Recovery of Writen off Loan	10,253,248	18,717,024
2. Voluntary Retirement Scheme Expenses	-	(14,029,416)
3. Loan Write/offes [Schedule 28 (A)]	(707,732,366)	(2,386,094)
4. Other Expenses/Income	-	-
Total	(697,479,118)	2,301,514

STATEMENT OF LOANS WRITTEN-OFF

Schedule 28 (A)
(Amount in Rs.)

S. N.	TYPE OF LOAN	AMOUNT WRITTEN OFF	SECURITY DETAIL	BASIS OF VALUATION	APPROVING AUTHORITY	RECOVERY STEPS TAKEN	REMARKS
1	Demand Loan	18,979,974	Mortgage of fixed (land and building)	70% market value 30% government value	Executive Committee	Various reminder letters issued. 35 days notice published in newspaper. Borrowers have been blacklisted. NBA taken over.	
2	Home Loan	534,277	Mortgage of fixed assets (land and building)	70% market value 30% government value	Branch Manager	Earth Quake Victim (Borrower deceased)	
3	Bills Under LC	2,384,897	Mortgage of fixed assets (land and building). Hypothecation of Stock.	70% market value 30% government value.	Executive Committee	Various reminder letters issued. 35 days notice published in newspaper. Borrowers have been blacklisted. NBA taken over.	
4	Claim under Guarantee	681,738,200	Counter Guarantee of China Construction Bank	100% on Counter Guarantee	Executive Committee	Legal case filed with Kathmandu District Court of Nepal and Court in China	
5	OD	1,024,528	Mortgage of fixed assets (land and building). Hypothecation of Stock	70% market value 30% government value	Executive Committee	Various reminder letters issued. 35 days notice published in newspaper. Borrowers have been blacklisted. Borrowers have been blacklisted. NBA taken over.	
6	Hire Purchase	362,030	Vehicle registered in favour of bank	Purchased / invoice value	Branch Manager	Served various follow-up letters. 35 days notice published in newspaper. Borrowers have been blacklisted.	
7	Credit Card Loan	2,708,460	Personal Guarantee	NA	CEO	Follow-up through telephonic calls and written notices served to the card holder. 35 days notice published in newspaper. Borrowers have been blacklisted.	
	Total Loan	707,732,366					

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 15 JULY 2016	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST
(A) Directors							
1.	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
(B) Chief Executives							
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
(C) Promoters							
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
(D) Employees							
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
(E) Shareholders							
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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, 2073 (July 15, 2016)

Schedule 30(A1)

(Amount in Rs.)

	CURRENT YEAR	PREVIOUS YEAR
1.1 RISK WEIGHTED EXPOSURES		
a Risk Weighted Exposure for Credit Risk	79,796,981,782	62,815,599,427
b Risk Weighted Exposure for Operational Risk	5,746,774,453	5,101,721,510
c Risk Weighted Exposure for Market Risk	322,994,050	356,179,780
Adjustment under Pillar II		
Add 5% of gross income for operational risk	2,064,437,000	1,862,015,957
Add: 3% of total RWE for overall risk	2,576,002,509	2,048,205,022
Total Risk Weighted Exposures (a+b+c)	90,507,189,794	72,183,721,696
1.2 CAPITAL		
Core Capital (Tier I)	8,537,167,898	6,841,375,523
a Paid up Equity Share Capital	4,499,145,000	3,332,700,000
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	-	-
d Proposed Bonus Equity Shares	1,349,743,500	1,166,445,000
e Statutory General Reserves	2,373,350,808	1,986,169,281
f Retained Earnings	138,842,496	114,997,186
g Current year profit/(loss)	-	-
h Capital Redemption Reserve	-	-
i Capital Adjustment Reserve	10,108,210	-
j Dividend Equalization Reserves	-	-
k Debenture Redemption Reserve	342,857,141	257,142,855
l Special Reserve	4,000,000	4,000,000
m Deferred Tax Reserve	69,514,769	62,897,537
n Less: Goodwill	-	-
o Less: Miscellaneous expenditure not written off	103,465	190,942
p Less: Deferred Tax Reserve	69,514,769	-
q Less: Investment in equity in licensed Financial Institutions	-	-
r Less: Investment in equity of institutions with financial interests	98,124,000	-
s Less: Investment in equity of institutions in excess of limits	-	-
t Less: Purchase of land & building in excess of limit and unutilized	82,651,792	82,785,394
u Less: Investments arising out of underwriting commitments	-	-
v Less: Reciprocal crossholdings	-	-
w Less: Other Deductions	-	-
Adjustment under Pillar II		
Less shortfall in Provision		
Less loans and facilities extended to related parties and restricted lending		
Supplementary Capital (Tier II)	1,278,031,071	1,200,591,560
a Cumulative and/or Redeemable Preference Share	-	-
b Subordinated Term Debt	480,000,000	600,000,000
c Hybrid Capital Instruments	-	-
d General loan loss provision	761,824,867	566,043,793
e Exchange Equalization Reserve	34,192,970	32,534,533
f Investment Adjustment Reserve	2,013,234	2,013,234
g Assets Revaluation Reserve	-	-
h Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	9,815,198,969	8,041,967,083
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Total Risk Weighted Exposure	9.43	9.48
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	10.84	11.14

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT Ashad End, 2073 (July 15, 2016)

Schedule 30(B)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR						PREVIOUS YEAR	
	BOOK VALUE	SPECIFIC PROVISION	ELIGIBLE CRM	NET VALUE	RISK WEIGHT	RISK WEIGHTED EXPOSURES	NET VALUE	RISK WEIGHTED EXPOSURE
	A	B	C	D=A-B-C	E	F=D*E		
A. BALANCE SHEET EXPOSURES								
Cash Balance	1,498,347,320	-	-	1,498,347,320	0%	-	1,349,261,530	-
Balance With Nepal Rastra Bank	5,677,702,310	-	-	5,677,702,310	0%	-	5,873,158,748	-
Gold	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	9,412,274,304	-	-	9,412,274,304	0%	-	9,593,051,597	-
All Claims on Government of Nepal	255,195,221	-	-	255,195,221	0%	-	255,195,000	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	7,533,742	-
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)	834,911,525	-	166,683,497	668,228,028	100%	668,228,028	516,219,276	516,219,276
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	1,046,662,308	-	-	1,046,662,308	20%	209,332,462	1,139,312,762	227,862,552
Claims on domestic banks that do not meet capital adequacy requirements	59,378,420	-	-	59,378,420	100%	59,378,420	114,336,973	114,336,973
Claims on foreign bank (ECA Rating 0-1)	3,317,174,107	-	-	3,317,174,107	20%	663,434,821	4,034,716,443	806,943,289
Claims on foreign bank (ECA Rating 2)	1,688,925	-	-	1,688,925	50%	844,463	568,316,857	284,158,429
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	5,918,352,296	-	-	5,918,352,296	20%	1,183,670,459	3,795,919,373	759,183,875
Claims on Domestic Corporates	46,289,550,357	30,283,758	159,438,512	46,099,828,087	100%	46,099,828,087	36,361,617,796	36,361,617,796
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)	7,850,275,987	-	111,915,880	7,738,360,107	75%	5,803,770,080	5,620,656,558	4,215,492,419
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	5,096,921,915	-	-	5,096,921,915	60%	3,058,153,149	4,876,117,641	2,925,670,585
Claims not fully secured by residential properties	76,733,215	-	-	76,733,215	150%	115,099,823	95,245,427	142,868,141
Claims secured by residential properties (Overdue)	128,402,318	24,743,188	-	103,659,130	100%	103,659,130	93,977,644	93,977,644
Claims secured by Commercial real estate	1,060,874,740	-	-	1,060,874,740	100%	1,060,874,740	807,968,765	807,968,765
Past due claims (except for claim secured by residential properties)	942,522,822	510,770,332	-	431,752,490	150%	647,628,735	572,267,415	858,401,123
High Risk claims	6,565,501,239	27,288,252	28,500,000	6,509,712,987	150%	9,764,569,481	4,269,309,718	6,403,964,577
Investments in equity and other capital instruments of institutions listed in the stock exchange	100,661,700	-	-	100,661,700	100%	100,661,700	100,661,700	100,661,700
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	783,033,121	-	-	783,033,121	60%	469,819,873	747,671,359	448,602,815
Interest Receivable/Claim on Government securities	18,088,236	-	-	18,088,236	0%	-	11,844,283	-
Cash in transit & other cash items in the process of collection	-	-	-	-	-	-	593,843	118,769
Other Assets	4,558,320,260	2,172,338,304	-	2,385,981,956	100%	2,385,981,956	1,879,893,415	1,879,893,415
TOTAL	101,498,910,805	2,766,638,693	466,537,889	98,265,734,223		72,402,620,356	82,689,971,165	56,955,627,090

Continued...

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT Ashad End, 2073 (July 15, 2016)

Schedule 30(B)

(Amount in Rs.)

PARTICULARS	CURRENT YEAR						PREVIOUS YEAR	
	BOOK VALUE	SPECIFIC PROVISION	ELIGIBLE CRM	NET VALUE D=A-B-C	RISK WEIGHT	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHTED EXPOSURE
	A	B	C		E			
B. OFF BALANCE SHEET EXPOSURES								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	3,246,945,701	-	-	3,246,945,701	0%	-	3,304,314,864	-
Forward Exchange Contract Liabilities	1,168,528,954	-	-	1,168,528,954	10%	116,852,895	786,384,933	78,638,493
LC Commitments With Original Maturity Upto 6 months domestic counterparty	6,496,201,095	-	339,940,302	6,156,260,793	20%	1,231,252,159	4,370,910,215	874,182,043
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	2,461,063,378	-	271,620,881	2,189,442,497	50%	1,094,721,249	1,968,716,639	984,358,320
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	3,199,705,269	-	316,863,206	2,882,842,063	50%	1,441,421,032	2,500,464,176	1,250,232,088
Foreign counterparty (ECA Rating 0-1)	6,560,262	-	5,248,210	1,312,052	20%	262,410	66,045,085	13,209,017
Foreign counterparty (ECA Rating 2)	501,224,514	-	250,612,257	250,612,257	50%	125,306,129	263,551,196	131,775,598
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	872,937,357	-	63,335,644	809,601,713	100%	809,601,713	502,409,316	502,409,316
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	1,309,923,933	-	-	1,309,923,933	100%	1,309,923,933	952,659,634	952,659,634
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	5,364,484,155	-	-	5,364,484,155	20%	1,072,896,831	4,319,571,741	863,914,348
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	20,786,060	10,393,030
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	372,011,826	-	-	372,011,826	20%	74,402,365	351,453,766	70,290,753
Other Contingent Liabilities	82,387,211	-	-	82,387,211	100%	82,387,211	103,440,667	103,440,667
Unpaid guarantee claims	18,156,550	-	489,800	17,666,750	200%	35,333,500	12,234,515	24,469,030
TOTAL	25,100,130,205	-	1,248,110,300	23,852,019,905		7,394,361,426	19,522,942,807	5,859,972,337
Total RWE for credit Risk (A)+(B)	126,599,041,010	2,766,638,693	1,714,648,189	122,117,754,128		79,796,981,782	102,212,913,972	62,815,599,427
Adjustment under Pillar II								
Add:10% of the loan and facilities in excess of Single Obligor Limits								
Add:1% of the contract(sale) value in case of the sale of credit with recourse								
Total RWE for credit Risk (A)+(B)+(C)	126,599,041,010	2,766,638,693	1,714,648,189	122,117,754,128		79,796,981,782	102,212,913,972	62,815,599,427

ELIGIBLE CREDIT RISK MITIGANTS

AS AT Ashad End, 2073 (July 15, 2016)

Schedule 30(C) (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 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
A. BALANCE SHEET EXPOSURES										
Cash Balance	-	-	-	-	-	-	-	-	-	-
Balance with Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Gold	-	-	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank Securities	-	-	-	-	-	-	-	-	-	-
All 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 and Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	166,683,497	-	-	-	-	-	-	-	-	166,683,497
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 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 a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	84,727,052	-	-	-	-	-	-	-	74,711,460	159,438,512
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)	-	-	-	1,073,944	-	-	-	-	-	1,073,944
Regulatory Retail Portfolio (Not Overdue)	110,841,936	-	-	-	-	-	-	-	-	111,915,880
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	28,500,000	-	-	-	-	-	-	-	-	28,500,000
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	390,752,485	-	-	1,073,944	-	-	-	-	74,711,460	466,537,889

Continued...

ELIGIBLE CREDIT RISK MITIGANTS

AS AT Ashad End, 2073 (July 15, 2016)

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 Sovereigns (f)	G'tee of domestic banks (g)	G'tee of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
B. Off Balance Sheet Exposures										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	339,940,302	-	-	-	-	-	-	-	-	339,940,302
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	271,620,881	-	-	-	-	-	-	-	-	271,620,881
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	316,863,206	-	-	-	-	-	-	-	-	316,863,206
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	5,248,210	5,248,210
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	250,612,257	250,612,257
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	63,335,644	-	-	-	-	-	-	-	-	63,335,644
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid portion of Party paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Unpaid Claims on Guarantee	489,800	-	-	-	-	-	-	-	-	489,800
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	992,249,833	-	-	-	-	-	-	-	255,860,467	1,248,110,300
Total (a+b)										1,714,648,189

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

Schedule 30(D)

(Amount in Rs.)

Particulars	15 July 2013	16 July 2014	16 July 2015	Previous Year
Net Interest Income	2,508,273,070	2,494,177,768	2,673,488,225	
Commission and Discount Income	550,149,068	657,298,100	710,743,560	
Other Operating Income	165,071,706	206,814,193	199,455,088	
Exchange Fluctuation Income	300,469,098	385,101,575	474,312,069	
Additional/Deduction in Interest				
Suspense during the period	116,680,051	(19,359,723)	70,875,058	
Gross Income (a)	3,640,642,993	3,724,031,913	4,128,874,000	
Alfa (b)	0.15	0.15	0.15	
Fixed percentage of				
Gross Income [c=(a*b)]	546,096,449	558,604,787	619,331,100	
Capital Requirement for operational risk (d) (average of c)	574,677,445			510,172,151
Risk Weight (reciprocal of capital requirement of 10% times) (e)	10			10
Equivalent Risk Weight Exposure [f=(d*e)]	5,746,774,453			5,101,721,510

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	(52,255)	28.39	(1,483,519)	1,483,519	2,454,479
2	AUD	(16,199)	81.60	(1,321,757)	1,321,757	1,859,203
3	BHD	(215)	282.02	(60,634)	60,634	86,874
4	CAD	(21,033)	82.54	(1,735,959)	1,735,959	676,680
5	CHF	2,840	108.67	308,623	308,623	8,638,587
6	CNY	(5,978)	15.82	(94,542)	94,542	12,976
7	DKK	(7,500)	16.08	(120,563)	120,563	149,400
8	EUR	(65,545)	118.96	(7,796,905)	7,796,905	14,444,822
9	GBP	(10,780)	143.97	(1,551,997)	1,551,997	16,143,566
10	HKD	(28,880)	13.75	(397,100)	397,100	208,918
11	INR	(194,858,636)	1.60	(311,919,962)	311,919,962	263,965,894
12	JPY	6,628,837	1.01	6,674,576	6,674,576	4,558,344
13	KRW	(1,661,000)	0.09	(157,131)	157,131	101,952
14	KWD	(725)	352.34	(255,443)	255,443	415,679
15	MYR	(68,260)	26.15	(1,784,658)	1,784,658	1,996,713
16	NOK	(2,650)	16.67	(44,176)	44,176	44,176
17	QAR	(37,865)	28.85	(1,092,216)	1,092,216	1,605,993
18	SAR	(62,266)	28.29	(1,761,194)	1,761,194	3,850,446
19	SEK	(180)	12.37	(2,226)	2,226	2,101
20	SGD	(42,206)	79.63	(3,360,653)	3,360,653	2,725,120
21	THB	(45,880)	2.99	(137,181)	137,181	166,167
22	USD	2,840,440	107.00	303,927,080	303,927,080	388,251,481
Total Open Position (a)					645,988,093	712,359,569
Fixed Percentage (b)					5%	5%
Capital Charge for Market Risk [c=(a*b)]					32,299,405	35,617,978
Risk Weight (reciprocal of capital requirement of 10%) times (d)					10	10
Equivalent Risk Weight Exposure [e=(c*d)]					322,994,050	356,179,780

PRINCIPAL INDICATORS FOR LAST FIVE YEARS

Schedule 31
(Amount in Rs.)

Particulars	Unit	FY	FY	FY	FY	FY
		2011/2012 2068/2069	2012/2013 2069/2070	2013/2014 2070/2071	2014/2015 2071/2072	2015/2016 2072/2073
Net Profit/Total Income	Percent	24.65	25.19	26.25	23.08	42.89
Per Share Income	Rs.	39.94	34.19	33.10	33.37	43.03
Per Share Market Value	Rs.	653	700	941	813	1,500
Price Earning Ratio	Ratio	16.35	20.47	28.43	24.36	34.86
Dividend on Share Capital(Including Bonus)	Percent	28.42	15.00	21.05	42.11	31.58
Cash Dividend on Share Capital	Percent	13.42	10.00	6.05	7.11	1.58
Interest Income/Loan and Advances	Percent	13.14	11.27	10.21	8.35	7.26
Staff Expenses/Total OperatingExpenses	Percent	47.03	44.49	42.49	45.66	52.96
Interest Expenses on Total Deposit	Percent	5.90	3.99	3.48	2.66	1.79
FX Fluctuation Gain/Total Income	Percent	5.00	5.00	5.67	6.84	8.55
Staff Bonus/Total Staff Expenses	Percent	17.97	16.78	18.51	13.95	23.23
Net Profit/Loan and Advances	Percent	2.74	2.38	2.12	2.08	2.86
Net Profit/Total Assets	Ratio	1.76	1.54	1.30	1.34	1.94
Total Loan/Deposits	Percent	75.36	77.36	71.82	75.37	79.12
Total Operating Expenses/Total Income	Percent	24.00	27.83	27.12	30.44	28.23
Capital Adequacy Ratio:						
A. Core Capital	Percent	9.60	8.96	9.03	9.48	9.43
B. Supplementary Capital	Percent	1.43	2.60	2.20	1.66	1.41
C. Total Capital Fund	Percent	11.02	11.55	11.23	11.14	10.84
Liquidity (CRR)	Percent	8.72	6.08	8.72	8.32	6.27
Non-performing Loan/Total Loan	Percent	2.09	2.89	1.96	3.22	1.23
Weighted Average Interest Rate Spread	Percent	4.25	5.17	4.54	4.35	4.59
Book Networth per share	Rs.	193.00	192.02	209.92	208.81	196.12
Total Share	Number	24,000,000	27,600,000	28,980,000	33,327,000	44,991,450
Total Staff	Number	793	830	835	856	857

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. The statements are not based on Nepal Financial Reporting Standards which have become effective from fiscal year 2072/73.

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 4% 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 by the management 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

Schedule 33

For the Financial Year July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

1. Status of Bank Reconciliation With Nepal Rastra Bank

(Amount in Rs.)

Period	LEDGER	LEDGER	STATEMENT	STATEMENT
	DEBIT	CREDIT	DEBIT	CREDIT
Up to 1 months	321,000	42,788,190	830,217	15,678,859
1 to 3 months	-	11,834,801	-	1,605,491
3 to 6 months	-	-	-	500,000
6 to 12 months	-	-	-	-
1 to 2 years	-	-	-	1,152,602
above 2 years	2,500,000	-	67,075	7,961,773
Total	2,821,000	54,622,991	897,292	26,898,725

With Other Authorized Local Financial Institutions

(Amount in Rs.)

Period	LEDGER	LEDGER	STATEMENT	STATEMENT
	DEBIT	CREDIT	DEBIT	CREDIT
Up to 1 months	-	213	-	74
1 to 3 months	-	-	-	-
3 to 6 months	-	-	-	-
6 to 12 months	-	-	-	-
1 to 2 years	-	-	-	400,970
above 2 years	6,845	1,369	-	-
Total	6,845	1,582	-	401,044

With Foreign Banks

(Amount in Rs.)

Period	LEDGER	LEDGER	STATEMENT	STATEMENT
	DEBIT	CREDIT	DEBIT	CREDIT
Up to 1 months	103,382,260	185,864,443	45,187,942	534,241,452
1 to 3 months	-	9,195,988	6,034	561,213
3 to 6 months	92,642	6,232	-	787,619
6 to 12 months	-	59,734	-	1,497,729
1 to 2 years	-	535,810	558,916	9,342,783
above 2 years	5,018,680	9,173,687	-	25,982,052
Total	108,493,582	204,835,894	45,752,892	572,412,848

A sum of Rs. 78,574,943 (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. However, the entire balance leasehold improvements amounting to Rs. 10,008,161 with respect to branches affected by the earthquake of Baisakh 2072 and shifted to new premises have been booked as receivable from the insurance company and shown net of Rs. 7 Mil received in advance from the insurance company pending claim settlement. A total sum of Rs. 14,321,552 relating to other leasehold improvements has been amortized during the year, leaving a balance of Rs. 53,306,334 for future amortization (Previous year amortized Rs. 11,038,389 and balance Rs. 70,257,466).

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. 60,082,812 has been amortized during the year, leaving a balance of Rs.108,694,657 for future amortization (Previous year amortized Rs. 65,782,248 and balance Rs. 146,963,332).

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. 182,742 has been amortized during the year under review, leaving a balance of Rs.103,465 for future amortization (Previous year amortized Rs 171,743 and balance Rs 226,056).

3. Summary of Loans and Advances

Rs. in '000

Particulars	2014-15	2015-16	Change %
Loan & Advances	53,124,431	66,868,665	25.87
Bills Purchased & Discounted	2,303,576	2,232,224	(3.10)
Total	55,428,007	69,100,889	24.67

4. Summary of Changes in Deposit Liabilities

Particulars	Rs. in '000		
	2014-15	2015-16	Change %
Interest Free			
Deposits	9,736,979	10,559,602	8.45
Interest			
Bearing Deposits	63,801,221	76,776,184	20.34
Total	73,538,200	87,335,786	18.76

5. Weighted Average Interest Rate Spread

Particulars	Rs. in '000	
		Rate %
Weighted Average Interest Rate on Loans and Investments		6.86
Weighted Average Interest Rate on Deposits, Bonds and Borrowing		2.27
Net Spread		4.59

Note: Average interest spread calculated as per NRB Directives as at the year-end is 4.45%.

6. Details of Deferred Expenses

Particulars	Rs. in '000	
	2014-15	2015-16
1. At Cost	511,899	533,773
a) Upto Last Year	466,070	511,899
b) Addition this year	45,829	21,874
c) Deduction this year	-	-
2. Amortization	364,709	424,975
3. Remaining Value	147,190	108,798

7. Summary of Concentration of Exposure

Particulars	Rs. in '000	
	Loan and Advances	Contingent
Total Amount as on 15 July 2015	69,100,889	24,999,586
Highest Exposure to single group	1,117,452	1,031,639
Highest % of exposure to single group	1.62	4.13

8. Classification of Assets and Liabilities based on Maturity

Particulars	Rs. in '000					
	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Above 1 Yr.	Total
Assets						
Cash Balance	1,498,347	-	-	-	-	1,498,347
Balance with Banks	1,908,463	-	-	-	4,468,174	6,376,637
Money at Call	1,482,036	-	-	-	-	1,482,036
Treasury Bills	2,551,053	2,134,145	-	596,126	-	5,281,324
Govt. Bonds	-	-	-	1,800,000	2,330,950	4,130,950
Other Investments	3,525,866	1,427,993	1,287,599	542,613	3,110,943	9,895,014
Loans & Advances /Bills purchase	27,932,021	8,739,625	5,638,094	5,681,182	21,109,967	69,100,889
Fixed Assets	-	-	-	-	1,922,967	1,922,967
Other Assets	259,520	122,473	36,964	43,634	1,068,378	1,530,969
Total Assets (A)	39,157,306	12,424,236	6,962,657	8,663,555	34,011,379	101,219,133
Liabilities						
Borrowings						
Current Deposits	1,711,950	901,026	901,026	901,026	4,607,875	9,022,903
Call Deposits	13,583,664	-	-	-	-	13,583,664
Saving Deposits	7,428,641	2,321,450	4,642,900	5,571,481	26,464,532	46,429,004
Fixed Deposits	2,976,721	1,164,460	1,534,035	9,668,206	1,420,093	16,763,515
Margin Deposits	1,536,699	-	-	-	-	1,536,699
Borrowings	1,000,000	-	-	-	-	1,000,000
Bills Payable	504,174	-	-	-	-	504,174
Bonds	-	-	-	-	600,000	600,000
Share Capital & Reserves	-	-	-	-	8,823,768	8,823,768
Other Liabilities	1,071,758	442,034	4,065	4,065	1,433,484	2,955,406
Total Liabilities (B)	29,813,607	4,828,970	7,082,026	16,144,778	43,349,752	101,219,133
Net Financial Assets (A-B)	9,343,699	7,595,266	(119,369)	(7,481,223)	(9,338,373)	-
Cumulative Net Financial Assets	9,343,699	16,938,965	16,819,596	9,338,373	-	-

NOTE: A) Loan has been categorized in Gross amount & 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	Partially paid up shares made fully paid up through capitalization of profit
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
F.Y. 2014-15 (BS 2071-72)	4,499,145,000.00	Issue of 35% bonus share

10. Dividend and Bonus

The Board of Directors has recommended 1.5789% cash dividend & 30% stock dividend for the financial year.

11. Unpaid Dividend

As on the balance sheet date, unpaid dividend over five years amounts to Rs. 8,146,340.

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 2015	Balance 15 Jul 2016
Opening Deferred Tax Assets / (Liabilities)	47,485,624	62,897,537
Movement During the Year	15,411,913	6,617,232
Closing Deferred Tax Assets / (Liabilities)	62,897,537	69,514,769

The movement during the year is reflected in 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. 70,768,974 (Previous Year Rs. 110,852,826) 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. 43,194,899 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. 8,420,298 has been written back during the year from provisions made for disputed receivable by a charge to profit and loss account in earlier years.

17. Mutually Agreed Retirement Scheme (MARS)

Although the bank had offered voluntary retirement to selected staffs in previous year, no such offer was made during the year.

18. Loan Written Off

Loan outstanding amounting to Rs 707,732,366 [details given in schedule 28(A)] and accrued interest amounting to Rs 13,170,438 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 10,253,248 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. 21,050,151 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. Investment in Smart Choice Technologies

The bank during the year has invested a sum of Rs. 98,124,000.00 towards 20% holding in Smart Choice Technologies Pvt. Ltd. (SCT), which has been categorised as available for sale and deducted from core capital being investment in equity of institutions with financial interest.

22. Interest Capitalised

Interest accrued on loans amounting to Rs.13,165,220 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. Further, interest accrued amounting to Rs. 10,108,210 has been capitalised under the earthquake relief provided by NRB and transferred to Capital Adjustment Fund through Profit & Loss Appropriation Account as the same is required to be retained till settlement of the entire loan.

23. Interest suspense

A sum of Rs. 453,950,248 has been provided till the year end as interest suspense representing interest accrued on loans but not realised as at the year-end.

24. Cash and Cash Equivalent

The bank has gold coins valued at cost of acquisition amounting to Rs. 9,587,200, which is included in cash balance shown in the Balance Sheet.

25. Debentures

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. A sum of Rs. 85,714,286 has been appropriated during the year towards reserve maintained for redemption of the said bonds.

26. Contingent Liability

Beneficiaries of bank guarantees have claimed Rs. 18,156,550 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), 2013-14 (2070-71) and 2014-15 (2071-72) 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) & 2010-11 (2067-68) are in various stages of appeal and review, with respect to which a sum of Rs. 82,387,211 has been shown as contingent liability.

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. 33,326,999 (net of tax) was set aside as dividend payable for F.Y. 2014-15 (2071-72) which was however not remitted and held back in a payable account for adjustment against subscription of right shares.

The bank made FCY placement transactions with Habib Bank Limited and its related parties and earned interest income of USD 110,701 during the year. Out of such placements, USD 16.50 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. 42.01 Mil (in equivalent Nepalese Rupees) as on the balance sheet date.

The rent expenses during the year include a sum of Rs. 49,686,000 paid to Karmachari Sanchaya Kosh, which holds 14% of total share capital of the bank, towards rental of Thamel branch which is located in the premises owned by Karmachari Sanchaya Kosh.

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. Prachanda Bahadur Shrestha - Second Vice Chairman

Mr. Jeetendra Dhital - 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. Bhishma Kumar Chudal - 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. 13,500,000.00
b) Utilities Payment	Rs. 1,062,118.00
d) Medical and Accidental Insurance Premium	Rs. 12,633.00

Total Staff Expenses of this FY Rs. 908,436,071.00

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.

(Amount in Rs.)	
Nature of Transaction	Current Year
Meeting Fees Paid	770,000
Allowance and other fees & expenses	5,969,575

28. Operating Lease Commitment

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

29. Disclosure under Capital Adequacy Framework

I. Capital structure and capital adequacy

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

SN	PARTICULARS	AMT IN RS.
	Core Capital (Tier I)	8,537,167,898
1	Paid up Equity Share Capital	4,499,145,000
2	Statutory General Reserves	2,373,350,808
3	Retained Earnings	138,842,496
4	Proposed Bonus Equity Shares	1,349,743,500
5	Capital Adjustment Reserve	10,108,210
6	Debenture Redemption Reserve	342,857,141
7	Special Reserve	4,000,000
8	Deferred Tax Reserve	69,514,769
	Less:	
9	Investment in equity of institutions with financial interests	(98,124,000)
10	Deferred Tax Reserve	(69,514,769)
11	Land & building unutilized	(82,651,792)
12	Miscellaneous Expenditure not w/off	(103,465)

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

SN	PARTICULARS	AMT IN RS.
	Supplementary Capital (Tier II)	1,278,031,071
1	Subordinated Term Debt	480,000,000
2	General loan loss provision	761,824,867
3	Exchange Equalization Reserve	34,192,970
4	Investment Adjustment Reverse	2,013,234

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	NRP 600,000,000
Interest Rate	8%
Maturity Date	July 2020
Interest Payment	Half Yearly Basis
Tenor	7 Years
Amount recognised as capital	480,000000

d. Total qualifying capital:

SN	PARTICULARS	AMT IN RS.
1	Core Capital (Tier I)	8,537,167,898
2	Supplementary Capital (Tier II)	1,278,031,071
	Total	9,815,198,969

e. Capital adequacy ratio:

Core Capital to Total Risk weighted Exposure	9.43
Total Capital to Total Risk Weighted Exposure	10.84

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	79,796,981,782
b	Risk Weighted Exposure for Operational Risk	5,746,774,453
c	Risk Weighted Exposure for Market Risk	322,994,050
	Adjustment under Pillar II	
	Add 5% of gross income for operational risk	2,064,437,000
	Add: 3% of total RWE for overall risk	2,576,002,509
	Total Risk Weighted Exposures (a+b+c)	90,507,189,794

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	668,228,028
3	Claims on banks	2,116,660,625
4	Claims on domestic corporates & securities firms	46,099,828,087
5	Claims on regulatory retail portfolio	5,803,770,080
6	Claims secured by residential properties	3,643,072,844
7	Claims secured by commercial real estate	1,060,874,740
8	Past due claims	751,287,865
9	High risk claims	9,764,569,481
10	Other assets	2,494,328,606
11	Off balance sheet items	7,394,361,426
	Total	79,796,981,782

c. Total Risk Weight Exposures calculation table

SN	PARTICULARS	AMT IN RS.
1	Total Risk Weighted Exposure	90,507,189,794
2	Total Core Capital Fund (Tier I)	8,537,167,898
3	Total Capital Fund (Tier I & II)	9,815,198,969
	Total Core Capital to Total RWE	9.43
	Total Capital to Total RWE	10.84

d. Amount of NPAs

SN	LOAN CLASSIFICATION	GROSS AMOUNT	PROVISION	NET NPA
1	Restructured Loan	207,423,984	39,923,810	167,500,174
2	Substandard Loan	26,360,394	6,590,098	19,770,296
3	Doubtful Loan	155,159,853	77,579,926	77,579,927
4	Loss Loan	462,431,717	462,431,717	-
	Total	851,375,948	586,525,551	264,850,397

e. NPA ratios

PARTICULARS	PERCENTAGE
Gross NPA to Gross Advances	1.23
Net NPA to Net Advances	0.39

f. Movement of Non Performing Assets

SN	LOAN CLASSIFICATION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Restructured Loan	207,423,984	297,416,378	(30.26)
2	Substandard Loan	26,360,394	139,774,845	(81.14)
3	Doubtful Loan	155,159,853	226,238,764	(31.42)
4	Loss Loan	462,431,717	1,120,522,514	(58.73)
	Total	851,375,948	1,783,952,501	(52.28)

g. Write off of Loans and Interest Suspense

PRINCIPAL	INTEREST	TOTAL(RS)
707,732,366	13,170,438	720,902,804

h. Movements in Loan Loss Provisions and Interest Suspense

• Movement in Loan Loss Provision

SN	LOAN CLASSIFICATION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Pass Loan	662,622	511,338,192	29.58
2	Watch-List Loan	105,772,976	59,206,490	78.65
3	Restructured Loan	39,923,810	112,647,092	(64.56)
4	Substandard Loan	6,590,098	34,943,711	(81.14)
5	Doubtful Loan	77,579,926	113,119,382	(31.42)
6	Loss Loan	462,431,717	1,120,522,514	(58.73)
	Total	1,354,910,397	1,951,777,381	(30.58)

• Movement in Interest Suspense

SN	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
	Interest Suspense	453,950,248	480,138,447	(5.45)

i. Segregation of Investment Portfolio

PARTICULARS	AMT IN RS
Available for sale	
Investment in equity	205,123,859
Investment in Foreign Bonds	1,617,537,061
	1,822,660,920
Held to Maturity	
Investment in Treasury Bills	5,281,324,304
Investment in Government Bonds	4,130,950,000
Placements	9,554,389,302
	18,966,663,606

III. Risk Management

A strong control & monitoring environment has been instilled within the bank for comprehensive risk management at all levels of operation. An effective internal control system is in place which defines rights, authorities, responsibilities and accountability at different levels of management with detailed working procedures laid out for various operational aspects. A systematic assessment process has been developed to ensure compliance with the requirements of the Capital Adequacy Framework based on Basel accord as well

as other statutory and regulatory requirements. The entire risk assessment and internal control system is reviewed periodically by Senior Management to address loopholes and new areas of risk identified in the course of operation.

In order to ensure effective management of credit risk, the Bank has implemented Credit Policy Guidelines, Credit Policy Manual, and specific Product Documents for each banking product, which lay down the basic framework for credit appraisal as well as defines authority for approval. A comprehensive credit risk assessment process has been developed 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 to enable the management to take necessary measures of mitigation. The Department further periodically reviews & appraises 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 with reporting line independent of the business unit. All approved facilities are now implemented centrally after scrutiny of related security and other documents and after reasonable assurance of compliance with the approving conditions.

Operational risk is perceived as a significant potential risk faced by financial institutions. In order to ensure 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 procedural matters for 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. The bank is PCIDSS certified, 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 continuously in 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 perceived 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 / regrouped to facilitate fair comparison, where necessary.

STATEMENT OF LOANS AVAILED BY POMOTERS / 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)

S.N.	Promoters / Shareholders 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	Mutual Trading Company P Ltd	5,677,920	12.26	Nepal Investment Bank Ltd	300,000,000	2,102,933	
2	Shashikant Agrawal	1,191,979	2.65	Century Commercial Bank Ltd	45,000,000	323,237	

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
1.	TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)	101,180,098	99,863,008	(1,317,090)	(1.30)	
1.1	Paid Up Capital	4,499,145	5,848,889	1,349,744	30.00	declaration of bonus shares
1.2	Reserve And Surplus	4,375,384	2,974,880	(1,400,504)	(32.01)	change in tax liability after audit, post year-end adjustments, declarartion of bonus shares
1.3	Debenture And Bond	600,000	600,000	-	-	
1.4	Borrowings	1,000,000	1,000,000	-	-	
1.5	Deposits (A + B)	87,323,146	87,335,786	-	-	
	A. Domestic Currency	77,266,842	77,279,482	-	-	
	B. Foreign Currency	10,056,304	10,056,304	-	-	
1.6	Income Tax Liability	-	-	-	-	
1.7	Other Liabilities	3,382,423	2,103,454	(1,278,969)	(37.81)	Provision for loan loss netted off with loans, regrouping of account balances
2.	TOTAL ASSETS (2.1 TO 2.7)	101,180,098	99,863,008	(1,317,090)	(1.30)	
2.1	Cash And Bank Balance	7,874,984	7,874,984	-	-	
2.2	Money at Call And Short Notice	1,482,036	1,482,036	-	-	
2.3	Investments	19,306,073	19,306,073	-	-	
2.4	Loans And Advances	69,100,890	67,745,979	(1,354,911)	(1.96)	Netting off of loans & advances with provision made for possible losses
2.5	Fixed Assets	1,922,967	1,922,967	-	-	
2.6	Non Banking Assets	-	-	-	-	
2.7	Other Assets	1,493,148	1,530,969	37,821	2.53	Regrouping of account balances, change in estimated tax liability
3.	PROFIT AND LOSS ACCOUNT					
3.1	Interest Income	4,974,339	5,015,844	41,505	0.83	adjustment of interest suspense
3.2	Interest Expense	1,565,896	1,565,896	-	-	
	A. Net Interest Income (3.1 - 3.2)	3,408,443	3,449,948	41,505	1.22	
3.3	Fees, Commission And Discount	594,296	599,642	5,346	0.90	adjustment of provisions made
3.4	Other Operating Income	116,901	105,108	-	-	
3.5	Foreign Exchange Gain/Loss (Net)	603,065	602,985	-	-	
	B. Total Operating Income (A. + 3.3 + 3.4 + 3.5)	4,722,705	4,757,683	34,978	0.74	
3.6	Staff Expenses	908,344	908,436	92	0.01	adjustment of provisions made
3.7	Other Operating Expenses	806,452	806,909	457	0.06	adjustment of provisions made
	C. Operating Profit Before Provision (B. - 3.6 - 3.7)	3,007,909	3,042,337	34,428	1.14	
3.8	Provision for Possible Losses	17,229	744,817	727,588	4,223.04	adjustment of loan loss provision, disclosure of gross increase
	D. Operating Profit (C. - 3.8)	2,990,680	2,297,520	(693,160)	(23.18)	
3.9	Non Operating Income / Expenses (Net)	22,276	22,276	-	-	
3.10	Write Back of Provision for Possible Loss	-	1,401,387	1,401,387		adjustment of loan loss provision, disclosure of gross decrease
	E. Profit From Regular Activities (D. + 3.9 + 3.10)	3,012,956	3,721,184	708,228	23.51	
3.11	Extraordinary Income / Expenses (Net)	10,253	(697,479)	(707,732)	(6,902.68)	loan written off disclosed separately
	F. Profit Before Bonus And Taxes (E. + 3.11)	3,023,209	3,023,705	496	0.02	
3.12	Provision For Staff Bonus	274,837	274,882	45	0.02	Post audit change in net profit before tax
3.13	Provision For Tax	832,744	812,915	(19,829)	(2.38)	change in tax liability on final computation
	G. Net Profit / Loss (F. - 3.12 - 3.13)	1,915,628	1,935,907	20,279	1.06	

UNAUDITED FINANCIAL RESULTS

AS AT 4th QUARTER (15/07/2016) OF THE FISCAL YEAR 2015/2016

Schedule 36

(Amount in NPR in thousand)

S.No.	PARTICULARS	This Quarter Ending	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
1.	TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)	101,180,098	93,743,066	84,753,328
1.1	Paid Up Capital	4,499,145	4,499,145	4,499,145
1.2	Reserve And Surplus	4,375,384	3,779,076	2,459,755
1.3	Debenture And Bond	600,000	600,000	600,000
1.4	Borrowings	1,000,000	-	-
1.5	Deposits (A + B)	87,323,146	80,877,838	73,538,201
	A. Domestic Currency	77,266,842	71,186,936	64,524,890
	B. Foreign Currency	10,056,304	9,690,902	9,013,311
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	3,382,423	3,987,007	3,656,227
2.	TOTAL ASSETS (2.1 TO 2.7)	101,180,098	93,743,066	84,753,328
2.1	Cash And Bank Balance	7,874,984	8,387,086	8,387,412
2.2	Money At Call And Short Notice	1,482,036	293,196	1,063,950
2.3	Investments	19,306,073	16,661,609	17,113,389
2.4	Loans And Advances	69,100,890	65,288,179	55,428,007
	a. Real Estate Loan	3,438,432	3,313,132	2,942,354
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	809,296	712,965	882,387
	2. Business Complex & Residential Apartment Construction	186,959	314,719	345,947
	3. Income Generating Commercial Complex Loan	595,707	576,042	40,826
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,846,470	1,709,406	1,673,194
	b. Personal Home Loan of Rs. 10 Mil or less	4,497,754	4,510,589	4,232,643
	c. Margin Type Loan	1,978,490	1,293,985	557,120
	d. Term Loan	8,648,968	7,757,743	7,173,486
	e. Overdraft Loan/TR Loan/WC Loan	37,912,250	37,486,204	30,812,799
	f. Others	12,624,996	10,926,526	9,709,605
2.5	Fixed Assets	1,922,967	1,385,343	1,321,272
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	1,493,148	1,727,653	1,439,298
3.	PROFIT AND LOSS ACCOUNT			
3.1	Interest Income	4,974,339	3,596,250	4,627,751
3.2	Interest Expense	1,565,896	1,152,812	1,954,263
	A. NET INTEREST INCOME (3.1 - 3.2)	3,408,443	2,443,438	2,673,488
3.3	Fees, Commission And Discount	594,296	385,289	557,627
3.4	Other Operating Income	116,901	83,123	119,841
3.5	Foreign Exchange Gain/Loss (Net)	603,065	435,373	474,312
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	4,722,705	3,347,223	3,825,268

Continued...

UNAUDITED FINANCIAL RESULTS

Continued...

AS AT 4th QUARTER (15/07/2016) OF THE FISCAL YEAR 2015/2016

Schedule 36
(Amount in NPR in thousand)

S.No.	PARTICULARS	This Quarter Ending	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
3.6	Staff Expenses	908,344	658,295	917,500
3.7	Other Operating Expenses	806,452	560,997	814,639
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	3,007,909	2,127,931	2,093,129
3.8	Provision For Possible Losses 17,229		72,387	518,268
	D. OPERATING PROFIT (C - 3.8)	2,990,680	2,055,544	1,574,861
3.9	Non Operating Income / Expenses (Net)	22,276	21,460	23,209
3.10	Write Back Of Provision For Possible Losses	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	3,012,956	2,077,004	1,598,070
3.11	Extraordinary Income / Expenses (Net)	10,253	2,646	2,302
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	3,023,209	2,079,650	1,600,372
3.12	Provision For Staff Bonus	274,837	189,059	145,488
3.13	Provision For Tax	832,744	571,268	342,597
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,915,628	1,319,323	1,112,287

10 YEAR'S FINANCIAL SUMMARY BALANCE SHEET

(Amount in NPR in thousand)

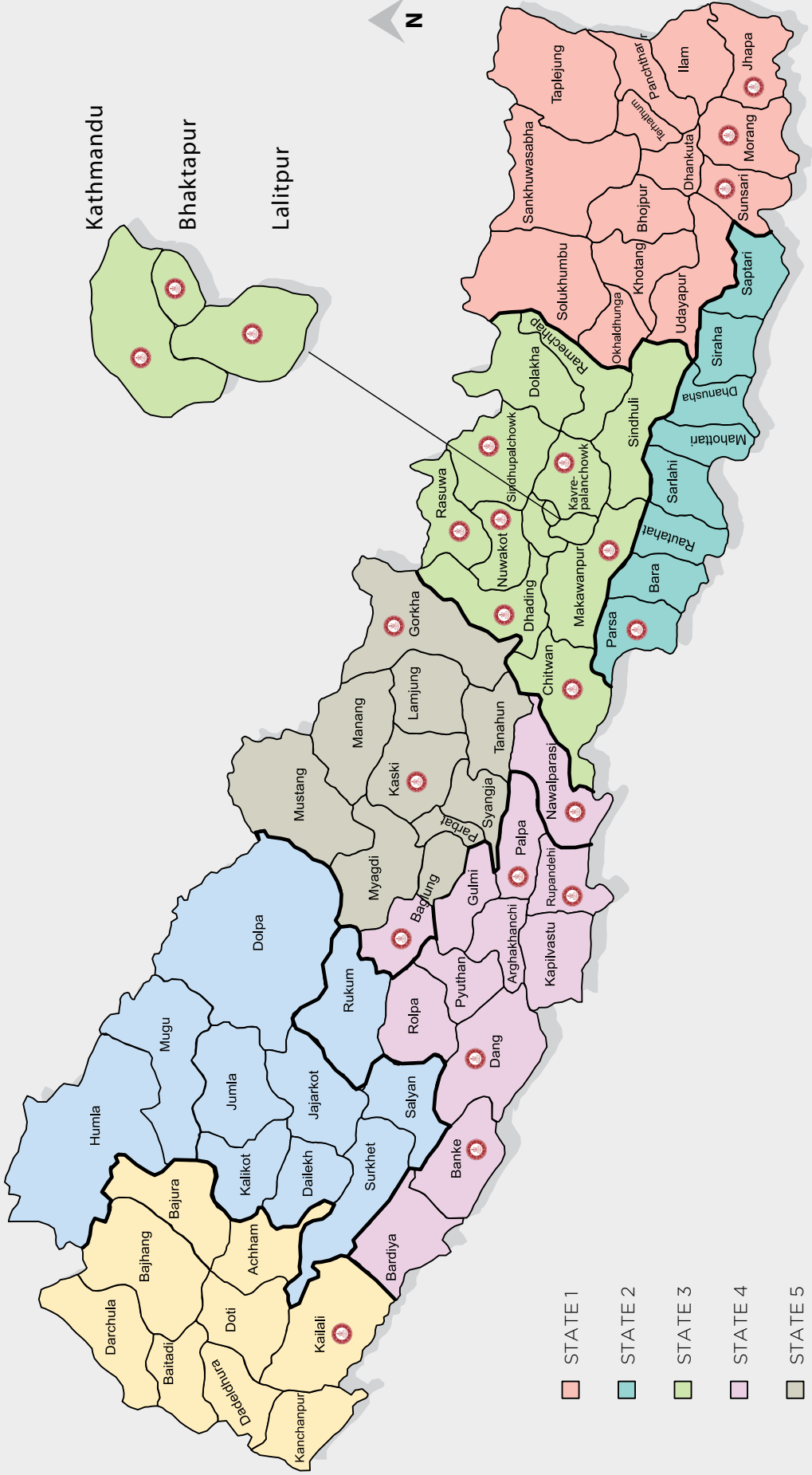
PARTICULARS	2065/64 2006/07	2064/65 2007/08	2065/66 2008/09	2066/67 2009/10	2067/68 2010/11	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16
Assets										
Cash & Bank Balances	1,757,341	1,448,143	3,048,527	3,866,491	2,964,651	6,362,296	3,648,199	5,542,590	8,387,412	7,874,984
Money at Call	1,710,024	518,530	1,170,794	308,840	734,000	264,600	2,061,832	196,100	1,063,950	1,482,036
Investments	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	19,306,073
Loans, Advances & Bills Purchased	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	69,100,889
Fixed Assets	574,060	795,310	952,196	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814	1,321,272	1,922,967
Other Assets	656,734	575,852	644,959	1,054,384	1,513,144	1,435,153	1,418,311	1,365,922	1,439,298	1,530,969
Total Assets	34,314,868	36,857,624	40,046,686	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918
Liabilities										
Borrowings	595,968	943,178	500,000	500,000	510,000	500,000	1,188,429	1,100,000	600,000	1,600,000
Deposit Liabilities	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	87,335,786
Reserve for Doubtful Debts	795,727	682,093	726,364	1,143,126	1,401,294	1,003,039	1,333,592	1,128,970	1,951,777	1,354,910
Other Liabilities	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	2,103,453
Total Liabilities	32,168,368	34,344,633	36,926,805	40,421,046	44,142,019	50,735,457	57,186,849	68,635,405	77,794,428	92,394,149
Net Assets	2,146,500	2,512,992	3,119,881	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769
Shareholders' Equity										
Paid up Capital	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	4,499,145
Proposed capitalisation of profits	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744
Reserves	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	2,836,037
Retained Earnings	184,386	96,842	36,526	136,587	32,932	72,899	4,685	18,358	114,997	138,843
Total Shareholders' Equity	2,146,500	2,512,992	3,119,881	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769
Total Capital + Liabilities	34,314,868	36,857,624	40,046,686	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918
Contingent Liabilities										
Letter of Credit	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	8,957,264
Guarantees	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	4,952,439
Forward Exchange Contract	165,278	13,998	169,911	5,603	821,620	199,188	174,795	607,820	786,385	1,168,529
Other Contingent Liabilities	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	10,021,898
Total Contingent Liabilities	6,853,636	10,871,941	14,749,708	12,918,103	13,433,171	14,436,855	14,381,305	19,852,581	20,762,591	25,100,130

10 YEAR'S FINANCIAL SUMMARY PROFIT & LOSS ACCOUNT

(Amount in NPR in thousand)

PARTICULARS	2063/64 2006/07	2064/65 2007/08	2065/66 2008/09	2066/67 2009/10	2067/68 2010/11	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16
Income										
Interest Income	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	5,015,844
Interest Expense	767,411	823,745	934,778	1,553,531	2,414,807	2,816,441	2,119,062	2,248,798	1,954,263	1,565,896
Net Interest Income	1,008,171	1,139,903	1,407,420	1,595,075	1,911,333	1,908,446	2,508,273	2,494,178	2,673,488	3,449,948
Commission & Discount	193,224	187,820	284,302	270,259	350,365	510,840	550,149	657,298	562,186	599,642
Foreign Exchange Income	151,637	207,669	249,983	180,279	195,529	309,898	300,469	385,102	474,312	602,985
Other Income	40,329	62,103	46,343	112,346	129,517	182,029	165,072	206,814	115,282	105,108
Non-Operating Income	3,493	9,700	3,810	12,382	15,856	8,006	5,999	17,487	23,209	22,276
Total Income	1,396,855	1,607,196	1,991,858	2,170,341	2,602,600	2,919,218	3,529,962	3,760,879	3,848,478	4,779,959
Expenses										
Staff Expenses	290,921	292,213	360,981	414,984	517,592	634,229	682,978	713,830	917,501	908,436
Operating Expenses	322,865	344,321	398,317	471,103	582,210	714,436	852,111	966,120	814,639	806,909
Provision for Doubtful Debts	90,689	6,008	68,806	692,640	471,729	505,491	842,900	1,080,863	1,413,568	744,817
Provision for Staff Bonus	71,740	94,884	106,661	75,573	123,773	138,909	137,669	162,116	145,488	274,882
Non-Operating Expenses	(96,763)	(79,069)	(9,511)	(239,686)	(330,438)	(462,939)	(362,389)	(783,211)	(897,601)	(703,908)
Total Expenses	679,452	658,357	925,252	1,414,614	1,364,866	1,530,127	2,153,269	2,139,718	2,393,595	2,031,136
Profit before Tax	717,404	948,839	1,066,606	755,727	1,237,734	1,389,092	1,376,693	1,621,161	1,454,883	2,748,823
Income Tax provision	225,580	312,970	313,771	246,929	344,619	430,453	432,995	662,054	342,597	812,915
Net Profit after Tax	491,823	635,869	752,835	508,798	893,115	958,638	943,698	959,107	1,112,286	1,935,908
P/L Appropriation										
Profit/Loss carried down	648,380	820,254	849,676	901,324	1,073,766	1,038,634	1,016,597	979,194	1,843,160	2,050,905
Interest Spread Reserve reversed	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	98,365	127,174	150,567	101,760	178,623	191,728	188,740	191,821	222,457	387,182
Exchange Equalisation Fund	-	1,302	2,237	-	6,682	-	-	1,767	997	1,658
Interest Spread Reserve Fund	-	-	-	-	-	-	-	-	-	-
HLB Bond redemption fund	51,429	122,857	122,857	71,429	71,429	71,429	157,143	157,143	85,714	85,714
Interim Dividend	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	121,622	253,378	145,946	189,474	336,842	322,106	276,000	175,404	236,797	71,039
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	-	-	-	-	-	-	-	-	-
Adjustment Fund	-	-	-	-	-	-	-	-	-	10,108
Proposed capitalisation of profit-Bonus Share	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744
Income Tax of last year	(10,122)	15,998	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	7,760	596	-	20,473	39,513	-	15,412	6,617
Investment Adjustment Reserve	-	-	-	1,479	47,259	-	-	-	340	-
Contingent Reserve	-	-	-	-	-	-	212,516	-	-	-
Profit Transferred to Balance Sheet	184,385	96,842	36,525	136,587	32,932	72,899	4,685	18,358	114,997	138,843

LOCAL NETWORK



- STATE 1
- STATE 2
- STATE 3
- STATE 4
- STATE 5
- STATE 6
- STATE 7

INSIDE VALLEY

Corporate Office

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

Battisputali Branch

Battisputali, Kathmandu
Tel: 01-4484990, Fax: 977-1-4484991

Bhaktapur Branch

Sukuldhoka, Bhaktapur
Tel: 01-6617493, 6616092
Fax: 977-1-6617492

Card Centre

Kamaladi, Kathmandu
Tel: 01-4227749, Fax: 977-1-4245932
Toll Free No.: 16-600-112-000

Chabahil Branch

Chuchapati, Chabahil
Tel: 01-5210045, Fax: 977-1-5210287

Dillibazar Branch

Siddhibhawan, Charkhal Adda, Kathmandu
Tel: 01-4431658, Fax: 977-1-4431659

Global FI & Remittance Centre

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

Kalanki Branch

Kalanki Chowk, Kathmandu
Tel: 01-4279762, Fax: 977-1-4279765

Kaushaltar Branch

Gatthaghar, Bhaktapur
Tel: 01-6639564, Fax: 977-1-6639563

Maharajgunj Branch

Maharajgunj, Kathmandu
Tel: 01-4425183, 4424292, Fax: 977-1-4425181

New Baneshwor Branch

New Baneshwor Chowk, Kathmandu
Tel: 01-4785583, 4784859, Fax: 977-1-4785589

New Road Branch

Bishal Bazar Complex, Kathmandu
Tel: 01-4243107, 4224787, Fax: 977-1-4240086

Patan Branch

Pulchowk, Lalitpur
Tel: 01-5010584, 5010593, Fax: 977-1-5010754

Samakhushi Branch

Gangabu, Samakhushi
Tel: 01-4354663, Fax: 977-1-4354446

Satdobato Branch

Satdobato Chowk, Lalitpur
Tel: 01-5151945, Fax: 977-1-5151935

Shorakhutte Branch

Shorakhutte Chowk, Kathmandu
Tel: 01-4389035, Fax: 977-01-4389036

Swoyambhu Branch

APF Welfare Plaza, Swoyambhu
Tel: 01-4033798, 4285461, Fax: 977-1-4033776

Teku Branch

Kathmandu Business Park, Kathmandu
Tel: 01-4104572, 4104687, Fax: 977-1-4104568

Thamel Branch

Karmachari Sanchaya Kosh Building,
Tridevi Marg, Thamel, Kathmandu, Nepal
Tel.: 4227745, 4227756, Fax: 977-1-4250356

OUTSIDE VALLEY

Baglung Branch

Jeep Park, Baglung
Tel: 068-522690, Fax: 977-68-522691

Banepa

Tindobato, Banepa
Tel: 011-664734, Fax: 977-11-664735

Bahrabise Branch

Barhabise Bazar, Sindhupalchowk
Tel: 011-489290, Fax: 977-11-489291

Betrawati Branch

Laharepauwa, Betrawati, Rasuwa
Tel: 010-681343, 412001, Fax: 977-10-412002

Bhairahawa Branch

Prahari Tole, Siddharthanagar
Tel: 071-526945, 524395 Fax: 977-71-524407

Bharatpur Branch

Pulchowk, Chitwan
Tel: 056-571474, 572225, Fax: 977-56-571822

Biratnagar Branch

Shanihat Mainroad, Biratnagar
Tel: 021-524653, 534944, Fax: 977-21-528452

Birtamod Branch

Sanischarya Road, Birtamod, Jhapa
Tel: 023-545611, Fax: 977-023-545610

Birgunj Branch

Mahabir Road, Birgunj
Tel: 051-524678, 527504, Fax: 977-51-527518

Butwal Branch

Traffic Chowk, Butwal
Tel: 071-551016, 551017, Fax: 977-71-546908

Damak Branch

Highway, Damak, Jhapa
Tel: 023-585291, 585292, Fax: 977-23-585292

Dhading Branch

Dhading Besi, Dhading
Tel: 010-521111, Fax: 977-10-521110

Dhangadi Branch

Ratopool, Dhangadi
Tel: 091-520202, Fax: 977-091-520204

Dharan Branch

Putali Line, Sunsari
Tel: 025-528966, 528967, Fax: 977-25-528968

Ghorahi Branch

New Road, Ghorahi, Dang
Tel: 082-562901, Fax: 977-82-562902

Gorkha Branch

Bus Park, Gorkha
Tel: 064-421520, Fax: 977-64-421521

Hetauda Branch

Main Road, Hetauda
Tel: 057-525877, 522899, Fax: 977-57-523156

Itahari Branch

Pathibhara Market, Dharan Road, Itahari
Tel: 025-587041, 587042, Fax: 977-25-587940

Kawasoti Branch

Shabhapati Chowk-5, Nawalparasi
Tel: 078-541040, Fax: 977-78-541045

Nepalgunj Branch

Dhamboji, Banke
Tel: 081-411290, Fax: 977-81-411291

Parsa Branch

Naya Road, Parsa, Chitwan
Tel.: 056-583628, Fax: 977-56-583629

Palpa Branch

Silkhan Tole, Tansen, Palpa
Tel: 075-522641, 520095, Fax: 977-75-522642

Ram Bazar Branch

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

Pokhara Branch

New Road, Pokhara
Tel: 061-538907, 540230, Fax: 977-61-538908

Tandi Branch

Sauraha Chowk, Tandhi
Tel: 056-560750, Fax: 977-56-561850

Trishuli Branch

Battar, Trisuli
Tel: 010-561696, Fax: 977-10-561697



Instruction issued by Nepal Rastra Bank in the course of approval for publication of annual reports of FY 2015/16:

(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.

www.himalayanbank.com