



LAYERS OF GROWTH

27th
Annual Report
2018-19

HBL



हिमालयन बैंक लिमिटेड
Himalayan Bank Limited

नेपाल राष्ट्र बैकबाट का' बनेको इजाजत प्राप्त संस्था

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साधारण सभासम्बन्धी सामान्य जानकारी

- १) मिति २०७६ साल माघ १३ गते देखि २०७६ साल माघ २९ गते सम्म शेयर दाखिल खारेज बन्द रहने कुरा जानकारी गराइन्छ ।
- २) शेयरधनी महानुभावहरूलाई बैंकको शेयरधनी लगतमा कायम रहेको ठेगानामा वार्षिक प्रतिवेदन, प्रस्तावित प्रबन्धपत्र र नियमावलीको संशोधन सहितको विवरण पठाइने छ ।
- ३) साधारण सभा हुनुभन्दा ४८ घण्टा अगावै प्रोक्सी फाराम बैंकको केन्द्रीय कार्यालय कमलादी समक्ष दर्ता गरिसक्नु पर्नेछ । मुकर्रर प्रतिनिधि बैंकको शेयरधनी हुनु अनिवार्य छ ।
- ४) सभामा भाग लिन र मतदान गर्न प्रतिनिधिपत्र (प्रोक्सी) दर्ता गरिसके पछि सोलाई बदर गरी अर्को प्रतिनिधिपत्र (प्रोक्सी) दिन चाहेमा सोको सूचना ४८ घण्टा अगावै बैंकको केन्द्रीय कार्यालय, कमलादीमा जानकारी दिनु पर्नेछ ।
- ५) छलफलको विषयमध्ये विविध शीर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनीहरूले सभा हुनुभन्दा ७ दिन अगावै छलफलको विषय कम्पनी सचिवमार्फत संचालक समितिको अध्यक्षलाई लिखितरूपमा दिनुपर्छ ।
- ६) सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले सभा हुने दिन हितग्राही खाता खेलिएको (De-Mat) र शेयरधनी परिचय पत्र वा शेयरधनी परिचय नम्बर लेखिएको शेयर प्रमाणपत्र साथमा लिइ आउनुहुन अनुरोध छ ।
- ७) नावालक वा विक्षिप्त शेयरधनीको तर्फबाट बैंकको शेयर लगत किताबमा संरक्षकको रूपमा नाम दर्ता भएका व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि तोक्न पाउनेछन् ।
- ८) एकै शेयरधनीले कुनै एक प्रतिनिधि मुकर्रर गरेकोमा सो बदर नगरी अर्को प्रतिनिधि मुकर्रर गरेमा जुन मुकर्ररित लिखत बैंकको केन्द्रीय कार्यालय कमलादीमा पहिले प्राप्त भई दर्ता हुन्छ सो मात्र मान्य हुनेछ ।
- ९) हाजिर पुस्तिका बिहान १०:०० बजे देखि खुल्ला रहने छ ।
- १०) संस्थापक शेयरधनीको तर्फबाट प्रतिनिधित्व गर्ने संचालक पद ५ (पाँच) को मनोनयन/निर्वाचन सम्बन्धी कार्यक्रम निर्वाचन अधिकृतद्वारा छुट्टै सूचना प्रकाशित गरी जानकारी गराइने छ ।

शेयरधनी महानुभावहरूलाई जानकारी:

- (क) बैंकले आफ्ना शेयरधनीहरूलाई न्यूनतम मौज्दात रु. ५००/- (पाँच सय) मा शेयरधनी बचत खाता खोल्ने व्यवस्था गरेको छ । त्यसरी खाता खोल्ने शेयरधनीहरूको लाभांश रकम उक्त खातामा जम्मा गरिनेछ ।
- (ख) आ.ब २०७४/७५ र सो भन्दा अगाडिको लाभांश तथा बोनस शेयर नलिनु भएका शेयरधनीहरूले बैंकको कमलादी स्थित प्रधान कार्यालय, कानून तथा शेयर शाखाबाट लिनु हुन अनुरोध छ ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

हिमालयन बैंक लिमिटेडको सत्ताइसौं वार्षिक साधारण सभाबारे सूचना

२०७६ साल पौष महिना २१ गते बसेको संचालक समितिको बैठक नं ३७८ को निर्णयानुसार यस बैंकको सत्ताइसौं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा बस्ने भएको हुँदा शेयरधनी महानुभावहरूको जानकारीका लागि यो सूचना प्रकाशित गरिएको छ। आवश्यक कागजातहरू शेयरधनी महानुभावहरूलाई यथासमयमा पठाइने व्यहोरा अवगत गराउँदै सो सभामा उपस्थितिका लागि हार्दिक अनुरोध छ।

सत्ताइसौं वार्षिक साधारण सभा बस्ने मिति, समय र स्थान

- १) मिति : २०७६ साल माघ २९ गते बुधवार (तदनुसार १२ फेब्रुवरी, २०२०)
- २) समय : बिहान ११:०० बजे
- ३) स्थान : त्रिभुवन आर्मि अफिसर्स क्लब भद्रकाली, काठमाडौं।

छलफलका विषय-सूची

क) सामान्य प्रस्ताव

- १) सत्ताइसौं वार्षिक साधारण सभाको लागि संचालक समितिको प्रतिवेदन,
- २) लेखापरीक्षकको प्रतिवेदन सहित २०७६ साल असार मसान्तको बासलात, सोही मितिमा समाप्त आ.व. २०७५/७६ को नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण छलफल गरी पारित गर्ने,
- ३) यस बैंकको सहायक कम्पनी हिमालयन क्यापिटल लि. को आ.व २०७५/७६ को वित्तीय विवरण सहितको एकिकृत वित्तीय विवरण स्वीकृत गर्ने,
- ४) संचालक समितिले सिफारिश गरेबमोजिम नाफाको बाँडफाँट तथा चुक्ता पूँजीको १२ (बाह्र) प्रतिशत (कर सहित) नगद लाभांश दिने प्रस्ताव स्वीकृत गर्ने,
- ५) बैंक तथा वित्तीय संस्था सम्बन्धी ऐनको दफा १७ बमोजिम श्री राधा कृष्ण पोतेलाई बैंकको संचालक समितिको मिति २०७५/१०/२४ मा बसेको बैठकले ४ (चार) वर्षको लागि स्वतन्त्र संचालकमा नियुक्त गरेको र संस्थापक शेयरधनी कर्मचारी संचयकोषको तर्फबाट बैंकको संचालक समितिमा प्रतिनिधित्व गर्ने संचालक श्री तुलसी प्रसाद गौतमको अवधि मिति २०७६/६/५ देखि समाप्त भएकाले बैंकको संचालक समितिको मिति २०७६/७/७ मा बसेको बैठकले निजलाई सत्ताइसौं वार्षिक साधारण सभा नभए सम्मको लागि पुनः नियुक्त गरेको व्यहोरा समेत जानकारी गराउने,
- ६) कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७६/७७ का लागि लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक तोक्ने, (वर्तमान लेखापरीक्षक बि आर एस न्यौपाने एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट्स पुनः नियुक्त हुन सक्ने)
- ७) प्रबन्धपत्र तथा नियमावलीमा व्यवस्था भए अनुसार संस्थापक शेयरधनीहरूको तर्फबाट ५ (पाँच) जना संचालकहरूको मनोनयन/निर्वाचन गर्ने

ख) विशेष प्रस्ताव

- १) बैंकको अधिकृत पूँजी रु. १०,००,००,००,०००/- (अक्षरेपी दश अर्ब रुपैयाँ) बाट वृद्धि गरी रु. १२,००,००,००,०००/- (अक्षरेपी बाह्र अर्ब रुपैयाँ) गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- २) संचालक समितिले सिफारिश गरेबमोजिम बैंकको जारी र चुक्ता पूँजी वृद्धि गर्न चुक्ता पूँजीको १० (दश) प्रतिशत बोनस शेयर जारी गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- ३) बैंकले आर्थिक वर्ष २०७५/७६ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा आर्थिक सहायता प्रदान गर्दा कम्पनी ऐन २०६३ को दफा १०५ को उपदफा १ को खण्ड (ग) ले निर्धारण गरेको सिमा नाघेको हुँदा सो अन्तर्गत बैंकले निम्न संघ संस्थाहरूलाई प्रदान गरेको रकमहरू अनुमोदन गर्ने:
नवकिरण अनाथ तथा असाहाय बाल आश्रम: रु. ५०,०००/-, हेल्थिङ्ग ह्याण्ड बाल आश्रम: रु. ५०,०००/-, त्रि.वि केन्द्रिय गृह विज्ञान: रु. ५०,०००/-, लायन्स क्लब र भुलाँ सुधार समिति: रु. ५०,०००/-, पूल्चोक इन्जिनियरिङ्ग क्याम्पस: रु. ५०,०००/-, श्री दिप ज्योति विद्यालय हेटैडा: रु. ५०,०००/-, पोखरा महानगरपालिका: रु. ७५,०००/-, बाराख गण धनकुटा: रु. ८९,८७२.३०, प्रहरी विट, कुपण्डोल: रु. १,००,०००/-, प्रसौनी गाउँपालिका, बारा: रु. १,००,०००/-, सुवर्ण गाउँपालिका, बारा: रु. २,००,०००/-, जनता सामुदायिक विद्यालय धरान: रु. १००,०००/-, युथ कर्नर क्लब: रु. १००,०००/-, सिंहदेवि मन्दिर, धरान: रु. १११,१११/-, त्रिदेवि मन्दिर, ठमेल: रु. १४९,५४५/-, चेपाङ्ग विद्यार्थीहरूका लागि: रु. १८०,०००/-, टिच फर नेपाल: रु. ५००,०००/-, त्रि वि शिक्षण अस्पताल: रु. ५,५०,०००/-, स्पाइनल इन्जुरी संघ नेपाल: रु. २५,००,०००/-
- ४) बैंकको प्रबन्ध पत्र र नियमावलीमा संशोधन गर्ने विशेष प्रस्ताव पारित गर्ने तथा प्रस्तावित संशोधनमा नेपाल राष्ट्र बैंक वा अन्य निकायले फेरबदल गरेमा आवश्यक समायोजन गर्न संचालक समितिलाई वा संचालक समितिले तोकेको पदाधिकारीलाई अधिकार दिने,

ग) विविध,

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

अनुसूची

हिमालयन बैंक लिमिटेडको सत्ताइसौं वार्षिक साधारण सभामा विशेष प्रस्तावद्वारा प्रबन्धपत्र तथा नियमावलीमा भएको संशोधन

प्रबन्धपत्र संशोधनको विशेष प्रस्तावः

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>दफा ३. बैंकको उद्देश्य</p> <p>(ड) अन्य लघुकर्जा कारोबार गर्ने बैंक, कम्पनी तथा वित्तीय संस्थाहरूको शेयर तथा डिबेन्चरहरू खरिद गर्ने, यस्ता शेयर डिबेन्चरहरूमा लगानी गर्ने तथा बैंकको हितलाई ध्यानमा राखी अन्य जुनसुकै आयमूलक क्षेत्र वा कार्यमा लगानी गर्ने तथा बैंकलाई आवश्यकता परिआएको बखत तोकिएको दरले प्रतिफल प्रदान गर्ने गरी अन्य शर्तहरू समेत किटान गरी सर्वसाधारण जनता, संगठित संस्था वा अन्य कुनै निकायलाई कुनै पनि प्रकारको अग्राधिकार शेयर, बण्ड, डिबेन्चर नेपाल राष्ट्र बैंकको पूर्वस्वीकृति लिई निष्काशन गर्ने ।</p>	<p>(ड) अन्य लघुकर्जा कारोबार गर्ने बैंक, कम्पनी तथा वित्तीय संस्थाहरूको शेयर तथा डिबेन्चरहरू खरिद गर्ने, यस्ता शेयर डिबेन्चरहरूमा लगानी गर्ने तथा बैंकको हितलाई ध्यानमा राखी अन्य जुनसुकै आयमूलक क्षेत्र वा कार्यमा लगानी गर्ने तथा बैंकलाई आवश्यकता परिआएको बखत तोकिएको दरले प्रतिफल प्रदान गर्ने गरी अन्य शर्तहरू समेत किटान गरी सर्वसाधारण जनता, संगठित संस्था वा अन्य कुनै निकायलाई कुनै पनि प्रकारको अग्राधिकार शेयर, बण्ड, डिबेन्चर, सामुहिक लगानी कोष (Mutual Fund) स्थापना, कोष प्रबर्द्धक (Fund Sponsor) को कार्यहरू प्रचलित कानूनको अधिनमा रहि नेपाल राष्ट्र बैंक लगायत अन्य सम्बन्धित नियमनकारी निकायको पूर्व स्वीकृती लिई निष्काशन / संचालन गर्ने ।</p>	<p>म्यूचुयलफण्ड सम्बन्धी कारोबार समेत गर्न</p>
<p>दफा ५. बैंकको पूँजीको संरचना :</p> <p>(क) बैंकको अधिकृत पूँजी रु. १०,००,००,००,०००/- (अक्षरेपी दश अर्ब रुपैयाँ) हुनेछ । उक्त पूँजीलाई रु. १००/- का दरले १०,००,००,०००/- (दश करोड थान) साधारण शेयरमा विभाजन गरिएको छ ।</p> <p>(ख) तत्काल जारी पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठसय चवालिस रुपैयाँ) हुनेछ ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठसय चवालिस रुपैयाँ) हुनेछ ।</p>	<p>(क) बैंकको अधिकृत पूँजी रु. १२,००,००,००,०००/- (अक्षरेपी बाह्र अर्ब रुपैयाँ) हुनेछ । उक्त पूँजीलाई रु. १००/- का दरले १२,००,००,०००/- (बाह्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ ।</p> <p>(ख) तत्काल जारी पूँजी तत्काल जारी पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अठ्ठाइस रुपैयाँ) हुनेछ ।</p> <p>(ग) तत्काल चुक्ता पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अठ्ठाइस रुपैयाँ) हुनेछ ।</p>	<p>बैंकको विद्यमान पूँजी संरचना वृद्धि गर्नको लागि आ.ब. २०७५/७६ को नाफा बाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा ।</p>
<p>दफा ५ (घ) बैंकको जारी पूँजीको समूहगत शेयर स्वामित्व देहायअनुसार हुनेछः-</p> <ol style="list-style-type: none"> समूह (क) संस्थापक शेयरधनीहरू ५१ प्रतिशत हबिब बैंक लिमिटेड, पाकिस्तान २० प्रतिशत समूह (ख) कर्मचारी संचयकोष १४ प्रतिशत समूह (ग) सर्वसाधारण नेपाली नागरिकहरू १५ प्रतिशत 	<p>दफा ५ (घ)</p> <ol style="list-style-type: none"> समूह (क) संस्थापक शेयरधनीहरू ८५ प्रतिशत समूह (ख) सर्वसाधारण नेपाली नागरिकहरू १५ प्रतिशत 	<p>नियमावलीको नियम ८ अनुसार मिलाउन गर्न</p>
<p>दफा ५ (घ) १ बमोजिम लगानी गर्ने उपसमूहहरू</p> <p>उपसमूह – क १: १२.७५ प्रतिशत</p> <p>संस्थापक श्री हिमालय शमशेर ज.ब.रा.को तर्फबाट लगानी गर्ने कम्पनीहरू :</p> <ul style="list-style-type: none"> आभा इण्टरनेशनल प्रा. लि., थापाथली ११.३८ प्रतिशत शर्मा एण्ड कम्पनी प्रा. लि., त्रिपुरेश्वर ०.६६ प्रतिशत इण्टरनेशनल ट्रेड लिंक प्रा. लि., धोविचौर ०.४७ प्रतिशत इलु शर्मा, धोविचौर, काठमाडौं ०.१३ प्रतिशत जया राज्यलक्ष्मी भन्ने नेत्र राज्यलक्ष्मी शाह, चुनदेवी ०.०६ प्रतिशत बिजय नारायण सिंह, रविभवन, काठमाडौं ०.०५ प्रतिशत 	<p>दफा ५ (घ) १ बमोजिम लगानी गर्ने संस्थापकहरू</p> <p>क १ उप समूह अन्तरगत</p> <ul style="list-style-type: none"> आभा इण्टरनेशनल प्रा. लि., थापाथली शर्मा एण्ड कम्पनी प्रा. लि., त्रिपुरेश्वर इण्टरनेशनल ट्रेड लिंक प्रा. लि., धोविचौर इलु शर्मा, धोविचौर, काठमाडौं जया राज्यलक्ष्मी भन्ने नेत्र राज्यलक्ष्मी शाह, चुनदेवी बिजय नारायण सिंह, रविभवन, काठमाडौं 	

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>उपसमूह – क २: १२.७५ प्रतिशत संस्थापक स. भीमबहादुर पाँडे र पृथ्वीबहादुर पाँडेको तर्फबाट लगानी गर्ने कम्पनीहरू:</p> <ul style="list-style-type: none"> - छायाँ इण्टरनेशनल प्रा. लि., महाराजगंज ८.८९ प्रतिशत - श्रीमती इन्दिरा मल्ल, लाजिम्पाट ०.१९ प्रतिशत - श्री नयनतारा मास्के, नरदेवी ०.०२ प्रतिशत - सुश्री मेनुका श्रेष्ठ ०.०१ प्रतिशत - शशी कान्त अग्रवाल, बत्तिसपुतली २.६५ प्रतिशत <p>संस्थापक श्री मणिहर्ष ज्योतिको तर्फबाट लगानी गर्ने कम्पनी - स्याकार कम्पनी प्रा. लि., कान्तिपथ ०.९९ प्रतिशत</p>	<p>क २ उप समूह अन्तरगत</p> <ul style="list-style-type: none"> - छायाँ इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दिरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - शशी कान्त अग्रवाल, बत्तिसपुतली - स्याकार कम्पनी प्रा. लि., कान्तिपथ 	
<p>उपसमूह – क ३: १२.७५ प्रतिशत संस्थापक श्री नरसिंहबहादुर श्रेष्ठ र श्री आनन्दभक्त राजभण्डारीको तर्फबाट लगानी गर्ने कम्पनीहरू:</p> <ul style="list-style-type: none"> - एन. ट्रेडिङ्ग कम्पनी प्रा. लि., भूमिखेल १२.७१ प्रतिशत - श्रीमती सुमन राजभण्डारी, ललितपुर ०.०४ प्रतिशत 	<p>क ३ उप समूह अन्तरगत</p> <ul style="list-style-type: none"> - एन. ट्रेडिङ्ग कम्पनी प्रा. लि., भूमिखेल - श्रीमती सुमन राजभण्डारी, ललितपुर 	
<p>उपसमूह – क ४: १२.७५ प्रतिशत संस्थापक श्री मोहनगोपाल खेतानको तर्फबाट लगानी गर्ने कम्पनीहरू :</p> <ul style="list-style-type: none"> - म्युचुयल ट्रेडिङ्ग कम्पनी प्रा. लि., मखन ११.८५ प्रतिशत - मारवाडी सेवा समिति, फसिकेव ०.१३ प्रतिशत - अन्जु खेतान भूमिखेल, ललितपुर ०.७७ प्रतिशत 	<p>क ४ उप समूह अन्तरगत</p> <ul style="list-style-type: none"> - म्युचुयल ट्रेडिङ्ग कम्पनी प्रा. लि., मखन - मारवाडी सेवा समिति, फसिकेव - अन्जु खेतान भूमिखेल, ललितपुर <p>क ५, उप समूह अन्तरगत</p> <ul style="list-style-type: none"> - हबिब बैंक लिमिटेड, पाकिस्तान <p>क ६, उप समूह अन्तरगत</p> <ul style="list-style-type: none"> - कर्मचारी संचयकोष 	
<p>दफा ५(ड) जुन समूह, उपसमूहको शेयर खरिद गरेको हो, सो खरिद गर्न व्यक्तिलाई सोही समूह, उपसमूहमा राखिनेछ ।</p>	<p>दफा ५(ड) जुन समूहको शेयर खरिद गरेको हो, सो खरिद गर्ने व्यक्ति संस्थालाई सोही समूहमा राखिनेछ ।</p>	
<p>दफा ७ (घ) संस्थापकले आफ्नो शेयर बिक्री वा हक छोड्दा वा हस्तान्तरण गर्दा पहिलो प्राथमिकता जुन समूहको शेयर हो सोही समूहका शेयरधनीहरूलाई दिनु पर्नेछ । समूहभित्र उपसमूह रहेको अवस्थामा जुन उपसमूहको शेयर हो सोही उपसमूहका शेयरधनीलाई प्राथमिकता दिइनेछ । यसरी शेयर बिक्री गर्दा एकभन्दा बढी शेयरधनीले शेयर खरिद गर्न चाहेमा निजले धारण गरेको शेयरको अनुपातमा वितरण गर्नु पर्नेछ । सो समूहका कुनै पनि संस्थापक शेयरधनीले शेयर लिने इच्छा नगरेमा मात्र त्यस्तो शेयर संचालक समितिको निर्णयबमोजिम अन्य व्यक्ति, फर्म, कम्पनी वा संस्थालाई बिक्री गर्न सकिनेछ ।</p>	<p>दफा ७ (घ) संस्थापकले आफ्नो शेयर बिक्री वा हक छोड्दा वा हस्तान्तरण गर्दा पहिलो प्राथमिकता जुन समूहको शेयर हो सोही समूहका शेयरधनीहरूलाई दिनु पर्नेछ । यसरी शेयर बिक्री गर्दा एकभन्दा बढी शेयरधनीले शेयर खरिद गर्न चाहेमा निजले धारण गरेको शेयरको अनुपातमा वितरण गर्नु पर्नेछ । सो समूहका कुनै पनि संस्थापक शेयरधनीले शेयर लिने इच्छा नगरेमा मात्र त्यस्तो शेयर संचालक समितिको निर्णयबमोजिम अन्य व्यक्ति, फर्म, कम्पनी वा संस्थालाई बिक्री गर्न सकिनेछ ।</p>	

नियमावली संशोधनको विशेष प्रस्ताव:

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्न प्रकारको शेयर संख्या :</p> <p>क) बैंकको अधिकृत पूँजी रु. १०,००,००,००,०००/- (अक्षरेपी दश अर्ब रुपैयाँ) हुनेछ । उक्त पूँजीलाई रु १००/- का दरले १०,००,००,००० (दश करोड थान) साधारण शेयरमा विभाजन गरिएको छ ।</p> <p>(ख) तत्काल जारी पूँजी रु ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठसय चवालिस रुपैयाँ) हुनेछ ।</p>	<p>क) बैंकको अधिकृत पूँजी रु १२,००,००,००,०००/- (अक्षरेपी बाह अर्ब रुपैयाँ) हुनेछ । उक्त पूँजीलाई रु. १००/- का दरले १२,००,००,०००/- (बाह करोड थान) साधारण शेयरमा विभाजन गरिएको छ ।</p> <p>(ख) तत्काल जारी पूँजी रु. ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्ठाइस रुपैयाँ) हुनेछ ।</p>	<p>बैंकको विद्यमान पूँजी संरचना बृद्धि गर्नको लागि</p> <p>आ.ब २०७५/७६ को नाफा बाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा ।</p>

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
(ग) तत्काल चुक्ता पूँजी रु ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठसय चवालिस रुपैयाँ) हुनेछ ।	(ग) तत्काल चुक्ता पूँजी रु ९,३७,२२,८१,४२८/- (अक्षरेपी नौ अर्ब सैतिस करोड बाईस लाख एकासी हजार चार सय अट्ठाइस रुपैयाँ) हुनेछ ।	
नियम ३ ख को (घ) बैंकको जारी पूँजीको समूहगत शेयर स्वामित्व देहाय अनुसार हुनेछ:- १. समूह (क) संस्थापक शेयरधनीहरू ५१ प्रतिशत २. हबिब बैंक लिमिटेड, पाकिस्तान २० प्रतिशत ३. समूह (ख) कर्मचारी संचयकोष १४ प्रतिशत ४. समूह (ग) सर्वसाधारण नेपाली नागरिकहरू १५ प्रतिशत	नियम ३ ख को (घ) बैंकको जारी पूँजीको समूहगत शेयर स्वामित्व देहाय अनुसार हुनेछ:- १. समूह (क) संस्थापक शेयरधनीहरू ८५ प्रतिशत २. समूह (ख) सर्वसाधारण नेपाली नागरिकहरू १५ प्रतिशत	नियमावलीको नियम ८ अनुसार मिलान गर्न
नियम ३ ख को (ङ) संस्थापक शेयरधनीहरूलाई समूह “क” मा वर्गीकरण गरिएको छ । यो समूहको शेयर स्वामित्व ५१ प्रतिशत हुनेछ र यस समूहमा निम्न शेयरधनीहरूको निम्नबमोजिमको शेयर स्वामित्व प्रतिशत रहनेछ :- उपसमूह – क १: १२.७५ प्रतिशत संस्थापक श्री हिमालय शमशेर ज.ब.रा. को तर्फबाट लगानी गर्ने कम्पनीहरू : - आभा इण्टरनेशनल प्रा. लि., थापाथली ११.३८ प्रतिशत - शर्मा एण्ड कम्पनी प्रा. लि., त्रिपुरेश्वर ०.६६ प्रतिशत - इण्टरनेशनल ट्रेड लिंक प्रा. लि., धोविचौर ०.४७ प्रतिशत - इलु शर्मा, धोविचौर, काठमाडौं, ०.१३ प्रतिशत - जया राज्यलक्ष्मी भन्ने नेत्र राज्यलक्ष्मी शाह, चुनदेवी ०.०६ प्रतिशत - विजय नारायण सिंह, रविभवन, काठमाडौं, ०.०५ प्रतिशत	नियम ३ ख को (ङ) संस्थापक शेयरधनीहरूलाई समूह “क” मा वर्गीकरण गरिएको छ । यो समूहको शेयर स्वामित्व ८५ प्रतिशत हुनेछ र यस समूहमा निम्न शेयरधनीहरूलाई निम्न अनुसार उप समूहमा राखिएको छ । क १: उप समूह अन्तरगत - आभा इण्टरनेशनल प्रा. लि., थापाथली - शर्मा एण्ड कम्पनी प्रा. लि., त्रिपुरेश्वर - इण्टरनेशनल ट्रेड लिंक प्रा. लि., धोविचौर - इलु शर्मा, धोविचौर, काठमाडौं - जया राज्यलक्ष्मी भन्ने नेत्र राज्यलक्ष्मी शाह, चुनदेवी - विजय नारायण सिंह, रविभवन, काठमाडौं	
उपसमूह – क २: १२.७५ प्रतिशत संस्थापक स. भीमबहादुर पाँडे र पृथ्वीबहादुर पाँडेको तर्फबाट लगानी गर्ने कम्पनीहरू: - छत्र्याँ इण्टरनेशनल प्रा. लि., महाराजगंज ८.८९ प्रतिशत - श्रीमती इन्दिरा मल्ल, लाजिम्पाट ०.१९ प्रतिशत - श्री नयनतारा मास्के, नरदेवी ०.०२ प्रतिशत - सुश्री मेनुका श्रेष्ठ ०.०१ प्रतिशत - शशी कान्त अग्रवाल, बत्तिसपुतली २.६५ प्रतिशत संस्थापक श्री मणिहर्षज्योतिको तर्फबाट लगानी गर्ने कम्पनी - स्याकार कम्पनी प्रा. लि., कान्तिपथ ०.९९ प्रतिशत	क २: उप समूह अन्तरगत - छत्र्याँ इण्टरनेशनल प्रा. लि., महाराजगंज - श्रीमती इन्दिरा मल्ल, लाजिम्पाट - श्री नयनतारा मास्के, नरदेवी - सुश्री मेनुका श्रेष्ठ - शशी कान्त अग्रवाल, बत्तिसपुतली - स्याकार कम्पनी प्रा. लि., कान्तिपथ	
उपसमूह – क ३: १२.७५ प्रतिशत संस्थापक श्री नरसिंहबहादुर श्रेष्ठ र श्री आनन्द भक्त राजभण्डारीको तर्फबाट लगानी गर्ने कम्पनीहरू : - एन. ट्रेडिङ्ग कम्पनी प्रा.लि., भूमिसखेल १२.७१ प्रतिशत - श्रीमती सुमन राजभण्डारी, ललितपुर ०.०४ प्रतिशत	क ३: उप समूह अन्तरगत - एन. ट्रेडिङ्ग कम्पनी प्रा. लि., भूमिसखेल - श्रीमती सुमन राजभण्डारी, ललितपुर	
उपसमूह – क ४: १२.७५ प्रतिशत संस्थापक श्री मोहनगोपाल खेतानको तर्फबाट लगानी गर्ने कम्पनीहरू : - म्युचुयल ट्रेडिङ्ग कम्पनी प्रा. लि., मखन ११.८५ प्रतिशत - मारवाडी सेवा समिति, फसिकेव ०.१३ प्रतिशत - अन्जु खेतान भूमिसखेल, ललितपुर ०.७७ प्रतिशत	क ४: उप समूह अन्तरगत - म्युचुयल ट्रेडिङ्ग कम्पनी प्रा. लि., मखन - मारवाडी सेवा समिति, फसिकेव - अन्जु खेतान भूमिसखेल, ललितपुर क ५: उप समूह अन्तरगत - हबिब बैंक लिमिटेड, पाकिस्तान क ६ उप समूह अन्तरगत - कर्मचारी संचयकोष	

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>नियम ३ च जुन समूह, उपसमूहको शेयर खरिद गरेको हो, सो खरिद गर्ने व्यक्तिलाई सोही समूह, उपसमूहमा राखिनेछ।</p> <p>नियम ११. संचालक नियुक्ति सम्बन्धी कुनै खास व्यवस्था गरेको भए : (१) बैंकको संचालकहरूको नियुक्ति देहाय बमोजिम हुनेछ। क) ५१ प्रतिशत शेयर लिने समूह “क” का संस्थापक शेयरधनीहरूको प्रतिनिधित्व गर्ने देहाय बमोजिमका व्यक्तिहरू संचालक नियुक्त हुनेछन्। - उपसमूह क १ का तर्फबाट - १ जना (आभा इण्टरनेशनल प्रा. लि. ले मनोनीत गर्ने संचालक) - उपसमूह क २ का तर्फबाट - १ जना (छाँया इन्टरनेशनल प्रा. लि. ले मनोनीत गर्ने संचालक) - उपसमूह क ३ का तर्फबाट - १ जना (एन. ट्रेडिङ्ग कम्पनी प्रा. लि. ले मनोनीत गर्ने संचालक) - उपसमूह क ४ का तर्फबाट - १ जना (म्युचुअल ट्रेडिङ्ग कम्पनी प्रा. लि. ले मनोनीत गर्ने संचालक) ख) २० प्रतिशत शेयर लिने हबिब बैंक लि., पाकिस्तानको प्रतिनिधित्व गर्ने संचालक- १ जना ग) १४ प्रतिशत शेयर लिने समूह “ख” कर्मचारी संचयकोषको प्रतिनिधित्व गर्ने संचालक - १ जना घ) १५ प्रतिशत शेयर लिने समूह “ग” का शेयरधनीहरू (सर्वसाधारण नेपाली नागरिक) को प्रतिनिधित्व गर्ने संचालक - १ जना - समूह (क), हबिब बैंक लि. तथा समूह (ख) ले संचालकहरू मनोनीत गर्दा त्यस्तो संचालकका साथै वैकल्पिक संचालक समेत मनोनीत गर्न सक्नेछन् र संचालकको अनुपस्थितिमा निजको अधिकारको प्रयोग र कर्तव्यको पालन वैकल्पिक संचालकले गर्नेछन्।</p>	<p>नियम ३ च जुन समूहको शेयर खरिद गरेको हो, सो खरिद गर्ने व्यक्तिलाई सोही समूहमा राखिनेछ।</p> <p>११. संचालक नियुक्ति सम्बन्धी कुनै खास व्यवस्था गरेको भए : क. संस्थापक शेयरधनी समूहबाट मनोनित/निर्वाचित - ५ जना ख. सर्वसाधारण शेयरधनी समूहबाट निर्वाचित - १ जना साविकको क, ख, ग र घ लाई हटाउने</p>	<p>नियमावलीको नियम ८ बमोजिम मिलात गर्ने</p>
<p>नियम ११ को (घ) समूह (क), हबिब बैंक लि. तथा समूह (ख) ले संचालकहरू मनोनीत गर्दा त्यस्तो संचालकका साथै वैकल्पिक संचालक समेत मनोनीत गर्न सक्नेछन् र संचालकको अनुपस्थितिमा निजको अधिकारको प्रयोग र कर्तव्यको पालन वैकल्पिक संचालकले गर्नेछन्।</p> <p>नियम २६ शेयर हस्तान्तरणसम्बन्धी व्यवस्था ड) नियम ३ (ख) को उपनियम (घ) र (ड) मा वर्गीकरण गरे अनुसार समूह “क” अन्तर्गतका शेयरवालाहरूले आफुले लिएको शेयर बेचबिखन गर्नु परेमा उक्त शेयर खरिद गर्न सर्वप्रथम समूह “क” अन्तर्गत आफु संलग्न रहेको उपसमूहका लगानी गर्ने कम्पनीलाई सो सम्भव नभए समूह “क” अन्तर्गत कुनै अन्य उपसमूहका लगानी गर्ने कम्पनीहरूलाई प्राथमिकता दिनु पर्नेछ। उपरोक्त बमोजिम प्राथमिकता दिदा एक भन्दा बढी कम्पनीहरू त्यस्तो शेयर खरिद गर्न इच्छुक भएमा उक्त शेयर इच्छुक सबै कम्पनीहरूले बराबर खरिद गर्न सक्ने गरी बेच्नु पर्नेछ। कथंकदाचित त्यसरी बराबर खरिद गर्न सम्भव नभएमा बराबर हिस्सा लगाई बाँकी रहन आएको शेयर निजले उपसमूहहरू मध्ये आफुले इच्छाएको कम्पनीलाई बिक्री गर्न सक्नेछ। उपरोक्तबमोजिम शेयर बिक्री गर्दा संचालक समितिले ठहर गरेको मूल्यमा बेचबिखन गर्नु पर्नेछ।</p>	<p>नियम ११ को (घ) समूह (क), हबिब बैंक लि. ले संचालक मनोनीत गर्दा त्यस्तो संचालकका साथै वैकल्पिक संचालक समेत मनोनीत गर्न सक्नेछन् र संचालकको अनुपस्थितिमा निजको अधिकारको प्रयोग र कर्तव्यको पालन वैकल्पिक संचालकले गर्नेछ।</p> <p>नियम २६ शेयर हस्तान्तरणसम्बन्धी व्यवस्था ड) नियम ३ (ख) को उपनियम (घ) र (ड) मा वर्गीकरण गरे अनुसार समूह “क” अन्तर्गतका शेयरवालाहरूले आफुले लिएको शेयर बेचबिखन गर्नु परेमा उक्त शेयर खरिद गर्न सर्वप्रथम समूह “क” अन्तर्गत आफु संलग्न रहेको उपसमूहका लगानी गर्ने कम्पनीलाई प्राथमिकता दिनु पर्नेछ। उपरोक्त बमोजिम प्राथमिकता दिदा एक भन्दा बढी कम्पनीहरू त्यस्तो शेयर खरिद गर्न इच्छुक भएमा उक्त शेयर इच्छुक सबै कम्पनीहरूले बराबर खरिद गर्न सक्ने गरी बेच्नु पर्नेछ। कथंकदाचित त्यसरी बराबर खरिद गर्न सम्भव नभएमा बराबर हिस्सा लगाई बाँकी रहन आएको शेयर निजले संस्थापकहरू मध्ये आफुले इच्छाएको कम्पनीलाई बिक्री गर्न सक्नेछ। उपरोक्तबमोजिम शेयर बिक्री गर्दा संचालक समितिले ठहर गरेको मूल्यमा बेचबिखन गर्नुपर्नेछ।</p>	

प्रोक्सी-फाराम

श्री संचालक समिति
हिमालयन बैंक लिमिटेड
कमलादी, काठमाडौं

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला म.न.पा./उ.न.पा./न.पा./गा.पा. वडा नं. बस्ने
म/हामी ले त्यस कम्पनीको शेयरधनीको हैसियतले २०७६ माघ २९ गते बुधवारका दिन हुने
सत्ताइसौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान
गर्नका लागि जिल्ला म.न.पा./उ.न.पा./न.पा./गा.पा. वडा नं. बस्ने त्यस कम्पनीका
शेयरधनी श्री शेयर प्रमाणपत्र नं.
शेयरधनी परिचय/DMAT A/C नं. लाई मेरो/हाम्रो प्रतिनिधि मनोनीत गरी पठाएका छु/छौं ।

निवेदक

प्रोक्सी लिनेको दस्तखत:

दस्तखत:

नाम:

शेयर प्रमाण-पत्र नं.

शेयरधनी परिचय/DMAT A/C नं.

कि.नं. देखि सम्म

मिति:

द्रष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ४८ घण्टा अगावै बैंकको केन्द्रीय कार्यालयमा पेश गरिसक्नु पर्नेछ ।
एकभन्दा बढी प्रोक्सीको नाम उल्लेख गरेमा प्रोक्सी फाराम रद्द गरिनेछ ।



प्रवेश-पत्र

शेयरधनीको नाम शेयर प्रमाण-पत्र नं.

शेयरधनी परिचय/DMAT A/C नं शेयर संख्या

शेयरधनीको सही

हिमालयन बैंक लिमिटेडको मिति २०७६ साल माघ २९ गते बुधवारका दिन हुने सत्ताइसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

द्रष्टव्य: शेयरधनी आफैले खाली कोष्ठहरू भर्नुहोला ।
(सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्नु अनिवार्य छ)

बिपिन हाडा
(कम्पनी सचिव)

सत्ताइसौं वार्षिक साधारण सभाका लागि संचालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरु,

हिमालयन बैंक लिमिटेडको सत्ताइसौं वार्षिक साधारण सभामा मेरो साथै बैंक संचालक समितिको तर्फबाट यहाँहरुलाई हार्दिक स्वागत गर्दछु।

विगत सत्ताइस वर्षदेखि हिमालयन बैंक यहाँहरुको अनवरत सेवामा रहेको छ। यो अवधिमा हामीले बैंकलाई मुलुकको वित्तीय क्षेत्रमा एक सुरक्षित, प्रविधिमैत्री तथा भरपर्दो बैंकको रूपमा स्थापित गराउन सफल भएका छौं।

आर्थिक वर्ष २०७५/७६ हिमालयन बैंकको लागि उत्साहजनक रहि समग्ररूपमा राम्रो रहेको जानकारी गराउन चाहन्छु। कर्जा प्रवाह, निक्षेप संकलन, बिप्रेषणबाट भएको आय, कर्मचारीको विकास र सेवाको विस्तार उत्साहजनक हुँदा ती सबैको सकारात्मक असर बैंकको आयमा देखिएको छ। तथापि केही कर्जाहरुमा समस्या देखिँदा थप नोक्सानी व्यवस्था गर्नु परेको कारण नाफामा केही असर पर्न गएको यथार्थ यहाँहरु समक्ष राख्न चाहन्छु। यी लगायत अन्य वर्गीकृत कर्जाहरुको असुलीको लागि अथक प्रयास जारी रहेकोले चालु आर्थिक वर्षको नाफामा सकारात्मक असर पर्ने आशा गरेका छौं।

हाल, बैंकले देशभरमा ६४ शाखा र १२७ ए.टी.एम. बाट ग्राहकलाई सेवा पुऱ्याई रहेको छ। साथै बैंकको सहायक कम्पनी हिमालयन क्यापिटल लिमिटेडले समीक्षा वर्षमा संचालन अनुमति प्राप्त गरी ठमेल स्थित कर्मचारी संचयकोषको भवनमा कार्यालय स्थापना गरी पूर्ण रूपमा संचालनमा आईसकेको समेत जानकारी गराउन पाउँदा खुशी लागेको छ।

ग्राहकवर्गको बैंकप्रतिको गहिरो विश्वास, शेयरधनीहरुको प्रत्यक्ष-परोक्ष सहयोग र बैंक व्यवस्थापनको श्रृजनात्मक क्रियाशीलताबाट बैंकले निरन्तर प्रगति गर्दैआइरहेको विदितै छ। स्वस्थ बैकिङ्ग प्रणालीको विकास र जनतालाई सुलभ तथा स्तरीय सेवा पुऱ्याउने लक्ष्य बैंकले शुरुका वर्षदेखि नै अनुसरण गरिरहेको छ।

यस सभामा २०७६ साल असार मसान्तको वासलात, आर्थिक वर्ष २०७५/७६ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट तथा अन्य विवरणहरु अनुमोदनका लागि प्रस्तुत गर्दछु।

कारोवारको समीक्षा:

समीक्षा अवधिमा निक्षेप अघिल्लो वर्षको तुलनामा १३.३८ प्रतिशतले वृद्धि भई रु. १ खर्ब १३ अर्ब ९ करोड पुगेको छ। कर्जा सापट १३.०८ प्रतिशतले बढ्न गई रु. ९८ अर्ब २० करोड ६३ लाख पुगेको छ।

यसैगरी यो अवधिमा बैंकको कुल सम्पत्ति १४.३३ प्रतिशत र खुद सम्पत्ति १३.१३ प्रतिशतले बढ्न गई क्रमशः रु. १ खर्ब ३३ अर्ब १५ करोड ११ लाख र रु. १५ अर्ब ९९ करोड ४८ लाख पुगेको छ।

नियमनकारी निकाय नेपाल राष्ट्र बैंक तथा नेपाल चार्टर्ड एकाउन्टेन्ट संस्थाबाट जारी निर्देशनको अधिनमा रही सम्भावित नोक्सानी व्यवस्था पश्चात समीक्षा वर्षमा बैंकले रु. ३ अर्ब ९४ करोड २२ लाख संचालन मुनाफा आर्जन गर्न सफल भएको छ भने रु. २ अर्ब ७६ करोड ३८ लाख खुद मुनाफा आर्जन गरेको छ।

चालू आर्थिक वर्षको पहिलो त्रयमाससम्मको बैंकको वित्तीय स्थिति निम्नानुसार छ ।

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७६ असार मसान्त	२०७६ असोज मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,३३,१५,११	१,४३,५२,९३	७.७९
२.	निक्षेप (बैंक वित्तीय संस्थाको समेत)	१,१३,०९,००	१,१९,०२,५९	५.२५
३.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	९८,२०,६३	१,०२,९८,९१	४.८७

समीक्षा वर्षमा बैंकले नेपाल राष्ट्र बैंकको निर्देशनको परिधिभित्र रहि रु. ५ लाख ४० हजार कर्जा अपलेखन गरेको छ भने विगत वर्षहरुमा अपलेखन भएका कर्जाबाट रु ८७ लाख ४३ हजार असूली गर्न सफल भएको छ । अन्य निष्क्रिय कर्जाको असूलीको लागि समेत बैंक व्यवस्थापनले तदारुकताका साथ कोशिस गरिरहेकोले चालू आर्थिक वर्षको नाफामा सहयोग पुग्ने विश्वास दिलाउन चाहन्छौं ।

बैंकको वित्तीय स्थिति:

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७४/७५ असार मसान्त	२०७५/७६ असार मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,१६,४६,२३	१,३३,१५,११	१४.३३
२.	खुद सम्पत्ति	१४,१३,८९	१५,९९,४८	१३.१३
३.	निक्षेप	९९,७४,३०	१,१३,०९,००	१३.३८
४.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	८६,८४,६६	९८,२०,६३	१३.०८
५.	खुद ब्याज आम्दानी	४,३२,१८	५,०३,१३	१६.४२
६.	अन्य आम्दानी	१,३०,८१	१,६४,०५	२५.४१
७.	संचालन तथा कर्मचारी खर्च	२,१८,६९	२,६०,५०*	१९.१२
८.	संचालन मुनाफा	२,९८,८७	३,९४,२२	३१.९०
९.	खुद मुनाफा	१,८७,५६	२,७६,३८	४७.३६

*संचालन तथा कर्मचारी खर्चमा अनिवार्य कर्मचारी बोनस पनि समावेश गरिएको छ ।

बैंकको आ.व. २०७५/७६ र समीक्षा वर्षको निक्षेप, कर्जा, आम्दानी र खर्चको संरचनात्मक तुलना गरिएको विवरण यस वार्षिक प्रतिवेदन पुस्तिकामा समावेश गरिएको छ ।

राष्ट्रिय तथा अन्तर्राष्ट्रिय आर्थिक क्रियाकलाप र त्यसबाट बैंकलाई परेको प्रभाव:

हालका वर्षहरूमा विश्व अर्थतन्त्र मन्द गतिमा वृद्धि भएको देखिन्छ। त्यसमा पनि प्रमुख विकसित राष्ट्रहरू जस्तै अमेरिकी, युरोपेली राष्ट्रहरू, केहि एशियाली देशको अर्थतन्त्रमा समेत मिश्रित रूपमा मात्र वृद्धि भएको देखिन्छ। अमेरिका र चीन बिचको अघोषित व्यापारिक द्वन्दले गर्दा विश्व अर्थतन्त्रमा नकारात्मक असर परेको देखिन्छ। दक्षिण छिमेकी राष्ट्र भारतमा आएको न्यूनतम आर्थिक वृद्धिदरले प्रत्यक्ष परोक्ष रूपमा नेपालको अर्थतन्त्रमा असर परेको देखिन्छ। समीक्षा वर्षमा देशमा राजनैतिक अस्थिरता र सक्रमणकाल समाप्त भएता पनि विभिन्न उतारचढाव हुनुका बाबजूद उत्साहजनक आर्थिक वृद्धि हुन सक्यो। तथापि नयाँ करको व्यवस्था र सरकारका विभिन्न घोषित नीति नियमहरूका कारणले लगानी योग्य सहज वातावरण बन्न नसकेको अनुभूति भएको छ।

नेपाल राष्ट्र बैंकले प्रकाशित गरेको आर्थिक वर्ष २०७५/७६ को आर्थिक स्थितिअनुसार यसवर्ष देशको कुल गार्हस्थ्य उत्पादन वृद्धिदर ७.१ प्रतिशत (अनुमानित) रहेको छ। अघिल्लो वर्ष यसको वृद्धिदर ६.३ प्रतिशत रहेको थियो। अनुकूल मौसमी वर्षा, उर्जा आपूर्तिमा भएको सुधार र आपूर्ति व्यवस्थामा सामान्यीकरण भएकोले पनि आर्थिक वृद्धिदर उच्च रहन गएको हो। उपभोक्ता वार्षिक औसत मुद्रास्फीति अघिल्लो वर्षको ४.२ प्रतिशतको तुलनामा समीक्षा वर्षमा सामान्य वृद्धि भई ४.६ प्रतिशतमा रहेको छ।

आर्थिक वर्ष २०७५/७६ मा कुल वस्तु निर्यात १९.४ प्रतिशतले वृद्धि भई रु. ९७ अर्ब ११ करोड पुगेको छ। यसैगरी वस्तु आयात अघिल्लो वर्षको २५.५ प्रतिशतको तुलनामा समीक्षा वर्षमा १३.९ प्रतिशतले मात्र बढेर रु. १,४१८ अर्ब ५४ करोड पुगेको छ। समीक्षा अवधिमा आयात भन्दा निर्यातमा भएको वृद्धिले आर्थिक वर्ष २०७५/७६ मा कुल वस्तु व्यापार घाटा अघिल्लो वर्षको २६.७ प्रतिशतको तुलनामा १३.५ प्रतिशतले विस्तार भई रु. १,३२१ अर्ब ४३ करोड पुगेको छ।

अघिल्लो वर्ष रु. २४७ अर्ब ५७ करोडले घाटामा रहेको चालू खाता घाटा समीक्षा वर्षमा पनि विस्तार भई रु. २६५ अर्ब ३७ करोड पुगेको छ। अमेरिकी डलरमा अघिल्लो वर्ष २ अर्ब ३७ करोडले घाटामा रहेको चालू खाता समीक्षा वर्षमा केही घटि २ अर्ब ३५ करोड रहेको छ।

त्यसैगरी अघिल्लो वर्ष रु. ९६ करोडले बचतमा रहेको समग्र शोधनान्तर स्थिति समीक्षा वर्षमा गएर रु. ६७ अर्ब ४० करोडले घाटामा रहेको छ। यसैगरी विप्रेषण आप्रवाह पनि समीक्षा वर्षमा १६.५ प्रतिशतले वृद्धि भई रु. ८७९ अर्ब २७ करोड पुगेको छ। अघिल्लो वर्ष यसको वृद्धिदर ८.६ प्रतिशत मात्र थियो। २०७६ असार मसान्तमा कुल विदेशी विनिमय सञ्चिति २०७५ असार मसान्तको रु. १,१०२ अर्ब ५९ करोड तुलनामा केहि घटि रु. १,०३८ अर्ब ९२ करोड रहेको छ। आर्थिक वर्ष २०७५/७६ मा विस्तृत मुद्राप्रदाय १५.८ प्रतिशतले मात्र वृद्धि भएको छ। अघिल्लो वर्ष उक्त मुद्राप्रदाय १९.४ प्रतिशतले बढेको थियो।

आर्थिक वर्ष २०७५/७६ मा बैंक तथा वित्तीय संस्थाहरूको निक्षेप परिचालन १८ प्रतिशतले बढेको छ। अघिल्लो वर्ष निक्षेप परिचालन १९.२ प्रतिशतले बढेको थियो। आर्थिक वर्ष २०७५/७६ मा बाणिज्य बैंकहरूको कर्जा तथा लगानी १९.४ प्रतिशतले बढेको छ। अघिल्लो वर्ष यस्तो कर्जा २२.५ प्रतिशतले बढेको थियो।

वर्तमान आर्थिक तथा बैंकिंग क्रियाकलाप:

मुलुकको अर्थव्यवस्था अझै पनि विप्रेषणमा निर्भर रहेको छ। तर हालका वर्षमा विप्रेषणको वृद्धि दरमा भएको उतारचढावले आर्थिक स्थिरतामा आशंकाको बादल मडारिएको छ। बैंकिंग क्षेत्रमा विगतका केहि वर्ष देखि कर्जा योग्य तरलतामा देखिएको समस्या समीक्षा वर्षमा पनि कायम नै रहेको छ। तसर्थ बैंकले विभिन्न योजना र सेवाहरू सार्वजनिक गरी लगानी योग्य पुँजी भित्र्याउने प्रयास गरेको छ।

नेपाल राष्ट्र बैंकको नीतिगत प्रयास र बढ्दो प्रतिस्पर्धाका कारण केही बैंक तथा वित्तीय संस्थाहरू गाभिने क्रम जारी रहेको छ। नेपाल राष्ट्र बैंकबाट इजाजत प्राप्त बैंक तथा वित्तीय संस्थाहरूको संख्या लघुवित्त वित्तिय संस्था बाहेक २०७५ असार मसान्तमा रहेको ८६ बाट घटेर २०७६ असार मसान्तमा ८० भएको छ।

आर्थिक वर्ष २०७५/२०७६ को कार्यक्रमको कार्यान्वयन स्थिति:

- निष्क्रिय कर्जा (NPA) १.१२ प्रतिशतमा रहेको ।
- विभिन्न स्थानमा नयाँ शाखाहरु स्थापना गर्ने लक्ष्य लिएकोमा आ.व. २०७५/७६ को असार मसान्त सम्ममा देशका विभिन्न ४ स्थानमा नयाँ शाखाहरु खोली कुल ५९ वटा शाखाहरु सञ्चालनमा ल्याइएको ।
- विप्रेषण व्यवसायलाई एसियाली, अमेरिकी र युरोपेली बजारमा स्तरीय सेवाका साथ फैलाउँदै लगिएको छ ।
- शाखा तथा नाफा केन्द्रहरुको सेवा स्तर अभिवृद्धि गर्ने कार्य लागु गरिएको छ ।
- योजना अनुसार विभिन्न स्थानमा थप ए.टी.एम. हरु जडान गरी २०७६ असार मसान्त सम्ममा बैंकको कुल एटिएम संख्या १२२ पुगेको छ ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरुलाई ग्राहकको मागअनुसार थप आकर्षक बनाई प्रचलनमा ल्याइएको छ ।
- अपलेखन गरिएका कर्जाहरुको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिइएको छ ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न ५०४ थान अतिरिक्त “पस टर्मिनल” थपिएको छ ।
- विभिन्न शाखाहरुको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने कार्यको शुरुवात गरिएको छ ।
- बैकिङ्ग सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक र सुरक्षाको दृष्टिकोणबाट थप स्तरोन्नति गरिएको छ ।

आर्थिक वर्ष २०७६/२०७७ को कार्यक्रम:

- शाखा विस्तार योजनाअनुरूप थप १२ नयाँ शाखा तथा विभिन्न स्थानमा विस्तारित/एक्स्टेन्सन काउण्टर स्थापना गर्ने ।
- निष्क्रिय कर्जा (NPA) लाई कम गर्ने ।
- अपलेखन गरिएका कर्जाहरुको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिने ।
- नयाँ कर्जा र निक्षेप सेवाहरु प्रचलनमा ल्याउने ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरुलाई ग्राहकको मागअनुसार आकर्षक बनाई प्रचलनमा ल्याउने ।
- विभिन्न स्थानमा थप ३६ एटिएम मेशिन जडान गरी बैंकको कुल एटिएम संख्या १५८ पुऱ्याउने ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न २००० थान “पस टर्मिनल” विस्तार गर्ने ।
- बैंकको व्यवसाय विस्तारका लागि बैंकको लगानीमा मर्चेन्ट बैकिङ्गको रूपमा स्थापना भएको Himalayan Capital को सेवालालाई विस्तार गर्ने ।
- विभिन्न शाखाहरुको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने ।
- बैकिङ्ग सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक तवरले थप सुरक्षित र स्तरोन्नति गर्दै जाने ।

संस्थागत सामाजिक दायित्व:

आफ्नो सामाजिक दायित्वको निर्वाह गर्ने उद्देश्यले बैंकले आफ्नो स्थापनाको शुरुवातदेखि नै विविध कृयाकलापहरु मार्फत विभिन्न सामाजिक संस्थाहरुमा योगदान पुऱ्याउँदै आएको छ । बैंकले समीक्षा वर्षमा विशेषतः शिक्षा, स्वास्थ्य, अनाथालय, वृद्धाश्रम, खेलकुद, संस्कृति तथा साँस्कृतिक सम्पदा संरक्षण लगायत प्राकृतिक प्रकोपबाट पीडितलाई सघाउने कार्यक्रममा सहयोग गरेको छ ।

बैंकले आर्थिक वर्ष २०७५/७६ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा नवकिरण अनाथ तथा असाहाय बालआश्रमका लागि रु ५०,०००/-, हेल्पिङ्ग ह्याण्ड बालआश्रमका लागि रु ५०,०००/-, त्रि.वि केन्द्रिय गृह विज्ञानलाई मुटु दिवसमा सचेतना कार्यक्रम गर्नका लागि रु. ५०,०००/-, लायन्स क्लब र भुलाँ सुधार समितिबाट संचालित स्वस्थ शिविरका लागि रु. ५०,०००/-, श्री दिप ज्योति विद्यालय हेटौडाका विद्यार्थीलाई पोशाक र शैक्षिक सामाग्रीका लागि रु. ५०,०००/-, श्री पञ्चोदय विद्यालय/जीवन ज्योति आवाशालयका दृष्टिविहिन विद्यार्थीहरुका लागि पंखा र वाद्यवादनका समाग्रीका लागि रु. ४९,३१९.९६, पुल्चोक इन्जिनियरिङ्ग क्याम्पसका विद्यार्थीद्वारा आयोजित हल्ट प्राईज कार्यक्रम लागि रु. ५०,०००/-, पोखरा महानगरपालिकाका विभिन्न क्षेत्रमा सिसिटीभि क्यामरा जडान गर्नका लागि रु ७५,०००/-, बाराख गण धनकुटामा घाँस काट्ने मेशिन र खेलकुद सामाग्रीका लागि रु. ८९, ८७२.३०, कुपण्डोल स्थित प्रहरी विटको भवन निर्माण गर्नका लागि रु. १००,०००/-,

बारा जिल्लाको सुवर्ण गाविस र प्रसौनी गाविसमा हावा हुरि पिडितहरुको लागि त्रिपाल र जस्तापाता किन्न क्रमशः रु. २००,०००/- र रु. १००,०००/-, जनता सामुदायिक विद्यालय धरानको लागि कुर्ची र टेबल किन्न रु. १००,०००/-, युथ कर्नर क्लबको आयोजनामा भएको विद्यालय स्तरीय चित्रकला प्रतिस्पर्धाको लागि रु. १००,०००/-, धरान विजयपुर चोक स्थित सिंहदेवि मन्दिर परिसरमा पैदलयात्री दर्शनार्थीको सुविधाको निम्ति खुड्किला निर्माणको लागि रु. १११,१११/-, त्रिदेवि मन्दिर ठमेलमा रंगरोगन र मर्मत सम्भार गर्नका लागि रु. १४९,५४५/-, पिछडिएका चेपाङ्ग विद्यार्थीहरुका लागि रु. १८०,०००/- बराबरका विभिन्न शैक्षिक समाग्रीहरु, टिच फर नेपाल नामक संस्थालाई दुर्गम क्षेत्रका विद्यालयका विद्यार्थीहरुलाई विभिन्न विषयमा गुणस्तरीय शिक्षा प्रदान गर्नका लागि रु. ५००,०००/-, त्रि वि शिक्षण अस्पतालमा चिकित्सकहरुको विश्रामको लागि विश्रामकक्ष निर्माण गर्नका लागि रु. ५५०,०००/-, स्पाइनल इन्जुरी संघ नेपाललाई ट्विचलचियर खरिद गर्न र संचालन खर्चको लागि रु. २५,००,०००/- प्रदान गरेको सहर्ष जानकारी गराउन चाहन्छु ।

यी बाहेक बैकले यस्तै तथा अन्य आवश्यक क्षेत्रमा सामाजिक उत्तरदायित्व अन्तर्गत रही सहायताहरु प्रदान गरेको छ र आगामी दिनहरुमा पनि यस्ता संस्थागत सामाजिक कार्यहरुमा संलग्न रही समाज र राष्ट्रप्रतिको आफ्नो भूमिका निर्वाह गर्न बैक प्रतिबद्ध छ ।

संचालक समिति:

समीक्षा वर्षमा बैकको संचालकहरुमध्ये सर्वसाधारण शेयरधनीहरुको तर्फबाट श्री सुरेन्द्र सिलवालको ठाउँमा पौष ३०, २०७५ मा सम्पन्न भएको २६ औं वार्षिक साधारण सभाबाट श्री विजय बहादुर श्रेष्ठ संचालक निर्वाचित हुनु भएको छ । त्यसैगरी व्यवसायिक विशेषज्ञको रुपमा स्वतन्त्र संचालकबाट श्री उपेन्द्र केशरी पौड्यालले मिति पौष २२, २०७५ मा राजीनामा दिई खाली भएको ठाउँमा मिति माघ २५, २०७५ बाट श्री राधा कृष्ण पोते संचालक नियुक्त हुनुभएको छ ।

त्यसैगरी आभा इन्टरनेशनलको तर्फबाट वैकल्पिक संचालकमा श्री सुनिल बहादुर थापाको ठाउँमा श्रावण १, २०७६ बाट श्री भिष्म कुमार चुडाल नियुक्त हुनुभएको छ ।

समीक्षा वर्षमा बैकको संस्थापकहरु मध्ये कर्मचारी सञ्चय कोषको तर्फबाट संचालक समितिको मिति २०७६ कार्तिक ७ को बैठकको निर्णयबाट Bank and Financial Institution Act (BAFIA) मा उल्लेखित प्राबधान अन्तर्गत संचालक तथा वैकल्पिक संचालकमा क्रमशः श्री तुलसी प्रसाद गौतम र श्री दामोदर प्रसाद सुवेदीलाई आगामी साधारण सभा सम्मको लागि पुन नियुक्त हुनु भएको छ ।

समीक्षा वर्षमानै बैकको संस्थापकहरु मध्ये हविव बैक पाकिस्तानको तर्फबाट संचालक समितिको मिति २०७६ कार्तिक ७ को बैठकबाट वैकल्पिक संचालकमा श्री माया इनायत इस्माईल नियुक्त हुनु भएको छ ।

बैकको संस्थापक एन. ट्रेडिङ्गको तर्फबाट प्रतिनिधित्व गर्नुहुने श्री मनोजबहादुर श्रेष्ठ अध्यक्ष पदमा, छाँया इन्टरनेसनलको तर्फबाट श्री प्रचण्डबहादुर श्रेष्ठ, आभा इन्टरनेसनलको तर्फबाट श्री सुशील विक्रम थापा संचालक पदमा यथावत रहनुभएको छ ।

त्यसैगरी छाँया इन्टरनेसनलको तर्फबाट सुश्री मेनुका श्रेष्ठ, एन.ट्रेडिङ्गका तर्फबाट श्रीमती रञ्जना श्रेष्ठ पूर्ववत् वैकल्पिक संचालक पदमा यथावत हुनुभएको छ ।

श्री हिमालय शमशेर ज.ब.रा पूर्ववत् संचालक समितिको प्रमुख सल्लाहकार हुनुहुन्छ ।

नयाँ नियुक्त संचालक तथा वैकल्पिक संचालकहरुलाई हार्दिक बधाई ज्ञापन गर्दै बैकको प्रगति र उन्नतिमा उहाँहरुको योगदानको अपेक्षा गर्दछौं । साथै निवर्तमान संचालक श्री सुरेन्द्र सिलवाल, संचालक श्री उपेन्द्र केशरी पौड्याल तथा वैकल्पिक संचालकहरु श्री विजय कुमार श्रेष्ठ र श्री सुनिल बहादुर थापाले बैकको हितमा गर्नुभएको कार्यका लागि उहाँहरुप्रति हार्दिक आभार व्यक्त गर्दछौं । यस अवसरमा बैकको हितमा सदा कार्यरत रहन संचालक समिति आफ्नो प्रतिबद्धता व्यक्त गर्दछ ।

लेखापरीक्षण, वासलात र अन्य विवरण:

२०७६ असार मसान्तको वासलात, २०७५/७६ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट हिसाब, नगदप्रवाह विवरण, सम्बन्धित अनुसूचीहरू र लेखापरीक्षकको प्रतिवेदन यसै प्रतिवेदनका अङ्गको रूपमा प्रस्तुत गरिएको छ। साथै कम्पनी ऐन २०६३ को परिच्छेद ७ दफा १०९ को उपदफा (४) बमोजिम प्रतिवेदनमा छुट्टै उल्लेख हुनुपर्ने कुराहरूलाई पनि समावेश गरिएको छ। बैंकको सहायक कम्पनी हिमालयन क्यापिटल लिमिटेडका साथै बैंकको लगानी भएका अन्य Associate कम्पनीहरूको कारोबारलाई Nepal Financial Reporting Standards अनुसार समावेश गरी एकीकृत वित्तीय विवरण समेत प्रस्तुत गरिएको छ।

नाफा - नोक्सान बाँडफाँट:

आर्थिक वर्ष २०७५/७६ मा बैंकको खुद मुनाफा रु. २ अर्ब ७६ करोड ३८ लाख ४८ हजार रहेको छ भने Other Comprehensive Income गणना गर्दा बैंकको कुल आम्दानी २ अर्ब ७३ करोड ६४ लाख ९५ हजार रहेको छ। यसमध्ये अनिवार्य जगेडाकोषमा यस वर्षको खुद मुनाफाको २० प्रतिशतले हुन आउने रु. ५५ करोड २७ लाख ६९ हजार छुट्याइएको छ। साथै बैंकले जारी गरेको रु. ६० करोडको बण्डको लागि नाफाबाट यस वर्ष जम्मा ८ करोड ५७ लाख १४ हजार बण्ड फिर्ता जगेडाकोषमा सारिएको छ। यसका अतिरिक्त रु. २ करोड ७६ लाख ३८ हजार सामाजिक उत्तरदायित्व कोषमा, रु. १ करोड ९५ लाख ६४ हजार कर्मचारी तालिम कोषमा, रु. ४४ लाख १९ हजार विनिमय समायोजन कोषमा तथा नियमनकारी कोषमा रु. १२ करोड ७ लाख ८५ हजार नियमानुसार रकमान्तर गरिएको छ। विगत वर्षमा विभिन्न कोषमा रकमान्तर भएको मध्ये रु. ५३ लाख २० हजार फिर्ता भई बाँडफाँटको लागि उपलब्ध भएको छ।

आर्थिक वर्ष २०७५/७६ को लागि शेयरधनी महानुभावहरूलाई चुक्ता पूँजीको १० प्रतिशत बोनस शेयरका साथै १२ प्रतिशत नगद लाभांश (कर सहित) वितरण गर्ने प्रस्ताव गरेका छौं। यस अनुरूप बोनस शेयर र नगद लाभांशका लागि क्रमशः रु. ८५ करोड २० लाख २५ हजार ५ सय ८४ र रु. १ अर्ब २ करोड २४ लाख ३० हजार ७ सय १ मात्र संचित मुनाफाबाट उपयोग गरिनेछ। यस वर्षको प्रस्तावित बोनस शेयरको वितरण पछि बैंकको चुक्ता पूँजी रु. ९ अर्ब ३७ करोड २२ लाख ८१ हजार ४ सय २८ हुनेछ। बैंकले स्थापनाकालदेखि नै नियमितरूपमा आफना शेयरधनीहरूलाई बोनस शेयर तथा लाभांशको आर्कषक मुनाफा दिने गरेकोमा यस वर्ष पनि सो लाई निरन्तरता दिन सकेकोमा हामी गौरवान्वित छौं।

धन्यवाद ज्ञापन:

बैंकले पाएको सहयोगका लागि शेयरधनी महानुभावहरू, ग्राहकवर्ग तथा नेपाल सरकारका सम्बन्धित निकायलगायत अर्थ मन्त्रालय, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, कम्पनी रजिष्ट्रार कार्यालय, सिडिएस एण्ड क्लिएरिङ लिमिटेड, कर्जा सूचना केन्द्र लि., निक्षेप तथा कर्जा सुरक्षण कोष प्रति संचालक समितिको तर्फबाट हार्दिक आभार प्रकट गर्दछौं। बैंकको साभेदार हबिब बैंक लिमिटेड पाकिस्तानको व्यवस्थापन, बैंकका प्रमुख कार्यकारी अधिकृत, वरिष्ठ महाप्रबन्धक, महाप्रबन्धक, नायब महाप्रबन्धक, वरिष्ठ अधिकारी लगायत सम्पूर्ण कर्मचारी र सहयोगीहरूलाई बैंकको प्रगतिमा पुऱ्याएको क्रियाशील योगदानका लागि धन्यवाद दिन्छौं। साथै हाम्रो क्रियाकलापलाई सकारात्मकरूपमा लिई जनसमक्ष पुऱ्याइदिने संचारजगतका मित्रहरू र सम्पूर्ण शुभेच्छुकहरूप्रति पनि हामी हार्दिक आभार व्यक्त गर्दछौं।

धन्यवाद।

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(मनोजबहादुर श्रेष्ठ)

अध्यक्ष

कम्पनी ऐन २०६३ को दफा १०९ उपदफा ८ अनुसारको अतिरिक्त विवरण

१. जफत गरिएका शेयरहरूको विवरण :
बैंकले गतवर्ष कुनै पनि शेयर जफत गरेको छैन ।
२. सहायक कम्पनीहरूसँगको कारोबार :
बैंकले Merchant Banking सम्बन्धी कार्य गर्नको लागि आफ्नो पूर्ण स्वामित्वमा हिमालयन क्यापिटल लिमिटेड स्थापना गरेको छ । उक्त सहायक कम्पनीले नेपाल धितोपत्र बोर्डबाट merchant banking र depository participant को रूपमा काम गर्न अनुमती प्राप्त गरी श्रावण २६, २०७६ देखि संचालनमा आएको छ । उक्त सहायक कम्पनीले आर्थिक वर्ष २०७५/७६ को अन्त्यमा हिमालयन बैंकमा राखेको मौजदात रु. २०,२५,१०,००८/-
३. आधारभूत शेयरधनीहरूबाट बैंकलाई उपलब्ध गराइएको जानकारी :
यस्तो कुनै जानकारी प्राप्त भएको छैन ।
४. समीक्षा वर्ष (२०७५/७६) मा बैंकका संचालक तथा पदाधिकारीहरूले खरिद गरेका शेयरहरू :
यस्तो कुनै कारोबार भएको बैंकको जानकारीमा आएको छैन ।
५. बैंकसँग सम्बन्धित सम्झौताहरूमा कुनै संचालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थबारे उपलब्ध गराइएको जानकारीको व्यहोरा ।
यस्तो कुनै जानकारी बैंकलाई प्राप्त भएको छैन ।
६. बाइ-व्याक गरिएका शेयरको विवरण:
समीक्षा वर्षमा बैंकले आफ्ना शेयरहरू आफैले खरिद गरेको छैन ।
७. आन्तरिक नियन्त्रण व्यवस्था:
बैंकको आन्तरिक नियन्त्रण व्यवस्था सक्षम छ । नियन्त्रण व्यवस्थामा अवलम्बन गरिएका प्रक्रियाहरू निम्नानुसार छन् ।
क) मजबुत आन्तरिक निरीक्षण तथा नियन्त्रण व्यवस्था अपनाइएको ।
ख) संचालन प्रक्रियालाई व्यवस्थित गर्न कार्यप्रणाली, प्रक्रिया र अन्य निर्देशिकाको व्यवस्था गरेको ।
ग) कर्जा नीति निर्देशिका जारी गरी अपनाइएको छ ।
घ) अनुपालना तथा आन्तरिक नियन्त्रण प्रणालीको सुपरिवेक्षण गर्न छुट्टै अनुपालना तथा आन्तरिक नियन्त्रण विभागको व्यवस्था गरेको ।
ङ) स्वतन्त्र आन्तरिक लेखापरीक्षण विभाग रहेको ।
च) लेखापरीक्षण समितिले आन्तरिक नियन्त्रण प्रणाली र लेखापरीक्षणबाट औल्याइएका प्रमुख कुराहरूको नियमित अनुगमन गर्ने परिपाटी बसालिएको ।
८. समीक्षा वर्षमा भएको कुल व्यवस्थापन खर्च :

समीक्षा वर्षमा भएको कुल व्यवस्थापन खर्च :	रु.
कर्मचारी खर्च -	१,१७,१८,५४,०३५*
अन्य संचालन खर्च -	७९,६६,९८,५६३
ऱ्हास कट्टी र परिशोधन खर्च-	१७,०१,९८,२१५
कुल व्यवस्थापन खर्च -	२,१३,८७,५०,८१३

*NFRS अनुसार वित्तीय विवरणमा कर्मचारी खर्च अन्तर्गत देखाइएको कर्मचारी बोनस र कर्मचारी लोनको वित्तीय खर्च समावेश नगरिएको ।

९. लेखापरीक्षण समितिको सदस्यहरूको नामावली, पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र समितिले दिएको सुझावको विवरण :

लेखापरीक्षण समिति:

श्री प्रचण्ड बहादुर श्रेष्ठ	संयोजक
श्री राधा कृष्ण पोते	सदस्य
श्री रमेश कुमार धिताल (Team Leader - SAR Associates)	सदस्य-सचिव

समितिका सदस्यलाई बैठक भत्ताबाहेक अन्य कुनै पारिश्रमिक/सुविधा प्रदान गर्ने गरिएको छैन। सदस्य-सचिवबाहेक संयोजक र सदस्यहरूलाई प्रति बैठक भत्ता क्रमशः रु. १०,०००/- र ८,०००/- प्रदान गरिएको छ।

आर्थिक वर्ष २०७५/७६ मा १६ पटक समितिको बैठक बस्यो, जसमा:

- क) आन्तरिक लेखापरीक्षणको प्रतिवेदनको समीक्षा गरी सुधारका लागि व्यवस्थापनलाई आवश्यक निर्देशन दिइयो।
 - ख) निरीक्षण प्रतिवेदनहरूको समीक्षा गरी व्यवस्थापनलाई आवश्यक सुझाव दिइयो।
 - ग) बैंकको वार्षिक हिसाब, बाह्य लेखापरीक्षकको प्रारम्भिक प्रतिवेदन र केन्द्रीय बैंकको निरीक्षण प्रतिवेदन समीक्षा गर्नुका साथै यस सम्बन्धमा संचालक समितिको अनुमोदनका लागि आवश्यक कुराहरूको प्रतिपादन गर्न व्यवस्थापनलाई निर्देशन दिइयो।
 - घ) आन्तरिक नियन्त्रण व्यवस्था तथा प्रक्रियामा सुधार गर्न र आवश्यकतानुसार नीतिनिर्देशिका तथा प्रक्रियाहरूमा सुधारका उपायहरू अपनाउन व्यवस्थापनलाई निर्देशन तथा सुझावहरू दिइयो।
१०. संचालक, व्यवस्थापकीय निर्देशक, आधारभूत शेयरधनी र निजका नजिकका नातेदार तथा संलग्न फर्म, कम्पनी आदिबाट बैंकलाई प्राप्त हुनु पर्ने रकम :
- छैन।
११. समीक्षा वर्षमा संचालक, व्यवस्थापकीय निर्देशक, प्रमुख कार्यकारी अधिकृत र अन्य पदाधिकारीहरूलाई दिइएको पारिश्रमिक, भत्ता तथा सुविधाहरू:

(रुपैयाँ)

क्र.सं.	शीर्षक	संचालक	प्रमुख कार्यकारी अधिकृत	व्यवस्थापक
१.	बैठक भत्ता	१३,७७,०००	-	-
२.	तलब	-	८२,०८,०००	११,८६,१७,६४८
३.	भत्ता	-	७३,९२,०००	१०,३४,३३,०६१
४.	संचयकोष योगदान	-	-	९६,३७,१७५
५.	टेलिफोन/मोबाइल	२,०९,४०७	४,१८,३९५	१,८०,६०,७९२
६.	विविध	२४,५१,८७८	८,९२,७०५	३,१५,१४,१३३
		४०,३८,२८५	१,६९,११,१००	२८,१२,६२,८०९
७.	गाडी	छैन	*छ	छ
८.	आवास सुविधा	छैन	छैन	**छैन
९.	विमा	छ	छ	छ
	जम्मा संख्या	११	१	९९

टिप्पणी:

१. *प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक, सहायक महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई इन्धन र मर्मतसंभार सहित सवारी साधनको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई चालक समेत व्यवस्था गरिएको छ। व्यवस्थापकहरुलाई नियमानुसार सवारी सुविधा (OYVS Scheme) र इन्धनको व्यवस्था गरिएको छ।
२. **विदेशी कर्मचारी तथा उपत्यका बाहिरका शाखा प्रमुखको हकमा सुविधायुक्त आवासको व्यवस्था बैंकले नै गरेको छ।
३. क) संचालकहरुका लागि रु. २ लाखको औषोधोपचार विमा र रु. ३० लाखको दुर्घटना विमा गरिएको छ।
ख) बैंकका सबै प्रबन्धकहरुलाई बैंकको कर्मचारी विनियमावली अनुसार दुर्घटना विमा, औषोधोपचार विमा र जीवन विमाको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत तथा विदेशी कर्मचारीको करार बमोजिम दुर्घटना विमा र औषोधोपचार विमा गरिएको छ।
४. प्रमुख कार्यकारी अधिकृतको फोनको भुक्तानी बैंकले गर्ने व्यवस्था गरिएको छ। वरिष्ठ महाप्रबन्धक र महाप्रबन्धकको हकमा नियमानुसार प्रति महिना बढीमा रु. १२,०००/- र रु. ३,०००/- सम्मको सोधभर्ना बैंकबाट हुने व्यवस्था गरिएको छ।
५. प्रमुख कार्यकारी अधिकृत, महाप्रबन्धकहरुको हकमा खानेपानी तथा बिजुलीको महशुल बैंकबाट स्वीकृत सीमामा रही सोधभर्ना दिने व्यवस्था गरिएको छ।
६. प्रमुख कार्यकारी अधिकृत र व्यवस्थापकहरुलाई बोनस ऐन २०३० अनुसार कर्मचारी बोनस प्रदान गरिन्छ। विदेशी कर्मचारीको हकमा वरिष्ठ महाप्रबन्धकलाई समीक्षा वर्षमा करार अन्तर्गत प्रोत्साहन बोनसस्वरूप १२ हजार अमेरिकी डलर (कर पछि) दिइएको छ।
१२. वितरण गर्न बाँकी लाभांश
२०७६ असार मसान्तमा रु. २२ करोड ७२ लाख ६५ हजार ४ सय ५०।
१३. प्रचलित ऐन कानून अनुसार वार्षिक प्रतिवेदनमा उल्लेख गरिनुपर्ने अन्य विवरण:
छैन।
१४. विविध सम्बन्धित विषयहरु:
छैन।

द. मनोजबहादुर श्रेष्ठ
अध्यक्ष

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची - १५ (नियम २६ को उपनियम (२) सँग सम्बन्धित)

१. संचालक समितिको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
२. लेखापरीक्षकको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
३. लेखापरीक्षण भएको वित्तीय विवरण : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
४. कानुनी कारवाही सम्बन्धी विवरण
 - (क) समीक्षा अवधिमा संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए:
समीक्षा अवधिमा बैंक सञ्चालनमा असर पार्ने प्रकृतिको कुनै पनि मुद्दा दायर नभएको । यद्यपि बैंकले जारी गरेको परफरमेन्स बण्ड ग्यारेन्टी सम्बन्धी मुद्दा हाल पनि सम्मानित काठमाडौं जिल्ला अदालत तथा मित्र राष्ट्र चीनको अदालतमा विचाराधिन रहेको छ । उक्त ग्यारेन्टीको दावी रकम हिताधिकारीलाई भुक्तानी गरिसकेको छ ।
 - (ख) संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए:
समीक्षा अवधिमा उल्लेखित प्रकृतिका कुनै मुद्दा रहे/भएको जानकारी बैंकलाई प्राप्त नभएको ।
 - (ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए:
उल्लेखित प्रकृतिका कुनै मुद्दा दायर भएको जानकारी बैंकलाई प्राप्त नभएको ।

५. संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण

- (क) धितोपत्र बजारमा भएको संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:
संस्थाको शेयरको कारोबार लगानीकर्ताको संस्थाप्रतिको विश्वास तथा प्रतिफलको विश्लेषणको आधारमा हुने गरेको र बैंकको शेयरमूल्यमा उल्लेख्य उतारचढाव नदेखिएको र पूँजी बजारमा शेयरको कारोबार सन्तोषजनक रहेको ।
- (ख) गतवर्षको प्रत्येक त्रैमासिक अवधिमा संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संस्था र कारोबार दिन :

त्रैमास (महिना)	शेयरको अधिकतम मूल्य रु.	शेयरको न्यूनतम मूल्य रु.	शेयरको अन्तिम मूल्य रु.	कुल कारोबार शेयर संख्या	कुल कारोबार दिन
प्रथम त्रैमासिक - (आश्विन मसान्त २०७५)	५७८	५२४	५५०	१,२४,८३०	६२
दोश्रो त्रैमासिक - (पौष मसान्त २०७५)	५६६	४४९	४५६	१,११,३४१	६०
तेश्रो त्रैमासिक - (चैत्र मसान्त २०७५)	५००	४१८	४९०	१,५४,५०९	६०
चौथो त्रैमासिक - (आषाढ मसान्त २०७६)	६४४	४८८	५५२	४,६७,६४०	६४

६. समस्या तथा चुनौती

- बैंकले निम्न उल्लेखित राष्ट्रिय तथा अन्तर्राष्ट्रिय अवरोधहरूलाई समस्या तथा चुनौतीका रूपमा लिएको छ
- (क) व्यापार क्षेत्रको पर्याप्त विस्तार हुन नसक्नाले सम्पत्ति तथा दायित्व लक्षित जोखिम बढेको ।
 - (ख) वित्तीय संस्थाहरूको अझै पनि उल्लेख्य संख्या तथा तिब्र प्रतिस्पर्धा रहेको ।
 - (ग) मुद्रा स्थितिमा बृद्धि ।
 - (घ) आवश्यक आधारभूत संरचनाहरू जस्तै: सडकमार्ग, संचार तथा उर्जा आदिको अभाव ।
 - (ङ) नीतिगत अनिश्चितता र फलस्वरूप लगानीमा देखिएको असर ।
 - (च) विप्रेषणमा देखा परेको ह्रास ।
 - (छ) कोषको लागतमा निरन्तर देखिएको वृद्धिको असर ।
 - (ज) औषत ब्याजदर अन्तर, पूँजीकोष लगायत कुरामा नियमनकारी निकायबाट भएको परिवर्तनले व्यापार वृद्धि तथा नाफामा पर्न सक्ने असर ।

७. संस्थागत सुशासन

- (क) बैंक सञ्चालक समिति,
संचालक समिति अन्तर्गतको जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति र सम्पत्ति शुद्धिकरण निवारण समिति तथा व्यवस्थापन स्तरका कर्जा व्यवस्थापन समिति र सम्पत्ति- दायित्व व्यवस्थापन समितिहरूले बैंकको कार्यसञ्चालन लगायतका लागि नीति निर्माण प्रकृत्यामा कृयाशील भूमिका खेल्दछन् ।
- (ख) आन्तरिक नियन्त्रण प्रणाली
आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न छुट्टै स्वतन्त्र आन्तरिक लेखा परीक्षण विभाग स्थापना गरिएको छ । यस विभागले नियमित रूपमा विभिन्न शाखा तथा विभागको लेखापरीक्षण गरी प्रतिवेदनमा दिइएका सुझावहरू समीक्षा गर्न तथा कार्यान्वयन गराउन लेखापरीक्षण समितिका बैठकहरू नियमित रूपमा बस्ने गरेको छ ।
- (ग) आन्तरिक नीति, नियम तथा निर्देशिकाहरू:
बैंक संचालनको लागि तथा यस सिलसिलामा उत्पन्न हुनसक्ने जोखिमहरू कम गर्न बैंकले सुदृढ सञ्चालन प्रणाली लागू गरेको छ । बैंकका सम्पूर्ण कृयाकलापहरूलाई निर्देशित गर्न आवश्यक नीति तथा कार्यप्रणालीको व्यवस्था गरिएको छ । नियामक तथा अन्य कानूनी प्रावधानहरूको अनुपालनाको सुपरिवेक्षणको लागि समेत आवश्यक व्यवस्था गरिएको छ ।



HBL's History

Established as a joint venture of Habib Bank Limited of Pakistan in 1993, Himalayan Bank Limited (HBL) has been in the forefront of the Nepal's banking industry since its inception. Starting banking services from the Employees Provident Fund Building at Thamel, Kathmandu, HBL currently has countrywide network of 64 branches and 127 ATMs to provide highly reliable modern banking services to its customers across Nepal.

Our Vision

Himalayan Bank Limited holds a vision to become a Leading Bank of the country by providing premium products and services to its 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.

Board of Directors



Manoj Bahadur Shrestha
Chairman
Nominated from N. Trading Company Pvt. Ltd.

Ranjana Shrestha
Alternate Director



Faisal N Lalani
Director
Nominated from Habib Bank Ltd.

Maya Inayat Isnail
Alternate Director



Prachanda Bahadur Shrestha
Director
Nominated from Chhaya International Pvt. Ltd.

Menuka Shrestha
Alternate Director



Tulasi Prasad Gautam
Director
Nominated from Karmachari Sanchaya Kosh

Damodar Prasad Subedi
Alternate Director



Sushil Bickram Thapa
Director
Nominated from Ava International Pvt. Ltd.

Bhisma Chudal
Alternate Director



Bijay Bahadur Shrestha
Director
Elected from General Public Shareholders



Radha Krishna Pote
Independent Director



Himalaya SJB Rana
Chief Advisor (Board of Directors)

Message from the Chairman

It gives me immense pleasure to say that HBL has completed twenty-seventh year of service for which I feel a sense of extraordinary pride about the Bank and our employees across the country. What began as a small, but pioneering institution with Rs. 120 million in paid-up capital is today a leading national bank with a paid-up capital of over Rs. 9.37 billion (with the proposed bonus shares). We have been pioneers from the outset and innovation has been in our DNA. HBL was first to introduce ATMs in Nepal and was the first bank to issue HBL Proprietary Card for our customers. We were also first in introducing credit cards and tele banking services and were among the first banks to introduce advance CBS systems. You can be sure that we will continue to introduce new and innovative products as we continue our journey.

As we have journeyed from a small start-up bank, to a national leader in the banking space, we have sought to incorporate better policies, practices and right corporate governance structure to manage the sprawling organization and to better serve our clients and stakeholders. We understand that sound banking is the backbone on which all great economies are built, and to that end, over the last decade, we have sought to greatly improve our governance structures and ensure that HBL is able to provide services to our clients from a secure corporate footing.

The banking industry in Nepal has come a long way since we started. Banks have modernized and adopted new technology and thereby have been able to provide most modern banking products and services. We do, however, see several headwinds including the persistent credit crunch, which seems to be prolonged because of constrained remittance inflows and excessive credit expansion in the economy. Credit growth is a requirement for economic expansion, however, we should be mindful that excessive credit growth, without corresponding risk mitigation infrastructure, could be harmful to long term economic prosperity and while we need regulatory supervision and guidance to maintain a healthy financial sector, regulation should be consistent and clearly communicated to industry participants.

The country has experienced several hardships in politics, economics and natural disasters, but we always remain optimistic about the future of the country. It is this optimism that led us to establish the bank twenty-seven years ago, when it was less than obvious that we would survive and grow like we have. To that end, we remain hopeful that the economy will continue to grow and that inflation will remain stable and while we continue to be careful and prudent stewards of capital, we remain committed to the growth of this country by supporting the banking and financial needs of our clients.

As we move forward, the board will continue to incorporate the latest corporate governance measures and ensure that all systems and internal control mechanism are robust and up to date. We will continue to innovate and provide world-class banking services and as always, we remain aligned with the economic prosperity of the country. I would like to thank all staff for their motivated and invaluable services in achieving our goals. Additionally, I would like to express my gratitude to all the well-wishers, regulators, stakeholders for their continued support and guidance.

Manoj Bahadur Shrestha
Chairman

From the desk of CEO

The value of being True,
The value of being Resilience,
The value of being Unprecedented,
The value of being Supportive and lastly,
The value of being Thankful.

HBL knows the value of standing on the ground of TRUST.

Once again, the Bank has completed a year with outstanding performance, service excellence and portfolio diversity. We feel proud that, during the review period, our balance sheet has recorded an exceptional growth in the overall portfolio despite the adversities faced by overall financial system of the country.

During the year, the volatility in the deposit rate has been a major issue. The fluctuation on the interest rate has created uncertainty in the financial market. The shortage of lendable funds during the period has hampered the overall growth rate thereby shrinking the possibilities of lending in the productive sector, we are proud that the bank has recorded net profit of Rs. 2.76 Billion with total deposit Base of Rs. 113.09 Billion, total lending of Rs. 98.21 Billion, Total Assets of Rs. 133.15 Billion and total paid-up of Rs. 9.37 Billion (with the proposed bonus shares). It is all because of the TRUST of our shareholders and the clients that we have managed this growth.

Our focus for the year was to extend our presence in various part of the country, thus we have opened branches in various rural and urban areas of the country as per our strategic plans and regulatory directive. These branches have contributed in collection of deposit and extending credit facilities giving much needed modern banking services to the local inhabitants. Similarly, the bank has introduced various schemes, products and facilities for the clients as needed by the market. We have done quite a lot of improvement in IT and IT Security along with Cards and Remittance. We also focused on technological innovation for diversifying traditional banking habits of our customers to modern, service-oriented banking system and diversifying business lines like in the past years. Therefore, the bank remained robust and is positioned in the top tier among the Financial Institutions of the country.

We also focused on providing effective and efficient customer care along with mitigating the risks that are possible to arise in course of doing business throughout our network in and out of the country. Like in the past years, we focused on good Corporate Governance, Practices and follow all the sets of parameters and Directives/Circulars of the Regulators for better transparency and accountability. The Bank has always set an example of internal control for which a separate vertical, namely Compliance and Internal Control Department has been working closely for better internal control following the rules and regulations of the Regulator.

Being a main service provider in remittance business, our presence has been increased in and out of the country. This helped us to grow our business and provide effective and easy solutions to our customers apart from helping generate revenue along with strengthening our foreign currency position. As in the past years, HBL has continued focusing on enlarging the Retail and SME Loans portfolio considering the huge potential at the local level. This would also ensure expansion of economic activities in local level thereby helping increase economic activities and promote financial inclusion.

It's easy to get on the top, but its really difficult to maintain the position. I feel proud that HBL has maintained its legacy of being one of the most preferred Banks in Nepal. Here I would like to express my sincere gratitude to the Board of Directors for their continuous guidance and support throughout the year. Likewise, I would once again like to take this opportunity to express thanks to our shareholders, well-wishers, Nepal Rastra Bank and other related government agencies which has given us much needed support and guidance time and again.

Without their TRUST, help and support over and again, HBL would not have succeeded to look beyond the horizon and stand firmly.

Ashoke SJB Rana
Chief Executive Officer

Senior Management Team



Ashoke SJB Rana
Chief Executive Officer



Ejaz Qadeer Gill
Senior General Manager



Sushiel Joshi
General Manager



Anup Maskay
General Manager



Ujjal Raj Rajbhandary
General Manager



Rabindra Narayan Pradhan
Assistant General Manager



Maheshwor Prasad Joshi
Assistant General Manager



Bipin Hada
Assistant General Manager



Bijay Man Nakarmi
Chief Manager



Mrigendra Pradhan
Chief Manager



Naveen Poudyal
Chief Manager

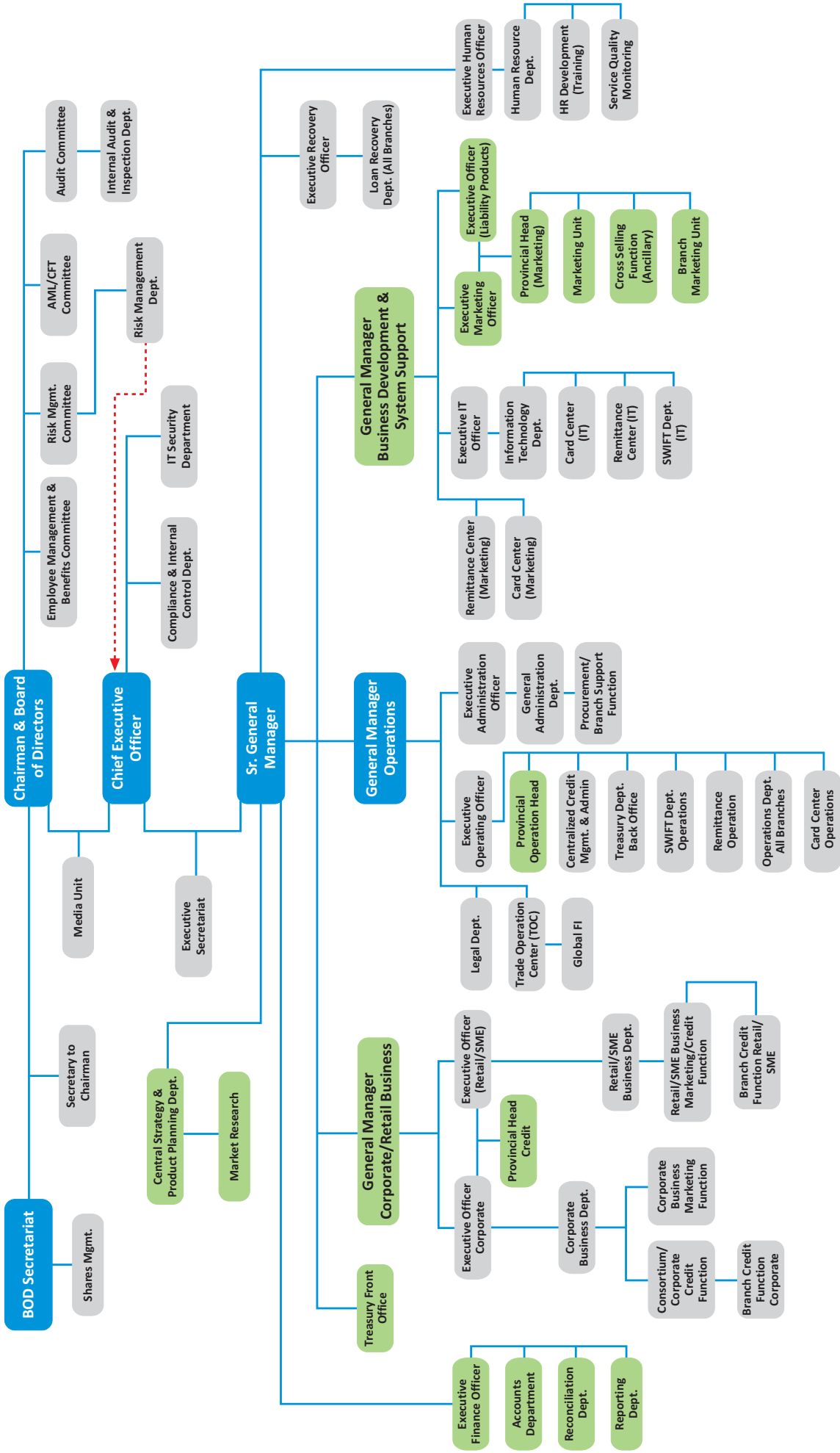


Satish Raj Joshi
Chief Manager



Sunil P Gorkhali
Chief Manager

ORGANIZATIONAL CHART



Report of the Board of Directors To the Twenty-Seventh Annual General Meeting

Dear Shareholders,

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

The bank has been in continuous service to its valued customer for the last 27 years. I feel proud that the Bank has established itself as one of the most secure and reliable banks among the financial institutions of the Country.

I am pleased to inform you that Himalayan Bank has performed comparatively well during FY 2018/19. Credit disbursement, deposit solicitation, earnings related to remittance and expansion of services were quite positive due to which the income of the Bank has increased at the end of the year. Even though the increased loan loss provisioning has created some impact on profitability of the Bank, we are hopeful that the profitability would increase in the current fiscal year as the Bank Management is working on to recover those classified loans.

Presently, the Bank has been providing services to its customers from 64 branches and 127 ATM throughout the country. Likewise, it is our pleasure to inform you that during the review period, fully owned subsidiary company of the Bank, "Himalayan Capital Ltd." has started its full-fledged operations from its registered office at Karmachari Sanchaya Kosh Building, Thamel, Kathmandu.

The Bank has been continuously progressing with the deep faith of customers, direct and indirect support of the shareholders and creative initiatives of the Bank Management. Since its inception, the Bank has been working in accordance to its aim of developing healthy banking system as well as extending accessible and quality service to the people.

We would like to present the Balance Sheet as on July 16, 2019, the Profit and Loss Account for the fiscal year 2018/19, the Profit and Loss Appropriation Account and other financial statements for approval.

Review of the Bank's Operations

During the review period, the Bank's total deposit reached Rs. 113.09 billion, an increase of 13.38 percent compared to previous year. Similarly, the loans and advances reached to Rs. 98.21 billion during the review period, an increment of 13.08 percent compared to previous year.

The net assets of the Bank increased by 13.13%, reaching Rs. 15.99 billion, during the review period, while the total assets increased by 14.33 % and reaching to Rs. 133.15 billion.

Following the guideline of regulatory body, Nepal Rastra Bank and Institute of Chartered Accountants of Nepal, the Bank was able to post an operating profit after provision for loan loss to the tune of NPR 3.94 billion during the fiscal year, with net profit at NPR 2.76 billion.

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

(In Rs. Millions)

S.N.	Particulars	As on July 16, 2019	As on Oct 17, 2019	Increase (Decrease) %
1	Total Assets	133,151	143,529	7.79
2	Deposits (Including BFIs)	113,090	119,026	5.25
3	Loans, Overdrafts and Bills Purchased and Discounted	98,206	102,989	4.87

During the review period, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 0.54 million whereas the Bank was able to recover Rs 8.74 million from the already-written-off loans.

The Bank Management has been firmly working to recover the non-performing, bad and written off loan. We would like to assure you that this will help in enhancing profitability of the Bank in the current fiscal year.

Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2017/18 and 2018/19 are presented below:

(In Rs. Millions)

S. N.	Particulars	2017/2018 As on July 16	2018/2019 As on July 16	Increase (Decrease) %
1	Total Assets	116,462	133,151	14.33
2	Net Assets	14,139	15,995	13.13
3	Deposits	99,743	113,090	13.38
4	Loans, Overdrafts and Bills Purchased and Discounted	86,847	98,206	13.08
5	Net Interest Income	4,322	5,031	16.42
6	Other Income	1,308	1,640	25.41
7	Operating and Staff Expenses	2,187	2,605*	19.12
8	Operating Profit	2,989	3,942	31.90
9	Net Profit	1,876	2,764	47.36

*Operating and Staff Expenses includes Staff Bonus Expenses

The comparative status of deposit, credit, income and expenditure of the Bank during the fiscal year 2018-19 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

In recent years, the world economy continues to grow sluggishly. Most of the developed countries having dominance over world economy, particularly the United States of America, European countries, China and India, are finding it difficult to attain encouraging growth thereby the economic growth of the world, as a whole, has observed lethargic growth. Besides, the trade war between USA and China has negative impact in the world economy. Similarly, the low growth rate of our Southern neighbour has direct/indirect impact on the economic growth of Nepal.

Nonetheless, Nepal has attained encouraging growth during the review period after the settlement of political uncertainty and end of transition period with the formation of stable government. However, due to the hike in taxation, some of the policies declared by the government have affected the investment environment in the country.

Nepal Rastra Bank has anticipated the GDP growth rate of 7.1% during 2018/19, whilst the GDP growth rate in the previous year was 6.3%. Favorable monsoon rain, improvement in energy supply and simplification on supply chain has contributed to this highest economic growth. Consumer's average inflation rate remained by increasing slightly at 4.6% during the review period in comparison to last year's 4.2%.

Total exports, during the FY: 2018/19, have increased by 19.4% to Rs. 97.11 billion. Similarly, the import increased by 13.9% to Rs. 1,418.54 billion in the review period in comparison to last FY's increment rate of 25.5%. Higher growth in export in comparison to import, during the review period, had led to increase in trade deficit by only 13.5% to Rs. 1,321.43 billion in comparison to the growth of 26.7% in last FY's.

Similarly, deficit in current account has increased to Rs. 265.37 billion from previous year's Rs. 247.57 billion. The Current account deficit in US Dollar value is recorded as Rs. 2.35 billion in comparison to last year's Rs. 2.37 billion.

Likewise, the surplus in BOP of Rs. 960 million during the previous FY has recorded deficit of Rs. 67.40 billion in the review period. Additionally, inflow of remittance had recorded growth of 16.5% to Rs. 879.27 billion in the review period. In the corresponding previous year, the remittance growth rate was only 8.6%. At the end of fiscal year 2018/19, the gross foreign exchange reserves have remained at Rs. 1,038.92 billion compared to fiscal year end 2017/18 figure of Rs. 1,102.59 billion. The broad money supply during the review period increased by 15.8% as compared to last year's increment of 19.4%.

During the year under review, the total deposit in the banking sector increased by 18% compared to 19.2% in the previous year. Similarly, the total loans and advances had increased by 19.4% in FY 2018/19 compared to 22.5% in the previous year.

Current Financial and Banking Environment

The economy of the country is still dependent on remittance. But fluctuation in growth rate in the remittance inflow, in recent years, has created doubts about economic stability. Like in the previous years, the banking industry witnessed crisis in loanable fund during the review period too. Thus, bank has introduced various schemes to attract deposit.

Due to the policy of Nepal Rastra Bank and fierce competition in banking industries, many financial institutions are in process of merger. Thus, the number of registered financial institutions excluding micro-finances as of FY 2018/2019 has decreased to 80, which were 86 during the last FY end.

Implementation Status of the Strategy and Program of the Bank for the FY 2018/2019

1. Non Performing Loan limited to 1.12 percent as of fiscal year end.
2. As per the branch expansion plan, HBL has opened 4 new branches in various part of the country to reach the total of 59 branches by the fiscal year end 2018/19.
3. Necessary arrangement is done to extend remittance business to various Asian, European and US market.
4. Different plans and policies are adopted to improve the service standard of branches and profit center.
5. The total number of ATMs reached to 122 with addition of new ATMs in various locations as per the plan by the fiscal year end 2018/19.
6. Deposit product, loan product and other banking facilities were made more attractive as per the demand of the general public.
7. Continuity has been given to the recovery of written-off loans in an active manner.
8. Additional 504 POS terminals have been installed for the convenience of the debit and credit card holders.
9. Continuous effort being made to renovate and expand various branches to make the ambience of branches pleasing and environment- friendly.
10. T24 banking software browser has been upgraded and made it more secure.

Strategies and Programs for FY 2019/2020

1. To establish 12 new branches and extension counters within and outside the valley as per branch expansion plan.
2. To lower the NPA.
3. To give continuity to recovery of written-off loans in an active manner.
4. To introduce new deposits, credit products and innovative banking services.
5. Deposit product, loan product and other banking facilities shall be made more attractive as per the demand of the general public.
6. To set up 36 additional ATMs at various places as well as newly set up branches to total the number to 158.
7. To install additional 2,000 POS machines so as to facilitate debit/credit card holders.
8. To enlarge the operation of Himalayan Capital so as to broaden the bank's business.
9. To renovate and expand various branches to make the ambience of branches pleasant and environment- friendly.
10. To upgrade and fine-tune CBS system T24 technically as per requirement and complying all the necessary security measures for better performance.

Corporate Social Responsibility (CSR)

Since its commencement, the Bank has been discharging its corporate social responsibilities through various social and allied institutions. The Bank, in the review period, has focused its CSR activities in the field relating to education, healthcare, orphanage, differently-abled people, old aged home, sports, culture, preservation of cultural heritages and rehabilitation of victims of natural calamities and social services.

During review period, under the CSR initiative, we are pleased to inform you all that the Bank has given financial assistance of Rs. 50,000/- each to Nava Kiran Orphans and Helpless Children Society and Helping Hand Children Society, Rs. 50,000/- to Department of Home Science, TU for creating awareness program on world heart day, Rs. 50,000/- to Lions Club and Bhula Sudhar Samiti for conducting health camp, Cloths and educational material worth Rs. 50,000/- to the students of Shree Deep Jyoti School, Hetauda, Fans and musical instrument worth Rs. 49,319.96 for blind students of Shree Panchodaya School/Jeevan Jyoti Hostel, Dhangadhi, Rs. 50,000/- to the Student of IOE Pulchowk for organizing Hult Prize Event, Rs. 75,000/- for installation of CCTV Camera in Pokhara Metropolitan city, Rs. 89,872.30 for purchase of Grass Cutter and Sports Material for Barakh Gan, Dhankuta, Rs. 100,000/- for construction of Police Bit at Kupondol, Relief Material worth Rs. 200,000/- and Rs. 100,000/- respectively for storm victims of Subarna and Prasauni Village Municipal of Bara District, Table and Chair worth Rs. 100,000/- to Janata Community School, Dharan, Rs. 100,000/- to Youth Corner Club for organizing drawing competition, Rs. 111,111/- for construction of pavement around Singha Devi Temple, Rs. 149,545/- for painting and maintenance of Tridevi Temple, Thamel, Educational Materials worth Rs. 180,000/- to the destitute students of Chepang Community, Rs. 500,000/- to Teach For Nepal for deploying volunteer for providing quality education on various subjects to the students of community school of remote areas, Rs. 550,000/- for construction of rest/leisure room for the doctors of TU Teaching Hospital, Rs. 2,500,000/- to Spinal Injury Sangh Nepal for purchase of Wheelchairs and operational expenses, etc along with many other social causes.

The Bank is active in the development of sports culture like in the past. The Bank has sponsored as well as co-sponsored various sports activities such as Golf, Badminton, Football tournament for deaf students, Judo/Martial Art events, etc.

The Bank is fully aware of its corporate social responsibilities towards the community/nation and committed to continue its CSR initiative in coming days as well.

Board of Directors

During the review period, Mr. Bijay Bahadur Shrestha (representing public shareholder) is elected as Director by the 26th AGM held on January 14, 2019 replacing Mr. Surendra Silwal. Similarly, Mr. Radha Krishna Pote is appointed as Independent Professional Director effective from February 08, 2019 in vacant position after resignation of Mr. Upendra Keshari Poudyal on January 06, 2019.

Similarly, Mr. Bhisma Kumar Chudal (representing Ava International) is appointed as Alternate Director effective from July 17, 2019 replacing Mr. Sunil Bahadur Thapa.

During the review period, as per the provision of BAFIA, Mr. Tulsi Prasad Gautam and Mr. Damodar Prasad Subedi (representing Employee Provident Fund) are appointed as Director and Alternate Director of the Bank respectively from the BOD Meeting held on October 24, 2019 till the upcoming Annual General Meeting of the Bank.

Similarly, Ms. Maya Inayat Ismail has been appointed as Alternate Director of the Bank representing Habib Bank Limited, Pakistan by the BOD Meeting held on October 24, 2019.

Mr. Manoj Bahadur Shrestha (representing N. Trading) and Mr. Prachanda Bahadur Shrestha (representing Chhaya International) have continued as Chairman and Director on the Bank's Board of Directors respectively. Similarly, Mr. Sushil Bickram Thapa (representing Ava International) has continued as Director on the Bank's Board of Directors.

Similarly, Ms. Menuka Shrestha (representing Chhaya International) and Mrs. Ranjana Shrestha (representing N. Trading) have continued as Alternate Directors on the Bank's Board of Directors.

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

We would like to congratulate and welcome all the newly appointed Director and Alternate Directors and are grateful to Former Directors, Mr. Surendra Silwal and Mr. Upendra Keshari Poudyal and Former Alternate Directors Mr. Bijaya Kumar Shrestha and Mr. Sunil Bahadur Thapa for their sterling contribution towards the Bank's progress and prosperity. On this occasion, I would like to declare that the Board of Directors of the Bank is committed towards prosperity of the Bank.

Audit, Balance Sheet and Other Financials

The Balance Sheet as on July 16, 2019, the Profit and Loss Account, the Profit and Loss Appropriation Account, Cash Flow, related annexure and Auditors' Report for the fiscal year 2018/19, 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. Consolidated Financial Statement has been prepared and presented including the Financial Statement of the Bank's fully owned subsidiary "Himalayan Capital Ltd" and other Associate Companies in which the Bank has invested according to the "Financial Reporting Standards".

Profit and Loss Appropriation

The net profit of the Bank amounted to Rs. 2,763.85 million for the fiscal year 2018/19 whereas the total net profit of the bank, including other comprehensive income, amounted to Rs. 2,736.50 million. 20% of the net profit i.e. Rs. 552.77 million, has been appropriated to the Statutory General Reserve Fund. In addition, the Bank has allocated Rs. 85.71 million from its profit and transferred it to the Bond Repayment Reserve for the Bond issued worth Rs. 600 million. Additionally, as per the circular of Regulatory Body, the Bank has transferred Rs. 27.64 million in the reserve for its Corporate Social Responsibility, Rs. 19.56 million has been transferred to Employee Training Reserve, Rs. 4.42 Million has been transferred to Foreign Exchange Adjustment Reserve and Rs. 120.79 Million has been transferred to Regulatory Reserve.

Out of the fund transferred to various Reserves in the previous year, Rs. 5.32 Million is also available for appropriation.

For fiscal year 2018/19, 10% bonus share and 12% cash dividend (including tax) have been proposed to the shareholders. For the proposed bonus shares and cash dividends, an amount of Rs. 852,025,584/- and Rs. 1,022,430,701/- respectively has been allocated from the retained profit. After the distribution of the proposed bonus shares, the paid-up capital of the Bank will amount to Rs. 9,372,281,428/-. We are proud of the fact that the Bank has been able to provide good returns in the form of cash dividends and bonus shares to its shareholders right from the commencement of its operations.

Vote of Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks to the shareholders, esteemed customers, related divisions of the Government of Nepal such as Finance Ministry, Nepal Rastra Bank, Security Board of Nepal (SEBON), Nepal Stock Exchange, Company Registrar Office, CDS and Clearing Ltd, Credit Information Bureau of Nepal, Deposit and Credit Guarantee Fund and all the other Regulatory Bodies for their guidance and invaluable support in discharging banking services. I would also like to place on record special thanks to the management of our joint venture partner Habib Bank Limited, Pakistan, the Bank's Chief Executive Officer, including entire staff 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

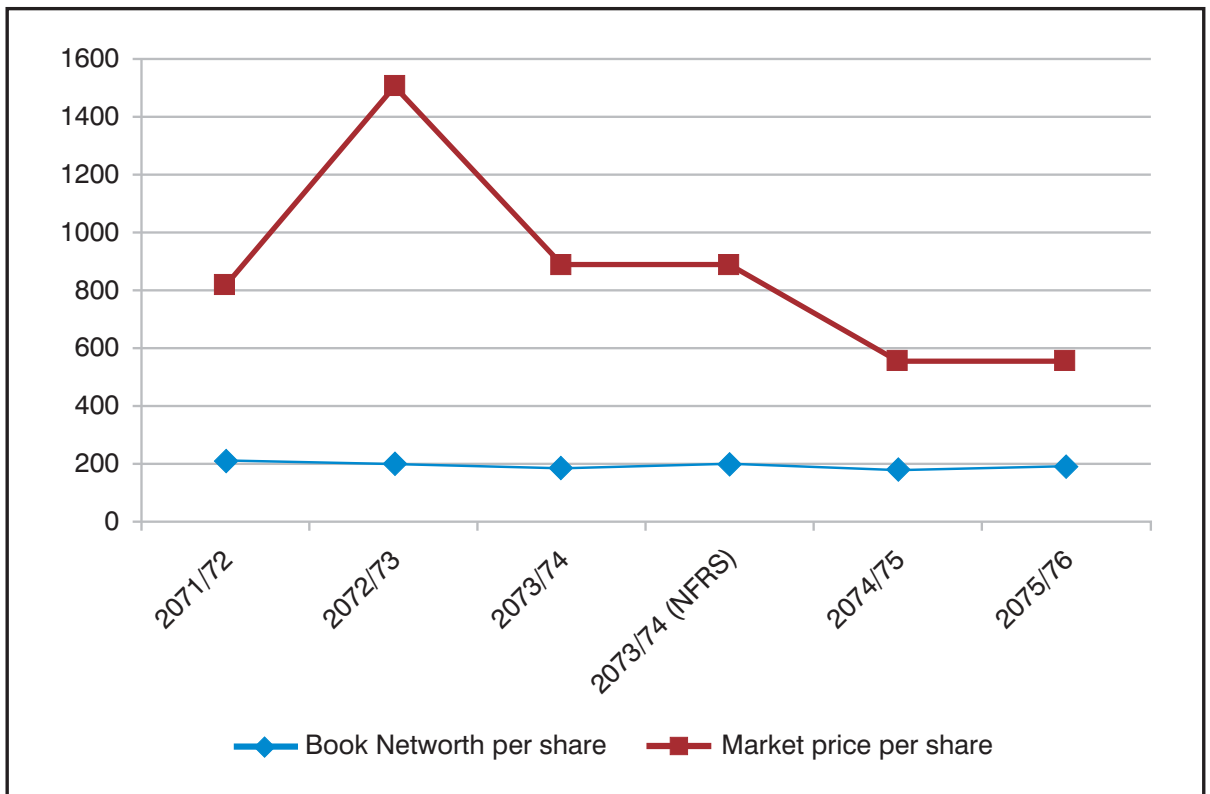
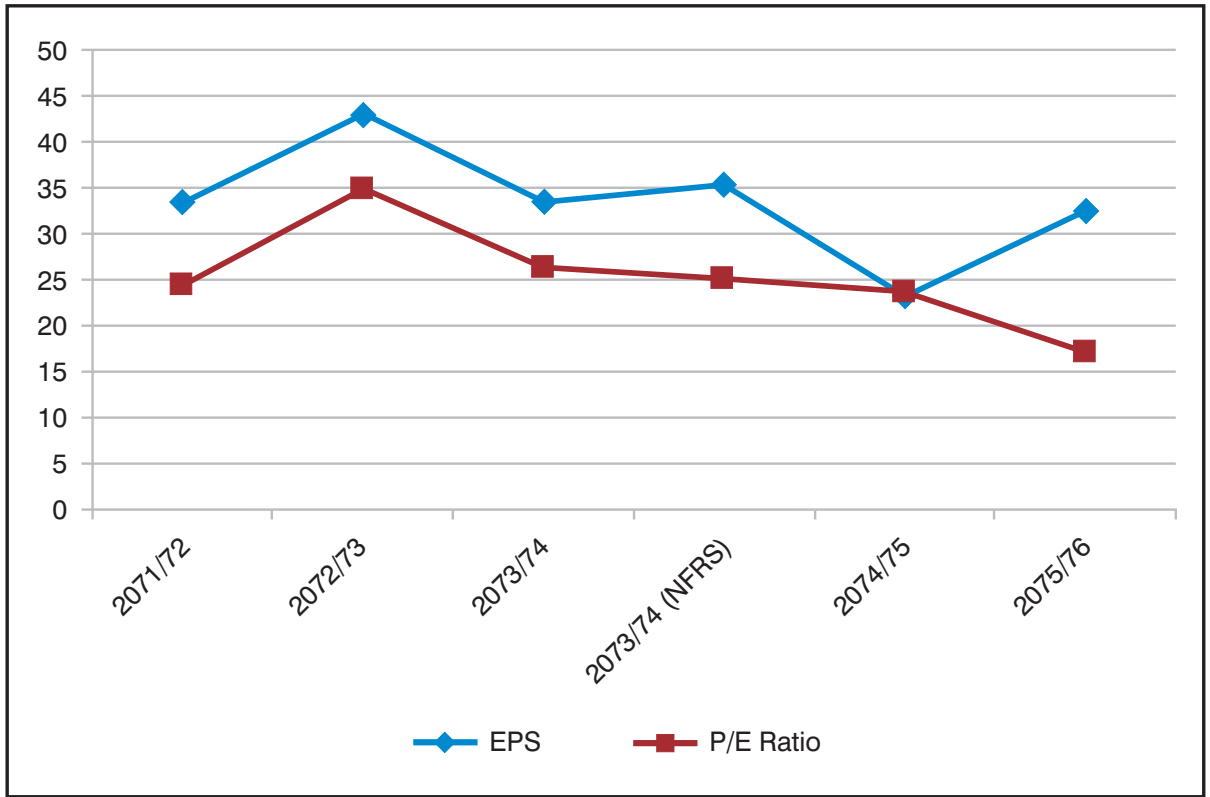
Manoj Bahadur Shrestha
Chairman

PRINCIPAL INDICATORS

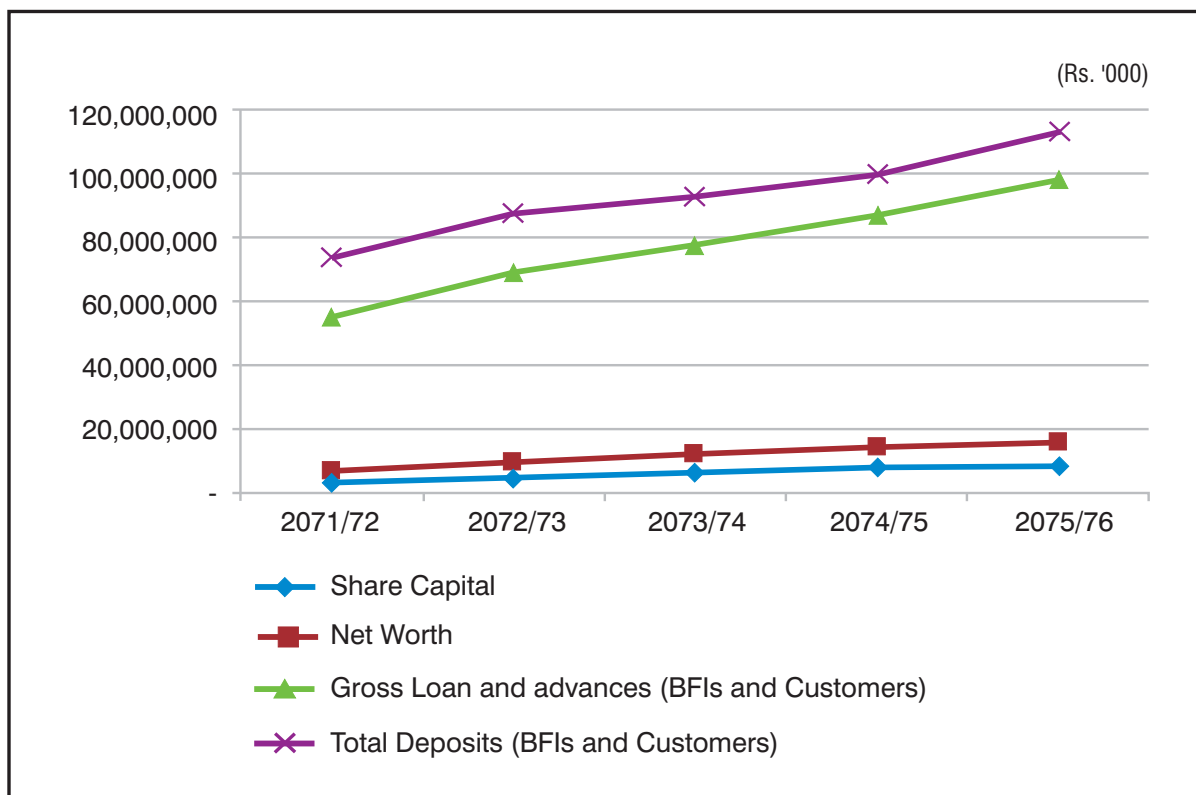
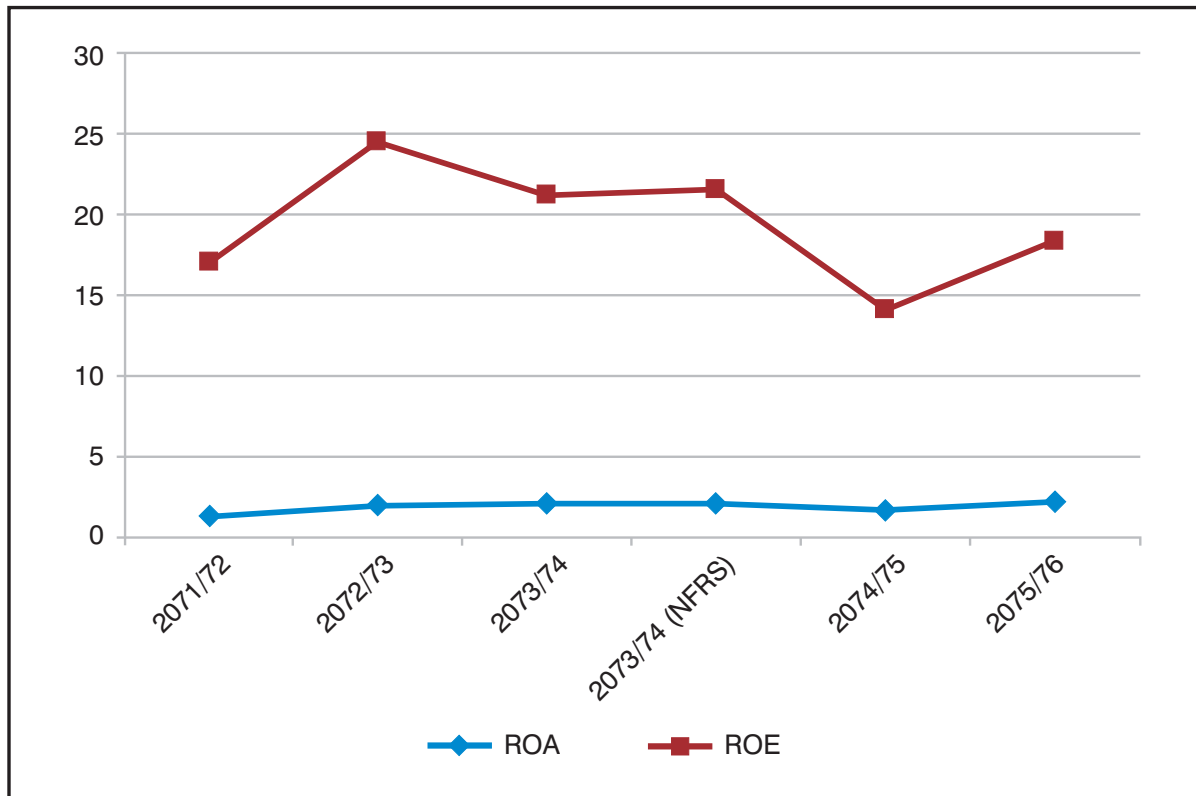
Particulars	Unit	FY	FY	FY	FY	FY	FY
		2014/15 2071/72	2015/16 2072/73	2016/17 2072/73	2016/17 2073/74 Restated	2017/18 2074/75	2018/19 2075/76
Profit before Bonus and Tax/Total Income	Percent	23.08	42.89	36.48	40.93	26.15	32.64
Per Share Income	Rs.	33.37	43.03	33.55	35.15	23.11	32.44
Per Share Market Value	Rs.	813	1500	886	886	551	552
Price Earning Ratio	Ratio	24.36	34.86	26.40	25.21	23.84	17.02
Dividend on Share Capital (Including Bonus)	Percent	42.11	31.58	26.32	26.32	15.79	22.00
Cash Dividend on Share Capital	Percent	7.11	1.58	1.32	1.32	10.79	12.00
Interest Income/Loan and Advances	Percent	8.35	7.26	8.94	9.52	11.64	11.67
Staff Expenses/Total Operating Expenses	Percent	45.66	52.96	56.01	56.34	53.02	53.79
Interest Expenses on Total Deposit	Percent	2.66	1.79	3.42	3.52	5.61	6.13
FX Fluctuation Gain/Total Income	Percent	6.84	8.55	6.52	7.00	5.81	5.50
Net Profit after Tax/Total Assets (ROA)	Ratio	1.34	1.94	2.03	2.19	1.67	2.21
Net Profit after Tax/Total Equity (ROE)	Percent	17.06	24.53	21.22	21.58	14.17	18.34
Total Loan/Deposits	Percent	75.37	79.12	83.59	85.10	88.31	87.37
Total Operating Expenses/Total Income	Percent	30.44	28.23	23.97	22.36	16.96	16.68
Capital Adequacy Ratio:							
A. Core Capital	Percent	9.48	9.43	10.93	10.93	11.40	11.63
B. Supplementary Capital	Percent	1.66	1.41	1.22	1.22	1.06	0.97
C. Total Capital Fund	Percent	11.14	10.84	12.15	12.15	12.46	12.60
Liquidity	Percent	30.32	28.74	26.64	26.64	23.05	26.25
Non-performing Loan/Total Loan	Percent	3.22	1.23	0.85	0.85	1.40	1.12
Weighted Average Interest Rate Spread	Percent	4.35	4.59	4.44	4.44	4.70	4.47
Book Network per share	Rs.	208.81	196.12	180.31	189.91	174.24	187.73
Total Share	Number	33,327,000	44,991,450	64,916,235	64,916,235	81,145,294	85,202,558
Total Staff	Number	856	857	835	835	834	910
Number of Branches	Number	42	42	47	47	55	59
Number of ATMs	Number	80	84	93	93	105	122

- Figures of FY 2073/74 have been regrouped/restated based on NFRS wherever necessary.
- Figures for FY 2074/75 onwards have been presented based on NFRS.
- Staff Bonus has not been considered while calculating the ratios for Staff Expenses and Operating expenses

Key Indicators

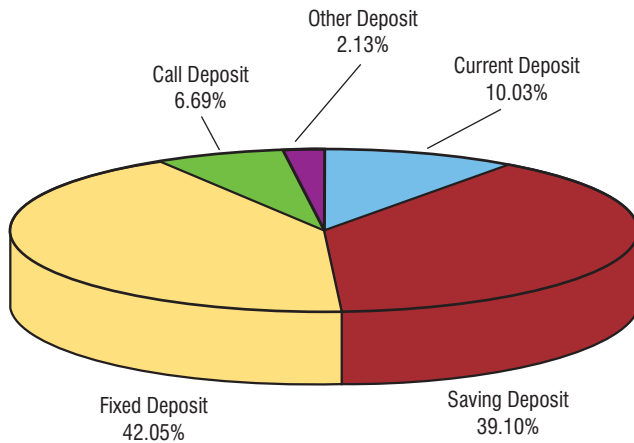


Key Indicators

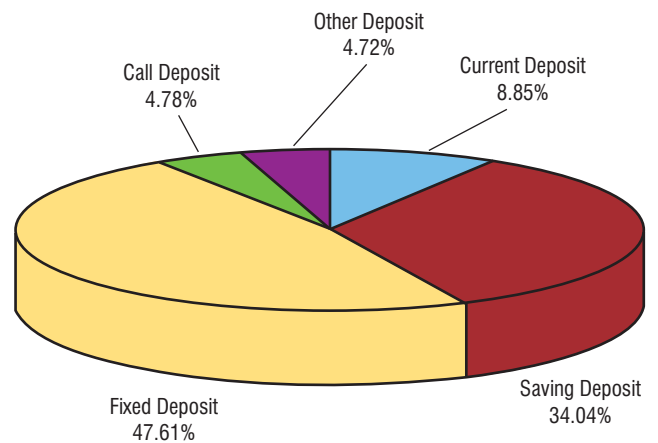


Deposits-From Customers and BFIs

Financial Year 2074/75 (2017/18)

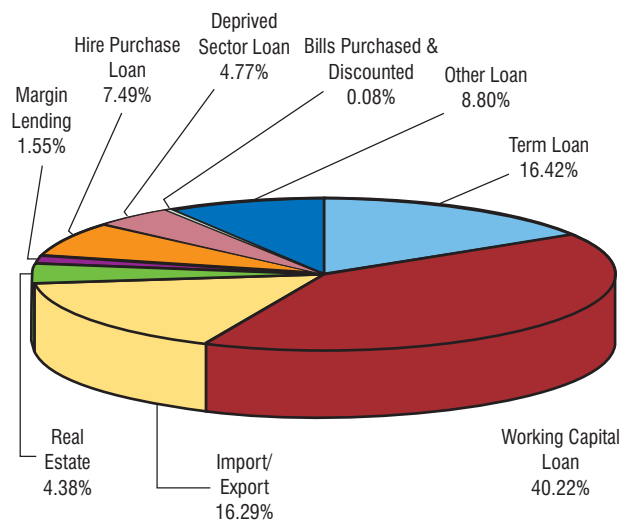


Financial Year 2075/76 (2018/19)

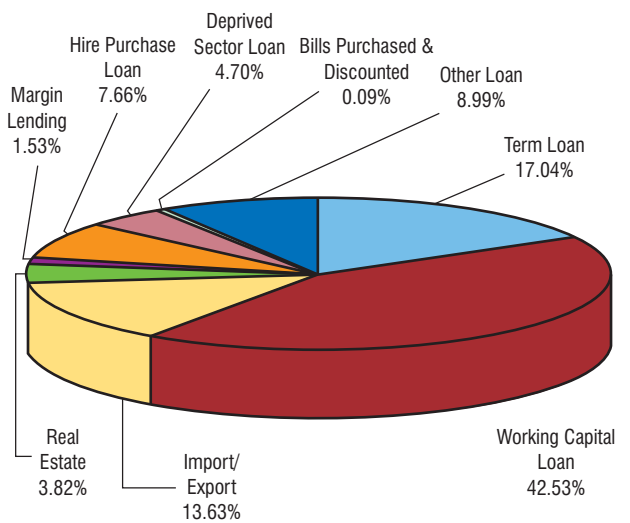


Loans and advances

Financial Year 2074/75 (2017/18)

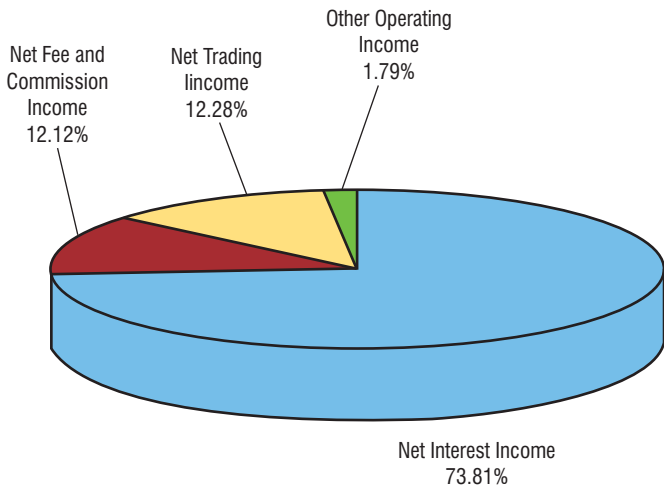


Financial Year 2075/76 (2018/19)

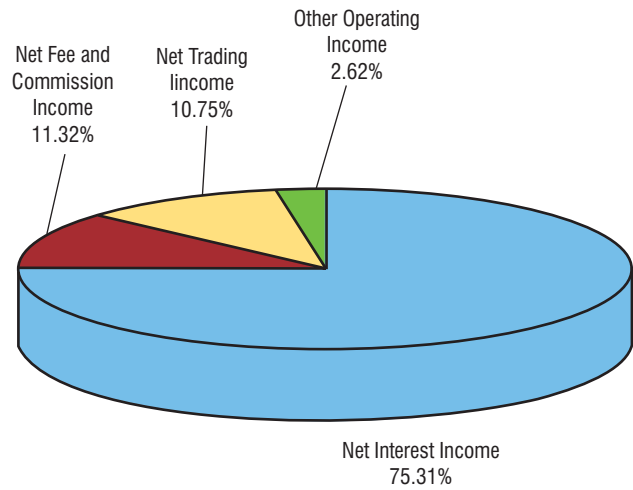


Income Composition

Financial Year 2074/75 (2017/18)

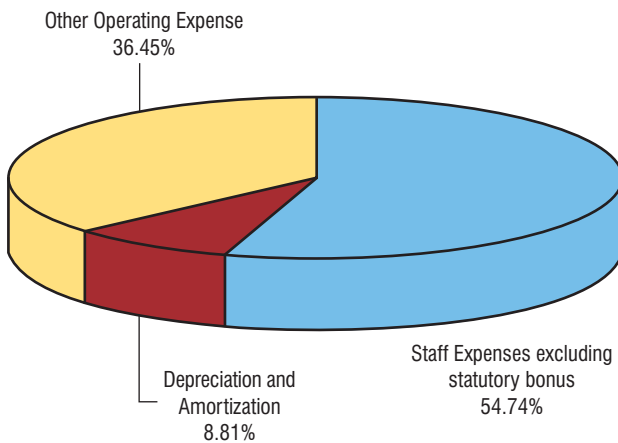


Financial Year 2075/76 (2018/19)

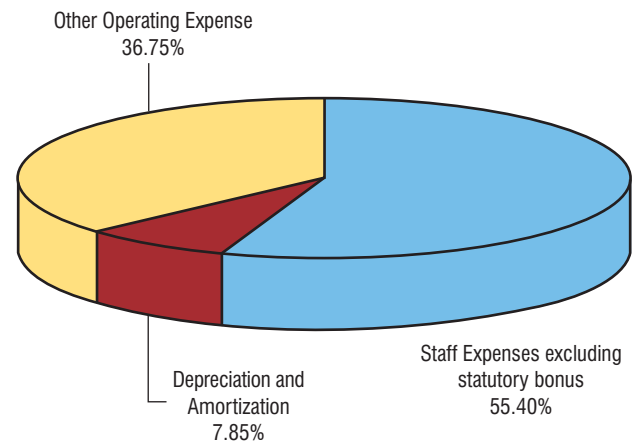


Expense Composition

Financial Year 2074/75 (2017/18)



Financial Year 2075/76 (2018/19)



BRS Neupane & Co.
Chartered Accountants
Kumari Marg, House No. 43
P.O. Box 8137, Naxal,
Kathmandu, Nepal

Tel : 977-1- 4411314
Fax : 977-1- 4420572
E-mail : chartered@brs.com.np
Web : www.brs.com.np

**BRS Neupane
& Co.**

Independent Auditors' Report

To the shareholders on the Financial Statements of Himalayan Bank Limited for the year ended 31st Asar 2076 (16th July 2019).

Opinion

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view, in all material respects, the Consolidated Financial Position of the Group, as at 31st Asar 2076 (16th July 2019) and of the results of its Financial Performance, Consolidated Change in Equity and its cash flows for the year then ended thereon in accordance with Nepal Financial Reporting Standards (NFRSs).

We have audited the accompanying Consolidated Financial Statements of **Himalayan Bank Limited ("the Bank") and its subsidiary ("the Group")**, which comprise the Consolidated Statement of Financial Position as at 31st Asar 2076 (corresponding 16th July 2019), the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive income, the Consolidated Statement of Change in Equity and the Consolidated Statement of Cash Flows for the year then ended and summary of Significant Accounting Policies and Notes to the Consolidated Financial Statement for the year then ended 31st Asar 2076.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Institute of Chartered Accountants of Nepal (ICAN) Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the Financial Statements in Nepal and we have fulfilled our Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We did not audit the Financial Statement and Other Financial Information of the subsidiary namely Himalayan Capital Limited. The Financial Statement and Other Financial Information has been audited by Other Auditor whose report has been furnished to us by the management. Our opinion on the Financial Statement so far as it relates to the accounts and disclosures included in respect of the subsidiary is based solely on the report of the Other Auditor.

The auditor's report is intended solely for the intended users, and should not be distributed to or used by other parties.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with Nepal Financial Reporting Standards (NFRSs) and for such internal control as management determines is necessary to enable the preparation of the Financial Statement that are free from material misstatement, whether due to fraud or error and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Those Charged with Governance are responsible for overseeing the organization's financial reporting process.

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

Auditor's Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group's activities to express an opinion on Financial Statements.
- We communicate with senior officials of the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and we have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts. The accounts and records of the bank has been maintained as required by the law and Financial Statements are in agreement with the Books of Account maintained by the bank. In our opinion, so far as appeared from our examination of the books, the bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the Directives of Nepal Rastra Bank.

To the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the bank has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the bank deliberately or acted in a manner that would jeopardize the interest and security of the bank and the bank has not acted in a manner to jeopardize the interest and security of the depositors and the investors.

CA. Anup K. Shrestha
Managing Partner

Place: Kathmandu, Nepal
Date: 14th November 2019

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 31 Asar 2076 (16 July 2019)

Particulars	Note	Group		Bank	
		Asar 2076	Asar 2075	Asar 2076	Asar 2075
Assets					
Cash and Cash Equivalents	4.1	4,658,563,974		4,658,553,979	4,741,359,383
Due from Nepal Rastra Bank	4.2	4,883,535,225		4,883,535,225	5,159,259,737
Placements with Bank and Financial Institutions	4.3	5,231,235,350		5,231,235,350	4,989,524,816
Derivative financial instruments	4.4	127,145,274		127,145,274	33,444,999
Other trading assets	4.5	-		-	-
Loans & Advances to BFIs	4.6	4,772,752,717		4,772,752,717	3,685,218,985
Loans & Advances to Customers	4.7	92,697,318,360		92,697,318,360	82,474,993,680
Investment Securities	4.8	16,466,201,909		16,466,201,909	11,654,171,810
Current Tax Assets	4.9	225,444,808		224,947,032	154,307,606
Investments in subsidiaries	4.10	-		200,000,000	-
Investments in Associates	4.11	1,104,665,844		195,785,700	195,785,700
Investment Property	4.12	109,134,713		109,134,713	2,299,307
Property & Equipment	4.13	2,394,090,867		2,391,830,155	2,222,677,268
Goodwill and Intangible Assets	4.14	117,677,347		117,677,347	85,852,688
Deferred Tax Assets	4.15	-		-	-
Other Assets	4.16	1,074,449,208		1,075,024,312	1,063,405,401
Total Assets		133,862,215,596		133,151,142,073	116,462,301,380
Liabilities					
Due to Bank and Financial Institutions	4.17	3,702,916,346		3,702,916,346	754,253,957
Due to Nepal Rastra Bank	4.18	560,812,042		560,812,042	-
Derivative financial instruments	4.19	6,540,600		6,540,600	9,109,574
Deposits from Customers	4.20	109,184,801,597		109,387,060,433	98,988,791,212
Borrowing	4.21	-		-	-
Current Tax Liabilities	4.9	-		-	-
Provisions	4.22	-		-	2,299,307
Deferred Tax Liabilities	4.15	98,894,441		98,843,796	131,264,033
Other Liabilities	4.23	2,776,920,829		2,777,021,958	1,814,328,754
Debt Securities Issued	4.24	623,148,518		623,148,518	623,357,548
Subordinated Liabilities	4.25	-		-	-
Total Liabilities		116,954,034,373		117,156,343,693	102,323,404,385
Equity					
Share Capital	4.26	8,520,255,844		8,520,255,844	8,114,529,375
Share Premium		-		-	-
Retained Earnings		3,083,584,531		2,171,146,878	1,500,405,440
Reserves	4.27	5,304,340,848		5,303,395,658	4,523,962,180
Total Equity attributable to Equity Holders		16,908,181,223		15,994,798,380	14,138,896,995
Non Controlling Interest		-		-	-
Total Equity		16,908,181,223		15,994,798,380	14,138,896,995
Total Liabilities and Equity		133,862,215,596		133,151,142,073	116,462,301,380
Contingent liabilities and commitment	4.28	33,859,116,570		33,859,116,570	36,183,796,482
Net assets value per share		198		188	174

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 SJB Rana
Chief Executive Officer

Mr. Manoj B. Shrestha
Chairman

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

Mr. Faisal N. Lalani
Director

Mr. Prachanda B. Shrestha
Director

Mr. Tulasi Prasad Gautam
Director

Mr. Sushil Bickram Thapa
Director

Mr. Bijay Bahadur Shrestha
Director

Mr. Radha Krishna Pote
Director

Thursday, November 14, 2019
Kathmandu

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 Asar 2076 (16 July 2019)

Particulars	Note	Group		Bank	
		Asar 2076	Asar 2075	Asar 2076	Asar 2075
Interest Income	4.29	11,625,415,050		11,625,415,050	9,724,870,892
Interest Expense	4.30	6,583,850,344		6,594,074,206	5,403,047,172
Net interest income		5,041,564,706		5,031,340,844	4,321,823,720
Fee and Commission Income	4.31	821,306,480		821,306,480	772,037,821
Fee and Commission Expenses	4.32	65,065,606		65,065,606	62,155,952
Net Fee and Commission Income		756,240,874		756,240,874	709,881,869
Net interest, fee and commission income		5,797,805,580		5,787,581,718	5,031,705,589
Net Trading Income	4.33	718,157,896		718,157,896	718,904,848
Other Operating Income	4.34	116,577,355		175,116,610	104,848,090
Total Operating Income		6,632,540,831		6,680,856,224	5,855,458,527
Impairment charges/(reversal) for Loans and Other losses	4.35	133,622,099		133,622,099	679,917,035
Net operating income		6,498,918,732		6,547,234,125	5,175,541,492
Operating expense					
Personnel Expenses	4.36	1,638,125,616		1,638,125,616	1,322,248,139
Other Operating Expenses	4.37	800,067,062		796,698,563	696,351,599
Depreciation & Amortisation	4.38	170,202,450		170,198,215	168,276,177
Operating Profit		3,890,523,604		3,942,211,731	2,988,665,577
Non operating income	4.39	317,097,948		49,327,264	309,525,238
Non operating expense	4.40	58,378,395		58,378,395	533,011,412
Profit before income tax		4,149,243,157		3,933,160,600	2,765,179,403
Income Tax Expense	4.41				
Current Tax		1,194,380,193		1,192,123,441	877,612,392
Deferred Tax		(22,760,671)		(22,811,316)	11,956,544
Profit for the year		2,977,623,635		2,763,848,475	1,875,610,467
Profit attributable to:					
Equity holders of the Bank		2,977,623,635		2,763,848,475	1,875,610,467
Non-controlling interest		-		-	-
Profit for the year		2,977,623,635		2,763,848,475	1,875,610,467
Earnings per share					
Basic earnings per share		34.95		32.44	23.37
Diluted earnings per share		34.95		32.44	23.37

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 SJB Rana
Chief Executive Officer

Mr. Manoj B. Shrestha
Chairman

Mr. Faisal N. Lalani
Director

Mr. Prachanda B. Shrestha
Director

Mr. Tulasi Prasad Gautam
Director

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

Mr. Sushil Bickram Thapa
Director

Mr. Bijay Bahadur Shrestha
Director

Mr. Radha Krishna Pote
Director

Thursday, November 14, 2019
Kathmandu

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 Asar 2076 (16 July 2019)

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Profit or loss for the year	2,977,623,635		2,763,848,475	1,875,610,467
Other comprehensive income, net off income tax				
a) Items that will not be reclassified to profit or loss				
- Gains/(losses) from investments in equity instruments measured at fair value	(32,029,738)		(32,029,738)	(13,193,277)
- Gains/(losses) on revaluation	-		-	-
- Actuarial gains/(losses) on defined benefit plans	(4,932,297)		(4,932,297)	29,792,839
- Income tax relating to above items	9,608,921		9,608,921	3,957,983
Net other comprehensive income that will not be reclassified to profit or loss	(27,353,114)		(27,353,114)	20,557,545
b) Items that are or may be reclassified to profit or loss				
- Gains/(losses) on cash flow hedge	-		-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-		-	-
- Income tax relating to above items	-		-	-
- Reclassify to profit or loss	-		-	-
Net other comprehensive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equity method	-		-	-
Other comprehensive income for the period, net of income tax	(27,353,114)		(27,353,114)	20,557,545
Total comprehensive income for the period	2,950,270,521		2,736,495,361	1,896,168,012
Total comprehensive income attributable to:				
Equity holders of the Bank	2,950,270,521		2,736,495,361	1,896,168,012
Non-controlling interest				
Total comprehensive income for the period	2,950,270,521		2,736,495,361	1,896,168,012

Satish Raj Joshi
Executive Financial Officer

Ashoke SJB Rana
Chief Executive Officer

Mr. Faisal N. Lalani
Director

Mr. Sushil Bickram Thapa
Director

Sushiel Joshi
General Manager

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Director

Ejaz Qadeer Gill
Senior General Manager

Mr. Tulasi Prasad Gautam
Director

Mr. Radha Krishna Pote
Director

As per our attached report of even date

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

Thursday, November 14, 2019
Kathmandu

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK**Group**

Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 2074												
Adjustment/Restatement												
Adjusted/Restated balance at Sawan 1, 2074												
Comprehensive income for the year												
Profit for the year												
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value												
Gains/(losses) on revaluation												
Actuarial gains/(losses) on defined benefit plans												
Gains/(losses) on cash flow hedge												
Exchange gains/(losses) (arising from translating financial assets of foreign operation)												
Total comprehensive income for the year												
Transfer to reserve during the year												
Transfer from reserve during the year												
Transactions with owners, directly recognised in equity												
Share Issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Other												
Total contributions by and distributions												
Balance as at Asar 2075												

Continued

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Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995	-	14,138,896,995
Adjustment/Restatement	-	-	-	-	-	-	-	(5,076,830)	-	(5,076,830)	-	(5,076,830)
Adjusted/Opening share of equity investment in associate	-	-	-	-	-	-	-	699,607,683	-	699,607,683	-	699,607,683
Adjusted/Restated balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	2,194,936,293	542,814,321	14,833,427,848	-	14,833,427,848
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,977,623,635	-	2,977,623,635	-	2,977,623,635
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(22,420,817)	-	-	-	(22,420,817)	-	(22,420,817)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	(4,932,297)	-	(4,932,297)	-	(4,932,297)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(22,420,817)	-	(4,932,297)	-	(27,353,114)	-	(27,353,114)
Transfer to reserve during the year	-	-	553,714,885	4,419,782	120,785,511	-	-	(813,052,681)	134,132,503	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	5,320,899	(5,320,899)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	405,726,469	-	-	-	-	-	-	(405,726,469)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(875,517,146)	-	(875,517,146)	-	(875,517,146)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	405,726,469	-	-	-	-	-	-	(1,281,243,615)	-	(875,517,146)	-	(875,517,146)
Balance as at Asar 2076	8,520,255,844	-	3,737,834,765	39,056,093	844,383,362	16,373,000	-	3,083,584,531	666,693,628	16,908,181,223	-	16,908,181,223

NOTE:

Prior Period Adjustment in retirement benefits has been duly adjusted in the opening retained earnings.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK**Bank**

Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total equity
Balance at Sawan 1, 2074	6,491,623,500	-	2,808,997,787	34,636,311	-	48,029,111	-	2,508,023,155	436,835,900	12,328,145,764
Adjustment/Restatement										
Adjusted/Restated balance at Sawan 1, 2074	6,491,623,500	-	2,808,997,787	34,636,311	-	48,029,111	-	2,508,023,155	436,835,900	12,328,145,764
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,875,610,467	-	1,875,610,467
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(9,235,294)	-	-	-	(9,235,294)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	29,792,839	29,792,839
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(9,235,294)	-	-	29,792,839	20,557,545
Transfer to reserve during the year	-	-	375,122,093	-	723,597,851	-	-	(1,223,565,907)	124,845,963	-
Transfer from reserve during the year	-	-	-	-	-	-	-	48,660,381	(48,660,381)	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,622,905,875	-	-	-	-	-	-	(1,622,905,875)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(85,416,782)	-	(85,416,782)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1,622,905,875	-	-	-	-	-	-	(1,708,322,657)	-	(85,416,782)
Balance as at Asar 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995

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Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total equity
Balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995
Adjustment/Restatement	-	-	-	-	-	-	-	(5,076,830)	-	(5,076,830)
Adjusted/Restated balance at Sawan 1, 2075	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,495,328,610	542,814,321	14,133,820,165
Comprehensive income for the year	-	-	-	-	-	-	-	2,763,848,475	-	2,763,848,475
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	(22,420,817)	-	-	-	(22,420,817)
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	(4,932,297)	(4,932,297)
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(22,420,817)	-	-	(4,932,297)	(27,353,114)
Transfer to reserve during the year	-	-	552,769,695	4,419,782	120,785,511	-	-	(812,107,491)	134,132,503	-
Transfer from reserve during the year	-	-	-	-	-	-	-	5,320,899	(5,320,899)	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	405,726,469	-	-	-	-	-	-	(405,726,469)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(875,517,146)	-	(875,517,146)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	405,726,469	-	-	-	-	-	-	(1,281,243,615)	-	(875,517,146)
Balance as at Asar 2076	8,520,255,844	-	3,736,889,575	39,056,093	844,383,362	16,373,000	-	2,171,146,878	666,693,628	15,994,798,380

NOTE:

Prior Period Adjustment in retirement benefits has been duly adjusted in the opening retained earnings.

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 Asar 2076 (16 July 2019)

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	10,813,849,461		10,813,849,461	9,307,833,312
Fees and other income received	821,306,480		821,306,480	850,208,832
Dividend received	-		-	-
Receipts from other operating activities	856,610,453		856,651,485	16,371,060
Interest paid	(6,390,142,124)		(6,400,365,986)	(5,373,959,963)
Commission and fees paid	(65,065,606)		(65,065,606)	(64,236,793)
Cash payment to employees	(1,362,698,471)		(1,362,698,471)	(1,339,474,335)
Other expense paid	(857,826,693)		(854,458,194)	(743,334,398)
Operating cash flows before changes in operating assets and liabilities	3,816,033,500		3,809,219,169	2,653,407,715
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	275,724,512		275,724,512	981,892,180
Placement with bank and financial institutions	(241,710,534)		(241,710,534)	1,290,684,047
Other trading assets	-		-	-
Loan and advances to bank and financial institutions	(1,093,002,884)		(1,093,002,884)	(358,406,256)
Loans and advances to customers	(10,347,959,008)		(10,347,959,008)	(8,868,199,821)
Other assets	(199,567,203)		(200,142,306)	(44,717,953)
	(11,606,515,117)		(11,607,090,220)	(6,998,747,803)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	2,948,662,389		2,948,662,389	167,594,370
Due to Nepal Rastra Bank	560,812,042		560,812,042	-
Deposit from customers	10,196,010,385		10,398,269,221	6,654,336,544
Borrowings	-		-	-
Other liabilities	384,831,215		384,932,343	(391,389,583)
Net cash flow from operating activities before tax paid	14,090,316,031		14,292,675,995	6,430,541,331
Income taxes paid	(1,265,517,395)		(1,262,762,867)	(1,003,806,311)
Net cash flow from operating activities	5,034,317,019		5,232,042,077	1,081,394,932
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(18,678,495,599)		(18,878,495,599)	(15,108,205,471)
Receipts from sale of investment securities	13,895,538,029		13,895,538,029	13,162,845,600
Purchase of property and equipment	(358,328,221)		(356,232,954)	(199,688,334)
Receipt from the sale of property and equipment	52,543,219		52,712,899	20,932,209
Purchase of intangible assets	(66,209,101)		(66,209,101)	(45,310,356)
Receipt from the sale of intangible assets	-		-	-
Purchase of investment properties	-		-	-
Receipt from the sale of investment properties	3,500,000		3,500,000	251,976,376
Interest received	701,810,401		701,810,401	241,116,731
Dividend received	63,317,521		63,317,521	48,597,350
Net cash used in investing activities	(4,386,323,750)		(4,584,058,804)	(1,627,735,895)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-		-	-
Repayment of debt securities	-		-	(50,000)
Receipt from issue of subordinated liabilities	-		-	-
Repayment of subordinated liabilities	-		-	-
Receipt from issue of shares	-		-	-
Dividends paid	(680,232,451)		(680,232,451)	(75,238,708)
Interest paid	(68,235,352)		(68,235,352)	(47,645,840)
Other receipt/payment	-		-	-
Net cash from financing activities	(748,467,803)		(748,467,803)	(122,934,548)
Net increase (decrease) in cash and cash equivalents	(100,474,535)		(100,484,530)	(669,275,511)
Cash and cash equivalents at Sawan 1, 2075	4,741,359,383		4,741,359,383	4,734,344,144
Effect of exchange rate fluctuations on cash and cash equivalents held	17,679,126		17,679,126	676,290,750
Cash and cash equivalents at Asar end 2076	4,658,563,974		4,658,553,979	4,741,359,383

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 31 Asar 2076 (16 July 2019)

(As per NRB Regulation)

Particulars	Bank	
	Asar 2076	Asar 2075
Net profit or (loss) as per statement of profit or loss	2,763,848,475	1,875,610,467
Appropriations:		
a. General reserve	(552,769,695)	(375,122,093)
b. Foreign exchange fluctuation fund	(4,419,782)	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(27,638,485)	(18,756,105)
e. Employees' training fund	(19,564,872)	(20,375,572)
f. Other		
- Capital Adjustment Reserve	-	-
- Bond Redemption Reserve	(85,714,287)	(85,714,286)
- Investment Adjustment Reserve	(1,214,859)	
Profit or (loss) before regulatory adjustment	2,072,526,495	1,375,642,411
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(9,017,808)	(681,321,143)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(106,835,406)	(2,299,307)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(4,932,297)	(39,977,401)
i. Other (+/-)	-	-
Distributable profit or (loss)	1,951,740,984	652,044,560

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Asar 2076 (16 July 2019)

1. REPORTING ENTITY

1.1 Corporate Information

Himalayan Bank Limited ("the Bank") is a public limited liability company domiciled in Nepal, with its corporate office in Kamaladi, Kathmandu, Nepal. The Bank is operating through 59 branches, one extension counter and one overseas representative office. The shares of the Bank are listed in Nepal Stock Exchange Limited.

1.2 Parent Entity and Ultimate Parent Entity

The Bank is not a subsidiary of any entity. The bank has established a wholly owned subsidiary to carry out merchant banking services which has come into operation from August 2019. The subsidiary Himalayan Capital Limited is licensed by Securities Board of Nepal to carry out merchant banking activities and also act as depository participant.

1.3 Principal Activities

The Bank 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, 2073. The Bank provides a comprehensive range of financial services that include accepting deposits, corporate and retail lending, project financing, trade financing, fund transfer. The Bank also offers remittance services, card services and other ancillary services like safe deposit locker services as well as a wide range of electronic banking facilities.

2. BASIS OF PREPARATION

The consolidated financial statement of the bank and its subsidiary is prepared on going concern basis under historical cost convention except where the accounting standard adopted by the bank explicitly requires the use of fair market value. All judgments, estimates and assumptions used by the bank and its subsidiary while preparing the financial statement have been disclosed in the relevant sections of notes to accounts.

2.1 Statement of Compliance

The consolidated financial Statements of the Bank and its subsidiary which comprise of the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash flow and Significant Accounting Policies and Notes have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs) laid down by the Accounting Standards Board of Nepal, except where alternative treatments have been adopted in line with carve-outs approved by the Institute of Chartered Accountants of Nepal (ICAN), the accounting regulating body of the country. The bank has adopted the format prescribed by the regulator (Nepal Rastra Bank) for the preparation of the financial statements.

The financial statement of the subsidiary has been regrouped/ restated accordingly to facilitate consolidation.

2.2 Reporting period and approval of financial statements

The consolidated financial statements cover the financial year commencing from Sawan 01, 2075 and ending on Asar 31, 2076 (17 July 2018 to 16 July 2019). The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated Kartik 27, 2076 (November 13, 2019).

2.3 Functional and presentation currency

Nepalese Rupees is the functional and presentation currency of the Bank and its subsidiary as it is the currency of the primary economic environment in which they operate. Hence, items included in the consolidated Financial Statements are presented in Nepalese Rupees.

2.4 Use of estimates, assumptions and judgments

The preparation of the financial statements in conformity with NFRSs requires management to make judgments, estimates and assumptions for application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates so made. Estimates and underlying assumptions are reviewed on an ongoing basis and the effect of revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The most significant uses of judgment and estimates are as follows:

(a) Going concern

The management has made an assessment of the entity's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the entity's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using judgments that may, among other things, include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

(c) Classification of financial instruments

The bank and its subsidiary have classified the financial assets and liabilities under different accounting classification as per NFRS 9. These are either measured at fair value or amortized cost. According to NFRS 9, debt instruments are recognized at amortized cost and investment in equity instrument can be elected to be recognized as fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The bank has elected to measure its investment in equity instrument at fair value through other comprehensive income unless recognized as associate or subsidiary.

(d) Impairment losses on loans and advances

As per the carve-out approved by the Institute of Chartered Accountants of Nepal, Bank and Financial Institutions shall measure impairment loss on loans and advances as the higher of the amount derived as per rule-based norms prescribed by the Regulator and the amount determined as per paragraph 63 of NAS 39, with proper disclosures of the same. Accordingly, the Bank has assessed impairment loss under both norms and impairment provided in the financial statements is the impairment under norms prescribed by the Regulator with separate disclosure of impairment calculated under NAS 39.

(e) Impairment of Equity Instruments

The Bank and its subsidiary records impairment charges on quoted equity investments by comparing with the fair market value as on the reporting date. In case of un-quoted equity investments, impairment is recorded only where there is objective evidence of permanent decline in the value of investment.

(f) Taxation

The Bank and its subsidiary is subject to income taxes. Significant judgment was required to determine the total provision for current and deferred taxes pending the issue of tax guideline on the treatment of the adoption of NFRSs in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Bank and its subsidiary has recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences shall impact the income of that year.

(g) Deferred tax

Deferred tax asset and liabilities are recognized in respect of temporary difference in tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rate applicable to the bank and its subsidiary as at the reporting date which is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(h) Defined Benefit plan

The bank has recognized gratuity and accumulated leave encashment as defined benefit plan. The cost of the defined benefit plan is determined using actuarial valuation by an actuary. The actuarial valuation involves making assumptions about discount rates, salary increment rate, age of retirement, and mortality rates, among other things. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used for valuation is disclosed in detail in Note 4.23

The subsidiary is operating under a full scope management contract and hence long term liability with respect to employee is not there.

(i) Materiality

In compliance with NAS 01 on Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank and its subsidiary.

(j) Depreciation of Assets

The depreciable amount of an asset has been allocated on a systematic basis over its useful life using diminishing balance method and depreciation rate determined by the management on the basis of nature and expected use of the asset class. The systematic basis has however been determined using the best management judgment.

Details regarding the useful lives of property and equipment are disclosed in Note 3.7.

(k) Fair Value of Investment Property

Non-Banking Assets, which are assets mortgaged with the bank and subsequently taken over by the Bank in the course of recovery of the loan, are shown under Investment Properties. The value at which such assets are taken over in line with the guidelines issued by the Regulator have been considered as fair value of such assets.

2.5 Changes in Accounting Policies

There are changes in accounting policy adopted by the bank in this fiscal year due to expiration of carve out on operating lease provided by ICAN and issuance of new guidelines on interest income recognition by Nepal Rastra Bank.

- **Operating Lease:** As per NAS 17 Para 33, Lease payment under an operating lease shall be recognized as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the users benefit. As per carve out provided by ICAN for the fiscal year 2017-18, an entity may opt not to recognize rental expense under SLM basis if another more systematic basis is more representative of the time pattern of the users benefit even if the payments to the lessors aren't on that basis or the payments are structured to increase in line with the expected general inflation to compensate for the lessors expected inflammatory cost increases. The bank had availed of this carve-out as, the increase in rental payments over the terms of the rental agreement generally falls in line with the expected general inflation and hence payments under operating leases was recognized on actual basis on FY 74/75.

However, due to the expiry of the said carve-out, for recognizing rental expense under operating lease for this fiscal year, SLM method has been adopted. The total rental expense for the remaining term of the rental agreement including all incremental clauses divided by the remaining term of the agreement gives the rental expense of each year under SLM method.

- **Recognition of Interest Income on loans and advances:** Under NFRS interest income is required to be recognized fully on accrual basis. However, as per the guideline issued by Nepal Rastra Bank accrual of interest income is suspended when the defined criteria for suspension are met. The bank has accordingly suspended income recognition in cases where the given criteria are met.

2.6 Discounting

Discounting has only been used for actuarial valuation. The assumptions used for valuation is disclosed in detail in Note 4.23

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of Measurement**

The financial statements have been prepared on the historical cost basis, except for the following material items in the Statement of financial position, all of which are measured at fair value.

- Investment in equity instruments measured at FVTOCI
- Investment Properties

3.2 Basis of Consolidation

The bank has a fully owned subsidiary incorporated to carry out merchant banking activities. Although the subsidiary came into operation from August 11, 2019 only, the consolidated accounts have been prepared for the year 2075/76 (2018/19) in order to cover investing and related activities carried out during the year. The consolidated financial statements have been prepared in accordance with NFRS 10, Consolidated Financial Statements.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank and its subsidiary in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

3.4 Financial Assets and Financial Liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. The bank and its subsidiary has applied NFRS 9 in defining, classifying and measuring its financial instrument.

(a) Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the entity becomes a party to the contractual provisions of the instrument. This includes “regular way trades”: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(b) Classification

Financial Assets and Financial Liabilities are classified under NFRS 9. The categorization of financial assets and financial liabilities is based on the business model of holding the instrument and contractual cash flow characteristics of the financial instrument. Business model reflects how groups of financial instrument are managed to achieve a particular business objective. Business Model can be either to hold the asset in order to collect contractual cash flows (hold to collect) or to trade the asset for market gains and Contractual Cash Flow are the contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Instrument

- **Financial Instrument at amortized cost:** Financial Instrument are held at amortized cost when the business model is to hold the asset in order to collect the contractual cash flows of the asset. The entire debt instrument that the bank holds has been categorized as held at amortized cost.
- **Financial Instrument at fair value:** If financial assets aren't measured at amortized cost then they are measured at fair value.
 - **Financial Instrument at Fair Value Through Profit or Loss (FVTPL):** Management designates an instrument at fair value through profit or loss upon initial recognition when the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

The Bank and its subsidiary has not designated any financial instrument as at fair value through profit or loss.
 - **Financial Instrument at Fair Value Through Other Comprehensive Income (FVTOCI):** If the instrument aren't categorized at amortized cost or fair value through profit or loss then it is classified as fair value through OCI.

(c) Measurement

The measurement of financial instrument is based on the classification of the instrument:

Financial Instrument At Amortized Cost: Initially, the asset or liability is measured at fair value plus/minus transaction cost and any immediate payment related to the instrument. Subsequently, the instrument is amortized using the

effective interest rate. Effective interest rate is the rate that exactly discounts future cash flows to the present outstanding amount.

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

Staff Loans and advances: When the transaction price differs from the fair value of other observable current market transactions in the same instrument, the Bank immediately recognizes the difference between the transaction price and fair value as Prepaid Benefit. Bank accordingly estimates the Prepaid Benefit in relation to Staff Loans and advances given under subsidized rate of interest. While calculating the fair value in case of Staff Loans, the average base rate for past 13 months of the Bank has been considered to be the market rate for the loan. Further, the amortization income and expense of such prepaid benefit is shown both under Interest Income as well as Personnel expense as it is the notional income and expense for the Bank.

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

Financial Instrument At Fair Value Through Profit or Loss (FVTPL): When the instrument is recognized at fair value through profit or loss, then the initial transaction cost is expensed to profit or loss and subsequently any change in its fair value is recognized in statement of financial performance.

Financial Instrument At Fair Value Through Other Comprehensive Income (FVTOCI): While measuring the instrument at fair value through other comprehensive income the instrument is initially recognized at fair value. Subsequently, any changes in the fair value are recognized in other comprehensive income.

(d) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- The rights to receive cash flows from the asset have expired.
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The entity has transferred substantially all the risks and rewards of the asset, or
- The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(e) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The fair value for financial instruments traded

in active markets at the statement of financial position date is based on their quoted market price. In case of all other financial instruments not traded in an active market, the Bank and its subsidiary recognizes such unquoted equity instruments at their cost price.

(f) Impairment

Loans & Advances: The Bank recognises impairment on loans and advances as the higher of the amount computed as per the norms prescribed by the Regulator and amount determined as per paragraph 63 of NAS -39.

Under the norms prescribed by the Regulator, impairment is provisioned from 0.25% to 100% of the outstanding balance depending on the categorization of the individual loans & advances. For assessment of impairment under NAS 39, the Bank reviews its individually significant loans and advances at each statement of financial position date against pre-determined criteria to assess whether an impairment loss should be recorded in the income statement. The Bank has set the criteria of Significance for Individual Impairment as follows:

1. Top 50 Customers based on the amortized cost, outstanding as at year end date
2. The loans those are overdue for more than 180 days as at year end date.

In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. All individually not significant loans and advances and those significant loans & advances not individually impaired are assessed collectively, in groups of assets with similar product nature (viz. Home Loan, Hire Purchase Loan, Short Term Loan, Term Loan and Personal Loan), to determine whether impairment need to be recognized due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan to collateral ratios, etc.), and judgments to the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Financial investments at FVOCI: For these financial investments, the entity assesses at each reporting date whether there is objective evidence that an investment is impaired. The entity assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

In the case of equity investments, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement is removed from equity and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized in other comprehensive income.

3.5 Trading Assets

Trading assets are those assets that the Bank and its subsidiary acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. The other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

3.6 Derivative assets and derivative liabilities

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, foreign exchange rates. Derivatives are categorized as trading unless they are designated as hedging instruments.

Derivative instruments-both assets as well as liabilities; like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes are presented under this head.

3.7 Property and Equipment

(a) Recognition and measurement

Property & Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with NAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

(b) Cost Model

Property and equipment (including equipment under operating leases where the Bank and its subsidiary is the lessor) is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

(c) Subsequent Cost

These are costs that are recognised in the carrying amount of an item, if it is probable that the future economic benefits embodied within that part will flow to the entity and it can be reliably measured.

(d) Depreciation

Depreciation is calculated using the diminishing balance method to write down the cost of property and equipment using the rates stipulated as follows. Land is not depreciated.

● Buildings	5%
● Computer Hardware	20%
● Machinery and Equipment	15%
● Motor Vehicle	15%
● Furniture and Fittings- Wood	15%
● Furniture and Fittings- Metal	10%

(e) De-recognition

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

(f) Assets under Grant:

Where grant is received to compensate the cost of acquiring a depreciable asset fully or partially, the grant can be either presented as deferred income or is deducted at arriving the carrying amount of the asset. The entity has opted to present the grant as deferred income and therefore the asset has been shown in full purchase value.

3.8 Goodwill /Intangible assets

The Bank and its subsidiary's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the entity. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Computer software is amortised equally over the estimated useful life of five years.

3.9 Investment Property

"Investment Property" is shown as a separate line item in the face of Statement of Financial Position as these assets are assets of the bank from the date of repossession and are intended to dispose off from the legal process in due course of time. They are recognized at fair value in the books. However, non-banking assets shown under investment

property and which are taken over at the lower of fair value (Panchakrit Mulya) or total amount due from the borrower as per guidelines issued by the Regulator is continued to be shown at the recorded value till the same is disposed.

3.10 Income Tax

(a) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

(b) Deferred tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognised directly in OCI are also recognised in OCI and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Deposits, debt securities issued and subordinated liabilities

Financial instruments issued by the Bank and its subsidiary, that are not designated at fair value through profit or loss, are classified as liabilities under Deposits from Customers, Due to Bank and Financial Institutions, Borrowings, and other Liabilities where the substance of the contractual arrangement results in the Bank and its subsidiary having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

3.12 Provisions

Provisions are recognised when the Bank or its subsidiary has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.13 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and its subsidiary and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(a) Interest income

For all financial instruments measured at amortized cost and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Interest income on loans and advance: While recognizing loans and advances at amortized cost, the bank has opted the carve out provided by ICAN for determining effective interest rate. As a result of this alternative treatment, the bank hasn't included the loan processing fees received by the bank while calculating the effective interest rate to be used to amortize the loans and advances justifying that such fees and commission given their proportion are immaterial to the total income from such loans and advances. The fees and commission are recognized as income in the same period when loan is approved and the amount is received.

Interest Income on Staff Loans and advances: For measuring the staff loan and advances at fair value which is provided below market rate of interest, base rate of past 13 months has been considered to be the market rate of the loan. The difference between the loan outstanding and fair value of loan is treated as prepaid employee expenditure. After initial measurement at fair value, the loan is amortized using the rate used to determine fair value. And the prepaid employee expense is amortized as staff expense under NFRS throughout the period of the loan.

Interest Income of impaired assets

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

Suspension of Accrual of Interest Income in loans and advance

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

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

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

(b) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- Fee income earned for services that are provided within the reporting period.
- Fees earned for provision of services over a period of time and accrue over that period.

In case of the first category of fees & commission earned, the Bank and its subsidiary recognises the income at the time of receipt itself whereas in case of the latter category, the commission is deferred over the period of service. However, if the transaction fees are not material, the Bank and its subsidiary recognises such fees in income immediately.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. However, such amount collectively tantamount to less than 1% of the total gross loan portfolio of the bank and the cost of extraction tend to exceed the benefit from its use; hence on materiality ground, such costs is not considered in the measurement of effective interest rate and accordingly, the coupon rate embedded in the instrument has been considered to be the Effective Interest Rate for the instrument.

(c) Dividend income

Dividend income is recognized at an amount net of applicable final withholding tax when the entity's right to receive the payment is established.

(d) Net Trading Income

Net trading income includes gains and (losses) from changes in fair value, related capital gains/ losses, foreign exchange trading gains/ (losses), interest income from trading assets and dividend from trading assets

(e) Net Income from other financial instrument at fair value through Profit or Loss

The bank and its subsidiary has not designated any investments as financial instrument at fair value through Profit or Loss, income also has not been recognized under this head.

(f) Deferred Grant Income

Grants related to assets are presented as deferred grant income. Such deferred grant income is recognized as income proportionately in the period in which such assets are consumed. For this determining the consumption of asset, depreciation charged on such asset has been taken as basis.

3.14 Interest Expense

The Bank and its subsidiary recognizes the interest expenses on financial liabilities. The interest expenses are recognized on accrual basis using the applicable interest rate.

Interest expenses include interest on deposits from customers, deposits from banks, debt securities issued, and other interest bearing financial liabilities.

3.15 Employee Benefits

Employee benefits are compensation paid to employee for the services rendered. Such compensation are recognized as expense when obligation to make payment arises.

(a) Defined Benefit Plan- Gratuity

Based on the Nepal Accounting Standard NAS19- Employee Benefits, the Bank has adopted the actuarial valuation method for employee benefit liability. Actuarial valuation is carried out every year to ascertain the liability under gratuity.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. The defined benefit plan liability is discounted using rates equivalent to the market yields at the date of statement of financial position that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Interest cost, present service cost and past-service costs are recognized in statement of profit or loss.

The principal assumptions, which have the most significant effects on the valuation, are the rate of discount, rate of salary revision, rate of turnover at the selected age groups, rate of disability, death benefits and expenses.

The subsidiary is operating under a full scope management contract and hence long term liability with respect to employee is not there.

(b) Long Term Paid Absences

Liability towards long term paid absences, accumulated and payable on separation from services of the bank under Staff Service Bye-Laws, has been assessed using actuarial valuation method and Current service cost, Interest Cost as well as the actuarial gain/(loss) has been charged to Income Statement. For leave accumulated in excess of prescribed limit as per Staff Service Bye- Laws, actual amount is charged to income statement in the same year.

(c) Defined Contribution Plan - Employees' Provident Fund

Employees are eligible for Employees' Provident Fund Contributions in line with the respective Statutes and Regulations. The Bank contributes at 10% with equal contribution from the employees.

(d) Staff Loans and Advances

Staff loans and advances are provided at below market rate of interest. Staff loan is measured at amortized cost using the effective rate of interest. Effective rate of interest is determined at the average of base rate of past 13 months. Initially staff loans are measured at fair value using the effective interest rate and the difference in fair value and staff loan is recognized as prepaid expense. Subsequently, interest income on loans and advance is recognized using the effective interest rate and the prepaid expense is amortized throughout the life of loan as finance expense under NFRS.

3.16 Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Bank/Subsidiary as a lessor: Leases where the entity does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Bank/Subsidiary as a lessee: In line with NAS 17, lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Finance Leases

Assets leased to customers which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as 'Finance Leases'. Amounts receivable under finance leases are included under 'Loans and Receivables to Customers' in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the accumulated impairment losses. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods to reflect a constant periodic rate of return.

3.17 Foreign currency translation

All foreign currency transactions are converted to Nepalese Rupees (NPR) which is Bank and its subsidiary's functional & reporting currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currencies at the close of the year are translated to Nepalese Rupees using the spot foreign exchange rate as on that date and differences are taken to 'Other operating income' in the Income Statement, being of non-trading nature. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Income Statement.

3.18 Financial Guarantee and Loan Commitment

The Bank may give financial guarantees in the ordinary course of business. The guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortization recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement as expense. The premium received is recognised in the income statement in 'on a straight-line basis over the life of the guarantee.

3.19 Share Capital and Reserves

Increment in Share Capital results with the issue of Right Share, Further Public Offers and Bonus Share. However, proposed bonus shares are not shown as increment to share capital until approved by annual general meeting.

Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the entity. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the reporting date.

Statutory Reserves:

Statutory reserves represent the mandatory reserves maintained by the Bank/subsidiary as required by the Regulator or under other applicable laws & regulations and are not available for distribution as dividend to the shareholders. This includes general reserve, exchange fluctuation reserve, capital redemption reserve, interest capitalization reserves, corporate social responsibility reserve, employee training reserve and other reserves as may be notified from time to time.

Equity reserves:

1. Retained Earnings

Retained earnings represents the cumulative net earnings or profit available for distribution after accounting for dividends and all mandatory reserves.

2. Regulatory Reserve

The Regulatory Reserve is mandated under directives issued by the Regulator for adjustment of specified differences on account of initial period of adoption of NFRS in order to ensure a fair representation of financial statements. The Reserve is required to be created by adjustment to Retained Earnings. The amount in Regulatory Reserve is not allowed to be considered for Capital Adequacy purposes.

3. Other Reserves

Other reserves recorded in equity (other comprehensive income) on the Bank's/subsidiary statement of financial position include:

- 'Fair Value Reserve' comprises of changes in fair value of investments, net of deferred tax, recognized through Other Comprehensive Income.
- Actuarial Reserve comprises of actuarial gains/losses of defined benefit plans as required by NAS 19- Employee Benefits.

3.20 Earnings per share including diluted

The bank presents basic and diluted Earnings per Share (EPS) for its ordinary shares.

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary equity-holders of Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per Share is determined by adjusting both the profit attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares if any.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of EPS.

3.21 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing services (Business Segments) or in providing services within a particular economic environment (Geographical Segment) which is subject to risks and rewards that are different from those of other segments.

In accordance with the Nepal Financial Reporting Standards NFRS 8 on 'Segmental Reporting', segmental information is presented in respect of the Bank based on Bank management and internal reporting structure.

The Bank's segmental reporting is based on the geographical operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of respective segment.

3.22 Investment in Associates

The Bank's investment in its associates, entities in which the Bank has significant influence, is accounted for using the equity method. Significant influence is considered to exist where the bank has representation in the Board and participates in policy making processes, including participation in decisions about dividends or other distribution. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Bank's share of net assets of the associate since the acquisition date.

Due to the fact that associates are yet to adopt NFRS in preparing their financial statement, there is no uniformity in the accounting policy adopted by the associates and the bank. Accordingly, as per the carve out issued by ICAN investment in associates have been accounted at cost. However, equity method has been used for accounting of investment in associates in preparing the consolidated financials. Accordingly share of income received from associates recognized in standalone financial statements of the bank has been derecognized since share of net worth prior to distribution is consolidated.

3.23 Rounding Off and Comparative Figures

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

4.1 Cash and cash equivalent

Cash and cash equivalent are total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments. In addition to cash in hand and current balance with other BFIs, placements with original maturity of less than 3 months, outstanding at the reporting date and accrued interest receivable on such placements has been categorized as cash and cash equivalent.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Cash in Hand	2,194,566,293		2,194,556,298	1,716,614,874
Balance with B/FIs	1,124,274,914		1,124,274,914	1,924,653,557
Money at Call and Short Notice		-	-	500,039,726
Other	1,339,722,767		1,339,722,767	600,051,226
Total	4,658,563,974		4,658,553,979	4,741,359,383

4.2 Due from Nepal Rastra Bank

Due from NRB are cash balances held with NRB in local and foreign currency. The total balance with NRB is further classified into balances held for statutory purpose(to maintain CRR) and free balances which is classified as other deposit and receivable from NRB.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Statutory balances with NRB	2,818,034,800		2,818,034,800	3,776,355,800
Securities purchased under resale agreement		-	-	-
Other deposit and receivable from NRB	2,065,500,425		2,065,500,425	1,382,903,937
Total	4,883,535,225		4,883,535,225	5,159,259,737

4.3 Placements with Bank and Financial Institutions

Placements with Bank and Financial Institutions are interest bearing balances held in local and foreign banks. Placements are used as an instrument to manage liquid assets. Placements are held at amortized cost using effective interest rate. Placement with original maturity of less than 3 months are considered to be highly liquid financial instruments and hence, classified into cash and cash equivalents and not shown under placement.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Placement with domestic B/FIs	1,431,927,193		1,431,927,193	-
Placement with foreign B/FIs	3,799,308,157		3,799,308,157	4,989,524,816
Less: Allowance for Impairment		-	-	-
Total	5,231,235,350		5,231,235,350	4,989,524,816

4.4 Derivative financial instruments

Derivative financial instruments include various hedging instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. All proprietary deals are shown as held for trading whereas those entered into on behalf of customers are shown as held for risk management.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	52,925,200	-	52,925,200	33,444,999
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	74,220,074	-	74,220,074	-
Other	-	-	-	-
Total	127,145,274		127,145,274	33,444,999

4.5 Other trading assets

Trading assets are those assets that the entity acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit. Other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose. The bank holds no such assets.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-
Pledged	-	-	-	-
Non-pledged	-	-	-	-

4.6 Loan and advances to B/FIs

Loans and advances to BFI are loans and advances provided to micro- financial institution as a part of deprived sector lending. Loans and advances to BFI are short-term in nature. Such loans and advances are initially recognized at fair value and subsequently amortized using the effective interest rate. For calculating effective interest rate initial loan documentation fees hasn't been taken into consideration since its impact is immaterial.

Impairment provided is the amount of Loan Loss Provision (higher of amount derived based on LLP norms as prescribed by the regulator and the amount of impairment calculated based on NAS 39) as mandated by the Carve-out provided by ICAN.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Loans to microfinance institutions	4,820,831,795		4,820,831,795	3,722,373,307
Other	527,324		527,324	-
Less: Allowances for impairment	(48,606,402)		(48,606,402)	(37,154,322)
Total	4,772,752,717		4,772,752,717	3,685,218,985

Loan and advances to B/FIs have been measured at amortized cost. The detail break-up of the same has been provided below:

Loans and advances (Principal)	4,808,435,098	4,808,435,098	3,715,432,214
Add: Accrued Interest	12,924,020	12,924,020	6,941,093
Total Amortized Cost	4,821,359,119	4,821,359,119	3,722,373,307

*Based on NAS 39, Loans and advances to banks and financial institutions are individually tested for impairment. No any specific impairment has arisen for the year and the previous years. Further, there is no figure for collective impairment for loans and advances to BFIs as no historical loss ratio exists for such loans and advances.

4.6.1: Allowances for impairment

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Balance at Sawan 1	(37,154,322)		(37,154,322)	(33,570,260)
Impairment loss for the year:				
Charge for the year	(42,606,402)		(42,606,402)	(32,746,734)
Recoveries/(reversal)	31,154,322		31,154,322	29,162,672
Amount written off	-		-	-
Balance at Asar end	(48,606,402)		(48,606,402)	(37,154,322)

4.7 Loans and advances to customers

Loans and advances extended to the customers and staffs other than loan which has been classified as loan to BFIs as well as bills purchased and discounted less the amount of impairment allowances and prepaid staff expense have been presented as loans and advances to customers. Loans and advances are classified as financial instrument held at amortized cost having floating rate of interest. So, initially loans and advances are measured at fair value then amortized using the effective interest rate. For calculating effective interest rate initial loan documentation fees hasn't been taken into consideration since its impact is immaterial.

Staff loans and Advances are provided at below market rate of interest, hence to initially measure them at fair value the total cash flow from such loans and advances are discounted to present value by using the average base rate of past 13 months as discount rate. The difference between the fair value of staff loans and advances and the loan amount disbursed has been recognized as deferred employee benefits and amortized throughout the loan period.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Loan and advances measured at amortized cost	94,708,968,682		94,708,968,682	84,364,473,983
Less: Impairment allowances				
Collective impairment	(1,023,223,669)		(1,023,223,669)	(917,968,864)
Individual impairment	(988,426,653)		(988,426,653)	(971,511,439)
Net amount	92,697,318,360		92,697,318,360	82,474,993,680
Loan and advances measured at FVTPL	-		-	-
Total	92,697,318,360		92,697,318,360	82,474,993,680

4.7.1: Analysis of loan and advances - By Product

The bank offers a variety of loan products to clients. The bank assesses the requirement of the borrower in terms of amount and nature and then records loan under appropriate product category. Product wise loan break up is as follows.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Product				
Term loans	16,738,671,961		16,738,671,961	14,262,979,714
Overdraft	8,476,020,784		8,476,020,784	8,407,923,810
Trust receipt/Import loans	13,384,670,534		13,384,670,534	14,143,814,267
Demand and other working capital loans	33,287,891,943		33,287,891,943	26,522,607,304
Personal residential loans	4,257,821,340		4,257,821,340	4,494,038,687
Real estate loans	3,752,914,054		3,752,914,054	3,807,106,896
Margin lending loans	1,505,654,965		1,505,654,965	1,344,048,443
Hire purchase loans	7,524,061,323		7,524,061,323	6,506,662,052
Deprived sector loans	325,805,168		325,805,168	425,738,869
Bills purchased	91,535,955		91,535,955	66,073,499
Staff loans	602,465,940		602,465,940	558,880,033
Other	4,052,822,050		4,052,822,050	3,150,220,358
Sub total	94,000,336,016		94,000,336,016	83,690,093,933
Interest receivable	708,632,666		708,632,666	674,380,050
Grand total	94,708,968,682		94,708,968,682	84,364,473,983

4.7.2: Analysis of loan and advances - By Currency

In addition to NPR, the bank also offers loan on other currencies within the regulatory framework. The detail is as follows.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Nepalese rupee	87,040,353,218		87,040,353,218	78,276,113,108
Indian rupee	6,807,037		6,807,037	29,468,151
United State dollar	7,652,856,455		7,652,856,455	6,050,159,555
Great Britain pound	8,830,433		8,830,433	8,716,604
Euro	104,839		104,839	-
Japenese yen	-		-	-
Chinese yuan	-		-	-
Other	16,700		16,700	16,566
Total	94,708,968,682		94,708,968,682	84,364,473,983

4.7.3: Analysis of loan and advances - By Collateral

All loan and advances are backed by some form of collateral. The bank has an authority matrix wherein authority to approve loans vis-à-vis collateral requirement is stated for various levels of authority. Loan categorization on the basis of type of collateral is as follows.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Secured				
Movable/immovable assets	92,090,948,009		92,090,948,009	81,916,000,431
Gold and silver	-		-	-
Guarantee of domestic B/FIs	-		-	-
Government guarantee	-		-	-
Guarantee of international rated bank	184,819,240		184,819,240	38,670,059
Collateral of export document	342,260		342,260	237,421
Collateral of fixed deposit receipt	761,060,748		761,060,748	668,632,851
Collateral of Government securities	-		-	-
Counter guarantee	10,527,324		10,527,324	269,536,626
Personal guarantee	-		-	6,104,348
Other collateral	1,661,271,101		1,661,271,101	1,465,292,248
Sub total	94,708,968,682		94,708,968,682	84,364,473,983
Unsecured	-		-	-
Grand total	94,708,968,682		94,708,968,682	84,364,473,983

4.7.4: Allowances for impairment

Allowance for impairment has been charged as the higher of the impairment as per NRB Directives and impairment as per Nepal Financial Reporting Standard.

The total impairment as per NRB Directive is higher than the total impairment as per NFRS. Impairment as per both guidelines has been disclosed below.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
<u>Specific allowances for impairment</u>				
Balance at Sawan 1	971,511,439		971,511,439	417,628,412
Impairment loss for the year:				
Charge for the year	138,154,752		138,154,752	797,483,701
Recoveries/(reversal) during the year	(121,239,538)		(121,239,538)	(243,600,674)
Write-offs	-		-	-
Exchange rate variance on foreign currency impairment	-		-	-
Other movement	-		-	-
Balance at Asar end	988,426,653		988,426,653	971,511,439
<u>Collective allowances for impairment</u>				
Balance at Sawan 1	917,968,864		917,968,864	795,518,918
Impairment loss for the year:				
Charge/(reversal) for the year	105,254,805		105,254,805	122,449,946
Exchange rate variance on foreign currency impairment	-		-	-
Other movement	-		-	-
Balance at Asar end	1,023,223,669		1,023,223,669	917,968,864
Total allowances for impairment	2,011,650,322		2,011,650,322	1,889,480,303

Collective allowance for impairment is the total impairment for loans and advances categorized as pass and watchlist under NRB directives whereas specific allowance for impairment is total impairment for loans and advances classified as restructured, substandard, doubtful and loss.

Allowances for impairment based on NAS 39 using Incurred Loss Model

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
<u>Specific allowances for impairment</u>				
Balance at Sawan 1	590,100,860		590,100,860	396,766,582
Impairment loss for the year:				
Charge for the year	281,391,062		281,391,062	193,334,278
Recoveries/(reversal) during the year	-		-	-
Write-offs	-		-	-
Exchange rate variance on foreign currency impairment	-		-	-
Other movement	-		-	-
Balance at Asar end	871,491,921		871,491,921	590,100,860
<u>Collective allowances for impairment</u>				
Balance at Sawan 1	145,262,546		145,262,546	204,617,011
Impairment loss for the year:				
Charge/(reversal) for the year	(23,388,353)		(23,388,353)	(59,354,465)
Exchange rate variance on foreign currency impairment	-		-	-
Other movement	-		-	-
Balance at Asar end	121,874,193		121,874,193	145,262,546
Total allowances for impairment	993,366,114		993,366,114	735,363,406

4.8 Investment securities

As a part of strategic management of assets and for meeting various regulatory and other legal requirements, investments are made in different equity and debt instruments. Investments are categorized as investment measured at amortized cost and investment measured at fair value through other comprehensive income. Debt securities are classified as investment measured at amortized cost and equity investments where the holding ratio is less than 20% and aren't recognized as associates are measured at fair value through other comprehensive income.

In the schedule 4.8.1 Debt Securities represents the investments in foreign bonds. Foreign bonds are measured at amortized cost using effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. For the purpose of calculating effective interest rate premium or discount paid on such bond has been considered.

Fair value of investment at fair value through OCI are valued using the fair value hierarchy as disclosed in notes 2.4 (b)

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Investment securities measured at amortized cost	16,418,996,469		16,418,996,469	11,579,736,432
Investment in equity measured at FVTOCI	47,205,440		47,205,440	74,435,378
Total	16,466,201,909		16,466,201,909	11,654,171,810

4.8.1: Investment securities measured at amortized cost

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Debt securities	1,056,581,788		1,056,581,788	1,278,304,716
Government bonds	-		-	-
Government treasury bills	6,287,884,146		6,287,884,146	5,372,251,441
Nepal Rastra Bank bonds	9,074,530,535		9,074,530,535	4,929,180,275
Nepal Rastra Bank deposits instruments	-		-	-
Other	-		-	-
Less: specific allowances for impairment	-		-	-
Total	16,418,996,469		16,418,996,469	11,579,736,432

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

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Equity instruments				
Quoted equity securities	40,867,281		40,867,281	68,097,219
Unquoted equity securities	6,338,159		6,338,159	6,338,159
Total	47,205,440		47,205,440	74,435,378

4.8.3: Information relating to investment in equities

Investment in quoted equities are measured at fair value using the closing market price of such equity at the reporting date. For the purpose of valuing shares of Grameen Bikas Laghubitta Bittiya Sansthan Ltd. which are promoter shares, 60% of the market price of the public share of that institution has been considered since the bank holds promoter share in the entity.

Investment in unquoted equities has been valued at their cost

Further, the Bank possess 5,860 Class C shares of VISA Card International and 7,320 Class B shares of Master Card International, which has not been recognized in the books as the shares do not have any carrying cost. Also, the shares are not tradable & hence the fair value of such shares are not available to account for them at fair value.

Particulars	Group				Bank			
	Asar 2076 Rs.		Asar 2075 Rs.		Asar 2076 Rs.		Asar 2075 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity								
Grameen Bikas Laghubitta Bittiya Sanstha Ltd. 143,994 shares of Rs. 100 each	7,799,800	31,102,704			7,799,800	31,102,704	3,000,000	58,845,548
Siddhartha Equity Fund 967,748 shares of Rs. 10 each	9,677,480	9,764,577			9,677,480	9,764,577	9,677,480	9,251,671
VISA Card International 5860 Common Stock of C Class	-	-			-	-	-	-
Mastercard Worldwide 7302 Common Stock of B Class	-	-			-	-	-	-
Total	17,477,280	40,867,281			17,477,280	40,867,281	12,677,480	68,097,219

Investment in unquoted equity							
Swift SC 6 shares	1,214,859	1,214,859			1,214,859	1,214,859	1,214,859
Credit Information Center Limited 132,651 shares of Rs. 100 each	1,423,300	1,423,300			1,423,300	1,423,300	1,423,300
Nepal Clearing House Limited 30,000 shares of Rs. 100 each	2,500,000	2,500,000			2,500,000	2,500,000	2,500,000
National Banking Institute Limited 12,000 shares of Rs. 100 each	1,200,000	1,200,000			1,200,000	1,200,000	1,200,000
Total	6,338,159	6,338,159			6,338,159	6,338,159	6,338,159

4.9 Current tax assets

The bank being a financial institution is subject to income tax at 30%. Taxable income is separately determined in line with the provisions of Income Tax Act 2058 and is generally different from accounting profit. Tax liability on such taxable income is shown as current tax liability. Further, additional tax liability may arise on re-assessment of tax liability by tax authorities in subsequent years. Any such additional liability is charged to income statement in the year of re assessment.

The bank is required to pay income tax in advance and the same is retained as advance and not set off against liability until such time the tax liability is determined/ confirmed by the tax authorities and duly accepted by the bank. The current position of advance tax and provision made for taxes is shown below.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Current tax assets				
Current year income tax assets	6,566,872,091		6,564,117,563	5,301,354,696
Tax assets of prior periods	6,064,553		6,064,553	2,571,952
	6,572,936,644		6,570,182,116	5,303,926,648
Current tax liabilities				
Current year income tax liabilities	6,341,427,283		6,339,170,531	5,147,047,090
Tax liabilities of prior periods	6,064,553		6,064,553	2,571,952
	6,347,491,836		6,345,235,084	5,149,619,042
Total Current Tax Assets	225,444,808		224,947,032	154,307,606

4.10 Investment in subsidiaries

An entity over which the bank holds controlling interest shall be recognized as subsidiary. The bank has established a wholly owned subsidiary namely Himalayan Capital Limited for carrying out merchant banking activities.

Particulars	Bank	
	Asar 2076 Rs.	Asar 2075 Rs.
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	200,000,000	-
Total investment	200,000,000	-
Less: Impairment allowances	-	-
Net carrying amount	200,000,000	-

4.10.1: Investment in quoted subsidiaries

Bank

Particulars	Asar 2076		Asar 2075	
	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	-	-	-	-
..... Ltd. shares of Rs. each	-	-	-	-
.....	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

Bank

Particulars	Asar 2076		Asar 2075	
	Cost	Fair Value	Cost	Fair Value
Himalayan Capital Ltd. 2,000,000 shares of Rs. 100 each	200,000,000	-	-	-
Total	200,000,000	-	-	-

4.10.3: Information relating to subsidiaries of the Bank

Bank

Percentage of ownership held by the bank

Particulars	Asar 2076		Asar 2075	
	Cost	Fair Value	Cost	Fair Value
Himalayan Capital Ltd.	100 %			

4.11 Investment in associates

The bank has investment in both quoted and unquoted share of different associates. Associates are those entities in which the bank has significant influence but not control over the financial and operating policies. An entity is generally deemed to have significant influence over another entity if it holds 20% - 50% ownership of the entity. An entity can still be an associate even if holds less than 20% of the share capital if there are other circumstances that suggest significant influence. Investments given below has been classified as investment in associate although holding in such entity are less than 20% because Himalayan Bank has representation in the Board of Directors of the entity which is deemed to be having significant influence. The bank has accounted investment in associates using equity method for preparing its consolidated financial statements.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Investment in quoted associates	1,088,073,988		97,661,700	97,661,700
Investment in unquoted associates	16,591,856		98,124,000	98,124,000
Total investment	1,104,665,844		195,785,700	195,785,700
Less: Impairment allowances	-		-	-
Net carrying amount	1,104,665,844		195,785,700	195,785,700

4.11.1: Investment in quoted associates

Particulars	Group				Bank			
	Asar 2076 Rs.		Asar 2075 Rs.		Asar 2076 Rs.		Asar 2075 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
RMDC Laghubitta Bittiya Sanstha Ltd. 737,906 shares of Rs. 100 each	48,000,000	222,890,816			48,000,000	-	48,000,000	-
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd. 1,346,790 shares of Rs. 100 each"	12,793,300	316,637,488			12,793,300	-	12,793,300	-
Chhimek Laghubitta Bittiya Sanstha Ltd. 1,413,995 shares of Rs. 100 each	24,377,900	337,727,821			24,377,900	-	24,377,900	-
Swabalamban Laghubitta Bittiya Sanstha Ltd. 756,035 shares of Rs. 100 each"	12,490,500	210,817,863			12,490,500	-	12,490,500	-
Total	97,661,700	1,088,073,988			97,661,700	-	97,661,700	-

4.11.2: Investment in unquoted associates

Particulars	Group				Bank			
	Asar 2076 Rs.		Asar 2075 Rs.		Asar 2076 Rs.		Asar 2075 Rs.	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Smart Choice Technologies Ltd. 230,880 shares of Rs. 100 each	98,124,000	16,591,856			98,124,000	-	98,124,000	-
Total	98,124,000	16,591,856			98,124,000	-	98,124,000	-

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Group		Percentage of ownership held by the Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
RMDC Laghubitta Bittiya Sanstha Ltd.		9.23%	9.23%	9.23%
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.		11.22%	11.22%	11.22%
Chhimek Laghubitta Bittiya Sanstha Ltd.		11.98%	11.98%	11.98%
Swabalamban Laghubitta Bittiya Sanstha Ltd.		12.02%	12.02%	12.02%
Smart Choice Technologies Limited		9.23%	9.23%	20.00%

4.11.4: Equity value of associates

Particulars	Group	
	Asar 2076 Rs.	Asar 2075 Rs.
RMDC Laghubitta Bittiya Sanstha Ltd.	222,890,816	-
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	316,637,488	-
Chhimek Laghubitta Bittiya Sanstha Ltd.	337,727,821	-
Swabalamban Laghubitta Bittiya Sanstha Ltd.	210,817,863	-
Smart Choice Technologies Limited	16,591,856	-
Total	1,104,665,844	-

As this is the first year that the bank has prepared consolidated financials, the excess of net worth over the cost of the investment in associates has been recognized in opening retained earning where as the differential net worth pertaining to current year has been absorbed in current year consolidated profit and loss. The net worth of the associates has been computed on the basis of information available from the unaudited financials on the date of preparation of financial statements.

Associate	Cost	Proportionate Net Book Value	Difference	Addition to opening reserve	Charged to profit and loss	Total
RMDC Laghubitta Bittiya Sanstha Ltd.	48,000,000	222,890,816	174,890,816	150,239,953	24,650,863	174,890,816
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	12,793,300	316,637,488	303,844,188	243,317,778	60,526,410	303,844,188
Chhimek Laghubitta Bittiya Sanstha Ltd.	24,377,900	337,727,821	313,349,921	227,014,649	86,335,272	313,349,921
Swabalamban Laghubitta Bittiya Sanstha Ltd.	12,490,500	210,817,863	198,327,363	153,585,614	44,741,749	198,327,363
Smart Choice Technologies Limited	98,124,000	16,591,856	(81,532,144)	(74,550,312)	(6,981,832)	(81,532,144)
Total	195,785,700	1,104,665,844	908,880,144	699,607,682	209,272,461	908,880,144

4.12 Investment properties

The asset pledged as collateral which has been taken over by the bank while settling its bad loans are non banking assets and have been categorized as investment properties. Investment properties are generally measured at fair value. The initial takeover value of the investment properties is lower of Panchakrit Mulya and total dues which is determined as per the NRB guidelines. The same value has been considered as the fair value of such asset. The bank doesn't intend to hold such asset for long term.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Investment properties measured at fair value				
Balance as on Sawan 1, 2075	2,299,307		2,299,307	233,378,063
Addition/disposal during the year	106,835,406		106,835,406	(231,078,756)
Net changes in fair value during the year	-		-	-
Adjustment/transfer	-		-	-
Net amount	109,134,713		109,134,713	2,299,307
Investment properties measured at cost				
Balance as on Sawan 1, 2075	-		-	-
Addition/disposal during the year	-		-	-
Adjustment/transfer	-		-	-
Accumulated depreciation	-		-	-
Accumulated impairment loss	-		-	-
Net amount	-		-	-
Total	109,134,713		109,134,713	2,299,307

4.13 Property and Equipment

All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the bank has been presented under this head. Details on the accounting policy adopted by the bank in the recognition and measurement of fixed assets has been disclosed in note 3.7.

Group

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Sawan 1, 2074									
Addition during the Year									
Acquisition									
Capitalization	168,112,500	137,408	14,205,812	59,371,417	71,608,900	9,777,113	383,050	31,870,064	355,466,264
Disposal during the year	(29,663,955)	(4,148,655)	-	(3,644,104)	(40,448,542)	(1,385,290)	(576,300)	(4,453,430)	4,453,430
Adjustment/Revaluation	-	-	-	267,197	-	(267,197)	-	-	(84,289,025)
Balance as on Asar end 2075	1,181,385,172	475,550,045	303,769,842	539,641,521	316,885,864	226,238,686	54,458,568	436,699,369	3,534,629,067
Addition during the Year									
Acquisition									
Capitalization	168,112,500	137,408	14,205,812	59,371,417	71,608,900	9,777,113	383,050	31,870,064	355,466,264
Disposal during the year	(29,663,955)	(4,148,655)	-	(3,644,104)	(40,448,542)	(1,385,290)	(576,300)	(4,453,430)	4,453,430
Adjustment/Revaluation	-	-	-	267,197	-	(267,197)	-	-	(84,289,025)
Balance as on Asar end 2076	1,319,833,717	471,538,798	317,975,654	595,636,031	348,046,222	234,363,312	54,265,318	468,600,684	3,810,259,736
Depreciation and Impairment									
As on Sawan 1, 2074									
Impairment for the year									
Depreciation charge for the Year									
Disposals									
Adjustment									
Balance as on Asar end 2075	-	140,534,300	247,866,599	377,571,497	119,147,735	150,417,786	30,562,294	260,744,972	1,326,845,183
Impairment for the year									
Depreciation charge for the Year									
Disposals									
Adjustment									
Balance as on Asar end 2076	-	155,315,105	260,669,361	408,036,411	127,947,218	142,079,060	33,917,625	301,675,680	1,429,640,460
Capital Work in Progress									
As on Asar end 2074									
As on Asar end 2075	-	10,127,022	-	-	-	-	-	4,766,361	14,893,383
As on Asar end 2076	-	12,970,344	188,315	-	-	-	-	312,931	13,471,590
Net Book Value									
As on Asar end 2074									
As on Asar end 2075	1,181,385,172	345,142,767	55,903,244	162,070,024	197,738,129	75,820,900	23,896,274	180,720,758	2,222,677,268
As on Asar end 2076	1,319,833,717	329,194,037	57,306,294	187,599,620	220,099,004	92,284,252	20,347,693	167,237,934	2,394,090,867

Regrouping of assets and related accumulated depreciation has been carried out through adjustments for a fair presentation of assets. Adjustments so carried out have no impact on depreciation charge for the year.

Bank

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Sawan 1, 2074	1,181,385,172	445,129,323	286,814,908	488,083,450	300,510,401	212,265,323	52,183,878	400,453,952	3,366,826,407
Addition during the Year	-	-	-	-	-	-	-	-	-
Acquisition	-	9,030,347	16,954,934	53,253,499	55,154,000	13,973,363	2,274,690	40,807,821	191,448,654
Capitalization	-	21,390,375	-	-	-	-	-	-	21,390,375
Disposal during the year	-	-	-	(1,695,428)	(38,778,537)	-	-	(4,332,304)	(44,806,269)
Adjustment/Revaluation	-	-	-	-	-	-	-	(230,100)	(230,100)
Balance as on Asar end 2075	1,181,385,172	475,550,045	303,769,842	539,641,521	316,885,864	226,238,686	54,458,568	436,699,369	3,534,629,067
Addition during the Year									
Acquisition	168,112,500	137,408	14,205,812	57,649,220	71,608,900	9,507,509	383,050	31,785,233	353,389,632
Capitalization	-	-	-	-	-	-	-	4,453,430	4,453,430
Disposal during the year	(29,663,955)	(4,148,655)	-	(3,644,104)	(40,448,542)	(1,385,290)	(576,300)	(4,442,180)	(84,289,025)
Adjustment/Revaluation	-	-	-	267,197	-	(267,197)	-	-	-
Balance as on Asar end 2076	1,319,833,717	471,538,798	317,975,654	593,913,834	348,046,222	234,093,708	54,265,318	468,515,853	3,808,183,104
Depreciation and Impairment									
As on Sawan 1, 2074	-	123,302,165	234,153,170	347,468,615	107,646,685	120,177,271	26,455,356	259,774,586	1,218,977,848
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	17,232,135	13,713,429	31,700,047	30,711,211	30,240,515	4,106,937	5,088,427	132,792,701
Disposals	-	-	-	(1,597,164)	(19,210,161)	-	-	(4,118,041)	(24,925,366)
Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2075	-	140,534,300	247,866,599	377,571,497	119,147,735	150,417,786	30,562,294	260,744,972	1,326,845,183
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	16,733,986	12,802,762	34,440,442	31,419,849	11,321,975	3,561,852	25,532,907	135,813,773
Disposals	-	(1,953,181)	-	(3,417,193)	(22,525,538)	(1,048,771)	(451,037)	(3,627,012)	(33,022,731)
Adjustment	-	-	-	(562,571)	(94,828)	(18,611,930)	244,516	19,024,813	-
As on Asar end 2076	-	155,315,105	260,669,361	408,032,176	127,947,218	142,079,060	33,917,625	301,675,680	1,429,636,225
Capital Work in Progress									
As on Asar end 2074	-	27,837,030	-	-	-	-	-	207,049	28,044,079
As on Asar end 2075	-	10,127,022	-	-	-	-	-	4,766,361	14,893,383
As on Asar end 2076	-	12,970,344	-	-	-	-	-	312,931	13,283,275
Net Book Value									
As on Asar end 2074	1,181,385,172	349,664,188	52,661,739	140,614,835	192,863,716	92,088,053	25,728,522	140,886,415	2,175,892,638
As on Asar end 2075	1,181,385,172	345,142,767	55,903,244	162,070,024	197,738,129	75,820,900	23,896,274	180,720,758	2,222,677,268
As on Asar end 2076	1,319,833,717	329,194,037	57,306,294	185,881,658	220,099,004	92,014,648	20,347,693	167,153,103	2,391,830,155

Regrouping of assets and related accumulated depreciation has been carried out through adjustments for a fair presentation of assets. Adjustments so carried out have no impact on depreciation charge for the year.

Assets received under grant

The bank has received grant from SAKCHYAM NEPAL, under SAKCHYAM NEPAL ACCESS TO FINANCE project in the form of reimbursement of cost of establishing a branch in remote areas. The project aims to work with the public and private sector to leverage access and facilitate financial sector development in Nepal for small and medium enterprises (SMEs) and for poor people. The accounting policy adopted for the recognition of such grant asset has been disclosed in the accounting policies of the bank in note 3.7 (F). The detail accounting of the assets under grant for the year is as follows.

Particulars	Cost of asset	Depreciation on such asset	Remaining Book Value of such asset	Grant Received	Depreciation charged and taken to income	Deferred Income
31.84% of BV of FA and Leasehold development cost of Kumakha Branch provided as grant income by Sakchyam	2,969,691	137,340	2,832,351	945,550	43,729	901,821
31.84% of BV of FA and Leasehold development cost of Chededaha Branch provided as grant income by Sakchyam	1,262,306	46,739	1,215,567	401,918	14,882	387,037
Total	4,231,997	184,079	4,047,919	1,347,468	58,611	1,288,857

4.14 Goodwill and Intangible Assets

The entity's intangible assets include the value of computer software. Such assets are accounted using the policy of the bank as disclosed in notes 3.8.

Goodwill arises during the purchase of another entity or during the consolidation with the subsidiary. It is the excess of value of asset received over the value of cost incurred to purchase the asset. Bank doesn't have any such goodwill.

Particulars	Group				
	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost:					
As on Sawan 1, 2074					
Addition during the Year					
Acquisition					
Capitalization					
Disposal during the year					
Adjustment/Revaluation					
Balance as on Asar end 2075	-	597,518,877	-	-	597,518,877
Addition during the Year					
Acquisition	-	66,209,101	-	-	66,209,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2076	-	663,727,978	-	-	663,727,978
Amortization and Impairment					
As on Sawan 1, 2074					
Amortization charge for the Year					
Impairment for the year					
Disposals					
Adjustment					
Balance as on Asar end 2075	-	511,666,189	-	-	511,666,189
Amortization charge for the Year	-	34,384,442	-	-	34,384,442
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Net book value:					
Balance as on Asar end 2074					
Balance as on Asar end 2075	-	85,852,688	-	-	85,852,688
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347

Bank

Particulars	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost:					
As on Sawan 1, 2074	-	552,208,521	-	-	552,208,521
Addition during the Year					
Acquisition	-	45,310,356	-	-	45,310,356
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2075	-	597,518,877	-	-	597,518,877
Addition during the Year					
Acquisition	-	66,209,101	-	-	66,209,101
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2076	-	663,727,978	-	-	663,727,978
Amortization and Impairment					
As on Sawan 1, 2074	-	476,182,713	-	-	476,182,713
Amortization charge for the Year	-	35,483,476	-	-	35,483,476
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2075	-	511,666,189	-	-	511,666,189
Amortization charge for the Year	-	34,384,442	-	-	34,384,442
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Net book value:					
Balance as on Asar end 2074	-	76,025,808	-	-	76,025,808
Balance as on Asar end 2075	-	85,852,688	-	-	85,852,688
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347

4.15 Deffered Tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Particulars	Group Asar 2076			Bank Asar 2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	-	(891,086)	(891,086)	-	(891,086)	(891,086)
Loans and advances to customers	-	(178,846,382)	(178,846,382)	-	(178,846,382)	(178,846,382)
Investment properties	-	-	-	-	-	-
Investment securities	297,583	(7,017,000)	(6,719,417)	297,583	(7,017,000)	(6,719,417)
Property & equipment	-	(2,556,086)	(2,556,086)	-	(2,505,441)	(2,505,441)
Employees' defined benefit plan	81,740,253	-	81,740,253	81,740,253	-	81,740,253
Lease liabilities	8,378,277	-	8,378,277	8,378,277	-	8,378,277
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	90,416,113	(189,310,554)	(98,894,441)	90,416,113	(189,259,909)	(98,843,796)
Deferred tax on carry forward of unused tax losses	-	-	-	-	-	-
Deferred tax due to changes in tax rate	-	-	(98,894,441)	-	-	(98,843,796)
Net Deferred tax asset/(liabilities) as on year end of Asar 2076	-	-	(131,264,033)	-	-	(131,264,033)
Deferred tax (asset)/liabilities as on Sawan 1, 2075	-	-	32,369,592	-	-	32,420,237
Origination/(Reversal) during the year	-	-	22,760,671	-	-	22,811,316
Deferred tax expense/(income) recognised in profit or loss	-	-	9,608,921	-	-	9,608,921
Deferred tax expense/(income) recognised in other comprehensive income	-	-	-	-	-	-
Deferred tax expense/(income) recognised in directly in equity	-	-	-	-	-	-

Continue

Particulars	Group Asar 2075			Bank Asar 2075		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs				-	(891,086)	(891,086)
Loans and advances to customers				-	(178,846,382)	(178,846,382)
Investment properties				-	-	-
Investment securities				310,944	(16,625,922)	(16,314,978)
Property & equipment				-	(8,809,758)	(8,809,758)
Employees' defined benefit plan				73,598,171	-	73,598,171
Lease liabilities				-	-	-
Provisions				-	-	-
Other temporary differences				-	-	-
Deferred tax on temporary differences				73,909,115	(205,173,148)	(131,264,033)
Deferred tax on carry forward of unused tax losses				-	-	-
Deferred tax due to changes in tax rate				-	-	-
Net Deferred tax asset/(liabilities) as on year end of Asar 2075				-	-	(131,264,033)
Deferred tax (asset)/liabilities as on Sawan 1, 2074				-	-	(123,265,472)
Origination/(Reversal) during the year				-	-	7,998,561
Deferred tax expense/(income) recognised in profit or loss				-	-	11,956,544
Deferred tax expense/(income) recognised in other comprehensive income				-	-	(3,957,983)
Deferred tax expense/(income) recognised in directly in equity				-	-	-

4.16 Other assets

Other Assets include tangible and intangible assets that hasn't been classified above. It consists primarily of accounts receivable, bills receivable, prepayments and other accrued income.

Assets held for sale are the assets that the bank intends to sell and is actively involved in finding the prospectus buyer at the present condition of the assets.

Other non- banking assets are assets taken over by bank while settling its bad loans other than land and building. Such land and buildings are categorized as investment properties.

Income tax deposits are deposits made by the bank for disputed income taxes which are under administrative review.

Deferred employee expenditure are prepaid employee expenses recognized while recognizing staff loans and advances at fair value.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	212,811,808		213,388,183	327,841,588
Accrued income	-	-	-	-
Prepayments and deposit	95,826,531		95,825,260	78,155,834
Income tax deposit	101,489,000		101,489,000	68,365,933
Deferred employee expenditure	569,784,214		569,784,214	477,530,067
Other	94,537,655		94,537,655	111,511,979
Total	1,074,449,208		1,075,024,312	1,063,405,401

Provision against account receivable is made where the regulator so requires or where the management is doubtful regarding recovery of the receivables. The provision includes Rs. 497.2 Mil made for amount receivable from Max Money SDN, Malaysia fully provided as required by the regulator.

Break up of Accounts Receivable

Accounts Receivable	804,777,458	805,353,833
Provision against accounts receivable	(591,965,650)	(591,965,650)
Net Accounts Receivable	212,811,808	213,388,183

4.17 Due to Bank and Financial Institutions

Due to BFI include deposits from A, B, C and D class financial institutions and interbank bank borrowings. Further accounts operated by A, B, C and D class institution for settlement and clearing purpose has been categorized as settlement and clearing accounts. They are accounted at amortized cost using effective interest rate.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Money market deposits	-	-	-	-
Interbank borrowing	-	-	-	-
Other deposits from BFIs	3,472,102,792		3,472,102,792	570,430,497
Settlement and clearing accounts	230,813,554		230,813,554	183,823,460
Other deposits from BFIs	-	-	-	-
Total	3,702,916,346		3,702,916,346	754,253,957

4.18 Due to Nepal Rastra Bank

Amount Payable to NRB for refinancing, standing liquidity facility, lender of last resort facility, securities sold under repurchase agreement and any other payable to NRB has been included as due to NRB. Due to NRB are accounted at amortized cost using effective interest rate.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Refinance from NRB	560,812,042		560,812,042	-
Standing Liquidity Facility	-		-	-
Lender of last resort facility from NRB	-		-	-
Securities sold under repurchase agreements	-		-	-
Other payable to NRB	-		-	-
Total	560,812,042		560,812,042	-

4.19 Derivative financial instruments

Derivative financial instruments include various hedging instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. All proprietary deals are shown as held for trading whereas those entered into on behalf of customers are shown as held for risk management.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
<i>Held for trading</i>				
Interest rate swap	-		-	-
Currency swap	-		-	-
Forward exchange contract	6,540,600		6,540,600	-
Others	-		-	-
<i>Held for risk management</i>				
Interest rate swap	-		-	-
Currency swap	-		-	-
Forward exchange contract	-		-	9,109,574
Other	-		-	-
Total	6,540,600		6,540,600	9,109,574

4.20 Deposits from customers

Deposit from customer are accounted at amortized cost using applicable interest rate.

Institutional customers are government institution, public limited companies, savings and credit co-operatives and funds operated by such entities while rest of the deposits are shown as individual depositors as per the definition given by the regulator.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Institutions customers:				
Term deposits	22,457,438,100		22,652,438,100	9,888,724,174
Call deposits	5,243,925,085		5,243,925,085	4,027,837,839
Current deposits	1,887,158,657		1,894,417,493	605,468,087
Other	1,632,189,622		1,632,189,622	390,785,306
Individual customers:				
Term deposits	27,971,128,883		27,971,128,883	31,770,447,366
Saving deposits	38,494,636,993		38,494,636,993	38,996,612,798
Current deposits	7,793,398,376		7,793,398,376	8,994,368,281
Other	3,704,925,881		3,704,925,881	4,314,547,361
Total	109,184,801,597		109,387,060,433	98,988,791,212

4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Nepalese rupee	102,626,515,024		102,828,773,860	90,790,154,922
Indian rupee	-		-	-
United State dollar	6,209,604,362		6,209,604,362	7,972,051,334
Great Britain pound	111,244,500		111,244,500	85,338,446
Euro	174,910,072		174,910,072	124,410,242
Japenese yen	56,995,240		56,995,240	13,024,942
Chinese yuan	208,522		208,522	868,185
Other	5,323,877		5,323,877	2,943,140
Total	109,184,801,597		109,387,060,433	98,988,791,212

4.21 Borrowing

Borrowings are long term domestic and foreign loans availed by the bank. As on the reporting date the bank doesn't have any borrowings from any other institution.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Domestic Borrowing				
Nepal Government	-		-	-
Other Institutions	-		-	-
Other	-		-	-
Sub total	-		-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	-		-	-
Multilateral Development Banks	-		-	-
Other Institutions	-		-	-
Sub total	-		-	-
Total	-		-	-

4.22 Provisions

A provision is recognized when as a result of a past event, the licensed institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees etc. are presented under this account head. Provision for redundancy is benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. Provision for employees' termination benefits like voluntary retirement scheme are presented under this account head. Provision for restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganizations that have a material effect on the nature and focus of the bank's operations etc. Provision for onerous contract are recognized when expected benefits to be derived by the licensed institution from a contract is lower than the unavoidable cost of meeting its obligation under the contract.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	-	-	-	2,229,307
Total	-	-	-	2,229,307

4.22.1: Movement in provision

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Balance at Sawan 1	2,299,307	-	2,299,307	233,378,063
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	(231,078,756)
Provisions reversed during the year	(2,299,307)	-	(2,299,307)	-
Unwind of discount	-	-	-	-
Balance at Asar end	-	-	-	2,299,307

The provision in the books towards non-banking assets acquired in earlier years has been reversed as a separate reserve is now earmarked for such assets under the regulatory directives.

4.23 Other liabilities

Liabilities for employees defined benefit obligations and liability for long service leave are net liabilities of the bank against gratuity and long service leave. Defined benefit liabilities of these nature are valued using actuarial calculation. Gratuity is funded benefit plan whereas liability against long service leave is non funded obligation. Bank has separate approved retirement fund maintained for gratuity payment. The obligation against gratuity as shown in the books is the shortfall in asset of retirement fund to the total liability of the fund. The bank transfers this shortfall amount in fund every fiscal year after determination of the amount by actuary.

The subsidiary of the bank is managed under a full scope management contract and hence there is no long term employee liability.

Liabilities against deferred grant income are grant received from Sakchyam Nepal which are yet to be recognized as income.

Other Liabilities include bills payable, creditors and accruals, interest payable on deposit and borrowing, unpaid dividend, employee bonus payable and other liabilities.

Liabilities are recognized at fair value of the expected outflow to the best estimate of management.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Liability for employees defined benefit obligations	90,752,567		90,752,567	26,848,604
Liability for long-service leave	272,467,511		272,467,511	245,327,235
Short-term employee benefits	-		-	-
Bills payable	124,056,580		124,056,580	142,131,638
Creditors and accruals	23,630,563		21,871,350	21,354,299
Interest Payable on deposits	571,244,111		573,104,453	449,610,396
Interest payable on borrowing	1,996,519		1,996,519	-
Liabilities on deferred grant income	1,288,857		1,288,857	-
Unpaid Dividend	227,265,450		227,265,450	31,980,755
Liabilities under Finance Lease	-		-	-
Employee bonus payable	437,017,844		437,017,844	276,517,940
Other	1,027,200,827		1,027,200,827	620,557,887
Total	2,776,920,829		2,777,021,958	1,814,328,754

4.23.1: Defined benefit obligations

The liability for the defined benefit obligation is the present value of defined benefit obligation as determined by the actuary less the fair value of the plan assets.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Present value of unfunded obligations			-	-
Present value of funded obligations			569,089,362	524,723,683
Total present value of obligations			569,089,362	524,723,683
Fair value of plan assets			478,336,795	497,875,079
Present value of net obligations			90,752,567	26,848,604
Recognised liability for defined benefit obligations			90,752,567	26,848,604

4.23.2: Plan assets

Assets held by the retirement fund can be considered as plan assets if, the fund is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity. Since HBL retirement fund is legally separable entity and the amount in fund isn't available to the bank in case of bankruptcy, the bank deposit held by the retirement fund has been recognized as plan assets.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Equity securities			-	-
Government bonds			-	-
Bank deposit			478,336,795	497,875,079
Other			-	-
Total			478,336,795	497,875,079
Actual return on plan assets			-	-

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Defined benefit obligations at Sawan 1			524,723,683	551,129,511
Actuarial losses			7,492,799	(29,792,839)
Benefits paid by the plan			(48,947,390)	(84,748,908)
Current service costs and interest			85,820,270	88,135,919
Defined benefit obligations at Asar end			569,089,362	524,723,683

4.23.4: Movement in the fair value of plan assets

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Fair value of plan assets at Sawan 1			497,875,079	510,803,659
Contributions paid into the plan			26,848,604	71,820,328
Benefits paid during the year			(48,947,390)	(84,748,908)
Actuarial (losses) gains			2,560,502	-
Expected return on plan assets			-	-
Fair value of plan assets at Asar end			478,336,795	497,875,079

4.23.5: Amount recognised in profit or loss

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Current service costs			40,236,858	42,943,575
Interest on obligation			45,583,412	45,192,344
Expected return on plan assets			-	-
Total			85,820,270	88,135,919

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Actuarial (gain)/loss on DBO			7,492,799	(29,792,839)
Actuarial (gain)/loss on Plan Assets			(2,560,502)	-
Total			4,932,297	(29,792,839)

4.23.7: Actuarial assumptions

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Discount rate			9.00%	9.00%
Expected return on plan asset			0.00%	0.00%
Future salary increase			6.00%	6.00%
Withdrawal rate			5.00%	5.00%

4.24 Debt securities issued

Debt Securities issued is the 7 year bond issued by the bank in Asar 2070. The bond matures in Asar 2077(July 2020). The bond has been recognized at amortized cost using effective interest rate. Debenture redemption reserve has been created for the full value of the bond.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	623,148,518	-	623,148,518	623,357,548
Total	623,148,518		623,148,518	623,357,548

4.25 Subordinated Liabilities

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-		-	-

4.26 Share capital

Share capital has been issued and recognized at par value. Share capital of the bank comprises of ordinary shares.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Ordinary shares	8,520,255,844	-	8,520,255,844	8,114,529,375
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	8,520,255,844		8,520,255,844	8,114,529,375

4.26.1: Ordinary shares

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Authorized Capital				
100,000,000 Ordinary share of Rs. 100 each			10,000,000,000	10,000,000,000
Issued capital				
85,202,558 Ordinary share of Rs. 100 each			8,520,255,844	8,114,529,375
Subscribed and paid up capital				
85,202,558 Ordinary share of Rs. 100 each			8,520,255,844	8,114,529,375
Total			8,520,255,844	8,114,529,375

4.26.2: Ordinary share ownership

Particulars	Group				Bank			
	Asar 2076		Asar 2075		Asar 2076		Asar 2075	
	%	Amount	%	Amount	%	Amount	%	Amount
Domestic ownership								
Nepal Government	-	-	-	-	-	-	-	-
“A” class licensed institutions	-	-	-	-	-	-	-	-
Other licensed intitutions	-	-	-	-	-	-	-	-
Other Institutions	65%	5,538,166,299	65%	5,274,444,094	65%	5,274,444,094	65%	5,274,444,094
Public	15%	1,278,038,377	15%	1,217,179,406	15%	1,217,179,406	15%	1,217,179,406
Other	-	-	-	-	-	-	-	-
Foreign ownership	20%	1,704,051,169	20%	1,622,905,875	20%	1,622,905,875	20%	1,622,905,875
Total	100%	8,520,255,844	100%	8,114,529,375	100%	8,520,255,844	100%	8,114,529,375

Foreign Ownership of 20% is held by Habib Bank Limited, Pakistan which is the joint venture partner of the bank from the date of incorporation. Details of shareholders holding more than 0.5% Shares is as follows.

Name	Percent
HABIB BANK LIMITED	20.00
KARMACHARI SANCHAYA KOSH	14.00
N. TRADING COMPANY P. LTD.	12.71
MUTUAL TRADING COMPANY P. LTD.	11.85
AVA INTERNATIONAL P. LTD	11.38
CHHAYA INTERNATIONAL P. LTD.	8.89
SHASHI KANT AGARWAL	2.65
SYAKAR CO. LTD.	0.99
ANJU KHETAN	0.77
SHARMA & CO. P. LTD.	0.66

4.27 Reserves

Reserves are appropriation of profit made for specific purpose under various regulatory and other local requirements.

Statutory General Reserve: 20% of the net profit of each fiscal year is allocated to general reserve and the same is retained till it becomes double of the paid up capital.

Exchange Equalization Reserve: 25% of revaluation gain on foreign currency is allocated to exchange equalization reserve.

Corporate Social responsibility reserve: 1% of net profit of each fiscal year is allocated to this reserve and it is utilized towards corporate social responsibility expenditure in the following years.

Regulatory Reserve: Regulatory reserve is required to be made under specific instruction of the regulator. The reserve represents allocation with respect to portion of, interest income on loans and advances recognized on accrual basis, fair value recognized for investment properties (non banking assets) and actuarial gain or loss.

Fair Value Reserve: The fair value reserve comprises of the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets are presented under this reserve.

Actuarial gain: Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations has been presented under this reserve.

Other reserve: Other reserve includes debenture redemption reserve and employee training and development fund. 3% of staff expenses of previous fiscal year excluding statutory bonus, finance expense under NFRS and employee training and development expense less actual staff training and development expenditure of this year is appropriated to this reserve in current fiscal year. Debenture redemption reserve has been created by appropriating equal amount from the profit of each period to this reserve. This amount will be release after the redemption of the bond.

Details on the movement of these reserve has been presented on statement of change in equity

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Statutory general reserve	3,737,834,765		3,736,889,575	3,184,119,880
Exchange equalisation reserve	39,056,093		39,056,093	34,636,311
Corporate social responsibility reserve	47,666,793		47,666,793	25,349,207
Capital redemption reserve	-		-	-
Regulatory reserve	844,383,362		844,383,362	723,597,851
Investment adjustment reserve	1,214,859		1,214,859	-
Capital reserve	-		-	-
Assets revaluation reserve	-		-	-
Fair value reserve	16,373,000		16,373,000	38,793,817
Dividend equalisation reserve	-		-	-
Actuarial gain	(44,909,698)		(44,909,698)	(39,977,401)
Special reserve	-		-	-
Other reserve	662,721,674		662,721,674	557,442,515
Total	5,304,340,848		5,303,395,658	4,523,962,180

Notes	Asar 2076	Asar 2075	Asar 2076	Asar 2075
<i>Other reserve includes:</i>				
Bond Redemption Reserve	600,000,000		600,000,000	514,285,713
Employee Training and Development Fund	62,721,674		62,721,674	43,156,802
Total Other Reserve	662,721,674		662,721,674	557,442,515

4.28 Contingent liabilities and commitments

A contingent liability is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Contingent liabilities	28,172,428,806		28,172,428,806	32,269,432,841
Undrawn and undisbursed facilities	4,373,250,690		4,373,250,690	3,455,484,420
Capital commitment	39,352,665		39,352,665	32,406,951
Lease commitment	916,610,540		916,610,540	-
Litigation	357,473,868		357,473,868	426,472,271
Total	33,859,116,570		33,859,116,570	36,183,796,482

4.28.1: Contingent liabilities

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Acceptance and documentary credit	11,590,699,137		11,590,699,137	14,371,288,695
Bills for collection	576,499,185		576,499,185	1,076,037,596
Forward exchange contracts	8,137,163,142		8,137,163,142	5,890,999,775
Guarantees	6,279,255,542		6,279,255,542	6,408,163,036
Underwriting commitment	-		-	-
Other commitments	1,588,811,800		1,588,811,800	4,522,943,739
Total	28,172,428,806		28,172,428,806	32,269,432,841

4.28.2: Undrawn and undisbursed facilities

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Undisbursed amount of loans	-		-	-
Undrawn limits of overdrafts	4,373,250,690		4,373,250,690	3,455,484,420
Undrawn limits of credit cards	-		-	-
Undrawn limits of letter of credit	-		-	-
Undrawn limits of guarantee	-		-	-
Total	4,373,250,690		4,373,250,690	3,455,484,420

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Capital commitments in relation to Property and Equipment				
Approved and contracted for	30,828,227		30,828,227	24,768,644
Approved but not contracted for	8,524,439		8,524,439	7,638,307
Sub total	39,352,665		39,352,665	32,406,951
Capital commitments in relation to Intangible assets				
Approved and contracted for	-		-	-
Approved but not contracted for	-		-	-
Sub total	-		-	-
Total	39,352,665		39,352,665	32,406,951

4.28.4: Lease commitments

The amount shown represents total rent payable during the lease period under legally enforceable operating lease contracts entered into by the bank for operating its branches.

Particulars	Group		Bank	
	Asar 2076	Asar 2075	Asar 2076	Asar 2075
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	137,490,999		137,490,999	-
Later than 1 year but not later than 5 years	613,050,575		613,050,575	-
Later than 5 years	166,068,967		166,068,967	-
Sub total	916,610,540		916,610,540	-
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-		-	-
Later than 1 year but not later than 5 years	-		-	-
Later than 5 years	-		-	-
Sub total	-		-	-
Grand total	916,610,540		916,610,540	-

4.28.5: Litigation

Claims & litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the year end, the Bank had no major unresolved claims other than following:

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Claims on Institutions but not accepted by bank				
- Unpaid guarantee claims	128,873,763		128,873,763	216,975,035
Contingent liabilities on income tax	-		-	-
- Assessment under appeal	228,600,105		228,600,105	209,497,236
	357,473,868		357,473,868	426,472,271

4.29 Interest income

Interest income includes interest income received from loans and advances and investment. Interest income is calculated using effective interest rate on accrual basis. Loan Documentation fees received hasn't been considered while calculating interest income from loans and advances as its impact is immaterial.

Interest income on cash and cash equivalents is interest income on money at call and short notice, interbank lending and placement with original maturity less than 90 days. Interest on Placement with bank and financial institution is interest income on placement with original maturity greater than 90 days. Interest income on securities is interest income on T-Bills, NRB bonds and foreign bonds.

Interest income on loans and advances to customer is interest on all loans and advances excluding interest received on staff loan and interest received on loans and advances provided to microfinance which has been categorized separately. Interest income from loans and advances to customer has been recognized on accrual basis expect for interest on loan and advances where principal or interest has been past dues for more than 90 days. For such outstanding, the collateral value is compared to the total outstanding & if the outstanding amount is within the collateral value then the interest income is recognized, otherwise accrual of such interest income is suspended. However, if the loan is in past dues for more than 12 months then the accrual of interest income is suspended irrespective of the value of collateral.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Cash and cash equivalent	119,459,361		119,459,361	66,030,332
Due from Nepal Rastra Bank	8,740,430		8,740,430	-
Placement with bank and financial institutions	111,175,427		111,175,427	74,832,369
Loan and advances to bank and financial institutions	433,395,630		433,395,630	337,595,991
Loans and advances to customers	10,363,680,542		10,363,680,542	8,820,245,079
Investment securities	523,537,450		523,537,450	387,014,543
Loan and advances to staff	65,426,210		65,426,210	39,152,578
Other	-		-	-
Total interest income	11,625,415,050		11,625,415,050	9,724,870,892

Loans and Advances to customer during the year includes Rs. 10,381,379 recognized as income on take over of investment properties.

4.30 Interest expense

Interest expense has been recognized using applicable interest rate. Interest expense on deposit from customer represents all interest expense on deposits except deposits from banks and financial institutions which has been categorized separately as interest expense on due to banks and financial institutions. Interest expense on due to Nepal Rastra Bank is interest expense on refinancing received from Nepal Rastra Bank. Interest expense on debt securities is interest expense on bond.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Due to bank and financial institutions	22,214,163		22,214,163	7,356,364
Due to Nepal Rastra Bank	5,793,379		5,793,379	-
Deposits from customers	6,507,842,802		6,518,066,664	5,347,690,808
Borrowing	-		-	-
Debt securities issued	48,000,000		48,000,000	48,000,000
Subordinated liabilities	-		-	-
Other	-		-	-
Total interest expense	6,583,850,344		6,594,074,206	5,403,047,172

4.31 Fees and Commission Income

Fees and commission income are income earned by the entity while providing services to the customer which includes fees and commission earned for issuance and renewal of cards, loan administration fees, remittance fees, commission on issuing letter of credit and guarantee contract, locker rental, purchase of bills, etc. Such fees and commission are recognized when services are rendered.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Loan administration fees	146,322,980		146,322,980	94,985,361
Service fees	-		-	-
Consortium fees	11,650,000		11,650,000	904,130
Commitment fees	-		-	-
DD/TT/Swift fees	25,905,343		25,905,343	25,877,006
Credit card/ATM issuance and renewal fees	238,839,936		238,839,936	239,385,449
Prepayment and swap fees	-		-	-
Investment banking fees	-		-	-
Asset management fees	-		-	-
Brokerage fees	-		-	-
Remittance fees	104,423,463		104,423,463	115,833,270
Commission on letter of credit	79,216,965		79,216,965	81,498,688
Commission on guarantee contracts issued	81,416,436		81,416,436	90,144,198
Commission on share underwriting/issue	-		-	-
Locker rental	21,016,466		21,016,466	20,481,454
Other fees and commission income	112,514,891		112,514,891	102,928,265
Total Fees & Commission Income	821,306,480		821,306,480	772,037,821

4.32 Fees and commission expense

Fees and commission expense incurred by the bank and its subsidiary are recognized when the services are availed by the bank. Such fees and commission expense are included mainly on account of card issuance charges, communication charges, and other registration fees and charges.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
ATM management fees	-		-	-
VISA/Master card fees	32,961,180		32,961,180	33,215,292
Guarantee commission	-		-	-
Brokerage	-		-	-
DD/TT/Swift fees	9,891,205		9,891,205	9,788,125
Remittance fees and commission	-		-	-
Other fees and commission expense	22,213,221		22,213,221	19,152,535
Total Fees & Commission Expense	65,065,606		65,065,606	62,155,952
Net Fees & Commission Income	756,240,874		756,240,874	709,881,869

4.33 Net trading income

The entity doesn't hold any trading assets. The trading income represents the income from foreign currency transaction only. Gain or loss on foreign currency transaction are measured as difference on the carrying amount of the currency held to the disposed amount.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Changes in fair value of trading assets	-	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss on foreign exchange transaction	718,157,896	-	718,157,896	718,904,848
Other	-	-	-	-
Net Trading Income	718,157,896	-	718,157,896	718,904,848

4.34 Other operating income

Other operating income are income earned by the entity while carrying out its normal transaction. These income are recognized when right to receive such income arises. Income on revaluation of foreign currency is recognized on mark to market basis.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Foreign exchange revaluation gain	17,679,126	-	17,679,126	(42,614,098)
Gain/loss on sale of investment securities	-	-	-	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	4,819,299	-	63,317,521	48,597,350
Gain/loss on sale of property and equipment	1,453,636	-	1,453,636	821,207
Gain/loss on sale of investment property	2,878,906	-	2,878,906	19,872,620
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Other	89,746,388	-	89,787,421	78,171,011
Total	116,577,355	-	175,116,610	104,848,090

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

Impairment is the reduction in the value of the asset. The bank assess impairment of loan and advances at the end of each reporting period under both incurred loss model as per NAS 39 and loan loss provision as prescribe by NRB. Impairment provided is the amount of Loan Loss Provision (higher of amount derived based on LLP norms as prescribed by the regulator and the amount of impairment calculated based on NAS 39) as mandated by the Carve-out provided by ICAN.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Impairment charge/(reversal) on loan and advances to B/FIs	11,452,080	-	11,452,080	3,584,062
Impairment charge/(reversal) on loan and advances to customer	122,170,019	-	122,170,019	676,332,973
Impairment charge/(reversal) on financial Investment	-	-	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-	-	-
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	133,622,099	-	133,622,099	679,917,035

4.36 Personnel Expense

Personnel expense includes both short term and long term employee expense of the bank. Short term expenses such as salary, allowance, insurance, provident fund are recognized when they become due on actual basis. Long term employee expense include gratuity and leave encashment expenses. Long term benefits are paid to employee when they are separated from the bank. Such benefits are evaluated using actuarial valuation technique as advised by an actuary. Staff bonus is provided as per the statutory requirement.

Finance expense under NFRS is the notional expense incurred by the bank while providing staff loan at below market rate of interest. For recognizing benefit provided to the employee as staff loan is valued at fair market value, the difference between the loan amount and fair market value is amortized as finance expense on staff loan over the loan period.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Salary	373,761,846		373,761,846	355,083,763
Allowances	516,983,812		516,983,812	429,322,578
Gratuity Expense	85,820,270		85,820,270	88,135,919
Provident fund	31,935,813		31,935,813	31,767,926
Uniform	11,000,000		11,000,000	9,000,000
Training & development expense	11,099,233		11,099,233	11,255,172
Leave encashment	72,156,082		72,156,082	39,999,565
Medical	-		-	-
Insurance	25,343,196		25,343,196	27,933,063
Employees incentive	18,733,015		18,733,015	10,092,070
Cash-settled share-based payments	-		-	-
Pension expense	-		-	-
Finance expense under NFRS	29,253,737		29,253,737	12,338,194
Other expenses related to staff	25,020,768		25,020,768	30,801,949
Subtotal	1,201,107,772		1,201,107,772	1,045,730,199
Employees bonus	437,017,844		437,017,844	276,517,940
Grand total	1,638,125,616		1,638,125,616	1,322,248,139

The total leave encashment expense shown in the above schedule includes encashment of accrued sick leave above 120 days under staff By-Laws and accrued annual leave above 120 days apart from the leave expense as per actuarial valuation. The leave encashment expense for the year as per actuarial valuation is Rs 47,564,411.

4.37 Other operating expense

Operating expense are incurred on day to day basis for conducting the normal activities of the bank. Expense are recognized on accrual basis.

However, operating lease expense has been recognized on straight line method considering all the incremental expense through the period of the rental agreement as per NAS 17 on leases.

Fees paid under management contract in case of subsidiary has been shown under other operating expense.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Directors' fee	1,377,000		1,377,000	1,394,000
Directors' expense	7,582,088		7,582,088	6,460,231
Auditors' remuneration	2,197,850		2,113,100	1,921,000
Other audit related expense	-		-	-
Professional and legal expense	33,084,421		33,033,971	24,281,044
Office administration expense	451,456,368		451,405,309	434,522,082
Operating lease expense	228,130,543		228,130,543	174,271,978
Operating expense of investment properties	-		-	-
Corporate social responsibility expense	5,320,899		5,320,899	15,189,247
Onerous lease provisions	-		-	-
Other	70,917,893		67,735,653	38,312,017
Total	800,067,062		796,698,563	696,351,599

The Rental expense of the year under accrual basis is Rs. 199,979,562. Additional rental expense amounting 27,927,592 has been recognized under SLM basis for operating lease rental recognition

Directors Expenses for the year includes Rs. 3.31 mil incurred in orientation/ refresher programs organized for directors as required by directives issued by the Regulator. Details of directors expenses are as follows:

Particulars	Asar 2076 Rs.
Orientation / Refresher Training Expenses	3,310,106
Travelling Expenses	1,137,936
Newspaper & Communication Expenses	2,661,285
Insurance Expenses	158,896
Miscellaneous Expenses	313,865
Total	7,582,088

4.37.1 Office Administration Expense

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Water and Electricity	30,941,431		30,941,431	29,327,210
Repair and Maintenance	102,136,862		102,136,862	105,135,336
a) Building	3,292,488		3,292,488	2,771,879
b) Vehicle	2,032,169		2,032,169	2,195,758
c) Other	96,812,205		96,812,205	100,167,699
Insurance	18,458,292		18,458,292	20,974,742
Postage, telex, telephone, fax	39,834,105		39,834,105	36,133,941
Printing and stationery	30,235,317		30,235,317	27,415,582
Newspaper, books and journals	612,243		612,243	562,418
Advertisement	49,279,263		49,252,577	72,645,235
Donation	-		-	-
Security Expense	68,058,023		68,058,023	39,996,790
Deposit and Loan Guarantee Premium	32,845,768		32,845,768	31,320,857
Travel allowance and expenses	27,276,579		27,276,579	24,839,842
Entertainment	2,075,390		2,075,390	1,566,348
Annual/ Special General meeting Expense	2,487,775		2,487,775	1,968,256
Other	47,215,319		47,190,947	42,635,525
a) Fuel, Janitorial and cleaning	44,961,697		44,961,697	39,483,563
b) Expense for Capital Items	1,117,731		1,117,731	653,908
c) Other	1,135,891		1,111,519	2,498,054
Total	451,456,368		451,405,309	434,522,082

4.38 Depreciation & Amortisation

Depreciation has been recognized under written down value method for tangible fixed assets and amortization has been recognized for intangible assets under straight line method basis. The details on the policy adopted by the bank for the depreciation and amortization has been disclosed in note 3.7 (B).

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Depreciation on property and equipment	135,818,008		135,813,773	132,792,701
Depreciation on investment property	-		-	-
Amortisation of intangible assets	34,384,442		34,384,442	35,483,476
Total	170,202,450		170,198,215	168,276,177

4.39 Non operating income

Any income received which is beyond the normal income generating activities of the bank has been recognized as non operating income.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Recovery of written off loan	8,743,336		8,743,336	16,371,060
Share of the profit of investment in associate	267,770,684		-	-
Other income	40,583,928		40,583,928	293,154,178
Total	317,097,948		49,327,264	309,525,238

Share of the profit of the associate is the differential net worth of the associates in the current fiscal year.

Other income represents write back of provision against other assets amounting Rs. 38,284,621 in the current fiscal year.

4.40 Non operating expense

Any expense incurred for activities which is beyond the normal activities of the bank has been recognized as non operating expense

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Loan write offs*	540,418		540,418	20,936,778
Redundancy provision	-		-	-
Expense of restructuring	-		-	-
Other expense	57,837,977		57,837,977	512,074,634
Total	58,378,395		58,378,395	533,011,412

Other Expense in the current fiscal year represents amount paid under voluntary retirement scheme amounting Rs. 16,301,570 and provision against other assets amounting to Rs. 41,465,092.

*The loan write off pertains to old outstanding on credit cards which have been written off in line with procedures enumerated in the Bank's Loan Write-off Policy.

4.41 Income tax expense

Income Tax has been assessed as per Income Tax Act, which is shown as current year tax. Adjustment for prior period is the income tax of previous year that was assessed after the closing of books of previous year.

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Current tax expense				
Current year	1,188,315,640		1,186,058,888	875,040,440
Adjustments for prior years	6,064,553		6,064,553	2,571,952
	1,194,380,193		1,192,123,441	877,612,392
Deferred tax expense				
Origination and reversal of temporary differences	(22,760,671)		(22,811,316)	11,956,544
Changes in tax rate				-
Recognition of previously unrecognised tax losses	-		-	-
Total income tax expense	1,171,619,522		1,169,312,125	889,568,936

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		Bank	
	Asar 2076 Rs.	Asar 2075 Rs.	Asar 2076 Rs.	Asar 2075 Rs.
Profit before tax			3,933,160,600	2,765,179,403
Tax amount at the rate of 30%			1,179,948,180	829,553,821
Add: Tax effect of expenses that aren't deductible for tax purpose			206,521,814	240,712,691
Less: Tax effect on exempt items			(200,411,106)	(195,552,229)
Add/ Less: Tax effect on other items			(16,746,763)	14,854,653
Total income tax expense			1,169,312,125	889,568,936
Effective tax rate			29.73%	32.17%

5. DISCLOSURE & ADDITIONAL INFORMATION

5.1 Risk management

HBL realizes the ever-increasing need for a comprehensive risk assessment & management system at all levels of operation and has therefore instilled a strong control & monitoring environment within the bank. 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 risk areas identified in the course of operation as well as those considered potential given the dynamic environment of the banking industry.

Credit risk

Credit risk is the risk of financial loss to the Bank if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers/other banks and investments in debt securities. In addition to the direct funding exposure, the bank would also be exposed to credit risk on account of indirect liabilities such as letters of credit, guarantees etc.

Credit Risk at HBL is being managed through implementation of Credit Policy Guidelines, Credit Policy Manual, and specific Product Documents developed for each banking product. These policies, manual & product documents lay down the basic framework for credit appraisal & authority for approval. A comprehensive credit risk assessment process has been defined which involves individual appraisal of all borrowers including corporate, institutional & SME borrowers against stipulated criteria & also encompasses assignment of systematic credit ratings. The Risk Management Department reviews and assesses the risk associated with individual credit proposals above the set threshold and also 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 in the light of the current market conditions & management analysis & issues necessary instructions including amendments to policies in order to strengthen the bank's credit portfolio. The credit administration function of the bank is centralized, and all approved facilities are implemented only after scrutiny of related security and other documents and after reasonable assurance of compliance with approving conditions.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse movements in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. This risk is continuously monitored by the Treasury Department under direct supervision of the Senior Executives. A comprehensive treasury manual is in place which defines procedures & authority aimed at regulating the related activities including setting up of various risk limits & 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.

Liquidity risk

Liquidity risk is the risk that the Bank may encounter difficulties in meeting its financial commitments that are settled by delivering cash or another financial asset. Due to this risk, the bank may be unable to meet its payment obligations when they fall due under both normal and stress circumstances. With the objective of limiting this risk, the management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of continuously managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and ensuring availability of high grade collateral which could be used to secure additional funding at any given time.

Operational and Other Risk

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 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

circulares 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 provides 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.

The scope of Risk Management Department has been expanded to include oversight of overall operational risk management in the bank which is achieved through systematic reports obtained independently at defined intervals from various levels of management.

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 and adherence to prudential & regulatory requirements & 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.

5.2 Capital management

(i) Qualitative disclosures

The Bank aims to have a comfortable capital position with adequate cushion over the regulatory requirement. Higher dependency is placed on equity which is being strengthened by the Bank's policy of distribution of dividend in both script and cash form. The Bank further issues subordinated bonds on need basis as a part of Tier II capital. The capital base position is monitored on a daily basis to avoid any unwanted capital constraints and to ensure that required capital is there to pave way for the planned growth.

(ii) Quantitative disclosures

1. Capital structure and capital adequacy

A. Capital structure and capital adequacy as per BASEL III

1. Tier 1 Capital and Breakdown of its Components:

S. No.	Particulars	Amount
A	Core Capital (Tier 1)	14,650,186,178
1	Paid up Equity Share Capital	8,520,255,844
2	Statutory General Reserves	3,736,889,575
3	Retained Earnings	2,171,146,878
4	Debenture Redemption Reserve	600,000,000
5	Less: Investment in equity of institutions with financial interests	298,124,000
6	Less: Purchase of land & building in excess of limit and unutilized	79,982,119

2. Tier 2 Capital and Breakdown of its Components

S. No.	Particulars	Amount
A	Supplementary Capital (Tier 2)	1,221,401,023
1	Subordinated Term Debt	120,000,000
2	General loan loss provision	1,061,130,071
3	Exchange Equalization Reserve	39,056,093
4	Investment Adjustment Reserve	1,214,859
5	Other Reserves	-

3. Information on Subordinated Term Debt:

Bond Issued	HBL Bond 2077
Outstanding amount	600,000,000
Interest rate	8%
Maturity Date	Ashad 2077
Interest payment	Half yearly basis
Tenor	7 years
Amount to be reckoned as capital	120,000,000

4. Total deductions from Capital: N/a
5. Total Qualifying Capital

S. No.	Particulars	Amount
1	Core Capital (Tier 1)	14,650,186,178
2	Supplementary Capital (Tier 2)	1,221,401,023
Total		15,871,587,201

6. Capital Adequacy Ratio:

Tier 1 Capital to Total Risk Weighted Exposures	11.63%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.60%

2. Risk exposures
1. Risk Weighted Exposures for Credit Risk, Market Risk & Operational Risks

RISK WEIGHTED EXPOSURES		Amount
a	Risk Weighted Exposure for Credit Risk	111,281,585,449
b	Risk Weighted Exposure for Operational Risk	7,973,401,790
c	Risk Weighted Exposure for Market Risk	218,354,049
Adjustment under Pillar II		
	Add 5% of gross income for operational risk	2,926,688,843
	Add: 3% of total RWE for overall risk	3,584,200,239
Total Risk Weighted Exposures		125,984,230,370

2. Risk Weighted Exposures under each of 12 categories of Credit Risk

S. No.	Particulars	Amount
1	Claims on government & central bank	320,600,988
2	Claims on other official entities	1,010,903,822
3	Claims on banks	2,710,316,496
4	Claims on domestic corporate and securities firms	73,711,806,050
5	Claims on regulatory retail portfolio	7,002,262,049
6	Claims secured by residential properties	3,402,598,937
7	Claims secured by commercial real estate	1,616,316,955
8	Past due claims	621,768,641
9	High risk claims	5,624,129,991
10	Lending against securities (Bonds and Share)	1,503,677,438
11	Other assets	3,525,200,241
12	Off balance sheet items	10,232,003,841
Total		111,281,585,449

3. Total Risk Weighted Exposures calculation table:

S. No.	Particulars	Amount
1	Total Risk Weighted Exposure	125,984,230,370
2	Total Core Capital Fund (Tier 1)	14,650,186,178
3	Total Capital Fund (Tier 1 & Tier 2)	15,871,587,201
4	Total Core Capital to Total Risk Weighted Exposures	11.63%
5	Total Capital to Total Risk Weighted Exposures	12.60%

4. Amount of NPA

S. No.	Loan Classification	Gross Amount	Provision Held	Net NPA
1	Restructured Loan	19,469,480	3,762,538	15,706,943
2	Substandard Loan	91,252,194	22,813,048	68,439,145
3	Doubtful Loan	52,011,896	26,005,948	26,005,948
4	Loss Loan	935,845,119	935,845,119	-
Total		1,098,578,689	988,426,653	110,152,036

5. NPA Ratios

Gross NPA to Gross Advances	1.12%
Net NPA to Net Advances:	0.11%

(iii) Compliance with external requirement

The Bank through-out the reporting period has fully complied with the capital requirements imposed by the Regular for 'A' class commercial banks operating in the country.

5.3 Classification of financial assets and financial liabilities

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The accounting policies describe the manner each category of financial instrument is measured and also the manner in which income and expenses, including fair value gains and losses, are recognized.

5.4 Operating Segment Information

1. General information

- a) The Bank has branches operating in different provinces across the country. All the branches are full scope branches and are entitled to carry out all types of transactions that the Bank is licensed for. The Bank has therefore identified reporting segments on the basis of provinces in which the branches are located. However, two independent profit centers, namely, Remittance Center and Card Center have been reported as a separate segment along with the Corporate Office.
- b) Following are the main products and services from which each reportable segment derives its revenues:
 - (a) Loan and Advances
 - (b) Letter of Credit
 - (c) Guarantee
 - (d) Remittance
 - (e) Card service
 - (f) Locker Service
 - (g) Bills purchase and discounting
 - (h) Collection service
 - (i) Other ancillary services

2. Information about profit or loss, assets and liabilities

Particulars	Province							Head Office and other profit center	Total
	1	2	3	4	5	6	7		
(a) Revenues from external customers	932,094,050	1,183,435,768	7,100,551,512	320,178,853	1,793,248,624	4,672,009	161,673,322	1,893,469,162	13,389,323,300
(b) Intersegment revenues	35,064,578	14,670,840	2,838,918,044	121,214,369	63,330,101	3,294,374	2,903,699	48,308,996	3,127,705,001
(c) Net Revenue	967,158,628	1,198,106,609	9,939,469,556	441,393,222	1,856,578,725	7,966,383	164,577,022	1,941,778,158	16,517,028,301
(d) Interest revenue	867,574,028	1,117,190,986	6,614,426,029	306,178,287	1,740,003,002	4,063,835	158,316,306	817,662,576	11,625,415,050
(e) Interest expense	173,539,451	148,607,696	5,612,581,627	180,820,919	232,893,226	2,797,605	13,119,191	229,714,493	6,594,074,206
(f) Net interest revenue	694,034,577	968,583,290	1,001,844,402	125,357,368	1,507,109,777	1,266,230	145,197,116	587,948,084	5,031,340,844
(g) Depreciation and amortisation	9,879,967	3,519,234	25,034,479	3,883,713	6,148,557	1,043,064	2,151,101	118,538,101	170,198,215
(h) Segment profit/(loss)	1,448,498,185	267,190,362	3,886,209,825	192,802,737	493,711,931	(3,090,018)	19,672,412	(1,934,816,990)	4,370,178,444
(i) Entity's interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-	-	-	-	-
(j) Other material non-cash items:	-	-	-	-	-	-	-	-	-
(k) Impairment of assets	137,280,463	104,250,042	1,588,058,570	26,681,270	166,148,739	528,116	13,089,110	24,220,414	2,060,256,724
(l) Segment assets	4,477,455,684	3,258,687,155	97,363,849,368	4,140,845,287	6,318,359,628	180,350,490	492,509,082	16,919,085,380	133,151,142,073
(m) Segment liabilities	4,477,455,684	3,258,687,155	97,363,849,368	4,140,845,287	6,318,359,628	180,350,490	492,509,082	16,919,085,380	133,151,142,073

3. Measurement of operating segment profit or loss, assets and liabilities

(a) Basis of accounting for transactions between reportable segments.

Each segment account is prepared on accrual basis and transactions between segments are conducted at a pre-determined price.

(b) Differences between the measurements of the reportable segments profits or losses and the entity's profit or loss before income tax.

Profit or losses of the reportable segments before staff bonus are measured on accrual basis based on NFRS. Inter-segmental revenue is accordingly set off against related inter-segmental expenses in order to arrive at the entity's profit or loss.

(c) Differences between the measurements of the reportable segments' assets and the entity's asset.

There are no difference between the reportable segment assets and entity's assets.

(d) Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss.

None.

(e) Nature and effect of any asymmetrical allocations to reportable segments.

All allocations are symmetrically done.

4. Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

1. Revenue

Total revenues for reportable segments	16,517,028,301
Other revenues	-
Elimination of intersegment revenues	(3,127,705,001)
Entity's revenues	13,389,323,300

2. Profit or loss

Total profit or loss for reportable segments	4,370,178,444
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts:	
Staff bonus	(437,017,844)
Profit before income tax	3,933,160,600

3. Assets

Total assets for reportable segments	133,151,142,073
Other assets	
Unallocated amounts	-
Entity's assets	133,151,142,073

4. Liabilities

Total liabilities for reportable segments	133,151,142,073
Other liabilities	
Unallocated liabilities	-
Entity's liabilities	133,151,142,073

5. Information about products and services

Revenue from each type of product and services described in point no. 1 (b) above:

(a)	Loan and Advances	11,020,475,362
(b)	Letter of Credit	79,216,965
(c)	Guarantee	81,416,436
(d)	Remittance	104,423,463
(e)	Card service	238,839,936
(f)	Locker Service	21,016,466
(g)	Bills purchase and discounting	7,409,806
(h)	Collection service	52,588,224
(i)	Other ancillary services	1,783,936,642
	Total	13,389,323,300

6. Information about geographical areas

Revenue from following geographical areas:

(a)	Domestic	13,389,323,300
	Province 1	932,094,050
	Province 2	1,183,435,768
	Province 3	8,994,020,674
	Province 4	320,178,853
	Province 5	1,793,248,624
	Province 6	4,672,009
	Province 7	161,673,322
(b)	Foreign	-
	Total	13,389,323,300

7. Information about major customers

The customers of the Bank do not individually / singly contribute 10% or more of the entity's revenue.

5.5 Share options and share based payment

As per NFRS 2, an entity shall recognize the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. Corresponding increase in equity is recognized if the goods or services are received in an equity-settled share-based payment transaction or a liability if the goods or services are acquired in a cash-settled share-based payment transaction.

The Bank has not entered into any share options and share based payment transaction till date.

5.6 Contingent liabilities and commitment

The Bank creates a provision when there is a present obligation as a result of past events that probably require an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The details regarding the contingent liabilities are disclosed in Note 4.28.

5.7 Related parties disclosures

The Bank carries out transactions in the ordinary course of business with parties that fall within the ambit of related parties as defined in Nepal Accounting Standard - NAS 24 (Related Party Disclosures). The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Bank and is comparable with what is applied to transactions between the Bank and its unrelated customers.

By virtue of its shareholding of over 10 per cent in the Bank and representation in the Board of Directors, Habib Bank Limited and Karmachari Sanchaya Kosh are related parties to the Bank. Transactions with related parties during the reporting period is given below:

Transaction with Habib Bank Ltd.

Particulars	This Year Ending	Immediate Previous Year Ending
Deposits with Habib Bank	-	-
Due from Habib Bank	3,191,260	2,660,179
Placements in Habib bank	1,096,500,000	1,096,500,000
Due to Habib bank	-	-
Total	1,099,691,260	1,099,160,179
For the Year Ended		
Interest Received	35,422,851	34,626,252
Total	35,422,851	34,626,252
Cash Dividend Paid	175,103,429	17,137,886
Total	175,103,429	17,137,886

Transaction with Karmachari Sanchaya Kosh

Particulars	This Year Ending	Immediate Previous Year Ending
Rental Expense paid	59,679,730	54,654,600
Cash Dividend paid	122,572,400	11,996,520
Total	182,252,130	66,651,120

Transaction with Parent, Subsidiary and Other Affiliates

The Bank doesn't have an identifiable parent. It has a wholly owned subsidiary named Himalayan Capital Limited and 5 associates:

- RMDC Laghubitta Bittiya Sanstha Ltd
- Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.
- Chhimek Laghubitta Bittiya Sanstha Ltd.
- Swabalamban Laghubitta Bittiya Sanstha Ltd.
- Smart Choice Technologies Limited

Transaction with Subsidiary

Transaction with Subsidiary	This Year Ending	Immediate Previous Year Ending
Deposit of Subsidiary in the bank	202,510,008	-
Total	202,510,008	-

Transaction with Associate

Transaction with Associate	This Year Ending	Immediate Previous Year Ending
Loans and Advances provided to associate under deprived sector lending		
RMDC Laghubitta Bittiya Sanstha Ltd.	602,934,247	500,137,945
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	597,171,740	497,687,269
Chhimek Laghubitta Bittiya Sanstha Ltd.	644,556,661	596,695,459
Swabalamban Laghubitta Bittiya Sanstha Ltd.	609,545,057	535,378,022
	2,454,207,704	2,129,898,696
Interest Income received from associate		
RMDC Laghubitta Bittiya Sanstha Ltd.	50,619,014	45,418,188
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	53,341,475	50,160,014
Chhimek Laghubitta Bittiya Sanstha Ltd.	63,118,845	53,274,201
Swabalamban Laghubitta Bittiya Sanstha Ltd.	59,849,164	47,524,285
	226,928,498	196,376,688

* Loans and advances to associate stated above are inclusive of AIR.

Transactions with Key Managerial Personnel (KMPs)

According to Nepal Accounting Standard NAS 24 (Related Party Disclosure) Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors and Senior Executives of the Bank. Transactions with Key Managerial Personnel are summarized below:

Transaction with Key Managerial Personnel (KMPs)	This Year Ending	Immediate Previous Year Ending
Board of Directors		
Benefits	4,197,181	3,662,407
Total	4,197,181	3,662,407
Chief Executive Officer		
Short term employee benefits	15,600,000	14,498,630
Other Benefits	1,323,277	1,129,477
Post-employment benefits	-	-
Total	16,923,277	15,628,107
Key Management Executives		
Short term employee benefits	86,569,127	68,263,576
Other Benefits	1,035,725	851,916
Post-employment benefits	-	-
Total	87,604,852	69,115,492

Key Management Executives are entitled to Gratuity and Leave Encashment Facilities as post-employment benefits as per the Employees' Service Bye- Laws of the Bank. They are further provided with subsidized loans and advances and vehicle facility. However, where such executives are employed under a contract the compensation is determined by terms of such contract. The Deputy Chief Executive Officer, an expat on secondment deputation from Habib Bank Limited, is further provided with a full furnished residence.

Transaction with HBL Retirement Fund

Bank has established an approved retirement fund which has been identified as related party to the bank.

Transaction with HBL Retirement Fund	This Year Ending	Immediate Previous Year Ending
Deposit with the Bank	1,282,713,570	1,205,364,748
Interest Paid by the Bank	142,856,895	155,408,900

5.8 Merger and acquisition

The Bank has not undergone any merger or acquisition during the reporting period.

5.9 Additional disclosures of non-consolidated entities

There are no unconsolidated entities.

5.10 Events after reporting date

Events after the reporting period are those events, both favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements, other than the following:

Proposed Dividends

The Board of Directors have recommended 10% stock dividend and 12% cash dividend for the financial year. This dividend proposal is to be approved by the shareholders in the annual general meeting.

In accordance with Nepal Accounting Standard - NAS 10 (Events after the Reporting Period) this proposed final dividend has not been recognised as liability as at year end date.

COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2075/76

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and Cash Equivalents	4,658,553,979	4,658,553,979	-	-	
Due from Nepal Rastra Bank	4,883,535,225	4,883,535,225	-	-	
Placements with Bank and Financial Institutions	5,231,235,350	5,231,235,350	-	-	
Derivative financial instruments	127,145,274	127,145,274	-	-	
Other trading assets	-	-	-	-	
Loans & Advances to BFIs	4,772,752,717	4,772,752,717	-	-	
Loans & Advances to Customers	92,820,907,421	92,697,318,360	(123,589,061)	-0.13%	Suspension of accrued interest income based on guidelines issued by NRB
Investment Securities	16,466,029,116	16,466,201,909	172,793	0%	Post Year end adjustment in Fair Value of investment securities
Current Tax Assets	203,757,077	224,947,032	21,189,955	10%	Post Year End adjustment in tax liability
Investments in subsidiaries	-	200,000,000	200,000,000		Reclassification from other assets
Investments in Associates	195,785,700	195,785,700	-	-	
Investment Property	109,134,713	109,134,713	-	-	
Property & Equipment	2,391,830,155	2,391,830,155	-	-	
Goodwill and Intangible Assets	117,677,347	117,677,347	-	-	
Deferred Tax Assets		-	-	-	
Other Assets	1,317,450,139	1,075,024,312	(242,425,827)	-18%	Reclassification of investment in subsidiary to Investment in subsidiaries. Additional Provision against other assets
Total Assets	133,295,794,213	133,151,142,073			
Liabilities					
Due to Bank and Financial Institutions	3,699,494,594	3,702,916,346	3,421,752	0.09%	Reclassification from deposit from customer
Due to Nepal Rastra Bank	560,812,042	560,812,042	-	-	
Derivative financial instruments	6,540,600	6,540,600	-	-	
Deposits from Customers	109,390,482,184	109,387,060,433	(3,421,751)	0.0%	Reclassification to due to bank and financial institution
Borrowing	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	114,584,058	-	(114,584,058)	-100%	Interest Suspense earlier recognized as provision now suspended
Deferred Tax Liabilities	119,344,357	98,843,796	(20,500,561)	-17%	Restatement of value of assets, changes effected by actuarial valuation, change in accounting of lease expenses
Other Liabilities	2,698,182,324	2,777,021,958	78,839,634	3%	Increase in defined benefit obligation, staff bonus payable and rental obligation
Debt Securities Issued	623,148,518	623,148,518	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	117,212,588,677	117,156,343,693			
Equity					
Share Capital	8,520,255,844	8,520,255,844	-	-	
Share Premium	-	-	-	-	
Retained Earnings	2,236,962,434	2,171,146,878	(65,815,556)	-3%	
Reserves	5,325,987,259	5,303,395,658	(22,591,601)	-0.42%	
Total Equity attributable to Equity Holders	16,083,205,537	15,994,798,380			
Non Controlling Interest					
Total Equity	16,083,205,537	15,994,798,380			
Total Liabilities and Equity	133,295,794,214	133,151,142,073			

COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2075/76

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	11,636,372,579	11,625,415,050	(10,957,529)	-0.09%	Adjustment in interest suspense amount
Interest expense	6,594,025,202	6,594,074,206	49,004	0%	Regrouping of interest expense
Net interest income	5,042,347,377	5,031,340,844	-	-	
Fee and commission income	821,306,480	821,306,480	-	-	
Fee and commission expense	67,406,664	65,065,606	(2,341,058)	-3%	
Net fee and commission income	753,899,816	756,240,874	-	-	
Net interest, fee and commission income	5,796,247,193	5,787,581,718	-	-	
Net Trading Income	718,157,896	718,157,896	-	-	
Other operating income	175,116,610	175,116,610	-	-	
Total operating income	6,689,521,695	6,680,856,224	-	-	
Impairment charge/(reversal) for loans and other losses	133,683,426	133,622,099	(61,327)	0%	Loan written off value adjusted
Net operating income	6,555,838,269	6,547,234,125	-	-	
Operating expense					
Personnel Expenses	1,585,691,024	1,638,125,616	52,434,592	3%	Increase in defined benefit obligation expense due to actuarial valuation and increase in Staff Bonus
Other Operating Expenses	771,646,286	796,698,563	25,052,277	3%	Increase in rental expense under SLM Basis. Reversal of excess provision for expense.
Depreciation & Amortisation	171,237,706	170,198,215	(1,039,491)	-1%	Reclassification of expenses
Operating profit	4,027,263,253	3,942,211,731		-	
Non operating income	47,649,050	49,327,264	1,678,214	4%	Reversal of provision against NBA
Non operating expense	16,851,975	58,378,395	41,526,420	246%	Additional Provision against other assets
Profit before income tax	4,058,060,328	3,933,160,600	-	-	
Income Tax Expense					
Current Tax	1,213,313,396	1,192,123,441	(21,189,955)	-2%	Post Year End adjustment in tax liability
Deferred Tax	(2,258,917)	(22,811,316)	(20,552,399)	910%	Post Year End adjustments
Profit for the period	2,847,005,849	2,763,848,475	(83,157,374)	-3%	
Statement of Comprehensive Income					
Profit or loss for the year	2,847,005,849	2,763,848,475	-	-	
Other comprehensive income	(22,541,771)	(27,353,114)	(4,811,343)	21.3%	Increase in defined benefit obligation expense due to actuarial valuation and increase in Staff Bonus
Total comprehensive income for the period	2,824,464,078	2,736,495,361			

10 Year's Financial Summary STATEMENT OF FINANCIAL POSITION

Particulars	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	2072/73 2015/16 * Restated	2073/74 2016/17	2074/75 2017/18	2075/76 2018/19
Assets											
Cash & Bank Balances	3,866,491	2,964,651	6,362,296	3,648,199	5,542,590	8,387,412	7,874,984	7,874,984	8,915,386	8,800,528	8,202,366
Money at Call	308,840	734,000	264,600	2,061,832	196,100	1,063,950	1,482,036	1,482,036	-	500,040	-
Investments	8,444,910	8,769,939	10,031,580	12,992,045	19,842,060	17,113,389	19,306,073	19,540,803	18,076,579	17,439,534	23,432,946
Loans, Advances & Bills Purchased	29,123,755	32,968,270	35,968,473	41,057,398	46,449,329	55,428,007	69,100,889	70,306,163	79,044,953	88,086,847	99,530,328
Fixed Assets	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814	1,321,272	1,922,967	1,922,967	2,175,893	2,222,677	2,509,508
Other Assets	1,054,384	1,513,144	1,435,153	1,418,311	1,365,922	1,439,298	1,530,969	789,728	1,097,159	1,339,310	1,536,251
Total Assets	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	101,916,805	109,309,970	118,388,936	135,211,399
Liabilities											
Borrowings	500,000	510,000	500,000	1,188,429	1,100,000	600,000	1,600,000	1,622,786	662,998	623,358	1,183,961
Deposit Liabilities	37,611,202	40,920,627	47,730,994	53,072,319	64,674,848	73,538,200	87,335,786	87,335,786	92,881,114	99,743,045	113,089,977
Reserve for Doubtful Debts	1,143,126	1,401,294	1,003,039	1,333,592	1,128,970	1,951,777	1,354,910	1,354,910	1,246,718	1,926,635	2,060,257
Other Liabilities	1,166,717	1,310,099	1,501,424	1,592,509	1,731,586	1,704,451	2,103,453	2,283,482	2,190,995	1,957,002	2,882,406
Total Liabilities	40,421,046	44,142,019	50,735,457	57,186,849	68,635,405	77,794,428	92,394,149	92,596,964	96,981,824	104,250,039	119,216,600
Net Assets	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	9,319,841	12,328,146	14,138,897	15,994,798
Shareholders' Equity											
Paid up Capital	1,600,000	2,000,000	2,400,000	2,760,000	2,898,000	3,332,700	4,499,145	4,499,145	6,491,624	8,114,529	8,520,256
Proposed capitalisation of profits	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744	-	-	-	-
Reserves	1,302,618	1,562,546	1,799,111	2,397,023	2,732,353	2,344,757	2,836,037	2,733,717	3,328,499	1,500,405	2,171,147
Retained Earnings	136,587	32,932	72,899	4,685	18,358	114,997	138,843	2,086,980	2,508,023	4,523,962	5,303,396
Total Shareholders' Equity	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	9,319,841	12,328,146	14,138,897	15,994,798
Total Capital + Liabilities	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	101,916,805	109,309,970	118,388,936	135,211,399
Contingent Liabilities											
Letter of Credit	5,294,496	3,574,914	3,983,150	3,697,028	6,862,523	6,881,554	8,957,264	8,957,264	8,526,898	11,431,524	12,167,198
Guarantees	4,104,631	3,292,959	3,371,855	2,355,843	2,955,043	3,808,669	4,952,439	4,952,439	6,474,794	6,408,163	6,279,256
Forward Exchange Contract	5,603	821,620	199,188	174,795	607,820	786,385	1,168,529	1,168,529	42,242	5,891,000	8,137,163
Other Contingent Liabilities	3,513,372	5,743,679	6,882,662	8,153,638	9,427,195	9,285,983	10,021,898	13,475,924	12,368,698	12,453,109	7,275,500
Total Contingent Liabilities	12,918,103	13,433,171	14,436,855	14,381,305	19,852,581	20,762,591	25,100,130	28,554,156	27,412,632	36,183,796	33,859,117

* Figures of FY 2072/73 has been regrouped/restated based on NFRS wherever necessary.
Figures for FY 2074/75 onwards have been presented based on NFRS.

10 Year's Financial Summary STATEMENT OF PROFIT OR LOSS

Rs. '000'

Particulars	2066/67	2067/68	2068/69	2069/70	2070/71	2071/72	2072/73	2073/74	2073/74	2074/75	2075/76
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17	2017/18	2018/19
Income											
Interest Income	3,148,605	4,326,141	4,724,887	4,627,335	4,742,975	4,627,751	5,015,844	6,938,503	7,106,676	9,724,871	11,625,415
Interest Expense	1,553,531	2,414,807	2,816,441	2,119,062	2,248,798	1,954,263	1,565,896	3,173,334	3,173,334	5,403,047	6,594,074
Net Interest Income	1,595,075	1,911,333	1,908,446	2,508,273	2,494,178	2,673,488	3,449,948	3,765,169	3,933,342	4,321,824	5,031,341
Commission & Discount	270,259	350,365	510,840	550,149	657,298	562,186	599,642	713,468	732,197	707,801	756,241
Foreign Exchange Income	180,279	195,529	309,898	300,469	385,102	474,312	602,985	609,622	607,849	718,905	718,158
Other Income	112,346	129,517	182,029	165,072	206,814	115,282	105,108	128,497	86,396	104,848	175,117
Non Operating Income	12,382	15,856	8,006	5,999	17,487	23,209	22,276	26,807	14,691	309,525	49,327
Total Income	2,170,341	2,602,600	2,919,218	3,529,962	3,760,879	3,848,478	4,779,959	5,243,563	5,374,475	6,162,903	6,730,183
Expenses											
Staff Expenses	414,984	517,592	634,229	682,978	713,830	917,501	908,436	1,081,611	1,096,966	1,045,730	1,201,108
Operating Expenses	471,103	582,210	714,436	852,111	966,120	814,639	806,909	849,631	797,604	862,547	966,897
Provision for Doubtful Debts	692,640	471,729	505,491	842,900	1,080,863	1,413,568	744,817	835,753	(108,193)	679,917	133,622
Provision for Staff Bonus	75,573	123,773	138,909	137,669	162,116	145,488	274,882	310,171	310,171	276,518	437,018
Non-Operating Expenses	(239,686)	(330,438)	(462,939)	(362,389)	(783,211)	(897,601)	(703,908)	(935,311)	23,326	533,011	58,378
Total Expenses	1,414,614	1,364,866	1,530,127	2,153,269	2,139,718	2,393,595	2,031,136	2,141,855	2,119,874	3,397,724	2,797,023
Profit before Tax	755,727	1,237,734	1,389,092	1,376,693	1,621,161	1,454,883	2,748,823	3,101,708	3,254,601	2,765,179	3,933,161
Income Tax provision	246,929	344,619	430,453	432,995	662,054	342,597	812,915	923,473	972,827	889,569	1,169,312
Net Profit after Tax	508,798	893,115	958,638	943,698	959,107	1,112,286	1,935,908	2,178,235	2,281,774	1,875,610	2,763,848
P/L Appropriation											
Profit/Loss carried down	901,324	1,073,766	1,038,634	1,016,597	979,194	1,843,160	2,050,905	2,440,172	2,086,980	2,508,023	1,500,405
Statutory General Reserve	101,760	178,623	191,728	188,740	191,821	222,457	387,182	435,647	435,647	375,122	5,077
Exchange Equalisation Fund	-	6,682	-	-	1,767	997	1,658	443	443	-	552,770
HBL Bond redemption fund	71,429	71,429	71,429	157,143	157,143	85,714	85,714	85,714	85,714	85,714	4,420
Interim Dividend	-	-	-	-	-	-	-	-	-	-	85,714
Proposed Dividend	189,474	336,842	322,106	276,000	175,404	236,797	71,039	85,417	-	-	-
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment Fund	-	-	-	-	-	-	10,108	19,363	19,363	-	-
Proposed capitalisation of profit-Bonus Share	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744	1,622,906	-	-	-
Income Tax of last year	-	-	-	39,513	-	15,412	6,617	23,624	-	-	-
Deferred Tax Reserve	596	1,479	20,473	212,516	-	340	-	-	-	-	1,215
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-
Contingent Reserve	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-
Employee Training Fund	-	-	-	-	-	-	-	21,783	21,782	18,756	27,638
Regulatory Reserve	-	-	-	-	-	-	-	-	-	20,376	19,565
Transfer from Reserves	-	-	-	-	-	-	-	-	-	723,598	120,786
Share Premium	-	-	-	-	-	-	-	-	-	48,660	-
NFRS Adjustment-Derecognition of Assets	-	-	-	-	-	-	-	-	123,094	-	5,321
Distribution- Bonus Share and Dividend (Previous Year)	-	-	-	-	-	-	-	-	92	-	-
Profit Transferred to Balance Sheet	136,597	32,932	72,899	4,685	18,358	114,997	138,843	145,275	2,508,023	1,500,405	2,171,147

* Figures of FY 2073/74 has been regrouped/restated based on NFRS wherever necessary.
Figures for FY 2074/75 onwards have been presented based on NFRS.



नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग

प.सं: बै.सु.वि./अफसाइट/एजिएम/२५/२०७६-७७



केन्द्रीय कार्यालय
वाल्वाटार, काठमाडौं।

फोन नं.: ४४१९८०५,७

फ्याक्स नं.: ४४१०१५९

Site: www.nrb.org.np

Email: bsd@nrb.org.np

पोस्ट बक्स: ७३

मिति : २०७६/०९/०७

✓ हिमालयन बैंक लिमिटेड
कमलादी, काठमाडौं।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (१) बमोजिम प्रस्तावित रु.१,०२,२४,३०,७०१।- (अक्षरुपी एक अर्ब दुई करोड चौबिस लाख तीस हजार सात सय एक रुपैया मात्र) नगद लाभांश तथा रु. ८५,२०,२५,५८४।- (अक्षरुपी पचासी करोड बीस लाख पच्चिस हजार पाँच सय चौरासी रुपैया मात्र) बोनस शेयर प्रदान गर्न अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा वितरण गर्न स्वीकृतिका साथै आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनुहुन।
- यस बैंकद्वारा जारी एकीकृत निर्देशन २०७६ को निर्देशन नं. ८ को बुँदा नं. ३ (४) बमोजिम बैंक/वित्तीय संस्था संस्थापना एवम् वित्तीय कारोवार गर्ने इजाजतपत्र सम्बन्धी नीतिगत एवम् प्रक्यागत व्यवस्था, २०६३ ले गरेको नीतिगत व्यवस्था अनुसार इजाजतपत्रप्राप्त संस्थाले कुनै एक "घ" वर्गको लघुवित्त वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा उक्त संस्थाको चुक्ता पूँजीको बढीमा २५ प्रतिशत र अन्य लघुवित्त वित्तीय संस्थाहरुमा चुक्ता पूँजीको बढीमा १० प्रतिशतको सीमा भित्र रहेर मात्र लगानी गर्न सक्ने व्यवस्था रहेकोले सो व्यवस्थाको पूर्ण पालना गर्नुहुन।
- यस बैंकद्वारा जारी एकीकृत निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चुक्ता पूँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा (३) मा बैंकको चुक्ता पूँजीको दुई प्रतिशत भन्दा बढी शेयर धारण गरेका संस्थापकहरुले आफुले धारण गरेको शेयर विक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रूपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनुहुन।
- बैंकमा सर्वसाधारण शेयरधनीहरुको स्वामित्व १५ प्रतिशत मात्र रहेको देखिएको हुँदा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ९ को उपदफा (१) र (६) मा भएको व्यवस्था एवम् यस बैंकबाट जारी बैंक/वित्तीय संस्था संस्थापना एवं वित्तीय कारोवार गर्ने इजाजतपत्र सम्बन्धी नीतिगत एवं प्रक्यागत व्यवस्था, २०६३ मा रहेको



नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
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फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोष्ट बक्स: ७३

प्रावधान अनुरूप बैंकमा सर्वसाधारण शेयरधनीहरूको स्वामित्व कम्तीमा तीस प्रतिशत हुने गरी आवश्यक व्यवस्था मिलाउनुहुन ।

६. कम्पनी ऐन, २०६३ को दफा ७२ तथा त्यस बैंकको संशोधित नियमावलीमा भएको व्यवस्था बमोजिम शेयर स्वामित्वको अंश प्रतिविम्बित हुने गरी संस्थापक शेयरधनीहरूको तर्फबाट सञ्चालक समितिमा प्रतिनिधित्व गर्ने सञ्चालकहरूको निर्वाचन ३० दिन भित्र गराउने आवश्यक व्यवस्था मिलाउनुहुन ।
७. विदेशी शेयरधनीहरूलाई लाभांश प्रदान गर्ने सिलसिलामा सो रकम विदेश पठाउँदा (Repatriation) प्रचलित कानुनी व्यवस्था पालना गर्नुहुन ।

उपरोक्त निर्देशनहरूलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन ।

भवदीय.

(मिलन राई)
उप-निर्देशक

बैंक व्यवस्थापनको स्पष्टिकरण

नेपाल राष्ट्र बैंकबाट यस बैंकको आ.व. २०७५/७६ को वार्षिक हिसाब साधारण सभामा स्वीकृतिको लागि पेश गर्न सहमति प्रदान गर्ने सिलसिलामा जारी उपर्युक्त निर्देशनहरूको पालना गर्न आवश्यक व्यवस्था मिलाईएको छ । यस बैंकको “घ” वर्गका वित्तीय संस्थाहरूमा रहेको लगानीको सम्बन्धमा केही द्विविधा रहेकोले सोको निराकरणको लागि नेपाल राष्ट्र बैंकसँग पत्राचार भइरहेको छ । साथै यस बैंक हबिब बैंक लिमिटेड, पाकिस्तानसँग Joint Venture मा स्थापना भएको कारणले बैंक तथा वित्तीय संस्था सम्बन्धी ऐनमा भएको प्रावधान तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशनको अधिनमा रही आवश्यक संस्थापक शेयरको परिवर्तनबाट सर्वसाधारण शेयरधनीहरूको स्वामित्व ३० प्रतिशत पुऱ्याउनेतर्फ आवश्यक कार्य भइरहेको छ ।

HIMALAYAN BANK LIMITED, Corporate Office

Kamaladi, P.O. Box: 20590, Kathmandu, Nepal, Tel: 977-1-4227749

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Representative Office
2nd Floor, Wisma Maran, 28 Medan Pasar
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