



वार्षिक प्रतिवेदन
आ.व.
२०७७/२०७८

HBL



हिमालयन बैंक लिमिटेड

Himalayan Bank Ltd.

पुस्तिकामा समाविष्ट सामग्रीहरू

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हिमालयन बैंक लिमिटेडको
उनन्तीसौं वार्षिक साधारणसभा सम्बन्धी सामान्य जानकारी

- १) समग्र विश्वमा फैलिएको कोरोना भाइसरको (COVID-19) महामारी नेपालमा समेत फैलिएको तथा सो महामारीको उच्च जोखिमका कारण नेपाल सरकारबाट उक्त महामारी रोकथाम तथा नियन्त्रणका लागि विभिन्न समयमा जारी भएको स्वास्थ्य सम्बन्धी मापदण्डहरूको पूर्णरूपमा पालना गर्न गराउन सूचित गरिरहेको परिपेक्षमा बैंकले साधारण सभा गर्दा विशेष स्वास्थ्य सुरक्षा मापदण्ड पालना गर्नुपर्ने भएकोले साधारण सभा विद्युतीय माध्यम/भिडियो कन्फ्रेन्स (Online Meeting) मार्फत गरिने तथा सभामा भाग लिन सकिने व्यवस्था मिलाइएको हुँदा शेयरधनी महानुभावहरूलाई विद्युतीय माध्यम/भिडियो कन्फ्रेन्सको माध्यमबाट सभामा भाग लिई कोरोना भाइरस (COVID-19) महामारीको जोखिमबाट बच्न तथा बचाउन सादर अनुरोध छ।
- २) साधारण सभामा भिडियो कन्फ्रेन्स (Online Meeting) मार्फत उपस्थित हुन चाहने शेयरधनी महानुभावहरूले साधारण सभा संचालन हुनु भन्दा कम्तीमा ४८ घण्टा अगाडि आफ्नो परिचयपत्र, डिम्याट खाता नं. तथा धारण गरेको शेयर संख्या सहित कानून तथा शेयर शाखामा सम्पर्क राख्न वा इमेल ठेगाना hblagm@himalayanbank.com मा सो विवरण पठाउन वा बैंकको वेबसाइटमा उपलब्ध फाराम भरी बुझाउन अनुरोध छ। यसरी सम्पर्क गर्नु हुने शेयरधनी महानुभावलाई Meeting Link/Pssode उपलब्ध गराई सभामा सहभागी हुने व्यवस्था मिलाइने छ।
- ३) सभा शुरु हुनुभन्दा १ घण्टा अगाडिबाट भिडियो कन्फ्रेन्स (Online Meeting) खुल्ला गरिने छ। उक्त १ घण्टा समयभित्र सभामा सहभागी शेयरधनीहरूले दिइएको को माध्यमबाट Online Login गरी सभामा उपस्थित हुनुपर्ने छ। यसरी भएको उपस्थितिलाई पनि सभा स्थलमा उपस्थित भए अनुसार मान्यता दिइनेछ। शेयरधनीको उपस्थितिबाट कम्पनी ऐनको व्यवस्थाबमोजिम सभाका लागि आवश्यक गणपुरक संख्या पुरा भए पश्चात सभाको कारवाही अगाडि बढाईने छ।
- ४) नेपाल सरकारको घोषित नीतिअनुरूप सभा सञ्चालन गर्नुपर्ने भएकोले तोकिएको स्वास्थ्य मापदण्ड पालना गरिदिनुहुन शेयरधनीको लागि विशेष अनुरोध गरिएको छ।
- ५) बैंकको संक्षिप्त आर्थिक विवरण लगायत वार्षिक साधारण सभामा पेश हुने सम्पूर्ण प्रस्तावहरू बैंकको Website: www.himalayanbank.com मा पनि हेर्न सकिने छ।
- ६) सभामा भाग लिनको लागि आफ्नो प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले आफ्नो सम्पूर्ण शेयरको एउटै प्रतिनिधि हुने गरी प्रोक्सी फाराम भरी सभा शुरु हुनुभन्दा कम्तीमा ७२ घण्टा अगाडि कार्यालय समयभित्र श्री हिमालयन क्यापिटल लि. ठमेलमा दर्ता गरिसक्नु पर्नेछ। उक्त दिन सार्वजनिक विदा परेको खण्डमा पनि उल्लेखित प्रयोजनको निमित्त उक्त कार्यालय खुल्ला रहने छ। बैंकका शेयरधनीलाई मात्र प्रोक्सी नियुक्त गर्न सकिनेछ, तथा एक भन्दा बढी व्यक्तिलाई शेयर विभाजन गरी वा अन्य कुनै किसिमबाट छुट्टयाएर दिईको प्रोक्सी बदर हुनेछ।
- ७) सभामा भागलिन र मतदान गर्नको लागि प्रतिनिधि (प्रोक्सी) नियुक्त गरी सकेपछि प्रतिनिधि फेरबदल गर्न चाहेमा सभा शुरु हुनुभन्दा कम्तीमा ४८ घण्टा अगाडि कार्यालय समय भित्र श्री हिमालयन क्यापिटल लि. ठमेलमा प्राप्त हुने गरी सोको सूचना पठाउनु पर्नेछ। उक्त दिन सार्वजनिक विदा परेको खण्डमा पनि उल्लेखित प्रयोजनको निमित्त उक्त कार्यालय खुल्ला रहने छ।
- ८) संयुक्त रूपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयरधनीको लगत किताबमा पहिले नाम उल्लेख भएको व्यक्तिले वा संयुक्त नाम मध्ये बाट सर्वसम्मतिमा नियुक्त कुनै एक जना शेयरधनीले वा सर्वसम्मतिबाट नियुक्त प्रोक्सी मात्र सभामा भाग लिन र मतदान गर्न पाउनेछ। कम्पनिको हकमा आधिकारिक पत्र सहित उपस्थित हुनु पर्नेछ।
- ९) नाबालक तथा विक्षिप्त शेयरधनीको तर्फबाट संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन तथा प्रोक्सी नियुक्त गर्न सक्नु हुनेछ।
- १०) साधारण सभा तथा लाभांश प्रयोजनका निमित्त मिति २०७८/०९/१९ गते शेयरधनी दर्ता पुस्तिकाबन्द रहने छ। नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०७८/०९/१८ गतेसम्म कारोबार भई नियमानुसार शेयर नामसारी भएका शेयरधनीहरूले मात्र साधारण सभामा भाग लिन पाउनु हुनेछ।
- ११) अन्य जानकारीको लागि बैंकका केन्द्रीय कार्यालय, कमलादी, काठमाण्डौंमा कार्यालय समयभित्र सम्पर्क राख्नु हुन अनुरोध छ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

हिमालयन बैंक लिमिटेडको उनन्तीसौं वार्षिक साधारण सभाबारे सूचना

२०७८ साल पौष महिना ९ गते बसेको संचालक समितिको बैठक नं ४१५ को निर्णयानुसार यस बैंकको उनन्तीसौं 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 अनुरोध छ।

उनन्तीसौं वार्षिक साधारण सभा बस्ने मिति, समय र स्थान

- मिति : २०७८ साल पौष ३० गते शुक्रवार (तदनुसार जनवरी १४, २०२२)
- स्थान : हिमालयन बैंकको केन्द्रीय कार्यालय कमलादी, काठमाडौंबाट भिडियो कन्फ्रेन्स (Virtual /online) मार्फत सभा सञ्चालन हुनेछ। (साधारण सभामा भिडियो कन्फ्रेन्स मार्फत सहभागी हुन शेयरधनी महानुभावहरूलाई Meeting Link /Passcode उपलब्ध गराउने व्यवस्था गरिएको छ।)
- समय : विहान ११:०० बजे

छलफलका विषय-सूची

क) सामान्य प्रस्ताव

- उनन्तीसौं वार्षिक साधारण सभाको लागि संचालक समितिको प्रतिवेदन,
- लेखापरीक्षकको प्रतिवेदन सहित २०७८ साल असार मसान्तको वासलात, सोही मितिमा समाप्त आ.व. २०७७/७८ को नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण छलफल गरी पारित गर्ने,
- यस बैंकको सहायक कम्पनी हिमालयन क्यापिटल लि को आ.व २०७७/७८ को वित्तीय विवरण सहितको एकिकृत वित्तीय विवरण स्वीकृत गर्ने,
- संचालक समितिले सिफारिश गरेबमोजिम नाफाको बॉडफॉट तथा चुक्ता पूँजी रु.१०,६८,४४,००,८२८- को ४.६२ प्रतिशत (कर सहित) ले हुने जम्मा रु.४९,३६,१९,३९९- नगद लाभांश दिने प्रस्ताव स्वीकृत गर्ने,
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐनको दफा १७ बमोजिम संस्थापक शेयरधनी कर्मचारी सञ्चयकोषको संचालक समितिको मिति भाद्र २९, २०७८ मा बसेको बैठकले गरेको निर्णय तथा उक्त निर्णयको प्राप्त पत्र अनुसार बैंकको संचालक समितिको मिति आश्विन १, २०७८ मा बसेको बैठकले श्री जितेन्द्र धिताललाई कोषको तर्फबाट प्रतिनिधित्व गर्नुहुने श्री तुलसी प्रसाद गौतमको सट्टामा उहाँको बाँकी रहेको कार्यकालसम्मको लागि संस्थापक शेयरधनी कर्मचारी सञ्चयकोषको तर्फबाट प्रतिनिधित्व गर्ने गरी मिति आश्विन ०६, २०७८ गते देखि नियुक्त गरेको निर्णय अनुमोदन गर्ने,
- कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७८/७९ का लागि लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक तोक्ने, (वर्तमान लेखापरीक्षक जि.पि राजवाहक एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट पुनः नियुक्त हुन सक्ने)

ख) विशेष प्रस्ताव

- बैंकको अधिकृत पूँजी रु.१५,००,००,००,०००- (अक्षरेपी पन्ध अर्ब रुपैयाँ) बाट वृद्धि गरी रु. १६,००,००,००,०००- (अक्षरेपी सोह्र अर्ब रुपैयाँ) गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- संचालक समितिले सिफारिश गरेबमोजिम बैंकको जारी र हालको चुक्ता पूँजी रु. १०,६८,४४,००,८२८- बाट वृद्धि गर्न चुक्ता पूँजीको २१.३८ प्रतिशतले हुने जम्मा रु. २,२८,४३,२४,८९७- बोनस शेयर जारी गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- बैंकले आर्थिक वर्ष २०७७/७८ मा संस्थागत सामाजिक उत्तरदायित्व वहन गर्ने क्रममा आर्थिक सहायता प्रदान गर्दा कम्पनी ऐन २०६३ को दफा १०५ को उपदफा १ को खण्ड (ग) ले निर्धारण गरेको सीमा भन्दा माथि गरेका सहयोग अन्तर्गत कोरोना भाइरस संक्रमण नियन्त्रण तथा उपचारका लागि विभिन्न संघ-संस्था, अस्पतालहरू समेतलाई प्रदान गरेको कुल रकम रु. १,७१,०४,११४ (अक्षरेपी एक करोड एकहत्तर लाख चार हजार एक सय चौध रुपैयाँ) अनुमोदन गर्ने। (संस्थागत सामाजिक उत्तर दायित्व अन्तर्गत खर्च भएको रकमहरूको विस्तृत विवरणहरू बैंकको २९ औं वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ।)
- हिमालयन बैंक लि. र नेपाल इन्भेष्टमेन्ट बैंक लि. एक आपसमा मर्जर गर्ने प्रयोजनको लागि टि. आर. उपाध्याय एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट्सबाट प्राप्त दुवै संस्थाको सम्पत्ती, दायित्व तथा कारोवारको मूल्याङ्कन प्रतिवेदन (Due Diligence Audit Report) बमोजिम सिफारिस गरिएको शेयर आदान प्रदान अनुपातमा व्यावसायिक अवसरहरू, व्यावसायिक प्रतिष्ठा, कर्मचारीहरूको योग्यता, क्षमता, दक्षता तथा कार्यकुशलता, बजार उपस्थिती, मुनाफा वितरणको इतिहास, पछिल्लो शेयरबजार मूल्य समेतका विषयहरूको आधारमा Swap Ratio १:१ शेयर अनुपात हुने गरी नेपाल इन्भेष्टमेन्ट बैंक लि. सँग मर्ज गर्न स्वीकृती प्रदान गर्ने।
- यस बैंक र नेपाल इन्भेष्टमेन्ट बैंक लि.सँग मर्ज गर्ने सम्बन्धमा भएको सम्पत्ती, दायित्व तथा कारोवारको मूल्याङ्कनकर्ताको नियुक्ति, सम्पत्ती तथा दायित्व मूल्याङ्कन प्रतिवेदन (Due Diligence Audit Report) समझदारी पत्र (Memorandum of Understanding) तथा अन्तिम सम्झौता पत्र (Final Scheme of Arrangement) लगायतका सम्पूर्ण कामकारवाहीहरू सम्बन्धी स्वीकृती प्रदान गर्ने।
- दुवै बैंकको मर्जर पश्चात हिमालयन एण्ड नेपाल इन्भेष्टमेन्ट बैंक लि.नामाकरण गरी एकिकृत कारोवार गर्ने कार्यलाई स्वीकृती प्रदान गर्ने।
- दुवै बैंक मर्जर गर्ने प्रक्रियामा नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड लगायतका नियमनकारी निकायबाट स्वीकृती लिने। अभिलेख गर्ने क्रममा भए गरेका काम कारवाही वा पूँजी संरचना वा प्रवन्धपत्र र नियमावली संशोधनका सम्बन्धमा नियमनकारी निकायहरूबाट संशोधन, परिमार्जन तथा थपघट गर्न कुनै निर्देशन प्राप्त भएमा सोही बमोजिम संशोधन परिमार्जन समेतका सम्पूर्ण कार्यहरू गर्न सञ्चालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने।
- बैंकको प्रवन्ध 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, जानकारी

- मिति २०७८ साल पौष १९ गते शेयर दाखिल खारेज बन्द रहने कुरा जानकारी गराइन्छ।
- शेयरधनी महानुभावहरूलाई बैंकको शेयरधनी लगतमा कायम रहेको ठेगानामा वार्षिक प्रतिवेदन, प्रस्तावित प्रवन्धपत्र र नियमावली को संशोधन सहितको विवरण पठाइने छ।

शेयरधनी महानुभावहरूलाई जानकारी :

(क) आ.व २०७६/७७ र सो भन्दा अगाडिको लाभांश तथा बोनस शेयर नलिनु भएका शेयरधनीहरूले हिमालयन क्यापिटल लि.को कार्यालय ठमेलबाट लिनु हुन अनुरोध छ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

अनुसूची

हिमालयन बैंक लिमिटेडको
 उनन्तीसौं वार्षिक साधारण सभामा विशेष प्रस्तावद्वारा
 प्रबन्धपत्र तथा नियमावलीमा गरिने प्रस्तावित संशोधन मस्यौदा

प्रबन्धपत्र संशोधनको विशेष प्रस्ताव :

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नुपर्ने कारण
दफा ५. बैंकको पूँजीको संरचना :	दफा ५. बैंकको पूँजीको संरचना:	
(क) बैंकको अधिकृत पूँजी रु. १५,००,००,००,०००।- (अक्षरेपी पन्ध्र अर्ब रुपैयाँ मात्र) हुनेछ। उक्त पूँजीलाई रु १००।- का दरले १५,००,००,००० (पन्ध्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।	(क) बैंकको अधिकृत पूँजी रु. १६,००,००,००,०००।-(अक्षरेपी सोह्र अर्ब रुपैयाँ मात्र) हुनेछ। उक्त पूँजीलाई रु १००।- का दरले १६,००,००,००० (सोह्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।	बैंकको विद्यमान पूँजी संरचना बृद्धि गर्नको लागि।
(ख) तत्काल जारी पूँजी रु. १०,६८,४४,००,८२८।-(अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अठ्ठाइस रुपैयाँ मात्र) हुनेछ।	(ख) तत्काल जारी पूँजी रु. १२,९६,८७,२५,७२५।- (अक्षरेपी बाह्र अर्ब छयान्नेब्वे करोड सतासी लाख पच्चीस हजार सात सय पच्चीस रुपैयाँ मात्र) हुनेछ।	आ.व २०७७/७८ को नाफा बाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा।
(ग) तत्काल चुक्ता पूँजी रु. १०,६८,४४,००,८२८।- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अठ्ठाइस रुपैयाँ मात्र) हुनेछ।	(ग) तत्काल चुक्ता पूँजी रु. १२,९६,८७,२५,७२५।- (अक्षरेपी बाह्र अर्ब छयान्नेब्वे करोड सतासी लाख पच्चीस हजार सात सय पच्चीस रुपैयाँ मात्र) हुनेछ।	

नियमावली संशोधनको विशेष प्रस्ताव :

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नुपर्ने कारण
नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्न प्रकारको शेयर संख्या :	नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्न प्रकारको शेयर संख्या :	
(क) बैंकको अधिकृत पूँजी रु. १५,००,००,००,०००।-(अक्षरेपी पन्ध्र अर्ब रुपैयाँ मात्र) हुनेछ। उक्त पूँजीलाई रु १००।- का दरले १५,००,००,००० (पन्ध्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।	(क) बैंकको अधिकृत पूँजी रु. १६,००,००,००,०००।- (अक्षरेपी सोह्र अर्ब रुपैयाँ मात्र) हुनेछ। उक्त पूँजीलाई रु १००।- का दरले १६,००,००,००० (सोह्र करोड थान) साधारण शेयरमा विभाजन गरिएको छ।	बैंकको विद्यमान पूँजी संरचना वृद्धि गर्नको लागि।
(ख) तत्काल जारी पूँजी रु. १०,६८,४४,००,८२८।- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अठ्ठाइस रुपैयाँ मात्र) हुनेछ।	(ख) तत्काल जारी पूँजी रु. १२,९६,८७,२५,७२५।- (अक्षरेपी बाह्र अर्ब छयान्छब्बे करोड सतासी लाख पच्चीस हजार सात सय पच्चीस रुपैयाँ मात्र) हुनेछ।	आ.व २०७७/७८ को नाफा बाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा।
(ग) तत्काल चुक्ता पूँजी रु. १०,६८,४४,००,८२८।- (अक्षरेपी दश अर्ब अठसठ्ठी करोड चवालिस लाख आठ सय अठ्ठाइस रुपैयाँ मात्र) हुनेछ।	(ग) तत्काल चुक्ता पूँजी रु. १२,९६,८७,२५,७२५।- (अक्षरेपी बाह्र अर्ब छयान्छब्बे करोड सतासी लाख पच्चीस हजार सात सय पच्चीस रुपैयाँ मात्र) हुनेछ।	

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 २०७८ पौष ३० गते शुक्रवारका दिन हुने
२९ औं 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
शेयरधनी परिचय/DMAT A/C नं. लाई मेरो/हाम्रो प्रतिनिधि मनोनीत गरी पठाएका छु/छौं ।

निवेदक

प्रोक्सी लिनेको दस्तखत:

दस्तखत:

नाम:

शेयरधनी परिचय/DMAT A/C नं.:

शेयर संख्या :

मिति:

द्रष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ७२ घण्टा अगावै HBL Capital (हिमालयन क्यापिटल) मा पेश गरिसक्नु पर्नेछ ।
एकभन्दा बढी प्रोक्सीको नाम उल्लेख गरेमा प्रोक्सी फाराम रद्द गरिनेछ ।



साधारण सभामा भिडियो कन्फरेन्स (Online Meeting) मार्फत उपस्थिति को लागी शेयरधनी महानुभावहरुले साधारण सभाको संचालन हुनु
भन्दा कम्तिमा ४८ घण्टा अगाडी निम्न विवरणहरु इमेल ठेगाना: hblagm@himalayanbank.com मा पठाउन वा बैंकको वेबसाइट
(www.himalayanbank.com) मा उपलब्ध फारम भरी बुझाउन अनुरोध छ । यसरी सम्पर्क गर्नु हुने शेयरधनी महानुभावलाई Meeting
Link/Passcode उपलब्ध गराई सभामा सहभागी हुने व्यवस्था मिलाईने छ ।

१. शेयरधनीको नाम :

२. शेयरधनीको परिचयपत्र :

३. शेयरप्रमाण पत्र वा डिम्याट खाता नं :

४. धारण गरेको शेयर संख्या :

५. मोबाइल नं :

६. इमेल ठेगाना :

७. के तपाईं साधारण सभामा भिडियो कन्फरेन्स मार्फत आफ्नो मन्तव्य राख्न चहानुहुन्छ ?
(मन्तव्य राख्न बढीमा ५ मिनेटको समय दिइनेछ ।)

चहान्छु :

चहाँदिन :



उनन्तीसौं वार्षिक साधारण सभाका लागि संचालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरु,

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

विगत उनन्तीस 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।

बैंकले आफ्नो बृहत्तर विकासको लागि उपयुक्त संस्थासंग गाभिए देशकै एक सबल, उत्कृष्ट तथा ठूलो बैंक बनी आफ्ना शेयरधनीहरुलाई उच्चतम प्रतिफल प्रदान गर्ने तथा ग्राहकहरुलाई समय सापेक्ष सेवा सुविधा प्रदान गर्ने उद्देश्यका साथ नेपाल ईन्भेष्टमेन्ट बैंकसंग गाभिने सम्झौता गरी त्यस तर्फ अगाडी बढी रहेको जानकारी गराउँदछु।

हाल, बैंकले देशभरमा ७३ शाखा, १४८ ए.टी.एम., ५ विस्तारित काउन्टर तथा ५००० भन्दा बढी पस मर्चेन्टबाट ग्राहकलाई सेवा पुऱ्याई रहेको छ। साथै यस बैंकको सहायक कम्पनी हिमालयन क्यापिटल लिमिटेड पनि सफलता तर्फ अघि बढी रहेको जानकारी गराउन पाउँदा खुशी लागेको छ।

ग्राहकवर्गको बैंकप्रतिको गहिरो विश्वास, शेयरधनीहरुको प्रत्यक्ष-परोक्ष सहयोग र बैंक व्यवस्थापनको श्रृजनात्मक क्रियाशीलताबाट बैंकले निरन्तर प्रगति गर्दै आइरहेको विदितै छ। स्वस्थ बैकिङ्ग प्रणालीको विकास र जनतालाई सुलभ तथा स्तरीय सेवा पुऱ्याउने लक्ष्य बैंकले शुरुका वर्षदेखि नै अनुसरण गरिरहेको छ। यसका साथै यस वर्ष विश्वभर दे खिएको महामारीका कारण समयको माग अनुसार बैकिङ्ग सेवामा केही अवरोध/बाधा नहोस् भनी यस बैंकले विभिन्न अनलाइन बैकिङ्ग सेवा-सुविधाहरुको प्रयोग सुचारु गर्नका साथै ती सेवाहरु प्रयोग गर्न आफ्ना ग्राहकहरुलाई प्रोत्साहन गर्दै आएको छ।

यस सभामा २०७८ साल असार मसान्तको वासलात, आर्थिक वर्ष २०७७/७८ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट तथा अन्य विवरणहरु अनुमोदनका लागि प्रस्तुत गर्दछु।

कारोवारको समीक्षा :

समीक्षा अवधिमा निक्षेप अघिल्लो वर्षको तुलनामा १३.२९ प्रतिशतले वृद्धि भई रु. १ खर्ब ४९ अर्ब ३८ करोड १७ लाख पुगेको छ। कर्जा सापट २३.८३ प्रतिशतले बढ्न गई रु. १ खर्ब ३२ अर्ब ८५ करोड ८४ लाख पुगेको छ।

यसैगरी यो अवधिमा बैंकको कुल सम्पत्ति १४.५० प्रतिशत र खुद सम्पत्ति १४.४६ प्रतिशतले बढ्न गई क्रमशः रु. १ खर्ब ७८ अर्ब ४९ करोड ०९ लाख र रु. २० अर्ब १३ करोड २७ 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. ४ अर्ब ३० करोड ७९ लाख संचालन मुनाफा आर्जन गर्न सफल भएको छ भने रु. २ अर्ब ९९ करोड ८६ लाख खुद मुनाफा आर्जन गरेको छ।

चालू आर्थिक वर्षको पहिलो त्रैमासिकसम्मको बैंकको वित्तीय स्थिति निम्नानुसार छ ।

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७८ असार मसान्त	२०७८ असोज मसान्त	वृद्धि (न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,७८,४९,०९	१,८९,५४,६३	६.१९
२.	निक्षेप (बैंक/वित्तीय संस्थाको समेत)	१,४९,३८,१७	१,५०,८९,८४	१.०२
३.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	१,३२,८५,८४	१,४५,८२,२५	९.७६

समीक्षा वर्षमा बैंकले नेपाल राष्ट्र बैंकको निर्देशनको परिधिभित्र रही रु ४ करोड ६२ लाख ९३ हजार कर्जा अपलेखन गरेको छ, भने विगत वर्षहरुमा अपलेखन भएका कर्जावाट रु ५५ लाख ६० हजार असुली गर्न सफल भएको छ । अपलेखन गरिएको कर्जाका साथै अन्य निष्क्रिय कर्जाको असुलीको लागि समेत बैंक व्यवस्थापनले तदारुकताका साथ निरन्तर कोशिस गरिरहेकोले चालू आर्थिक वर्षको नाफामा सहयोग पुग्ने विश्वास दिलाउन चाहन्छौं ।

बैंकको वित्तीय स्थिति:

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७६/७७ असार मसान्त	२०७७/७८ असार मसान्त	वृद्धि (न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,५५,८८,४९	१,७८,४९,०९	१४.५०
२.	खुद सम्पत्ति	१७,५८,९३	२०,१३,२७	१४.४६
३.	निक्षेप	१,३१,८६,०३	१,४९,३८,१७	१३.२९
४.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	१,०७,२९,४८	१,३२,८५,८४	२३.८३
५.	खुद ब्याज आमदानी	४,८२,१७	३,७८,८७	(२१.४२)
६.	अन्य आमदानी	१,७४,३९	३,५३,२४	१०२.५५
७.	संचालन तथा कर्मचारी खर्च*	२,७०,१६	२,९१,६४	७.९५
८.	संचालन मुनाफा	३,४१,१६	४,३०,७९	२६.२७
९.	खुद मुनाफा	२,५८,६७	२,९९,८६	१५.९२

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

बैंकको आ.व. २०७६/७७ र समीक्षा वर्षको निक्षेप, कर्जा, आमदानी र खर्चको संरचनात्मक तुलना गरिएको विवरण यस वार्षिक प्रतिवेदन पुस्तिकामा समावेश गरिएको छ ।

राष्ट्रिय तथा अन्तराष्ट्रिय आर्थिक क्रियाकलाप र त्यसबाट बैंकलाई परेको प्रभाव:

विश्व भरी फैलिएको कोरोना (कोभिड-१९) महामारीको पहिलो तथा दोश्रो लहरका कारण समग्र विश्वको आर्थिक, सामाजिक तथा अन्य क्रियाकलापहरु केही समयका लागि ठप्प प्राय भएका थिए । विश्वका प्राय मुलकहरुले पूर्ण वा

आशिक बन्दाबन्दी गरी सो महामारीलाई नियन्त्रण गर्ने प्रयास गरे तथा खोप कार्यक्रमलाई तिब्रता दिन सक्दो प्रयास गरेता पनि खोपको उपलब्धता विशेष गरी विकासशील देशहरूमा न्यून मात्रमा रहेको छ ।

विकसित देशहरूले आवश्यकता भन्दा बढी खोपहरू भण्डारण गर्नाले गरिब तथा पिछडिएका मुलुकहरू यस महामारीबाट बाहिर निस्किए तुरुन्तै आर्थिक गतिविधि सामान्य हुने सम्भावना अत्यन्त न्यून देखिएको छ । तसर्थ सो महामारी हाल पनि तिब्र गतिमा फैलिइ २५ करोड भन्दा बढी जनसंख्यालाई प्रभावित बनाएको छ । जसको कारण विश्व अर्थतन्त्रमा नकारात्मक प्रभाव परी हालका समयमा विश्व अर्थतन्त्र मन्द गतिमा वृद्धि भएको देखिन्छ । त्यसमा पनि प्रमुख विकसित राष्ट्रहरू जस्तै अमेरिकी, युरोपेली राष्ट्रहरू, केहि एसियाली देशको अर्थतन्त्रमा समेत नकारात्मक प्रभाव परि न्यून रूपमा मात्र वृद्धि भएको देखिन्छ । यसका साथै अमेरिका र चीन बिचको अघोषित व्यापारिक द्वन्दले गर्दा विश्व अर्थतन्त्रमा नकारात्मक असर परेको देखिन्छ ।

दक्षिण छिमेकी राष्ट्र भारत कोरोना (कोभिड-१९) भाइरसको दोश्रो लहरबाट आक्रान्त भई हाल सम्म ३.३ करोड भन्दा बढी जनसंख्यालाई लागिसकेकोले र खोपको सर्वसुलभ उपलब्धता नभएका कारण त्यहाँको अर्थतन्त्रमा परेको नकारात्मक प्रभावले प्रत्यक्ष परोक्ष रूपमा नेपालको अर्थतन्त्रमा असर परेको देखिन्छ ।

समीक्षा वर्षमा देशमा राजनैतिक अस्थिरताका कारण र विश्व तथा आफ्नै देशमा फैलिएको कोभिड-१९ महामारी तथा अन्य विभिन्न उतारचढावका कारणले आर्थिक वृद्धि दर न्यून रहन पुग्यो । त्यसैले सरकारका विभिन्न घोषित नीति नियमहरू, कोभिड-१९ महामारी र त्यसको खोपको अनिश्चितताका कारणले लगानी योग्य सहज वातावरण बन्न नसकेको अनुभूति भएको छ ।

नेपाल राष्ट्र बैंकले प्रकाशित गरेको आर्थिक वर्ष २०७८/७९ को मौद्रिक नीतिमा उल्लेख भएको आर्थिक तथा वित्तीय स्थितिअनुसार समीक्षा वर्षमा देशको आर्थिक वृद्धिदर केन्द्रीय तथ्याङ्क विभागको अनुमानमा ४.०१ प्रतिशत रहने छ । अघिल्लो वर्ष यसको वृद्धिदर २.०९ प्रतिशतले संकुचन भएको थियो ।

तथापि कोरोना (कोभिड-१९) महामारीको दोश्रो लहर तथा त्यसबाट देश तथा विश्व अर्थतन्त्रमा परेको प्रतिकुल प्रभावले समग्र देशको उत्पादन तथा आपूर्ति व्यवस्था विथोलिएकोले उक्त अनुमानित आर्थिक वृद्धिदरको लक्ष्य कायम हुन चुनौतिपूर्ण रहने छ । तथापि उपभोक्ता वार्षिक औसत मुद्रास्फीति ७ प्रतिशत भित्र राख्ने लक्ष्य अनुरूप समीक्षा वर्षमा ३.६० प्रतिशतमा रहेको छ ।

आर्थिक वर्ष २०७७/७८ मा कुल वस्तु निर्यात अघिल्लो वर्षको तुलनामा यस वर्ष ४४.४ प्रतिशतले मात्र वृद्धि भई रु. १४१ अर्ब १२ करोड पुगेको छ । यसैगरी वस्तु आयात अघिल्लो वर्षको तुलनामा समीक्षा वर्षमा २८.७ प्रतिशतले वृद्धि भई रु. १५३९ अर्ब ८४ करोड पुगेको छ ।

अघिल्लो वर्ष रु. ३३ अर्ब ७६ करोडले घाटामा रहेको चालू खाता र २८२ अर्ब ४१ करोडको शोधनान्तर बचत समीक्षा वर्षमा चालू खाता घाटा रु. ३३३ अर्ब ६७ करोड र शोधनान्तर बचत रु. १ अर्ब २३ करोड रहेको छ ।

आर्थिक वर्ष २०७७/७८ मा विप्रेषण आप्रवाहमा ९.८ प्रतिशतले बढी रु. ९६१ अर्ब ५ करोड पुगेको छ ।

२०७८ असार मसान्तमा कुल विदेशी विनिमय सञ्चिति रु. १३९९ अर्ब ३ करोड (अमेरिकी डलर ११ अर्ब ७५ करोड) रहेको छ । उक्त सञ्चितिले २०७७/७८ को आयातलाई आधार मान्दा १०.२ महिनाको वस्तु र सेवाको आयात धान्न पर्याप्त हुने अनुमान गरिएको छ ।

आर्थिक वर्ष २०७७/७८ मा विस्तृत मुद्राप्रदायको वृद्धिदर २१.८ प्रतिशत कायम रहेको छ ।

आर्थिक वर्ष २०७७/७८ मा बैंक तथा वित्तीय संस्थाहरूको निक्षेप परिचालन २१.४ प्रतिशतले वृद्धि भई रु. ४६६२ अर्ब ७३ करोड पुगेको छ । अघिल्लो वर्ष निक्षेप परिचालन १८.७ प्रतिशतले बढेको थियो । आर्थिक वर्ष २०७७/७८ मा बाणिज्य बैंकहरूको निजि क्षेत्रमा प्रवाहित कर्जा तथा लगानी २७.३ प्रतिशतले बढेर ४०८४ अर्ब ८१ करोड पुगेको छ । अघिल्लो वर्ष यस्तो कर्जा १२ प्रतिशतले बढेको थियो ।

वर्तमान आर्थिक तथा बैंकिङ्ग क्रियाकलाप:

मुलुकको अर्थव्यवस्था अझै पनि विप्रेषणमा निर्भर रहेको छ । तर कोभिड-१९ महामारीको कारण समग्र विश्व श्रम बजारमा श्रमको मागमा कमी आएको कारणले विभिन्न तेस्रो मुलुकहरूबाट हुने नेपाली श्रमको माग प्रभावित भएको छ ।

विप्रेषण तथा श्रम बजारमा भएको श्रमको मागको वृद्धि दरमा भएको उतारचढावले आर्थिक स्थिरतामा आशंकाको बादल मडारिएको छ । चुँलियो व्यापार घाटा, नकारात्मक शोधनान्तर स्थितिले गर्दा अर्थतन्त्र नाजुक अवस्था तिर बढी रहेको अनुभूति भएको छ ।

त्यसै गरि देश भित्र समग्र अर्थतन्त्र प्रभावित भएकोले लगानी योग्य वातावरण नभएकोले तथा लगानी योग्य तरलताको अभावका कारण बैंकिङ्ग क्षेत्रमा अस्वस्थ प्रतिस्पर्धा हुन गई निक्षेपको ब्याजदर बढी निष्कृत्य कर्जा बढ्न जाने चिन्ता रहेको छ ।

तसर्थ बैंकले विभिन्न सेवाहरूको स्तरोन्नति गरी निक्षेप योजनाहरूमा थप सुविधाहरू प्रदान गर्दै ग्राहकहरूलाई प्रोत्साहन गरिरहेको छ ।

बैंकले २०७७/२०७८ मा कोभिड-१९ महामारीको दोश्रो लहरका कारण उत्पन्न परिस्थितिका कारण आफ्नो योजना अनुसार शाखा विस्तारका लागि आवश्यक शोध तथा कार्य गर्न नसकेता पनि भई रहेको शाखाहरूबाट तथा आधुनिक प्रविधि ग्राहकहरू माझ ल्याई आवश्यक पर्ने सेवा तथा सुविधा यथासम्भव दिने प्रयास गरेको छ ।

यसका अतिरिक्त नेपाल राष्ट्र बैंकको नीतिगत प्रयास र बहूदो प्रतिस्पर्धाका कारण हालका दिनहरूमा पनि केही बैंक तथा वित्तीय संस्थाहरू गाभिने क्रम जारी नै रहेको छ ।

आर्थिक वर्ष २०७७/२०७८ को कार्यक्रमको कार्यान्वयन स्थिति:

- निष्क्रिय कर्जा (NPA) ०.४८ प्रतिशतमा रहेको ।
- विभिन्न स्थानमा नयाँ शाखाहरू स्थापना गर्ने लक्ष्य लिएकोमा आ.व. २०७७/७८ को असार मसान्त सम्ममा देशका विभिन्न ३ स्थानमा नयाँ शाखाहरू खोली कुल ७१ वटा शाखाहरू सञ्चालनमा ल्याइएको ।
- कोभिड-१९ को महामारीको कारण ग्राहकलाई सुरक्षित तरिकाले अति आवश्यक बैंकिङ्ग सेवा उपलब्ध गराउने हेतुले बैंकले आफ्नो मोबाइल तथा इन्टरनेट बैंकिङ्ग सेवामा विभिन्न सुविधाहरू थपि अझ बढि परिमार्जित गरेको छ ।
- विद्युतीय भुक्तानी तथा नगद रहित कारोबारलाई प्रोत्साहान गर्न बैंकले डिजिटल भुक्तानी प्रविधि जस्तै इकमर्श/अनलाइन भुक्तानी तथा पस मेशिनबाट कारोबार गर्न विभिन्न छुट प्रदान गरी ग्राहकहरूलाई प्रोत्साहान गरेको छ ।
- विप्रेषण व्यवसायलाई एसियाली, अमेरिकी र युरोपेली बजारमा स्तरीय सेवाका साथ फैलाउँदै लगेको छ ।
- शाखा तथा नाफा केन्द्रहरूको सेवा स्तर अभिवृद्धि गर्ने कार्य लागु गरिएको छ ।
- योजना अनुसार विभिन्न स्थानमा थप ए.टी.एम.हरू जडान गरी २०७८ असार मसान्त सम्ममा संचालनमा आएका बैंकको कुल एटिएम संख्या १४२ पुगेको छ ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरूलाई ग्राहकको मागअनुसार थप आकर्षक बनाइ प्रचलनमा ल्याइएको छ ।
- अपलेखन गरिएका कर्जाहरूको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिइएको छ ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न ६९० थान अतिरिक्त “पस टर्मिनल” थपिएको छ ।
- विभिन्न शाखाहरूको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने कार्यको शुरुवात गरिएको छ ।
- बैंकिङ्ग सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक र सुरक्षाको दृष्टिकोणबाट थप स्तरोन्नति गरिएको छ ।

आर्थिक वर्ष २०७८/२०७९ को कार्यक्रम:

- शाखा विस्तार योजनाअनुरूप थप ६ नयाँ शाखा तथा विभिन्न स्थानमा विस्तारित/एक्स्टेन्सन काउण्टर स्थापना गर्ने लक्ष्य भएकोमा हालसम्म थप २ शाखा खोली जम्मा संख्या ७३ पुगेको ।
- निष्क्रिय कर्जा (NPA) लाई बढ्न नदिने ।
- अपलेखन गरिएका कर्जाहरूको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिने ।
- नयाँ कर्जा र निक्षेप सेवाहरू प्रचलनमा ल्याउने ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरूलाई ग्राहकको मागअनुसार आकर्षक बनाइ प्रचलनमा ल्याउने ।
- विभिन्न स्थानमा थप ३० एटिएम मेशिन जडान गरी बैंकको कुल एटिएम संख्या १७२ पुऱ्याउने ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न १५०० थान “पस टर्मिनल” विस्तार गर्ने ।
- ग्राहकवर्गहरूलाई सुरक्षित तथा सुविधायुक्त डिजिटल बैंकिङ्ग तथा नगद रहित कारोबारको प्रयोगलाई प्रोत्साहन गर्न बैंकको मोबाइल/इन्टरनेट बैंकिङ्गलाई समय सापेक्षरूपमा परिमार्जन तथा आवश्यक सुविधाहरू थप गर्दै लगिने छ । त्यसका साथै डिजिटल भुक्तानी प्रविधि जस्तै इकमर्श/अनलाइन भुक्तानी तथा पस

मेशिनबाट कारोबार गर्न ग्राहकहरुलाई प्रोत्साहान गरिने छ ।

- बैंकको व्यवसाय विस्तारका लागि बैंकको लगानीमा मर्चेन्ट बैकिङको रुपमा स्थापना भएको Himalayan Capital Ltd. को सेवालाई विस्तार गर्ने ।
- विभिन्न शाखाहरुको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने ।
- बैकिङ सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक तवरले थप सुरक्षित र स्तरोन्नति गर्दै जाने ।

संस्थागत सामाजिक उत्तरदायित्व :

आफ्नो सामाजिक दायित्वको निर्वाह गर्ने उद्देश्यले बैंकले आफ्नो स्थापनाको शुरुवातदेखि नै विविध क्रियाकलापहरु 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 विभिन्न सहयोग सामाग्री प्रदान गरी सघाउने कार्यक्रममा सहयोग गरेको छ ।

बैंकले आर्थिक वर्ष २०७७/७८ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा विशेषत मुलुक भर व्याप्त कोरोना महामारीको दोश्रो लहर रोकथामका लागि देश भरीका सरकारी तथा सामुदायिक अस्पतालहरुलाई आवश्यक स्वास्थ्य सामाग्री तथा उपकरणहरु खरिद गर्न सहायोग प्रदान गरेको छ । यसबाहेक बैंकले अन्य क्षेत्रहरुमा पनि आवश्यकता अनुसार निरन्तर सहयोग गर्दै आइरहेको छ । बैंकले आ.व. २०७७/२०७८ मा सामाजिक कार्यहरुकालागि प्रत्यक्ष तथा विभिन्न सामाजिक कार्यमा संलग्न संघ संस्थाहरुको माध्यमबाट कुल रकम रु. १,७१,०४,११४ बराबरको सहायता प्रदान गरेको छ । संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत खर्च भएको रकमहरुको विस्तृत विवरणहरु छुट्टै यस प्रतिवेदनमा उल्लेख गरिएको छ ।

यी बाहेक बैंकले 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 बैंक प्रतिबद्ध छ ।

संचालक समिति :

समीक्षा वर्षमा बैंकको प्रबन्धपत्र तथा नियमावलीमा भएको व्यवस्था अनुसार संस्थापक शेयरधनीहरुको तर्फबाट ५ जना संचालकहरुले संचालक समितिमा प्रतिनिधित्व गरिरहनु भएको छ । जस अन्तर्गत बैंकको संचालक समितिको मिति २०७८ आश्विन १३ गतेको बसेको बैठक नं ४११ बाट अध्यक्षमा श्री तुलसी प्रसाद गौतमको सट्टामा श्री प्रचण्ड बहादुर श्रेष्ठ (एन ट्रेडिङ प्रा.लि.बाट) निर्वाचित हुनु भएको छ । श्री फैजल एन ललानी (हबिब बैंक लिमिटेडबाट), श्री सुनिल बहादुर थापा (आभा इन्टरनेशनल प्रा.लि.बाट) र श्री आशिष शर्मा (म्यूचुअल ट्रेडिङ प्रा.लि.बाट) संचालक पदमा यथावत रहनुभएको छ ।

कर्मचारी संचय कोषको संचालक समितिको बैठकको निर्णय अनुसार मिति २०७८ आश्विन ६ गतेबाट श्री तुलसी प्रसाद गौतमको स्थानमा श्री जितेन्द्र धिताल कोषको तर्फबाट आगामी साधारणसभाबाट अनुमोदन गर्ने शर्तमा यस बैंकको संचालक समितिमा मनोनित भई प्रतिनिधित्व गर्दै आउनुभएको छ ।

संचालक समितिमा सर्वसाधारण शेयरधनीहरूको तर्फबाट श्री विजय बहादुर श्रेष्ठ तथा व्यावसायिक विशेषज्ञको रुपमा स्वतन्त्र संचालकमा श्री राधा कृष्ण पोते संचालक पदमा यथावत रहनुभएको छ ।

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

नव नियुक्त अध्यक्ष श्री प्रचण्ड बहादुर श्रेष्ठ र संचालक श्री जितेन्द्र धिताललाई हार्दिक बधाई ज्ञापन गर्दै बैंकको प्रगति र उन्नतिमा उहाँहरूको योगदानको अपेक्षा गर्दछौं । साथै निवर्तमान अध्यक्ष श्री तुलसी प्रसाद गौतमले बैंकको प्रगति, उन्नति तथा हितमा गर्नुभएको कार्यका लागि उहाँप्रति हार्दिक आभार व्यक्त गर्दछौं । यस अवसरमा बैंकको हितमा सदा कार्यरत रहन संचालक समिति आफ्नो प्रतिबद्धता व्यक्त गर्दछ ।

लेखापरीक्षण, वासलात र अन्य विवरण :

२०७८ असार मसान्तको वासलात, २०७७/७८ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट हिसाब, नगदप्रवाह विवरण, सम्बन्धित अनुसूचीहरू र लेखापरीक्षकको प्रतिवेदन यसै प्रतिवेदनका अङ्गको रुपमा 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 कारोवारलाई Nepal Financial Reporting Standards अनुसार समावेश गरी एकीकृत वित्तीय विवरण समेत प्रस्तुत गरिएको छ ।

नाफा - नोक्सान बाँडफाँट :

आर्थिक वर्ष २०७७/७८ मा बैंकको खुद मुनाफा रु. २ अर्ब ९९ करोड ८६ लाख २३ हजार रहेको छ भने Other Comprehensive Income गणना गर्दा बैंकको खुद आमदानी ३ अर्ब ५ करोड १८ लाख ६९ हजार रहेको छ । यसमध्ये अनिवार्य जगेडाकोषमा यस वर्षको खुद मुनाफाको २० प्रतिशतले हुन आउने रु. ५९ करोड ९७ लाख २४ हजार छुट्याइएको छ । साथै बैंकले जारी गरेको रु. २ अर्ब ५६ करोड ९१ लाख ४ हजारको हिमालयन बैंक लिमिटेड वण्ड २०८३ को लागि नाफाबाट यस वर्ष जम्मा ३६ करोड ७० लाख १४ हजार वण्ड फिर्ता जगेडाकोषमा सारिएको छ । यसका अतिरिक्त रु. २ करोड ९९ लाख ८६ हजार सामाजिक उत्तरदायित्व कोषमा तथा नियमनकारी कोषबाट रु २३ करोड ७४ लाख ५४ हजार नियमानुसार फिर्ता गरिएको छ । विगत वर्षमा विभिन्न कोषमा रकमान्तर भएको मध्ये रु. २ करोड २६ लाख १३ हजार फिर्ता भई बाँडफाँडको लागि उपलब्ध भएको छ ।

आर्थिक वर्ष २०७७/७८ को लागि शेयरधनी महानुभावहरूलाई चुक्ता पुँजीको २१.३८ प्रतिशत बोनस शेयरका साथै ४.६२ प्रतिशत नगद लाभांश (कर सहित) वितरण गर्ने प्रस्ताव गरेका छौं । यस अनुरूप बोनस शेयर र नगद लाभांशका लागि क्रमशः रु. २ अर्ब २८ करोड ४३ लाख २४ हजार ८ सय ९७ र रु ४९ करोड ३६ लाख १९ हजार ३ सय १९ मात्र संचित मुनाफाबाट उपयोग गरिनेछ । यस वर्षको प्रस्तावित बोनस शेयरको वितरण पछि बैंकको चुक्ता पुँजी रु. १२ अर्ब ९६ करोड ८७ लाख २५ हजार ७ सय २५ हुनेछ । बैंकले स्थापनाकालदेखि नै नियमितरुपमा आफ्ना 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 महानुभावहरु, 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 सहयोगीहरुलाई बैंकको प्रगतिमा पुऱ्याएको क्रियाशील योगदानका लागि धन्यवाद दिन्छौं । साथै हाम्रो क्रियाकलापलाई सकारात्मकरूपमा लिई जनमानस समक्ष पुऱ्याइदिने संचारजगतका मित्रहरु र सम्पूर्ण शुभेच्छुकहरुप्रति पनि हामी हार्दिक आभार व्यक्त गर्दछौं ।

धन्यवाद ।

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(प्रचण्ड बहादुर श्रेष्ठ)

अध्यक्ष

मिति: २०७८ पौष ०९

कम्पनी ऐन २०६३ को दफा १०२ उपदफा ४ 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 २०७७/७८ को अन्त्यमा हिमालयन बैंकमा राखेको मौजदात रु. १७,२४,६०,०८७/- र हिमालयन बैंकसँग लिएको ऋण रु. ३,३६,०५,९६९/- रहेको छ ।
३. आधारभूत शेयरधनीहरूबाट बैंकलाई उपलब्ध गराइएको जानकारी :
यस्तो कुनै जानकारी प्राप्त भएको छैन ।
४. समीक्षा वर्ष (२०७७/७८) मा बैंकका संचालक तथा पदाधिकारीहरूले खरिद गरेका शेयरहरू :
समीक्षा वर्षमा साविकको शेयर होल्डर स्याकार ट्रेडिङ कम्पनीले आफ्नो नाममा रहेको ९,२७,८५८/- कित्ता संस्थापक शेयर कर्मचारी संचय कोष, एन ट्रेडिङ प्रा.लि., छाया इन्टरनेशनल प्रा.लि. र इलु शर्मालाई विक्रि गरेको छ ।
५. बैंकसँग सम्बन्धित सम्भौताहरूमा 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 :	रु.
कर्मचारी खर्च -	१,२५,९९,६७,०९८*
अन्य संचालन खर्च -	८७,०९,०१,७९७
ऋास कट्टी र परिशोधन खर्च -	१८,६१,७८,६७८
कुल व्यवस्थापन खर्च -	२,३१,७०,४७,५७३

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

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

लेखापरीक्षण समिति:

श्री प्रचण्ड बहादुर श्रेष्ठ

संयोजक

श्री आशिष शर्मा

सदस्य

श्री रमेश कुमार धिताल (Team Leader - SAR Associates)

सदस्य-सचिव

२०७७ आश्विन २० को ४१२ औं सञ्चालक समितिको निर्णय अनुसार श्री प्रचण्ड बहादुर श्रेष्ठको ठाउँमा श्री जितेन्द्र धिताललाई लेखा परिक्षण समितिको सदस्यको रूपमा नियुक्ति गरिएको छ ।

समितिका सदस्यलाई बैठक भत्ताबाहेक अन्य कुनै पारिश्रमिक/सुविधा प्रदान गर्ने गरिएको छैन । सदस्य-सचिव बाहेक संयोजक र सदस्यहरुलाई फागुन ६, २०७७ सम्म प्रति बैठक भत्ता क्रमशः रु. ११,०००/- र १०,०००/- प्रदान गरिएकोमा र त्यस पश्चात् ४०१ औं सञ्चालक समितिको निर्णय अनुसार : रु. १६,०००/- प्रदान गरिएको छ ।

आर्थिक वर्ष २०७७/७८ मा ११ पटक समितिको बैठक बस्यो, जसमा:

क) आन्तरिक लेखापरीक्षणको प्रतिवेदनको समीक्षा गरी सुधारका लागि व्यवस्थापनलाई आवश्यक निर्देशन दिइयो ।

ख) निरीक्षण प्रतिवेदनहरुको 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 कुराहरुको प्रतिपादन गर्न व्यवस्थापनलाई निर्देशन दिइयो ।

घ) आन्तरिक नियन्त्रण व्यवस्था तथा प्रक्रियामा सुधार गर्न र आवश्यकतानुसार नीतिनिर्देशिका तथा प्रक्रियाहरुमा सुधारका उपायहरु अपनाउन व्यवस्थापनलाई निर्देशन तथा सुझावहरु 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 पदाधिकारीहरुलाई दिइएको पारिश्रमिक, भत्ता तथा सुविधाहरु:

(रुपैयाँ)

क्र.सं.	शीर्षक	संचालक	प्रमुख कार्यकारी अधिकृत	व्यवस्थापक
१.	बैठक भत्ता	३१,००,०००	-	-
२.	तलब	-	१,०६,०२,०००	११,४०,४४,२७७
३.	भत्ता	-	९५,४८,०००	१३,०९,४५,३९८
४.	संचयकोष योगदान	-	-	१,०७,७४,४२८
५.	टेलिफोन/मोबाइल	१,९७,९८८	४,१९,१९१	१,९२,९१,४००
६.	विविध	१६,९४,११८	९,२०,५०६	१,७३,२०,२२३
		४९,९२,१०६	२,१४,८९,६९७	२९,२३,७५,७२५
७.	गाडी	छैन	*छ	छ
८.	आवास सुविधा	छैन	छैन	**छैन
९.	विमा	छ	छ	छ
	जम्मा संख्या	७	१	११७

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 औषधोपचार विमा र रु. ३० लाखको दुर्घटना विमा गरिएको छ ।
ख) बैंकका सबै प्रबन्धकहरुलाई बैंकको कर्मचारी विनियमावली अनुसार दुर्घटना विमा, औषधोपचार विमा र जीवन विमाको व्यवस्था गरिएको छ । प्रमुख कार्यकारी अधिकृत तथा विदेशी कर्मचारीको करार बमोजिम दुर्घटना विमा र औषधोपचार 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, ।
प्रदान गरिएको छ ।
७. वरिष्ठ महाप्रबन्धक श्री इजाज कादिर गिलको कार्यकाल समाप्ती पश्चात हबिब बैंक लिमिटेडबाट अन्य कर्मचारीलाई नपठाईएकोले विदेशि कर्मचारीको लागि यस आ.व. २०७७/७८ मा कुनै पनि खर्च भएको छैन ।
१२. वितरण गर्न बाँकी लाभांश
२०७८ असार मसान्तमा रु. १२ करोड ३२ लाख २९ हजार ७ सय ३७ ।
१३. प्रचलित ऐन कानून अनुसार वार्षिक प्रतिवेदनमा उल्लेख गरिनुपर्ने अन्य विवरण:
छैन ।
१४. विविध सम्बन्धित विषयहरु:
छैन ।

द. प्रचण्ड बहादुर श्रेष्ठ
अध्यक्ष

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची - १५

(नियम २६ को उपनियम (२) सँग सम्बन्धित)

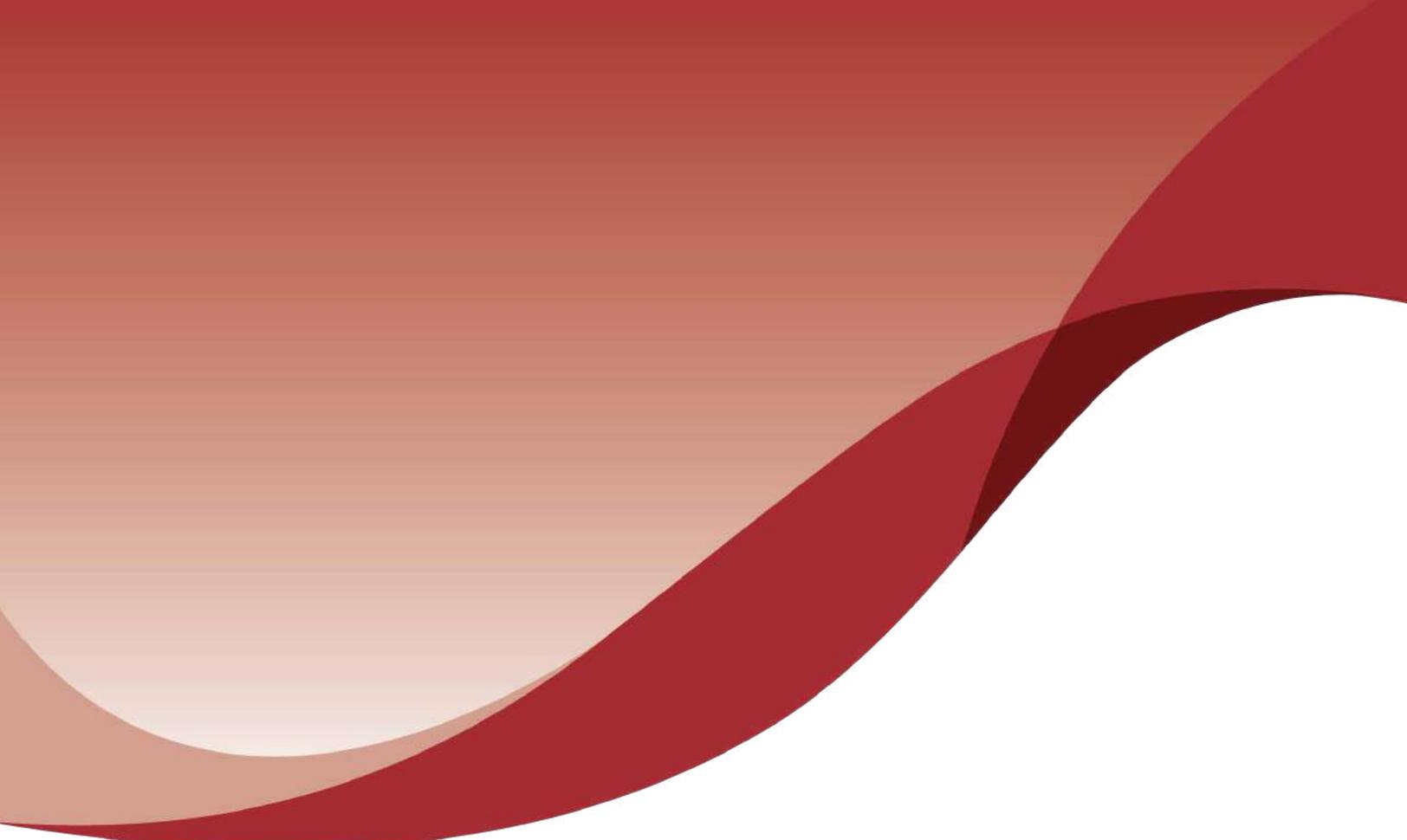
१. संचालक समितिको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
२. लेखापरीक्षकको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
३. लेखापरीक्षण भएको वित्तीय विवरण : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
४. कानूनी कारवाही सम्बन्धी विवरण
 - (क) समीक्षा अवधिमा संस्थाले वा संस्थाको विरुद्ध कुनै 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 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 । गत वैशाख ३० २०७८ गते यस बैंक र नेपाल इन्भेष्टमेन्ट बैंक विच मर्जरको लागि प्रारम्भिक सम्झदारी (MOU) भए पश्चात नियम अनुसार शेयर कारोबार रोक्का 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 २०७७)	६२५	५३१	५६१	५,१४,५९८	६४
दोश्रो त्रैमासिक - (पौष मसान्त २०७७)	७४९	५४५	५७६	१६,१६,५८२	५८
तेस्रो त्रैमासिक - (चैत्र मसान्त २०७७)	५९१	४९०	५२०	११,४४,२८०	५९
चौथो त्रैमासिक - (आषाढ मसान्त २०७८)	५६०	४७७	४८४	४,११,११५	२१

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 वृद्धि ।
 - (घ) आवश्यक आधारभूत संरचनाहरू जस्तै: सडकमार्ग, संचार तथा उर्जा आदिको अभाव ।
 - (ङ) नीतिगत अनिश्चितता र फलस्वरूप लगानीमा देखिएको असर ।
 - (च) विप्रेषणमा देखा परेको ह्रास र कोभिड-१९ महामारीको कारणले त्यसमा आउन सक्ने थप नकारात्मक असर ।
 - (छ) कोभिड-१९ ले आर्थिकरूपमा असर गरेको ऋणीलाई राहत दिनु पर्ने अवस्था ।
 - (ज) व्याजदर, औषत व्याजदर अन्तर, कर्जा निक्षेप अनुपात, पूँजीकोष लगायत कुरामा नियमनकारी निकायबाट भएको परिवर्तनले व्यापार वृद्धि तथा नाफामा पर्न सक्ने असर ।
 - (झ) व्याज आयको ठूलो भाग नियमकारी कोषमा जम्मा हुन गई बाँड्नयोग्य नाफामा हुन सक्ने कमी ।
७. संस्थागत सुशासन
 - (क) बैंक सञ्चालक समिति, संचालक समिति अन्तर्गतको जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति र सम्पत्ति शुद्धिकरण निवारण समिति तथा व्यवस्थापन स्तर का कर्जा व्यवस्थापन समिति र सम्पत्ति- दायित्व व्यवस्थापन समितिहरूले बैंकको कार्यसञ्चालन लगायतका लागि नीति निर्माण प्रकृत्यामा कृयाशील भूमिका खेल्दछन् ।
 - (ख) आन्तरिक नियन्त्रण प्रणाली आन्तरीक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न छुट्टै स्वतन्त्र आन्तरिक लेखा परीक्षण विभाग रहेको 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 73 branches and 148 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



From Left to Right : 1. Mr. Bijay Bhadur Shrestha, 2. Mr. Himalaya SJB Rana, 3. Mr. Jeetendra Dhital, 4. Mr. Ashish Sharma
5. Mr. Faisal N. Lalani, 6. Mr. Prachanda Bahadur Shrestha, 7. Mr. Sunil Bahadur Thapa, 8. Mr. Radha Krishna Pote



Mr. Prachanda Bahadur Shrestha
Chairman

Message from the Chairman

It is a proud moment for everyone associated with Himalayan Bank Limited (HBL) herald that the Bank has completed 29 years of successful operation of Bank. With time, the Bank has been able to maintain its position as one of the most secure, techno-friendly and reliable Bank in the Nepalese Banking Industry.

It is also pleasant moment to share that the Board has taken a decision to merge HBL and Nepal Investment Bank Limited and after months of studies, negotiation and necessary process are ongoing. The decision was taken with the futuristic view to become one of the strongest and largest Bank in Nepal. The new Bank to be, Himalayan & Nepal Investment Bank Limited shall definitely add competitive advantage as the merged bank shall have stronger capital base, larger customer/network coverage, enhanced customer service and expanded business inside and outside of the country.

Looking back, the journey of HBL has been full of achievements. From introduction of ATM for the first time in Nepal to a whole set of techno-friendly banking systems include digitization. Today, the Bank has Rs. 178.49 billion of total asset size, Rs. 149.38 billion of deposit and Rs. 132.86 billion of loan and investments with total of 711,000 plus satisfied and loyal customers. Post merger, it is expected to grow more in terms of assets and customers as both the banks hold strong brand in the current banking industry in Nepal. The merged bank shall continue to roll out the best, innovative products and services as it has always been doing these past three decades.

As all are aware, how the second wave of COVID-also affected the country, and how tough and challenging time it has been to everyone including the banking industry. The world might yet have to witness another year of unpredictable slowdown in the overall economy due to the second wave of COVID-19 pandemic. Talking about the economy of the developing country like our Nepal, all sectors including the banking and finance, production, manufacturing, tourism and aviation, trading, marketing have been severely affected during the first wave and now the subsequent second wave might have resulted in even more difficult situation as the country had to go through another lockdown. The government has been trying its best to provide vaccine to all, but the threat of new and serious variants has been rising simultaneously. With the economic activities of Nepal adversely affected, the performances of the banks have also been significantly affected by the second wave. But despite the risk, HBL dedicated team were able to deliver the essential banking services to all our customers without fail.

In the current scenario, where the threat of new and serious variants of COVID-19 has been hovering around constantly, there is also an opportunity for the bankers to explore new avenues of services and one of them is promoting secure, risk-free branchless and digital banking. People are now more aware of the cashless transaction. HBL has always strived and will continue to offer better banking experience to our valued clients with easy and secured access to banking services. Even after merger, the safety and convenience of all our staff and customers will remain in our highest priority together with focus on services and facilities by which customers can handle their account transactions from any location. HBL strongly adheres to the regulatory compliance by incorporating better policies, practices and proper corporate governance in order to manage growth and development of the Bank and meet stakeholders' aspirations.

Despite of all adversities, I am delighted to state that we are able to maintain satisfactory growth in finances and improve service quality. On behalf of HBL, I extend my sincere gratitude and thanks to all our stakeholders, client and depositors for their trust and continuous, valuable support. And our deep appreciation to all the government authorities and agencies specially Nepal Ratra Bank, our regulators for their sterling guidance that helped us grow in our journey.

Prachanda Bahadur Shrestha
Chairman



Mr. Ashoke SJB Rana
Chief Executive Officer

Message from CEO:

I am delighted to announce that the Bank has completed one more year of service excellence, portfolio diversity and customer satisfaction. We now stand as a successful 29-year-old Bank in the Nepalese banking industry. On this very occasion, let me also highlight another big news of the merger of Himalayan Bank Limited with Nepal Investment Bank Limited.

These couple of years have been tough and highly challenging. The second wave of COVID-19 hit Nepal in an unexpected way again. Nepal had to go through lock-down for the second time in a row which has deepened the havoc left by the first wave of pandemic in all sectors. The government has been trying its best to provide vaccines to all, but the implementation has not been systematic and sustained. Plus, political instability and emergence of new variants has made the threat more complicated. However, amidst the adversities faced by the economy and the financial system of the country, it gives me immense pleasure to inform all the stakeholders that the Bank has been able to exhibit a satisfactory growth. We have been able to record a net profit of Rs. 2.99 Billion with a Total Deposit Base of Rs. 149.38 Billion, Total Lending of Rs. 132.86 Billion, Total Assets of Rs. 178.49 Billion and the Total Capital Base of Rs. 10.68 Billion. The Bank has been able to maintain this growth all because of the TRUST and constant support all the shareholders and customers.

We are confident that this trust and support from our valued shareholders and customers will be even greater after the merger with NIBL. Both the merging banks hold a strong position in the market. In an uncertain financial environment, it is a right time to go for merger to be able to be the largest Bank in the industry.

In last couple of years, the bank has not been able to open new branches as per plan due to the health risk spread by the pandemic and the travel restrictions implemented during these situations. However, this shortfall shall be compensated by the merger as the merged bank will cover a wider branch network, and after the ease of restrictions, the merged bank shall continue to add new branch outlets to grow even more in order to extend our presence in various rural as well as urban parts of the country. Apart from this, new products and services of the merged bank will be highly focused on creating digital payments that are user-friendly and highly secure. The Bank will also focus on digital onboarding of deposit and loan customers and will strategically move to a digital future.

Apart from serving our valuable customers with best banking services, the merged bank shall continue to focus on good Corporate Governance and be guided by the Directives/Circulars of the Regulators for better transparency and accountability. Similarly, we can proudly say that we are the main service provider in the remittance business and the merger shall assist to expand our market share.

As we look back, I am delighted to see how the Bank has grown and has been able to create a history of becoming one of the most preferred Banks in Nepal in all these 29 years. This would not have been successful without continuous guidance and support of the Board of Directors. I would like to express my sincere gratitude to the Board of Directors. I would also like to take this opportunity to thank our staff who have worked hard even during this COVID situation, shareholders, well-wishers, Nepal Rastra Bank and other related government agencies who have continuously interacted with us with their support and guidance.

Ashoke SJB Rana
Chief Executive Officer

Senior Management Team

HBL

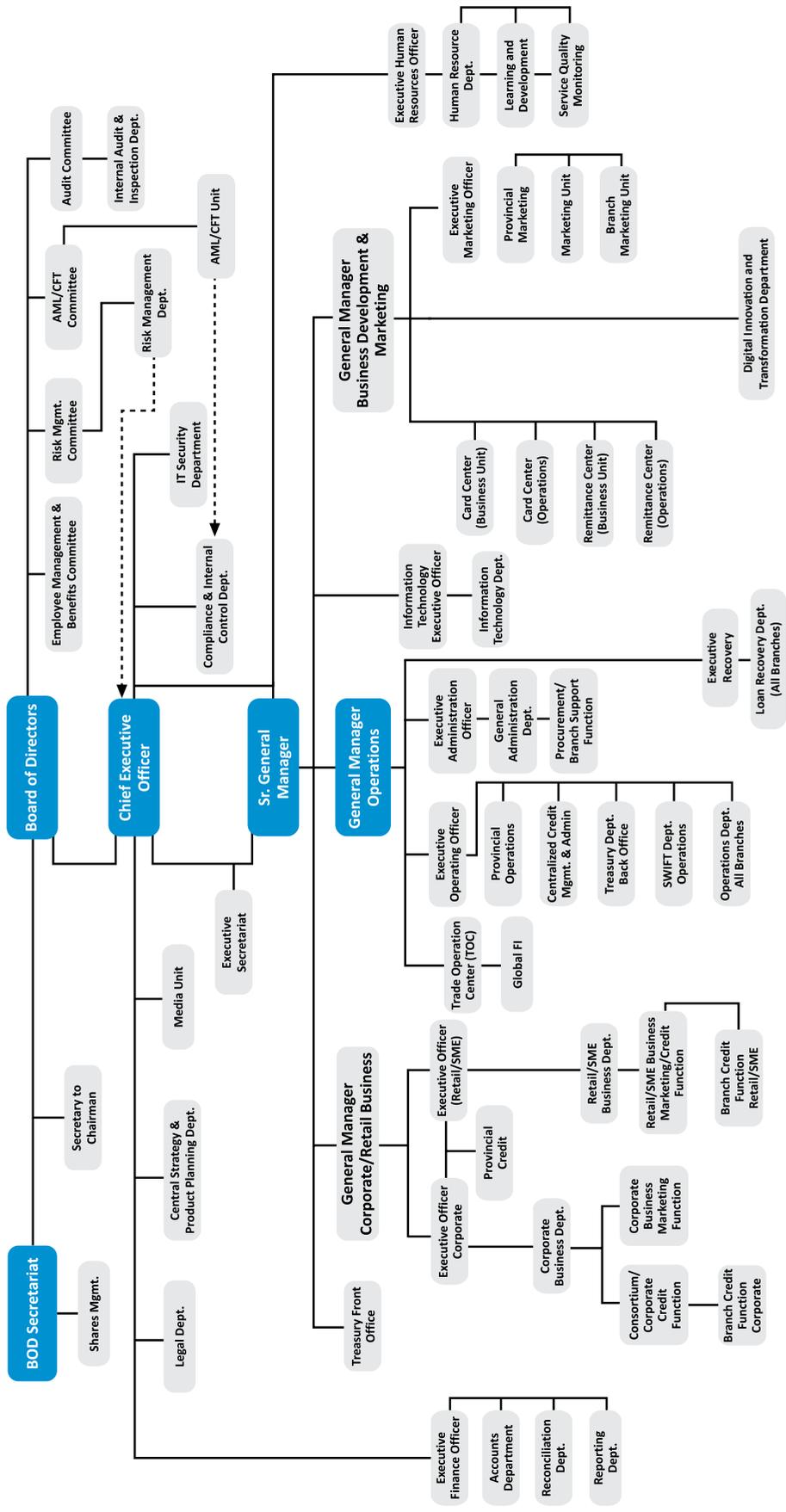
हिमालयन बैंक लिमिटेड
Himalayan Bank Ltd.



From Left to Right : 1. Mr. Rabindra Narayan Pradhan, 2. Mr. Sunil P. Gorkhali, 3. Mr. Samir Acharya, 4. Mr. Bijay Man Nakarmi, (Standing)
5. Mr. Shankar Joshi, 6. Mr. Bipin Hada, 7. Mrs. Sisam Pradhananga Joshi, 8. Mr. Satish Raj Joshi,
9. Mr. Mrigendra Pradhan, 10. Mr. Gyanendra Shrestha, 11. Mr. Jayendra Bikram Shah

From Left to Right : 1. Mr. Anup Maskay, 2. Mr. Ashoke SJB Rana, 3. Mr. Sushiel Joshi, 4. Mr. Ujjal Raj Rajbhandary (Sitting)

ORGANIZATIONAL CHART



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

Dear Shareholders.

On behalf of the Board of Directors, we cordially welcome all the stakeholders of the Bank to the 29th Annual General Meeting of Himalayan Bank Limited.

The bank has been continuously serving customers for last twenty-nine years. During this period, we have been able to establish the Bank as one of the most secure, techno-friendly and reliable in the Nepalese Banking Industry.

The Board is delighted to announce merger with Nepal Investment Bank Limited, another reputed bank of the country.

Currently, Bank has been serving its customers with 73 Branch Offices, 5 Extension Counter, 148 ATM Booths and more than 5000 POS terminals. Likewise, it is our pleasure to inform that during the review period, wholly owned subsidiary company of the Bank, "Himalayan Capital Ltd." has been progressing well over the year.

Bank has been continuously progressing with 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 accordingly with its aim of developing healthy banking system as well as extending accessible and quality service to the people. Likewise, due to the ongoing global pandemic, the Bank has been continuously encouraging its clients to use the digital platform (Internet/Mobile Banking) extensively for availing quick and uninterrupted services.

We would like to present the Balance Sheet as on July 15, 2021, the Profit and Loss Account for the fiscal year 2020-21, 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 149.38 billion, an increase of 13.29 percent compared to previous year. Similarly, the loans and advances reached to 132.86 billion during the review period, an increment of 23.83 percent compared to previous year.

The net assets of the Bank increased by 14.46 percent reaching to 20.13 billion, during the review period, while the total assets increased by 14.50 % and reaching to 178.49 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 4.31 billion during the fiscal year, with net profit at NPR 2.99 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 15, 2021	As on Oct 16, 2021	Increase (Decrease) %
1.	Total Assets	178,491	189,546	6.19
2.	Deposits	149,382	150,898	1.02
3.	Loans, Overdrafts and Bills Purchased and Discounted	132,858	145,823	9.76

During the review period, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 46.29 million whereas the Bank was able to recover Rs. 5.56 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 2019/20 and 2020/21 are presented below:
(In Rs. Millions)

S.N.	Particulars	FY: 2019/20 As on July 15, 2020	FY: 2020/21 As on July 15, 2021	Increase (Decrease) %
1.	Total Assets	155,885	178,491	14.50
2.	Net Assets	17,589	20,133	14.46
3.	Deposits	131,860	149,382	13.29
4.	Loans, Overdrafts and Bills Purchased and Discounted	107,295	132,858	23.83
6.	Net Interest Income	4,822	3,789	(21.42)
7.	Other Income	1,744	3,532	102.55
8.	Operating and Staff Expenses*	2,702	2,916	7.95
9.	Operating Profit	3,412	4,308	26.27
10.	Net Profit	2,587	2,999	15.92

*Operating and Staff Expenses includes Staff Bonus Expenses

The comparative status of deposit, credit, income and expenditure of the Bank during the fiscal year 2019-20 and the year under review is presented in separate annexes as detailed below:

Deposit Composition	: Annex A
Credit Composition	: Annex B
Income Composition	: Annex C
Expenditure Composition	: Annex D

National and International Events and their Impact on the Bank

The First and the second wave of flaring COVID 19 Pandemic that has nudged and halted the social, economic activities worldwide. Most of the country around the world have been trying to control the spread of the virus taking various preventive measures such as partial or full lock-down, accelerating the vaccination program whereas the developing nations have been facing shortage of vaccine.

It is anticipated that there is a chance of delay for developing nations to come out of the pandemic and run their normal economic activities since most of the developed nations have accumulated vaccine more than required. Thus, the pandemic is still not under control and spreading which has already infecting more than 250 Million people worldwide. As a result, the world economy is headed towards slow growth in the days to come. Moreover, it is witnessed that there is an impact in the developed economy like USA, European Nations and some Asian Nations thus the growth rate has been adversely affected.

Besides, the trade war between USA and China has negative impact in the world economy.

Similarly, our southern neighbour, India, was also hit hard by the pandemic with over 33 Million infected population and so the scarcity of vaccine which had adversely affected its economic growth rate there by leading to direct/indirect impact on the economic growth of Nepal as well.

Political instability in the country, the pandemic and other ups and downs in the economy during the review period has curbed the growth rate down. Therefore, it has been felt that the investment environment in the country has been disrupted.

As per the country's economic and financial status stated in the Monetary Policy for FY: 2078/079 published by Nepal Rastra Bank, the country shall attain anticipated GDP growth rate of only 4.01% during 2019/20, whilst the GDP growth rate in the previous year was 2.09% only.

The GDP growth rate remained at one of the lowest due to the 2nd wave of pandemic and its negative effect on global and national economy that has disrupted production and smooth supply chain. However, consumer's average inflation rate remained at 3.60% during the review period which remained below the maximum targeted level of 7.00%.

Total exports, during the FY: 2020/21, have increased by 44.4% to Rs. 141.12 billion. Similarly, the import increased by 28.7% and remained at Rs. 1,539.84 billion in the review period in comparison to last FY's level.

Similarly, deficit in current account has increased to Rs. 333.67 billion from previous year's Rs. 33.76 billion. Likewise, the BOP surplus of Rs. 282.41 billion recorded in previous FY has remained at the level of Rs. 1.23 billion during the review period.

Additionally, inflow of remittance had increased by 9.80% to reach at Rs. 961.05 billion in the review period.

At the end of fiscal year 2020/21, the gross foreign exchange reserves have remained at Rs. 1,399.03 billion (USD 11.75 billion). Based on the import data of FY: 077/078, the reserve is sufficient to import goods and services of 10.2 months.

The growth rate of broad money supply during the review period is 21.80%.

During the year under review, the total deposit mobilization of the banking sector increased by 21.4% and remained at Rs. 4662.73 billion compared to growth rate of 18.70% in the previous year. Similarly, the total loans and advances to private sector had increased by 27.30% and remained at Rs. 4084.81 billion in FY 2020/21 compared to growth rate of 12.00% in the previous year.

Current Financial and Banking Environment

The economy of the country is still dependent on remittance. However, demand of Nepalese work forces from various countries are adversely affected by the spread of COVID-19 virus worldwide which in recent days is slowly heading towards recovery.

The fluctuating demand of work force in overseas market and the reduction in growth rate of remittance had created doubt in economic stability. Thus, the country's economy has become vulnerable due to increasing trade deficit, negative balance of payment and so on.

Furthermore, the economy has witnessed shortage of loanable fund since the beginning of the fiscal year thereby the financial institutions have now increased the deposit rates leading to unhealthy competition of and higher in non-performing loan.

Thus, Bank has refined and upgraded its products and services, added various features in its deposit schemes to encourage existing and potential customers to save more.

Besides, the Bank could not extend its branch networks as planned due to the outbreak of two waves of COVID-19 followed by lockdown. However, the Bank has been serving its clients from the existing branches/networks by offering various modern banking tools.

Pursuant to the policy of Nepal Rastra Bank and fierce competition in banking industries, financial institutions are still in process of merger.

Implementation Status of the Strategy and Program of the Bank for the FY 2020/2021

1. Non-Performing Loan limited to 0.48 percent as of fiscal year end.
2. As per the branch expansion plan, HBL has opened 3 new branches in various part of the country to reach the total of 71 branches by the fiscal year end 2020/21.
3. For safety of our clients, HBL rolled out upgraded, user friendly and secured Mobile/Internet Banking module with added features to promote digital banking as well as conduct inevitable banking transactions amidst the pandemic.
4. Encouraged use of digital/electronic payment system for cash less transaction through ecommerce and POS terminals giving various discount facilities to the customers.
5. Necessary arrangement is done to extend remittance business to various Asian, European and US market.
6. Different plans and policies are adopted to improve the service standard of branches and profit center.
7. The total number of ATMs in operation reached to 142 with addition of new ATMs in various locations as per the plan by the fiscal year end 2020/21.
8. Deposit product, loan product and other banking facilities were made more attractive as per the demand of the general public.
9. Continuity has been given to the recovery of written-off loans in an active manner.
10. Additional 690 POS terminals have been installed for the convenience of the debit and credit card holders.
11. Continuous effort being made to renovate and expand various branches to make the ambience of branches pleasing and environment- friendly.
12. T24 banking software browser has been upgraded and made it more secure.

Strategies and Programs for FY 2021/2022

1. To establish 6 new branches and extension counters within and outside the valley as per branch expansion plan. As of date, 2 more branches have opened, reaching the total no of branch 73.
2. To curb the NPA in lowest level.
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 30 additional ATMs at various places as well as newly set up branches to total the number to 172.
7. To install additional 1500 POS machines so as to facilitate debit/credit card holders.

8. To upgrade the existing mobile/internet banking module so as to provide user friendly, secured mobile/internet banking facilities to the customers. Similarly, motivate use of digital/electronic payment channel such as online/ecommerce payment as well as use of POS terminal for promotion of cashless transactions.
9. To enlarge the operation of Himalayan Capital Ltd so as to broaden the bank's business.
10. To renovate and expand various branches to make the ambience of branches pleasant and environment- friendly.
11. 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 related 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 the FY: 2020/2021, the Bank, under its Corporate Social Responsibility Initiative, has specially supported various Government Hospitals of the country donating various medical equipment, instruments and accessories to curb, control and combat the outspread of COVID 19. The Bank during the FY: 2020/2021 continued supporting various social organizations involved in various social causes directly and indirectly with a total of Rs. 17,104,114. Detail elaboration of CSR initiative under various causes have been separately given in the Annual Report.

The Bank is active in the development of sports culture like in the past. 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

As per the provision of the Bank's Article of Association, 5 Directors, from promoter shareholder group, represent in HBL BOD. Among them, Mr. Prachanda Bahadur Shrestha, representing N. Trading Pvt. Ltd. has been elected as the Chairman to the BOD of the Bank with effect September 29, 2021 replacing Mr. Tulasi Prasad Gautam. Mr. Faisal N. Lalani, representing Habib Bank Ltd, Mr. Sunil Bahadur Thapa, representing Ava International Pvt. Ltd. and Mr. Ashish Sharma, representing Mutual Trading Pvt. Ltd. have continued to hold the position of Director in the HBL BOD.

Pursuant to the decision of Employee Provident Fund BOD, EPF nominated Mr. Jeetendra Dhital as the Director in HBL BOD replacing Mr. Tulasi Prasad Gautam. Accordingly, HBL BOD meeting dated September 17, 2021 nominated Mr. Dhital as Director to HBL BOD with effect from September 22, 2021 subject to endorsement of the upcoming Annual General Meeting.

Mr. Bijay Bahadur Shrestha representing public shareholder and Mr. Radha Krishna Pote as Independent Professional Director have continued as the Director in the Board of Directors of the Bank.

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

We would like to welcome the newly appointed Chairman Mr. Prachanda Bahadur Shrestha and Director Mr. Jeetendra Dhital and express sincere thanks to the former Chairman, Mr. Tulasi Prasad Gautam for his 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 15, 2021, the Profit and Loss Account, the Profit and Loss Appropriation Account, Cash Flow, related annexure and Auditors' Report for the fiscal year 2020/21, 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 after tax and bonus of the Bank amounted to Rs. 2998.62 million for the fiscal year 2020/21. Including other comprehensive income, the net profit amounted to Rs. 3051.87 million fiscal year 2020/21. 20% of the net profit i.e. Rs. 599.72 million, has been appropriated to the Statutory General Reserve Fund. In addition, the Bank has allocated Rs. 367.01 million from its profit and transferred it to the Bond Repayment Reserve for the HBL Bond 2083 issued worth Rs. 2569.10 million. Additionally, as per the circular of Regulatory Body, the Bank has transferred Rs. 29.99 million in the reserve for its Corporate Social Responsibility and refunded Rs. 237.45 Million from Regulatory Reserve.

Out of the fund transferred to various Reserves in the previous year, Rs. 22.61 Million has been refunded and is also available for appropriation.

For fiscal year 2020/021, 21.38% bonus share and 4.62% cash dividend (including tax) have been proposed to the shareholders. For the proposed bonus shares and cash dividends, an amount of Rs. 2,284,324,897/- and Rs. 493,619,319/- 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. 12,968,725,725/-. 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.

Prachanda Bahadur Shrestha
Chairman

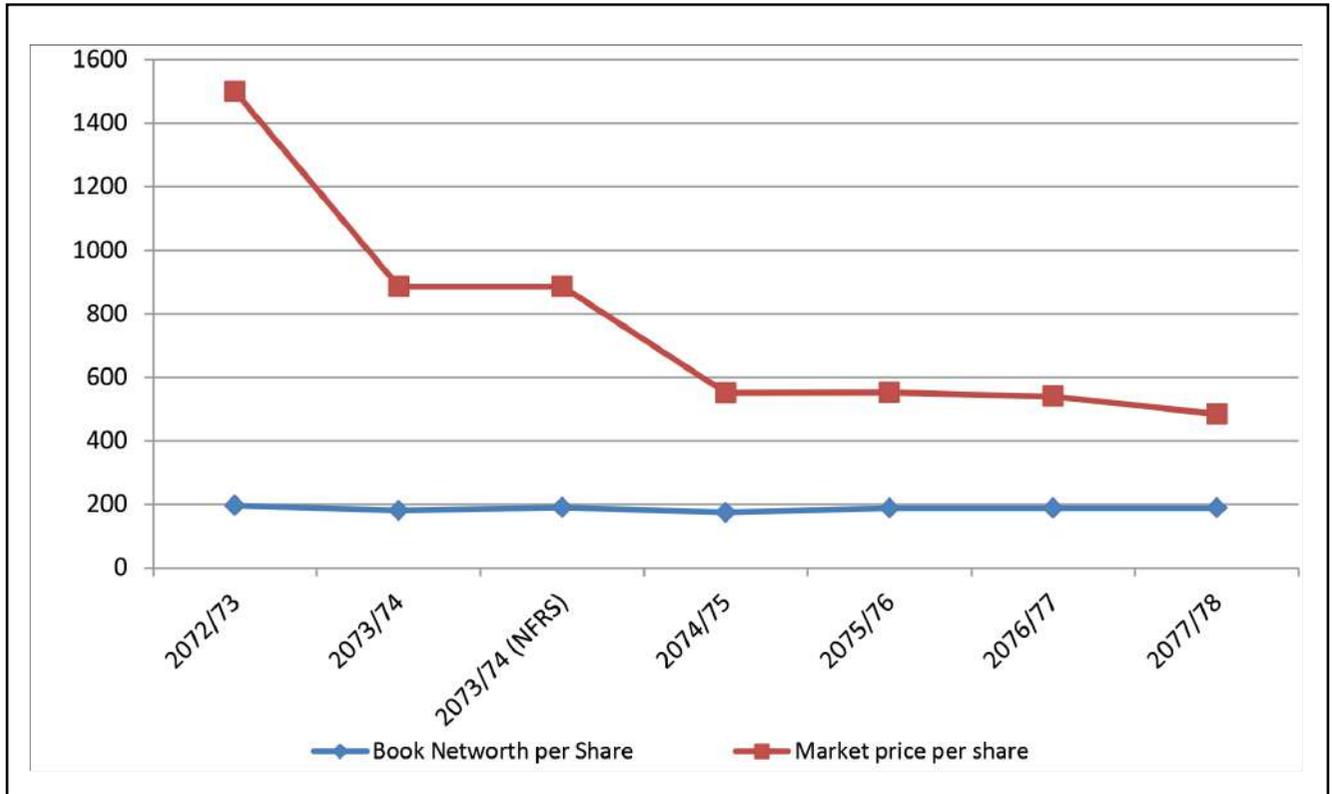
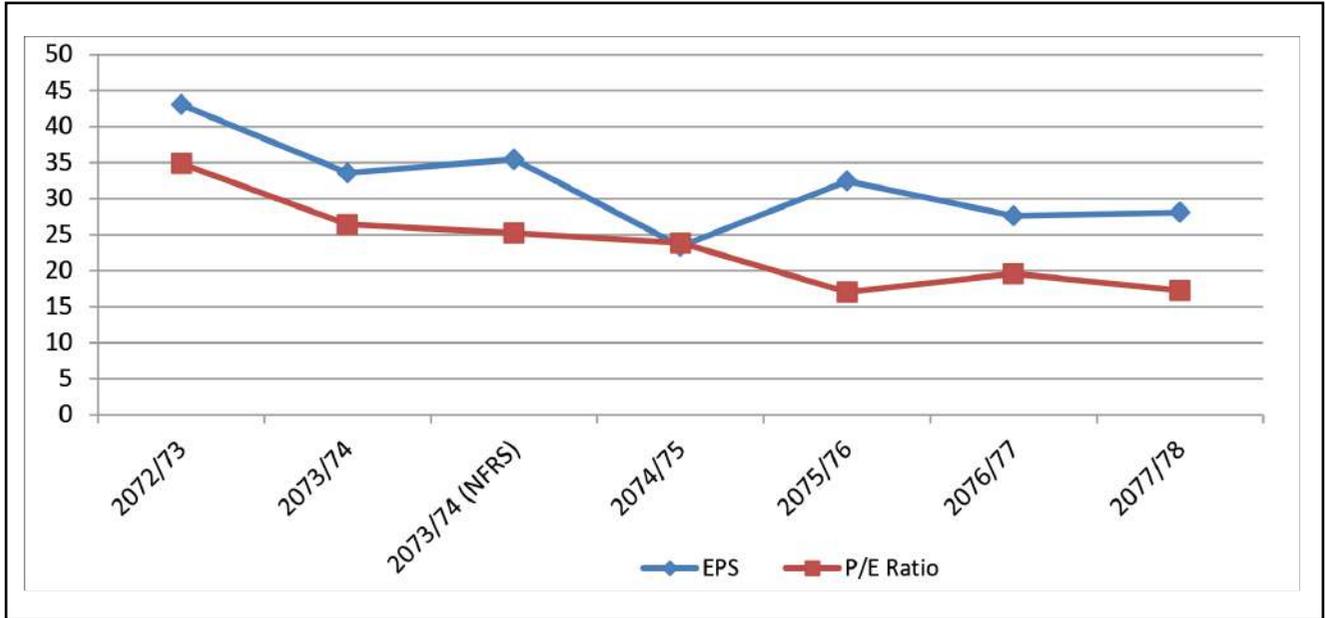
Date: 24th December 2021

PRINCIPAL INDICATORS

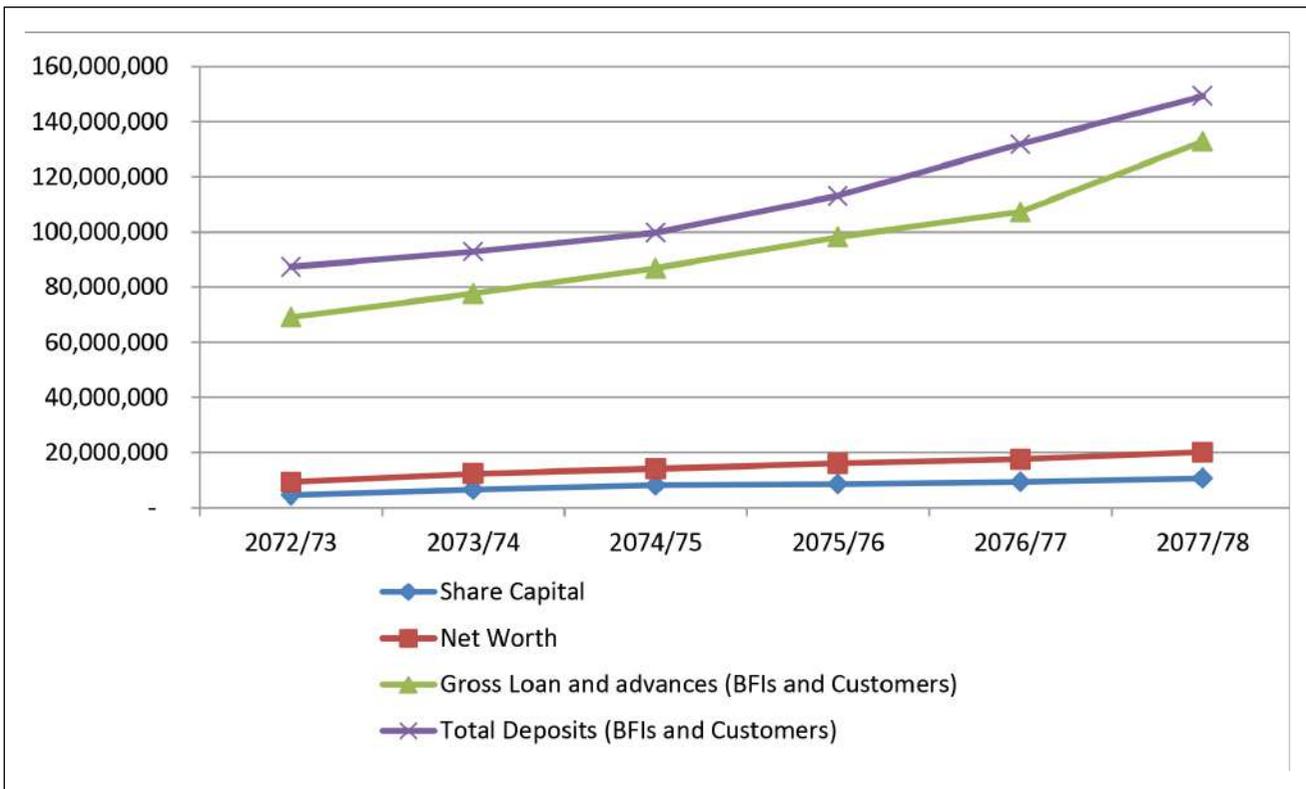
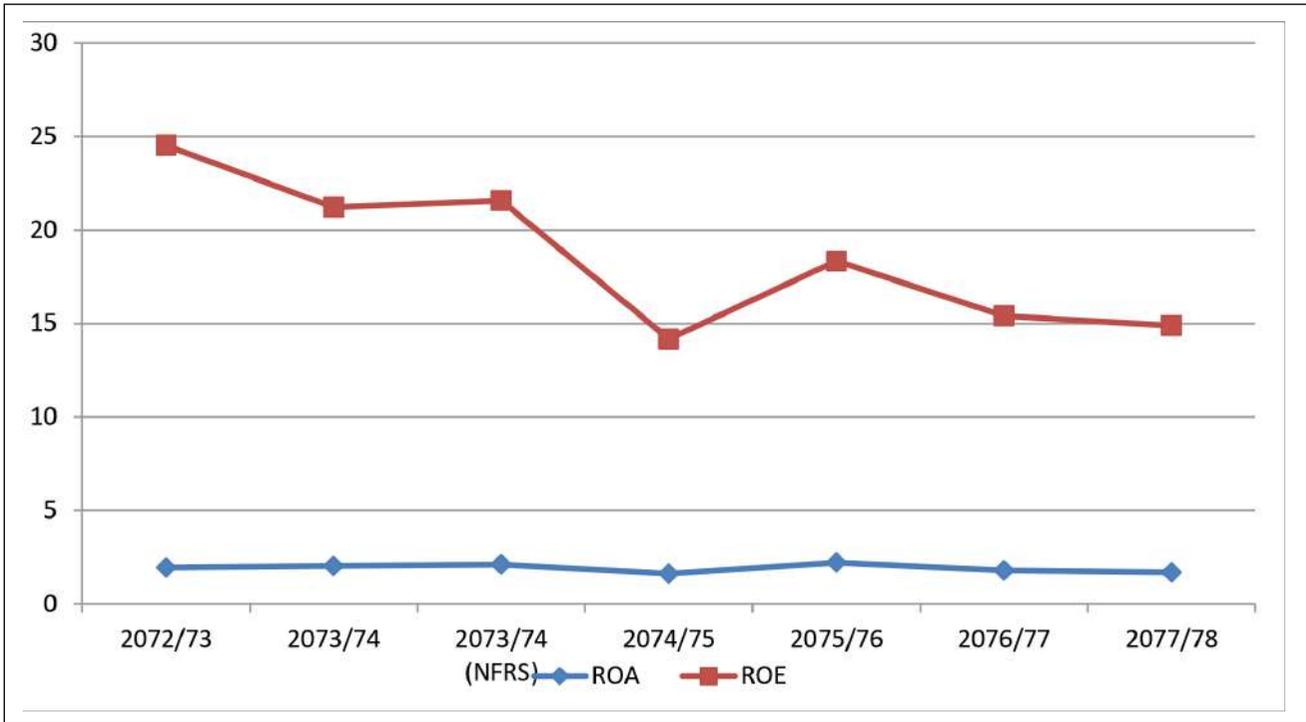
Particulars	Unit	FY 2016/2017 2073/2074	FY 2016/2017 2073/2074 Restated	FY 2017/2018 2074/2075	FY 2018/2019 2075/2076	FY 2019/2020 2076/77	FY 2020/2021 2077/78
Profit before Bonus and Tax/Total Income	Percent	36.48	40.93	26.15	32.64	28.06	33.68
Per Share Income	Rs.	33.55	35.15	23.11	32.44	27.60	28.07
Per Share Market Value	Rs.	886	886	551	552	540	484
Price Earning Ratio	Ratio	26.40	25.21	23.84	17.02	19.57	17.25
Dividend on Share Capital (Including Bonus)	Percent	26.32	26.32	15.79	22.00	20.00	26.00
Cash Dividend on Share Capital	Percent	1.32	1.32	10.79	12.00	6.00	4.62
Interest Income/Loan and Advances	Percent	8.94	9.52	11.64	11.67	10.79	7.71
Staff Expenses/Total Operating Expenses	Percent	56.01	56.34	53.02	53.79	53.02	54.92
Interest Expenses on Total Deposit	Percent	3.42	3.52	5.61	6.13	5.77	4.42
FX Fluctuation Gain/Total Income	Percent	6.52	7.00	5.81	5.50	5.33	4.61
Net Profit after Tax/Total Assets (ROA)	Ratio	2.03	2.19	1.67	2.21	1.79	1.68
Net Profit after Tax/Total Equity (ROE)	Percent	21.22	21.58	14.17	18.34	15.40	14.89
Total Loan/Deposits	Percent	83.59	85.10	88.31	87.37	82.31	89.87
Total Operating Expenses/Total Income	Percent	23.97	22.36	16.96	16.68	16.81	17.96
Capital Adequacy Ratio:							
A. Core Capital	Percent	10.93	10.93	11.40	11.63	11.76	11.21
B. Supplementary Capital	Percent	1.22	1.22	1.06	0.97	3.13	2.68
C. Total Capital Fund	Percent	12.15	12.15	12.46	12.6	14.89	13.89
Liquidity	Percent	26.64	26.64	23.05	26.25	31.39	26.51
Non-performing Loan/Total Loan	Percent	0.85	0.85	1.40	1.12	1.01	0.48
Weighted Average Interest Rate Spread	Percent	4.44	4.44	4.70	4.47	3.77	3.32
Book Networth per share	Rs.	180.31	189.91	174.24	187.73	187.67	188.43
Total Share	Number	64,916,235	64,916,235	81,145,294	85,202,558	93,722,814	106,844,008
Total Staff	Number	835	835	834	910	1029	1018
Number of Branches	Number	47	47	55	59	68	71
Number of ATMs	Number	93	93	105	122	138	144

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

Key Indicators

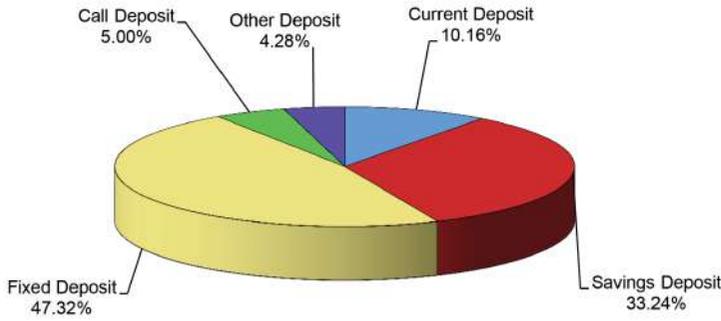


Key Indicators

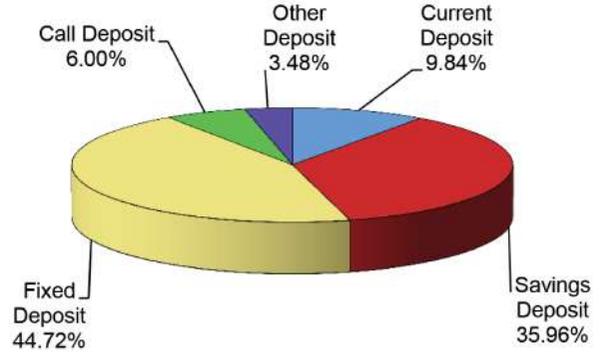


Deposits-From Customers and BFIs

Financial Year 2076/77 (2019/20)

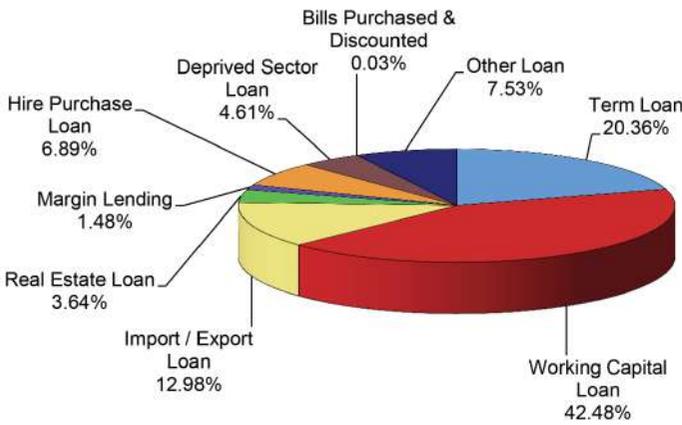


Financial Year 2077/78 (2020/21)

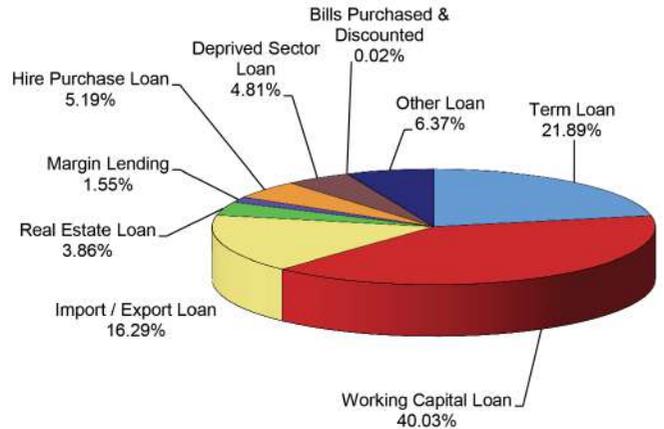


Loan and Advances

Financial Year 2076/77 (2019/20)

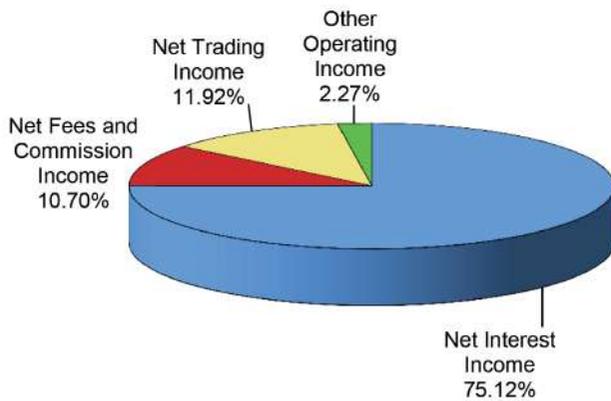


Financial Year 2077/78 (2020/21)

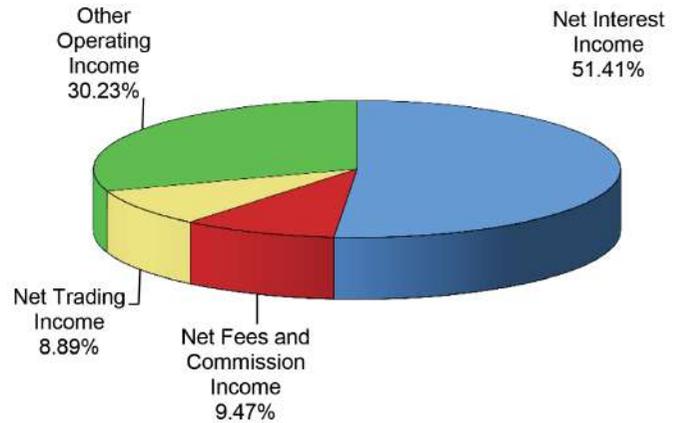


Income Composition

Financial Year 2076/77 (2019/20)



Financial Year 2077/78 (2020/21)

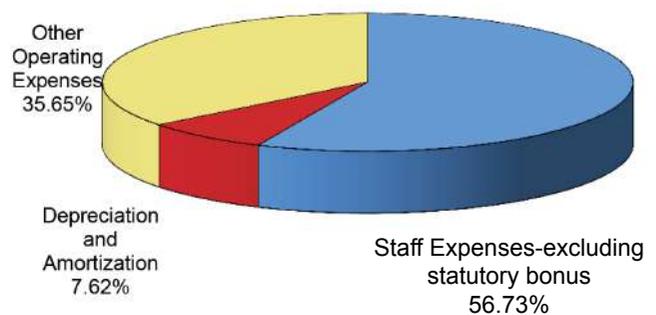


Expense Composition

Financial Year 2076/77 (2019/20)



Financial Year 2077/78 (2020/21)



G.P.Rajbahak & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HIMALAYAN BANK LIMITED

Opinion

We have audited the financial statements of Himalayan Bank Ltd., which comprise the Statement of Financial Position as at Ashadh 31, 2078 (July 15, 2021), and the Statement of Profit or Loss, and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Bank as at Ashadh 31, 2078 (July 15, 2021), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards [NFRS].

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing [NSA]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	Auditor's Response
a)	<p>Interest Income: The interest income of the bank has been recognized on accrual basis and following the Interest Income Guidelines 2019 issued by NRB. The Guidelines specify condition for collateral testing in case of the interest overdue for 3-12 months and reversal of accrued interest on overdue for more than 12 months. Furthermore, the guidelines specify conditions for collective impairment of the loan. In case of improper application of the guidelines and determination of the Fair Value of the collateral, it imposes risk on the part of interest income. Thus, we have considered it as key audit matters.</p>	<p>Our audit approach included clear understanding of the Core Banking Software of the bank i.e. how the interest income is daily accrued regarding the loans and advances. Furthermore, we have relied on the engineer's valuation of the collateral for determination of fair value regarding collateral testing.</p> <p>Also, we have test checked the interest income booking with manual computation and we did not find any deviation.</p> <p>Furthermore, we have test checked the haircut regarding collateral fair value as per the NRB Income recognition guidelines.</p>

b)	<p>Investment valuation, identification and impairment: Investment of the bank comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted securities. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and Directive number 8 of NRB Unified Directive 2077. The investment in the government and NRB bonds and T-bills has been done on Amortized cost and rest have been valued through Fair Value through Other Comprehensive Income. The valuation of the investment requires special attention and further in view of the significance of the amount of the investment in the financial statement the same has been considered as Key Audit Matters in our audit.</p>	<p>Our audit approach regarding Investment of the bank is based on the NRB Directive and NFRS issued by the Accounting Standard Board of Nepal. For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis. For the investment valued through OCI i.e. for quoted investment, we relied on the Last transaction price in NEPSE as on 15.07.2021. And for the unquoted investment the fair value has been taken as the NRs.100. Further the income and bonus have been cross verified from Demat statement of the bank wherever applicable.</p>
c)	<p>COVID-19 impact on the bank and NRB circular compliance thereon: On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Nepal Government announced a nationwide lock down multiple times and local federal government also imposed prohibitory order during FY 2077/78. Due to Lockdown the profitability of the bank was highly impacted and NRB issued various circulars for benefit of the stakeholder and bank. Since the matter imposes created impact on the performance of bank, we have considered this as our key audit matter.</p>	<p>Our audit approach regarding the COVID-19 outbreak and the mitigation approach by the bank is based on the various circular issued by NRB on various date till the date of our review. Provisions such as 1.3% impairment loss for good loan, conditions for restructuring and rescheduling of loan affected by COVID-19, enhancement of working capital, extension of moratorium period, etc. has been verified on sampling basis. Furthermore, the relaxation of the penal charge to the customer during the pandemic period was verified on test basis. Furthermore, due to COVID 19, we have modified our audit approach and most of the credit review has been done remotely from Head Office instead of Branch visit.</p>
d)	<p>Information Technology: Since most of the information of the bank is digitally stored and transaction are carried out digitally/electronically in today's scenario, we have considered information technology status of the bank as our key audit areas.</p>	<p>Our audit approach regarding Information technology of the bank is based upon the Information Technology Guidelines 2012 issued by NRB. We verified the interest income and expense booking regarding loan and deposit on test basis with the CBS of the bank. We relied on the IT audit conducted by the bank.</p>

		We verified the provisioning of the loan and advances based on ageing on the test check basis as on 15.07.2021.
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Other Matter

We did not audit the Financial Statement and Other Financial Statement of Subsidiary namely Himalayan Capital Limited. The Financial Statements and Other Financial Information have 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 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 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 Statement 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement whether caused due to fraud or error, and to issue 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.

As part of an audit in accordance with NSAs, 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 group's 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 the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company'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 related disclosures in the financial statements or, if such disclosure are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidences obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group's Activities to express an opinion on Financial Statements.

We communicate with those charged with governance, 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 determined to communicate following matters in accordance with the requirements of NRB Directives, Companies Act, 2063, BAFIA, 2073 and other regulatory requirements: -

- We have obtained all the information and the explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- Based on our audit, proper books of accounts as required by law have been kept by the Bank.
- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts maintained by the Bank.
- Returns received from the branch offices of the Bank were adequate for the purpose of our audit though the statements are independently not audited.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the bank are adequate considering the Directives issued by Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanations and from our examination of the books of accounts of the Bank, we have not come across any case where the Board of Directors or any office bearer of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused any loss or damage to the Bank and violated Directives issued by Nepal Rastra Bank or acted in a manner as would jeopardize the interest and security of the Bank, its shareholders and its depositors.

- The business of the Bank has been conducted satisfactorily and operated within its jurisdiction and has been functioning as per NRB Directives.

CA. Shiva Chandra Shrestha

Senior Partner

G. P. Rajbahak & Co.

Chartered Accountants

Place: Kathmandu

Date: October 8, 2021

UDIN: 211008CA00129zDCvc

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 31 Asar 2078 (15 July 2021)

Particulars	Note	Group		Bank	
		Asar 2078	Asar 2077	Asar 2078	Asar 2077
Assets					
Cash and Cash Equivalents	4.1	9,043,453,269	7,342,927,500	8,910,941,260	7,231,138,781
Due from Nepal Rastra Bank	4.2	7,535,702,797	12,407,815,815	7,535,702,797	12,407,815,815
Placements with Bank and Financial Institutions	4.3	3,780,743,768	6,342,173,790	3,780,743,768	6,342,173,790
Derivative financial instruments	4.4	92,628,551	115,621,217	92,628,551	115,621,217
Other trading assets	4.5	6,033,139	6,202,746	-	-
Loans & Advances to BFIs	4.6	6,045,811,226	4,998,075,266	6,045,811,226	4,998,075,266
Loans & Advances to Customers	4.7	126,014,965,935	101,728,467,164	126,048,134,665	101,728,467,164
Investment Securities	4.8	20,479,552,024	18,264,102,972	20,433,633,393	18,241,666,700
Current Tax Assets	4.9	422,185,448	354,981,127	418,398,651	351,495,017
Investments in subsidiaries	4.10	-	-	200,000,000	200,000,000
Investments in Associates	4.11	1,378,404,537	1,274,910,382	185,055,333	195,785,700
Investment Property	4.12	379,802,213	379,802,213	379,802,213	379,802,213
Property & Equipment	4.13	2,527,332,383	2,420,401,016	2,519,643,074	2,411,792,114
Goodwill and Intangible Assets	4.14	223,240,679	151,955,806	222,394,052	151,101,486
Deferred Tax Assets	4.15	-	-	-	-
Other Assets	4.16	1,726,996,809	1,130,351,233	1,718,036,903	1,129,983,720
Total Assets		179,656,852,778	156,917,788,247	178,490,925,886	155,884,918,983
Liabilities					
Due to Bank and Financial Institutions	4.17	8,360,641,959	6,595,869,088	8,360,641,959	6,595,869,088
Due to Nepal Rastra Bank	4.18	3,025,596,158	155,736,786	3,025,596,158	155,736,786
Derivative financial instruments	4.19	52,935,353	75,543,132	52,935,353	75,543,132
Deposits from Customers	4.20	140,848,614,773	125,096,953,881	141,021,074,860	125,264,381,690
Borrowing	4.21	-	-	-	-
Current Tax Liabilities	4.9	-	-	-	-
Provisions	4.22	-	-	-	-
Deferred Tax Liabilities	4.15	115,838,143	96,033,109	114,568,451	95,895,829
Other Liabilities	4.23	3,217,201,106	3,660,851,401	3,090,589,267	3,544,577,238
Debt Securities Issued	4.24	2,692,806,448	2,563,661,608	2,692,806,448	2,563,661,608
Subordinated Liabilities	4.25	-	-	-	-
Total Liabilities		158,313,633,940	138,244,649,005	158,358,212,496	138,295,665,371
Equity					
Share Capital	4.26	10,684,400,828	9,372,281,428	10,684,400,828	9,372,281,428
Share Premium		-	-	-	-
Retained Earnings		4,144,156,522	3,579,648,418	2,938,198,463	2,496,762,387
Reserves	4.27	6,514,661,488	5,721,209,396	6,510,114,099	5,720,209,797
Total Equity attributable to Equity Holders		21,343,218,838	18,673,139,242	20,132,713,390	17,589,253,612
Non Controlling Interest		-	-	-	-
Total Equity		21,343,218,838	18,673,139,242	20,132,713,390	17,589,253,612
Total Liabilities and Equity		179,656,852,778	156,917,788,247	178,490,925,886	155,884,918,983
Contingent liabilities and commitment	4.28	51,839,994,798	33,696,518,879	51,741,994,798	33,696,518,879
Net assets value per share		199.76	198.45	188.43	187.72

Mr. Satish Raj Joshi
Executive Financial Officer

Mr. Ashoke SJB Rana
Chief Executive Officer

As per our attached report of even date

Mr. Prachanda B. Shrestha
Chairman

CA Shiva Chandra Shrestha
Senior Partner
G.P. Rajbahak & Co.
Chartered Accountants
Date: Wed, Oct 8, 2021
Kathmandu

Mr. Faisal N. Lalani
Director

Mr. Ashish Sharma
Director

Mr. Sunil Bahadur Thapa
Director

Mr. Bijay Bahadur Shrestha
Director

Mr. Jitendra Dhital
Director

Mr. Radha Krishna Pote
Director

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 Asar 2078 (15 July 2021)

Particulars	Note	Group		Bank	
		Asar 2078	Asar 2077	Asar 2078	Asar 2077
Interest Income	4.29	10,384,974,600	12,186,909,433	10,370,835,427	12,178,993,328
Interest Expense	4.30	6,576,716,483	7,346,735,428	6,582,118,789	7,357,289,768
Net interest income		3,808,258,117	4,840,174,005	3,788,716,638	4,821,703,560
Fee and Commission Income	4.31	789,980,514	748,058,735	778,658,599	748,844,018
Fee and Commission Expenses	4.32	80,546,209	62,103,211	80,477,947	62,103,211
Net Fee and Commission Income		709,434,305	685,955,524	698,180,652	686,740,807
Net interest, fee and commission income		4,517,692,422	5,526,129,529	4,486,897,290	5,508,444,367
Net Trading Income	4.33	667,052,804	766,090,091	655,009,052	764,970,517
Other Operating Income	4.34	2,004,603,310	88,690,884	2,227,727,667	145,395,261
Total Operating Income		7,189,348,536	6,380,910,504	7,369,634,009	6,418,810,145
Impairment charges/(reversal) for Loans and Other losses	4.35	144,885,020	305,628,495	145,322,259	305,628,495
Net operating income		7,044,463,516	6,075,282,009	7,224,311,750	6,113,181,650
Operating expense					
Personnel Expenses	4.36	1,859,512,042	1,651,124,877	1,859,365,642	1,651,124,877
Other Operating Expenses	4.37	894,731,432	887,238,635	870,901,797	870,171,111
Depreciation & Amortisation	4.38	187,854,662	181,774,279	186,178,678	180,320,527
Operating Profit		4,102,365,380	3,355,144,218	4,307,865,633	3,411,565,135
Non operating income	4.39	353,826,678	625,086,686	18,340,808	398,076,669
Non operating expense	4.40	66,893,384	251,255,804	66,893,384	251,255,804
Profit before income tax		4,389,298,674	3,728,975,100	4,259,313,057	3,558,386,000
Income Tax Expense	4.41				
Current Tax		1,281,112,829	979,250,534	1,277,004,943	979,250,534
Deferred Tax		(15,744,868)	(7,500,706)	(16,314,931)	(7,587,244)
Profit for the year		3,123,930,713	2,757,225,272	2,998,623,045	2,586,722,710
Profit attributable to:					
Equity holders of the Bank		3,123,930,713	2,757,225,272	2,998,623,045	2,586,722,710
Non-controlling interest		-	-	-	-
Profit for the year		3,123,930,713	2,757,225,272	2,998,623,045	2,586,722,710
Earnings per share					
Basic earnings per share		29.24	29.42	28.07	27.60
Diluted earnings per share		29.24	29.42	28.07	27.60

.....
Mr. Satish Raj Joshi
 Executive Financial Officer

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

As per our attached report of even date

.....
Mr. Prachanda B. Shrestha
 Chairman

.....
Mr. Faisal N. Lalani
 Director

.....
Mr. Ashish Sharma
 Director

.....
Mr. Sunil Bahadur Thapa
 Director

.....
CA Shiva Chandra Shrestha
 Senior Partner
 G.P. Rajbahak & Co.
 Chartered Accountants
 Date: Wed, Oct 8, 2021
 Kathmandu

.....
Mr. Bijay Bahadur Shrestha
 Director

.....
Mr. Jitendra Dhital
 Director

.....
Mr. Radha Krishna Pote
 Director

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 Asar 2078 (15 July 2021)

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Profit or loss for the year	3,123,930,713	2,757,225,272	2,998,623,045	2,586,722,710
Other comprehensive income				
a) Items that will not be reclassified to profit or loss				
- Gains/(losses) from investments in equity instruments measured at fair value	70,070,413	15,464,577	68,195,913	15,464,255
- Gains/(losses) on revaluation	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	7,870,205	19,416,439	7,870,205	19,416,439
- Income tax relating to above items	(23,382,185)	(4,639,373)	(22,819,835)	(4,639,276)
Net other comprehensive income that will not be reclassified to profit or loss	54,558,433	30,241,643	53,246,283	30,241,418
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 off income tax	54,558,433	30,241,643	53,246,283	30,241,418
Total comprehensive income for the period	3,178,489,146	2,787,466,915	3,051,869,328	2,616,964,128
Total comprehensive income attributable to:				
Equity holders of the Bank	3,178,489,146	2,787,466,915	3,051,869,328	2,616,964,128
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	3,178,489,146	2,787,466,915	3,051,869,328	2,616,964,128

.....
Mr. Satish Raj Joshi
 Executive Financial Officer

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Mr. Ashoke SJB Rana
 Chief Executive Officer

As per our attached report of even date

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Mr. Prachanda B. Shrestha
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 Director

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Mr. Jitendra Dhital
 Director

.....
Mr. Radha Krishna Pote
 Director

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, 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
Adjustment/Restatement	-	-	-	-	(44,987,893)	-	-	-	44,909,698	(78,195)	-	(78,195)
Adjustment of Opening share of equity investment in associate	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Sawan 1, 2076	8,520,255,844	-	3,737,834,765	39,056,093	799,395,469	16,373,000	-	3,083,584,531	711,603,326	16,908,103,028	-	16,908,103,028
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	2,757,225,272	-	2,757,225,272	-	2,757,225,272
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	10,825,204	-	-	-	10,825,204	-	10,825,204
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	19,416,439	-	-	-	-	19,416,439	-	19,416,439
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	19,416,439	10,825,204	-	-	-	30,241,643	-	30,241,643
Transfer to reserve during the year												
Transfer from re serve during the year	-	-	517,396,146	-	124,091,083	-	-	(1,034,371,893)	392,884,664	-	-	-
Transactions with owners, directly recognized in equity												
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	852,025,584	-	-	-	-	-	-	(852,025,584)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,022,430,701)	-	(1,022,430,701)	-	(1,022,430,701)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	852,025,584	-	-	-	-	-	-	(1,874,456,285)	-	(1,022,430,701)	-	(1,022,430,701)
Balance as at Asar 2077	9,372,281,428	-	4,255,230,911	39,056,093	942,902,991	27,198,204	-	3,579,648,418	456,821,197	18,673,139,242	-	18,673,139,242

Continued.....

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, 2077	9,372,281,428	-	4,255,230,911	39,056,093	942,902,991	27,198,204	-	3,579,648,418	456,821,197	18,673,139,242	-	18,673,139,242
Adjustment/Restatement	-	-	-	-	-	-	-	53,927,335	-	53,927,335	-	53,927,335
Adjusted/Restated balance at Sawan	9,372,281,428	-	4,255,230,911	39,056,093	942,902,991	27,198,204	-	3,633,575,753	456,821,197	18,727,066,577	-	18,727,066,577
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	3,123,930,713	-	3,123,930,713	-	3,123,930,713
Other comprehensive income, net of tax												
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	49,049,289	-	-	-	49,049,289	-	49,049,289
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	5,509,144	-	-	-	-	5,509,144	-	5,509,144
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 recognized in equity												
Share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,312,119,400	-	-	-	-	-	-	(1,312,119,400)	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(562,336,885)	-	(562,336,885)	-	(562,336,885)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1,312,119,400	-	-	-	-	-	-	(1,874,456,285)	-	(562,336,885)	-	(562,336,885)
Balance as at Asar 2078	10,684,400,828	-	4,857,084,701	39,056,093	705,448,572	76,247,493	-	4,144,156,522	836,824,629	21,343,218,838	-	21,343,218,838

NOTE:

Adjustment to retained earning is due to recomputation of lease expenses under straight line method basis and deferred tax on actuarial gain/loss, computed from this year onwards.

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, 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
Adjustment/Restatement	-	-	-	-	(44,987,893)	-	-	-	44,909,698	(78,195)
Adjusted/Restated balance at Sawan 1, 2076	8,520,255,844	-	3,736,889,575	39,056,093	799,395,469	16,373,000	-	2,171,146,878	711,603,326	15,994,720,185
Comprehensive income for the year	-	-	-	-	-	-	-	2,586,722,710	-	2,586,722,710
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	10,824,979	-	-	-	10,824,979
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	19,416,439	-	-	-	-	19,416,439
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	19,416,439	10,824,979	-	-	-	30,241,418
Transfer to reserve during the year	-	-	517,344,542	-	124,091,083	-	-	(1,034,317,709)	392,882,084	-
Transfer from reserve during the year	-	-	-	-	-	-	-	647,666,793	(647,666,793)	-
Transactions with owners, directly recognized in equity	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	852,025,584	-	-	-	-	-	-	(852,025,584)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,022,430,701)	-	(1,022,430,701)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	852,025,584	-	-	-	-	-	-	(1,874,456,285)	-	(1,022,430,701)
Balance as at Asar 2077	9,372,281,428	-	4,254,234,117	39,056,093	942,902,991	27,197,979	-	2,496,762,387	456,818,617	17,589,253,612

Continued.....

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, 2077	9,372,281,428	-	4,254,234,117	39,056,093	942,902,991	27,197,979	-	2,496,762,387	456,818,617	17,589,253,612
Adjustment/Restatement	-	-	-	-	-	-	-	53,927,335	-	53,927,335
Adjusted/Restated balance at Sawan 1, 2077	9,372,281,428	-	4,254,234,117	39,056,093	942,902,991	27,197,979	-	2,550,689,722	456,818,617	17,643,180,947
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	2,998,623,045	-	2,998,623,045
Other comprehensive income, net of tax										
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	47,737,139	-	-	-	47,737,139
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	5,509,144	-	-	-	-	5,509,144
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year					5,509,144	47,737,139	-	(996,725,696)	397,001,087	53,246,283
Transfer to reserve during the year			599,724,609	-	-	-	-	260,067,677	(17,104,114)	-
Transfer from reserve during the year			-	-	(242,963,563)	-	-	-	-	-
Transactions with owners, directly recognized in equity										
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	(1,312,119,400)	-	-
Bonus shares issued	1,312,119,400	-	-	-	-	-	-	(562,336,885)	-	(562,336,885)
Cash dividend paid	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1,312,119,400	-	-	-	-	-	-	(1,874,456,285)	-	(562,336,885)
Balance as at Asar 2078	10,684,400,828	-	4,853,958,726	39,056,093	705,448,572	74,935,118	-	2,938,198,463	836,715,590	20,132,713,390

NOTE:

Adjustment to retained earning is due to recomputation of lease expenses under straight line method basis and deferred tax on actuarial gain/loss, computed from this year onwards.

Himalayan Bank Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 Asar 2078 (15 July 2021)

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	9,619,866,559	10,764,372,538	9,621,121,355	10,764,390,456
Fees and other income received	778,660,504	748,844,018	778,658,599	748,844,018
Dividend received	-	-	-	-
Receipts from other operating activities	924,650,544	1,265,925,633	886,544,447	1,266,710,915
Interest paid	(6,494,945,789)	(6,763,652,927)	(6,500,348,094)	(6,774,207,267)
Commission and fees paid	(80,477,947)	(62,103,211)	(80,477,947)	(62,103,211)
Cash payment to employees	(1,599,218,041)	(1,645,936,758)	(1,599,218,041)	(1,645,936,758)
Other expense paid	(915,240,176)	(1,138,494,439)	(891,502,089)	(1,121,426,915)
Operating cash flows before changes in operating assets and liabilities	2,233,295,654	3,168,954,854	2,214,778,230	3,176,271,238
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	4,872,113,018	(7,524,280,590)	4,872,113,018	(7,524,280,590)
Placement with bank and financial institutions	2,561,430,022	(3,420,448,495)	2,561,430,022	(3,420,448,495)
Other trading assets	-	-	-	-
Loan and advances to bank and financial institutions	(1,077,448,259)	(229,558,190)	(1,077,448,259)	(229,558,190)
Loans and advances to customers	(24,721,947,223)	(9,098,136,200)	(24,755,553,192)	(9,098,136,200)
Other assets	(558,220,091)	(25,879,693)	(549,915,850)	(26,130,403)
	(18,924,072,533)	(20,298,303,168)	(18,949,374,261)	(20,298,553,878)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	1,764,772,871	2,892,952,742	1,764,772,871	2,892,952,742
Due to Nepal Rastra Bank	2,869,859,372	(405,075,256)	2,869,859,372	(405,075,256)
Deposit from customers	15,751,660,893	15,912,152,284	15,756,693,170	15,877,321,257
Borrowings	-	-	-	-
Other liabilities	(25,902,548)	575,257,068	(34,996,835)	460,075,104
Net cash flow from operating activities before tax paid	20,360,390,588	18,975,286,838	20,356,328,578	18,825,273,847
Income taxes paid	(1,348,317,149)	(1,108,786,853)	(1,343,908,577)	(1,105,798,519)
Net cash flow from operating activities	2,321,296,560	737,151,671	2,277,823,970	597,192,688
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(23,086,908,083)	(16,518,011,725)	(23,064,907,481)	(16,489,244,292)
Receipts from sale of investment securities	22,971,477,490	14,670,185,905	22,971,477,490	14,668,937,594
Purchase of property and equipment	(270,060,936)	(184,632,781)	(269,312,238)	(177,013,747)
Receipt from the sale of property and equipment	18,216,487	9,660,288	18,216,487	9,660,288
Purchase of intangible assets	(115,955,790)	(70,594,815)	(115,955,790)	(69,557,588)
Receipt from the sale of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Receipt from the sale of investment properties	-	-	-	-
Interest received	839,052,546	992,703,314	839,052,546	984,769,291
Dividend received	24,803,730	58,978,852	24,803,730	58,917,751
Net cash used in investing activities	380,625,444	(1,041,710,962)	403,374,744	(1,013,530,703)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	-	2,569,104,000	-	2,569,104,000
Repayment of debt securities	-	(600,000,000)	-	(600,000,000)
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	-	-	-	-
Dividends paid	(850,810,067)	(957,802,167)	(850,810,067)	(957,802,167)
Interest paid	(143,184,615)	(317,907,274)	(143,184,615)	(317,907,274)
Other receipt/payment	-	-	-	-
Net cash from financing activities	(993,994,682)	693,394,559	(993,994,682)	693,394,559
Net increase (decrease) in cash and cash equivalents	1,707,927,322	388,835,268	1,687,204,032	277,056,544
Cash and cash equivalents at Sawan 1	7,342,927,500	6,968,074,029	7,231,138,781	6,968,064,034
Effect of exchange rate fluctuations on cash and cash equivalents held	(7,401,553)	(13,981,797)	(7,401,553)	(13,981,797)
Cash and cash equivalents at Asar End	9,043,453,269	7,342,927,500	8,910,941,260	7,231,138,781

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 31 Asar 2078 (15 July 2021)

(As per NRB Regulation)

Particulars	Bank	
	Asar 2078	Asar 2077
Net profit or (loss) as per statement of profit or loss	2,998,623,045	2,586,722,710
Appropriations:		
a. General reserve	(599,724,609)	(517,344,542)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	(367,014,857)	(367,014,857)
d. Corporate social responsibility fund	(29,986,230)	(25,867,227)
e. Employees' training fund	-	-
f. Other	-	-
Profit or (loss) before regulatory adjustment	2,001,897,349	1,676,496,084
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	237,454,419	(13,366,841)
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 (+)	-	(130,140,681)
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	5,509,144	19,416,439
i. Other (+/-)	-	-
Distributable profit or (loss)	2,244,860,912	1,552,405,001

Himalayan Bank Limited

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 Asar 2078 (15 July 2021)

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 71 branches, 5 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 standalone financial statements of the bank as well as the consolidated financial statements of the bank and its subsidiary and associates 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 statements have been disclosed in the relevant sections of notes to accounts.

2.1 Statement of Compliance

The 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 statements of 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 Shrawan 01, 2077 and ending on Asar 31, 2078 (16 July 2020 to 15 July 2021). The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated Aswin 20, 2078 (6 October 2021).

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 going concern basis.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in 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 instruments 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 are subject to income taxes. Significant judgment was required to determine the total provision for current and deferred taxes pending the issue of tax guidelines 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 have 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 statements. 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 no changes in accounting policies.

2.6 New reporting standards in issue but not yet effective

Institute of Chartered Accountants of Nepal has issued revised sets of Nepal Financial Reporting Standard 2018. These set of accounting standards supersedes currently applicable Nepal Financial Reporting Standard 2013. From these accounting standards NFRS 9, NFRS 14, NFRS 15, NFRS 16, NFRS 17 and NAS 29 will be applicable from 16th July 2021 onwards.

2.7 New Standards and interpretation not adopted

Institute of Chartered Accountants of Nepal (ICAN) has provided carve out on various accounting standards for certain period. Some of these carve-outs are compulsory while some are mandatory. The carve-outs applied by the bank are:

NAS 39: Financial Instrument Recognition and Measurement (Incurred Loss model to measure the Impairment loss on Loan and Advances); Carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the 'Incurred Loss Model' as specified in para 63 of NAS 39 unless the reporting entity is a bank or a financial institution registered as per Bank and Financial Institutions Act 2073. Such entities shall measure impairment loss on loans and advances at the higher of: - Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and - Amount determined as per para 63 of NAS 39 adopting Incurred Loss Model. The bank has applied this carve-out.

NAS 39: Effective interest rate of loans and advance; The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate a shorter period of the net carrying amount of financial asset or financial liability. 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.

2.8 Discounting

Discounting has only been used for actuarial valuation and staff loan. 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. 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 instruments.

(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 instruments 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 isn'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 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 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 amortized income and expense of such prepaid benefit is shown both under Interest Income as well as Personnel expense as it is a 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. However for valuating promoters shares which are quoted in market but not actively traded, 60 percent of market price of public shares has been considered. 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 insurance status and categorization of 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 the reporting date
2. The loans those are overdue for more than 180 days as at the reporting 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 (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. 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 (*PanchakritMulya*) 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 for 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 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 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 guidelines issued by the 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 at the time of reporting.

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 and as also allowed under carve-out issued by ICAN, 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 determining the consumption of asset, depreciation charged on such asset has been taken as basis. For grant related to expenses incurred by the bank such grant are recognized as income as and when received.

3.14 Interest Expense

The Bank and its subsidiary recognize 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.

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 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 affected.

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

Share Capital

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 all mandatory reserves and appropriations.

2. Regulatory Reserve

The Regulatory Reserve is mandated under directives issued by the Regulator for adjustment of specified differences on account of adoption of NFRS in order to ensure a fair representation of financial statements. The amount to be transferred to regulatory reserve is after deducting bonus and tax. 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.

The regulation however doesn't require regulatory reserve to be created for interest accrued as at the year end if the same is realized within Bhadra 15 of the following fiscal year. The bank has maintained regulatory reserve after considering this relaxation given by the regulator.

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.
- Debenture Redemption Reserve comprises of equal amount apportioned out of profit each year throughout the term of issued debenture. This reserve isn't distributable until the maturity of the issued debenture.
- Employee Training Fund comprises of amount expensed less than that required by regulator. The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's employee salary and allowance. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year.
- Corporate Social Responsibility reserve comprises of amount allocated each year for fulfilling the banks corporate social duty. The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually.

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.

Since 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. Hence, 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Cash in Hand	2,376,492,186	2,697,054,231	2,243,980,177	2,697,048,883
Balance with B/FIs	2,523,039,543	1,935,835,830	2,523,039,543	1,824,052,459
Money at Call and Short Notice	619,587,794	1,010,108,818	619,587,794	1,010,108,818
Other	3,524,333,746	1,699,928,621	3,524,333,746	1,699,928,621
Total	9,043,453,269	7,342,927,500	8,910,941,260	7,231,138,781

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Statutory balances with NRB	2,574,097,400	2,359,263,200	2,574,097,400	2,359,263,200
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	4,961,605,397	10,048,552,615	4,961,605,397	10,048,552,615
Total	7,535,702,797	12,407,815,815	7,535,702,797	12,407,815,815

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Placement with domestic B/FIs	787,053,269	543,902,672	787,053,269	543,902,672
Placement with foreign B/FIs	2,993,690,499	5,798,271,118	2,993,690,499	5,798,271,118
Less: Allowance for Impairment	-	-	-	-
Total	3,780,743,768	6,342,173,790	3,780,743,768	6,342,173,790

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	81,074,255	70,589,240	81,074,255	70,589,240
Others	-	-	-	-
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	11,554,296	45,031,977	11,554,296	45,031,977
Other	-	-	-	-
Total	92,628,551	115,621,217	92,628,551	115,621,217

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. However, subsidiary trades in such assets to gain short term benefits.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Treasury bills	-	-	-	-
Government bonds	-	-	-	-
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	6,033,139	6,202,746	-	-
Other	-	-	-	-
Total	6,033,139	6,202,746	-	-
Pledged	-	-	-	-
Non-pledged	6,033,139	6,202,746	-	-

4.6 Loan and advances to B/FIs

Loans and advances to BFI are loans and advances provided to micro- financial institutions as a part of deprived sector lending within regulatory guidelines of NRB. 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 not material.

Impairment provided is the amount of Loan Loss Provision (higher of amount derived based on loan loss provisioning 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Loans to microfinance institutions	6,125,377,726	5,048,449,926	6,125,377,726	5,048,449,926
Other	527,324	527,324	527,324	527,324
Less: Allowances for impairment	(80,093,824)	(50,901,984)	(80,093,824)	(50,901,984)
Total	6,045,811,226	4,998,075,266	6,045,811,226	4,998,075,266

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)	6,121,027,324	5,037,993,289	6,121,027,324	5,037,993,289
Add: Accrued Interest	4,877,726	10,983,961	4,877,726	10,983,961
Total Amortized Cost	6,125,905,050	5,048,977,250	6,125,905,050	5,048,977,250

*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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Balance at Sawan 1	50,901,984	48,606,402	50,901,984	48,606,402
Impairment loss for the year:				
Charge for the year	34,932,074	35,408,740	34,932,074	35,408,740
Recoveries/reversal	(5,740,234)	(33,113,158)	(5,740,234)	(33,113,158)
Amount written off	-	-	-	-
Balance at Asar end	80,093,824	50,901,984	80,093,824	50,901,984

4.7 Loans and advances to customers

Loans and advances extended to 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 or fixed 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 not material.

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.

Interest amounting to Rs. 90,040,670 pertaining to project financing has been capitalized as loan to customers under NRB approval and taken into income.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Loan and advances measured at amortized cost	128,445,642,351	104,043,450,400	128,479,248,320	104,043,450,400
Less: Impairment allowances				
Collective impairment	(1,971,700,612)	(1,663,720,605)	(1,972,137,851)	(1,663,720,605)
Individual impairment	(458,975,804)	(651,262,631)	(458,975,804)	(651,262,631)
Net amount	126,014,965,935	101,728,467,164	126,048,134,665	101,728,467,164
Loan and advances measured at FVTPL	-	-	-	-
Total	126,014,965,935	101,728,467,164	126,048,134,665	101,728,467,164

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Product				
Term loans	29,081,263,784	21,847,112,745	29,081,263,784	21,847,112,745
Overdraft	10,626,101,684	8,776,844,779	10,659,707,653	8,776,844,779
Trust receipt/Import loans	21,646,851,021	13,923,827,477	21,646,851,021	13,923,827,477
Demand and other working capital loans	42,518,818,466	36,382,830,265	42,518,818,466	36,382,830,265
Personal residential loans	3,897,009,617	4,161,568,915	3,897,009,617	4,161,568,915
Real estate loans	5,121,919,805	3,905,051,218	5,121,919,805	3,905,051,218
Margin lending loans	2,056,857,646	1,589,554,326	2,056,857,646	1,589,554,326
Hire purchase loans	6,890,258,711	7,394,721,886	6,890,258,711	7,394,721,886
Deprived sector loans	273,975,263	323,701,928	273,975,263	323,701,928
Bills purchased	29,407,991	30,108,858	29,407,991	30,108,858
Staff loans	897,351,906	680,717,839	897,351,906	680,717,839
Other	4,561,270,006	3,921,524,923	4,561,270,006	3,921,524,923
Sub total	127,601,085,900	102,937,565,159	127,634,691,869	102,937,565,159
Interest receivable	844,556,451	1,105,885,241	844,556,451	1,105,885,241
Grand total	128,445,642,351	104,043,450,400	128,479,248,320	104,043,450,400

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Nepalese rupee	112,196,270,664	92,490,433,996	112,229,876,633	92,490,433,996
Indian rupee	-	-	-	-
United State dollar	16,238,136,612	11,542,691,491	16,238,136,612	11,542,691,491
Great Britain pound	11,235,075	10,324,913	11,235,075	10,324,913
Euro	-	-	-	-
Japanese yen	-	-	-	-
Chinese Yuan	-	-	-	-
Other	-	-	-	-
Total	128,445,642,351	104,043,450,400	128,479,248,320	104,043,450,400

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Secured				
Movable/immovable assets	126,210,636,373	101,331,965,238	126,210,636,373	101,331,965,238
Gold and silver	-	-	-	-
Guarantee of domestic B/FIs	-	-	-	-
Government guarantee	-	-	-	-
Guarantee of international rated bank	250,407,368	30,732,557	250,407,368	30,732,557
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	618,449,873	679,791,368	652,055,842	679,791,368
Collateral of Government securities	-	-	-	-
Counter guarantee	-	-	-	-
Personal guarantee	-	-	-	-
Other collateral	1,366,148,737	2,000,961,237	1,366,148,737	2,000,961,237
Sub total	128,445,642,351	104,043,450,400	128,479,248,320	104,043,450,400
Unsecured	-	-	-	-
Grand total	128,445,642,351	104,043,450,400	128,479,248,320	104,043,450,400

Disclosure on Impact of COVID-19

As a measure to manage risk on portfolio due to COVID-19, the bank in line with instructions of the regulator has made additional 0.3% provision for possible losses on loans which are under pass category and otherwise would require only 1% provision. The bank has also extended relief to covid-19 affected borrowers. Such relief include extension of loan tenure/ moratorium period/ restructuring/ rescheduling, refinancing lower subsidized rate of interest and additional loan to meet working capital requirements. These reliefs have been extended in line with guidelines issued by the regulator. The relief so given is summarized as follows.

S.No.	Details	Asar 2078	
		Number of Customer	Amount (Rs)
1	Additional 0.3% loan loss provision created on pass loan portfolio	N/A	369,682,819
2	Extension of moratorium period of loan provided to industry or projected under construction	14	2,588,215,045
3	Restructured / Rescheduled Loan with 5% Loan Loss Provision	639	4,530,970,907
4	Enhancement of Working Capital by 20 % of COVID affected borrowers	13	147,170,000
5	Enhancement of Working Capital by 10 % of COVID affected borrowers	15	96,425,408
6	Expiry date of additional 20 % working capital loan (covid loan) extended upto 1 year with 5 % provisioning	7	129,970,000
7	Expiry date of additional 10 % working capital loan (covid loan) extended upto 1 year with 5 % provisioning	8	34,871,200
8	Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directive 2	26	2,614,465,803
9	Refinancing Loan	1404	2,719,635,956
10	Business Continuity Loan	2	10,300,000
11	Subsidized Loan	1041	2,580,278,033

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.

Allowance for impairment as per NRB Directive

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Specific allowances for impairment				
Balance at Sawan 1	651,262,631	988,426,653	651,262,631	988,426,653
Impairment loss for the year:				
Charge for the year	146,682,822	274,995,079	146,682,822	274,995,079
Recoveries/reversal during the year	(338,969,649)	(239,261,855)	(338,969,649)	(239,261,855)
Write-offs	-	(372,897,246)	-	(372,897,246)
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	458,975,804	651,262,631	458,975,804	651,262,631
Collective allowances for impairment				
Balance at Sawan 1	1,663,720,605	1,023,223,669	1,663,720,605	1,023,223,669
Impairment loss for the year:				
Charge/(reversal) for the year	307,980,007	640,496,936	308,417,246	640,496,936
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	1,971,700,612	1,663,720,605	1,972,137,851	1,663,720,605
Total allowances for impairment	2,430,676,416	2,314,983,236	2,431,113,655	2,314,983,236

Collective allowance for impairment is the total impairment for loans and advances categorized as pass and watchlist 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Specific allowances for impairment				
Balance at Sawan 1	924,738,998	871,491,921	924,738,998	871,491,921
Impairment loss for the year:				
Charge for the year	(421,870,229)	53,247,077	(421,870,229)	53,247,077
Recoveries/reversal during the year	-	-	-	-
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	502,868,769	924,738,998	502,868,769	924,738,998
Collective allowances for impairment				
Balance at Sawan 1	426,519,965	121,874,193	426,519,965	121,874,193
Impairment loss for the year:				
Charge/(reversal) for the year	(252,047,040)	304,645,772	(252,047,040)	304,645,772
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement	-	-	-	-
Balance at Asar end	174,472,925	426,519,965	174,472,925	426,519,965
Total allowances for impairment	677,341,694	1,351,258,963	677,341,694	1,351,258,963

For specific allowance of impairment, loans and advances extended to top 50 borrowers have been individually tested for impairment. Further, loans and advances which have been past dues to 180 days or more have also been considered for individual impairment testing.

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 and incase of group it represents investment in local currency debentures as well. Foreign bonds and debentures 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Investment securities measured at amortized cost	20,322,177,056	18,192,773,267	20,287,132,925	18,173,362,145
Investment in equity measured at FVTOCI	157,374,968	71,329,705	146,500,468	68,304,555
Total	20,479,552,024	18,264,102,972	20,433,633,393	18,241,666,700

4.8.1: Investment securities measured at amortized cost

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Debt securities	267,802,668	628,374,567	232,758,537	608,963,445
Government bonds	-	-	-	-
Government treasury bills	7,370,634,953	7,733,016,974	7,370,634,953	7,733,016,974
Nepal Rastra Bank bonds	12,683,739,435	9,831,381,726	12,683,739,435	9,831,381,726
Nepal Rastra Bank deposits instruments	-	-	-	-
Other	-	-	-	-
Less: specific allowances for impairment	-	-	-	-
Total	20,322,177,056	18,192,773,267	20,287,132,925	18,173,362,145

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

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Equity instruments				
Quoted equity securities	150,401,949	64,356,686	139,527,449	61,331,536
Unquoted equity securities	6,973,019	6,973,019	6,973,019	6,973,019
Total	157,374,968	71,329,705	146,500,468	68,304,555

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 valuating 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, this class of shares are not tradable & hence the fair value of such shares are not available to account for them at fair value.

	Group				Bank			
	Asar 2078		Asar 2077		Asar 2078		Asar 2077	
	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	105,835,590	7,799,800	46,654,056	7,799,800	105,835,590	7,799,800	46,654,056
"Siddhartha Equity Fund 967,748 shares of Rs. 10 each"	9,677,480	13,596,859	9,677,480	9,677,480	9,677,480	13,596,859	9,677,480	9,677,480
"NMB 50 Mutual Fund 500,000 shares of Rs. 10 each"	5,000,000	7,475,000	5,000,000	5,000,000	5,000,000	7,475,000	5,000,000	5,000,000
"NMB 50 Mutual Fund 250,000 shares of Rs. 10 each"	2,500,000	3,737,500	2,500,000	2,500,000	-	-	-	-
"Sunrise 50 Mutual Fund 50,000 shares of Rs. 10 each"	500,000	800,000	500,000	500,000	-	-	-	-
"Laxmi Unnati Kosh 1,000,000 shares of Rs. 10 each"	10,000,000	12,620,000	-	-	10,000,000	12,620,000	-	-
"Laxmi Unnati Kosh 50,000 Shares of Rs. 10 each"	500,000	631,000	-	-	-	-	-	-
"Kumari Equity Fund 150,000 Shares of Rs. 10 each"	1,500,000	1,575,000	-	-	-	-	-	-
"NIBL Sambriddhi Fund 2 50,000 Shares of Rs. 10 each"	500,000	495,500	-	-	-	-	-	-
"NIC ASIA Dynamic Debt Fund 50,000 Shares of Rs. 10 each"	500,000	562,500	-	-	-	-	-	-
"NIC ASIA Select 30 50,000 Shares of Rs. 10 each"	500,000	500,000	-	-	-	-	-	-
"Prabhu Select Fund 50,000 Shares of Rs. 10 each"	500,000	507,000	-	-	-	-	-	-
"Sunrise BlueChip Fund 100,000 Shares of Rs. 10 each"	1,000,000	1,016,000	-	-	-	-	-	-
"Sanima Large Cap Fund 100,000 Shares of Rs. 10 each"	1,000,000	1,050,000	-	-	-	-	-	-
"Citizens Mutual Fund 1 2,515 shares of Rs. 10 each"	-	-	25,150	25,150	-	-	-	-
"VISA Card International 5860 Common Stock of C Class"	-	-	-	-	-	-	-	-
"Mastercard Worldwide 7302 Common Stock of B Class"	-	-	-	-	-	-	-	-
Total	41,477,280	150,401,949	25,502,430	64,356,686	32,477,280	139,527,449	22,477,280	61,331,536

Investment in unquoted equity								
"Swift SC 6 shares"	1,214,859	1,214,859	1,214,859	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	1,423,300	1,423,300	1,423,300
"Nepal Clearing House Limited 49,680 shares of Rs. 100.each"	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
"National Banking Institute Limited 18,348 shares of Rs. 100 .each"	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860	1,834,860
Total	6,973,019							

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Current tax assets				
Current year income tax assets	9,021,465,500	7,675,658,944	9,013,570,817	7,669,916,082
Tax assets of prior periods	253,842	-	253,842	-
	9,021,719,342	7,675,658,944	9,013,824,659	7,669,916,082
Current tax liabilities				
Current year income tax liabilities	8,599,533,894	7,320,677,817	8,595,426,008	7,318,421,065
Tax liabilities of prior periods	-	-	-	-
	8,599,533,894	7,320,677,817	8,595,426,008	7,318,421,065
Total-Current Tax Assets	422,185,448	354,981,127	418,398,651	351,495,017

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 2078 Rs.	Asar 2077 Rs.
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	200,000,000	200,000,000
Total investment	200,000,000	200,000,000
Less: Impairment allowances	-	-
Net carrying amount	200,000,000	200,000,000

4.10.1: Investment in quoted subsidiaries

	Bank			
	Asar 2078		Asar 2077	
	Cost	Fair Value	Cost	Fair Value
".....Ltd.shares of Rs.each"	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

	Bank			
	Asar 2078		Asar 2077	
	Cost	Fair Value	Cost	Fair Value
"Himalayan Capital Ltd. 2,000,000 shares of Rs. 100 each"	200,000,000	-	200,000,000	-
Total	200,000,000	-	200,000,000	-

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Bank	
	Percentage of ownership held by the Bank	
	Asar 2078	Asar 2077.
Himalayan Capital Ltd.	100%	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 representative in the Board of Directors of the entity which is deemed as having significant influence. The bank has accounted investment in associates using equity method for preparing its consolidated financial statement.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Investment in quoted associates	1,355,069,859	1,257,527,556	86,931,333	97,661,700
Investment in unquoted associates	23,334,678	17,382,826	98,124,000	98,124,000
Total investment	1,378,404,537	1,274,910,382	185,055,333	195,785,700
Less: Impairment allowances	-	-	-	-
Net carrying amount	1,378,404,537	1,274,910,382	185,055,333	195,785,700

4.11.1: Investment in quoted associates

Particulars	Group				Bank			
	Asar 2078		Asar 2077		Asar 2078		Asar 2077	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
"RMDC Laghubitta Bittiya Sanstha Ltd. 954,666 shares of Rs. 100. each"	48,000,000	256,832,534	48,000,000	239,914,018	48,000,000	-	48,000,000	-
"Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd. 1,290,656 shares of Rs.100. each"	8,679,706	342,350,958	12,793,300	375,895,806	8,679,706	-	12,793,300	-
"Chhimek Laghubitta Bittiya Sanstha Ltd. 1,597,684 shares of Rs. 100. each"	17,761,127	432,294,702	24,377,900	382,698,225	17,761,127	-	24,377,900	-
"Swabalamban Laghubitta Bittiya Sanstha Ltd. 1,133,599 shares of Rs. 100. each"	12,490,500	323,591,665	12,490,500	259,019,507	12,490,500	-	12,490,500	-
Total	86,931,333	1,355,069,859	97,661,700	1,257,527,556	86,931,333	-	97,661,700	-

4.11.2: Investment in unquoted associates

Particulars	Group				Bank			
	Asar 2078		Asar 2077		Asar 2078		Asar 2077	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
"Smart Choice Technologies Limited 230,880 shares of Rs. 100. each"	98,124,000	23,334,678	98,124,000	17,382,826	98,124,000	-	98,124,000	-
Total	98,124,000	23,334,678	98,124,000	17,382,826	98,124,000	-	98,124,000	-

As sum of Rs. 76,96,000 has been paid as call in advance in response to right issue offered by the entity during the year. The allotment of the right share is yet to be made as on the date of financial statements.

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 2078	Asar 2077	Asar 2078	Asar 2077
	Rs.	Rs.	Rs.	Rs.
RMDC Laghubitta Bittiya Sanstha Ltd.	9.23%	9.23%	9.23%	9.23%
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	7.61%	11.22%	7.61%	11.22%
Chhimek Laghubitta Bittiya Sanstha Ltd.	8.73%	11.98%	8.73%	11.98%
Swabalamban Laghubitta Bittiya Sanstha Ltd.	12.02%	12.02%	12.02%	12.02%
Smart Choice Technologies Limited	6.16%	6.16%	6.16%	6.16%

4.11.4: Equity value of associates

Particulars	Group	
	Asar 2078 Rs.	Asar 2077 Rs.
RMDC Laghubitta Bittiya Sanstha Ltd.	256,832,534	239,914,018
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	342,350,958	375,895,806
Chhimek Laghubitta Bittiya Sanstha Ltd.	432,294,702	382,698,225
Swabalamban Laghubitta Bittiya Sanstha Ltd.	323,591,665	259,019,507
Smart Choice Technologies Limited	23,334,678	17,382,826
Total	1,378,404,537	1,274,910,382

The net worth of the associates has been computed on the basis of information available from the unaudited financial on the date of preparation of financial statements.

The bank has disposed part of its holding in Nirdhan Utthan Laghubitta Bittiya Sansthan Limited and Chhimek Laghubitta Bittiya Sanstha Limited during the year in order to comply with the regulatory requirements and the resulting gain on sale has been shown as gain on sale of investment under other operating income

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 and is actively searching for buyers.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Investment properties measured at fair value				
Balance as on Sawan 1	379,802,213	109,134,713	379,802,213	109,134,713
Addition/disposal during the year	-	270,667,500	-	270,667,500
Net changes in fair value during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Net amount	379,802,213	379,802,213	379,802,213	379,802,213
Investment properties measured at cost				
Balance as on Sawan 1	-	-	-	-
Addition/disposal during the year	-	-	-	-
Adjustment/transfer	-	-	-	-
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	-	-
Net Amount	-	-	-	-
Total	379,802,213	379,802,213	379,802,213	379,802,213

Impairment on non banking assets has been assessed and it has been observed that these assets haven't been impaired.

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.

Cost	Group										Total
	Land	Building Rs	Leasehold Properties	Computer & Accessories	Vehicles Rs	Furniture & Fixture	Machinery Rs	Equipment & Others			
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
Addition during the Year	-	-	26,050,152	10,481,498	70,772,968	20,388,033	3,948,100	26,217,688			157,858,440
Acquisition	-	766,160	423,750	-	-	-	-	-			1,189,910
Capitalization	-	-	-	(3,680,699)	(14,900,000)	(923,107)	-	(13,245,343)			(32,749,149)
Disposal during the year	-	-	-	-	-	-	-	-			-
Adjustment/Revaluation	-	-	-	-	-	-	-	-			-
Balance as on Asar end 2077	1,319,833,717	472,304,958	344,449,557	602,436,830	403,919,190	253,828,239	58,213,418	481,573,029			3,936,558,937
Addition during the Year	-	-	29,033,167	71,659,766	50,998,900	19,386,914	5,304,840	37,915,235			214,298,822
Acquisition	-	-	8,043,342	(7,291,908)	(33,940,900)	1,230,712	-	715,318			9,989,371
Capitalization	-	-	(474,236)	-	-	(320,305)	-	(16,174,005)			(58,201,354)
Disposal during the year	-	-	-	-	-	-	-	-			-
Adjustment/Revaluation	-	-	-	-	-	-	-	-			-
Balance as on Asar end 2078	1,319,833,717	472,304,958	381,051,828	666,804,688	420,977,190	274,125,559	63,518,258	504,029,577			4,102,645,776
Depreciation and Impairment											
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
Impairment for the year	-	-	-	-	-	-	-	-			-
Depreciation charge for the Year	-	15,839,915	12,403,523	38,393,984	37,397,149	11,580,616	3,323,292	26,519,443			145,457,923
Disposals	-	-	-	(2,716,696)	(7,412,111)	(791,095)	-	(8,964,537)			(19,884,439)
Adjustment	-	-	-	-	-	-	-	-			-
As on Asar end 2077	-	171,155,020	273,072,884	443,713,699	157,932,256	152,868,582	37,240,917	319,230,586			1,555,213,944
Impairment for the year	-	-	-	-	-	-	-	-			-
Depreciation charge for the Year	-	15,057,497	14,204,154	34,613,900	37,208,287	12,406,829	3,507,145	26,023,552			143,021,365
Disposals	-	-	(114,471)	(6,860,782)	(17,326,908)	(213,690)	-	(13,739,680)			(38,255,530)
Adjustment	-	-	-	-	-	-	-	-			-
As on Asar end 2078	-	186,212,517	287,162,567	471,466,818	177,813,635	165,061,721	40,748,062	331,514,458			1,659,979,779
Capital Work in Progress											
As on Asar end 2076	-	12,970,344	188,315	-	-	-	-	312,931			13,471,590
As on Asar end 2077	-	15,004,903	24,051,120	-	-	-	-	-			39,056,022
As on Asar end 2078	-	53,811,473	30,854,912	-	-	-	-	-			84,666,385
Net Book Value											
As on Asar end 2076	1,319,833,717	329,194,037	57,494,609	187,599,620	220,099,004	92,284,252	20,347,693	167,237,934			2,394,090,867
As on Asar end 2077	1,319,833,717	316,154,841	95,427,793	158,723,130	245,986,934	100,959,657	20,972,501	162,342,443			2,420,401,016
As on Asar end 2078	1,319,833,717	339,903,915	124,744,173	195,337,870	243,163,555	109,063,838	22,770,196	172,515,119			2,527,332,383

Bank

Cost	Land	Building Rs	Leasehold Properties	Computer & Accessories	Vehicles Rs	Furniture & Fixture	Machinery Rs	Equipment & Others	Total
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
Addition during the Year	-	-	23,990,158	9,657,813	67,856,000	19,304,990	3,948,100	25,294,028	150,051,090
Acquisition	-	766,160	423,750	-	-	-	-	-	1,189,910
Capitalization	-	-	-	(3,680,699)	(14,900,000)	(923,107)	-	(13,245,343)	(32,749,149)
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2077	1,319,833,717	472,304,958	342,389,563	599,890,948	401,002,222	252,475,592	58,213,418	480,564,538	3,926,674,955
Addition during the Year	-	-	29,033,167	71,361,169	50,998,900	19,299,226	5,304,840	37,715,203	213,712,504
Acquisition	-	-	8,043,342	-	-	1,230,712	-	715,318	9,989,371
Capitalization	-	-	(474,236)	(7,291,908)	(33,940,900)	(320,305)	-	(16,174,005)	(58,201,354)
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2078	1,319,833,717	472,304,958	378,991,834	663,960,209	418,060,222	272,685,224	63,518,258	502,821,054	4,092,175,476
Depreciation and Impairment									
Balance 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
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	15,839,915	12,081,820	37,931,474	37,166,251	11,438,025	3,323,292	26,406,300	144,187,078
Disposals	-	-	-	(2,716,696)	(7,412,111)	(791,095)	-	(8,964,537)	(19,884,439)
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2077	-	171,155,020	272,751,181	443,246,954	157,701,358	152,725,991	37,240,917	319,117,443	1,553,938,864
Impairment for the year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	15,057,497	13,856,496	34,156,743	36,805,377	12,242,946	3,507,145	25,889,250	141,515,454
Disposals	-	-	(114,471)	(6,860,782)	(17,326,908)	(213,690)	-	(13,739,680)	(38,255,530)
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2078	-	186,212,517	286,493,206	470,542,916	177,179,827	164,755,247	40,748,062	331,267,013	1,657,198,787
Capital Work in Progress									
As on Asar end 2076	-	12,970,344	-	-	-	-	-	312,931	13,283,275
As on Asar end 2077	-	15,004,903	24,051,120	-	-	-	-	-	39,056,022
As on Asar end 2078	-	53,811,473	30,854,912	-	-	-	-	-	84,666,385
Net Book Value									
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
As on Asar end 2077	1,319,833,717	316,154,841	93,689,502	156,643,993	243,300,864	99,749,601	20,972,501	161,447,095	2,411,792,114
As on Asar end 2078	1,319,833,717	339,903,915	123,353,541	193,417,293	240,880,395	107,929,977	22,770,196	171,554,041	2,519,643,074

Disclosure of 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 branches 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	Initial value of asset	Accumulated Depreciation on such asset Till FY 2077/78	Remaining asset	Grant	Taken to Income Till FY 2077/78	Deferred Income
FA and Leasehold development cost of Kumakh Branch provided as grant income by Sakchyam	3,017,636	888,305	2,129,331	1,388,888	408,849	980,039
FA and Leasehold development cost of Chededaha Branch provided as grant income by Sakchyam	3,096,984	761,418	2,335,566	1,386,554	340,895	1,045,659
FA and Leasehold development cost of Swamikartik Branch provided as grant income by Sakchyam	4,151,620	554,053	3,597,567	1,947,420	259,892	1,687,528
FA and Leasehold development cost of Jagannath Branch provided as grant income by Sakchyam	3,707,986	462,560	3,245,426	1,805,028	225,172	1,579,856
Total	13,974,226	2,666,336	11,307,890	6,527,890	1,234,808	5,293,082

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				Total Asar end
	Goodwill	Software		Other	
		Purchased	Developed		
Cost:					
Balance as on Asar end 2076	-	663,727,978	-	-	663,727,978
Addition during the Year					
Acquisition	-	70,594,815	-	-	70,594,815
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077		734,322,793			734,322,793
Addition during the Year					
Acquisition	-	116,118,170	-	-	116,118,170
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2078		850,440,963			850,440,963
Amortization and Impairment					
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Amortization charge for the Year	-	36,316,356	-	-	36,316,356
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2077	-	582,366,987	-	-	582,366,987
Amortization charge for the Year	-	44,833,297	-	-	44,833,297
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2078	-	627,200,284	-	-	627,200,284
Net book value:					-
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347
Balance as on Asar end 2077	-	151,955,806	-	-	151,955,806
Balance as on Asar end 2078	-	223,240,679	-	-	223,240,679

Particulars	Bank				Total Asar end
	Goodwill	Software		Other	
		Purchased	Developed		
Cost:					
Balance as on Asar end 2076	-	663,727,978			663,727,978
Addition during the Year					-
Acquisition	-	69,557,588	-	-	69,557,588
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077		733,285,566			733,285,566
Addition during the Year					-
Acquisition	-	115,955,790	-	-	115,955,790
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2078		849,241,356			849,241,356
Amortization and Impairment					
Balance as on Asar end 2076	-	546,050,631	-	-	546,050,631
Amortization charge for the Year	-	36,133,449	-	-	36,133,449
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2077	-	582,184,080	-	-	582,184,080
Amortization charge for the Year	-	44,663,224	-	-	44,663,224
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2078	-	626,847,304	-	-	626,847,304
Net book value:					-
Balance as on Asar end 2076	-	117,677,347	-	-	117,677,347
Balance as on Asar end 2077	-	151,101,486	-	-	151,101,486
Balance as on Asar end 2078	-	222,394,052	-	-	222,394,052

4.15 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.

Particulars	Group Asar 2078			Bank Asar 2078		
	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	-	(32,790,312)	(32,790,312)	-	(32,115,051)	(32,115,051)
Property & equipment	-	(14,439,865)	(14,439,865)	-	(13,845,434)	(13,845,434)
Employees' defined benefit plan	99,437,319	-	99,437,319	99,437,319	-	99,437,319
Lease liabilities	11,692,183	-	11,692,183	11,692,183	-	11,692,183
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	111,129,502	226,967,645	115,838,143	11,129,502	225,697,953	114,568,451
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			(115,838,143)			(114,568,451)
Deferred tax (asset)/liabilities as on sawan 1,			(96,033,109)			(95,895,829)
Origination/(Reversal) during the year			(19,805,034)			(18,672,622)
Deferred tax expense/(income) recognized in profit or loss			(15,744,868)			(16,314,931)
Deferred tax expense/(income) recognized in other comprehensive income			23,382,186			22,819,836
Deferred tax expense/(income) recognized in directly in equity			12,167,717			12,167,717

Deferred Tax Directly charged to Equity

Particulars	Amount	Amount
Reversal of Deferred tax assets created with respect to rent charged under SLM Basis till FY 2076/77	19,815,695	19,815,695
Origination of Deferred tax liability with respect to accumulated actuarial loss till FY 2076/77 recognized from this year onwards	(7,647,978)	(7,647,978)
Total	12,167,717	12,167,717

Particulars	Group Asar 2077			Bank Asar 2077		
	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	38,524	(11,656,277)	(11,617,753)	-	(11,656,277)	(11,656,277)
Property & equipment	-	(9,583,407)	(9,583,407)	-	(9,177,248)	(9,177,248)
Employees' defined benefit plan	84,859,469	-	84,859,469	84,859,469	-	84,859,469
Lease liabilities	19,815,695	-	19,815,695	19,815,695	-	19,815,695
Provisions	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Deferred tax on temporary differences	104,713,688	(200,977,152)	(96,263,464)	104,675,164	(200,570,993)	(95,895,829)
Deferred tax on carry forward of unused tax losses	230,355		230,355			
Deferred tax due to changes in tax rate						
Net Deferred tax asset/ (liabilities) as on year end of Asar			(96,033,109)			(95,895,829)
Deferred tax (asset)/liabilities as on sawan 1			(98,894,441)			(98,843,796)
Origination/(Reversal) during the year			2,861,332			2,947,967
Deferred tax expense/(income) recognized in profit or loss			(7,500,706)			(7,587,244)
Deferred tax expense/ (income) recognized in other comprehensive income			4,639,277			4,639,277
Deferred tax expense/(income) recognized 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 prospective 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	655,063,998	86,774,364	649,041,284	86,774,364
Accrued income	2,582,586	238,513	-	-
Prepayments and deposit	216,225,085	173,613,851	215,870,479	173,513,851
Income tax deposit	105,811,000	101,489,000	105,811,000	101,489,000
Deferred employee expenditure	583,729,354	621,481,799	583,729,354	621,481,799
Other	163,584,786	146,753,706	163,584,786	146,724,706
Total	1,726,996,809	1,130,351,233	1,718,036,903	1,129,983,720

Provision against account receivable is made where the regulator so requires or where the management is doubtful regarding recovery of the receivables and the balances are shown net off such specific provisions made. The bank till date has made a provision of Rs. 265,573,068 for such doubtful receivables.

4.17 Due to Bank and Financial Institutions

Due to BFI include deposits from A, B, C and D class financial institution 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 2078	Asar 2077	Asar 2078	Asar 2077
Money market deposits	-	-	-	-
Interbank borrowing	-	-	-	-
Other deposits from BFIs	7,805,720,514	5,999,015,240	7,805,720,514	5,999,015,240
Settlement and clearing accounts	554,921,445	596,853,848	554,921,445	596,853,848
Total	8,360,641,959	6,595,869,088	8,360,641,959	6,595,869,088

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 which are accounted at amortized cost using effective interest rate.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Refinance from NRB	3,025,596,158	155,736,786	3,025,596,158	155,736,786
Standing Liquidity Facility	-	-	-	-
Lender of last resort facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	-	-	-	-
Total	3,025,596,158	155,736,786	3,025,596,158	155,736,786

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 2078	Asar 2077	Asar 2078	Asar 2077
<i>Held for trading</i>				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	15,745,400	21,390,000	15,745,400	21,390,000
Others	-	-	-	-
<i>Held for risk management</i>				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	37,189,953	54,153,132	37,189,953	54,153,132
Other	-	-	-	-
Total	52,935,353	75,543,132	52,935,353	75,543,132

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 grouped as individual customers as per the definition given by the regulator.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Institutions customers:				
Term deposits	29,286,606,822	25,489,598,394	29,336,606,822	25,539,598,395
Call deposits	8,018,365,504	6,086,094,920	8,018,365,504	6,203,041,941
Current deposits	2,532,573,489	2,611,849,725	2,655,033,576	2,612,330,512
Other	1,092,406,034	1,689,608,615	1,092,406,034	1,689,608,615
Individual customers:				
Term deposits	30,994,539,222	31,437,470,153	30,994,539,222	31,437,470,153
Saving deposits	53,720,204,570	43,836,267,761	53,720,204,570	43,836,267,761
Current deposits	11,102,383,720	9,994,001,126	11,102,383,720	9,994,001,126
Other	4,101,535,412	3,952,063,187	4,101,535,412	3,952,063,187
Total	140,848,614,773	125,096,953,881	141,021,074,860	125,264,381,690

4.20.1: Currency wise analysis of deposit from customers

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Nepalese rupee	129,529,523,695	117,553,302,320	129,701,983,782	117,720,730,129
Indian rupee	212,281,944	31,837,034	212,281,944	31,837,034
United State dollar	10,722,603,706	7,121,787,710	10,722,603,706	7,121,787,710
Great Britain pound	118,112,212	93,843,163	118,112,212	93,843,163
Euro	190,612,273	214,834,637	190,612,273	214,834,637
Japenese yen	70,452,310	77,761,269	70,452,310	77,761,269
Chinese yuan	70,835	66,043	70,835	66,043
Other	4,957,798	3,521,705	4,957,798	3,521,705
Total	140,848,614,773	125,096,953,881	141,021,074,860	125,264,381,690

4.21 Borrowing

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

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
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 2078	Asar 2077	Asar 2078	Asar 2077
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other Provisions	-	-	-	-
Total	-	-	-	-

4.22.1: Movement in provision

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Balance at Sawan 1	-	-	-	-
Provisions made during the year	-	-	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Unwind of discount	-	-	-	-
Balance at Asar end	-	-	-	-

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 is managed under a 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 2078	Asar 2077	Asar 2078	Asar 2077
Liability for employees defined benefit obligations	88,289,407	71,004,112	88,289,407	71,004,112
Liability for long-service leave	313,834,677	282,864,897	313,834,677	282,864,897
Short-term employee benefits	-	-	-	-
Bills payable	117,784,701	49,137,542	117,784,701	49,137,542
Creditors and accruals	34,867,155	24,555,738	34,867,155	24,555,738
Interest Payable on deposits	644,700,431	867,000,772	644,700,431	868,244,162
Interest payable on borrowing	33,607,918	622,947	33,607,918	622,947
Liabilities on deferred grant income	5,293,083	4,283,652	5,293,083	4,283,652
Unpaid Dividend	123,229,737	291,893,984	3,420,802	291,893,984
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	473,257,006	395,376,223	473,257,006	395,376,223
Others	1,382,336,991	1,674,111,534	1,375,534,087	1,556,593,981
Total	3,217,201,106	3,660,851,401	3,090,589,267	3,544,577,238

Others include a sum of Rs. 935,265,356 which is equivalent to 50% of total deposit made with the bank by local governments. As per the regulation only 50% of deposit made by local government can be considered as deposit and the balance 50% is therefore shown as other liabilities.

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 2078	Asar 2077	Asar 2078	Asar 2077
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	653,273,271	603,613,792	653,273,271	603,613,792
Total present value of obligations	653,273,271	603,613,792	653,273,271	603,613,792
Fair value of plan assets	564,983,864	532,609,680	564,983,864	532,609,680
Present value of net obligations	88,289,407	71,004,112	88,289,407	71,004,112
Recognised Liability for defined benefit obligation	88,289,407	71,004,112	88,289,407	71,004,112

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 available to be used only to pay or fund employee benefits, 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 2078	Asar 2077	Asar 2078	Asar 2077
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	564,983,864	532,609,680	564,983,864	532,609,680
Other	-	-	-	-
Total	564,983,864	532,609,680	564,983,864	532,609,680
Actual Return on Plan Assets	-	-	-	-

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Defined benefit obligations at Sawan 1	603,613,792	569,089,362	603,613,792	569,089,362
Actuarial losses/(gains)	(7,870,205)	(19,416,439)	(7,870,205)	(19,416,439)
Benefits paid by the plan	(38,629,927)	(36,479,683)	(38,629,927)	(36,479,683)
Current service costs and interest	96,159,612	90,420,552	96,159,612	90,420,552
Defined benefit obligation at Asar end	653,273,272	603,613,792	653,273,272	603,613,792

4.23.4: Movement in the fair value of plan assets

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Fair value of plan assets at Sawan 1	532,609,679	478,336,795	532,609,679	478,336,795
Contributions paid into the plan	71,004,112	90,752,567	71,004,112	90,752,567
Benefits paid during the year	(38,629,927)	(36,479,683)	(38,629,927)	(36,479,683)
Actuarial (losses) / gains	-	-	-	-
Expected return on plan assets	-	-	-	-
Fair value of plan assets at Asar end	564,983,864	532,609,679	564,983,864	532,609,679

4.23.5: Amount recognised in profit or loss

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Current service costs	44,271,717	41,205,975	44,271,717	41,205,975
Interest on obligation	51,887,895	49,214,577	51,887,895	49,214,577
Expected return on plan assets	-	-	-	-
Total	96,159,612	90,420,552	96,159,612	90,420,552

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Actuarial (gain)/loss on DBO	(7,870,205)	(19,416,439)	(7,870,205)	(19,416,439)
Actuarial (gain)/loss on Plan Assets	-	-	-	-
Total	(7,870,205)	(19,416,439)	(7,870,205)	(19,416,439)

4.23.7: Actuarial assumptions

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Discount rate	9.00%	9.00%	9.00%	9.00%
Expected return on plan asset	0.00%	0.00%	0.00%	0.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%
Withdrawal rate	5.00%	5.00%	5.00%	5.00%

4.24 Debt securities issued

Debt Securities issued is the 7 year debenture issued by the bank in Bhadra 2076 (August 2019). The Debenture matures in Bhadra 2083 (August 2026). The Debenture has been recognized at amortized cost using effective interest rate. Debenture redemption reserve has been created as per the regulatory requirement. No new debt instrument has been issued by the bank during the year.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	2,692,806,448	2,563,661,608	2,692,806,448	2,563,661,608
Total	2,692,806,448	2,563,661,608	2,692,806,448	2,563,661,608

4.25 Subordinated Liabilities

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
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. The change in share capital is on account of 14% stock dividend declared by the bank from the profit of FY 76/77.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Ordinary shares	10,684,400,828	9,372,281,428	10,684,400,828	9,372,281,428
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	10,684,400,828	9,372,281,428	10,684,400,828	9,372,281,428

4.26.1: Ordinary shares

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Authorized Capital				
150,000,000 Ordinary Shares of Rs 100 each.			15,000,000,000	12,000,000,000
Issued capital				
106,844,008 Ordinary share of Rs. 100 each			10,684,400,828	9,372,281,428
Subscribed and paid up capital				
106,844,008 Ordinary share of Rs. 100 each			10,684,400,828	9,372,281,428
Total			10,684,400,828	9,372,281,428

4.26.2: Ordinary share ownership

Particulars	Group				Bank			
	Asar 2078		Asar 2077		Asar 2078		Asar 2077	
	%	Amount	%	Amount	%	Amount	%	Amount
Domestic ownership								
Nepal Government								
"A" class licensed institutions					-	-	-	-
Other licensed intitutions					-	-	-	-
Other Institutions					65%	6,944,860,538	65%	6,091,982,928
Public					15%	1,602,660,124	15%	1,405,842,214
Other					-	-	-	-
Foreign ownership					20%	2,136,880,166	20%	1,874,456,286
Total					100%	10,684,400,828	100%	9,372,281,428

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	14.87
N. TRADING COMPANY P. LTD.	12.77
MUTUAL TRADING COMPANY P. LTD.	11.85
AVA INTERNATIONAL P. LTD	11.38
CHHAYA INTERNATIONAL P. LTD.	8.94
SHASHI KANT AGARWAL	2.65
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 mandatorily allocated to general reserve and the same is continued 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 impact of change in actuarial assumptions used to value employee obligations has been presented under this reserve. Movement in the reserve from the date of inception is given below.

Other reserve: Other reserve includes debenture redemption reserve and employee training and development fund. A sum equivalent to 3% of salary and allowance expense of previous fiscal year less actual staff training and development expenditure of this year is required to be appropriated to this reserve in current fiscal year. However, under relief given by the regulator, such appropriation has not been made 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 released and will be available for capitalization after the redemption of the Debenture.

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

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Statutory general reserve	4,857,084,701	4,255,230,911	4,853,958,726	4,254,234,117
Exchange equilisation reserve	39,056,093	39,056,093	39,056,093	39,056,093
Corporate social responsibility reserve	38,858,382	25,869,807	38,749,343	25,867,227
Capital redemption reserve	-	-	-	-
Regulatory reserve	705,448,572	942,902,991	705,448,572	942,902,991
Investment adjustment reserve	1,214,859	1,214,859	1,214,859	1,214,859
Capital reserve	-	-	-	-
Assets revaluation reserve	-	-	-	-
Fair value reserve	76,247,493	27,198,204	74,935,118	27,197,979
Dividend equalization reserve	-	-	-	-
Actuarial gain	-	-	-	-
Special reserve	-	-	-	-
Other Reserve	796,751,388	429,736,531	796,751,388	429,736,531
Total	6,514,661,488	5,721,209,396	6,510,114,099	5,720,209,797

NOTE	Asar 2078	Asar 2077	Asar 2078	Asar 2077
<i>Other reserve includes:</i>				
Bond Redemption Reserve	734,029,714	367,014,857	734,029,714	367,014,857
Employee Training and Development Fund	62,721,674	62,721,674	62,721,674	62,721,674
Total Other Reserve	796,751,388	429,736,531	796,751,388	429,736,531

Movement in Regulatory Reserve

Particulars	Interest Receivable	Provision on NBA	Actuarial Loss Recognized	Actuarial Reserve	Total
As of Asar end 2074/75	681,321,143	2,299,307	39,977,401	(39,977,401)	683,620,450
Movement of FY 2075/76	9,017,808	106,835,406	4,932,297	(4,932,297)	115,853,214
As of Asar end 2075/76	690,338,951	109,134,713	44,909,698	(44,909,698)	799,473,664
Movement of 2076/77	13,288,646	130,140,681	(19,416,439)	19,416,439	143,429,327
Restatement	-	-	(7,647,978)	7,647,978	-
As of Asar end 2076/77	703,627,597	239,275,394	17,845,281	(17,845,281)	942,902,991
Movement of 2077/78	(237,454,418)	-	(5,509,144)	5,509,144	(237,454,418)
As of Asar end 2077/78	466,173,179	239,275,394	12,336,137	(12,336,137)	705,448,573

Reserve for accrued interest receivable amounting to Rs. 109,476,751 outstanding as on the date of financial statement has not been maintained as the same was realized within Bhadra 15, 2078.

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 recognized because: i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii) the amount of the obligation cannot be measured with sufficient reliability.

4.28

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Contingent liabilities	43,139,624,811	29,177,262,225	43,041,624,811	29,177,262,225
Undrawn and undisbursed facilities	7,875,698,609	3,988,465,036	7,875,698,609	3,988,465,036
Capital commitment	294,557,994	41,646,103	294,557,994	41,646,103
Lease Commitment	-	-	-	-
Litigation	530,113,384	489,145,515	530,113,384	489,145,515
Total	51,839,994,798	33,696,518,879	51,741,994,798	33,696,518,879

4.28.1: Contingent liabilities

Following balances have been shown under contingent liabilities.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Acceptance and documentary credit	19,697,062,628	9,422,577,714	19,697,062,628	9,422,577,714
Bills for collection	539,558,934	542,835,885	539,558,934	542,835,885
Forward exchange contracts	13,401,574,852	11,934,375,133	13,401,574,852	11,934,375,133
Guarantees	7,604,861,074	6,671,893,957	7,604,861,074	6,671,893,957
Underwriting commitment	98,000,000	-	-	-
Other commitments	1,798,567,323	605,579,536	1,798,567,323	605,579,536
Total	43,139,624,811	29,177,262,225	43,041,624,811	29,177,262,225

4.28.2: Undrawn and undisbursed facilities

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Undisbursed amount of loans	-	-	-	-
Undrawn limits of overdrafts	7,875,698,609	3,988,465,036	7,875,698,609	3,988,465,036
Undrawn limits of credit cards	-	-	-	-
Undrawn limits of letter of credit	-	-	-	-
Undrawn limits of guarantee	-	-	-	-
Total	7,875,698,609	3,988,465,036	7,875,698,609	3,988,465,036

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the bank for which provision has not been made in financial statements have been shown under capital commitments.

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Capital commitments in relation to Property and Equipment				
Approved and contracted for	294,557,994	41,646,103	294,557,994	41,646,103
Approved but not contracted for	-	-	-	-
Sub Total	294,557,994	41,646,103	294,557,994	41,646,103
Capital commitments in relation to Intangible assets				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	294,557,994	41,646,103	294,557,994	41,646,103

4.28.4: Lease commitments

Particulars	Group		Bank	
	Asar 2078	Asar 2077	Asar 2078	Asar 2077
Operating 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	-	-	-	-
Total	-	-	-	-
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	-	-	-	-

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Claims on Institutions but not accepted by bank				
- Unpaid guarantee claims	277,660,895	260,545,410	277,660,895	260,545,410
Contingent liabilities on income tax				
- Assessment pending with tax settlement commission	252,452,489	228,600,105	252,452,489	228,600,105
Total	530,113,384	489,145,515	530,113,384	489,145,515

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 effective interest rate on loans and advances assuming its impact to be 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. However, in case of loan and advances which has been past dues for more than 90 days the collateral value is compared to the total outstanding and if the outstanding amount is within the collateral value then the interest income is recognized, if not then 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Cash and cash equivalent	20,773,707	110,168,733	20,773,707	110,168,733
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	59,696,684	81,243,690	59,696,684	81,243,690
Loan and advances to bank and financial institutions	278,677,008	537,246,701	278,677,008	537,246,701
Loans and advances to customers	9,038,903,148	10,639,119,655	9,040,157,944	10,639,137,573
Investment securities	815,500,013	740,984,729	800,106,044	733,050,706
Loan and advances to staff	171,424,040	78,145,925	171,424,040	78,145,925
Other Interest Income	-	-	-	-
Total Interest Income	10,384,974,600	12,186,909,433	10,370,835,427	12,178,993,328

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 bank and financial institution which has been categorized separately as interest expense on due to bank and financial institution. 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Due to bank and financial institutions	69,326,614	11,111,787	47,716,237	11,111,787
Due to Nepal Rastra Bank	44,416,404	6,597,868	66,026,782	6,597,868
Deposits from customers.	6,205,375,276	7,052,194,768	6,210,777,581	7,062,749,108
Borrowing	-	-	-	-
Debt securities issued	257,598,189	276,831,005	257,598,189	276,831,005
Subordinated liabilities	-	-	-	-
Other	-	-	-	-
Total Interest Expense	6,576,716,483	7,346,735,428	6,582,118,789	7,357,289,768

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Loan administration fees	129,583,404	167,592,272	129,583,404	167,592,272
Service fees	-	-	-	-
Consortium fees	61,362,619	59,455,176	61,362,619	59,455,176
Commitment fees	-	-	-	-
DD/TT/Swift fee	30,484,570	22,450,244	30,484,570	22,450,244
Credit card/ATM issuance and renewal fees	153,425,735	151,082,839	153,425,735	151,082,839
Prepayment and swap fees	-	-	-	-
Investment banking fees	2,965,528	80,890	-	-
Asset management fees	5,323,468	134,707	-	-
Brokerage fees	-	-	-	-
Remittance fees	65,582,938	74,306,248	65,582,938	74,306,248
Commission on letter of credit	110,055,849	67,856,628	110,055,849	67,856,628
Commission on guarantee contracts issued	104,372,799	86,926,301	104,372,799	86,926,301
Commission on share underwriting/issue	3,031,014	907,121	-	-
Locker rental	22,754,136	21,320,359	22,754,136	21,320,359
Other fees and commission income	101,038,454	95,945,950	101,036,549	97,853,951
Total Fees & Commission Income	789,980,514	748,058,735	778,658,599	748,844,018

4.32 Fees and commission expense

Fees and commission expense incurred by the bank and its subsidiary are recognized when the services are availed. 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
ATM management fees	-	-	-	-
Card Network fees and charges	52,263,162	34,652,351	52,263,162	34,652,351
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	10,548,372	9,284,761	10,548,372	9,284,761
Remittance fees and commission	-	-	-	-
Other fees and commission expense	17,734,675	18,166,099	17,666,413	18,166,099
Total Fees & Commission Expense	80,546,209	62,103,211	80,477,947	62,103,211
Net Fees & Commission Income	709,434,305	685,955,524	698,180,652	686,740,807

4.33 Net trading income

The entity doesn't hold any trading assets. The trading income represents the income from foreign currency transaction only. However, subsidiary of the bank Himalayan Capital Limited does hold trading assets to gain short term benefits. 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Changes in fair value of trading assets	376,370	(128,737)	-	-
Gain/loss on disposal of trading assets	11,667,382	1,248,311	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss on foreign exchange transaction	655,009,052	764,970,517	655,009,052	764,970,517
Other	-	-	-	-
Net Trading Income	667,052,804	766,090,091	655,009,052	764,970,517

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Foreign exchange revaluation gain	(7,401,553)	(13,981,797)	(7,401,553)	(13,981,797)
Gain/loss on sale of investment securities	1,787,574,750	-	1,998,860,240	-
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	15,047,763	2,213,374	24,803,730	58,917,751
Gain/loss on sale of property and equipment	(1,729,337)	(3,204,422)	(1,729,337)	(3,204,422)
Gain/loss on sale of investment property	-	-	-	-
Operating lease income	-	-	-	-
Gain/loss on sale of gold and silver	-	-	-	-
Other Operating Income	211,111,687	103,663,729	213,194,587	103,663,729
Total	2,004,603,310	88,690,884	2,227,727,667	145,395,261

The bank has disposed part of its holding in Nirdhan Utthan Laghubitta Bittiya Sansthan Limited and Chhimmek Laghubitta Bittiya Sanstha Limited during the year in order to comply with the regulatory requirements and the resulting gain on sale has been shown as gain on sale of investment under other operating income.

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

Impairment is the reduction in the value of the asset. The bank assesses 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 prescribed 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Impairment charge/(reversal) on loan and advances to B/FIs	29,191,840	2,295,582	29,191,840	2,295,582
Impairment charge/(reversal) on loan and advances to customer	115,693,180	303,332,913	116,130,419	303,332,913
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	144,885,020	305,628,495	145,322,259	305,628,495

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 services of 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 by the bank to the employee by providing loans and advances at below market rate of interest staff loan is valued at fair market value and 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 2078	Asar 2077	Asar 2078	Asar 2077
Salary	426,487,002	406,505,849	426,487,002	406,505,849
Allowances	570,142,752	541,915,092	569,996,352	541,915,092
Gratuity Expense	96,159,612	90,420,552	96,159,612	90,420,552
Provident fund	35,042,888	33,228,901	35,042,888	33,228,901
Uniform	2,200,000	12,100,000	2,200,000	12,100,000
Training & development expense	9,992,075	18,651,256	9,992,075	18,651,256
Leave encashment	59,675,127	49,186,277	59,675,127	49,186,277
Medical	-	-	-	-
Insurance	27,021,670	27,163,556	27,021,670	27,163,556
Employees incentive	17,515,292	18,190,016	17,515,292	18,190,016
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	126,141,538	36,764,370	126,141,538	36,764,370
Other expenses related to staff	15,877,080	21,622,785	15,877,080	21,622,785
Subtotal	1,386,255,036	1,255,748,654	1,386,108,636	1,255,748,654
Employees bonus	473,257,006	395,376,223	473,257,006	395,376,223
Grand total	1,859,512,042	1,651,124,877	1,859,365,642	1,651,124,877

* The total leave encashment expense shown in the above schedule includes encashment of accrued sick leave above 120 days 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 49,382,021.

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 leases of Nepal Financial reporting Standard.

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

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Directors' fee	3,459,296	1,860,500	3,100,000	1,777,000
Directors' expense	2,711,877	3,994,012	2,711,877	3,980,339
Auditors' remuneration	2,260,000	2,350,400	2,260,000	2,260,000
Other audit related expense	-	-	-	-
Professional and legal expense	45,804,495	41,560,436	25,914,176	27,427,483
Office administration expense	489,626,977	462,395,830	488,127,901	461,290,087
Operating lease expense	291,771,297	267,274,314	291,771,297	267,274,314
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	9,685,799	47,666,793	9,585,799	47,666,793
Onerous lease provisions	-	-	-	-
Other Operating Expense	49,411,691	60,136,350	47,430,747	58,495,095
Total	894,731,432	887,238,635	870,901,797	870,171,111

The Rental expense under operating lease of the year under accrual basis is Rs. 252,797,353. The impact of SLM basis for preceding years has been reversed and effect has been given to equity. The rental expense has been recomputed from this year onwards under SLM basis and accordingly additional rental expense amounting Rs. 38,973,944 has been recognized for operating lease rental recognition.

Directors expense include expense related to the members of the board other than meeting fees. Detail has been presented below.

Particulars	Asar 2078	Asar 2077
Orientation/ Refresher Training Expenses	158,245	638,947
Travelling Expenses	233,825	509,303
Newspaper and Communication Expenses	1,892,106	2,432,665
Insurance Expenses	77,991	121,126
Miscellaneous Expenses	349,710	278,298
Total	2,711,877	3,980,339

4.37.1 Office Administration Expense

Office administration expenses are incurred for day to day operation of the entity and includes the following.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Water and Electricity	29,670,668	30,622,894	29,660,429	30,613,558
Repair and Maintenance	139,316,987	109,477,547	138,842,260	109,469,232
a) Building	3,549,087	1,289,951	3,549,087	1,281,636
b) Vehicle	2,334,982	2,245,259	2,334,982	2,245,259
c) Computer and Accessories	-	-	-	-
d) Office equipment and furniture	-	-	-	-
e) Other	133,432,918	105,942,337	132,958,191	105,942,337
Insurance	21,729,747	20,737,843	21,697,663	20,699,180
Postage, telex, telephone, fax	40,403,598	40,397,819	40,271,802	40,297,584
Printing and stationery	28,051,438	26,823,516	27,456,366	26,602,731
Newspaper, books and journals	431,291	599,972	424,136	579,022
Advertisement	49,689,431	53,983,778	49,657,728	53,461,921
Donation	-	-	-	-
Security Expense	79,304,921	74,021,297	79,304,921	74,021,297
Deposit and Loan Guarantee Premium	35,668,378	32,918,484	35,668,378	32,918,484
Travel allowance and expenses	14,334,614	27,313,975	14,321,774	27,301,850
Entertainment	238,959	564,136	238,959	564,136
Annual/ Special General meeting Expense	676,471	2,160,396	676,471	2,160,396
Other	50,110,474	42,774,173	49,907,014	42,600,696
a) Fuel, Janitorial and cleaning	43,493,231	39,788,847	43,319,720	39,670,142
b) Expense for Capital Items	1,087,440	992,412	1,057,490	937,639
c) Other	5,529,803	1,992,914	5,529,804	1,992,915
Total	489,626,977	462,395,830	488,127,901	461,290,087

4.38 Depreciation & Amortization

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.

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Depreciation on property and equipment	143,021,365	145,457,923	141,515,454	144,187,078
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	44,833,297	36,316,356	44,663,224	36,133,449
Total	187,854,662	181,774,279	186,178,678	180,320,527

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Recovery of written off loan	5,560,020	84,464,875	5,560,020	84,464,875
Share of the profit of investment in associate	335,485,870	227,010,017	-	-
Other income	12,780,788	313,611,794	12,780,788	313,611,794
Total	353,826,678	625,086,686	18,340,808	398,076,669

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

Other income represents write back of provision against assets amounting Rs. 12,780,788 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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Loan write offs	46,293,092	226,279,325	46,293,092	226,279,325
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	20,600,292	24,976,479	20,600,292	24,976,479
Total	66,893,384	251,255,804	66,893,384	251,255,804

Other Expense represents amount paid under voluntary retirement scheme amounting Rs. 20,600,292.

Details of Loan Written off is as follows

Type of Loan	Recovery steps taken	Amount Written off	Security Detail	Basis of Valuation	Approving Authority
Accrued Interest	Amicable Settlement (Partial Interest Written off on amicable settlement)	43,545,043	Land and Building	70% of market rate/ 30% of government rate	Board Of Directors
Credit Card Loan	Follow-up through telephonic calls, emails and written notices served to the card holder. 35 days notice published in newspaper and blacklisted.	2,748,049	Personal guarantee of cardholders	NA	BM / DGM / SGM / CEO/MCC
Total		46,293,092			

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 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Current tax expense				
Current year	1,280,858,987	979,250,534	1,276,751,101	979,250,534
Adjustments for prior years	253,842	-	253,842	-
	1,281,112,829	979,250,534	1,277,004,943	979,250,534
Deferred tax expense				
Origination and reversal of temporary differences	(15,744,868)	(7,500,706)	(16,314,931)	(7,587,244)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Total income tax expense	1,265,367,961	971,749,828	1,260,690,012	971,663,290

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		Bank	
	Asar 2078 Rs.	Asar 2077 Rs.	Asar 2078 Rs.	Asar 2077 Rs.
Profit before tax			4,259,313,057	3,558,386,000
Tax amount at the rate of 30%			1,277,793,917	1,067,515,800
Add: Tax effect of expenses that aren't deductible for tax purpose			6,822,017	17,413,981
Less: Tax Effect on exempt items			(38,228,823)	(17,366,100)
Add/ Less: Tax effect on other items			14,302,901	(95,900,391)
Total income tax expense			1,260,690,012	971,663,290
Effective tax rate			29.60%	27.31%

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 functioning. A systematic assessment process has been developed to ensure compliance with 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 appetite, 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 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. These policies are periodically revisited so as to test its adequacy and to carry out required

amendments. Compliance to these policy & procedures, prudential guidelines and other directives and circulars issued by Nepal Rastra Bank is monitored at branch level by KYC Officers & centrally by Compliance & Internal Control Department. The Executive Operating Officer reporting to General Manager compiles data related to operational risks observed at branch level and takes necessary precautionary and remedial steps as may be required. The senior management working as a team further analyses these data, assesses risk and related internal control systems and takes corrective & preventive actions to remedy any breakdown in the system. The bank is PCIDSS certified, which 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 & Capital Adequacy as per Basel III

1. Tier 1 Capital and Breakdown of its Components:

SN	Particulars	Amount
A	Core Capital (Tier 1)	18,930,605,612
1	Paid up Equity Share Capital	10,684,400,828
2	Statutory General Reserves	4,853,958,726
3	Retained Earnings	676,233,437
4	Current year profit /(loss)	2,261,965,026
5	Debenture Redemption Reserve	734,029,714
	Less : Investment in equity of institutions with financial interests	200,000,000
	Less : Purchase of land & building in excess of limit and unutilized	79,982,119

2. Tier 2 Capital and Breakdown of its Components

SN	Particulars	Amount
B	Supplementary Capital (Tier 2)	4,516,199,886
1	Subordinated Term Debt	2,569,104,000
2	General loan loss provision	1,906,824,934
3	Exchange Equalization Reserve	39,056,093
4	Investment Adjustment Reserve	1,214,859
5	Other Reserves	-

3. Information of Subordinated Term Debt:

Bond Issued	HBL Bond 2083
Outstanding amount	2,569,104,000
Interest rate	10%
Maturity Date	Bhadra 2083
Interest payment	Half yearly basis
Tenor	7 years
Amount to be reckoned as capital	2,569,104,000

4. Total deductions from Capital: N/a

5. Total Qualifying Capital

SN	Particulars	Amount
1	Core Capital (Tier 1)	18,930,605,612
2	Supplementary Capital (Tier 2)	4,516,199,886
Total		23,446,805,498

6. Capital Adequacy Ratios:

CAPITAL ADEQUACY RATIOS	Amount
Tier 1 Capital to Total Risk Weighted Exposures	11.25%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.93%

2. Risk exposures

B. Risk Exposures

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

Risk Weighted Exposures	Amount
a Risk Weighted Exposures for Credit Risk	152,545,994,707
b Risk Weighted Exposures for Operational Risk	8,614,158,521
c Risk Weighted Exposure for Market Risk	583,465,118
Adjustment under Pillar II	
Add 5% of gross income for operational risk	1,750,409,527
Add: 3% of total RWE for overall risk	4,852,308,550
Total Risk Weighted Exposures	168,346,336,423

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

SN	Particulars	Amount
1	Claims on government & central bank	226,163,458
2	Claims on other official entities	398,987,650
3	Claims on banks	2,197,318,703
4	Claims on domestic corporate and securities firms	106,961,604,189
5	Claims on regulatory retail portfolio	6,921,830,367
6	Claims secured by residential properties	3,026,428,381
7	Claims secured by commercial real estate	2,912,459,116
8	Past due claims	468,793,125
9	High risk claims	7,552,757,768
10	Lending against securities (Bonds and Shares)	2,056,857,646
11	Other assets	5,214,627,178
12	Off balance sheet items	14,608,167,126
TOTAL		152,545,994,707

3. Total Risk Weighted Exposures calculation table:

SN	Particulars	Amount
1	Total Risk Weighted Exposure	168,346,336,423
2	Total Core Capital Fund (Tier 1)	18,930,605,612
3	Total Capital Fund (Tier 1 & Tier 2)	23,446,805,498
4	Total Core Capital to Total Risk Weighted Exposures	11.25%
5	Total Capital to Total Risk Weighted Exposures	13.93%

4. Amount of NPA

SN	Loan Classification	Gross Amount	Provision Held	Net NPA
1	Restructured Loan	4,246,064	1,709,580	2,536,483
2	Substandard Loan	177,182,089	44,295,522	132,886,567
3	Doubtful Loan	81,850,656	40,925,328	40,925,328
4	Loss Loan	372,572,697	372,572,697	-
Total		635,851,506	459,503,128	176,348,378

5. NPA Ratios

Gross NPA to Gross Advances	0.48%
Net NPA to Net Advances:	0.14%

(iii) Compliance with external requirement

The Bank through-out the reporting period has fully complied with the capital requirements imposed by the Regulator 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:
- Loan and Advances
 - Letter of Credit
 - Guarantee
 - Remittance
 - Card service
 - Locker Service
 - Bills purchase and discounting
 - Collection service
 - Other ancillary services

2. Information about profit or loss, assets and liabilities

Particulars/Province	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudur Paschim	HO and Other Profit Center	Total
(a) Revenues from external customers	766,770,652	748,104,179	6,336,959,305	322,356,669	1,591,380,873	14,180,135	265,341,143	4,005,478,597	14,050,571,553
(b) Intersegment revenues	66,317,226	38,550,171	2,713,077,751	112,112,147	79,672,264	11,471,339	18,553,099	66,551,464	3,106,305,461
(c) Net Revenue	833,087,878	786,654,350	9,050,037,056	434,468,816	1,671,053,137	25,651,474	283,894,242	4,072,030,061	17,156,877,014
(d) Interest revenue	723,774,598	700,481,961	5,858,316,347	305,794,043	1,504,904,671	12,949,452	248,423,164	1,016,191,191	10,370,835,427
(e) Interest expense	182,990,480	146,250,955	5,319,956,562	189,722,633	248,015,959	6,563,538	14,146,399	474,472,263	6,582,118,789
(f) Net interest revenue	540,784,116	554,231,007	538,359,785	116,071,410	1,256,888,713	6,385,914	234,276,765	541,718,928	3,788,716,638
(g) Depreciation and amortisation	9,612,926	7,858,833	27,790,984	3,429,121	7,183,979	1,554,853	3,264,844	125,483,138	186,178,678
(h) Segment profit / (loss)	271,567,863	166,702,381	2,577,786,803	166,888,091	459,947,365	(5,303,633)	13,539,542	1,081,441,652	4,732,570,064
(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	201,431,571	183,790,296	1,705,964,207	64,556,608	274,272,899	3,026,507	49,578,386	28,587,004	2,511,207,478
(l) Segment assets	11,018,444,011	13,913,873,089	81,661,138,079	4,342,888,880	20,360,426,992	267,162,337	3,888,000,149	43,038,992,349	178,490,925,886
(m) Segment liabilities	11,018,444,011	13,913,873,089	81,661,138,079	4,342,888,880	20,360,426,992	267,162,337	3,888,000,149	43,038,992,349	178,490,925,886

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	17,156,877,014
Other revenues	
Elimination of intersegment revenues	(3,106,305,461)
Entity's revenues	14,050,571,553

2. Profit or loss

Total profit or loss for reportable segments	4,732,570,064
Other profit or loss	
Elimination of intersegment profits	-
Unallocated amounts:	
Staff bonus	(473,257,006)
Profit before income tax	4,259,313,058

3. Assets

Total assets for reportable segments	178,490,925,886
Other assets	
Unallocated amounts	-
Entity's assets	178,490,925,886

4. Liabilities

Total liabilities for reportable segments	178,490,925,886
Other liabilities	
Unallocated liabilities	-
Entity's liabilities	178,490,925,886

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	9,681,205,015
(b)	Letter of Credit	110,055,849
(c)	Guarantee	104,372,799
(d)	Remittance	65,582,938
(e)	Card service	153,425,735
(f)	Locker Service	22,754,136
(g)	Bills purchase and discounting	373,351
(h)	Collection service	51,827,723
(i)	other ancillary services	3,860,974,008
	Total	14,050,571,553

6. Information about geographical areas

Revenue from following geographical areas:

(a)	Domestic	14,050,571,553
	Province 1	766,770,652
	Province 2	748,104,179
	Province 3	10,342,437,902
	Province 4	322,356,669
	Province 5	1,591,380,873
	Province 6	14,180,135
	Province 7	265,341,143
(b)	Foreign	-
	Total	14,050,571,553

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	15,759,303	6,292,081
Placements in Habib bank	1,191,500,000	1,202,500,000
Due to Habib bank	-	-
Total	1,207,259,303	1,208,792,081
For the Year Ended		
Interest Received	9,295,048	46,747,544
Total	9,295,048	46,747,544
Cash Dividend Paid	112,467,377	204,486,140
Total	12,467,377	204,486,140
Transaction with Karmachari Sanchaya Kosh		
Particulars	This Year Ending	Immediate Previous Year Ending
Rental Expense paid	60,586,377	60,386,727
Cash Dividend Paid	78,727,164	143,140,298
Total	139,313,541	203,527,025

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 following entities have been considered as 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	172,460,087	167,427,809
Loan To Subsidiary	33,605,969	-
Total	206,066,056	167,427,809

Transaction with Associate

Transaction With Associate	This Year Ending	Immediate Previous Year Ending
Loans and Advances provided to associates under deprived sector lending		
RMDC Laghubitta Bittiya Sanstha Ltd.	800,087,671	602,934,247
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	797,087,342	597,171,740
Chhimek Laghubitta Bittiya Sanstha Ltd.	752,219,178	644,556,661
Swabalamban Laghubitta Bittiya Sanstha Ltd.	616,067,507	609,545,057
	2,965,461,698	2,454,207,704
Interest Income received from associate		
RMDC Laghubitta Bittiya Sanstha Ltd.	25,546,395	50,619,014
Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	32,331,573	53,341,475
Chhimek Laghubitta Bittiya Sanstha Ltd.	36,377,255	63,118,845
Swabalamban Laghubitta Bittiya Sanstha Ltd.	27,157,875	59,849,164
	121,413,098	226,928,498

* 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:

Transactions with Key Managerial Personnel (KMPs)	This Year Ending	Immediate Previous Year Ending
Board of Directors		
Benefits	5,070,097	4,330,790
Total	5,070,097	4,330,790
Chief Executive Officer		
Short term employee benefits	20,150,000	16,559,677
Other Benefits	1,286,687	1,373,887
Total	21,436,687	17,933,564
Key Management Executives		
Short term employee benefits	62,209,973	80,544,087
Other Benefits	658,239	767,421
Retirement Benefits	-	11,175,294
Total	62,868,212	81,311,508

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 Senior General Manager, an expat on secondment deputation from Habib Bank Limited, is further provided with a full furnished residence. Retirement benefits is the payment given to Senior General Manager on completion of his deputation. No such deputation was made during the year under review from Habib Bank Limited.

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	956,452,223	1,099,704,403
Interest Paid By the bank	105,264,412	111,220,934

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 21.38% stock dividend and 4.62% 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 OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2077/78

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	8,910,941,260	8,910,941,260	-	-	
Due from Nepal Rastra Bank	7,535,702,797	7,535,702,797	-	-	
Placements with Bank and Financial Institutions	3,780,743,768	3,780,743,768	-	-	
Derivative financial instruments	134,079,697	92,628,551	(41,451,146)	-30.92%	Reclassification of Assets
Other trading assets	-	-	-	-	
Loans & Advances to BFs	6,064,172,726	6,045,811,226	(18,361,500)	-0.30%	Adjustment of Impairment Charged
Loans & Advances to Customers	126,029,781,862	126,048,134,665	18,352,803	0.01%	Adjustment of Impairment Charged
Investment Securities	20,433,114,122	20,433,633,393	519,271	0.00	Audit Adjustment
Current Tax Assets	413,744,217	418,398,651	4,654,434	1.12%	Post audit adjustment in tax liability
Investments in subsidiaries	200,000,000	200,000,000	-	-	
Investments in Associates	185,055,333	185,055,333	-	-	
Investment Property	379,802,213	379,802,213	-	-	
Property & Equipment	2,519,628,182	2,519,643,074	14,892	0.00	Post Audit Depreciation Adjustment
Goodwill and Intangible Assets	222,394,052	222,394,052	-	-	
Deferred Tax Assets	-	-	-	-	
Other Assets	1,676,664,933	1,718,036,903	41,371,970	2.47%	Relassification of Assets and Audit Adjustments
Total Assets	178,485,825,162	178,490,925,886			
Liabilities					
Due to Bank and Financial Institutions	8,360,641,959	8,360,641,959	-	-	
Due to Nepal Rastra Bank	3,025,596,158	3,025,596,158	-	-	
Derivative financial instruments	52,935,353	52,935,353	-	-	
Deposits from Customers	141,021,074,860	141,021,074,860	-	-	
Borrowing	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred Tax Liabilities	100,484,553	114,568,451	14,083,898	14.02%	Restatement of value of assets/ liability
Other Liabilities	3,151,760,885	3,090,589,267	(61,171,618)	-1.94%	Post audit adjustment
Debt Securities Issued	2,692,806,448	2,692,806,448	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	158,405,300,216	158,358,212,496			
Equity					
Share Capital	10,684,400,828	10,684,400,828	-	-	
Share Premium	-	-	-	-	
Retained Earnings	2,809,646,527	2,938,198,463	128,551,936	4.58%	
Reserves	6,586,477,591	6,510,114,099	(76,363,492)	-1.16%	
Total Equity attributable to Equity Holders	20,080,524,946	20,132,713,390			
Non Controlling Interest	-	-	-	-	
Total Equity	20,080,524,946	20,132,713,390			
Total Liabilities and Equity	178,485,825,162	178,490,925,886			

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2077/78

Statement of Profit or Loss Particulars	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Interest income	10,370,324,852	10,370,835,427	510,575	0.00	Post Audit Adjustment
Interest expense	6,582,118,789	6,582,118,789	-	-	
Net interest income	3,788,206,063	3,788,716,638			
Fee and commission income	778,743,599	778,658,599	(85,000)	-0.01%	Regrouping/ Adjustment after audit
Fee and commission expense	80,477,947	80,477,947	-	-	
Net fee and commission income	698,265,652	698,180,652			
Net interest, fee and commission income	4,486,471,715	4,486,897,290			
Net Trading Income	655,009,052	655,009,052	-	-	
Other operating income	2,227,640,891	2,227,727,667	86,776	0.00	Regrouping/ Adjustment after audit
Total operating income	7,369,121,658	7,369,634,009			
Impairment charge/(reversal) for loans and other losses	145,322,258	145,322,259	-	-	
Net operating income	7,223,799,400	7,224,311,750			
Operating expense					
Personnel Expenses	1,864,467,816	1,859,365,642	(5,102,174)	-0.27%	Change in Statutory Bonus amount/ Reclassification of Expense
Other Operating Expenses	865,380,500	870,901,797	5,521,297	0.64%	Reversal of excess provision of expenses
Depreciation & Amortisation	186,193,570	186,178,678	(14,892)	(0.00)	Post Audit Depreciation Adjustment
Operating profit	4,307,757,514	4,307,865,633			
Non operating income	18,340,809	18,340,808	-	-	
Non operating expense	62,308,121	66,893,384	4,585,263	7.36%	Reclassification of Expense
Profit before income tax	4,263,790,202	4,259,313,057			
Income Tax Expense					
Current Tax	1,281,659,377	1,277,004,943	(4,654,434)	-0.36%	Post Year End adjustment in tax liability
Deferred Tax	(15,870,050)	(16,314,931)	(444,881)	2.80%	Post Year End adjustments
Profit for the period	2,998,000,875	2,998,623,045	622,170	0.02%	
Statement of Comprehensive Income					
Profit or loss for the year	2,998,000,875	2,998,623,045			
Other comprehensive income	55,607,344	53,246,283	(2,361,061)	-	Computation of Deferred Tax on Actuarial Gain
Total comprehensive income for the period	3,053,608,219	3,051,869,328			

10 Year's Financial Summary

STATEMENT OF FINANCIAL POSITION

Particulars	(Rs. '000)										
	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	2076/77 2019/20	2077/78 2020/21
Assets											
Cash & Bank Balances	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	16,928,917	12,302,723
Money at Call	264,600	2,061,832	196,100	1,063,950	1,482,036	1,482,160	-	500,040	-	1,010,109	619,588
Investments	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	26,679,555	28,123,766
Loans, Advances & Bills Purchased	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	109,092,428	134,605,153
Fixed Assets	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	2,562,894	2,742,037
Other Assets	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	1,976,902	2,608,866
Total Assets	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	158,250,804	181,002,133
Liabilities											
Borrowings	500,000	1,188,429	1,100,000	600,000	1,600,000	1,622,786	662,998	623,358	1,183,961	2,719,398	5,718,403
Deposit Liabilities	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	131,860,251	149,381,717
Reserve for Doubtful Debts	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	2,365,885	2,511,207
Other Liabilities	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	3,716,016	3,258,093
Total Liabilities	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	140,661,551	160,869,420
Net Assets	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	17,589,254	20,132,713
Shareholders' Equity											
Paid up Capital	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	9,372,281	10,684,401
Proposed capitalisation of profits	360,000	138,000	434,700	1,166,445	1,349,744	-	-	-	-	-	-
Reserves	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	2,496,762	2,938,198
Retained Earnings	72,899	4,685	18,358	114,997	138,843	2,086,980	2,508,023	4,523,962	5,303,396	5,720,210	6,510,114
Total Shareholders' Equity	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	17,589,254	20,132,713
Total Capital + Liabilities	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	158,250,804	181,002,133
Contingent Liabilities											
Letter of Credit	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	9,965,414	20,236,622
Guarantees	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	6,671,894	7,604,861
Forward Exchange Contract	199,188	174,795	607,820	786,385	1,168,529	1,168,529	42,242	5,891,000	8,137,163	11,934,375	13,401,575
Other Contingent Liabilities	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	5,124,836	10,498,937
Total Contingent Liabilities	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	33,696,519	51,741,995

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

10 Year's Financial Summary

STATEMENT OF PROFIT OR LOSS

(Rs. '000)

Particulars	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16	2073/74 2016/17	2073/74 "2016/17 *Restated"	2074/75 2017/18	2075/76 2018/19	2076/77 2019/20	2077/78 2020/21
Income											
Interest Income	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	12,178,993	10,370,835
Interest Expense	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	7,357,290	6,582,119
Net Interest Income	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	4,821,704	3,788,717
Commission & Discount	510,840	550,149	657,298	562,186	599,642	713,468	732,197	707,801	756,241	686,741	698,181
Foreign Exchange Income	308,898	300,469	385,102	474,312	602,985	609,622	607,849	718,905	718,158	764,971	655,009
Other Income	182,029	165,072	206,814	115,282	105,108	128,497	86,396	104,848	175,117	145,395	2,227,728
Non-Operating Income	8,006	5,999	17,487	23,209	22,276	26,807	14,691	309,525	49,327	398,077	18,341
Total Income	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	6,816,887	7,387,975
Expenses											
Staff Expenses	634,229	682,978	713,830	917,501	908,436	1,081,611	1,096,966	1,045,730	1,201,108	1,255,749	1,386,109
Operating Expenses	714,436	852,111	966,120	814,639	806,909	849,631	797,604	862,547	966,897	1,050,492	1,057,080
Provision for Doubtful Debts	505,491	842,900	1,080,863	1,413,568	744,817	835,753	(108,193)	679,917	133,622	305,628	145,322
Provision for Staff Bonus	138,909	137,669	162,116	145,488	274,882	310,171	310,171	276,518	437,018	395,376	473,257
Non-Operating Expenses	(462,939)	(362,389)	(783,211)	(897,601)	(703,908)	(935,311)	23,326	533,011	58,378	251,256	66,893
Total Expenses	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	3,258,501	3,128,662
Profit before Tax	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	3,558,386	4,259,313
Income Tax provision	430,453	432,995	662,054	342,597	812,915	923,473	972,827	889,569	1,169,312	971,663	1,260,690
Net Profit after Tax	958,638	943,698	959,107	1,112,286	1,935,908	2,178,235	2,281,774	1,875,610	2,763,848	2,586,723	2,998,623
P/L Appropriation											
Profit/Loss carried down	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	2,171,147	2,496,762
Adjustment to opening reserve	-	-	-	-	-	-	-	-	5,077	-	53,927
Statutory General Reserve	191,728	188,740	191,821	222,457	387,182	435,647	435,647	375,122	552,770	517,345	599,725
Exchange Equalisation Fund	-	-	1,767	997	1,658	443	443	-	4,420	-	-
HBL Bond redemption fund	71,429	157,143	157,143	85,714	85,714	85,714	85,714	85,714	85,714	367,015	367,015
Interim Dividend	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	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	360,000	138,000	434,700	1,166,445	1,349,744	1,622,906	-	-	-	-	-
Income Tax of last year	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	20,473	39,513	-	15,412	6,617	23,624	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	340	-	-	-	-	-	-	-
Contingent Reserve	-	212,516	-	-	-	-	-	-	1,215	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-
Employee Training Fund	-	-	-	-	-	21,783	21,782	18,756	27,638	25,867	29,986
Regulatory Reserve	-	-	-	-	-	-	-	20,376	19,565	-	-
Transfer from Reserves	-	-	-	-	-	-	-	723,598	120,786	124,091	-
Share Premium	-	-	-	-	-	-	123,094	48,660	5,321	647,667	260,068
NFRS Adjustment-Derecognition of Assets	-	-	-	-	-	-	-	-	-	-	-
Distribution- Bonus Share and Dividend (Previous Year)	-	-	-	-	-	-	92	-	-	-	-
Profit Transferred to Balance Sheet	72,899	4,685	18,358	114,997	138,843	145,275	2,508,023	1,500,405	2,171,147	2,496,762	2,998,198

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

Himalayan Bank Limited

CSR Initiative decisions equivalent to and or above Rs. 50,000/- in line with provision of clause # 105 sub-clause 1 (c) of the Company Act 2063

S. No.	Particulars	Category	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpas-chim
1	Chhumkoi Devi Mandir Punanirman Upabhokta Samiti	Cultural Heritage Preservation			50,000				
2	Tridevi Temple Conservation N Repair Committee	Cultural Heritage Preservation			190,600				
3	Spinal Injury Sangh Nepal	Health Awareness			2,500,000				
4	Damak Chamber Of Commerce	Health Awareness	60,000						
5	Biratnagar Metropolitan Office	Health Awareness	300,000						
6	Manoram Nagar Samaj	Environmental Protection			175,000				
7	Helping Hands Children Home	Donation to NGOs			50,000				
8	Orphan N Helpless Children Devt Asso. In Nepal	Donation to NGOs			50,000				
9	New Nepal Society Center	Donation to NGOs			50,000				
10	New Childrens Home	Donation to NGOs			50,000				
11	Brochures Related To Financial Literacy	Financial Literacy	26,296	26,296	26,296	26,296	26,296	26,296	26,296
12	Gangalal Hospital, Kathmandu	Health Awareness			692,962				
13	Community Schools Of Chhededaha Rmc	Education							32,9500
14	Bhaktapur District (Araniko Highway)	Health Awareness			100,000				
15	Mahakali Hospital	Health Awareness							12,5000
16	Dhangadhi Sub Metropolitan City	Health Awareness							12,5000
17	Association Of Industries, Makawanpur	Health Awareness			500,000				
18	Chhededaha Rural Municipality	Health Awareness							10,5000
19	Swamikartik Rural Municipality	Health Awareness							10,5000
20	Jagannath Rural Municipality	Health Awareness							10,5000
21	Hami Ek Chhau -Social Awareness	Health Awareness			200,000				
22	Damak Chamber Of Commerce	Health Awareness	50,000						
23	Friendship Community Hospital	Health Awareness			190,000				
24	Chhetrapati Free Clinic	Health Awareness			300,000				
25	Public Health Concern Trust	Health Awareness			292,000				
26	Yasoda Devi Bhagwan Sing Kc Memorial Trust	Health Awareness			300,000				
27	Bheri Hospital	Health Awareness						151,000	
28	United Mission Hospital Palpa	Health Awareness						97,500	
29	Bhim Hospital Bhairahawa	Health Awareness						150,000	
30	Raptisonari Rural Municipality	Health Awareness						55,555	
31	Kohalpur Municipality	Health Awareness						55,555	
32	Budhi Morang Health Post, Dhankuta	Health Awareness	150,000						
33	Primary Danda Bazar Health Post Dhankuta	Health Awareness	150,000						
34	Madi Nagar Hospital, Sankhuwasabha	Health Awareness	50,000						
35	Itahari Sub Metropolitan	Health Awareness	101,000						
36	Kalaiya Hospital Bara	Health Awareness		500,000					
37	Financial Assistance for Breast and Cervical Cancer Awareness and Screening	Health Awareness			200,000				

38	NEPAL NETRA JYOTI SANGH, DHANKUTA (TO PURCHASE 1 UNIT PHACO MACHINE FOR DR RAM PD POKHAR-EL EYE HOSPITAL, DHANKUTA)	Health Awareness	300,000						
39	Others (Donations individually less than Npr.50,000)		126,000		186,000	36,050	50,000	48,000	0.00
Province-wise Total Amount			1,313,297	526,297	6,102,859	62,347	76,297	583,907	920,797
Total Spending on CSR			9,585,799						
Amount Spent on Corona Virus Prevention To Staffs			7,518,315						
TOTAL			17,104,114						

Sector-wise CSR Expenses in FY: 2077/78

S No.	Sectors	Amount
1	Environment Protection	266,000
2	Cultural Heritage Protection	255,600
3	Health Awareness	8,080,572
4	Donation to NGOs (Orphanage)	225,000
5	Education	506,550
6	Financial Literacy	184,077
7	Other (Direct Donation)	68,000
8	Total Expenses on Staffs for Treatment, PCR Test, Sanitization etc for prevention of COVID 19	7,518,315
a	Treatment of Staff having COVID 19 infection	180,288
b	Expenses on PCR test, Sanitization, Masks, Visor etc for prevention of COVID 19	7,338,027
TOTAL		17,104,114



6



HIMALAYAN CSR ACTIVITIES

1. Free Health Camp by Nepal Medical Student's Society (NMMS) at Sindhupalchowk
2. Donation to New Children's Home, Bhadrakali, Hattigauda
3. Cheque handover to Kathmandu Valley Preservation Trust (KVPT), Lalitpur
4. Financial Support to cancer patient, Mr. Sangam Maharjan
5. BIPAP Machine handover to Kalaiya Hospital, Kalaiya, Bara
6. Financial Assistance to reconstruct General Ward, Gangalal Hospital, Bansbari
7. Android phones distribution through Fellowship Society Nepal to visually impaired students to attend online classes at Itahari, Sunsari

7



5





नेपाल राष्ट्र बैंक बैंक सपरिवेक्षण विभाग



दरबारमार्ग, काठमाडौं।

फोन नं : ४४१९, २०४, ३

फ्याक्स नं : ४४१०११९९

Site: www.nrb.org.np

Email: bsd@nrb.org.np

पोस्ट बक्स ७३

प.सं: बै.सु.वि./अफसाइट/एजिएम/०७/२०७७-७८

मिति : २०७८/०७/१६

हिमालयन बैंक लिमिटेड
कमलादी, काठमाडौं।

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

महाशय,

त्यस बैंकबाट पेश गरिएको वित्तीय विवरण तथा अन्य कागजातको आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (१) बमोजिम प्रस्तावित रु.२,२८,४३,२४,८९७- बोनस शेयर र रु.४९,३६,९९,३९९।- नगद लाभांश (लाभांश कर समेत) गरि जम्मा रु.२,७७,७९,४४,२९६।- (अक्षरेपि दुई अर्ब सतहत्तर करोड उनौसी लाख चौवालिस हजार दुई सय सोइ) वितरण गर्न स्वीकृति माग भएको सन्दर्भमा त्यस बैंकबाट आयकर ऐन लगायत अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गरी वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा त्यस बैंक र नेपाल इन्भेष्टमेन्ट बैंक लि. एक आपसमा गार्भिई एफिकृत कारोबार गर्ने मिति घोषणा भए पश्चातमात्र नगद लाभांश वितरण गर्न सकिने शर्तमा लाभांश वितरण गर्न स्वीकृतिका साथै आ.व. २०७७/७८ को वार्षिक हिसाब निम्न उल्लिखित निर्देशन सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

- यस बैंकबाट जारी गरिएको निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्र प्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पुँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पुँजीको बढीमा एक प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउन।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा (३) मा बैंकको चुक्ता पुँजीको दुई प्रतिशत वा सो भन्दा बढी शेयर धारण गरेका संस्थापकहरूले आफुले धारण गरेको शेयर बिक्री 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 शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रूपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित बोनस शेयर तथा नगद लाभांश वितरण रोक्का राख्ने व्यवस्था मिलाउन।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ९को उप दफा (१) तथा यस बैंकबाट जारी गरिएको बैंक/वित्तीय संस्था संस्थापना एवं वित्तीय कारोबार गर्ने इजाजतपत्र सम्बन्धी नीतिगत एवं प्रक्यागत व्यवस्था २०६३ मा भएको व्यवस्था बमोजिम यथाशिघ्र संस्थापक एवं सर्वसाधारण शेयरधनीहरूको शेयर अनुपात कायम गर्ने आवश्यक व्यवस्था मिलाउन।
- २०७७ असोज महिनामा औषत ब्याजदर अन्तर ४.४० प्रतिशतको सीमा कायम नभएको सन्दर्भमा उक्त बैंकको संचालक समितिले मिति २०७८/०६/२० मा प्रस्ताव गरेको ४.६२ प्रतिशत नगद लाभांश सार्वजनिक गरिसकेको अवस्था विद्यमान रहेको साथै उक्त बैंक र नेपाल इन्भेष्टमेन्ट बैंक लि. मर्जरको अन्तिम चरणमा रहेको विषयलाई मध्यनजर गरी उल्लेखित नगद लाभांशको वितरण गर्ने सन्दर्भमा त्यस बैंक र नेपाल इन्भेष्टमेन्ट बैंक लिमिटेड एक आपसमा गार्भिई एफिकृत कारोबार गर्ने मिति घोषणा भए पश्चातमात्र नगद लाभांश वितरण गर्न आवश्यक व्यवस्था मिलाउने।
- विदेशी शेयरधनीहरूलाई नगद लाभांश प्रदान गर्ने सिलसिलामा सो रकम विदेश पठाउँदा (Repatriation) सम्बन्धि प्रचलित कानूनी व्यवस्थाको पालना गर्ने।
- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू पूर्ण रूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने व्यवस्था मिलाउन।

भवदीय,

(मोहन पुडासेनी)
उप-निर्देशक

बोधार्थ तथा कार्यार्थ :

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग।
- नेपाल राष्ट्र बैंक, विदेशी विनिमय व्यवस्थापन विभाग।
- बैंक सपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई,।

बैंक व्यवस्थापनको स्पष्टिकरण

नेपाल राष्ट्र बैंकबाट यस बैंकको आ.व. २०७७/७८ को वार्षिक हिसाब साधारण सभामा स्वीकृतको लागि पेश गर्न सहमति प्रदान गर्ने सिलसिलामा जारी उपर्युक्त निर्देशनहरूको पालना गर्न आवश्यक व्यवस्था मिलाईएको छ। साथै 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।

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Website: www.himalayanbank.com, SWIFT: HIMANPKA

Province 1**Biratnagar Branch**Shanihat Mainroad, Biratnagar, Morang
Tel: 021-574944**Birtamod Branch**Sanischarya Road, Birtamod, Jhapa
Tel: 023-545611**Damak Branch**Highway, Damak, Jhapa
Tel: 023-585291**Dharan Branch**Putali Line, Sunsari
Tel: 025-578966**Hile Branch**Bhojpur Road, Hile, Dhankuta
Tel: 026-540628, 540629**Itahari Branch**Dharan Road, Itahari, Sunsari
Tel: 025-587041**Madi Branch**Okharbote-4, Sankhuwasabha
Tel: 029-424066**Province 2****Baragadi Branch**Khowpawa-3, Bara
Tel: 01-6201363**Bardibas Branch**Mohotari, Nepal
Tel: 044-550161, 550162**Birgunj Branch**Mahabir Road, Birgunj, Parsa
Tel: 051-527518**Janakpur Branch**Janakpurdham
Tel: 041-590240**Lahan Branch**Lahan, Siraha, Ward #1
Tel: 033-561684**Nijgadh Branch**Nijgadh, Bara, Ward #9
Tel: 053-540262, 540392**Parsauni Branch**Parsauni-5, Bara
Tel.: 053-620000**Subarna Branch**Kabahigoth-6, Bara
Tel: 01-6201366**Bagmati****Banepa Branch**Tindobato, Banepa, Kavrepalanchowk
Tel: 011-664734**Bahrabise Branch**Barhabise Bazar, Sindhupalchowk
Tel: 011-489290**Battispatali Branch**Battispatali, Kathmandu
Tel: 01-4484990**Card Centre**Kamaladi, Kathmandu, Tel: 01-4227749
Toll Free No.: 16-600-112-000**Global FI & Remittance Centre**Kamaladi, Kathmandu, Tel: 01-4227749,
4250354, Toll Free No.: 16-600-111-000**Betrawati Branch**Laharepauwa, Betrawati, Rasuwa
Tel: 010-412001**Bhaisepati Branch**Lalitpur, Ekantakuna Tikabhairab Road
01-5906306**Bhaktapur Branch**Sukuldhoka, Bhaktapur
Tel: 01-6617493**Bharatpur Branch**Pulchowk, Chitwan
Tel: 056-595616**Chabahil Branch**Chuchepati, Chabahil, Kathmandu
Tel: 01-5210044, 5210045**Charikot Branch**Charikot, Dolakha
Tel: 049-421869**Dhading Branch**Dhadingbesi, Dhading
Tel: 010-521111**Dillibazar Branch**Siddhibhawan, Charkhaladda, Ktm.
Tel: 01-4531658**Gaurishanker Branch**Gurumphi-6, Dolakha
Tel: 01-6201748**Hetauda Branch**Main Road, Hetauda, Makawanpur
Tel: 057-525877**Jhamsikhel Branch**Jhamsikhel, Kabir Satsang Mandir,
Lalitpur
Tel: 01-5453135**Kalanki Branch**Kalanki Chowk, Kathmandu
Tel: 01-5234762, 5235038**Kaushaltar Branch**Gatthaghar, Bhaktapur
Tel: 01-6639564**Khurkot Branch**Golanjor-7, Sindhuhi
Tel: 047-590098**Maharajgunj Branch**Maharajgunj, Kathmandu
Tel: 01-4425183**Myagang Branch**Deurali-3, Nuwakot
Tel: 01-6201463**New Baneshwor Branch**New Baneshwor Chowk, Kathmandu
Tel: 01-4795583**New Road Branch**Bishal Bazar Complex, Kathmandu
Tel: 01-5319978**Parsa Branch**Naya Road, Parsa, Chitwan
Tel.: 056-583628, 583431**Outside Country****Himalayan Bank Limited- Kuala Lumpur**Representative Office
2nd Floor, Wisma Maran, 28 Medan
Pasar
50050 Kuala Lumpur, Malaysia
Tel: +603 2022 3664**Patan Branch**Pulchowk, Lalitpur
Tel: 01-5010654, 5010584**Samakhushi Branch**Gangabu, Samakhushi, Kathmandu
Tel: 01-4954663**Satdobato Branch**Satdobato Chowk, Lalitpur
Tel: 01-5151945,**Shorakhutte Branch**Shorakhutte Chowk, Kathmandu
Tel: 01-4389035**Sukedhara Branch**Kathmandu 4, Sukedhara
Tel: 01-4015081, 4015082**Swoyambhu Branch**APF Welfare Plaza, Swoyambhu, Ktm.
Tel: 01-5247291, 5247179**Tandi Branch**Sauraha Chowk, Tandhi, Chitwan
Tel: 056-560750, 562800**Tarkeshwor Branch**Dansing, Nuwakot
Tel: 01-6201365**Teku Branch**Kathmandu Business Park, Kathmandu
Tel: 01-4104572, 4104687**Thamel Branch**Karmachari Sanchaya Kosh Building
Thamel, Kathmandu
Tel: 01-5970024**Trishuli Branch**Battar, Trishuli, Nuwakot
Tel: 010-561696**Gandaki****Baglung Branch**Jeep Park, Baglung
Tel: 068-522690**Gorkha Branch**Bus Park, Gorkha
Tel: 064-421520**Kawasoti Branch**Shabhapati Chowk-5, Nawalparasi
Tel: 078-541040/45**Pokhara Branch**New Road, Pokhara, Kaski
Tel: 061-538907, 540230**Ram Bazar Branch**Amarsingh Chowk, Pokhara, Kaski
Tel: 061-430301**Lumbini****Bhairahawa Branch**PrahariTole, Siddharthanagar,
Rupandehi
Tel: 071-576945, 575885**Butwal Branch**Traffic Chowk, Butwal, Rupandehi
Tel: 071-554016, 554017**Ghorahi Branch**New Road, Ghorahi, Dang
Tel: 082-562901**Kohalpur Branch**Kohalpur Municipality, ward #11
Kohalpur, Banke
Tel: 081-542146/ 48**Lamahi Branch**Lamahi Bus Park, Dang
Tel: 082-540842, 540843**Manigram Branch**Manigram Chowk 5, Rupandehi
Tel: 071-562422, 562433**Nepalgunj Branch**Dhamboji, Nepalgunj, Banke
Tel: 081-411290**Palpa Branch**Silkhan Tole, Tansen, Palpa
Tel: 075-522641, 520095**Raptisonari Branch**Samshergunj-8, Banke
Tel: 081-400091**Tulsipur**Dang, Kha Line
082-523545, 523546**Karnali****Kumakha Branch**Marmaparikada, Ragechaur-8, Salyan
Tel: 01-6201752**Salyan Branch**

Srinagar, Salyan, Tel: 088-400012

Surkhet BranchWard #3, Chinal Pul, Jumla Road
Birendranagar, Surkhet
Tel: 083-524101**Sudar Paschim****Attariya Branch**Attariya, Kailali
Tel: 091-590453, 590454**Chhededaha Branch**Dogadi Bazaar-5, Bajura
Tel: 01-6201754**Dhangadi Branch**Ratopool, Dhangadi, Kailali
Tel: 091-520202**Jagannath Branch**Bajura, Juddi
Tel: 9858477017**Lamki Branch**Tikapur road, Kailali
Tel: 091-540513**Swamikartik Branch**Bajura, Suijiula
Tel: 9858477016**Tikapur Branch**Jamara Pul 1, Kailalai
Tel: 091-560973, 560779**Extension Counter****TU Teaching Hospital Ext. Counter**TU Teaching Hospital
Tel: 01-4425183**Gangalal Ext. Counter**Shahid Gangalal National Heart Center
Bansbari, Tel: 01-4425183**Gaurighat Ext. Counter**Gaurighat, Pokhara
Kaski, Tel: 061-590612**Trishuli District Hospital Ext Counter**Trishuli District Hospital
Tel: 010-561696**Lumbini Medical College Ext Counter**Lumbini Medical College
Palpa, Tel: 075-522641

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