

▶ ANNUAL REPORT 2017-18

बार्षिक प्रतिवेदन २०१८/१९



HBL



हिमालयन बैंक लिमिटेड
Himalayan Bank Limited

(A Joint Venture with Habib Bank Limited - Pakistan)

ہیب اینڈ ہیبیٹ کے ساتھ جوڑا گیا ہے

पुस्तिकामा समाविष्ट सामग्रीहरू

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साधारण सभासम्बन्धी सामान्य जानकारी

- १) मिति २०७५ साल पौष १६ गते देखि २०७५ पौष ३० गते सम्म शेयर दाखिल खारेज बन्द रहने कुरा जानकारी गराइन्छ ।
- २) शेयरधनी महानुभावहरूलाई बैंकको शेयरधनी लगतमा कायम रहेको ठेगानामा वार्षिक प्रतिवेदन, प्रस्तावित प्रबन्धपत्र र नियमावली को संशोधन सहितको विवरण पठाइने छ ।
- ३) साधारण सभा हुनुभन्दा ४८ घण्टा अगावै प्रोक्सी फाराम बैंकको केन्द्रीय कार्यालय कमलादी समक्ष दर्ता गरिसक्नु पर्नेछ । मुकर्रर प्रतिनिधि बैंकको शेयरधनी हुनु अनिवार्य छ ।
- ४) सभामा भाग लिन र मतदान गर्न प्रतिनिधिपत्र (प्रोक्सी) दर्ता गरिसके पछि सोलाई बदर गरी अर्को प्रतिनिधिपत्र (प्रोक्सी) दिन चाहेमा सोको सूचना ४८ घण्टा अगावै बैंकको केन्द्रीय कार्यालय, कमलादीमा जानकारी दिनु पर्नेछ ।
- ५) संचालक पदमा उम्मेदवार हुनको लागि बैंकको नियमावलीको नियम १३ बमोजिम कम्तिमा १०० कित्ता शेयर लिएका शेयरधनीहरूले निर्वाचन हुने दिन भन्दा १५ दिन अगावै एकजना शेयरधनी प्रस्तावक र अर्को एकजना शेयरधनी समर्थक सहित आफ्नो उम्मेदवारी तोकिएको ढाँचाबमोजिम बैंकको केन्द्रीय कार्यालय, कमलादीमा दरखास्त दर्ता गर्नुपर्नेछ ।
- ६) छलफलको विषयमध्ये विविध शीर्षकअन्तर्गत छलफल गर्न इच्छुक शेयरधनीहरूले सभा हुनुभन्दा ७ दिन अगावै छलफलको विषय कम्पनी सचिवमार्फत संचालक समितिको अध्यक्षलाई लिखितरूपमा दिनुपर्छ ।
- ७) सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले सभा हुने दिन हितग्राही खाता खेलिएको (De-Mat) र शेयरधनी परिचयपत्र वा शेयरधनी परिचय नम्बर लेखिएको शेयर प्रमाणपत्र साथमा लिइ आउनुहुन अनुरोध छ ।
- ८) नावालक वा विक्षिप्त शेयरधनीको तर्फबाट बैंकको शेयर लगत किताबमा संरक्षकको रूपमा नाम दर्ता भएका व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि तोकन पाउनेछन् ।
- ९) एकै शेयरधनीले कुनै एक प्रतिनिधि मुकर्रर गरेकोमा सो बदर नगरी अर्को प्रतिनिधि मुकर्रर गरेमा जुन मुकर्ररित लिखत बैंकको केन्द्रीय कार्यालय कमलादीमा पहिले प्राप्त भई दर्ता हुन्छ सो मात्र मान्य हुनेछ ।
- १०) हाजिर पुस्तिका बिहान १०:०० बजे देखि खुल्ला रहने छ ।
- ११) सर्वसाधारण शेयरधनीको तर्फबाट प्रतिनिधित्व गर्ने संचालक पद १ (एक) को निर्वाचनको सम्बन्धी कार्यक्रमको निर्वाचन अधिकृतले छुट्टै सूचना प्रकाशित गरि जानकारी गराइने छ ।

शेयरधनी महानुभावहरूलाई जानकारी:

- (क) बैंकले आफ्ना शेयरधनीहरूलाई न्यूनतम मौज्दात रु. ५००/- (पाँच सय) मा शेयरधनी बचत खाता खोल्ने व्यवस्था गरेको छ । त्यसरी खाता खोल्ने शेयरधनीहरूको लाभाँश रकम उक्त खातामा जम्मा गरिनेछ ।
- (ख) आ.ब २०७३/७४ र सो भन्दा अगाडिको लाभाँश तथा बोनस शेयर नलिनु भएका शेयरधनीहरूले बैंकको कमलादी स्थित प्रधान कार्यालय, कानून तथा शेयर शाखाबाट लिनु हुन अनुरोध छ ।

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

आदरणीय शेयरधनी महानुभाव,

२०७५ साल पौष महिना ४ गते बसेको संचालक समितिको बैठक नं ३६५ को निर्णयानुसार यस बैंकको छव्वीसौं वार्षिक साधारण सभा निम्नलिखित मिति, समय र स्थानमा निम्नलिखित विषयहरुउपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कानूनबमोजिम त्यसको सूचना कारोबार दैनिकमा मिति २०७५ पौष ९ गते र अन्नपूर्ण दैनिकमा मिति २०७५ पौष १० गते प्रकाशित गर्दै सो सभासम्बन्धी कागजातहरु समाहित गरी यो पुस्तिका तपाईंलाई पठाएको छु।

छव्वीसौं वार्षिक साधारण सभा बस्ने मिति, समय र स्थान

- १) मिति : २०७५ साल पौष ३० गते सोमबार (तदनुसार १४ जनवरी २०१९)
- २) समय : बिहान ११:०० बजे
- ३) स्थान : कार्की व्याङ्क्वेट, माईतिघर, काठमाडौं।

छलफलका विषय-सूची

क) सामान्य प्रस्ताव

- १) छव्वीसौं वार्षिक साधारण सभाको लागि संचालक समितिको प्रतिवेदन,
- २) लेखापरीक्षकको प्रतिवेदन सहित २०७५ साल असार मसान्तको वासलात, सोही मितिमा समाप्त आ.व. २०७४/७५ को नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण छलफल गरी पारित गर्ने,
- ३) संचालक समितिले सिफारिश गरेबमोजिम नाफाको बाँडफाँट तथा चुक्ता पूँजीको १०.७८९५ (दश दसमलव सात आठ नौ पाँच) प्रतिशत नगद लाभांश दिने प्रस्ताव स्वीकृत गर्ने,
- ४) सर्वसाधारण शेयरधनीहरुको तर्फबाट संचालक समितिमा प्रतिनिधित्व गर्ने संचालक पद १ (एक) को निर्वाचन,
- ५) कम्पनी ऐन, २०६३ को दफा १११ अनुसार आर्थिक वर्ष २०७५/७६ का लागि लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक तोक्ने, (वर्तमान लेखापरीक्षक वि. आर. एस. न्यौपाने एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट्स पुनः नियुक्त हुन सक्नु हुनेछ)

ख) विशेष प्रस्ताव

- १) संचालक समितिले सिफारिश गरेबमोजिम बैंकको जारी र चुक्ता पूँजी बृद्धि गर्न चुक्ता पूँजीको ५ (पाँच) प्रतिशत बोनस शेयर जारी गर्ने सम्बन्धी विशेष प्रस्ताव स्वीकृत गर्ने।
- २) बैंकले आर्थिक वर्ष २०७४/७५ मा संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा आर्थिक सहायता प्रदान गर्दा कम्पनी ऐन २०६३ को दफा १०५ को उपदफा १ को खण्ड (ग) ले निर्धारण गरेको सिमा नाघेको हुँदा सो अन्तर्गत बैंकले विभिन्न संघ संस्थाहरुलाई प्रदान गरेको रकमहरु क्रमशः काठमाडौं भ्याली प्रिजर्भेसन ट्रष्टलाई रु. १,००,००,०००/-, प्रधानमन्त्री सहायता कोषमा रु. ११,११,१११/-, एचबिएल दायित्व फेलोसिपलाई रु. १०,०८,०००/-, स्पाइनल इन्जुरी संघलाई रु. ७,५०,०००/-, सहयोगी हात संस्थालाई रु. ५,००,०००/-, श्री माईती नेपाललाई रु. १२,००,०००/-, श्री सिद्धि मेमोरियल फाउन्डेसनलाई रु. १,९९,७८४/-, श्री सामुदायिक स्वास्थ्य परिषदलाई रु. १,६६,७८८/-, त्रिदेवि मन्दिरलाई रु. १,३५,९५०/-, श्री वाराक गण सल्लेरीलाई रु. १,२९,०२४/-, महानगरिय प्रहरी वृत जनसेवालाई रु. १,३५,४५०/-, नेपालगंज उप-महानगरपालिकालाई रु. १,५०,०००/-, एसिया फर एनिमललाई रु. १,००,०००/-, दृष्टि विहिन श्री इच्छा के. सी. लाई रु. ५०,०००/-, सुनाकोठी समाजलाई रु. ५०,०००/-, नेपालमा भएका अनाथ असहाय बाल सुधार संघलाई रु. ७५,०००/-, गोदावरी आलुम्नी एसोशियसनलाई रु. १,००,०००/- मात्र अनुमोदन गर्ने।
- ३) बैंकको प्रबन्ध पत्र र नियमावलीमा संशोधन गर्ने विशेष प्रस्ताव पारित गर्ने तथा प्रस्तावित संशोधनमा नेपाल राष्ट्र बैंक वा अन्य निकायले फेरबदल गरेमा आवश्यक समायोजन गर्न संचालक समितिलाई वा संचालक समितिले तोकेको पदाधिकारीलाई अधिकार दिने,

ग) विविध,

संचालक समितिको आज्ञाले



बिपिन हाडा
(कम्पनी सचिव)

हिमालयन बैंक लिमिटेडको प्रबन्धपत्र तथा नियमावलीमा संशोधन गर्नको लागि छब्वीसौं वार्षिक साधारण सभामा छलफलको लागि प्रस्तुत विशेष प्रस्ताव

प्रबन्धपत्र संशोधनको विशेष प्रस्तावः

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>दफा ४ (थ) बैंकको उद्देश्य प्राप्त गर्न गरिने कामहरुः ग्राहकका निम्ति कमिशन एजेण्ट भई शेयर, डिबेन्चर वा सुरक्षणको जिम्मा लिने, खरिद विक्री गरिदिने, शेयरको लाभांश, डिबेन्चर वा सुरक्षणको व्याज आदि उठाइ दिने र सोको लाभांश, मुनाफा वा व्याज सम्बन्धित ग्राहकलाई पठाउने । ग्राहक निम्ति शेयर लगानीका लागि आशवा सेवा प्रदान गर्ने । उपरोक्त कार्य गर्न बैंकले आफ्नो पूर्ण स्वामित्वमा सहायक मंचेन्ट बैकिङ्ग कम्पनी खोल्न सक्ने । साथै प्रचलित कानून र सम्बन्धित निकायको स्वीकृति लिई आफ्ना ग्राहकहरुको लागि मात्र बीमा अभिकर्ताको रुपमा कार्य गर्ने</p>	<p>दफा ४ (थ) बैंकको उद्देश्य प्राप्त गर्न गरिने कामहरुः ग्राहकका निम्ति कमिशन एजेण्ट भई शेयर, डिबेन्चर वा सुरक्षणको जिम्मा लिने, खरिद विक्री गरिदिने, शेयरको लाभांश, डिबेन्चर वा सुरक्षणको व्याज आदि उठाइ दिने र सोको लाभांश, मुनाफा वा व्याज सम्बन्धित ग्राहकलाई पठाउने । ग्राहक निम्ति शेयर लगानीका लागि आशवा सेवा प्रदान गर्ने । उपरोक्त कार्य गर्न बैंकले आफ्नो पूर्ण स्वामित्वमा सहायक मंचेन्ट बैकिङ्ग कम्पनी खोल्न सक्ने । साथै प्रचलित कानून र सम्बन्धित निकायको स्वीकृति लिई आफ्ना ग्राहकहरुको लागि मात्र बीमा अभिकर्ताको रुपमा कार्य गर्ने । शेयर दलाल (Broker) को समेत कार्य गर्ने र उक्त कार्य गर्न सहायक कम्पनी खोल्न सक्ने ।</p>	<p>व्यवसाय विस्तारको लागि आफ्नै सहायक कम्पनी खोल्ने प्रयोजनका लागि</p>
<p>दफा ५. बैंकको पूँजीको संरचनाः (ख) तत्काल जारी पूँजी रु. ८,११,४५,२९,३७५/- (अक्षरेपी आठ अर्ब एघार करोड पैतालिस लाख उनन्तिस हजार तीन सय पचहत्तर रुपैयाँ) हुनेछ । (ग) तत्काल चुक्ता पूँजी रु. ८,११,४५,२९,३७५/- (अक्षरेपी आठ अर्ब एघार करोड पैतालिस लाख उनन्तिस हजार तीन सय पचहत्तर रुपैयाँ) हुनेछ ।</p>	<p>(ख) तत्काल जारी पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठ सय चवालीस रुपैयाँ) हुनेछ । (ग) तत्काल चुक्ता पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठ सय चवालीस रुपैयाँ) हुनेछ ।</p>	<p>आ.ब २०७४/७५ को नाफाबाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा ।</p>

नियमावली संशोधनको विशेष प्रस्तावः

विद्यमान व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नु पर्ने कारण
<p>नियम ३.(ख) : बैंकको अधिकृत पूँजीको अंक र विभिन्न प्रकारको शेयर संख्याः (ख) तत्काल जारी पूँजी रु. ८,११,४५,२९,३७५/- (अक्षरेपी आठ अर्ब एघार करोड पैतालिस लाख उनन्तिस हजार तीन सय पचहत्तर रुपैयाँ) हुनेछ । (ग) तत्काल चुक्ता पूँजी रु. ८,११,४५,२९,३७५/- (अक्षरेपी आठ अर्ब एघार करोड पैतालिस लाख उनन्तिस हजार तीन सय पचहत्तर रुपैयाँ) हुनेछ ।</p>	<p>(ख) तत्काल जारी पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठ सय चवालीस रुपैयाँ) हुनेछ । (ग) तत्काल चुक्ता पूँजी रु. ८,५२,०२,५५,८४४/- (अक्षरेपी आठ अर्ब बाउन्न करोड दुई लाख पचपन्न हजार आठ सय चवालीस रुपैयाँ) हुनेछ ।</p>	<p>आ.ब २०७४/७५ को नाफाबाट बोनस शेयर जारी गर्दा बैंकको विद्यमान पूँजी संरचनामा हेरफेर हुने हुँदा ।</p>
<p>नियम ६.२ साधारण सभाको कार्यविधि (२) संचालक समितिका अध्यक्ष अनुपस्थित भएमा उपाध्यक्ष र निज पनि अनुपस्थित भएमा उपस्थित शेयरधनीहरुले आफु मध्येबाट छानिएको शेयरधनीले सभाको अध्यक्षता गर्नेछन् ।</p>	<p>(२) संचालक समितिका अध्यक्ष अनुपस्थित भएमा उपस्थित संचालकहरुले आफुमध्येबाट मनोनित संचालकले सभाको अध्यक्षता गर्नेछन् ।</p>	<p>कम्पनी ऐन २०६३ को दफा ७४ बमोजिम मिलाउन गर्न ।</p>
<p>नियम १०. संचालक समितिको बैठकः (४) संचालक समितिको बैठकको अध्यक्षता संचालक समितिका अध्यक्षले गर्नेछन् । अध्यक्षको अनुपस्थितिमा उपाध्यक्षले गर्नेछन् र उपाध्यक्ष पनि उपस्थित हुन नसकेमा बैठकमा उपस्थित संचालकहरुले आफु मध्येबाट छानेको संचालकले अध्यक्षता गर्नेछन् ।</p>	<p>(४) संचालक समितिको बैठकको अध्यक्षता संचालक समितिका अध्यक्षले गर्नेछन् । अध्यक्षको अनुपस्थितिमा संचालकहरुले आफु मध्येबाट बहुमतले छानेको संचालकले बैठकको अध्यक्षता गर्नेछन् ।</p>	<p>बैंक तथा वित्तिय संस्था सम्बन्धी ऐन,२०७३ को दफा २१ बमोजिम मिलाउन गर्न ।</p>

प्रोक्सी-फाराम

श्री संचालक समिति
हिमालयन बैंक लिमिटेड
कमलादी, काठमाडौं

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला म.न.पा./उ.न.पा./न.पा./गा.पा. वडा नं. बस्ने
म/हामी ले त्यस कम्पनीको शेयरधनीको हैसियतले २०७५ पौष ३० गते सोमबारका दिन हुने
छव्वीसौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान
गर्नका लागि जिल्ला म.न.पा./उ.न.पा./न.पा./गा.पा. वडा नं. बस्ने त्यस कम्पनीका
शेयरधनी श्री शेयर प्रमाणपत्र नं.
शेयरधनी परिचय/DMAT A/C नं. लाई मेरो/हाम्रो प्रतिनिधि मनोनीत गरी पठाएका छु/छौं ।

निवेदक

प्रोक्सी लिनेको दस्तखत:

दस्तखत:

नाम:

शेयर प्रमाण-पत्र नं.

शेयरधनी परिचय/DMAT A/C नं.

कि.नं. देखि सम्म

मिति:

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



प्रवेश-पत्र

शेयरधनीको नाम शेयर प्रमाण-पत्र नं.

शेयरधनी परिचय/DMAT A/C नं शेयर संख्या

शेयरधनीको सही

हिमालयन बैंक लिमिटेडको मिति २०७५ साल पौष ३० गते सोमबारका दिन हुने छव्वीसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

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

बिपिन हाडा
(कम्पनी सचिव)

छब्बीसौं वार्षिक साधारण सभाका लागि संचालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरु,

हिमालयन बैंक लिमिटेडको छब्बीसौं वार्षिक साधारण सभामा म र बैंक संचालक समितिको तर्फबाट यहाँहरुलाई हार्दिक स्वागत गर्दछु ।

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

आर्थिक वर्ष २०७४/७५ हिमालयन बैंकको लागि केही अपवाद बाहेक समग्ररूपमा राम्रो रहेको जानकारी गराउन चाहान्छु । बैंकले तुलनात्मक रूपमा सफलता प्राप्त गरेको छ । कर्जा प्रवाह, निक्षेप संकलन, विप्रेषणबाट भएको आय, कर्मचारीको विकास र सेवाको विस्तार उत्साहजनक हुँदा ती सबैको सकारात्मक असर बैंकको आयमा देखिएको छ । तथापि केही कर्जाहरुमा समस्या देखिँदा वर्षान्तमा आएर थप नोक्सानी व्यवस्था गर्नु परेको कारणको साथै विप्रेषणसँग सम्बन्धित लेना रकमको लागि समेत नोक्सानी व्यवस्था गर्नुपर्दा नाफामा असर पर्न गएको यथार्थ यहाँहरु समक्ष राख्न चाहन्छु । यी लगायत अन्य वर्गीकृत कर्जाहरुको असुलीको लागि अथक प्रयास जारी रहेकोले चालु आर्थिक वर्षको नाफामा सकारात्मक असर पर्ने आशा गरेका छौं ।

हाल, बैंकले देशभरमा ५७ शाखा र १११ ए.टी.एम. बाट ग्राहकलाई सेवा पुऱ्याई रहेको छ ।

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

यस सभामा २०७५ साल असार मसान्तको वासलात, आर्थिक वर्ष २०७४/७५ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट तथा अन्य विवरणहरु अनुमोदनका लागि प्रस्तुत गर्दछु ।

कारोबारको समीक्षा :

समीक्षा अवधिमा निक्षेप अधिल्लो वर्षको तुलनामा ७.३९ प्रतिशतले वृद्धि भई रु. ९९ अर्ब ७४ करोड ३० लाख पुगेको छ । कर्जा सापट ११.८६ प्रतिशतले बढ्न गई रु. ८६ अर्ब ८४ करोड ६६ लाख पुगेको छ ।

यसैगरी यो अवधिमा बैंकको कुल सम्पत्ति ७.७७ प्रतिशत र खुद सम्पत्ति १४.६९ प्रतिशतले बढ्न गई क्रमशः रु. १ खर्ब १६ अर्ब ४६ करोड २३ लाख र रु. १४ अर्ब १३ करोड ८९ 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. २ अर्ब ९८ करोड ८७ लाख संचालन मुनाफा आर्जन गर्न सफल भएको छ भने रु. १ अर्ब ८७ करोड ५६ लाख खुद मुनाफा आर्जन गरेको छ ।

चालू आर्थिक वर्षको पहिलो त्रयमाससम्मको बैंकको वित्तीय स्थिति निम्नानुसार छ ।

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७५ असार मसान्त	२०७५ असोज मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,१६,४६,२३	१,२३,६५,६७	६.१८
२.	निक्षेप	९९,७४,३०	१,०३,३८,८५	३.६५
३.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	८६,८४,६६	९४,७४,८९	९.१०

समीक्षा वर्षमा बैंकले नेपाल राष्ट्र बैंकको निर्देशनको परिधिभित्र रहि रु. २ करोड ०९ लाख ३६ हजार कर्जा अपलेखन गरेको छ भने विगत वर्षहरुमा अपलेखन भएका कर्जाबाट रु १ करोड ६३ लाख ७१ हजार असूली गर्न सफल भएको छ । अन्य निष्क्रिय कर्जाको असूलीको लागि समेत बैंक व्यवस्थापनले तदारुकताका साथ कोशिस गरिरहेकोले चालू आर्थिक वर्षको नाफामा सहयोग पुग्ने विश्वास दिलाउन चाहन्छौं ।

बैंकको वित्तीय स्थिति:

(रु. लाखमा)

क्र.सं.	शीर्षक	२०७३/७४ असार मसान्त	२०७४/७५ असार मसान्त	वृद्धि/(न्यून) प्रतिशत
१.	कुल सम्पत्ति	१,०८,०६,३३	१,१६,४६,२३	७.७७
२.	खुद सम्पत्ति	१२,३२,८१	१४,१३,८९	१४.६९
३.	निक्षेप	९२,८८,११	९९,७४,३०	७.३९
४.	कर्जा, अधिविकर्ष र खरिद तथा डिस्काउण्ट गरिएका बिलहरु	७७,६४,१०	८६,८४,६६	११.८६
५.	खुद ब्याज आम्दानी	३,९३,३३	४,३२,१८	९.८८
६.	अन्य आम्दानी	१,४१,७८	१,३०,८१	(७.७४)
७.	संचालन तथा कर्मचारी खर्च	२,२०,४७	२,१८,४८	(०.९०)
८.	संचालन मुनाफा	३,२६,३२	२,९८,८७	(८.४१)
९.	खुद मुनाफा	२,२८,१८	१,८७,५६	(१७.८०)

बैंकको आ.व. २०७३/७४ र समीक्षा वर्षको निक्षेप, कर्जा, आम्दानी र खर्चको संरचनात्मक तुलना गरिएको विवरण यस वार्षिक प्रतिवेदन पुस्तिकामा समावेश गरिएको छ ।

राष्ट्रिय तथा अन्तर्राष्ट्रिय आर्थिक क्रियाकलाप र त्यसबाट बैंकलाई परेको प्रभाव:

हालका वर्षहरूमा विश्व अर्थतन्त्र मन्द गतिमा वृद्धि भएको देखिन्छ। त्यसमा पनि प्रमुख विकसित राष्ट्रहरू जस्तै अमेरिकी, युरोपेली राष्ट्रहरू, चीन र भारत जस्ता देशको अर्थतन्त्रमा समेत मिश्रित रूपमा मात्र वृद्धि भएको देखिन्छ। समीक्षा वर्षमा देशमा राजनैतिक अस्थिरता र सक्रमणकाल समाप्त भएता पनि विभिन्न उतारचढाव हुनुका बाबजूद उत्साहजनक आर्थिक वृद्धि हुन सक्थे।

नेपाल राष्ट्र बैंकले प्रकाशित गरेको आर्थिक वर्ष २०७४/७५ को आर्थिक स्थितिअनुसार यस वर्ष देशको कुल गार्हस्थ्य उत्पादन वृद्धिदर आधारभूत मूल्यमा ६.३ प्रतिशत (अनुमानित) रहेको छ। अघिल्लो वर्ष यसको वृद्धिदर ७.९ प्रतिशत रहेको थियो। अनुकूल मौसमी वर्षा, उर्जा आपूर्तिमा भएको सुधार र आपूर्ति व्यवस्थामा सामान्यीकरण भएकोले पनि आर्थिक वृद्धिदर उच्च रहन गएको हो। उपभोक्ता वार्षिक औसत मुद्रास्फीति अघिल्लो वर्षको ४.५ प्रतिशतको तुलनामा समीक्षा वर्षमा ४.२ प्रतिशतमा सिमित रहेको छ। आ.व. २०६९/६२ पछि पहिलो पटक वार्षिक औसत उपभोक्ता मुद्रास्फीति यस तहमा घटेको छ।

आर्थिक वर्ष २०७४/७५ मा कुल वस्तु निर्यात ११.१ प्रतिशतले वृद्धि भई रु. ८१ अर्ब १९ करोड पुगेको छ। यसैगरी वस्तु आयात अघिल्लोवर्षको तुलनामा समीक्षा वर्षमा २५.५ प्रतिशतले बढेर रु. १,२४२ अर्ब ८३ करोड पुगेको छ। निर्यात भन्दा आयातमा उच्च वृद्धि भएकोले आर्थिक वर्ष २०७४/७५ मा कुल वस्तु व्यापार घाटा २६.७ प्रतिशतले विस्तार भई रु. १,१६१ अर्ब ६४ करोड पुगेको छ। अघिल्लो वर्ष रु. १० अर्ब १३ करोडले घाटामा रहेको चालू खाता घाटा समीक्षा वर्षमा उल्लेख्य विस्तार भई रु. २४५ अर्ब २२ करोड पुगेको छ। त्यसैगरी अघिल्लो वर्ष रु. ८२ अर्ब ११ करोडले बचतमा रहेको समग्र शोधनान्तर स्थिति समीक्षा वर्षमा गएर रु. ९६ करोडले बचतमा रहेको छ। यसैगरी विप्रेषण आप्रवाह पनि समीक्षा वर्षमा ८.६ प्रतिशतले मात्र वृद्धि भई रु. ७५५ अर्ब ६ करोड पुगेको छ। अघिल्लो वर्ष यसको वृद्धिदर ४.६ प्रतिशत मात्र थियो। २०७५ असार मसान्तमा कुल विदेशी विनिमय सञ्चित २०७४ असार मसान्तको तुलनामा २.१ प्रतिशतले वृद्धि भई रु. १,१०२ अर्ब ५९ करोड रहेको छ। आर्थिक वर्ष २०७४/७५ मा विस्तृत मुद्राप्रदाय १९.४ प्रतिशतले मात्र वृद्धि भएको छ। अघिल्लो वर्ष उक्त मुद्राप्रदाय १५.५ प्रतिशतले बढेको थियो।

आर्थिक वर्ष २०७४/७५ मा बैंक तथा वित्तीय संस्थाहरूको निक्षेप परिचालन १९.२ प्रतिशतले बढेको छ। अघिल्लो वर्ष निक्षेप परिचालन १४.० प्रतिशतले बढेको थियो। आर्थिक वर्ष २०७४/७५ मा वाणिज्य बैंकहरूको कर्जा तथा लगानी २२.५ प्रतिशतले बढेको छ। अघिल्लो वर्ष यस्तो कर्जा १८.२ प्रतिशतले बढेको थियो।

वर्तमान आर्थिक तथा बैंकिंग क्रियाकलाप:

मुलुकको अर्थव्यवस्था अझै पनि विप्रेषणमा निर्भर रहेको छ। तर हालका वर्षमा विप्रेषणको वृद्धि दर न्यून भएकोले आर्थिक स्थिरतामा आशंकाको बादल मडारिएको छ। बैंकिंग क्षेत्रमा गएको वर्ष देखि कर्जा योग्य तरलतामा देखिएको समस्या समीक्षा वर्षको अन्तिम महिनाहरूमा केहि सहज भएता पनि पुनः न्यूनताको स्थिति उत्पन्न भई लगानी योग्य पूँजीको कमीको स्थिती देखिएको छ। लगानी योग्य पूँजीको कमिको कारणले ब्याजदरमा उच्च वृद्धि भई समग्र आर्थिक वृद्धि दरमा असर पर्ने शंका उत्पन्न भएको छ। तसर्थ बैंकले विभिन्न योजना र सेवाहरू सार्वजनिक गरी लगानी योग्य पूँजी भित्र्याउने प्रयास गरेको छ।

नेपाल राष्ट्र बैंकको नीतिगत प्रयास र बढ्दो प्रतिस्पर्धाका कारण केही बैंक तथा वित्तीय संस्थाहरू गाभिने क्रम जारी रहेको छ। नेपाल राष्ट्र बैंकबाट इजाजत प्राप्त सबै बैंक तथा वित्तीय संस्थाहरूको संख्या लघुवित्त वित्तीय संस्था बाहेक २०७४ असार मसान्तमा रहेको ९६ बाट घटेर २०७५ असार मसान्तमा ८६ भएको छ।

आर्थिक वर्ष २०७४/२०७५ को कार्यक्रमको कार्यान्वयन स्थिति:

- निष्क्रिय कर्जा (NPA) १.४० प्रतिशतमा रहेको।
- विभिन्न स्थानमा नयाँ शाखाहरू स्थापना गर्ने लक्ष्य लिएकोमा आ.व. २०७४/७५ को असार मसान्त सम्ममा देशका विभिन्न १३ स्थानमा नयाँ शाखाहरू खोली कुल ५५ वटा शाखाहरू सञ्चालनमा ल्याइएको।
- विप्रेषण व्यवसायलाई एसियाली, अमेरिकी र युरोपेली बजारमा स्तरीय सेवाका साथ फैलाउँदै लगेको छ।

- शाखा तथा नाफा केन्द्रहरूको सेवा स्तर अभिवृद्धि गर्ने कार्य लागू गरिएको छ ।
- योजना अनुसार विभिन्न स्थानमा थप ए.टी.एम.हरु जडान गरि २०७५ असार मसान्त सम्ममा बैंकको कुल एटिएम संख्या १०५ 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 ५५० थान अतिरिक्त “पस टर्मिनल” थपिएको छ ।
- विभिन्न शाखाहरूको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने कार्यको शुरुवात गरिएको छ ।
- बैंकिङ सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक स्तरोन्नति गरिएको छ ।
- Bancassurance Unit को स्थापनाबाट जीवन तथा निर्जीवन विमा व्यवसायलाई व्यापक रुपमा विस्तार गरिएको छ ।

आर्थिक वर्ष २०७५/२०७६ को कार्यक्रम:

- शाखा विस्तार योजनाअनुरूप थप ६ नयाँ शाखा तथा विभिन्न स्थानमा एकस्टेन्सन काउण्टर स्थापना गर्ने ।
- निष्क्रिय कर्जा (NPA) लाई कम गर्ने ।
- अपलेखन गरिएका कर्जाहरूको असुली प्रक्रियालाई सक्रियतापूर्वक निरन्तरता दिने ।
- नयाँ कर्जा र निक्षेप सेवाहरु प्रचलनमा ल्याउने ।
- बचत खाता, ऋण सुविधालगायत अरु सेवा सुविधाहरूलाई ग्राहकको मागअनुसार आकर्षक बनाई प्रचलनमा ल्याउने ।
- विभिन्न स्थानमा थप २० एटिएम मेशिन जडान गरि बैंकको कुल एटिएम संख्या १२५ पुऱ्याउने ।
- डेबिट तथा क्रेडिट कार्डधारक ग्राहकवर्गलाई थप सुविधा प्रदान गर्न १५०० थान “पस टर्मिनल” विस्तार गर्ने ।
- बैंकको व्यवसाय विस्तारका लागि बैंकको लगानीमा HBL Merchante Banking Ltd. स्थापना गर्ने ।
- विभिन्न शाखाहरूको परिवेशलाई वातावरणीय मैत्री सुविधायुक्त बनाउँदै लैजाने ।
- बैंकिङ सफ्टवेयर टी २४ ब्राउजरलाई प्राविधिक तवरले अझ स्तरोन्नति गर्दै जाने ।

संस्थागत सामाजिक दायित्व :

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

बैंकले आर्थिक वर्ष २०७४/७५ मा संस्थागत सामाजिक उत्तरदायित्व वहन गर्ने क्रममा काठमाडौँ भ्याली प्रिजर्भेसन ट्रष्टलाई आफ्नो पच्चीसौँ वार्षिक उत्सवको उपलक्ष्यमा साँस्कृतिक सम्पदाहरूको जगेर्ना गर्ने उद्देश्यले महाभुकम्पबाट क्षति भएका पाटन दरबार परिसरमा रहेको मन्दिरहरु जिर्णोद्धारको लागि रु १,००,००,०००/- प्रदान गरेको, यसै गरि प्रकृतिक विपत्ति भोगेका नेपाली दाजुभाइ दिदिबहिनीको सहयोगार्थ बैंकले प्रधानमन्त्री सहायता कोषमा रु. ११,११,१११/- प्रदान गरेको, देशको आर्थिक नीति निर्माणमा रचनात्मक सहयोग पुऱ्याईरहेका ६ जना शोधकर्ताहरूलाई एचबिएल दायित्व फेलोसिप अन्तर्गत बैंकले रु. १०,०८,०००/- प्रदान गरेका, स्पाइनल इन्जुरी संघ नेपाललाई व्हिलचेयर खरिद गर्न र विरामीहरूको उपचारार्थ रु. ७,५०,०००/-प्रदान गरेको, सहयोगी हात संस्थालाई महिला सशक्तिकरणको लागि सहयोग गर्न रु. ५,००,०००/- प्रदान गरेको, महिला बेचबिखन विरुद्ध तथा बेचिएका चेलीहरूको उद्धार र पुऱ्यस्थापनाको लागि कार्यरत संस्था श्री माईती नेपाललाई रु. १२,००,०००/- प्रदान गरेको, श्री सिद्धि मेमोरियल फाउन्डेसन, भक्तपुर र श्री सामुदायिक स्वास्थ्य परिषद डल्लुलाई क्रमशः रु. १,९९,७८४/- र रु. १,६६,७८८/- बराबरको विरामी दर्ता किताब छपाई गरि प्रदान गरेको, त्रिदेवि मन्दिर संरक्षणको लागि रु. १,३५,९५०/- प्रदान गरेको, धनकुटा स्थित श्री बाराक गण सल्लेरीलाई सरसफाई, पानी छान्ने मेशिन लगायतका

समान किन्न रु. १,२९,०२४/- प्रदान गरेको, महानगरिय प्रहरी वृत जनसेवालाई सुचना मुलक डिजिटल बोर्ड राख्न रु. १,३५,४५०/- प्रदान गरेको, नेपालगंज उपमहानगरपालिकालाई सरसफाईको लागि रु. १,५०,०००/- प्रदान गरेको, जनावरको हितको लागि कार्यरत संस्था एसिया फर एनिमलले गरेको जनचेतना मुलक कार्यक्रमलाई प्रायोजन वापत रु. १,००,०००/- प्रदान गरेको, दृष्टि विहिन श्री इच्छा के. सी. लाई छात्रावृत्ति सम्बन्धि कार्यक्रममा भाग लिनको लागि रु. ५०,०००/- प्रदान गरेको, सुनाकोठी समाजलाई रु. ५०,०००/- प्रदान गरेको, नेपालमा भएका अनाथ असहाय बाल सुधार संघलाई रु. ७५,०००/- प्रदान गरेको, गोदावरी आलुम्नी एसोशियसनद्वारा कान्ति अस्पतालमा उपचाररत बालबालिकाहरुको लागि आयोजित कार्यक्रमको लागि रु. १,००,०००/- प्रदान गरेको सहर्ष जानकारी गराउन चाहन्छु ।

यी बाहेक बैंकले यस्तै तथा अन्य आवश्यक क्षेत्रमा सामाजिक उत्तरदायित्व अन्तर्गत रहि सहायताहरु प्रदान गरेका 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 संस्थापकहरुमध्ये हबिब बैंक लि. पाकिस्तानको तर्फबाट श्री अश्रफ एम. वाथ्राको ठाँउमा मिति जेष्ठ २२, २०७५ बाट श्री फ़ैजल एन ललानी संचालक नियुक्त हुनु भएको छ । त्यसैगरी कर्मचारी संचयकोषको तर्फबाट श्री जितेन्द्र धितालको ठाँउमा मिति जेष्ठ २२, २०७५ बाट श्री तुलसी प्रसाद गौतम संचालक नियुक्त हुनुभएको छ ।

त्यसैगरी कर्मचारी संचयकोषको तर्फबाट वैकल्पिक संचालकमा श्री श्रीराम शेखर अधिकारीको ठाँउमा मिति भाद्र १५, २०७४ बाट श्री विजय कुमार श्रेष्ठ नियुक्त हुनुभएको छ । आभा इन्टरनेसनलको तर्फबाट भिष्म चुडालको ठाँउमा मिति पौष ०६, २०७४ बाट श्री सुरेन्द्र बिक्रम थापा वैकल्पिक संचालक नियुक्त हुनु भएको छ । साथै श्री सुरेन्द्र बिक्रम थापाको ठाँउमा श्री भिष्म चुडाल मिति फाल्गुन ०३, २०७४ बाट पुनः वैकल्पिक संचालक नियुक्त हुनु भएको थियो । साथै श्री भिष्म चुडालको ठाँउमा श्री सुनिल बहादुर थापा मिति पौष ०३, २०७५ बाट वैकल्पिक संचालक नियुक्त हुनु भएको छ ।

बैंकको संस्थापक एन. ट्रेडिङको तर्फबाट प्रतिनिधित्व गर्नुहुने श्री मनोजबहादुर श्रेष्ठ अध्यक्ष पदमा, छाँया इन्टरनेसनलको तर्फबाट श्री प्रचण्डबहादुर श्रेष्ठ, आभा इन्टरनेसनलको तर्फबाट श्री सुशीलविक्रम थापा संचालक पदमा यथावत रहनुभएको छ । सर्वसाधारण शेयरधनीहरुको तर्फबाट निर्वाचित संचालक श्री सुरेन्द्र सिलवाल बैंकको संचालक समितिमा यथावत हुनुहुन्छ । व्यवसायिक विशेषज्ञको रुपमा श्री उपेन्द्र केशरी पौड्याल पूर्ववत् संचालक हुनुहुन्छ ।

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

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

नयाँ तथा पुनः नियुक्त संचालक तथा वैकल्पिक संचालकहरुलाई हार्दिक बधाई ज्ञापन गर्दै बैंकको प्रगति र उन्नतिमा उहाँहरुको योगदानको अपेक्षा गर्दछौ । साथै निवर्तमान संचालक श्री अश्रफ एम. वाथ्रा, संचालक श्री जितेन्द्र धिताल तथा वैकल्पिक संचालकहरु श्री श्रीराम शेखर अधिकारी र श्री सुरेन्द्र बिक्रम थापाले बैंकको हितमा गर्नुभएको कार्यका लागि उहाँहरुप्रति हार्दिक आभार व्यक्त गर्दछौ । यस अवसरमा बैंकको हितमा सदा कार्यरत रहन संचालक समिति आफ्नो प्रतिबद्धता व्यक्त गर्दछ ।

लेखापरीक्षण, वासलात र अन्य विवरण:

नियमक निकाय नेपाल राष्ट्र बैंकबाट जारी वाध्यात्मक निर्देशन अनुसार समीक्षा वर्षको वित्तिय विवरण Nepal Financial Reporting Standard (NFRS) अनुसार तयार पारिएको जानकारी गराउन चाहन्छु । नयाँ लेखा प्रणाली अनुशरण गर्दा आ.व. २०७२/२०७३ को वासलात तथा आ.व. २०७३/२०७४ को वासलात तथा नाफा नोक्सान हिसाबलाई NFRS अन्तर्गत क्रमशः Opening Balance Sheet तथा Comparative Financials को रुपमा प्रस्तुत गर्नु पर्ने भएको र यस क्रममा आएको फरक रकमहरुलाई नेपाल राष्ट्र बैंकको निर्देशन बमोजिम नै Regulatory Reserve मा जम्मा गरिएको छ ।

२०७५ असार मसान्तको वासलात, २०७४/७५ को नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँट हिसाब, नगदप्रवाह विवरण, सम्बन्धित अनुसूचीहरू र लेखापरीक्षकको प्रतिवेदन यसै प्रतिवेदनका अङ्गको रूपमा प्रस्तुत गरिएको छ। साथै कम्पनी ऐन २०६३ को परिच्छेद ७ दफा १०९ को उपदफा (४) बमोजिम प्रतिवेदनमा छुट्टै उल्लेख हुनुपर्ने कुराहरूलाई पनि समावेश गरिएको छ।

नाफा - नोक्सान बाँडफाँट:

आर्थिक वर्ष २०७४/७५ मा बैंकको खुद मुनाफा रु. १ अर्ब ८७ करोड ५६ लाख १० हजार रहेको छ भने Other Comprehensive Income समेतको गणना गर्दा बैंकको कुल आम्दानी १ अर्ब ८९ करोड ६१ लाख ६८ हजार रहेको छ। यसमध्ये अनिवार्य जगेडाकोषमा यस वर्षको खुद मुनाफाको २० प्रतिशतले हुन आउने रु. ३७ करोड ५१ लाख २२ हजार छुट्याइएको छ। साथै बैंकले जारी गरेको रु. ६० करोडको बण्डको लागि नाफाबाट यस वर्ष जम्मा ८ करोड ५७ लाख १४ हजार बण्ड फिर्ता जगेडाकोषमा सारिएको छ। यसका अतिरिक्त रु. १ करोड ८७ लाख ५६ हजार सामाजिक उत्तरदायित्व कोषमा र रु. २ करोड ३ लाख ७५ हजार कर्मचारी तालिम कोषमा नियमानुसार रकमान्तर गरिएको छ। विगत वर्षमा विभिन्न कोषमा रकमान्तर भएको मध्ये रु. ४ करोड ८६ लाख ६० हजार फिर्ता भई बाँडफाँटको लागि उपलब्ध भएको छ।

आर्थिक वर्ष २०७४/७५ को लागि शेयरधनी महानुभावहरूलाई चुक्ता पूँजीको ५ प्रतिशत बोनस शेयरका साथै १०.७८९५ प्रतिशत नगद लाभांश वितरण गर्ने प्रस्ताव गरेका छौं। यस अनुरूप बोनस शेयर र नगद लाभांशका लागि क्रमशः रु. ४० करोड ५७ लाख २६ हजार ४ सय ६९ र रु. ८७ करोड ५५ लाख १७ हजार १ सय ४७ मात्र उपयोग गरिनेछ। यस वर्षको प्रस्तावित बोनस शेयरको वितरण पछि बैंकको चुक्ता पूँजी रु. ८ अर्ब ५२ करोड २ लाख ५५ हजार ८ सय ४४ हुनेछ। बैंकले स्थापनाकालदेखि नै नियमितरूपमा आफ्ना शेयरधनीहरूलाई बोनस शेयर तथा लाभांशको आर्कषक मुनाफा दिने गरेकोमा यस वर्ष पनि केही अपठ्यारा परिस्थितिको बावजुद पनि सोलाई निरन्तरता दिन सकेकोमा हामी गौरवान्वित छौं।

धन्यवाद ज्ञापन:

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

धन्यवाद।

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(मनोजबहादुर श्रेष्ठ)

अध्यक्ष

कम्पनी ऐन २०६३ को दफा १०९ उपदफा ४ अनुसारको अतिरिक्त विवरण

१. जफत गरिएका शेयरहरूको विवरण :
बैंकले गतवर्ष कुनै पनि शेयर जफत गरेको छैन ।
२. सहायक कम्पनीहरूसँगको कारोबार :
बैंकका कुनै सहायक कम्पनीहरू छैनन् ।
३. आधारभूत शेयरधनीहरूबाट बैंकलाई उपलब्ध गराइएको जानकारी :
यस्तो कुनै जानकारी प्राप्त भएको छैन ।
४. समीक्षा वर्ष (२०७४/७५) मा बैंकका संचालक तथा पदाधिकारीहरूले खरिद गरेका शेयरहरू :
यस्तो कुनै कारोबार भएको बैंकको जानकारीमा आएको छैन ।
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 लेखापरिक्षण विभाग रहेको ।
च) लेखापरिक्षण समितिले आन्तरिक नियन्त्रण प्रणाली र लेखापरिक्षणबाट औल्याइएका प्रमुख कुराहरूको नियमित अनुगमन गर्ने परिपाटी बसालिएको ।
८. समीक्षा वर्षमा भएको कुल व्यवस्थापन खर्च : रु.
कर्मचारी खर्च - १,०४,५७,३०,१९९*
अन्य संचालन खर्च - ६९,४२,७०,७५८
ऋास कट्टी र परिशोधन खर्च- १६,८२,७६,१७७
कुल व्यवस्थापन खर्च - १,९०,८२,७७,१३४

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

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

लेखापरिक्षण समिति:

श्री सुशीलविक्रम थापा

संयोजक

श्री सुरेन्द्र सिल्वाल

सदस्य

श्री रमेश कुमार धिताल (Team Leader - SAR Associates Pvt. Ltd.)

सदस्य-सचिव

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

आर्थिक वर्ष २०७४/७५ मा १६ पटक समितिको बैठक बस्यो, जसमा:

- आन्तरिक लेखापरिक्षणको प्रतिवेदनको समीक्षा गरी सुधारका लागि व्यवस्थापनलाई आवश्यक निर्देशन दिइयो।
- निरीक्षण प्रतिवेदनहरूको समीक्षा गरी व्यवस्थापनलाई आवश्यक सुझाव दिइयो।
- बैंकको वार्षिक हिसाब, बाह्य लेखापरिक्षकको प्रारम्भिक प्रतिवेदन र केन्द्रिय बैंकको निरीक्षण प्रतिवेदन समीक्षा गर्नुका साथै यस सम्बन्धमा संचालक समितिको अनुमोदनका लागि आवश्यक कुराहरूको प्रतिपादन गर्न व्यवस्थापनलाई निर्देशन दिइयो।
- आन्तरिक नियन्त्रण व्यवस्था तथा प्रक्रियामा सुधार गर्न र आवश्यकतानुसार नीतिनिर्देशिका तथा प्रक्रियाहरूमा सुधारका उपायहरू अपनाउन व्यवस्थापनलाई निर्देशन तथा सुझावहरू दिइयो।

१०. संचालक, व्यवस्थापकीय निर्देशक, आधारभूत शेयरधनी र निजका नजिकका नातेदार तथा संलग्न फर्म, कम्पनी आदिबाट बैंकलाई प्राप्त हुनु पर्ने रकम :

छैन।

११. समीक्षा वर्षमा संचालक, व्यवस्थापकीय निर्देशक, प्रमुख कार्यकारी अधिकृत र अन्य पदाधिकारीहरूलाई दिइएको पारिश्रमिक, भत्ता तथा सुविधाहरू:

(रुपैयाँ)

क्र.सं.	शीर्षक	संचालक	प्रमुख कार्यकारी अधिकृत	व्यवस्थापक
१.	बैठक भत्ता	१३,९४,०००	—	—
२.	तलब	—	७६,९४,२१९	११,५३,६९,३५४
३.	भत्ता	—	६८,०४,४११	८,५९,२७,१६४
४.	संचयकोष योगदान	—	—	१,००,३०,६११
५.	टेलिफोन/मोबाइल	१,९५,६८४	४,२०,९१५	१,५३,६२,७७३
६.	विविध	२४,९२,२१६	६,५७,४५८	२,८५,३३,६३४
		४०,८९,९००	१,५५,७७,००३	२५,५२,२३,५३६
७.	गाडी	छैन	*छ	छ
८.	आवास सुविधा	छैन	छैन	**छैन
९.	विमा	छ	छ	छ
	जम्मा संख्या	११	१	९७

टिप्पणी:

१. *प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक, सहायक महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई इन्धन र मर्मतसंभार सहित सवारी साधनको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत, महाप्रबन्धक, नायब महाप्रबन्धक र विदेशी कर्मचारी (वरिष्ठ महाप्रबन्धक) लाई चालक समेत व्यवस्था गरिएको छ। व्यवस्थापकहरुलाई नियमानुसार सवारी सुविधा (OYVS Scheme) र इन्धनको व्यवस्था गरिएको छ।
२. **विदेशी कर्मचारी तथा उपत्यका बाहिरका शाखा प्रमुखको हकमा सुविधायुक्त आवासको व्यवस्था बैंकले नै गरेको छ।
३. क) संचालकहरुका लागि रु. २ लाखको औषोधोपचार विमा र रु. ३० लाखको दुर्घटना विमा गरिएको छ।
ख) बैंकका सबै प्रबन्धकहरुलाई बैंकको कर्मचारी विनियमावली अनुसार दुर्घटना विमा, औषोधोपचार विमा र जीवन विमाको व्यवस्था गरिएको छ। प्रमुख कार्यकारी अधिकृत तथा विदेशी कर्मचारीको करार बमोजिम दुर्घटना विमा र औषोधोपचार विमा गरिएको छ।
४. प्रमुख कार्यकारी अधिकृतको फोनको भुक्तानी बैंकले गर्ने व्यवस्था गरिएको छ। वरिष्ठ महाप्रबन्धक र महाप्रबन्धकको हकमा नियमानुसार प्रति महिना बढीमा रु. १२,०००/- र रु. ८,०००/- सम्मको सोधभर्ना बैंकबाट हुने व्यवस्था गरिएको छ।
५. प्रमुख कार्यकारी अधिकृत, महाप्रबन्धकको हकमा खानेपानी तथा बिजुलीको महशुल बैंकबाट स्वीकृत सीमामा रही सोधभर्ना दिने व्यवस्था गरिएको छ।
६. प्रमुख कार्यकारी अधिकृत र व्यवस्थापकहरुलाई बोनस ऐन २०३० अनुसार कर्मचारी बोनस प्रदान गरिन्छ। विदेशी कर्मचारीको हकमा वरिष्ठ महाप्रबन्धकलाई समीक्षा वर्षमा करार अन्तर्गत प्रोत्साहन बोनसस्वरूप १२ हजार अमेरिकी डलर (कर पछि) दिइएको छ।
१२. वितरण गर्न बाँकी लाभांश
२०७५ असार मसान्तमा रु. ३ करोड १९ लाख ८० हजार ७ सय ५५।
१३. प्रचलित ऐन कानून अनुसार वार्षिक प्रतिवेदनमा उल्लेख गरिनुपर्ने अन्य विवरण:
छैन।
१४. विविध सम्बन्धित विषयहरु:
छैन।

द. मनोजबहादुर श्रेष्ठ
अध्यक्ष

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची - १५

(नियम २६ को उपनियम (२) सँग सम्बन्धित)

१. संचालक समितिको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
२. लेखापरीक्षकको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
३. लेखापरीक्षण भएको वित्तीय विवरण : यसै वार्षिक प्रतिवेदनमा छुट्टै संलग्न ।
४. कानुनी कारवाही सम्बन्धी विवरण
 - (क) समीक्षा अवधिमा संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए:
समीक्षा अवधिमा बैंक सञ्चालनमा असर पार्ने प्रकृतिको कुनै पनि मुद्दा दायर नभएको । यद्यपि बैंकले जारी गरेको परफरमेन्स बण्ड ग्यारेन्टी सम्बन्धी मुद्दा हाल पनि सम्मानित काठमाडौं जिल्ला अदालत तथा मित्र राष्ट्र चीनको अदालतमा विचाराधिन रहेको छ । उक्त ग्यारेन्टीको दावी रकम हिताधिकारीलाई भुक्तानी गरिसकेको छ ।
 - (ख) संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए:
समीक्षा अवधिमा उल्लेखित प्रकृतिका कुनै मुद्दा रहे/भएको जानकारी बैंकलाई प्राप्त नभएको ।
 - (ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए:
उल्लेखित प्रकृतिका कुनै मुद्दा दायर भएको जानकारी बैंकलाई प्राप्त नभएको ।
५. संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण
 - (क) धितोपत्र बजारमा भएको संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:
संस्थाको शेयरको कारोबार लगानीकर्ताको संस्थाप्रतिको विश्वास तथा प्रतिफलको विश्लेषणको आधारमा हुने गरेको र बैंकको शेयरमूल्यमा उल्लेख्य उतारचढाव नदेखिएको र पूँजी बजारमा शेयरको कारोबार सन्तोषजनक रहेको ।
 - (ख) गतवर्षको प्रत्येक त्रैमासिक अवधिमा संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संस्था र कारोबार दिन :

त्रैमास (महिना)	शेयरको अधिकतम मूल्य रु.	शेयरको न्यूनतम मूल्य रु.	शेयरको अन्तिम मूल्य रु.	कुल कारोबार शेयर संख्या	कुल कारोबार दिन
प्रथम त्रैमासिक - (आश्विन मसान्त २०७४)	९३२	८२०	८९३	१,८६,१८७	५६
दोश्रो त्रैमासिक - (पौष मसान्त २०७४)	९००	५९०	६६०	१,९७,२८५	५७
तेस्रो त्रैमासिक - (चैत्र मसान्त २०७४)	६८१	५६०	६१०	१,९१,६१८	५५
चौथो त्रैमासिक - (आषाढ मसान्त २०७५)	६८२	५३५	५५१	१,२१,५२३	६२

६. समस्या तथा चुनौती

बैंकले निम्न उल्लेखित राष्ट्रिय तथा अन्तर्राष्ट्रिय अवरोधहरूलाई समस्या तथा चुनौतीका रूपमा लिएको छ

- व्यापार क्षेत्रको पर्याप्त विस्तार हुन नसक्नाले सम्पत्ति तथा दायित्व लक्षित जोखिम बढेको ।
- वित्तीय संस्थाहरूको अझै पनि उल्लेख्य संख्या तथा तिब्र प्रतिस्पर्धा रहेको ।
- मुद्रा स्थितिमा वृद्धि ।
- आवश्यक आधारभूत संरचनाहरू जस्तै: सडकमार्ग, संचार तथा उर्जा आदिको अभाव ।
- नीतिगत अनिश्चितता र फलस्वरूप लगानीमा देखिएको असर ।
- बजारमा देखिएको तरलता समस्याले लागतमा वृद्धि हुनु ।
- उद्योगहरूलाई Loanable Fund को कमिले सृजना गरेको अवरोध ।

७. संस्थागत सुशासन

(क) बैंक सञ्चालक समिति,

संचालक समिति अन्तर्गतको जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति र सम्पत्ति शुद्धिकरण निवारण समिति तथा व्यवस्थापन स्तरका कर्जा व्यवस्थापन समिति र सम्पत्ति- दायित्व व्यवस्थापन समितिहरूले बैंकको कार्यसञ्चालन लगायतका लागि नीति निर्माण प्रकृत्यामा कृयाशील भूमिका खेल्दछन् ।

(ख) आन्तरिक नियन्त्रण प्रणाली

आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न छुट्टै स्वतन्त्र आन्तरिक लेखा परीक्षण विभाग स्थापना गरिएको छ । यस विभागले नियमित रूपमा विभिन्न शाखा तथा विभागको लेखापरीक्षण गरी प्रतिवेदनमा दिइएका सुझावहरू समीक्षा गर्न तथा कार्यान्वयन गराउन लेखापरीक्षण समितिका बैठकहरू नियमित रूपमा बस्ने गरेको छ ।

(ग) आन्तरिक नीति, नियम तथा निर्देशिकाहरू:

बैंक संचालनको लागि तथा यस सिलसिलामा उत्पन्न हुनसक्ने जोखिमहरू कम गर्न बैंकले सुदृढ सञ्चालन प्रणाली लागू गरेको छ । बैंकका सम्पूर्ण कृयाकलापहरूलाई निर्देशित गर्न आवश्यक नीति तथा कार्यप्रणालीको व्यवस्था गरिएको छ । नियामक तथा अन्य कानूनी प्रावधानहरूको अनुपालनाको सुपरिवेक्षणको लागि समेत आवश्यक व्यवस्था गरिएको छ ।



HBL's History

Established as a joint venture of Habib Bank Limited of Pakistan in 1993, Himalayan Bank Limited (HBL) has been in the forefront of the Nepal's banking industry since its inception. Starting banking services from the Employees Provident Fund Building at Thamel, Kathmandu, HBL currently has countrywide network of 57 branches and 111 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.

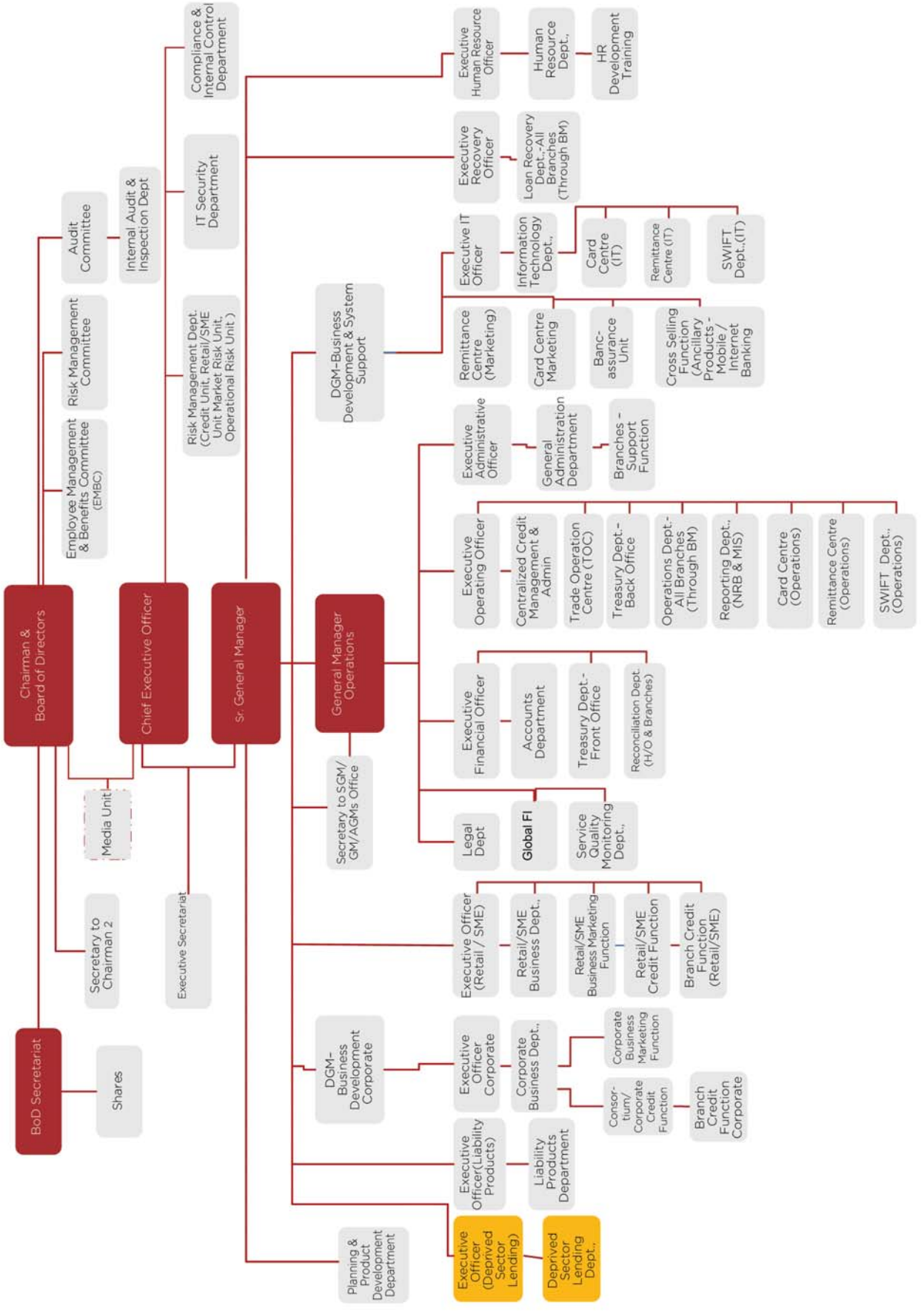
Our Mission

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.

ORGANIZATIONAL CHART



Chairman's Statement

Political and structural transitions are difficult, but necessary resets. We should be proud of our historical political achievements. We must be persistent and patient as these reforms will take time to materialize and will have to be achieved in the face of mounting volatility and growing criticisms. The implementation of federalism poses considerable challenges, but it also offers many transformational opportunities.

Fiscal year 2017/2018 has been a challenging year for the banking industry. The liquidity crunch leading to scarcity of loanable fund was pervasive across the banking industry and persisted throughout the year. Reduced remittance inflows, slower-than-expected government spending and increased demand for credit due to economic growth all helped exacerbate the situation. Even in this difficult environment, I am encouraged that management took the right tactical steps to position bank to achieve its operational profit in line with budget.

Additionally, the Bank faced unexpected headwinds in remittance receivables, but suitable action has been taken to ensure recovery of such receivables in the coming fiscal year. The fact that the bank is able to withstand such challenging trading conditions is testament to the strong franchise we have built over the last twenty-five years through dedicated service to our customers and the larger economy in which we operate. The board remains committed to strengthening the governance of the bank and ensuring the delivery of high-quality products and services to all our customers.

Despite the challenges facing our country, our economy is expected to grow at over six percent, inflation has been contained and we welcomed a record number of tourists. Remittance income is also showing signs of stability and growth. As always, we remain optimists and believe that the future of our bank is closely aligned with the future of our country.

I would like to thank the Board, our management team and staff for their dedicated service. It is an extraordinary privilege and responsibility to serve as your Chairman.

Mr. Manoj Bahadur Shrestha
Chairman

CEO's Statement

I am pleased to share that the Bank has completed 25 years of service excellence during the fiscal year 2017-18. The journey remained outstanding in terms of the Bank's performance and portfolio diversity. During the review period, overall performance of the Bank remained robust thereby maintaining a healthy financial position. In spite of some adverse circumstances towards the year-end leading to additional loan loss provisioning and provision for remittance receivable, the Bank has stood strong in the financial market of the country.

Upon fulfilling the minimum capital requirement within the deadline as instructed by the Regulatory Body, we have focused in diversifying the business by extending our network to remote parts of the country as well. Our focus also remained in introducing new schemes for our depositors as well as creditors. Thus, the Bank has been able to achieve a deposit portfolio of close to Rs. 100 Billion by the year end. Like in the past years, our focus also remained on promoting Retail & SME lending. Similarly, we have invested a lot in strengthening our IT Security to mitigate possible mishaps.

We are also proud that we are among the major remittance service providers in the country. The remittance business is growing day by day with exploration of new avenues of business in the Korean Peninsula, Japan and other countries. We have also tied up with Ripple and expect to start our services through them very soon.

One of our priorities has always remained technological innovations and shifting of traditional banking habits to modern day banking by adapting to the changing business world. Thus, being a service oriented Bank, we focused on giving modern banking services to customers at all times by introducing various facilities on cards, Internet Banking, Mobile Banking, Bancassurance etc and so on.

With the proper guidance of the Board of Directors, we were able to continue the legacy of solidifying the base of the Bank. I would like to express my gratitude to the BOD, shareholders, our well-wishers, regulator Nepal Rastra Bank and other government agencies for their invaluable support. Last but not the least, I would like to thank the entire HBL Family for their sterling cooperation and dedication towards uplifting the image of the Bank. Without their help, HBL would not have stood rock-solid over the period.

Mr. Ashoke SJB Rana

Chief Executive Officer

Board of Directors



Manoj Bahadur Shrestha

Chairman

Nominated from N. Trading Company Pvt. Ltd.



Faisal N Lalani

Director

Nominated from Habib Bank Ltd.



Prachanda Bahadur Shrestha

Director

Nominated from Chhaya International Pvt. Ltd.

Ranjana Shrestha

Alternate Director

Menuka Shrestha

Alternate Director



Tulasi Prasad Gautam

Director

Nominated from Karmachari Sanchaya Kosh



Sushil Bickram Thapa

Director

Nominated from Ava International Pvt. Ltd.



Surendra Silwal

Director

Elected from General Public Shareholders

Bijay Kumar Shrestha

Alternate Director

Sunil Bahadur Thapa

Alternate Director



Upendra Keshari Paudyal

Independent Director



Himalaya SJB Rana

Chief Advisor (Board of Directors)

Senior Management Team



Ashoke SJB Rana
Chief Executive Officer



Ejaz Qadeer Gill
Senior General Manager



Sushiel Joshi
General Manager



Anup Maskay
Deputy General Manager



Ujjal Raj Rajbhandary
Deputy General Manager



Rabindra Narayan Pradhan
Assistant General Manager



Maheshwor Prasad Joshi
Assistant General Manager



Bipin Hada
Assistant General Manager



Bijay Man Nakarmi
Chief Manager



Mrigendra Pradhan
Chief Manager



Naveen Poudyal
Chief Manager



Satish Raj Joshi
Chief Manager



Sunil P Gorkhali
Chief Manager

Report of the Board of Directors To the Twenty-Sixth Annual General Meeting of Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we cordially welcome all the shareholders to Twenty-Sixth Annual General Meeting of Himalayan Bank Limited.

The bank has been continuously serving its valued customer for the last 26 years. I feel proud that the Bank has been able to establish itself as one of the most secure and reliable banks among the financial institutions of the Country.

I am pleased to inform you that Himalayan Bank has performed comparatively well during FY 2017/18 with few exceptions. Credit disbursement, deposit solicitation, earnings related to remittance and expansion of services were quite encouraging. The profitability of the Bank was affected by additional loan loss provisioning required to be made at the end of the year due to degradation of some loan accounts along with provision made for remittance receivable. However, we are hopeful that the profitability would be increased in the current fiscal year since the Bank Management is working to recover/regularise those classified loans and remittance receivable.

Presently, the Bank is providing services to its customers from 57 branches and 111 ATM throughout the country.

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

We would like to present the Statement of Financial Position as on July 16, 2018, the Statements of Profit & Loss and Comprehensive Income for the fiscal year 2017/18, the Statement of Changes in Equity, Statement of Cash Flows and related schedules and notes for approval of the meeting.

Review of the Bank's Operations

During the review period, the Bank's total deposit reached Rs. 99.74 billion, an increase of 7.39 percent compared to previous year. Similarly, the loans and advances reached to Rs. 86.85 billion during the review period, an increment of 11.86 percent compared to previous year.

The net assets of the Bank increased by 14.69%, reaching Rs. 14.14 billion, during the review period, while the total assets increased by 7.77% reaching to Rs. 116.46 billion.

Complying with requirements of the regulatory bodies namely, Nepal Rastra Bank and Institute of Chartered Accountants of Nepal, the Bank was able to post an operating profit of NPR 2.99 billion during the fiscal year after provision for impairment, with net profit at NPR 1.88 billion.

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

(In Rs. Millions)

S.N.	Particulars	As on July 16, 2018	As on Oct 17, 2018	Increase (Decrease) %
1	Gross Assets	116,462	123,657	6.18
2	Deposits	99,743	103,389	3.65
3	Loans, Overdrafts and Bills Purchased and Discounted	86,847	94,749	9.10

During the review period, the Bank wrote off loans to the tune of Rs. 20.936 million whereas the Bank was able to recover Rs 16.371 million from the loans written off in earlier years.

The Bank Management has been working for recovery of 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 coming fiscal year.

Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2016/17 and 2017/18 are presented below:

(In Rs. Millions)

S.N.	Particulars	2016/2017 As on July 15	2017/2018 As on July 15	Increase (Decrease) %
	Total Assets	108,063	1,16,462	7.77
	Net Assets	12,328	14,139	14.69
	Deposits	92,881	99,743	7.39
	Loans, Overdrafts and Bills Purchased and Discounted	77,641	86,847	11.86
	Net Interest Income	3,933	4,322	9.88
	Other Income	1,418	1,308	(7.74)
	Operating and Staff Expenses	2,205	2,185	(0.90)
	Operating Profit	3,263	2,989	(8.41)
	Net Profit	2,282	1,876	(17.80)

The comparative status of deposit, credit, income and expenditure of the Bank during the fiscal year 2016-17 and the year under review is presented in separate annexes in the report.

National and International Events and their Impact on the Bank

In recent years, the world economy continued to grow sluggishly. Most of the developed countries having dominance over world economy, particularly the United States of America, European countries, China and India, are finding it difficult to attain encouraging growth thereby the economic growth of the world, as a whole, has remained lethargic.

However, Nepal has attained encouraging growth during the review period after the dust of political uncertainty and the country's transition period has settled down.

Nepal Rastra Bank has anticipated the GDP growth rate of 6.3% on the base price during 2017/18, whilst the GDP growth rate in the previous year was 7.9%. Favorable monsoon rain, improvement in energy supply and simplification on supply chain has contributed to this highest economic growth. Consumer's average inflation rate remained at 4.2% during the review period in comparison to last year's 4.5%. The consumer's average inflation rate has decreased to this level for the first time since the FY: 2004/05.

Total exports during the FY: 2017/18 have increased by 11.1% to Rs. 81.19 billion. Similarly, the import was increased by 25.5% to Rs. 1,242.83 billion in the review period in comparison to last FY. Higher growth in import in comparison to export, during the review period, had led to increase in trade deficit by 26.7% to Rs. 1161.64 billion. Similarly, deficit in current account has increased to Rs. 245.22 billion from previous year's Rs. 10.13 billion. Likewise, the surplus in BOP of Rs. 82.11 billion during the previous FY has recorded surplus to Rs. 960 million only in the review period. Additionally, inflow of remittance had recorded growth of 8.6% only to Rs. 755.06 billion in the review period. In the corresponding previous year, the remittance growth rate was only 4.60%. At the end of fiscal year 2017/18, the gross foreign exchange reserves have increased by 2.1% to Rs. 1102.59 billion compared to fiscal year end 2016/17. The broad money supply during the review period increased by 19.4% as compared to last year's increment of 15.5%.

During the year under review, the total deposit in the banking sector increased by 19.2% compared to 14.00% in the previous year. Similarly, the total loans and advances had increased by 22.50% in FY 2017/18 compared to 18.2% in the previous year.

Current Financial and Banking Environment

The economy of the country is still dependent on remittance. But slow growth rate in the remittance inflow, in recent years, has created doubts about economic stability. Like in the previous years, the banking industry witnessed loanable fund crunch during the review period too. Despite being subsided in the later months of the review period, lack of loanable fund has again recurred in the banking industries. Moreover, pursuant to the situation, there is still a doubt that higher interest rate may hinder the economic growth. Thus, bank has introduced various schemes to attract deposit.

Due to the policy of Nepal Rastra Bank and high competition among banking industries, many financial institutions are in process of merger. Thus, the number of registered financial institutions excluding micro-finances as of FY 2016/2017 was 96 and it was reduced to 86 as of FY 2017/2018.

Implementation Status of the Strategy and Program of the Bank for the FY 2017/2018

1. Non Performing Loan limited to 1.40 percent as of fiscal year end.
2. As per the branch expansion plan, HBL has opened 13 branches in various parts of the country to reach the total of 55 branches by the fiscal year end 2017/18.
3. Necessary arrangement has been done to extend remittance business to various Asian, European and US market.
4. Different plans and policies have been adopted to improve the service standard of branches and profit center.
5. The total number of ATMs reached to 105 with addition of new ATMs in various locations as per the plan by the fiscal year end 2017/18.
6. Deposit product, loan product and other banking facilities were made more attractive as per the demand of the general public.
7. Continuity has been given to the recovery of written-off loans in an active manner.
8. Additional 550 POS terminals have been installed for the convenience of the debit and credit card holders.
9. Continuous effort being made to renovate and expand various branches to make the ambience of branches pleasing and environment- friendly.
10. T24 banking software browser has been upgraded.
11. Life and non-life insurance business of the bank was broadly extended and promoted through branches after the establishment of Bancassurance Unit.

Strategies and Programs for FY 2018/2019

1. To establish 6 new branches and additional extension counters within and outside the valley as per branch expansion plan.
2. To lower the NPA.
3. To give continuity to recovery of written-off loans in an active manner.
4. To introduce new deposits, credit products and innovative banking services.
5. Deposit product, loan product and other banking facilities shall be made more attractive as per the demand of the general public.
6. To set up 20 additional ATMs at various places as well as newly set up branches to total the number to 125.
7. To install additional 1500 POS machines so as to facilitate debit/credit card holders.
8. To bring into operation HBL Merchant Bank so as to broaden the bank's business.
9. To renovate and expand various branches to make the ambience of branches pleasant and environment- friendly.
10. To upgrade and fine-tune CBS system T24 technically as per requirement for better performance.

Corporate Social Responsibility (CSR)

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

During review period, under the CSR initiative, the Bank has given financial assistance of Rs. 10,000,000/- to Kathmandu Valley Preservation Trust for restoration of cultural heritages of Patan Durbar Square which was destroyed during earthquake of April 2015, Rs. 1,111,111/- to the victims of natural calamities through PM Relief Fund, Rs. 1,008,000/- in support of six researchers working to maintain financial discipline, Rs. 750,000/- to Spinal Injury Sangh for purchasing wheelchairs for patients, Rs. 500,000/- to Sahayogi Haat for women empowerment programs, Rs. 1,200,000/- to Maaiti Nepal for helping fight against girl trafficking and their rehabilitation, OPD Books worth Rs. 199,784/- and Rs. 166,788/- to Shree Siddhi Memorial Foundation, Bhaktapur and Council of Community Health Services, Dallu respectively, Rs. 135,950/- for preservation of Tridevi Temple, Rs. 129,024/- to Shree Barak Gan Salleri Dhankuta for water purifier and other cleaning tools, Rs. 135,450/- to Metropolitan Police Bit, Janasewa for installing informative digital board, Rs. 150,000/- to Nepalgunj Sub-metropolitan City for purchasing cleaning tools, Rs. 100,000/- to support the social awareness program of Asia for Animal, Rs. 50,000/- to visually impaired Ms Ichha KC to participate in scholarship program, Rs. 50,000/- to Sunakothi Samaj, Rs. 75,000/- to Orphan and Helpless Children Development Association in Nepal for purchasing beds, Rs. 100,000/- to Godavari Alumni Association for children getting treatment in Kanti Hospital etc along with many other social causes.

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

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

Board of Directors

During the review period, Mr. Faisal N Lalali (representing Habib Bank Ltd.) was appointed as Director from June 05, 2018 replacing Mr. Ashraf M. Wathra. Similarly, Mr. Tulsi Prasad Gautam (representing Employee Provident Fund) was appointed as Director effective from June 05, 2018 replacing Mr. Jeetendra Dhital.

Similarly, Mr. Bijay Kumar Shrestha (representing Employee Provident Fund) was appointed as Alternate Director from August 31, 2017 replacing Mr. Shreeram Shekhar Adhikari. Additionally, Mr. Surendra Bikram Thapa (representing Ava International) was appointed as Alternate Director effective from December 21, 2017 replacing Mr. Bhisma Chudal. Mr. Bhisma Chudal (representing Ava International), was reappointed as Alternate Director from February 15, 2018 replacing Mr. Surendra Bikram Thapa. Further, Mr. Sunil Bahadur Thapa (representing Ava International), was appointed as Alternate Director effective from December 18, 2018 replacing Mr. Bhisma Chudal.

During the review period, Mr. Manoj Bahadur Shrestha (representing N. Trading), Mr. Prachanda Bahadur Shrestha (representing Chhaya International) have continued as Chairman and Director respectively. Mr. Sushil Bickram Thapa (representing Ava International) and Mr. Surendra Silwal, representing Public Shareholders, have continued as Director. In addition, Mr. Upendra Keshari Poudyal, Professional Director, has continued as such in the Bank's Board of Directors.

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

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

We would like to congratulate newly appointed and reappointed Directors and Alternate Directors and are grateful to Former Directors, Mr. Ashraf M. Wathra and Mr. Jeetendra Dhital and Former Alternate Directors Mr. Shreeram Shekhar Adhikari and Mr. Surendra Bikram Thapa for their sterling contribution towards the Bank's progress and prosperity. On this occasion, I would like to declare that the Board of Directors of the Bank is committed towards prosperity of the Bank.

Audit and Financial Statements

The Financial Statements of FY: 2017/18 have been prepared as per Nepal Financial Reporting Standard (NFRS) which was made mandatory by Regulator, Nepal Rastra Bank.

According to the standards, Statement of Financial Position of FY: 2015/16 and Statement of Financial Position and Statement of Profit and Loss of FY: 2016/17 have been restated as Opening Financial and Comparative Financials respectively and differential balances have been adjusted/transferred to Regulatory Reserve as per the instruction of Nepal Rastra Bank.

The Statement of Financial Position as on July 16, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity, the Statement of Cash Flows, related annexures and Auditors' Report for the fiscal year 2017/18, 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 also presented as Annex.

Profit and Loss Appropriation

The net profit of the Bank amounted to Rs. 1875.61 million for the fiscal year 2017/18 whereas the total net profit of the bank, including other comprehensive income, amounted to Rs. 1,896.168 million. Out of this 20% of the net profit i.e. Rs. 375.122 million, has been appropriated to Statutory General Reserve. In addition, the Bank has allocated Rs. 85.714 million from its profit and transferred it to the Bond Repayment Reserve for the Bond issued worth Rs. 600 million. Additionally, as per the circular of Regulatory Body, the Bank has transferred Rs. 18.756 million in the reserve for its Corporate Social Responsibility and Rs. 20.375 million has been transferred to Employee Training Reserve. Out of the fund transferred to various Reserves in the previous years, Rs. 48.66 Million is also available for distribution.

For fiscal year 2017/18, distribution of 5% bonus share and 10.7895% cash dividend have been proposed. For the proposed bonus shares and cash dividends, an amount of Rs. 405,726,469/- and Rs. 875,517,147/- respectively will be utilised. After the distribution of the proposed bonus shares, the paid-up capital of the Bank will be Rs. 8,520,255,844/-. We are proud that the Bank has been able to propose good returns in the form of cash dividends and bonus shares to its shareholders this year as well despite of adversities.

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 and the entire staff for making dynamic contributions to the progress and prosperity of the Bank. Finally, I would like to extend hearty thanks to the media for giving wide coverage to our activities and to all our well-wishers.

Thank you.

On behalf of the Board of Directors

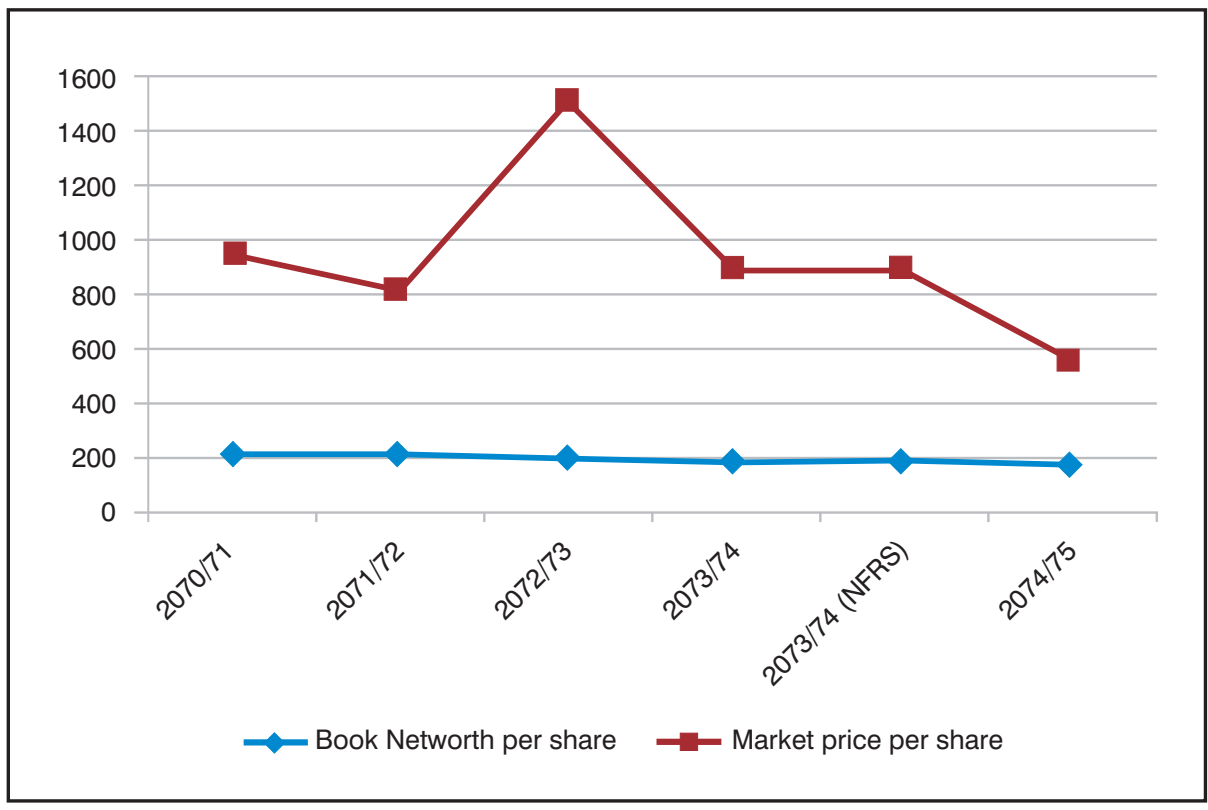
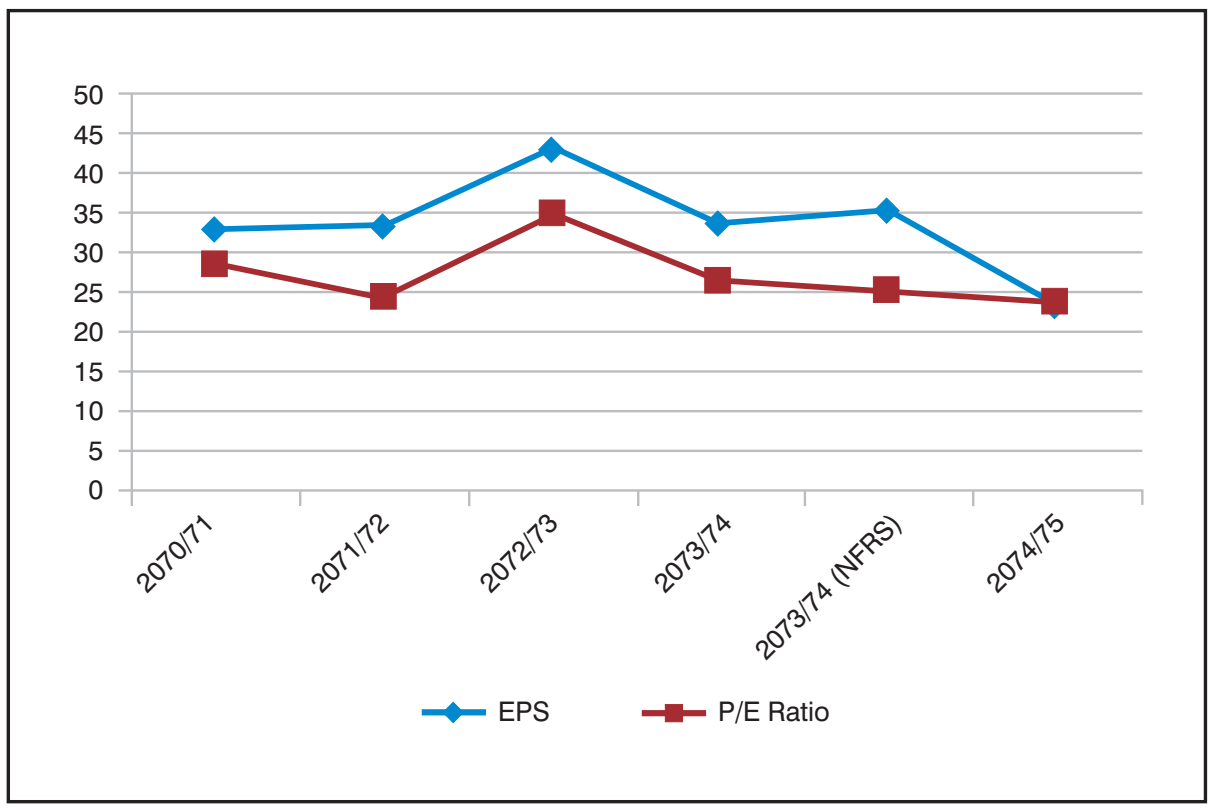
Manoj Bahadur Shrestha
Chairman

PRINCIPAL INDICATORS

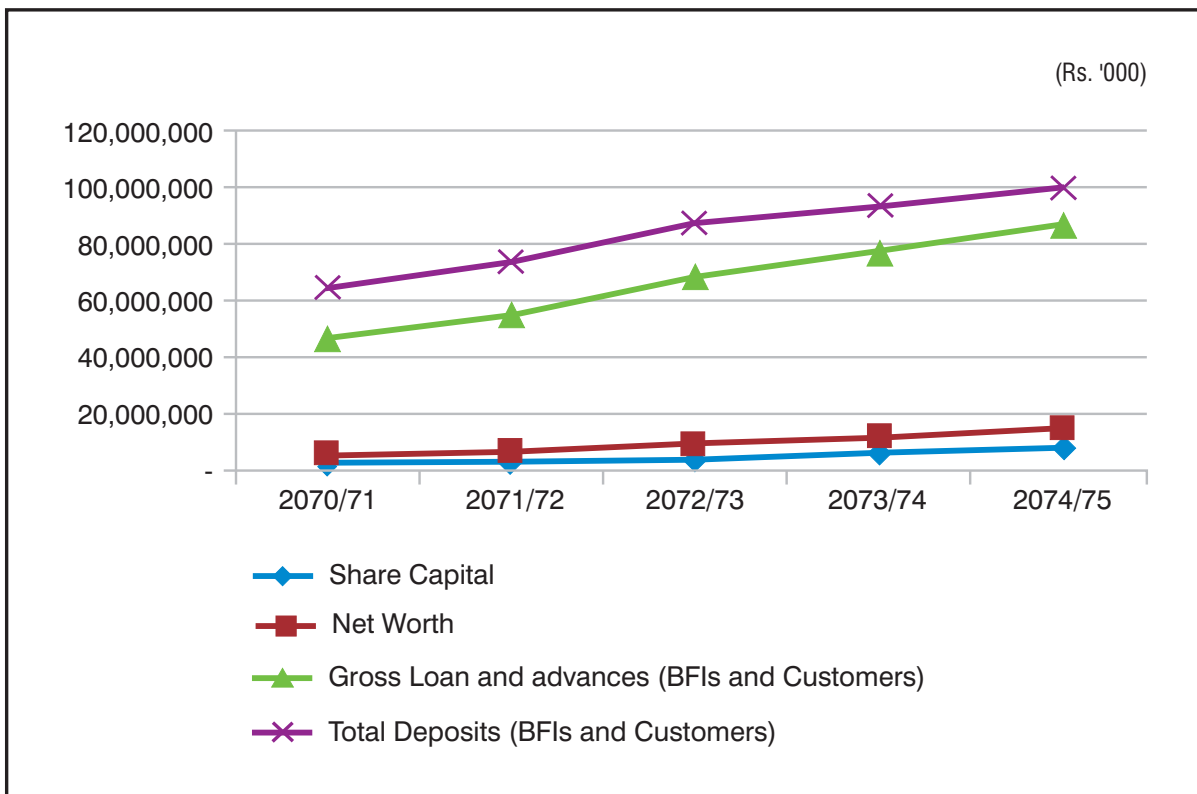
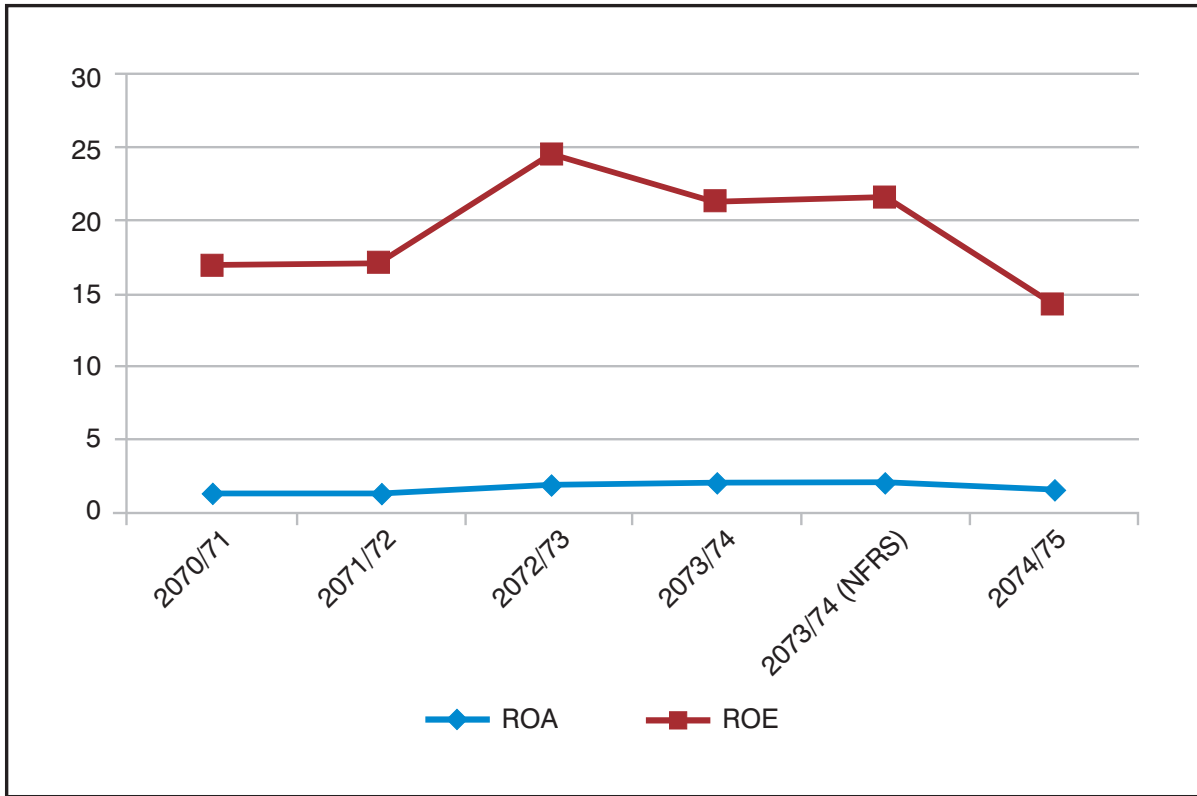
Particulars	Unit	FY	FY	FY	FY	FY	FY
		2013/14 2070/71	2014/15 2071/72	2015/16 2072/73	2016/17 2072/73	2016/17 2073/74 Restated	2017/18 2074/75
Profit before Bonus and Tax/Total Income	Percent	26.25	23.08	42.89	36.48	40.93	26.15
Per Share Income	Rs.	33.10	33.37	43.03	33.55	35.15	23.11
Per Share Market Value	Rs.	941	813	1500	886	886	551
Price Earning Ratio	Ratio	28.43	24.36	34.86	26.40	25.21	23.84
Dividend on Share Capital (Including Bonus)	Percent	21.05	42.11	31.58	26.32	26.32	15.79
Cash Dividend on Share Capital	Percent	6.05	7.11	1.58	1.32	1.32	10.79
Interest Income/Loan and Advances	Percent	10.21	8.35	7.26	8.94	9.52	11.64
Staff Expenses/Total Operating Expenses	Percent	42.49	45.66	52.96	56.01	56.34	53.02
Interest Expenses on Total Deposit	Percent	3.48	2.66	1.79	3.42	3.52	5.61
FX Fluctuation Gain/Total Income	Percent	5.67	6.84	8.55	6.52	7.00	5.81
Net Profit after Tax/Total Assets (ROA)	Ratio	1.30	1.34	1.94	2.03	2.19	1.67
Net Profit after Tax/Total Equity (ROE)	Percent	16.85	17.06	24.53	21.22	21.58	14.17
Total Loan/Deposits	Percent	71.82	75.37	79.12	83.59	85.10	88.31
Total Operating Expenses/Total Income	Percent	27.12	30.44	28.23	23.97	22.36	16.96
Capital Adequacy Ratio:							
A. Core Capital	Percent	9.03	9.48	9.43	10.93	10.93	11.40
B. Supplementary Capital	Percent	2.20	1.66	1.41	1.22	1.22	1.06
C. Total Capital Fund	Percent	11.23	11.14	10.84	12.15	12.15	12.46
Liquidity	Percent	37.52	30.32	28.74	26.64	26.64	23.05
Non-performing Loan/Total Loan	Percent	1.96	3.22	1.23	0.85	0.85	1.40
Weighted Average Interest Rate Spread	Percent	4.54	4.35	4.59	4.44	4.44	4.70
Book Networth per share	Rs.	210	208.81	196.12	180.31	189.91	174.24
Total Share	Number	28,980,000	33,327,000	44,991,450	64,916,235	64,916,235	81,145,294
Total Staff	Number	835	856	857	835	835	834
Number of Branches	Number	42	42	42	47	47	55
Number of ATMs	Number	78	80	84	93	93	105

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

Key Indicators

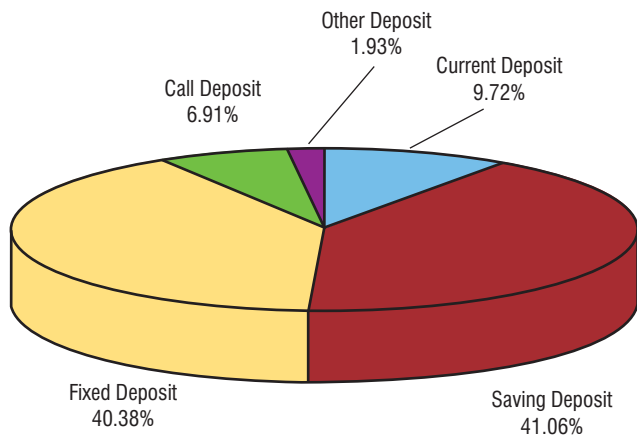


Key Indicators

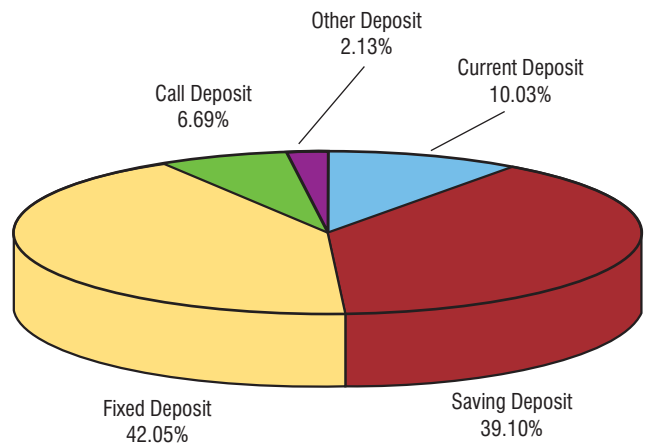


Deposits-From Customers and BFIs

Financial Year 2073/74 (2016/2017)

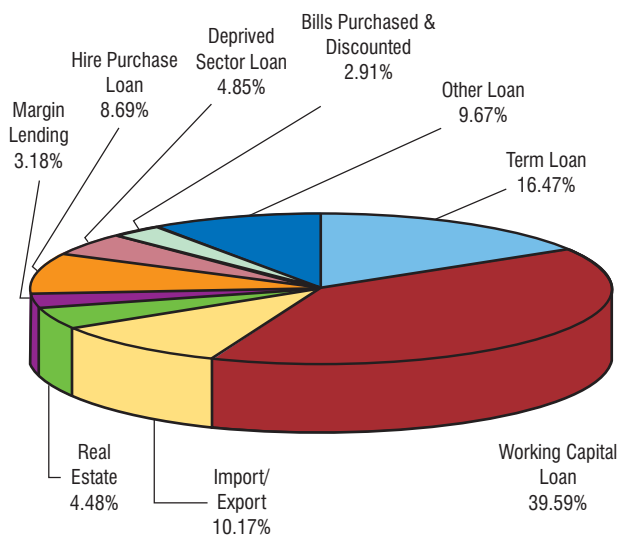


Financial Year 2074/75 (2017/2018)

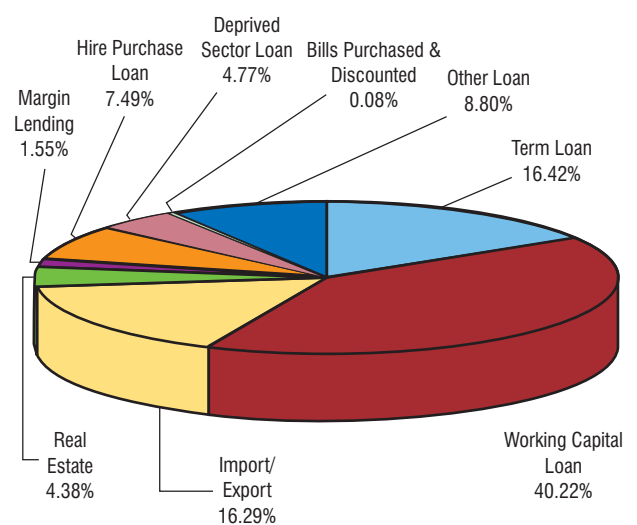


Loans and advances

Financial Year 2073/74 (2016/2017)

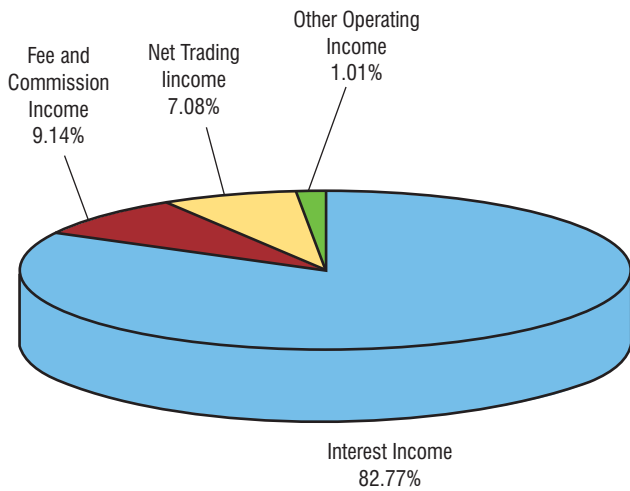


Financial Year 2074/75 (2017/2018)

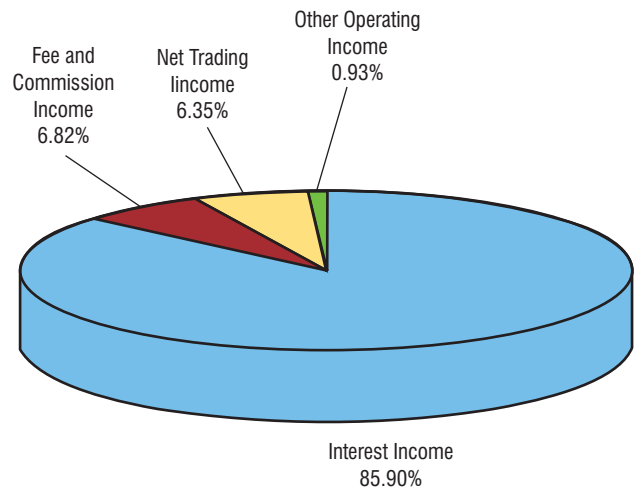


Income Composition

Financial Year 2073/74 (2016/2017)

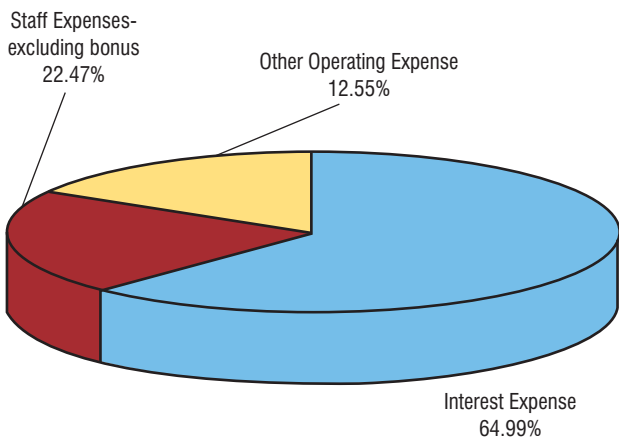


Financial Year 2074/75 (2017/2018)

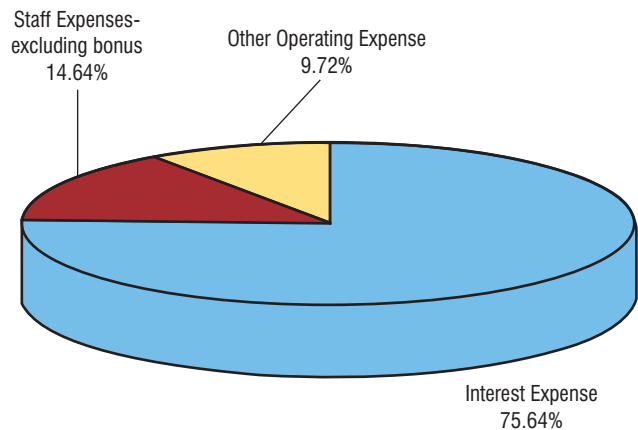


Expense Composition

Financial Year 2073/74 (2016/2017)



Financial Year 2074/75 (2017/2018)



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

1) Detail of Share Forfeiture:

No shares were forfeited during the year.

2) Transaction with Subsidiaries:

The Bank has no subsidiaries

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

NIL

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

No such transaction was reported to the Bank.

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

No such information was received during the year.

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

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

7) Detail of Internal Control System:

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

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

8) Total Management expenses during the year:

Personal Expenses	:	Rs. 1,045,730,199
Other Operating Expenses	:	Rs. 694,270,758
Depreciation & Amortization	:	Rs. 168,276,177
Total	:	<u>Rs 1,908,277,134</u>

** Personnel Expenses is excluding Employee Bonus, which is shown as personnel expense in financials under NFRS.*

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

Audit Committee members:

- | | |
|--|------------------|
| 1) Mr. Sushil Bickram Thapa | Co-ordinator |
| 2) Mr. Surendra Silwal | Member |
| 3) Mr. Ramesh K. Dhital (Team Leader – SAR Associates) | Member secretary |

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

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

The Committee conducted 16 meetings during the FY 2074/75 during which it, among others:

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

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

NIL

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

MANAGERIAL REMUNERATION for the purpose of section 109 (4)				
S.No.	Particulars	Directors	CEO	Managers
1	Meeting Fees	1,394,000	-	-
2	Salary	-	7,694,219	115,369,354
3	Allowances	-	6,804,411	85,927,164
4	PF Contribution	-	-	10,030,611
5	Telephone / Mobile / Utilities	195,684	420,915	15,362,773
6	Others	2,492,216	657,458	28,533,634
	Total	4,081,900	15,577,003	255,223,536
7	Vehicle Facility	No	** Yes	Yes
8	Accommodation	No	No	*** No
9	Insurance Coverage	Yes	Yes	Yes
	Number of persons	11	1	97

Notes:

- 1) **Office vehicle with fuel and maintenance is provided to the CEO, General Manager, Deputy General Managers, Assistant General Managers and Ex-Pat (Sr. General Manager). Driver is provided to CEO, General Manager, Deputy General Managers and Ex-Pat (Sr. General Manager). The Managers are given vehicle under OYVS scheme with fuel as per the Bank's policy.
- 2) ***Fully furnished accommodation at Bank's cost is provided to the Ex-pats. & outside valley branch managers.
- 3) (a) Directors are covered with medical insurance of Rs. 200,000 and Accident Insurance policy of Rs. 3,000,000.
b) All Managers are covered for Accidental Insurance, Medical Insurance and Life Insurance as per the Bank's Staff Service By-laws. CEO and Ex-pats are covered for Accidental Insurance and Medical Insurance as per their terms of contract.
- 4) Telephone bill is paid by the Bank on actual basis for CEO. In case of SGM & GM reimbursement up to a maximum of Rs. 12,000 and Rs. 8,000 respectively per month is made by the Bank.
- 5) Water and Electricity bill is reimbursed to the CEO and GM up to approved limit.
- 6) Bonus as per Bonus Act, 1974 was paid to all employees except the ex-pat. Senior General Manager was paid Performance Bonus amounting to USD 12,000 (net of tax).

12) Amount of Dividend remaining unpaid:

Total Unpaid Dividend : Rs. 31,980,755 as on Asar 32, 2075.

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

NIL

14) Other relevant issues:

NIL

Manoj Bahadur Shrestha
Chairman

Securities Registration and Issuance Rule 2073, Annex 15 (Related to Rules 26-2)

1. **Report of the Board of Directors:** *Enclosed separately with this annual report.*
2. **Report of the Auditor:** *Enclosed separately with this annual report.*
3. **Audited Financial Report:** *Enclosed separately with this annual report.*
4. **Details pertaining to Legal Action:**
 - a. No legal suit (having major impact on banking operation) has been filed by or against the organization during the review quarter period. However, a legal suit in relation to a performance bond guarantee issued by the bank involving a substantial amount is ongoing in Kathmandu District Court and a court in China. The amount under the said guarantee has already been paid to the beneficiary.
 - b. No legal suit related to criminal activity has been filed by or against the directors and promoters of the Bank during the period.
 - c. No legal suit has been filed against any director of the organization for any kind actions related to financial crime.
5. **Analysis pertaining to Share Transaction and Progress of the Organization:**
 - a) Opinion of the management regarding share transaction of the organization in security market:
 Since shares of the organization are traded on the basis of the trust of investors towards the organization and analysis of its returns, no major fluctuations are noted in the share price of the Bank and there has been satisfactory trading of shares in the capital market.
 Quarter wise maximum share price, minimum share price, last share price and total no of share transaction of organization during each quarter period of review year.

Quarter	Maximum Price	Minimum Price	Closing Price	Total No. of Share Traded	No. of Days
1st Qtr Ashwin end 2074	932	820	893	186,187	56
2nd Qtr Poush end 2074	900	590	660	197,285	57
3rd Qtr Chaitra end 2074	681	560	610	191,614	55
4th Qtr Ashad end 2075	682	535	551	121,523	62

6. **Problems and Challenges:**
 The Bank has considered the following domestic and international impediments as its problems and challenges:
 - Risk concentration on both asset and liability sides has increased owing to lack of adequate business sectors
 - The market is still overcrowded with financial institutions with intensified competition
 - Rise in inflation
 - Lack of basic infrastructure such as roadways, connectivity, energy
 - Policy uncertainties hence warding off investments
 - Depressive global economy leading to slow down in remittance growth
 - The continued effect of substantial increase in cost of fund
 - The constraint faced by the industry as regards loanable fund

7. **Corporate Governance:**

Board of Directors:

Committees like Risk Management Committee, Employee Management Benefit Committee, AML / CFT Committee, Management Credit Committee, Assets Liabilities Management Committee have been constituted to carry out banking operations related decisions and these committees have been actively involved in major policy/plans related decisions.

Internal Control System:

In order to strengthen the internal control mechanism of the Bank, a separate independent internal audit department has been established. The internal audit department carries out audit of various departments on a continuous manner and makes necessary recommendations to the Audit Committee. Accordingly, Audit Committee holds regular meetings to analyze the recommendations and bring about necessary changes.

Internal policies, regulations and directives:

In order to carry out various functionalities smoothly and to mitigate risks emanating from business functions, the Bank has instilled a sound operations system. All activities of the Bank are guided by strong internal policies. The Bank has a system to monitor compliance with all regulatory and statutory requirements.

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

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

**BRS Neupane
& Co.**

**Independent Auditors' Report
to
The Shareholders of Himalayan Bank Limited**

We have audited the accompanying financial statements of **Himalayan Bank Limited**, which comprise the statement of financial position as at 32nd Ashad 2075 (corresponding July 16, 2018), statement of profit or loss, statement of comprehensive income, statement of change in equity, statement of cash flows, statement of distributable profit for the year then ended, and significant accounting policies, notes to account and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Himalayan Bank Limited as at 32nd Ashad 2075 (Corresponding July 16, 2018) and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards and Company Act 2063.

Report on other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit, In our opinion, the statement of financial position, the statement of profit or loss account, statement of comprehensive income, statement of change in equity, statement of cash flows, statement of distributable profit for the year then ended, and significant accounting policies, notes to account and other explanatory notes, prepared in the format prescribed by Nepal Rastra Bank, are in agreement with the books of accounts of the bank; and proper books of account as required by law have been kept by the bank.

In our opinion the returns from the branches are adequate for the purpose of the audit though the statements are independently not audited.

In our opinion, so far as appeared from our examination of the books, the bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and from our examination of the books of accounts of the bank necessary for our audit purpose, we have not come across cases where board of directors or any employees of the bank have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the bank and violated any directives of Nepal Rastra Bank or acted in a manner to put at risk the interest and security of the bank, its depositors and investors.

Date : December 18, 2018
Place : Kathmandu, Nepal

CA. Anup K. Shrestha
Managing Partner

Himalayan Bank Limited

STATEMENT OF FINANCIAL POSITION

As on 32 Asar 2075 (16 July 2018)

Particulars	Note	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Assets				
Cash and Cash Equivalents	4.1	4,741,359,383	4,734,344,144	7,209,691,163
Due from Nepal Rastra Bank	4.2	5,159,259,737	6,141,151,917	5,677,702,310
Placements with Bank and Financial Institutions	4.3	4,989,524,816	6,272,030,993	4,623,810,955
Derivative financial instruments	4.4	33,444,999	42,242,179	25,568,291
Other trading assets	4.5	-	-	-
Loans & Advances to BFIs	4.6	3,685,218,985	3,326,425,986	2,681,864,734
Loans & Advances to Customers	4.7	82,474,993,680	74,471,809,727	66,269,388,255
Investment Securities	4.8	11,654,171,810	9,648,796,681	11,190,957,071
Current Tax Assets	4.9	154,307,606	28,113,687	71,317,586
Investments in subsidiaries	4.10	-	-	-
Investments in Associates	4.11	195,785,700	195,785,700	195,785,700
Investment Property	4.12	2,299,307	233,378,063	216,578,063
Property & Equipment	4.13	2,222,677,268	2,175,892,639	1,922,966,663
Goodwill and Intangible Assets	4.14	85,852,688	76,025,808	108,694,657
Deferred Tax Assets	4.15	-	-	-
Other Assets	4.16	1,063,405,401	717,254,859	367,569,417
Total Assets		116,462,301,380	108,063,252,383	100,561,894,865
Liabilities				
Due to Bank and Financial Institutions	4.17	754,253,957	586,660,683	1,902,629,819
Due to Nepal Rastra Bank	4.18	-	-	-
Derivative financial instruments	4.19	9,109,574	-	-
Deposits from Customers	4.20	98,988,791,212	92,334,454,668	86,433,180,688
Borrowing	4.21	-	-	-
Current Tax Liabilities	4.9	-	-	-
Provisions	4.22	2,299,307	233,378,063	216,578,063
Deferred Tax Liabilities	4.15	131,264,033	123,265,472	107,155,033
Other Liabilities	4.23	1,814,328,754	1,834,350,972	1,959,748,985
Debt Securities Issued	4.24	623,357,548	622,996,759	622,760,909
Subordinated Liabilities	4.25	-	-	-
Total Liabilities		102,323,404,385	95,735,106,617	91,242,053,497
Equity				
Share Capital	4.26	8,114,529,375	6,491,623,500	4,499,145,000
Share Premium		-	-	-
Retained Earnings		1,500,405,440	2,508,023,157	2,086,979,520
Reserves	4.27	4,523,962,180	3,328,499,109	2,733,716,848
Total Equity attributable to Equity Holders		14,138,896,995	12,328,145,766	9,319,841,368
Non Controlling Interest		-	-	-
Total Equity		14,138,896,995	12,328,145,766	9,319,841,368
Total Liabilities and Equity		116,462,301,380	108,063,252,383	100,561,894,865
Contingent liabilities and commitment	4.28	36,183,796,482	27,412,632,440	28,554,156,497
Net assets value per share		174	190	207

Satish Raj Joshi
Executive Financial Officer

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report of even date

Ashoke SJB Rana
Chief Executive Officer

Mr. Manoj B. Shrestha
Chairman

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

Mr. Faisal N. Lalani
Director

Mr. Prachanda B. Shrestha
Director

Mr. Tulasi Prasad Gautam
Director

Tuesday, December 18, 2018
Kathmandu

Mr. Sunil Bahadur Thapa
Alternate Director

Mr. Upendra Keshari Poudyal
Director

Himalayan Bank Limited

STATEMENT OF PROFIT OR LOSS

For the year ended 32 Asar 2075 (16 July 2018)

Particulars	Note	Asar 2075	Asar 2074
Interest Income	4.29	9,724,870,892	7,106,676,099
Interest Expense	4.30	5,403,047,172	3,173,333,669
Net interest income		4,321,823,720	3,933,342,430
Fee and Commission Income	4.31	772,037,821	784,751,770
Fee and Commission Expenses	4.32	64,236,793	52,555,234
Net Fee and Commission Income		707,801,028	732,196,536
Net interest, fee and commission income		5,029,624,748	4,665,538,966
Net Trading Income	4.33	718,904,848	607,848,833
Other Operating Income	4.34	104,848,090	86,395,915
Total Operating Income		5,853,377,686	5,359,783,714
Impairment charges/(reversal) for Loans and Other losses	4.35	679,917,035	(108,192,806)
Net operating income		5,173,460,651	5,467,976,520
Operating expense			
Personnel Expenses	4.36	1,322,248,139	1,407,137,324
Other Operating Expenses	4.37	694,270,758	612,696,327
Depreciation & Amortisation	4.38	168,276,177	184,907,222
Operating Profit		2,988,665,577	3,263,235,647
Non operating income	4.39	309,525,238	14,691,243
Non operating expense	4.40	533,011,412	23,325,656
Profit before income tax		2,765,179,403	3,254,601,234
Income Tax Expense	4.41		
Current Tax		877,612,392	947,097,805
Deferred Tax		11,956,544	25,729,238
Profit for the year		1,875,610,467	2,281,774,191
Profit attributable to:			
Equity holders of the Bank		1,875,610,467	2,281,774,191
Non-controlling interest		-	-
Profit for the year		1,875,610,467	2,281,774,191
Earnings per share			
Basic earnings per share		23.37	35.44
Diluted earnings per share		23.37	35.44

Satish Raj Joshi
Executive Financial Officer

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report of even date

Ashoke SJB Rana
Chief Executive Officer

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Managing Partner
BRS Neupane & Co.
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Director

Mr. Prachanda B. Shrestha
Director

Mr. Tulasi Prasad Gautam
Director

Tuesday, December 18, 2018
Kathmandu

Mr. Sunil Bahadur Thapa
Alternate Director

Mr. Upendra Keshari Poudyal
Director

Himalayan Bank Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 32 Asar 2075 (16 July 2018)

Particulars	Note	Asar 2075	Asar 2074
Profit for the year		1,875,610,467	2,281,774,191
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
- Gains/(losses) from investments in equity instruments measured at fair value		(13,193,277)	(32,062,664)
- Gains/(losses) on revaluation		-	-
- Actuarial gains/(losses) on defined benefit plans		29,792,839	31,495,017
- Income tax relating to above items		3,957,983	9,618,799
Net other comprehensive income that will not be reclassified to profit or loss		20,557,545	9,051,152
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 equited method		-	-
Other comprehensive income for the year, net of income tax		20,557,545	9,051,152
Total comprehensive income for the year		1,896,168,012	2,290,825,343
Total comprehensive income attributable to:			
Equity holders of the Bank		1,896,168,012	2,290,825,343
Non-controlling interest		-	-
Total comprehensive income for the period		1,896,168,012	2,290,825,343

Satish Raj Joshi
Executive Financial Officer

Sushiel Joshi
General Manager

Ejaz Qadeer Gill
Senior General Manager

As per our attached report of even date

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Tuesday, December 18, 2018
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Alternate Director

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Director

Himalayan Bank Limited
ATTRIBUTABLE TO EQUITY HOLDERS OF THE 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 Shirawan 1, 2073 (16 July 2016)	4,499,145,000	-	2,373,350,808	34,192,970	-	-	-	138,842,496	358,978,585	7,404,509,859
Adjustment/Restatement*	-	-	-	-	-	70,472,976	-	1,948,137,024	(103,278,491)	1,915,331,509
Adjusted/Restated balance at Shirawan 1, 2073	4,499,145,000	-	2,373,350,808	34,192,970	-	70,472,976	-	2,086,979,520	255,700,094	9,319,841,368
Comprehensive income for the year	-	-	-	-	-	-	-	2,281,774,191	-	2,281,774,191
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	(22,443,865)	-	-	-	(22,443,865)
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	31,495,017	31,495,017
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	435,646,979	443,341	-	(22,443,865)	-	(586,574,236)	173,265,146	9,051,152
Transfer to reserve during the year	-	-	-	-	-	-	-	23,624,357	(23,624,357)	22,781,230
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-
Right Share issued	642,735,000	123,094,283	-	-	-	-	-	-	-	765,829,283
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,349,743,500	-	-	-	-	-	-	(1,349,743,500)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(71,039,132)	-	(71,039,132)
Other	-	-	-	-	-	-	-	-	-	-
- Share Premium transferred to Retained Earning	-	(123,094,283)	-	-	-	-	-	123,094,283	-	-
- Derecognition of deferred carpet assets	-	-	-	-	-	-	-	(92,328)	-	(92,328)
Total contributions by and distributions	1,992,478,500	-	-	-	-	-	-	(1,297,780,677)	-	694,697,823
Balance as at Ashadh 2074 (15 July 2017)	6,491,623,500	-	2,808,997,787	34,636,311	-	48,029,111	-	2,508,023,155	436,835,900	12,328,145,764

Continued

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Particulars	Share Capital	Share Premium	General reserve	Exchange equalisation reserve	Regulatory Reserve	Fair value reserve	Revaluation reserve	Retained Earnings	Other Reserves	Total equity
Balance at Shrawan 1, 2074 (16 July 2017)	6,491,623,500	-	2,808,997,787	34,636,311	-	48,029,111	-	2,508,023,155	436,835,900	12,328,145,764
Adjustment/Restatement*	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at Shrawan 1, 2074	6,491,623,500	-	2,808,997,787	34,636,311	-	48,029,111	-	2,508,023,155	436,835,900	12,328,145,764
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,875,610,467	-	1,875,610,467
Other comprehensive income, net of tax	-	-	-	-	-	(9,235,294)	-	-	-	(9,235,294)
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	29,792,839	29,792,839
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	375,122,093	-	723,597,851	(9,235,294)	-	(1,223,565,907)	29,792,839	20,557,545
Transfer to reserve during the year	-	-	-	-	-	-	-	48,660,381	124,845,963	173,506,344
Transfer from reserve during the year	-	-	-	-	-	-	-	-	(48,660,381)	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,622,905,875	-	-	-	-	-	-	(1,622,905,875)	-	-
Cash dividend paid	-	-	-	-	-	-	-	(85,416,782)	-	(85,416,782)
Other	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	1,622,905,875	-	-	-	-	-	-	(1,708,322,657)	-	(85,416,782)
Balance as at Ashadh 2075 (16 July 2018)	8,114,529,375	-	3,184,119,880	34,636,311	723,597,851	38,793,817	-	1,500,405,440	542,814,321	14,138,896,995

3. Other Reserve comprises of the following

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Actuarial Gain Reserve	(39,977,401)	(69,770,240)	(101,265,257)
Bond Redemption Reserve	514,285,713	428,571,427	342,857,141
Capital Adjustment Reserve	-	29,471,134	10,108,210
Employee Training and Development Fund	43,156,802	22,781,230	-
Corporate Social Responsibility Fund	25,349,207	21,782,349	-
Special Reserve	-	4,000,000	4,000,000
Total	542,814,321	436,835,900	255,700,094
Transfer from reserve during the FY 2074.75 includes:			
Transfer from Special Reserve	4,000,000	-	-
Transfer from Capital Adjustment Reserve	29,471,134	-	-
Transfer from Corporate Social Responsibility Fund	15,189,247	-	-
Total	48,660,381		

NOTE:

1. Adjustment/Restatement*

Other Reserves:

Investment Adjustment Reserve of Rs 2,013,234 created based on Previous GAAP has been transferred to Retained Earning.

Actuarial Loss of Rs 101,265,257 related to FY 2072/73 has been adjusted in Actuarial Gain Reserve shown under Other Reserve.

Retained Earning

All adjustments due to adoption of NFRS in the first year of adoption has been effected in Retained Earning in line with NFRS 1.

2. The effect of derecognition of additional amount of asset (Carpet) due to adoption of NFRS has been given to Retained Earning & the amount of such derecognition in FY 2073/74 was Rs 92,328.

Himalayan Bank Limited

STATEMENT OF CASH FLOWS

For the year ended 32 Asar 2075 (16 July 2018)

Particulars	Asar 2075	Asar 2074
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	9,307,833,312	6,910,929,341
Fees and other income received	850,208,832	846,248,632
Dividend received	-	-
Receipts from other operating activities	16,371,060	10,408,002
Interest paid	(5,373,959,963)	(2,742,933,449)
Commission and fees paid	(64,236,793)	(52,555,234)
Cash payment to employees	(1,339,474,335)	(1,282,583,287)
Other expense paid	(743,334,398)	(609,922,304)
Operating cash flows before changes in operating assets and liabilities	2,653,407,715	3,079,591,701
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	981,892,180	(463,449,607)
Placement with bank and financial institutions	1,290,684,047	(1,756,942,433)
Other trading assets	-	-
Loan and advances to bank and financial institutions	(358,406,256)	(652,113,581)
Loans and advances to customers	(8,868,199,821)	(7,910,085,117)
Other assets	(44,717,953)	(422,151,237)
	(6,998,747,803)	(11,204,741,975)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	167,594,370	(1,315,945,574)
Due to Nepal Rastra Bank	-	-
Deposit from customers	6,654,336,544	5,901,273,978
Borrowings	-	-
Other liabilities	(391,389,583)	(503,942,737)
Net cash flow from operating activities before tax paid	6,430,541,331	4,081,385,667
Income taxes paid	(1,003,806,311)	(903,893,906)
Net cash flow from operating activities	1,081,394,932	(4,947,658,513)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(15,108,205,471)	(7,651,723,441)
Receipts from sale of investment securities	13,162,845,600	9,107,341,445
Purchase of property and equipment	(199,688,334)	(399,941,248)
Receipt from the sale of property and equipment	20,932,209	18,592,555
Purchase of intangible assets	(45,310,356)	(23,236,529)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	-	-
Receipt from the sale of investment properties	251,976,376	-
Interest received	241,116,731	193,391,040
Dividend received	48,597,350	26,227,567
Net cash used in investing activities	(1,627,735,895)	1,270,651,389
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	(50,000)	(10,275,000)
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	765,829,283
Dividends paid	(75,238,708)	(115,648,788)
Interest paid	(47,645,840)	(47,867,585)
Other receipt/payment	-	-
Net cash from financing activities	(122,934,548)	592,037,910
Net increase (decrease) in cash and cash equivalents	(669,275,511)	(3,084,969,214)
Cash and cash equivalents at Shrawan 1, 2074	4,734,344,144	7,209,691,163
Effect of exchange rate fluctuations on cash and cash equivalents held	676,290,750	609,622,195
Cash and cash equivalents at Asar end 2075	4,741,359,383	4,734,344,144

STATEMENT OF DISTRIBUTABLE PROFIT OR LOSS

For the year ended 32 Asar 2075 (16 July 2018)

(As per NRB Regulation)

Particulars	Asar 2075	Asar 2074
Net profit or (loss) as per statement of profit or loss	1,875,610,467	2,281,774,191
<u>Appropriations:</u>		
a. General reserve	(375,122,093)	(435,646,979)
b. Foreign exchange fluctuation fund	-	(443,341)
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(18,756,105)	(21,782,349)
e. Employees' training fund	(20,375,572)	-
f. Other		
- Capital Adjustment Reserve	-	(19,362,924)
- Bond Redemption Reserve	(85,714,286)	(85,714,286)
Profit or (loss) before regulatory adjustment	1,375,642,411	1,718,824,312
<u>Regulatory adjustment:</u>		
a. Interest receivable (-)/previous accrued interest received (+)	(681,321,143)	-
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(2,299,307)	-
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(39,977,401)	-
i. Other (+/-)	-	-
Distributable profit or (loss)	652,044,560	1,718,824,312

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 32 Asar 2075 (16 July 2018)

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 56 branches, one extension counter and one overseas representative office. The shares of the Bank are listed in Nepal Stock Exchange Limited.

1.2 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.

1.3 Parent Entity and Ultimate Parent Entity

The Bank is not a subsidiary of any entity and also does not have any subsidiary.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Bank 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, the accounting regulating body of the country. The financial statements are in compliance with the requirements of the Companies Act 2063.

For all periods, up to and including the year ended on Asar 31, 2074 (15 July 2017) the Bank prepared the financial statements in accordance with the Nepal Accounting Standards. The financial statements for the year ended on Asar 32, 2075 (16 July 2018) are the first set of financial statements prepared in accordance with NFRS.

2.2 Reporting period and approval of financial statements

The financial statements cover the financial year commencing on Shrawan 01, 2074 and ending on Asar 32, 2075 (16 July 2017-16 July 2018)). The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated Poush 3, 2075 (18 December 2018).

2.3 Functional and presentation currency

Nepalese Rupees is the functional and presentation currency of the Bank as it is the currency of the primary economic environment in which the Bank operates. Hence, items included in the 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 Bank’s management has made an assessment of the Bank’s ability to continue as a going concern and is satisfied that the Bank 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 Bank’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using judgment; to establish fair values. The judgments 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) 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.

(d) Impairment of Equity Instruments

The Bank 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.

(e) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(f) Taxation

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

The Bank 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 that were initially recorded, such differences will impact the income of that year.

(g) Defined Benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. 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

(h) 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.

(i) Useful lives of property & equipment

The Bank reviews the useful lives, methods and rate of depreciation of property, & equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Details regarding the useful lives of property and equipment are disclosed in Note 3.7.

The depreciable amount of an asset has been allocated on a systematic basis over its useful life using diminishing balance method. The systematic basis has however been determined using the best management's judgement.

(j) 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 has been no significant change in the accounting policies adopted by the bank except where required due to adoption of Nepal Financial Reporting Standards.

2.6 Discounting

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement

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

- Investment in equity instruments measured at FVTOCI
- Investment Property

3.2 Basis of Consolidation

The bank has no subsidiaries and hence no consolidation of financial statements is required.

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 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

The Bank determines the classification of its financial instruments (assets and liabilities) at initial recognition. The classification of financial instruments is done as:

- Financial assets or liabilities held-for-trading
- Financial assets or liabilities held at fair value through profit or loss
- Financial Instruments measured at amortized cost
- Financial Investments at FVTOCI

(a) Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank 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 market place.

(b) Classification

The classification of financial instruments at initial recognition depends on the purpose and the management’s intention for which the financial instruments are acquired and their characteristics.

I. *Financial assets or liabilities held-for-trading*

Financial assets / liabilities held for the purpose of selling in the short term and for which there is a recent pattern of short term profit taking. The Bank has not designated any financial assets and liabilities upon initial recognition as held for trading.

II. *Financial assets or liabilities designated at fair value through profit or loss*

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 has not designated any financial assets and liabilities upon initial recognition as at fair value through profit or loss.

III. Financial Instruments measured at amortized cost

These financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, such financial investments are subsequently measured at amortized cost using the Effective Interest Rate (EIR), less impairment. Amortized cost is generally calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.

Included in this classification are loans and advances, treasury bills, government bonds and other debt securities.

IV. Financial investments at fair value through other comprehensive income.

These investments include equity and debt securities. Equity investments classified as FVOCI are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. After initial measurement, such financial investments are subsequently measured at fair value.

(c) Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

The subsequent measurement of financial assets depends on their classification as described below:

I) Financial assets or financial liabilities held-for-trading

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in 'Other operating income'. Interest and dividend income or expense is recorded in 'Other operating income' according to the terms of the contract, or when the right to the payment has been established.

II) Financial assets and financial liabilities designated at fair value through profit or loss

The financial assets or financial liabilities classified under this category are measured at fair value and changes, if any, on subsequent measurement are recognized in the income statement.

III) Financial instruments at amortized cost

Such financial investments are subsequently measured at amortized cost using the effective interest rate (EIR), less impairment. The amortization is included in 'Interest income' in the income statement. The losses arising from impairment of such investments are recognized in the income statement line 'Impairment for loans and other losses'.

Prepaid Benefits: 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 estimates the Prepaid Benefit in relation to Staff Loans. While calculating the fair value in case of Staff Loans, the average base rate for past 13 months of the Bank has been considered to be the market rate for the loan. Further, the amortization income and expense of such prepaid benefit is shown both under Interest Income as well as Personnel expense as it is the notional income and expense for the Bank.

IV) Financial investments at fair value through other comprehensive income.

After initial measurement, such financial investments are subsequently measured at fair value.

Unrealized gains and losses are recognized directly in equity in the 'Fair Value Reserve'. Amounts recorded in other comprehensive income are not subsequently transferred to profit or loss. Where the Bank holds multiple units of the same security, they are deemed to be disposed of on a first-in first-out basis. Dividends earned whilst holding such financial investments are recognised in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

(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 Bank 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 Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank 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 Bank's continuing involvement in the asset. In that case, the Bank 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 Bank could be required to repay.

Financial liabilities

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

(e) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price. In case of all other financial instruments not traded in an active market, the Bank recognizes such unquoted equity instruments at their cost price.

(f) Impairment

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

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

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

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

Financial investments at FVOCI: For these financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired. The Bank 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 recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

3.5 Trading Assets

Trading assets are those assets that the Bank 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 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.

3.8 Goodwill /Intangible assets

The Bank'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 Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation

period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

3.9 Investment Property

“Investment Property” is shown as a separate line item in the face of Statement of Financial Position as these assets are assets of the bank from the date of repossession and are intended to sale from the legal process in due course of time. They are recognized at fair value in the books. Non-banking assets taken over at the lower of fair value (*Panchakrit Mulya*) or total amount due from the borrower as per guidelines issued by the Regulator is continued to be shown at the recorded value till the same is disposed.

3.10 Income Tax

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

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

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity 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, 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 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 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 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 or financial liability. 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.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Other operating income'. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

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 continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(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 recognises the income at the time of receipt itself whereas in case of the later category, the commission is deferred over the period of service. However, if the transaction fees are not material, the Bank recognises such fees in income immediately.

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

(c) Dividend income

Dividend income is recognized at an amount net of applicable final withholding tax when the Bank'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 has not designated any investments as financial instrument at fair value through Profit or Loss, income also has not been recognized under this head.

3.14 Interest Expense

The Bank recognizes the interest expenses on financial liabilities. The interest expenses are recognized on accrual basis using the effective interest rate (EIR) method. EIR 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.

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

3.15 Employee Benefits

(a) Defined Benefit Plan- Gratuity

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

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

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

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

(b) Long Term Paid Absences

Liability towards long term paid absences, accumulated and payable 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.

(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.

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 as a lessor: Leases where the Bank 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 as a lessee: Under NAS 17, lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Further to this, under carve-out given by the Institute of Chartered Accountants of Nepal, lease payments under an operating lease shall be recognized as an expense on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's

expected inflationary cost increases. In case of lease agreements entered into by the Bank, pre-determined percentage increment in lease payments is made to compensate for the general inflation rate and hence, all lease expense has been recognized based on the actual payment basis.

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'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

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 Bank. 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 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

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

- 'Fair Value Reserve' which comprise changes in fair value of investments, net of deferred tax, recognized through Other Comprehensive Income.
- Reserve for 'Actuarial Gains/Losses of Defined Benefit plans' on Actuarial Gain/ (Loss), as required by NAS 19- Employee Benefits.

Regulatory Reserve

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

Retained Earnings

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

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, shall be accounted for using the equity method. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Bank's share of net assets of the associate since the acquisition date.

Due to the fact that the associates are yet to adopt NFRS in preparing their financial statements, the investment in associates has been accounted for at cost and the same has been approved as carve-out by the Institute of Chartered Accountants of Nepal.

4.1 Cash and cash equivalent

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Cash in Hand	1,716,614,874	1,558,322,040	1,498,347,320
Balance with B/FIs	1,924,653,557	1,215,911,701	698,934,429
Money at Call and Short Notice	500,039,726	-	1,482,160,434
Other	600,051,226	1,960,110,403	3,530,248,980
Total	4,741,359,383	4,734,344,144	7,209,691,163

Note: Others Include Financial Assets with original maturity of 3 months or less and Cheque in transit.

4.2 Due from Nepal Rastra Bank

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Statutory balances with NRB	3,776,355,800	3,481,639,700	4,468,174,000
Securities purchased under resale agreement	-	-	-
Other deposit and receivable from NRB	1,382,903,937	2,659,512,217	1,209,528,310
Total	5,159,259,737	6,141,151,917	5,677,702,310

4.3 Placements with Bank and Financial Institutions

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Placement with domestic B/FIs	-	-	52,500,079
Placement with foreign B/FIs	4,989,524,816	6,272,030,993	4,571,310,876
Less: Allowance for Impairment	-	-	-
Total	4,989,524,816	6,272,030,993	4,623,810,955

4.4 Derivative financial instruments

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<i>Held for trading</i>			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	33,444,999	36,970,400	13,956,800
Others	-	-	-
<i>Held for risk management</i>			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	5,271,779	11,611,491
Other	-	-	-
Total	33,444,999	42,242,179	25,568,291

4.5 Other trading assets

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Treasury bills	-	-	-
Government bonds	-	-	-
NRB Bonds	-	-	-
Domestic Corporate bonds	-	-	-
Equities	-	-	-
Other	-	-	-
Total	-	-	-
Pledged	-	-	-
Non-pledged	-	-	-

4.6 Loan and advances to B/FIs

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Loans to microfinance institutions	3,722,373,307	3,359,996,246	2,708,913,858
Other	-	-	-
Less: Allowances for impairment	(37,154,322)	(33,570,260)	(27,049,124)
Total	3,685,218,985	3,326,425,986	2,681,864,734

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)	3,715,432,214	3,357,025,958	2,704,912,377
Add: Accrued Interest	6,941,093	2,970,288	4,001,481
Total Amortized Cost	3,722,373,307	3,359,996,246	2,708,913,858

4.6.1: Allowances for impairment

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Balance at Shrawan 1	(33,570,260)	(27,049,124)	-
Impairment loss for the year:			
Charge for the year	(32,746,734)	(26,397,672)	-
Recoveries/(reversal)	29,162,672	19,876,536	-
Amount written off	-	-	-
Balance at Asar end	(37,154,322)	(33,570,260)	(27,049,124)

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.

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 B/FIs as no historical loss ratio exists for such loans and advances.

4.7 Loans and advances to customers

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Loan and advances measured at amortized cost	84,364,473,983	75,684,957,057	67,597,249,527
Less: Impairment allowances			
Collective impairment	(917,968,864)	(795,518,918)	(608,620,378)
Individual impairment	(971,511,439)	(417,628,412)	(719,240,894)
Net amount	82,474,993,680	74,471,809,727	66,269,388,255
Loan and advances measured at FVTPL	-	-	-
Total	82,474,993,680	74,471,809,727	66,269,388,255

4.7.1: Analysis of loan and advances - By Product

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Product			
Term loans	14,262,979,714	12,790,784,076	8,648,967,731
Overdraft	8,407,923,810	9,884,830,120	8,685,711,591
Trust receipt/Import loans	14,143,814,267	7,894,805,776	7,426,765,286
Demand and other working capital loans	26,522,607,304	20,851,058,173	21,799,773,530
Personal residential loans	4,494,038,687	4,639,628,210	4,497,754,342
Real estate loans	3,807,106,896	3,481,717,112	3,438,432,614
Margin lending loans	1,344,048,443	2,465,736,700	1,978,489,769
Hire purchase loans	6,506,662,052	6,743,752,750	5,142,331,573
Deprived sector loans	425,738,869	406,881,241	412,111,530
Bills purchased	66,073,499	2,257,533,712	2,232,223,500
Staff loans	558,880,033	804,851,592	751,323,797
Other	3,150,220,358	2,867,222,988	2,133,415,499
Sub total	83,690,093,933	75,088,802,451	67,147,300,761
Interest receivable	674,380,050	596,154,606	449,948,766
Grand total	84,364,473,983	75,684,957,057	67,597,249,527

Note: Fair Value of Staff Loan has reduced significantly during the year 2075 due to migration of the home loan to "Life Insurance Tagged Home Loan". The major portion of such loan comes under Prepaid Employee Benefit as the receivable amount of such loan is realizable after long period of time and the present value of the staff loan (fair value portion) becomes smaller.

4.7.2: Analysis of loan and advances - By Currency

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Nepalese rupee	78,276,113,108	73,077,952,628	64,843,882,103
Indian rupee	29,468,151	13,144,394	6,130,784
United State dollar	6,050,159,555	2,579,856,695	2,680,688,602
Great Britain pound	8,716,604	-	-
Euro	-	13,987,260	66,531,532
Japanese yen	-	-	-
Chinese yuan	-	-	-
Other	16,566	16,080	16,506
Total	84,364,473,983	75,684,957,057	67,597,249,527

4.7.3: Analysis of loan and advances - By Collateral

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Secured			
Movable/immovable assets	81,916,000,431	69,643,324,319	62,437,085,349
Gold and silver	-	-	-
Guarantee of domestic B/FIs	-	-	-
Government guarantee	-	-	-
Guarantee of international rated bank	38,670,059	104,883,072	64,942,852
Collateral of export document	237,421	52,020,170	105,989,167
Collateral of fixed deposit receipt	668,632,851	776,664,283	327,120,964
Collateral of Government securities	-	-	-
Counter guarantee	269,536,626	333,851,475	445,607,617
Personal guarantee	6,104,348	32,692,276	32,799,896
Other collateral	1,465,292,248	4,741,521,463	4,183,703,681
Sub total	84,364,473,983	75,684,957,057	67,597,249,527
Unsecured	-	-	-
Grand total	84,364,473,983	75,684,957,057	67,597,249,527

4.7.4: Allowances for impairment

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<u>Specific allowances for impairment</u>			
Balance at Shrawan 1	417,628,412	719,240,894	
Impairment loss for the year:			
Charge for the year	797,483,701	707,845,830	
Recoveries/(reversal) during the year	(243,600,674)	(1,009,458,312)	
Write-offs	-	-	
Exchange rate variance on foreign currency impairment	-	-	
Other movement	-	-	
Balance at Asar end	971,511,439	417,628,412	719,240,894
<u>Collective allowances for impairment</u>			
Balance at Shrawan 1	795,518,918	608,620,378	
Impairment loss for the year:			
Charge/(reversal) for the year	122,449,946	186,898,540	
Exchange rate variance on foreign currency impairment	-	-	
Other movement	-	-	
Balance at Asar end	-	-	
Total allowances for impairment	917,968,864	795,518,918	608,620,378

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.

Impairment under NFRS Allowances for impairment based on NAS 39

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<i>Specific allowances for impairment</i>			
Balance at Shrawan 1	396,766,582	398,872,960	
Impairment loss for the year:			
Charge for the year	193,334,278	(2,106,378)	
Recoveries/(reversal) during the year	-	-	
Write-offs	-	-	
Exchange rate variance on foreign currency impairment	-	-	
Other movement	-	-	
Balance at Asar end	590,100,860	396,766,582	398,872,960
<i>Collective allowances for impairment</i>			
Balance at Shrawan 1	204,617,011	86,960,795	
Impairment loss for the year:			
Charge/(reversal) for the year	(59,354,465)	117,656,217	
Exchange rate variance on foreign currency impairment	-	-	
Other movement	-	-	
Balance at Asar end	-	-	
Total allowances for impairment	145,262,546	204,617,011	86,960,795

Impairment here has been calculated using Incurred Loss Model under NAS 39.

4.8 Investment securities

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Investment securities measured at amortized cost	11,579,736,432	9,570,845,506	11,080,943,232
Investment in equity measured at FVTOCI	74,435,378	77,951,175	110,013,839
Total	11,654,171,810	9,648,796,681	11,190,957,071

4.8.1: Investment securities measured at amortized cost

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Debt securities	1,278,304,716	1,568,466,204	1,633,256,610
Government bonds	-	-	-
Government treasury bills	5,372,251,441	3,792,959,253	5,297,402,451
Nepal Rastra Bank bonds	4,929,180,275	4,209,420,049	4,150,284,171
Nepal Rastra Bank deposits instruments	-	-	-
Other	-	-	-
Less: specific allowances for impairment	-	-	-
Total	11,579,736,432	9,570,845,506	11,080,943,232

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

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Equity instruments			
Quoted equity securities	68,097,219	71,613,016	103,675,680
Unquoted equity securities	6,338,159	6,338,159	6,338,159
Total	74,435,378	77,951,175	110,013,839

4.8.3: Information relating to investment in equities

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity						
Grameen Bikas Laghubitta Bittiya Sanstha Ltd. 95,996 shares of Rs. 100 each	3,000,000	58,845,548	3,000,000	71,613,016	3,000,000	103,675,680
Siddhartha Equity Fund 967,748 shares of Rs. 100 each	9,677,480	9,251,671	-	-	-	-
VISA Card International 5,860 Common Stock of C Class	-	-	-	-	-	-
Mastercard Worldwide 7,320 Common Stock of B Class	-	-	-	-	-	-
Investment in unquoted equity						
Swift SC 6 shares	1,214,859	-	1,214,859	-	1,214,859	-
Credit Information Center Limited 88,434 shares of Rs.100 each	1,423,300	-	1,423,300	-	1,423,300	-
Nepal Clearing House Limited 30,000 shares of Rs. 100 each	2,500,000	-	2,500,000	-	2,500,000	-
National Banking Institute Limited 12,000 shares of Rs. 100 each	1,200,000	-	1,200,000	-	1,200,000	-
Total	6,338,159	68,097,219	6,338,159	71,613,016	6,338,159	103,675,680

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

4.9 Current tax assets

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Current tax assets			
Current year income tax assets	5,301,354,696	4,297,548,385	3,394,413,384
Tax assets of prior periods	2,571,952	1,469,670	9,707,048
	5,303,926,648	4,299,018,056	3,404,120,432
Current tax liabilities			
Current year income tax liabilities	5,147,047,090	4,269,434,698	3,323,095,798
Tax liabilities of prior periods	2,571,952	1,469,670	9,707,048
	5,149,619,042	4,270,904,368	3,332,802,846
Total	154,307,606	28,113,687	71,317,586

4.10 Investment in subsidiaries

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Investment in quoted subsidiaries	-	-	-
Investment in unquoted subsidiaries	-	-	-
Total investment	-	-	-
Less: Impairment allowances	-	-	-
Net carrying amount	-	-	-

4.10.1: Investment in quoted subsidiaries

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	-	-	-	-	-	-
..... Ltd. shares of Rs. each	-	-	-	-	-	-
.....						
Total	-	-	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	-	-	-	-	-	-
..... Ltd. shares of Rs. each	-	-	-	-	-	-
.....						
Total	-	-	-	-	-	-

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
..... Ltd.	-	-	-
..... Ltd.	-	-	-
..... Ltd.	-	-	-
..... Ltd.	-	-	-
.....	-	-	-

4.10.4: Non controlling interest of the subsidiaries

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Equity interest held by NCI (%)	-	-	-
Profit/(loss) allocated during the year	-	-	-
Accumulated balances of NCI as on Asar end.....	-	-	-
Dividend paid to NCI	-	-	-
Equity interest held by NCI (%)	-	-	-
Profit/(loss) allocated during the year	-	-	-
Accumulated balances of NCI as on Asar end.....	-	-	-
Dividend paid to NCI	-	-	-

4.11 Investment in associates

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Investment in quoted associates	97,661,700	97,661,700	97,661,700
Investment in unquoted associates	98,124,000	98,124,000	98,124,000
Total investment	195,785,700	195,785,700	195,785,700
Less: Impairment allowances	-	-	-
Net carrying amount	195,785,700	195,785,700	195,785,700

4.11.1: Investment in quoted associates

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Rural Microfinance Dev Centre 670,824 shares of Rs. 100 each	48,000,000	-	48,000,000	-	48,000,000	-
Nirdhan Utthan Bank Ltd. 1,122,325 shares of Rs.100 each	12,793,300	-	12,793,300	-	12,793,300	-
Chhimek Bikas Bank Ltd. 1,198,300 shares of Rs. 100 each	24,377,900	-	24,377,900	-	24,377,900	-
Swabalamban Bikas Bank Ltd. 604,828 shares of Rs. 100 each	12,490,500	-	12,490,500	-	12,490,500	-
Total	97,661,700	-	97,661,700	-	97,661,700	-

4.11.2: Investment in unquoted associates

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Smart Choice Technologies Limited 230,880 shares of Rs. 100 each	98,124,000	-	98,124,000	-	98,124,000	-
Total	98,124,000	-	98,124,000	-	98,124,000	-

Investments in associates are required to be accounted using equity method in line with NAS 28. However bank account has accounted for investments in associates at cost, at the date of transition, as the associate companies are yet to adopt NFRS in preparing their financial statements. This also has been ratified in the Carve-Out provided by ICAN.

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Bank		
	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Rural Microfinance Dev Centre	9.23%	9.23%	9.23%
Nirdhan Utthan Bank Ltd.	11.22%	11.22%	11.22%
Chhimek Bikas Bank Ltd.	11.98%	11.98%	11.98%
Swabalamban Bikas Bank Ltd.	12.02%	12.02%	12.02%
Smart Choice Technologies Limited	20.00%	20.00%	20.00%

Although holding of bank in Rural Microfinance Dev Centre, Nirdhan Utthan Bank Ltd, Chhimek Bikas Bank Ltd and Swabalamban Bikas Bank Ltd is less than 20%, they are considered to be associate of the Bank by the virtue of Significant Influence. Representation of the Bank in the board of directors of these entities demonstrates the existence of significant influence.

4.11.4: Equity value of associates

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
..... Ltd.	-	-	-
..... Ltd.	-	-	-
.....	-	-	-
Total	-	-	-

4.12 Investment properties

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Investment properties measured at fair value			
Balance as on Shrawan 1, 2074	233,378,063	216,578,063	216,578,063
Addition/disposal during the year	(231,078,756)	16,800,000	-
Net changes in fair value during the year	-	-	-
Adjustment/transfer	-	-	-
Net amount	2,299,307	233,378,063	216,578,063
Investment properties measured at cost			
Balance as on Shrawan 1,	-	-	-
Addition/disposal during the year	-	-	-
Adjustment/transfer	-	-	-
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
Net amount	-	-	-
Total	2,299,307	233,378,063	216,578,063

4.13 Property and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total
Cost									
As on Shrawan 1, 2073	941,602,422	434,171,015	273,038,888	456,715,013	282,973,203	201,644,681	40,569,042	378,557,893	3,009,372,157
Addition during the Year									
Acquisition	239,782,750	10,278,376	13,776,020	31,637,037	55,178,059	8,170,469	14,549,441	22,522,567	395,894,719
Capitalization	-	679,932	-	-	-	2,450,173	-	181,806	3,311,911
Disposal during the year	-	-	-	(268,600)	(37,640,861)	-	(3,034,605)	(808,314)	(41,752,380)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2074	1,181,385,172	445,129,323	286,814,908	488,083,450	300,510,401	212,265,323	52,183,878	400,453,952	3,366,826,407
Addition during the Year									
Acquisition	-	9,030,347	16,954,934	53,253,499	55,154,000	13,973,363	2,274,690	40,807,821	191,448,654
Capitalization	-	21,390,375	-	-	-	-	-	-	21,390,375
Disposal during the year	-	-	-	(1,695,428)	(38,778,537)	-	-	(4,332,304)	(44,806,269)
Adjustment/Revaluation	-	-	-	-	-	-	-	(230,100)	(230,100)
Balance as on Asar end 2075	1,181,385,172	475,550,045	303,769,842	539,641,521	316,885,864	226,238,686	54,458,568	436,699,369	3,534,629,067
Depreciation and Impairment									
As on Shrawan 1, 2073	-	106,796,459	219,732,555	316,028,076	99,442,447	108,668,977	25,336,539	237,709,903	1,113,714,956
Depreciation charge for the Year	-	16,505,706	14,420,615	31,440,539	29,167,064	11,508,294	3,258,366	22,701,260	129,001,844
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(20,962,826)	-	(2,139,549)	(636,577)	(23,738,952)
Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2074	-	123,302,165	234,153,170	347,468,615	107,646,685	120,177,271	26,455,356	259,774,586	1,218,977,848
Impairment for the Year	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	17,232,135	13,713,429	31,700,047	30,711,211	30,240,515	4,106,937	5,088,427	132,792,701
Disposals	-	-	-	(1,597,164)	(19,210,161)	-	-	(4,118,041)	(24,925,366)
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2075	-	140,534,300	247,866,599	377,571,497	119,147,735	150,417,786	30,562,294	260,744,972	1,326,845,183
Capital Work in Progress									
As on Asar end 2073	-	24,470,434	-	-	-	2,450,173	-	388,854	27,309,461
As on Asar end 2074	-	27,837,030	-	-	-	-	-	207,049	28,044,079
As on Asar end 2075	-	10,127,022	-	-	-	-	-	4,766,361	14,893,383
Net Book Value									
As on Asar end 2073	941,602,422	351,844,990	53,306,334	140,686,937	183,530,756	95,425,877	15,332,503	141,236,844	1,922,966,663
As on Asar end 2074	1,181,385,172	349,664,188	52,661,739	140,614,835	192,863,716	92,088,052	25,728,522	140,886,415	2,175,892,639
As on Asar end 2075	1,181,385,172	345,142,767	55,903,244	162,070,024	197,738,129	75,820,900	23,896,274	180,720,758	2,222,677,268

4.14 Goodwill and Intangible Assets

Particulars	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost:					
As on Shrawan 1, 2073	-	528,971,992	-	-	528,971,992
Addition during the Year					-
Acquisition	-	23,236,529	-	-	23,236,529
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2074	-	552,208,521	-	-	552,208,521
Addition during the Year					-
Acquisition	-	45,310,356	-	-	45,310,356
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2075	-	597,518,877	-	-	597,518,877
Amortization and Impairment					
As on Shrawan 1, 2073	-	420,277,335	-	-	420,277,335
Amortization charge for the Year	-	55,905,378	-	-	55,905,378
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2074	-	476,182,713	-	-	476,182,713
Amortization charge for the Year	-	35,483,476	-	-	35,483,476
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as on Asar end 2075	-	511,666,189	-	-	511,666,189
Net book value:					
Balance as on Asar end 2073	-	108,694,657	-	-	108,694,657
Balance as on Asar end 2074	-	76,025,808	-	-	76,025,808
Balance as on Asar end 2075	-	85,852,688	-	-	85,852,688

4.15 Deffered Tax

Asar 2075			
Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	(891,086)	(891,086)
Loans and advances to customers	-	(178,846,382)	(178,846,382)
Investment properties	-	-	-
Investment securities	310,944	(16,625,922)	(16,314,978)
Property & equipment	-	(8,809,758)	(8,809,758)
Employees' defined benefit plan	73,598,171	-	73,598,171
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences	73,909,115	(205,173,148)	(131,264,033)
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Asar 2075			(131,264,033)
Deferred tax (asset)/liabilities as on shrawan 1, 2074			123,265,472
Origination/(Reversal) during the year			7,998,561
Deferred tax expense/(income) recognised in profit or loss			11,956,544
Deferred tax expense/(income) recognised in other comprehensive income			(3,957,983)
Deferred tax expense/(income) recognised in directly in equity			-
Asar 2074			
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	(891,086)	(891,086)
Loans and advances to customers	-	(178,846,382)	(178,846,382)
Investment properties	-	-	-
Investment securities	389,437	(20,583,905)	(20,194,468)
Property & equipment	-	(7,434,203)	(7,434,203)
Employees' defined benefit plan	77,266,298	-	77,266,298
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	6,834,369	-	6,834,369
Deferred tax on temporary differences	84,490,104	(207,755,576)	(123,265,472)
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 2074			(123,265,472)
Deferred tax (asset)/liabilities as on shrawan 1, 2073			107,155,033
Origination/(Reversal) during the year			16,110,439
Deferred tax expense/(income) recognised in profit or loss			25,729,238
Deferred tax expense/(income) recognised in other comprehensive income			(9,618,799)
Deferred tax expense/(income) recognised in directly in equity			-

4.16 Other assets

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Assets held for sale	-	-	-
Other non banking assets	-	-	-
Bills receivable	-	-	-
Accounts receivable	327,841,588	304,169,713	90,856,107
Accrued income	-	-	-
Prepayments and deposit	78,155,834	72,799,383	67,911,859
Income tax deposit	68,365,933	64,464,933	32,663,933
Deferred employee expenditure	477,530,067	204,653,134	121,434,297
Other	111,511,979	71,167,696	54,703,221
Total	1,063,405,401	717,254,859	367,569,417

4.17 Due to Bank and Financial Institutions

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Money market deposits	-	-	-
Interbank borrowing	-	40,001,096	1,000,024,658
Other deposits from BFIs	754,253,957	546,659,587	902,605,161
Settlement and clearing accounts	-	-	-
Other deposits from BFIs	-	-	-
Total	754,253,957	586,660,683	1,902,629,819

4.18 Due to Nepal Rastra Bank

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Refinance from NRB	-	-	-
Standing Liquidity Facility	-	-	-
Lender of last report facility from NRB	-	-	-
Securities sold under repurchase agreements	-	-	-
Other payable to NRB	-	-	-
Total	-	-	-

4.19 Derivative financial instruments

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<i>Held for trading</i>			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
<i>Held for risk management</i>			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	9,109,574	-	-
Other	-	-	-
Total	9,109,574	-	-

4.20 Deposits from customers

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<i>Institutions customers:</i>			
Term deposits	9,888,724,174	9,898,991,157	9,683,754,111
Call deposits	4,027,837,839	3,001,263,564	6,687,398,228
Current deposits	605,468,087	1,117,769,351	410,380,068
Other	390,785,306	57,710,090	98,233,546
<i>Individual customers:</i>			
Term deposits	31,770,447,366	27,512,082,898	7,079,761,328
Saving deposits	38,996,612,798	38,133,808,753	46,428,555,761
Current deposits	8,994,368,281	7,547,419,887	7,974,417,204
Other	4,314,547,361	5,065,408,968	8,070,680,442
Total	98,988,791,212	92,334,454,668	86,433,180,688

4.20.1: Currency wise analysis of deposit from customers

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Nepalese rupee	90,790,154,922	83,731,402,610	76,599,542,952
Indian rupee	-	-	-
United State dollar	7,972,051,334	8,367,633,758	9,427,137,470
Great Britain pound	85,338,446	65,792,670	125,177,616
Euro	124,410,242	127,907,322	254,073,657
Japanese yen	13,024,942	39,435,651	20,511,421
Chinese yuan	868,185	804,750	366,767
Other	2,943,140	1,477,908	6,370,805
Total	98,988,791,212	92,334,454,668	86,433,180,688

4.21 Borrowing

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
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

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Provisions for redundancy	-	-	-
Provision for restructuring	-	-	-
Pending legal issues and tax litigation	-	-	-
Onerous contracts	-	-	-
Other	2,299,307	233,378,063	216,578,063
Total	2,299,307	233,378,063	216,578,063

4.22.1: Movement in provision

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Balance at Shrawan 1	233,378,063	216,578,063	-
Provisions made during the year	-	16,800,000	-
Provisions used during the year	(231,078,756)	-	-
Provisions reversed during the year	-	-	-
Unwind of discount	-	-	-
Balance at Asar end	2,299,307	233,378,063	216,578,063

4.23 Other liabilities

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Liability for employees defined benefit obligations	26,848,604	40,325,852	59,075,798
Liability for long-service leave	245,327,235	257,554,326	224,198,364
Short-term employee benefits	-	-	-
Bills payable	142,131,638	82,892,887	504,174,092
Creditors and accruals	21,354,299	254,818,169	211,646,686
Interest Payable on deposits	449,610,396	468,522,091	86,098,309
Interest payable on borrowing	-	-	-
Liabilities on deferred grant income	-	-	-
Unpaid Dividend	31,980,755	21,802,681	66,412,337
Liabilities under Finance Lease	-	-	-
Employee bonus payable	276,517,940	310,170,834	274,882,250
Other	620,557,887	398,264,132	533,261,149
Total	1,814,328,754	1,834,350,972	1,959,748,985

4.23.1: Defined benefit obligations

The amounts recognized in the statement of financial position are as follows:

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Present value of unfunded obligations	-	-	-
Present value of funded obligations	524,723,683	551,129,511	524,858,366
Total present value of obligations	524,723,683	551,129,511	524,858,366
Fair value of plan assets	497,875,079	510,803,659	465,782,568
Present value of net obligations	26,848,604	40,325,852	59,075,798
Recognised liability for defined benefit obligations	26,848,604	40,325,852	59,075,798

4.23.2: Plan assets

Plan assets comprise:

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposit	497,875,079	510,803,659	465,782,568
Other	-	-	-
Total	497,875,079	510,803,659	465,782,568
Actual return on plan assets	-	-	-

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Defined benefit obligations at Shrawan 1	551,129,511	524,858,366	362,379,044
Actuarial losses	(29,792,839)	(31,495,017)	101,265,257
Benefits paid by the plan	(84,748,908)	(25,747,883)	(7,449,302)
Current service costs and interest	88,135,919	83,514,045	68,663,367
Defined benefit obligations at Asar end	524,723,683	551,129,511	524,858,366

4.23.4: Movement in the fair value of plan assets

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Fair value of plan assets at Shrawan 1	510,803,659	465,782,568	362,379,044
Contributions paid into the plan	71,820,328	70,768,974	110,852,826
Benefits paid during the year	(84,748,908)	(25,747,883)	(7,449,302)
Actuarial (losses) gains	-	-	-
Expected return on plan assets	-	-	-
Fair value of plan assets at Asar end	497,875,079	510,803,659	465,782,568

4.23.5: Amount recognised in profit or loss

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Current service costs	42,943,575	42,846,886	39,673,043
Interest on obligation	45,192,344	40,667,159	28,990,324
Expected return on plan assets	-	-	-
Total	88,135,919	83,514,045	68,663,367

4.23.6: Amount recognised in other comprehensive income

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Actuarial (gain)/loss	(29,792,839)	(31,495,017)	101,265,257
Total	(29,792,839)	(31,495,017)	101,265,257

4.23.7: Actuarial assumptions

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Discount rate	9.00%	8.50%	8.00%
Expected return on plan asset	0.00%	0.00%	0.00%
Future salary increase	6.00%	6.00%	6.00%
Withdrawal rate	5.00%	5.00%	5.00%

4.24 Debt securities issued

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Debt securities issued designated as at fair value through profit or loss	-	-	-
Debt securities issued at amortised cost	623,357,548	622,996,759	622,760,909
Total	623,357,548	622,996,759	622,760,909

4.25 Subordinated Liabilities

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Redeemable preference shares	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-
Other	-	-	-
Total	-	-	-

4.26 Share capital

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Ordinary shares	8,114,529,375	6,491,623,500	4,499,145,000
Convertible preference shares (equity component only)	-	-	-
Irredeemable preference shares (equity component only)	-	-	-
Perpetual debt (equity component only)	-	-	-
Total	8,114,529,375	6,491,623,500	4,499,145,000

4.26.1: Ordinary shares

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Authorized Capital			
100,000,000 Ordinary share of Rs. 100 each	10,000,000,000	8,500,000,000	8,500,000,000
Issued capital			
81,145,294 Ordinary share of Rs. 100 each	8,114,529,375	6,491,623,500	4,499,145,000
Subscribed and paid up capital			
81,145,294 Ordinary share of Rs. 100 each	8,114,529,375	6,491,623,500	4,499,145,000
Total	8,114,529,375	6,491,623,500	4,499,145,000

4.26.2: Ordinary share ownership

Particulars	Asar 2075		Asar 2074		Shrawan 1, 2073 (Restated)	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership						
Nepal Government	-	-	-	-	-	-
"A" class licensed institutions	-	-	-	-	-	-
Other licensed intitutions	-	-	-	-	-	-
Other Institutions	65%	5,274,444,094	65%	4,219,555,275	65%	2,924,444,250
Public	15%	1,217,179,406	15%	973,743,525	15%	674,871,750
Other	-	-	-	-	-	-
Foreign ownership	20%	1,622,905,875	20%	1,298,324,700	20%	899,829,000
Total	100%	8,114,529,375	100%	6,491,623,500	100%	4,499,145,000

4.27 Reserves

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Statutory general reserve	3,184,119,880	2,808,997,787	2,373,350,808
Exchange equilisation reserve	34,636,311	34,636,311	34,192,970
Corporate social responsibility reserve	25,349,207	21,782,349	-
Capital redemption reserve	-	-	-
Regulatory reserve	723,597,851	-	-
Investment adjustment reserve	-	-	-
Capital reserve	-	-	-
Assets revaluation reserve	-	-	-
Fair value reserve	38,793,817	48,029,111	70,472,976
Dividend equalisation reserve	-	-	-
Actuarial gain	(39,977,401)	(69,770,240)	(101,265,257)
Special reserve	-	33,471,134	14,108,210
Other reserve	557,442,515	451,352,657	342,857,141
Total	4,523,962,180	3,328,499,109	2,733,716,848

NOTE:	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
<u>Special reserve includes:</u>			
Capital Adjustment Reserve	-	29,471,134	10,108,210
Special Reserve Fund	-	4,000,000	4,000,000
Total Special Reserve	-	33,471,134	14,108,210
<u>Other reserve includes:</u>			
Bond Redemption Reserve	514,285,713	428,571,427	342,857,141
Employee Training and Development Fund	43,156,802	22,781,230	-
Total Other Reserve	557,442,515	451,352,657	342,857,141

4.28 Contingent liabilities and commitments

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Contingent liabilities	32,269,432,841	24,235,591,791	24,999,586,444
Undrawn and undisbursed facilities	3,455,484,420	2,994,091,069	3,454,026,292
Capital commitment	32,406,951	-	-
Lease Commitment	-	-	-
Litigation	426,472,271	182,949,581	100,543,761
Total	36,183,796,482	27,412,632,440	28,554,156,497

4.28.1: Contingent liabilities

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Acceptance and documentary credit	14,371,288,695	10,394,851,920	10,267,188,406
Bills for collection	1,076,037,596	3,267,003,805	3,246,945,701
Forward exchange contracts	5,890,999,775	42,242,179	1,168,528,954
Guarantees	6,408,163,036	6,474,794,216	4,952,439,228
Underwriting commitment	-	-	-
Other commitments	4,522,943,739	4,056,699,670	5,364,484,155
Total	32,269,432,841	24,235,591,791	24,999,586,444

4.28.2: Undrawn and undisbursed facilities

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Undisbursed amount of loans	-	-	-
Undrawn limits of overdrafts	3,455,484,420	2,994,091,069	3,454,026,292
Undrawn limits of credit cards	-	-	-
Undrawn limits of letter of credit	-	-	-
Undrawn limits of guarantee	-	-	-
Total	3,455,484,420	2,994,091,069	3,454,026,292

4.28.3: Capital commitments

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

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Capital commitments in relation to Property and Equipment			
Approved and contracted for	24,768,644	-	-
Approved but not contracted for	7,638,307	-	-
Sub total	32,406,951	-	-
Capital commitments in relation to Intangible assets			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	-	-	-
Total	32,406,951	-	-

4.28.4: Lease commitments

Particulars	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
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	-	-	-
Sub 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	Asar 2075	Asar 2074	Shrawan 1, 2073 (Restated)
Claims on Institutions but not accepted by bank			
- Unpaid guarantee claims	216,975,035	18,156,550	18,156,550
Contingent liabilities on income tax	-	-	-
- Assessment under appeal	209,497,236	164,793,031	82,387,211
	426,472,271	182,949,581	100,543,761

4.29 Interest income

Particulars	Asar 2075	Asar 2074
Cash and cash equivalent	66,030,332	64,958,056
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	74,832,369	73,719,962
Loan and advances to bank and financial institutions	337,595,991	174,622,669
Loans and advances to customers	8,820,245,079	6,502,010,531
Investment securities	387,014,543	240,858,572
Loan and advances to staff	39,152,578	50,506,309
Other	-	-
Total interest income	9,724,870,892	7,106,676,099

4.30 Interest expense

Particulars	Asar 2075	Asar 2074
Due to bank and financial institutions	7,356,364	23,300,429
Due to Nepal Rastra Bank	-	-
Deposits from customers	5,347,690,808	3,102,033,240
Borrowing	-	-
Debt securities issued	48,000,000	48,000,000
Subordinated liabilities	-	-
Other	-	-
Total interest expense	5,403,047,172	3,173,333,669

4.31 Fees and Commission Income

Particulars	Asar 2075	Asar 2074
Loan administration fees	94,985,361	87,566,916
Service fees	-	-
Consortium fees	904,130	923,580
Commitment fees	-	-
DD/TT/Swift fees	25,877,006	25,686,594
Credit card/ATM issuance and renewal fees	239,385,449	254,729,776
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	115,833,270	93,199,179
Commission on letter of credit	81,498,688	79,020,227
Commission on guarantee contracts issued	90,144,198	92,489,630
Commission on share underwriting/issue	-	-
Locker rental	20,481,454	19,495,833
Other fees and commission income	102,928,265	131,640,035
Total Fees & Commission Income	772,037,821	784,751,770

4.32 Fees and commission expense

Particulars	Asar 2075	Asar 2074
ATM management fees	-	-
VISA/Master card fees	33,215,292	27,502,340
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	9,788,125	9,096,917
Remittance fees and commission	-	-
Other fees and commission expense	21,233,376	15,955,977
Total Fees & Commission Expense	64,236,793	52,555,234
Net Fees & Commission Income	707,801,028	732,196,536

4.33 Net trading income

Particulars	Asar 2075	Asar 2074
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss on foreign exchange transaction	718,904,848	607,848,833
Other	-	-
Net Trading Income	718,904,848	607,848,833

4.34 Other operating income

Particulars	Asar 2075	Asar 2074
Foreign exchange revaluation gain	(42,614,098)	1,773,362
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	48,597,350	26,227,567
Gain/loss on sale of property and equipment	821,207	579,127
Gain/loss on sale of investment property	19,872,620	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Other	78,171,011	57,815,859
Total	104,848,090	86,395,915

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

Particulars	Asar 2075	Asar 2074
Impairment charge/(reversal) on loan and advances to B/FIs	3,584,062	6,521,136
Impairment charge/(reversal) on loan and advances to customer	676,332,973	(114,713,942)
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	679,917,035	(108,192,806)

4.36 Personnel Expense

Particulars	Asar 2075	Asar 2074
Salary	355,083,763	351,995,370
Allowances	429,322,578	435,530,989
Gratuity Expense	88,135,919	83,514,045
Provident fund	31,767,926	32,575,508
Uniform	9,000,000	8,000,000
Training & development expense	11,255,172	27,253,082
Leave encashment	39,999,565	63,685,013
Medical	-	-
Insurance	27,933,063	29,782,141
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	12,338,194	20,383,190
Other expenses related to staff	40,894,019	44,247,152
Subtotal	1,045,730,199	1,096,966,490
Employees bonus	276,517,940	310,170,834
Grand total	1,322,248,139	1,407,137,324

Staff Loans are shown in fair value using the market rates, The difference of previous year's day 1 difference and current year's day 1 difference is amortised staff benefit expenses which is recognised as "Finance expenses under NFRS".

4.37 Other operating expense

Particulars	Asar 2075	Asar 2074
Directors' fee	1,394,000	1,456,700
Directors' expense	6,460,231	4,783,708
Auditors' remuneration	1,921,000	1,921,000
Other audit related expense	-	-
Professional and legal expense	24,281,044	20,169,741
Office administration expense	432,393,316	395,408,743
Operating lease expense	172,191,137	161,719,081
Operating expense of investment properties	-	-
Corporate social responsibility expense	15,189,247	2,032,914
Onerous lease provisions	-	-
Other	40,440,783	25,204,440
Total	694,270,758	612,696,327

4.38 Depreciation & Amortisation

Particulars	Asar 2075	Asar 2074
Depreciation on property and equipment	132,792,701	129,001,844
Depreciation on investment property	-	-
Amortisation of intangible assets	35,483,476	55,905,378
Total	168,276,177	184,907,222

4.39 Non operating income

Particulars	Asar 2075	Asar 2074
Recovery of written off loan	16,371,060	10,408,002
Other income	293,154,178	4,283,241
Total	309,525,238	14,691,243

4.40 Non operating expense

Particulars	Asar 2075	Asar 2074
Loan write offs	20,936,778	8,114,430
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	512,074,634	15,211,226
Total	533,011,412	23,325,656

Note: Other expense in FY 2074/75 includes expenses incurred on Voluntary Retirement Scheme of the Bank amounting to Rs. 50,894,830

4.41 Income tax expense

Particulars	Asar 2075	Asar 2074
Current tax expense		
Current year	875,040,440	945,628,135
Adjustments for prior years	2,571,952	1,469,670
	877,612,392	947,097,805
Deferred tax expense		
Origination and reversal of temporary differences	11,956,544	25,729,238
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	889,568,936	972,827,043

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Asar 2075	Asar 2074
Profit before tax	2,765,179,403	3,254,601,234
Tax amount at tax rate of 30%	829,553,821	976,380,370
Add: Tax effect of expenses that are not deductible for tax purpose	240,712,691	94,162,220
Less: Tax effect on exempt income	(195,552,229)	(79,046,587)
Add/less: Tax effect on other items	14,854,653	(18,668,960)
Total income tax expense	889,568,936	972,827,043
Effective tax rate	32.17%	29.89%

Movement in Regulatory Reserve

The impact due to adoption of NFRS in the Opening Statement of Financial Position (i.e Ashadh 2075) has been transferred from Retained Earning to Regulatory Reserve, the details of which are presented below:

Regulatory Reserve Breakdown		Asar 2075 Rs.
Particulars	Remarks	
Loans & Advances to Customers and BFIS	Recognition of accrual basis income on loan	681,321,143
Investment Property	Fair Value of Investment Property (NBA)	2,299,307
Actuarial Loss	Transfer of Gross value of Actuarial Loss	39,977,401
Net Balance of Regulatory Reserve		723,597,851

5. DISCLOSURE & ADDITIONAL INFORMATION

5.1 Risk management

HBL realizes the ever-increasing need for a comprehensive risk assessment & management system at all levels of operation and has therefore instilled a strong control & monitoring environment within the bank. An effective internal control system is in place which defines rights, authorities, responsibilities and accountability at different levels of management with detailed working procedures laid out for various operational aspects. A systematic assessment process has been developed to ensure compliance with the requirements of the Capital Adequacy Framework based on Basel accord as well as other statutory and regulatory requirements. The entire risk assessment and internal control system is reviewed periodically by Senior Management to address loopholes and risk areas identified in the course of operation as well as those considered potential given the dynamic environment of the banking industry.

Credit risk

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

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

Market risk

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

Fair value of financial assets and liabilities

Fair value represents value at which an asset can be exchanged or a liability can be discharged in an orderly transaction on a given date. Fair value accounting is a means to ensure that the balance sheet reflects the current value of assets and liabilities with corresponding effects for changes duly given in the income statement. The bank accounts for fair

value of financial assets and liabilities using the standard valuation hierarchy depending on the nature of assets / liabilities which involves reliance on quoted market prices, value of similar nature asset / liability and acceptable valuation techniques.

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 scrip 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

1. Tier 1 Capital and Breakdown of its Components:		
S. No.	Particulars	Amount
A	Core Capital (Tier 1)	13,131,659,830
1	Paid up Equity Share Capital	8,114,529,375
2	Statutory General Reserves	3,184,119,880
3	Retained Earnings	1,500,405,440
4	Debenture Redemption Reserve	514,285,713
5	Less: Investment in equity of institutions with financial interests	98,124,000
6	Less: Purchase of land & building in excess of limit and unutilized	83,556,578

2. Tier 2 Capital and Breakdown of its Components		
S. No.	Particulars	Amount
A	Supplementary Capital (Tier 2)	1,217,838,627
1	Subordinated Term Debt	240,000,000
2	General loan loss provision	943,202,316
3	Exchange Equalization Reserve	34,636,311
4	Investment Adjustment Reserve	-
5	Other Reserves	-

3. Information on Subordinated Term Debt:	
Bond Issued	HBL Bond 2077
Outstanding amount	600,000,000
Interest rate	8%
Maturity Date	Ashad 2077
Interest payment	Half yearly basis
Tenor	7 years
Amount to be reckoned as capital	240,000,000

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

S. No.	Particulars	Amount
1	Core Capital (Tier 1)	13,131,659,830
2	Supplementary Capital (Tier 2)	1,217,838,627
Total		14,349,498,457

6. Capital Adequacy Ratio:

Tier 1 Capital to Total Risk Weighted Exposures	11.40%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	12.46%

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

RISK WEIGHTED EXPOSURES		
a	Risk Weighted Exposure for Credit Risk	101,647,561,548
b	Risk Weighted Exposure for Operational Risk	7,111,149,947
c	Risk Weighted Exposure for Market Risk	425,030,841
Adjustment under Pillar II		
	Add 5% of gross income for operational risk	2,680,965,560
	Add: 3% of total RWE for overall risk	3,275,512,270
Total Risk Weighted Exposures		115,140,220,166

2. Risk Weighted Exposures under each of 11 categories of Credit Risk

S. No.	Particulars	Amount
1	Claims on government & central bank	545,063,662
2	Claims on other official entities	1,069,468,526
3	Claims on banks	2,450,338,928
4	Claims on domestic corporate and securities firms	63,815,303,590
5	Claims on regulatory retail portfolio	6,026,040,371
6	Claims secured by residential properties	3,465,802,078
7	Claims secured by commercial real estate	1,975,313,336
8	Past due claims	571,000,801
9	High risk claims	7,045,480,065
10	Other assets	3,387,935,497
11	Off balance sheet items	11,295,814,693
Total		101,647,561,548

3. Total Risk Weighted Exposures calculation table:		
S. No.	Particulars	Amount
1	Total Risk Weighted Exposure	115,140,220,166
2	Total Core Capital Fund (Tier 1)	13,131,659,830
3	Total Capital Fund (Tier 1 & Tier 2)	14,349,498,457
4	Total Core Capital to Total Risk Weighted Exposures	11.40%
5	Total Capital to Total Risk Weighted Exposures	12.46%

4. Amount of NPA				
S. No.	Loan Classification	Gross Amount	Provision Held	Net NPA
1	Restructured Loan	6,289,782	5,510,020	779,763
2	Substandard Loan	206,528,505	51,632,126	154,896,378
3	Doubtful Loan	79,749,971	39,874,985	39,874,985
4	Loss Loan	925,772,063	874,494,307	51,277,755
Total		1,218,340,321	971,511,439	246,828,882

5. NPA Ratios	
Gross NPA to Gross Advances	1.40%
Net NPA to Net Advances:	0.29%

(iii) Compliance with external requirement

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

5.3 Classification of financial assets and financial liabilities

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

5.4 Operating Segment Information

1. General information

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

2. Information about profit or loss, assets and liabilities

Particulars	Province							Head Office and other profit center	Total
	1	2	3	4	5	6	7		
(a) Revenues from external customers	770,184,953	815,334,602	6,337,315,740	212,798,302	1,415,552,724	207,128	148,733,820	1,456,447,120	11,156,574,388
(b) Intersegment revenues	6,638,562	-	711,948,037	35,588,400	17,591,613	-	-	37,541,354	809,307,966
(c) Net Revenue	776,823,515	815,334,602	7,049,263,777	248,386,702	1,433,144,337	207,128	148,733,820	1,493,988,473	11,965,882,354
(d) Interest revenue	731,600,105	775,964,623	5,888,775,760	200,210,877	1,348,765,057	92,562	143,500,306	541,165,518	9,630,074,808
(e) Interest expense	148,564,004	126,772,199	4,595,885,691	119,420,867	190,035,589	622,942	9,195,774	212,550,106	5,403,047,172
(f) Net interest revenue	583,036,101	649,192,424	1,292,890,069	80,790,011	1,158,729,469	(530,381)	134,304,532	328,615,412	4,227,027,636
(g) Depreciation and amortisation	9,571,404	1,971,507	26,547,050	2,540,032	5,372,890	343,423	1,579,449	120,524,031	168,449,786
(h) Segment profit /(loss)	514,716,206	630,544,247	524,085,699	101,775,254	1,113,418,115	(4,275,063)	121,981,713	(46,461,993)	2,955,784,179
(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	79,701,690	101,920,696	1,568,003,687	17,153,209	142,115,456	123,527	12,444,048	5,172,312	1,926,634,625
(l) Segment assets	4,057,496,920	2,047,164,133	85,838,930,982	3,012,819,782	5,589,464,752	41,171,471	325,718,954	14,909,306,574	115,822,073,568
(m) Segment liabilities	3,798,790,990	1,908,234,392	83,347,473,112	2,907,780,416	5,142,571,735	42,691,908	296,540,312	4,849,086,270	102,293,169,135

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

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

Each segments 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 local GAAP that existed before adoption of NFRS where as entity's profit or losses are prepared on accrual basis in accordance with NFRS. Thus, the difference is caused due to remeasurement of the items under NFRS.

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

Assets of the reportable segments are measured at cost, whereas entity's assets are measured at fair value in accordance with NFRS, wherever applicable.

(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	11,156,574,388
Other revenues	973,395,229
Elimination of intersegment revenues	(809,307,966)
Entity's revenues	11,320,661,651

2. Profit or loss

Total profit or loss for reportable segments	2,955,784,179
Other profit or loss	85,913,164
Elimination of intersegment profits	-
Unallocated amounts:	
Staff bonus	(276,517,940)
Profit before income tax	2,765,179,403

3. Assets

Total assets for reportable segments	115,822,073,568
Other assets	640,227,812
Unallocated amounts	-
Entity's assets	116,462,301,380

4. Liabilities

Total liabilities for reportable segments	102,293,169,135
Other liabilities	30,235,250
Unallocated liabilities	-
Entity's liabilities	102,323,404,385

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	9,102,418,570
(b)	Letter of Credit	81,498,688
(c)	Guarantee	90,144,198
(d)	Remittance	115,833,270
(e)	Card service	148,361,910
(f)	Locker Service	20,481,454
(g)	Bills purchase and discounting	8,559,268
(h)	Collection service	46,518,053
(i)	other ancillary services	1,542,758,977
	Total	11,156,574,388

6. Information about geographical areas

Revenue from following geographical areas:

(a)	Domestic	11,156,574,388
	Province 1	770,184,953
	Province 2	815,334,602
	Province 3	7,793,762,860
	Province 4	212,798,302
	Province 5	1,415,552,724
	Province 6	207,128
	Province 7	148,733,820
(b)	Foreign	-
	Total	11,156,574,388

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	Asar 2075	Asar 2074	Asar 2073
Deposits with Habib Bank			
Due from Habib Bank	2,660,179	23,700,000	42,011,580
Placements in Habib bank	1,096,500,000	1,751,000,000	1,765,500,000
Due to Habib bank	-	-	(59,930,938)
Total	1,099,160,179	1,774,700,000	1,747,580,642
Note: Due from Habib Bank is GBP 18,341.			
For the Year Ended			
Interest Received	34,626,252	12,953,074	11,845,007
Dividend Paid	-	33,326,999	33,326,999
Total	34,626,252	46,280,073	45,172,006
Transaction with Karmachari Sanchaya Kosh			
Particulars	Asar 2075	Asar 2074	Asar 2073
Rental Expense paid	54,654,600	54,254,300	49,686,000
Total	54,654,600	54,254,300	49,686,000

Further to above transactions, the bank during the year has entered into a contract for purchasing a plot of land in Nepalgunj for a consideration of Rs 133.50 million from a party who is a borrower of the bank availing various funded and non-funded credit facilities and therefore falls within the ambit of related party transactions. The land has been acquired in compliance with the provisions/ procedures laid out in the Financial By-Laws of the bank and will be utilized for construction of branch premises.

Transaction with Parent, Subsidiary and Other Affiliates

The Bank neither has an identifiable parent or a subsidiary of its own.

Transactions with Key Managerial Personnel (KMPs)

According to Nepal Accounting Standard - NAS 24 (Related Party Disclosures) Key Managerial 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 Executives (from Deputy General Manager and above) of the Bank. Transactions with Key Managerial Personnel are summarized below:

Transactions with Key Managerial Personnel (KMPs)			
Particulars	Asar 2075	Asar 2074	Asar 2073
Board of Directors			
Benefits	3,662,407	3,741,195	3,971,886
Total	3,662,407	3,741,195	3,971,886
Chief Executive Officer			
Short term employee benefits	14,498,630	13,000,000	13,500,000
Other Benefits	1,129,477	1,103,136	1,108,951
Post-employment benefits	-	-	-
Total	15,628,107	14,103,136	14,608,951
Key Management Executives			
Particulars	Asar 2075	Asar 2074	Asar 2073
Short term employee benefits	63,381,925	61,093,923	59,094,680
Other Benefits	6,770,960	7,049,426	6,695,544
Post-employment benefits	-	-	-
Total	70,152,885	68,143,349	65,790,224

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. The Deputy Chief Executive Officer, an expat on secondment deputation from Habib Bank Limited, is also provided with a full furnished residence.

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

The details regarding the associates have been disclosed in Note 4.11 of the Financial Statements.

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 5% stock dividend and 10.7895% 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 a liability as at 32 Asar 2075.

5.11 Disclosure effect of transition from previous GAAP to NFRS

1. Reconciliation of equity

Particulars	Explanatory Note	As at 01.04.2073	As at 31.03.2074
		(Date of Transition)	(End of last period presented under previous GAAP)
Total equity under Previous GAAP		8,894,807,260	11,790,613,535
Adjustments under NFRSs:			
Impairment on loan and advances		-	-
Fair value & employees benefit accounting of staff loan		-	-
Lease accounting		-	-
Measurement of investment securities at fair value	1	100,675,680	68,613,016
Revaluation of property & equipment		-	-
Recognition of investment property		-	-
Amortisation of debt securities issued		-	-
Deferred tax	2	(176,669,802)	(216,404,598)
Defined benefit obligation of employees	3	49,880,419	86,403,349
Goodwill/Bargain purchase gain		-	-
Interest income	4	453,950,248	599,124,894
Other	5	(103,465)	(121,165)
Amortization of Investment in Foreign Bonds	6	(3,913,830)	(1,298,124)
Reversal of Provision on Investment	7	1,214,859	1,214,859
Total Adjustment to equity		425,034,108	537,532,231
Total Equity under NFRSs		9,319,841,368	12,328,145,766

Explanatory Note:

1. Measurement of investment securities at fair value

Investment in Quoted Equity (Grameen Bikash Laghubitta Sanstha) has been recognised at FVOCI which was earlier recognized at cost.

Particulars	2072-73	2073-74
Increment in Fair value of equities recognised at FVOCI	100,675,680	68,613,016
Total Effect of Transition	100,675,680	68,613,016

2. Deferred Tax

Deferred tax on the remeasured assets and liabilities have been accounted for and the corresponding effect has been duly adjusted in equity.

3. Defined benefit obligation of employees

As required under NAS-19 "Employee Benefits", post-employment benefits comprising of gratuity and leave encashment for staff has been reassessed under actuarial valuation and the impact has been adjusted in equity.

4. Interest income

Under Previous GAAP, interest income on loans & advances was recognized on cash basis. The subsequent accounting of interest income on accrual basis has given rise to differences in interest income which has resulted in increment of equity.

5. Other

Those assets and liabilities that have met the recognition/derecognition criteria under NFRS have been recognized/derecognised accordingly and the effect has been adjusted in equity.

Particulars	2072-73	2073-74
Net Value of the Deferred Carpet Expenses derecognised	(103,465)	(121,165)
Total Effect of Transition	(103,465)	(121,165)

6. Amortization of Investment in Foreign Bonds

The investment in Foreign Bonds has been recognized using the Effective Interest Rate (EIR) Method and the difference has been charged to equity through income statement.

Particulars	2072-73	2073-74
Net Asset Impact due to use of EIR method	(3,913,830)	(1,298,124)
Net Impact	(3,913,830)	(1,298,124)

7. Reversal of Provision on Investment

Provision made earlier for investment in shares of SWIFT has been reversed and transferred directly to Retained Earning. The impact of the same in the financials is:

Particulars	2072-73	2073-74
NRB Provision Reversal	(1,214,859)	(1,214,859)
Total Effect of Transition	(1,214,859)	(1,214,859)

2. Reconciliation of profit or loss

Particulars	Explanatory Note	For the year ended 31.03.2074 (the latest period presented under previous GAAP) Profit/(Loss) for the year
Previous GAAP		2,178,234,893
Adjustments under NFRSs:		
Interest income	8	168,173,543
Impairment of loan and advances		-
Employees benefit amortisation under staff loan	9	(20,383,190)
Defined benefit obligation of employee	10	5,027,913
Operating lease expense		-
Amortisation expense of debt securities		-
Other operating income		-
Interest expense		-
Depreciation & Amortisation		-
Other	11	(49,278,966)
Total Adjustment to profit or loss		103,539,300
Profit or loss under NFRSs		2,281,774,191
Other Comprehensive Income		9,051,152
Total Comprehensive income under NFRSs		2,290,825,343

Explanatory Note:**8 Interest income**

Interest Income has increased due to recognition of Interest Income on accrual basis and amortization of prepaid employee benefit.

Particulars	Amount
Additional recognition of accrual basis income on Loans and Advances	145,174,646
Additional Interest Income under EIR Method for Investment Securities	2,615,707
Amortization of Prepaid Employee Benefit	20,383,190
Total Adjustments	168,173,543

9 Employees benefit amortisation under staff loan

Amortization of the prepaid employee benefit results in recognition of both income and expenses. The amortized amount is recorded as income under interest income and the corresponding expense is booked under "Personnel Expense"

10 Defined benefit obligation of employee

Actuarial Valuation of the employee benefits has been done and the effect of the same in the statement of profit or loss has been provided.

11 Other

Other Adjustments resulting in the increase/(decrease) of the profit are:

Particulars	Amount
Derecognition of Amortization of Deferred Carpet Expenses	74,627
Deferred Tax Adjustment	(49,353,593)
Total Adjustments	(49,278,966)

3. Effect of NFRSs adoption for the statement of financial position

Particulars	Explanatory Note	As at 01.04.2073 (Date of Transition)			As at 31.03.2074 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRS	Opening NFRS Statement of Financial Position	Previous GAAP	Effect of Transition to NFRS	Opening NFRS Statement of Financial Position
Assets							
Cash and Cash Equivalents		7,209,691,163	-	7,209,691,163	4,734,344,144	-	4,734,344,144
Due from Nepal Rastra Bank		5,677,702,310	-	5,677,702,310	6,141,151,917	-	6,141,151,917
Placements with Bank and Financial Institutions		4,623,810,955	-	4,623,810,955	6,272,030,993	-	6,272,030,993
Derivative financial instruments		25,568,291	-	25,568,291	42,242,179	-	42,242,179
Other trading assets		-	-	-	-	-	-
Loans & Advances to BFIs	12	2,677,863,253	4,001,481	2,681,864,734	3,323,455,698	2,970,288	3,326,425,986
Loans & Advances to Customers	13	65,819,439,489	449,948,766	66,269,388,255	73,875,655,121	596,154,606	74,471,809,727
Investment Securities	14	11,092,980,363	97,976,709	11,190,957,071	9,580,266,929	68,529,751	9,648,796,680
Current Tax Assets		71,317,586	-	71,317,586	28,113,687	-	28,113,687
Investments in subsidiaries		-	-	-	-	-	-
Investments in Associates		195,785,700	-	195,785,700	195,785,700	-	195,785,700
Investment Property	15	-	216,578,063	216,578,063	-	233,378,063	233,378,063
Property & Equipment		1,922,966,664	-	1,922,966,664	2,175,892,638	-	2,175,892,638
Goodwill and Intangible Assets		108,694,657	-	108,694,657	76,025,808	-	76,025,808
Deferred Tax Assets	16	69,514,769	(69,514,769)	-	93,139,126	(93,139,126)	-
Other Assets	17	367,672,880	(103,465)	367,569,416	717,376,025	(121,165)	717,254,859
Total Assets		99,863,008,080	698,886,785	100,561,894,865	107,255,479,966	807,772,417	108,063,252,383
Liabilities							
Due to Bank and Financial Institutions		1,902,629,818	-	1,902,629,818	586,660,683	-	586,660,683
Due to Nepal Rastra Bank		-	-	-	-	-	-
Derivative financial instruments		-	-	-	-	-	-
Deposits from Customers		86,433,180,688	-	86,433,180,688	92,334,454,668	-	92,334,454,668
Borrowing		-	-	-	-	-	-
Current Tax Liabilities		-	-	-	-	-	-
Provisions	18	-	216,578,063	216,578,063	-	233,378,063	233,378,063
Deferred Tax Liabilities	16	-	107,155,033	107,155,033	-	123,265,472	123,265,472
Other Liabilities	19	2,009,629,404	(49,880,419)	1,959,748,985	1,920,754,321	(86,403,349)	1,834,350,972
Debt Securities Issued		622,760,909	-	622,760,909	622,996,759	-	622,996,759
Subordinated Liabilities		-	-	-	-	-	-
Total Liabilities		90,968,200,820	273,852,677	91,242,053,497	95,464,866,431	270,240,186	95,735,106,617
Equity							
Share Capital		4,499,145,000	-	4,499,145,000	6,491,623,500	-	6,491,623,500
Share Premium		-	-	-	-	-	-
Retained Earnings	20	1,631,153,131	455,826,389	2,086,979,520	1,948,749,797	559,273,360	2,508,023,157
Reserves	21	2,764,509,129	(30,792,281)	2,733,716,848	3,350,240,238	(21,741,129)	3,328,499,109
Total Equity attributable to Equity Holders		8,894,807,260	425,034,108	9,319,841,368	11,790,613,535	537,532,231	12,328,145,766
Non Controlling Interest		-	-	-	-	-	-
Total Equity		8,894,807,260	425,034,108	9,319,841,368	11,790,613,535	537,532,231	12,328,145,766
Total Liabilities and Equity		99,863,008,080	698,886,785	100,561,894,865	107,255,479,966	807,772,417	108,063,252,383

Explanatory Note:**12 Loans and Advances to BFIS and to customers**

Loans and advances to customers in previous GAAP were recognized net of provision. However, with the adoption of NFRS, the loans and advances need to be recognized at amortized cost, net of Impairment.

Particulars	2072-73	2073-74
The details of the same are:		
AIR on Loans and Advances	449,680,303	595,926,763
AIR on Staff Loan	268,463	227,843
Total Effect of Transition	449,948,766	596,154,606

- 13 Out of the total loans advanced to the customers, the loan and the AIR portion of the loan to BFIs have been segregated accordingly.

Particulars	2072-73	2073-74
Loans to BFIS	2,704,912,377	3,357,025,958
AIR on Loans provided to BFIs	4,001,481	2,970,288
Total Amortized Cost	2,708,913,858	3,359,996,246
Less: Impairment	(27,049,124)	(33,570,260)
Net Loans and Advances to BFIs	2,681,864,734	3,326,425,986

14 Investment Securities

The Debt Securities have been recorded using the effective interest rate method, as prescribed by NFRS. The remeasurement details of the same are:

Particulars	2072-73	2073-74
Reversal of Provision	1,214,859	1,214,859
Net Asset Impact due to adoption of EIR method	(3,913,830)	(1,298,124)
Fair Value Increment in Instruments recorded @FVOCI	100,675,680	68,613,016
Total Effect of Transition	97,976,709	68,529,751

15 Investment Property

The gross amount of the value of Non-Banking Assets recognized under previous GAAP has been considered to be fair value of the Investment Property at the date of transition to NFRS. Accordingly, an amount equal to the value of the asset has been credited to Regulatory Reserve.

Particulars	2072-73	2073-74
Opening Value of Investment Property	-	216,578,063
Additions during the year	216,578,063	16,800,000
Sale of Investment Property	-	-
Closing Value of Investment Property	216,578,063	233,378,063

16 Deferred Tax Assets

Revised deferred tax has been calculated based on remeasured assets and liabilities of the bank. The calculation detail of the same has been provided under Schedule 4.15.

17 Other Assets

Those assets that fulfill the recognition/derecognition criteria under NFRS have been recognised/derecognised accordingly. The details of the same are:

Particulars	2072-73	2073-74
Derecognition of Net Value of the Deferred Carpet Expenses	(103,465)	(121,165)
Total Effect of Transition	(103,465)	(121,165)

18 Provisions

The provision against the Investment Property (Non Banking Assets) has been recognized separately.

19 Other Liabilities

Those assets that fulfill the recognition/derecognition criteria under NFRS have been recognised/derecognised accordingly. The details of the same are:

Particulars	2072-73	2073-74
Increment/ Decrement in defined benefit obligations due to actuarial valuation	(49,880,419)	(86,403,349)
Total Effect of Transition	(49,880,419)	(86,403,349)

20 Retained Earning

Impact of the adjustment made with the transition to NFRS has been duly effected in retained earning in line with NFRS 1.

21 Reserves

Fair Value Reserve and Reserve for Actuarial Gain/(Loss) as per the requirement of NFRS has been created. The details of the reserves have been provided in the Schedule 4.27

4. Effect of NFRSs adoption for statement of profit or loss and other comprehensive income

Particulars	Explanatory Note	For the year ended 31.03.2074 (the latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRSs	Amount as per NFRSs
Interest income	22	6,938,502,556	168,173,543	7,106,676,099
Interest expense		(3,173,333,669)	-	(3,173,333,669)
Net interest income		3,765,168,887	-	3,933,342,430
Fee and commission income		784,751,770	-	784,751,770
Fee and commission expense		(52,555,234)	-	(52,555,234)
Net fee and commission income		732,196,536	-	732,196,536
Net interest, fee and commission income		4,497,365,423	-	4,665,538,966
Net trading income		607,848,833	-	607,848,833
Other operating income		86,395,915	-	86,395,915
Total operating income		5,191,610,171	-	5,359,783,714
Impairment charge/(reversal) for loans and other losses		108,192,805	-	108,192,805
Net operating income		5,299,802,976	-	5,467,976,519
Operating expense				
Personnel expenses	23	(1,391,782,047)	(15,355,277)	(1,407,137,324)
Other operating expenses	24	(612,770,953)	74,627	(612,696,327)
Depreciation & Amortisation		(184,907,222)	-	(184,907,222)
Operating Profit		3,110,342,754	-	3,263,235,647
Non operating income		14,691,243	-	14,691,243
Non operating expense		(23,325,656)	-	(23,325,656)
Profit before income tax		3,101,708,341	-	3,254,601,234
Income tax expense				-
Current Tax		(947,097,805)	-	(947,097,805)
Deferred Tax	25	23,624,357	(49,353,593)	(25,729,238)
Profit for the year		2,178,234,893	-	2,281,774,191
Other comprehensive income	26	-	9,051,152	9,051,152
Total comprehensive income		-	-	2,290,825,343

Explanatory Note:
22 Interest income

Particulars	Amount
Additional recognition of accrual basis income on Loans and Advances	145,174,646
Additional Interest Income under EIR Method for Investment Securities	2,615,707
Amortization of Prepaid Employee Benefit	20,383,190
Total Adjustments	168,173,543

23 Personnel expenses

Particulars	Amount
Amortization of Prepaid Employee Benefit	(20,383,190)
Increment in expenses due to Actuarial Valuation	5,027,913
Total Adjustments	(15,355,277)

24 Other operating expenses

Derecognition of deferred carpet expenses(assets) in the first year of adoption requires derecognition of amortized figure of such expenses in the later years as well.

25 Deferred Tax

Revised deferred tax has been calculated based on remeasured assets and liabilities of the bank. Calculation detail of the same has been provided under Schedule 4.15. Accordingly, the movement of the deferred tax liability has been charged to Profit/(Loss) account.

26 Other Comprehensive Income

Actuarial Gain/(Loss) and Fair Value of Equity instruments recognised at fair value through OCI are recognized as OCI Reserves. Accordingly, the movement in such reserves are provided for in "Other Comprehensive Income". The details of which are provided in the Statement of Comprehensive Income.

5. Effect of NFRSs adoption for statement of cash flows

Particulars	Explanatory Note	For the year ended 31.03.2074 (the latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRSs	Amount as per NFRSs
Net cash flows from operating activities	27	(922,388,002)	(4,025,270,511)	(4,947,658,513)
Net cash flows from investing activities	28	1,370,751,690	(100,100,301)	1,270,651,389
Net cash flows from financing activities		592,037,910	-	592,037,910
Net increase/(decrease) in cash and cash equivalent		1,040,401,597	(4,125,370,812)	(3,084,969,214)
Cash and cash equivalent at the beginning of the period	29	7,874,984,059	-	7,209,691,163
Cash and cash equivalent at the end of the period		8,915,385,656	-	4,734,344,144*

*The Amount of Closing cash and cash equivalent includes the foreign exchange difference of Rs 609,622,195 i.e. the amount of foreign exchange income for the year.

Explanatory Note:

27 Operating Activities

Details of the changes in the operating cash flow based on previous GAAP and based on NFRS are disclosed below:

Particulars	Amount
Foreign Placement- Transferred to CCE	(1,809,430,104)
Change in Due from NRB	(463,449,607)
Money at call and Short Notice-Transferred to CCE	(1,482,036,329)
Foreign Exchange	(609,622,195)
Cheque in transit	144,861
Local Placement-Transferred to CCE	208,161,449
Foreign Bond Income Adjustment	107,724,885
Purchase of Intangible Asset	23,236,529
Total	(4,025,270,511)

Note: CCE=Cash and Cash Equivalent

28 Investing Activities

Details of the changes in the cash flow from investing activities based on previous GAAP and based on NFRS are disclosed below:

Particulars	Amount
Purchase of Intangible Assets	(23,236,529)
T-Bill	(68,228,126)
Foreign Bond	(41,039,000)
Foreign Placement -with original maturity of more than 90 days	32,403,354
Total	(100,100,301)

Note: Previously, cash flow from purchase and sale of T-Bill, Foreign Bond and other securities had been shown on net basis. However, based on NFRS, the actual cash flow from the purchase and sale of the investment securities has been shown. Thus, the difference stated above arises.

29 Cash and Cash Equivalent

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 Bank in the management of its short term commitments are considered to be Cash and Cash equivalent. Detail break up of which for the Bank are:

Particulars	Asar 2073	Asar 2074
Cash in Hand	1,498,347,320	1,558,322,040
Money at call and short notice	1,482,036,329	-
Balance with Banks / Financial Institutions	698,934,429	1,215,911,701
Cheque in transit	-	144,861
Local Placement with original maturity of 90 days	16,390,543	224,839,335
Foreign Placement with original maturity of 90 days	3,513,982,542	1,735,126,207
Total	7,209,691,163	4,734,344,144

COMPARISON UNAUDITED AND AUDITED FINANCIAL STATEMENTS

As of FY 2074/75

Rs. '000'

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 equivalent	4,141,268	4,741,359	600,091	14%	Reclass of Financial Assets with original maturity within 90 days into cash and cash equivalent.
Due from NRB and placements with BFIs	10,148,824	10,148,785	(40)	0%	
Loan and advances	87,407,345	86,160,213	(1,247,132)	-1%	Recognition of Loan Loss Provision as Impairment as mandated by the Carve-out provided by ICAN.
Investments Securities	12,253,434	11,654,172	(599,262)	-5%	Reclass of Financial Assets with original maturity within 90 days into cash and cash equivalent.
Investment in subsidiaris and associates	195,786	195,786	-	-	
Goodwill and intangible assets	85,853	85,853	-	-	
Other assets	8,907,830	3,476,135	(5,431,695)	-61%	Reclass of Provision against Other Assets
Total Assets	123,140,339	116,462,301	-	-	
Capital and Liabilities					
Paid up Capital	8,114,529	8,114,529	-	-	
Reserves and surplus	7,329,724	6,024,368	(1,305,357)	-18%	Adjustment in Income Statement under various heads.
Deposits	99,743,045	98,988,791	(754,254)	-1%	Reclass of Deposit from BFIS
Borrowings	-	-	-	-	
Bond and Debenture	600,000	623,358	23,358	4%	Bond and Debenture recorded at amortized cost.
Other liabilities and provisions	7,353,040	2,711,256	(4,641,785)	-63%	Reclass of Provision against Other Assets and adjustment of changes in Actuarial Valuation.
Total Capital and Liabilities	123,140,339	116,462,301	-	-	
Statement of Profit or Loss					
Interest income	9,846,232	9,724,871	(121,361)	-1%	Change in amortization of fair value of staff loan. The prepaid portion of the Staff Loan migrated to Home Loan Tagged Insurance.
Interest expense	(5,403,047)	(5,403,047)	-	-	
Net interest income	4,443,185	4,321,824	-	-	
Fee and commission income	772,038	772,038	-	-	
Fee and commission expense	(86,584)	(64,237)	22,347	-26%	Reclassification of expenses into non operating expenses
Net fee and commission income	685,454	5,029,625	-	-	
Other operating income	1,053,847	823,753	(230,094)	-22%	Reclassification of Income into other heads
Total operating income	6,182,486	5,853,378	-	-	
Impairment charge/(reversal) for loans and other losses	(44,385)	(679,917)	(635,533)	1432%	Recognition of Loan loss Provision as Impairment and Increment in Provision for other assets
Net operating income	6,138,101	5,173,461	-	-	
Personnel expenses	(1,580,168)	1,322,248	2,902,417	-184%	Adjustment of Actuarial Valuation and Staff Bonus
Other operating expenses	(840,455)	(862,547)	(22,092)	3%	Reclassification of expenses
Operating profit	3,717,478	2,988,666	-	-	
Non operating income/expense	(55,461)	223,486	278,947	-503%	Reclassification of Income
Profit before tax	3,662,017	2,765,179	(896,838)	-24%	Due to post audit adjustments
Income tax	(1,047,396)	(889,569)	157,827	-15%	Due to post audit adjustments
Profit/(loss) for the period	2,614,621	1,875,610	-	-	
Other comprehensive income	47,482	20,558	(26,924)	-57%	Adjustment of Deferred Tax
Total comprehensive income	2,662,104	1,896,168	-	-	
Distributable Profit					
Net profit/(loss) as per profit or loss	2,614,621	1,875,610	(739,011)	-28%	Due to post audit adjustments
Less: Appropriation to Reserves	-	(499,968)	(499,968)	-	Appropriation to Reserves now done
Add/Less: Regulatory adjustment as per NRB Directive	(140,032)	(723,598)	(583,566)	-	Changes in amount of regulatory adjustments
Profit/(loss) after regulatory adjustments	2,474,589	652,045	-	-	

10 Year's Financial Summary STATEMENT OF FINANCIAL POSITION

Particulars	Rs. '000'										
	2065/66 2008/09	2066/67 2009/10	2067/68 2010/11	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16	2072/73 2015/16 * Restated	**2073/74 **2016/17	**2074/75 **2017/18
Assets											
Cash & Bank Balances	3,048,527	3,866,491	2,964,651	6,362,296	3,648,199	5,542,590	8,387,412	7,874,984	7,874,984	8,915,386	8,800,528
Money at Call	1,170,794	308,840	734,000	264,600	2,061,832	196,100	1,063,950	1,482,036	1,482,160	-	500,040
Investments	8,710,691	8,444,910	8,769,939	10,031,580	12,992,045	19,842,060	17,113,389	19,306,073	19,540,803	18,076,579	17,439,534
Loans, Advances & Bills Purchased	25,519,519	29,123,755	32,968,270	35,968,473	41,057,398	46,449,329	55,428,007	69,100,889	70,306,163	79,044,953	88,086,847
Fixed Assets	952,196	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814	1,321,272	1,922,967	1,922,967	2,175,893	2,222,677
Other Assets	644,959	1,054,384	1,513,144	1,435,153	1,418,311	1,365,922	1,439,298	1,530,969	789,728	1,097,159	1,339,310
Total Assets	40,046,686	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	101,916,805	109,309,970	118,388,936
Liabilities											
Borrowings	500,000	500,000	510,000	500,000	1,188,429	1,100,000	600,000	1,600,000	1,622,786	662,998	623,358
Deposit Liabilities	34,681,345	37,611,202	40,920,827	47,730,994	53,072,319	64,674,848	73,538,200	87,335,786	87,335,786	92,881,114	99,743,045
Reserve for Doubtful Debts	726,364	1,143,126	1,401,294	1,003,039	1,333,592	1,128,970	1,951,777	1,354,910	1,354,910	1,246,718	1,926,635
Other Liabilities	1,019,096	1,166,717	1,310,099	1,501,424	1,592,509	1,731,586	1,704,451	2,103,453	2,283,482	2,190,995	1,957,002
Total Liabilities	36,926,805	40,421,046	44,142,019	50,735,457	57,186,849	68,635,405	77,794,428	92,394,149	92,596,964	96,981,824	104,250,039
Net Assets	3,119,881	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	9,319,841	12,328,146	14,138,897
Shareholders' Equity											
Paid up Capital	1,216,215	1,600,000	2,000,000	2,400,000	2,760,000	2,898,000	3,332,700	4,499,145	4,499,145	6,491,624	8,114,529
Proposed capitalisation of profits	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744	-	-	-
Reserves	1,483,355	1,302,618	1,562,546	1,799,111	2,397,023	2,732,353	2,344,757	2,836,037	2,733,717	3,328,499	1,500,405
Retained Earnings	36,526	136,587	32,932	72,899	4,685	18,358	114,997	138,843	2,086,980	2,508,023	4,523,962
Total Shareholders' Equity	3,119,881	3,439,205	3,995,478	4,632,010	5,299,708	6,083,411	6,958,900	8,823,769	9,319,841	12,328,146	14,138,897
Total Capital + Liabilities	40,046,686	43,860,251	48,137,497	55,367,467	62,486,557	74,718,816	84,753,328	101,217,918	101,916,805	109,309,970	118,388,936
Contingent Liabilities											
Letter of Credit	7,042,307	5,294,496	3,574,914	3,983,150	3,697,028	6,862,523	6,881,554	8,957,264	8,957,264	8,526,898	11,431,524
Guarantees	1,701,268	4,104,631	3,292,959	3,371,855	2,355,843	2,955,043	3,808,669	4,952,439	4,952,439	6,474,794	6,408,163
Forward Exchange Contract	169,911	5,603	821,620	199,188	174,795	607,820	786,385	1,168,529	1,168,529	42,242	5,891,000
Other Contingent Liabilities	5,836,222	3,513,372	5,743,679	6,882,662	8,153,638	9,427,195	9,285,983	10,021,898	13,475,924	12,368,698	12,453,109
Total Contingent Liabilities	14,749,708	12,918,103	13,433,171	14,436,855	14,381,305	19,852,581	20,762,591	25,100,130	28,554,156	27,412,632	36,183,796

* Figures of FY 2072/73 has been regrouped/restated based on NFRS wherever necessary.

** Figures for FY 2073/74 and FY 2074/75 have been presented based on NFRS.

10 Year's Financial Summary STATEMENT OF PROFIT OR LOSS

Rs. '000'

Particulars	2065/66 2008/09	2066/67 2009/10	2067/68 2010/11	2068/69 2011/12	2069/70 2012/13	2070/71 2013/14	2071/72 2014/15	2072/73 2015/16	2073/74 2016/17	2073/74 2016/17 *Restated	2074/75 **2017/18
Income											
Interest Income	2,342,198	3,148,605	4,326,141	4,724,887	4,627,335	4,742,975	4,627,751	5,015,844	6,938,503	7,106,676	9,724,871
Interest Expense	934,778	1,553,531	2,414,807	2,816,441	2,119,062	2,248,798	1,954,263	1,565,896	3,173,334	3,173,334	5,403,047
Net Interest Income	1,407,420	1,595,075	1,911,333	1,908,446	2,508,273	2,494,178	2,673,488	3,449,948	3,765,169	3,933,342	4,321,824
Commission & Discount	284,302	270,259	350,365	510,840	550,149	657,298	562,186	599,642	713,468	732,197	707,801
Foreign Exchange Income	249,983	180,279	195,529	309,898	300,469	385,102	474,312	602,985	609,622	607,849	718,905
Other Income	46,343	112,346	129,517	182,029	165,072	206,814	115,282	105,108	128,497	86,396	104,848
Non Operating Income	3,810	12,382	15,856	8,006	5,999	17,487	23,209	22,276	26,807	14,691	309,525
Total Income	1,991,858	2,170,341	2,602,600	2,919,218	3,529,962	3,760,879	3,848,478	4,779,959	5,243,563	5,374,475	6,162,903
Expenses											
Staff Expenses	360,981	414,984	517,592	634,229	682,978	713,830	917,501	908,436	1,081,611	1,096,966	1,045,730
Operating Expenses	398,317	471,103	582,210	714,436	852,111	966,120	814,639	806,909	849,631	797,604	862,547
Provision for Doubtful Debts	68,806	692,640	471,729	505,491	842,900	1,080,863	1,413,568	744,817	835,753	(108,193)	679,917
Provision for Staff Bonus	106,661	75,573	123,773	138,909	137,669	162,116	145,488	274,882	310,171	310,171	276,518
Non-Operating Expenses	(9,511)	(239,686)	(330,438)	(462,939)	(362,389)	(783,211)	(897,601)	(703,908)	(935,311)	23,326	533,011
Total Expenses	925,252	1,414,614	1,364,866	1,530,127	2,153,269	2,139,718	2,393,595	2,031,136	2,141,855	2,119,874	3,397,724
Profit before Tax	1,066,606	755,727	1,237,734	1,389,092	1,376,693	1,621,161	1,454,883	2,748,823	3,101,708	3,254,601	2,765,179
Income Tax provision	313,771	246,929	344,619	430,453	432,995	662,054	342,597	812,915	923,473	972,827	889,569
Net Profit after Tax	752,835	508,798	893,115	958,638	943,698	959,107	1,112,286	1,935,908	2,178,235	2,281,774	1,875,610
P/L Appropriation											
Profit/Loss carried down	849,676	901,324	1,073,766	1,038,634	1,016,597	979,194	1,843,160	2,050,905	2,440,172	2,086,980	2,508,023
Statutory General Reserve	150,567	101,760	178,623	191,728	188,740	191,821	222,457	387,182	435,647	435,647	375,122
Exchange Equalisation Fund	2,237	-	6,682	-	-	1,767	997	1,658	443	443	-
HBL Bond redemption fund	122,857	71,429	71,429	71,429	157,143	157,143	85,714	85,714	85,714	85,714	85,714
Interim Dividend	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	145,946	189,474	336,842	322,106	276,000	175,404	236,797	71,039	85,417	-	-
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment Fund	-	-	-	-	-	-	-	10,108	19,363	19,363	-
Proposed capitalisation of profit-Bonus Share	383,785	400,000	400,000	360,000	138,000	434,700	1,166,445	1,349,744	1,622,906	-	-
Income Tax of last year	7,760	596	-	20,473	39,513	-	15,412	6,617	23,624	-	-
Deferred Tax Reserve	-	1,479	47,259	-	212,516	-	340	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-
Contingent Reserve	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	21,783	21,782	18,756
Employee Training Fund	-	-	-	-	-	-	-	-	-	-	20,376
Regulatory Reserve	-	-	-	-	-	-	-	-	-	-	723,598
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	48,660
Share Premium	-	-	-	-	-	-	-	-	-	-	-
NFRS Adjustment-Derecognition of Assets	-	-	-	-	-	-	-	-	-	-	-
Distribution- Bonus Share and Dividend (Previous Year)	-	-	-	-	-	-	-	-	-	123,094	-
	-	-	-	-	-	-	-	-	-	92	-
Profit Transferred to Balance Sheet	36,525	136,587	32,932	72,899	4,685	18,358	114,997	138,843	145,275	2,508,023	1,500,405

* Figures of FY 2073/74 has been regrouped/restated based on NFRS wherever necessary.

** Figures for FY 2074/75 have been presented based on NFRS.

HBL



Himalayan Bank Ltd.

आर्थिक वर्ष २०७४/७५ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्न सहमति प्रदान गर्ने सिलसिलामा नेपाल राष्ट्र बैंकबाट जारी निर्देशनहरू:

- लेखापरिक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू पूर्णरूपले सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउनु हुन ।
- यस बैंकबाट जारी गरिएको निर्देशन नं. २ को बुँदा नं. ६ मा उल्लेख भए बमोजिम चलि खाताबाट ओभरड्रन हुनेगरी कर्जाको साँवा तथा ब्याज असुल उपर गर्न नपाईने व्यवस्थाको पूर्ण रूपमा पालना गर्नुहुन ।
- विदेशी शेयरधनीहरूलाई लाभांश प्रदान गर्दा सो रकम Repatriation गर्न प्रचलित कानुनी व्यवस्था पालना गर्नु हुन ।
- यस बैंकबाट जारी गरिएको एकीकृत निर्देशनको निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पुँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पुँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखत सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरू रहेमा ती संस्थापक शेयरधनीहरूले आफ्नो शेयर सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनु हुन ।

बैंक व्यवस्थापनको स्पष्टिकरण

नेपाल राष्ट्र बैंकबाट यस बैंकको आ.व २०७४/७५ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्न सहमति प्रदान गर्ने सिलसिलामा जारी निर्देशनहरूको पालना गर्न आवश्यक व्यवस्था मिलाइएको छ । साथै बुँदा नं. २ मा उल्लेख गरिएको निर्देशनको सम्बन्धमा नेपाल राष्ट्र बैंकको निर्देशनको खिलाफमा कुनै पनि साँवा तथा ब्याज असुल उपर नगरिएको जानकारी गराउन चाहान्छौं । बैंकले कारोबार गरिरहेको Core Banking Software (CBS) ले ओभरड्राफ्ट कर्जाको ब्याज त्यसरी खाता ओवरड्रन गरी असुल गर्ने गरेकोमा सोलाई छुट्टै समायोजन (adjustment entry) बाट reverse गर्ने गरेका छौं । नेपाल राष्ट्र बैंकबाट जारी गरिएको उक्त निर्देशन अनुसार त्यस्ता adjustment entries लाई automated गर्नका लागि Software Vendor सँग पहल थालिसकिएको छ ।

टिपोटहरू

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