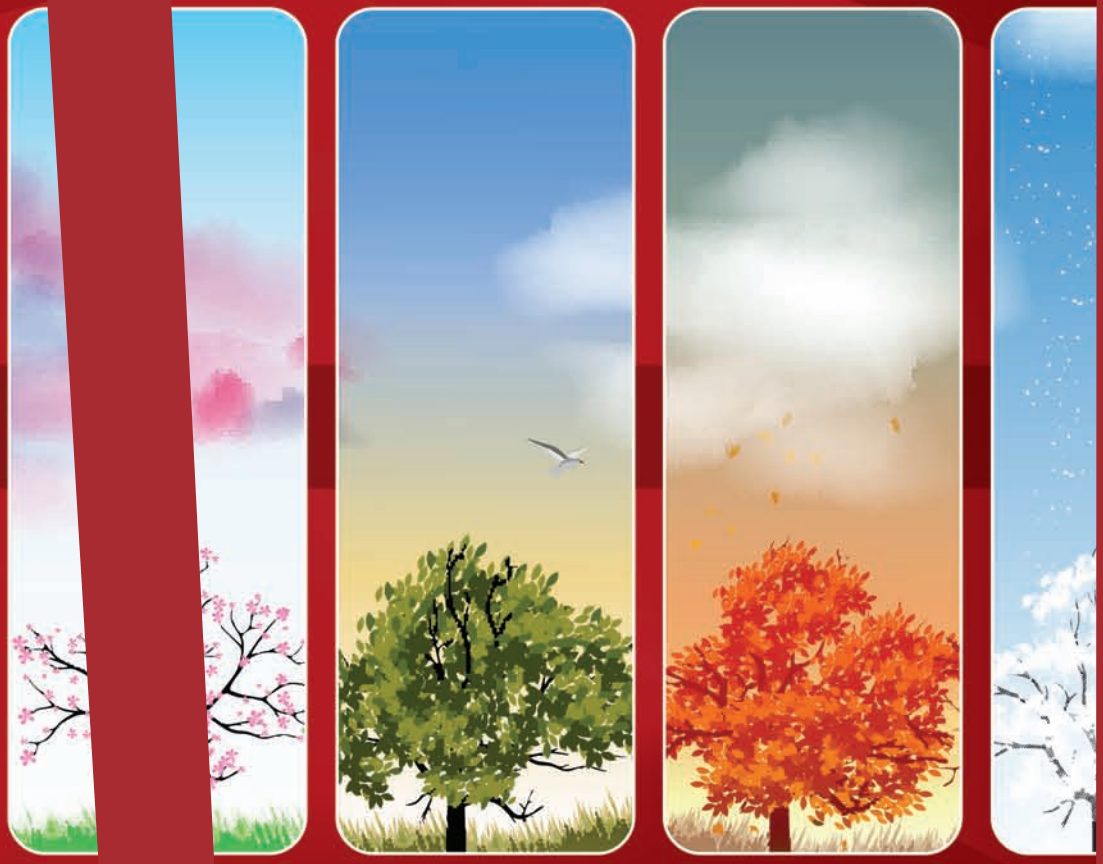
ommitted to change
..... for Better.



ANNUAL REPORT
2013/14

BL

हिमालयन बैंक लिमिटेड
Himalayan Bank Lt

Committed to change .... for Better.

[Contents]

About us	5
Our Vision/Mission/Objective	7
Chairman's Statement	9
Board of Directors	10
From the Desk of CEO	13
Senior Management Team	14
Organizational Structure	16
HBL Profile/History	17
Products and Services	18
Correspondent Network	20
Local Network	22
Report of the Board of Directors	24
HBL Additional Disclosure	29
Financial Highlights	35
Head Office and Branches	81

[Our **Vision**]

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

[Our **Mission**]

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

[**Objective**]

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

From the Desk of CHAIRMAN

Dear shareholders,

On behalf of the Board of Directors, I would like to congratulate and thank the management team and staff members for their resolve and dedication to the Bank. Despite the political and economic headwinds facing the economy, we were pleased that the Bank reported strong profits for the fiscal year 2013-2014. Overall, the economy of the country remained similar to the previous fiscal year.

The economy continued to experience excess liquidity, making it difficult for banks and financial institutions to deploy capital into sound investment opportunities. Despite the challenges, we were encouraged by a few positive macro developments put into motion during the fiscal year.

The government was able to close some important FDI deals, particularly in the hydropower sector –one of the prime potentials of the country. Investment in our power sector can start a circular constellation of forces that can provide strong tailwinds to a holistic development process. Political uncertainty, however, still has the potential to derail all potential for progress. Disagreements amongst political parties and their inability to agree on key constitutional issues remain the main risk facing public confidence and investor sentiment.

As mentioned above, the Bank performed well despite all the challenges facing the Nepalese economy. During the year, a lot of effort was put into strengthening the overall governance structure of the bank. Various policies were revised to suit the changing market conditions. Similarly, several operating manuals were reviewed and revised to ensure risk mitigation, whilst not compromising on operational efficiency. The Bank is continuously improving its operations, processes and procedures to reduce significantly the risk of errors or control lapses.

Although the political economy of the country remains uncertain, the Bank aims to continue its growth strategy. The Bank aims to focus on SMEs and retail lending opportunities to grow its credit portfolio. Key businesses like credit, remittance, treasury and cards have been contributing strongly towards the Bank's profitability and management continues to identify further areas of growth within current profit drivers. Additionally, management continues to explore new business opportunities to deliver new products and services.

Despite the political headwinds, we remain hopeful that the country will move forward in consensus. We strive to remain focused to ensure the Bank remains a pioneering leader in the banking industry in Nepal and look forward to serving our clients in the New Year and beyond.

Thank you.

Manoj Bahadur Shrestha
Chairman, Board of Directors

[Board of **DIRECTORS**]

1. Mr. Manoj Bahadur Shrestha
Chairman

2. Mr. Salim Amlani
First Vice Chairman

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

4. Mr. Radha Krishna Pote
Director

5. Mr. Upendra Keshari Poudyal
Professional Director

6. Mr. Prachanda Bahadur Shrestha
Director

7. Mr. Surendra Silwal
Alternate Director

8. Mr. Sushil Bikram Thapa
Director

BANK LIMITED
①
③
④
⑤
⑥

[From the Desk of **CEO**]

The Bank's performance in fiscal year 2013-14 has been remarkable. The Bank was able to put up a great performance during the fiscal year and I would sincerely like to thank the Management and all the employees for their contributions to this effort. Business expansion has been the focus of the Bank.

The credit portfolio of the bank continued to grow while it was well supported by the growth in deposits. While SME and retail lending has been the focus of the Bank during the year, we also looked into some of the profitable business opportunities in the corporate sector. The expansion of our branch network and customer base coming through remittance services have greatly helped in ensuring continuous growth of the low cost yet stable savings deposit and this focus will continue in the coming years as well.

Technology has been one of the strengths of the Bank for years now and continuous improvement in IT was sought during the year to ensure ef ciency and quality service delivery. The Management invested large chunk of its time to strategize business operations and as a result, new avenues has been explored to boost remittance business that has been one of the key businesses for the Bank over the last few years. There could however be a set back on the volume given the new central bank directives that provide more f exibility to money transfer agencies and remittance companies that the banking industry feels is creating an uneven playing f eld. The Bank is leading the industry in discussions with the central bank to bring about necessary changes in the directives to be able to compete in the market on equal terms.

The country has been reeling through uncertainty. The political economy of the country is far from ideal. The political parties are yet to reach consensus to promulgate the new constitution adding fuel to the already existing uncertainties. There were however a few good signs on part of the newly formed government. A few important FDI related deals were signed thereby sending a positive signal to the investors. Hydro, agriculture and tourism seem to be the sectors that the government is focusing and rightly so given the comparative advantage the country possesses. The Bank too is trying to align its businesses around these sectors alongside SME's that are still largely un-banked. The banking industry is also going through a phase of consolidation that is ref ected from the mergers announced in the last year or so. Recent history suggests that there is diminishing impact of political uncertainty in private sector growth. We are therefore optimistic of our growth despite adversities in the political economy of the country.

Going forward, under the aegis of the Board of Directors, the Management will continue to put in its ef ort to improve overall governance of the Bank. Similarly, a lot of ef ort was put in to improve the overall control mechanism of the Bank to avoid operational risk and this ef ort is going to continue going forward as well. The Management will continue to focus on business expansion through identif cation of new opportunities in all areas of business and in particular, credit expansion, deposit mobilization, remittance volume and cards. Credit remains the bread and butter for the Bank and the Management is putting concerted ef orts to identify lending opportunities. The Management is constantly looking for opportunities to improve its technology for better and quality services and this shall continue in the upcoming year as well. The Bank will continue to explore new unchartered areas for branch expansion. Considerable amount of time and ef ort will be provided to expansion of card and online businesses. Every opportunity will be explored to enhance the Bank's fee and commission based income.

I am very much hopeful that the dedication of the Management coupled with hard work and sincerity of all the employees of the Bank will yield better results in the upcoming f scal year.

Thank you.

Ashoke SJB Rana
Chief Executive Of cer
Himalayan Bank Ltd.

[Senior MANAGEMENT TEAM]

Mr. Maheshwor P. Joshi
Chief Manager

Mr. Anup Maskay
Asst. General Manager

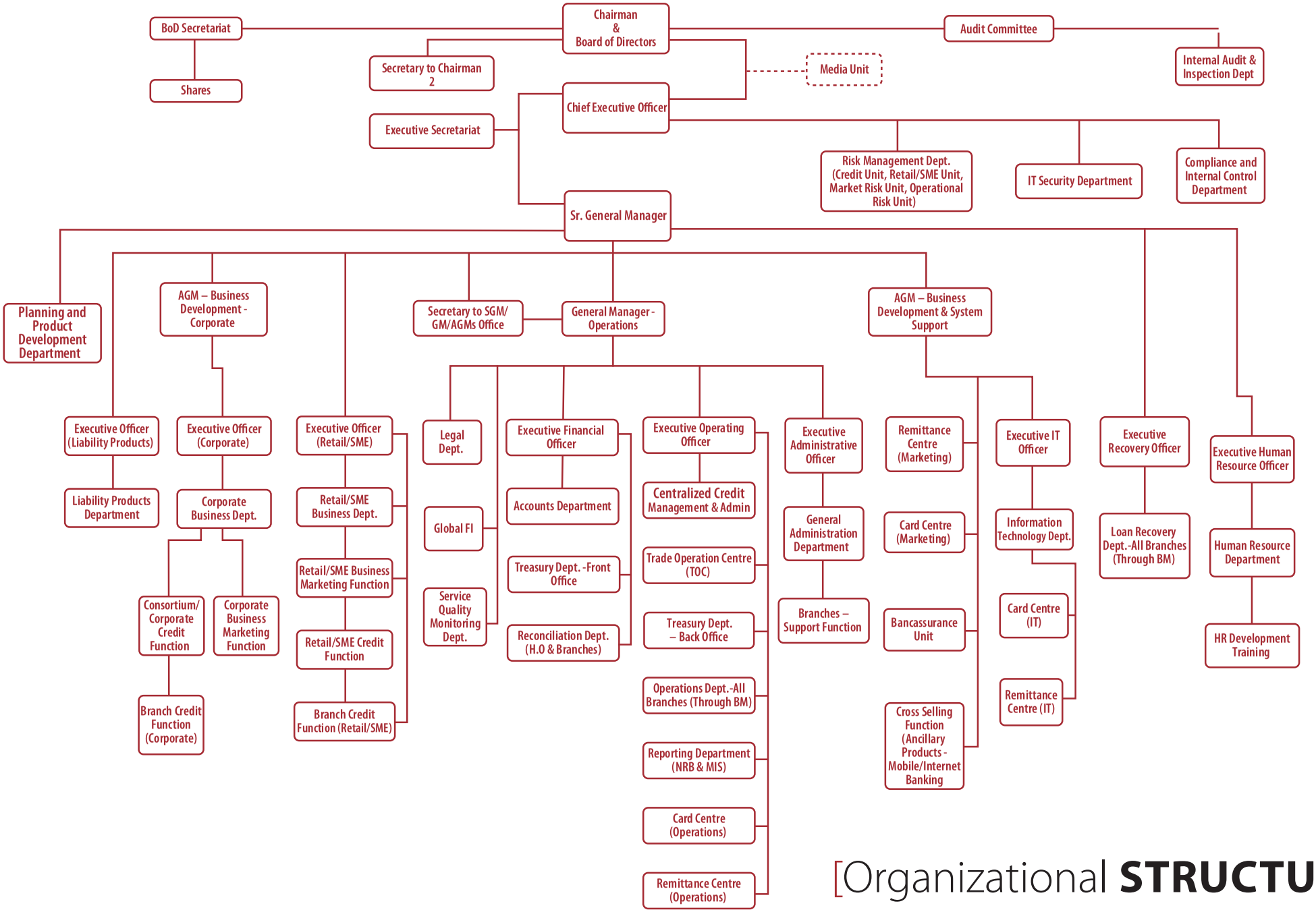
Mr. Sushiel Joshi
General Manager

Mr. Ashoke SJB Rana
Chief Executive Of cer

Mr. Ejaz Qadeer Gill
Senior General Manager

Mr. Ujjal Rajbhandary
Asst. General Manager

Mr. Rabindra N. Pradhan
Chief Manager



[Organizational **STRUCTURE**]

[HBL Profile/History]

With 22 years of excellence in banking services, Himalayan Bank Ltd. has carved a name for itself. As one of the leading commercial banks, we are fully focused and committed to fulfill our responsibilities. The bank is determined to provide excellent services to its customers by understanding their needs and customizing the business processes to suit their needs.

Himalayan Bank Ltd's continued growth and success is founded on several key factors like;

- A committed team that lives our shared values and works together to provide customers with expert advice, insights and financial solutions.
- A highly diversified and well-balanced business, operating within a clearly defined global footprint.
- A strategy with a clear focus on three priorities that will help us build an even better bank: being more focused on customers; enhancing leadership depth, diversity and deployment; and being better organized to serve customers.

HBL is focused on setting a benchmark in terms of quality services and by introducing innovative products and services in the Nepalese market. We aspire to stay ahead of the race and we have our eyes set on the future. Our journey for a stronger tomorrow is ably supported by the strong board of directors and led by professional management team. Our strong workforce always aspires to give the best service to the customers and that is why we have a strong customer base that transcends all geographical barriers.

We take immense pride on being able to be the harbinger of success in the Nepalese economy. We take a holistic approach in defining our scope of operations and we always update ourselves with the surroundings. HBL believes that the technology should be a friend and not a hindrance. And that is why our focus has always been to keep ourselves update with the latest technological innovations to deliver prompt and secured banking transactions.

We are always in a lookout for new business opportunities that can add value to our portfolio. We have a responsibility to our shareholders, who have entrusted us with their trust and the bank understands the need to reward them with the returns. As part of its continued growth strategy, HBL is focused on mainstreaming sustainable business practices into its operations. The Bank strives to deliver sustainable economic growth that is profitable, environmentally responsible and socially relevant.

As we embark on our journey of banking, we see lots of opportunities to introduce new things and we also see lots of opportunities to learn newer things. The learning always gives insights and experiences to maneuver the situation. In all its journey, HBL will never cease to learn and it is with this unrelenting desire to learn that the bank will equip itself with **power to lead.**

[Products & **Services**]

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

DEPOSIT PRODUCTS

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

- Normal Saving Account (with minimum balance)
- Himal Savings Account (zero balance account)
- Premium Savings Account (with exclusive services)
- Super Premium Savings Account (with exclusive service & high returns)
- Himal Remit Savings Account (customized for remitters and benef - ciaries),
- Recurring Savings Account (for monthly deposits)
- Bishesh Savings Account (for minor, senior citizens, physically handicapped, and illiterate people)
- Shareholders' Savings Account (for the shareholders of Himalayan Bank).
- Special Payroll Account (for payroll employees of corporate houses)
- Current Account is available for daily business transactions.
- Call Account (with an earning opportunity for businesses)

Current Call (for NGOs, INGOs, and charitable trusts with attractive interest rates)

Fixed deposit products for individuals and institutions include:

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

CREDIT SERVICES

Himalayan Bank of ers a wide range of tailor-made funded and non-funded cre13 faciliti(es t)6(osu13 dif)15(er)11(ent-funlind)-10( )]TJEMC /Span MCID 546 DC 0.14 Tw 1
,iixedntermloan,a

Personal Business Loan, Trade Services (LC) and guarantee (bid bond, performance bond, advance payment, and counter guarantee).

CARD SERVICES

Himalayan Bank was the first to introduce the first Nepali credit card for the domestic market.HBL Card, which was the most popular card in the country at one time. Now, Himalayan Bank is offering various types of card services like; HBL SCT/Visa /Master Debit Card, HBL Visa Credit Card, HBL Master Credit Card, HBL Prepaid Visa Card and Himalayan Bank American Express Gold Credit Card. The Bank has been facilitating its customer by providing acquiring card service of JCB and China Union Pay cards through its network.

HIMALREMIT

Himalayan Bank is a pioneer in the field of retail money transfer business with over a decade-long customized service delivery experience in the field. The bank conducts this business through HimalRemit, a state-of-art web-based online money transfer system that is easily accessible through our main web domain www.himalayanbank.com. It can be directly accessed by all our branches and network thus ensuring prompt execution of remittances. The product is monitored and serviced 24/7 by our Remittance Promotion Department dedicated to deliver fast and reliable services to the customers. HimalRemit has the largest payment network with more than 2000 payment locations covering all cities, towns, and villages of the country.

ANCILLARY SERVICES

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

- Safe deposit lockers: Locker facilities of varying sizes as per its customers' preference, and at convenient locations.
- SMS banking: Allows customers to check their balance, status of cheque (encashed or not), the last three transactions, and the Bank's foreign exchange rate.
- Himal@net - Internet Banking: Banking can be done safely and securely at all times of the day from wherever there is a connection.
- 24/7 Automated Teller Machines (ATMs): in more than 70 locations.
- 365 days banking.
- Any Branch Banking Services (ABBS).
- Fund transfer: within and outside the country.
- Fee collection/payment services: for educational institutions.
- Service package for students: for those going abroad for higher studies.

UK

Habib - UK Plc

Standard Chartered Bank

USA

Standard Chartered Bank

Mashreq Bank

Habib American Bank

[Correspondent **NETWORK**]

GERMANY
Standard Chartered Bank
Commerz Bank
SOUTH KOREA
Korea Exchange Bank
Kookmin Bank
JAPAN
Standard Chartered Bank
PAKISTAN
Habib Bank Limited
INDIA
ICICI Bank Limited
Bank Of America
Bank Of India
HDFC Bank Limited
Standard Chartered Bank
SINGAPORE
Habib Bank Limited
AUSTRALIA
Commonwealth Bank

HUMLA
DARCHULA
BAJHANG
BAITADI
BAJURA
MUGU
DADELDHURA
DOTI
ACHHAM
KALIKOT
JUMLA
DOLPA
MUSTANG
KANCHANPUR
DAILEKH
JAJARKOT
KAILALI
RUKUM
SURKHET
MYAGDI
SALYAN
ROLPA
BARDIYA
KASKI
BAGLUNG
PYUTHAN
GULMI
PARBAT
BANKE
SYANJA
DANG
ARGHAKHANCHI
PALPA
KAPILVASTU
RUPANDEHI
NAWALPARASI
BAGLUNG BRANCH
POKHARA BRANCH
RAM BAZAAR BRANCH
DHANGADI BRANCH
NEPALGUNJ BRANCH
GHORAHI BRANCH
BUTWAL BRANCH
PALPA BRANCH
BHAIRAHAWA BRANCH
KAWASOTI BRANCH
HIMALAYAN REGION
HILLY REGION
TERAI REGION

[Report of the BOARD OF DIRECTORS]

To the Twenty-second Annual General Meeting

Dear Shareholders.

On behalf of the Board of Directors, we cordially welcome all the shareholders present at this Twenty-second Annual General Meeting of Himalayan Bank Limited. I would like to present the Balance Sheet as on July 16, 2014, the Profit and Loss Account for the fiscal year 2013-14, the Profit and Loss Appropriation Account and other financial statements for approval by the Annual General Meeting.

Having provided effi cient service over the last 22 years HBL today stands as one of the leading, secured and dependable bank in the country. As of F.Y. 2013-14 the Bank was able to maintain deposit of Rs. 64.67 billion. As compared to last year loan portfolio of the Bank increased by 13.13% and operating profi t increased by 13.65%. The Bank's operating profi t increased by 13.65%. The Profi t and Loss Account however reflects a decrease of 14.26% in operating profi t because of the provisioning done towards 50% of the total bank guarantee issued on Melamchi Water Supply. The disputed case is under observation with the courts in China and Nepal.

During the review period the Bank established 1 new branch inside the valley along with an ATM in the premise of the Branch. This has taken the Bank's total number of Branches to 42 and total number of ATM to 78.

With the trust of the customers, support of the shareholders and creative initiative of the management, the Bank has been able to progress by the passing of each year. Since its very inception, the Bank's goal has been to contribute towards a safe and secure banking system in Nepal and to provide access to quality fi nancial services to the general public.

Review of the Bank's Operations

During the period under review, the Bank's total deposit reached Rs. 64.67 billion, recording an increase of 21.86 percent over the previous year. Similarly, the loans and advances reached Rs. 46.44 billion during the period under review, recording an increase of 13.13 percent over the previous year.

The net assets of the Bank increased by 14.79 percent, reaching Rs. 6.834 billion during the review period, while the gross assets increased by 19.65 percent and are valued at Rs. 74.718 billion.

Even after providing Rs 319 million for the guarantee amount issued on Melamchi Water Supply, the Bank was able to post an operating profi t of Rs 982 million with 959 million as net profi t.

The fi nancial status of the Bank as on October 17, 2014 (fi rst quarter end) is given below:

(In Rs. million)

S.N.	Particulars	2013 As on Oct 17	2014 As on Oct 17	Increase (Decrease) %
1.	Gross Assets	69,197	80,979	17.03
2.	Deposits	59,361	68,912	16.09
3.	Loans, Overdrafts and Bills	41,725	50,548	21.14
4.	Investments	14,151	17,438	23.22

During the year under review, pursuant to the directives of Nepal Rastra Bank, the Bank wrote off loans to the tune of Rs. 9.699 million. The Bank has been able to recover Rs 18 million from already written off loans. The Bank's NPA as compared to the previous year decreased to 1.96 percent during the year under review. Owing to concerted efforts being put by the management to recover bad loans, we would like to assure that this effort will help in enhancing profitability of the bank in the ongoing fiscal year.

Comparative Financial Indicators of the Bank

The comparative financial indicators of the fiscal years 2011-12 and 2012-13 are presented below:

(In Rs. million)

The comparative compositions of deposit, credit, income and expenditure of the Bank during the fiscal year 2069/70 and the year under review are presented below as an:

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

National and International Events and their Impact on the Bank

The world economy continues to struggle for growth. Most of the developed countries, particularly America and European countries are finding it difficult to recover. The overall GDP of the world continues to shrink. The impact of the global slowdown has been seen in Asian countries as well. India, the biggest trade partner of Nepal, has been worst hit in South Asia. The growth of Nepal's economy will largely depend on how quickly the Indian economy will recover. The political uncertainty appears to be continued going ahead thereby adversely impacting investments.

As per Nepal Rastra Bank, the GDP growth of Nepal stood at 5.2% during 2070/71 while the GDP growth rate in the previous year was 3.5%. The inflation rate that clocked 9.9% last year stood at 9.1% in F.Y. 2070/71. Export growth during the review year stood at 17.4% while import growth rate stood at 27.3% which at previous year stood at 20.6%.

The overall BOP recorded a surplus of Rs. 127.13 billion during the review period compared to a surplus of Rs. 68.94 billion in the previous year. The gross foreign exchange reserves surged by 24.8 percent. Such reserves had increased by 21.4 percent in the previous year. The broad money supply during the review period increased by 19.1% as compared to the last year's increment of 16.4%. Similarly, the narrow money supply during the review period increased by 17.7% as compared to the last year's increment of 14.4%

During the year under review, the total deposits in the banking sector increased by Rs. 218.68 billion (18.4%). Similarly, the loans and advances in the banking sector increased by Rs. 165.48 billion (14.4%). Last year the total loans and advances had increased by Rs. 112 billion.

Current Financial and Banking Envi-

sectol ang the res

in

fe G 1(that g)8(r)1vied b3.5%ts iFYht

tiron

t -

and financial institution merger and acquisition regulation in 2068, a total of 65 banks and financial institutions have come down to 25 as a result of mergers.

Implementation Status of the Strategy and Program of the Bank for the FY 2012-2013

1. Established 1 branch inside the valley. The total number of branches of the Bank reached to 42.
2. ATMs installed at Samakhusi Branch. The total number of ATMs installed by the Bank is 78.
3. NPA limited to 1.96 percent.
4. Continuity given to the recovery of written-off loans in an active manner.
5. Expanded remittance business to Asian, European and American markets with a focus on sophisticated services.
6. Established Himal Center Flagship Counters at strategic location.
7. Started card business with Union Pay and AMEX.
8. Installed additional 586 POS machines for the convenience of the debit and credit card customers.
9. Providing extended hour counter service in the name of 'Non-Stop Banking'.
10. Made deposit and loan products more attractive as per the demand of the general public.
11. Upgraded T24 banking software browser
12. Continuous effort to make the ambience of branches convenient and environmental friendly.
13. Regionalization concept introduced – Biratnagar, Bhairahawa, Bharatpur, Birgunj, Pokhara and Nepalgunj Branch as Regional Branches.
14. In order to increase the liability business of the bank, the bank introduced a separate liability products vertical in its organization structure.
15. Centralized credit management and credit administration has already commenced and a total of 39 branches are already part of this centralized system.
16. A separate IT security department has been established

Strategies and Programs for FY 2013/2014

1. To contain NPA at the lowest.
2. To establish 5 branches within and outside the valley.
3. To establish first representative office in Malaysia.
4. Introduction of Loyalty Card for the customers of Himal Remit in domestic market.
5. To expand remittance business to Asian, European and American markets with a focus on sophisticated services.
6. Enhance service delivery of the branches and profit centers
7. To set up additional 6 ATMs at various places. Till date 78 ATMs has been installed.
8. To install additional 400 POS machines.
9. To introduce new deposit, credit products and services.
10. To give continuity to recovery of written –off loans in an active manner.
11. To introduce new deposit, credit products and services
12. To make the ambience of various branches convenient and environmental friendly.
13. To upgrade T24 version and fine tune for better performance

Corporate Social Responsibility

From its commencement, the Bank has been discharging its social responsibilities through various social and allied institutions. The main services being rendered by the Bank on this front include those relating to education, healthcare, sports, culture and social services. The Bank has provided financial assistance for the procurement of one set of X-Ray Machine for Community Health Care Centre. Similarly, the Bank has provided financial assistance for the purchase of necessary goods to the old age home situated at Sano Thimi and Seti Devi Primary School at Machhey Gaun.

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

Board of Directors

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

Mr. Bijaya Bahadur Shrestha, Director representing Public Shareholders has resigned from the Bank's Board of Directors with effect from April 21, 2014.

Mr. Sunil Bahadur Thapa, Alternate Director representing Ava International has been replaced by Mr. Torup Prasai as the Alternate Director of the Bank with effect from April 21, 2014.

Similarly, Miss. Menuka Shrestha representing Chhaya International, Mrs. Ranjana Shrestha representing N. Trading, Mr. Himalaya Prasad Siwakoti representing Employee Provident Fund and Mr. Surendra Silwal representing Mutual Trading Company continues as the Alternate Director in the Bank's Board of Directors.

Further, Mr. Himalaya SJB Rana continues to hold the position of Chief Advisor. I would like to congratulate the new Alternate Director to the Board and expect his future cooperation towards the Bank's progress and prosperity. I would like to also thank former director Mr. Bijaya Bahadur Shrestha and former Alternate Director, Mr. Sunil Bahadur Thapa for their invaluable contributions to the Bank's success for years. Further, the Board, on this occasion, expresses its firm commitment to continue work in the best interest of the Bank.

Audit, Balance Sheet and Other Financials

The Balance Sheet as on July 16, 2014, the Profit and Loss Account for fiscal year 2013-14, the Profit and Loss Appropriation Account for the fiscal year 2013-14, the Cash Flow Statement for the fiscal year 2013-14, relevant annexes and the Auditors' Report are enclosed with this report. Further, information required to be disclosed as per the provisions of Company Act 2063, Chapter 7, Clause 109, Sub-Clause (4) are presented as Annex E.

Profit and Loss Appropriation

The net profit of the Bank amounts Rs. 959.17 million for the fiscal year 2012-13. Besides this, the retained earnings of Rs 4.685 million in last year's balance sheet and suspended tax reserves of Rs 15.41 million are available for distributions. 20% the net profit i.e. Rs. 191.82 million, has been appropriated to the Statutory General Reserve Fund. Given the claim of US$ 6.655 million made against the performance bond guarantee issued in favor of Melamchi Water Supply Development Board is still pending with the courts in China and Kathmandu District Court, the Bank has not honored the claim and in line with Nepal Rastra Bank's instruction, the Bank has made a provision for losses amounting to 50% of the total claim amount, i.e. Rs 319.772 million, which has been reflected separately in annexure 25. Similarly, the amount of Rs. 212.516 million transferred to contingent general reserves to cover for possible losses towards the same in the last fiscal year has been kept unchanged. In addition, the Bank has allocated Rs 157.142 million from its profit and transferred it to Bond Repayment Reserve.

I would like to announce with pleasure a special resolution on distributing a 15 percent bonus share and a 6.0526 percent cash dividend on the paid–up capital to the shareholders for the fiscal year 2013/14. For the proposed bonus shares and dividends, an amount of Rs. 434.7 million and 175.4 million respectively has been allocated. After the distribution of the proposed bonus shares, paid - up capital of the Bank would amount to Rs. 3.33 billion.

Vote of Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks to the shareholders, esteemed customers, officials of the Government of

2012/13)

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

1) Detail of Share Forfeiture:
No shares were forfeited during the year.

2) Transaction with Subsidiaries:
The Bank has no subsidiaries

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

4) Shares purchased by Directors and Officials of the Company during the year:
No such transaction was reported to the Bank.

5) Information received on the personal interest of Directors and their close relatives in any Agreement/Contract entered into by the Company:
No such information was received during the year.

6) Detail of Share Buy-Back during the year:
The Bank didn't buy-back its own shares during the year.

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

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

8) Total Management expenses during the year:

Employee Expenses during the FY	: Rs.	713,829,706
Administrative Expenses during the FY	: Rs.	966,119,719
Total	**: Rs.**	**1,679,949,425**

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

1) Mr. Sushil Bikram Thapa	Co-ordinator
2) Mr. Radha Krishna Pote	Member
3) Mr. L.D. Mahat (Engagement Leader & Managing Partner – CSC Pvt. Ltd)	Member secretary

12) Amount of Dividend remaining unpaid:
Total Unpaid Dividend : Rs. 35,894,005 as on Asar 32, 2071.

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

14) Other relevant issues:
NIL

Manoj Bahadur Shrestha
Chairman

JOSHI & BHANDARY ▪ Chartered Accountants ▪ G.P.O. Box: 3423
Kosi Compound, Dillibazar
Kathmandu, Nepal
Tel: 977-1-4419364
Tel: 977-1-4423550
Fax: 977-1-4413038
Web: www.jb.com.np

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIMALAYAN BANK LIMITED

We have audited the accompanying Balance Sheet of Himalayan Bank Ltd. (hereinafter referred to as 'the Bank') as of Ashad 32, 2071 (corresponding to 16 July 2014), the related Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. 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. We conducted 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 risk 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 Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 our audit provides a reasonable basis for our opinion.

As per the requirement of the Company Act, 2063 and Bank and Financial Institution Act, 2063

To the best of our information and according to explanations given to us and from our examination, in accordance with Nepal Standards on Auditing, of the books of accounts of the Bank necessary for the purpose during our audit we report that:

a) We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

b) Proper books of accounts as required by law have been kept by the Bank.

c) Returns received from branches of the Bank were adequate for the purpose of the audit though the statements were not independently audited.

d) The Bank has accounted interest income from Loans & Advances on cash basis (Recovered till Shrawan 15, 2071) as per Nepal Rastra Bank's Directives which is not in line with Nepal Accounting Standards.

e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are prepared in the format prescribed by Nepal Rastra Bank and are in agreement with the books of accounts maintained by the Bank.

f) The Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

g) The business of the Bank has been conducted satisfactorily and found within its authority.

h) 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 jeopardise the interest and security of the Bank, its depositors and investors.

Except as stated in para 'd' above, in our opinion, and to the best of our information and according to the explanations given to us, the financial statements referred to above, read together with Notes to Accounts, which forms an integral part of this report, present fairly in all material respects the financial position of the Bank as of Ashad 32, 2071 (July 16, 2014) and of the results of its operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with the prevailing laws, the directives from Nepal Rastra Bank, Bank and Financial Institution Act 2063 and Company Act 2063.

Prabhu R. Bhandary
Managing Partner

Joshi & Bhandary
Chartered Accountants

Date: October 27, 2014 (Kartik 10, 2071)
Place: Kathmandu

BALANCE SHEET

As at Ashad End, 2071 (July 16, 2014)

CAPITAL AND LIABILITIES	Schedule	Current Year	Previous Year
1. Share Capital	1	3,332,700,000	2,898,000,000
2. Reserves and Funds	2	2,750,711,016	2,401,708,123
3. Debentures and Bonds	3	1,100,000,000	1,100,000,000
4. Borrowings	4	-	88,429,000
5. Deposits	5	64,674,848,295	53,072,319,487
6. Bills Payables	6	95,187,157	24,267,960
7. Proposed Dividend		175,404,348	276,000,000
8. Income Tax Liabilities		57,575,637	33,290,473
9. Other Liabilities	7	1,403,419,245	1,219,486,180
Total Capital & Liabilities		**73,589,845,698**	**61,113,501,223**

ASSETS	Schedule	Current Year	Previous Year
1. Cash Balance	8	1,112,465,463	865,059,928
2. Balance with Nepal Rastra Bank	9	3,766,154,837	2,427,014,381
3. Balance with Banks / Financial Insitutions	10	663,969,702	356,124,343
4. Money at Call and Short Notice	11	196,100,000	2,061,831,588
5. Investments	12	19,842,060,285	12,992,044,772
6. Loan Advances and Bills Purchase	13	45,320,359,244	39,723,805,566
7. Fixed Assets	14	1,322,814,480	1,308,773,543
8. Non - Banking Assets	15	-	-
9. Other Assets	16	1,365,921,687	1,378,847,102
Total Assets		**73,589,845,698**	**61,113,501,223**

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

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

Satish Raj Joshi
Executive Financial Officer

Ashoke S. Rana
Chief Executive Officer

Directors
Prachanda Bahadur Shrestha
Radha Krishna Pote
Sushil Bikram Thapa
Upendra Keshari Poudyal

Sushiel Joshi
General Manager

Manoj Bahadur Shrestha
Chairman

As per our attached report of even date

CA. Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Date: October 27, 2014

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2070 TO ASHAD 32, 2071 (JULY 16, 2013 TO JULY 16, 2014)

Particulars	Schedule	Current Year	Previous Year
1. Interest Income	18	4,742,975,480	4,627,335,224
2. Interest Expenses	19	2,248,797,712	2,119,062,154
Net Interest Income		2,494,177,768	2,508,273,070
3. Commission and Discount	20	657,298,100	550,149,068
4. Other Operating Income	21	206,814,193	165,071,706
5. Exchange Fluctuation Income	22	385,101,575	300,469,098
Total Operating Income		3,743,391,636	3,523,962,942
6. Staff Expenses	23	713,829,706	682,978,114
7. Other Operating Expenses	24	966,119,719	852,110,746
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before Provision for Possible Losses		2,063,442,211	1,988,874,082
9. Provision for Possible Losses	25	1,080,863,093	842,900,089
Operating Profit		982,579,118	1,145,973,993
10. Non-Operating Income/(Loss)	26	17,487,163	5,999,157
11. Loan Loss Provision Written-Back	27	774,565,043	369,392,717
Profit from Regular Operations		1,774,631,324	1,521,365,867
12. Profit/(Loss) from Extra-ordinary Activities	28	8,645,806	(7,003,881)
Net Profit after considering all Activities		1,783,277,130	1,514,361,986
13. Staff Bonus Provision		162,116,103	137,669,271
14. Tax Provision		662,053,786	432,994,725
a) Current Years		645,799,454	471,705,889
b) Previous Year's Additional Tax		852,892	801,818
c) Deferred Tax		15,401,440	(39,512,982)
Net Profit/(Loss)		**959,107,241**	**943,697,990**

Satish Raj Joshi
Executive Financial Officer

Ashoke S. Rana
Chief Executive Officer

Directors
Prachanda Bahadur Shrestha
Radha Krishna Pote
Sushil Bikram Thapa
Upendra Keshari Poudyal

Sushiel Joshi
General Manager

Manoj Bahadur Shrestha
Chairman

As per our attached report of even date

CA. Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Date: October 27, 2014

PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM SHRAWAN 1, 2070 TO ASHAD 32, 2071 (JULY 16, 2013 TO JULY 16, 2014)

(Amount in Rs.)

Particulars	Current Year	Previous Year
Income		
1. Accumulated Profit up to Last Year	4,685,148	72,898,928
2. Current Year's Profit	959,107,241	943,697,990
3. Transfer from Capital Adjustment Fund	-	-
4. Transfer from Deferred Tax Reserve	15,401,440	-
5. Transfer from Investment Adjustment Reserve	-	-
Total	**979,193,829**	**1,016,596,918**
Expenses		
1. Accumulated Loss up to Last Year	-	-
2. Current year's Loss	-	-
3. General Reserve	191,821,449	188,739,598
4. Contingent Reserve	-	212,516,333
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Staff Related Reserve Fund	-	-
8. Proposed Dividend	175,404,348	276,000,000
9. Proposed Issue of Bonus Share	434,700,000	138,000,000
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	1,767,187	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Bond Redemption Reserve	157,142,857	157,142,857
15. Deferred Tax Reserve	-	39,512,982
16. Investment Adjusment Reserve	-	-
Total	**960,835,841**	**1,011,911,770**
17. Accumulated Profit / (Loss)	18,357,988	4,685,148

Satish Raj Joshi
Executive Financial Officer

Ashoke S. Rana
Chief Executive Officer

Directors
Prachanda Bahadur Shrestha
Radha Krishna Pote
Sushil Bikram Thapa
Upendra Keshari Poudyal

Sushiel Joshi
General Manager

Manoj Bahadur Shrestha
Chairman

As per our attached report of even date

CA. Prabhu Ram Bhandary
Managing Partner
Joshi & Bhandary
Chartered Accountants

Date: October 27, 2014

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM SHRAWAN 1, 2070 TO ASHAD 32, 2071 (JULY 16, 2013 TO JULY 16, 2014)

(Amount in Rs.)

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT/(LOSS)	GENERAL RESERVE	PROPOSED BONUS SHARE	SPECIAL RESERVE FUND	EXCHANGE FLUCTUATION	OTHER RESERVE FUND	DEFERRED TAX RESERVE	INVESTMENT ADJUSTMENT RESERVE	TOTAL AMOUNT
Opening Balance as at 16 July 2013	2,760,000,000	4,685,148	1,571,890,689	138,000,000	4,000,000	29,769,898	726,802,046	62,887,064	1,673,278	5,299,708,123
Changes in Accounting Policies	-	-	-	-	-	-	-		-	-
Restated Balance as at 16 July 2013	2,760,000,000	4,685,148	1,571,890,689	138,000,000	4,000,000	29,769,898	726,802,046	62,887,064	1,673,278	5,299,708,123
Net Profit for the year	-	959,107,241	-	-	-	-	-	-	-	959,107,241
Transfer to General Reserve	-	(191,821,449)	191,821,449	-	-	-	-	-	-	-
Bond Redemption Fund transferred	-	-	-	-	-	-	-	-	-	-
Proposed Dividend		(175,404,348)	-	-	-	-	-	-	-	(175,404,348)
Issue of Bonus Share	138,000,000	-	-	(138,000,000)	-	-	-	-	-	-
Proposed Issue of Bonus Shares	-	(434,700,000)	-	434,700,000	-	-	-	-	-	-
Trasnser from Deferred Tax Reserve	-	15,401,440	-	-	-	-	-	(15,401,440)	-	-
Transfer to Exchange Fluctuation Fund	-	(1,767,187)	-	-	-	1,767,187	-	-	-	-
Transfer to Bond Redemption Fund	-	(157,142,857)	-	-	-	-	157,142,857	-	-	-
Transfer to Contingent Reserve	-	-	-	-	-	-	-	-	-	-
Closing Balance	**2,898,000,000**	**18,357,988**	**1,763,712,138**	**434,700,000**	**4,000,000**	**31,537,085**	**883,944,903**	**47,485,624**	**1,673,278**	**6,083,411,016**

CASH FLOW STATEMENT

FOR THE PERIOD FROM SHRAWAN 1, 2070 TO ASHAD 32, 2071 (JULY 16, 2013 TO JULY 16, 2014)

(Amount in Rs.)

Particulars	Current Year	Previous Year
A. Cash Flow from Operating Activities	**1,355,852,722**	**1,489,617,130**
1. Cash Received	**5,796,839,983**	**5,488,581,832**
1.1 Interest Income	4,529,280,816	4,463,256,155
1.2 Commission and Discount Income	657,298,100	550,149,068
1.3 Income from Foreign Exchange Transaction	385,101,575	300,469,098
1.4 Recovery of Loan Written off	18,345,299	9,635,805
1.5 Other Income	206,814,193	165,071,706
2. Cash Payment	**(4,440,987,261)**	**(3,998,964,702)**
2.1 Interest Expenses	(2,221,584,726)	(2,129,360,493)
2.2 Staff Expenses	(688,943,580)	(639,014,466)
2.3 Office Overhead Expenses	(770,422,502)	(660,815,839)
2.4 Income Tax Paid	(622,367,182)	(430,864,749)
2.5 Other Expenses	(137,669,271)	(138,909,155)
Cash Flow before Changes in Working Capital	**7,679,264,020**	**(2,772,272,720)**
(Increase) / Decrease in Current Assets	**(4,164,120,721)**	**(8,217,401,650)**
1. (Increase) / Decrease in Money at Call and Short Notice	1,865,731,588	(1,797,231,588)
2. (Increase) / Decrease in Other Short-term Investment	(69,926,494)	(1,130,746,916)
3. (Increase) / Decrease in Loan & Bills Purchases	(5,591,587,067)	(5,188,673,457)
4. (Increase) / Decrease in Others Assets	(368,338,748)	(100,749,689)
Increase / (Decrease) in Current Liabilities	**11,843,384,741**	**5,445,128,930**
1. Increase/(Decrease) in Deposits	11,602,528,808	5,341,325,578
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowing	-	-
4. Increase/(Decrease) in Others Liabilities	240,855,933	103,803,352
B. Cash Flow from Investment Activities	**(6,713,746,776)**	**(1,765,436,570)**
1. (Increase)/Decrease in Long Term Investments	(2,878,859,625)	(876,795,259)
2. (Increase)/Decrease in Fixed Assets	(140,168,122)	(128,643,739)
3. Interest Income from Long Term Investment	181,826,005	189,884,737
4. Dividend Income	14,479,955	3,039,791
5.Others	(3,891,024,989)	(952,922,100)
C. Cash Flow from Financing Activities	**(426,978,616)**	**333,994,654**
1. Increase/(Decrease) in Long Term Borrowings (Bond,Debentures etc)	(140,000)	599,860,000
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	(338,409,616)	(354,294,346)
4. Increase/(Decrease) in Refinance/facilities received from NRB.	(88,429,000)	88,429,000
D. Income/Loss from change in exchange rate in Cash and Bank Balances	**-**	**-**
E.Current Year's Cash Flow from All Activities	**1,894,391,350**	**(2,714,097,506)**
F. Opening Balance of Cash and Bank Balances	**3,648,198,652**	**6,362,296,158**
G Closing Balance of Cash and Bank Balances	**5,542,590,002**	**3,648,198,652**

SHARE CAPITAL & OWNNERSHIP

SCHEDULE 1

Amount in Rs.

Particulars	Current Year	Previous Year
1. Share Capital		
1.1 Authorized Capital	**4,000,000,000**	**4,000,000,000**
a. 40,000,000 Ordinary Shares of Rs 100 each.	4,000,000,000	4,000,000,000
b. Non -redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.2 Issued Capital	**2,898,000,000**	**2,760,000,000**
a. 28,980,000 Ordinary Shares of Rs 100 each	2,898,000,000	2,760,000,000
(Previous year 27,600,000 Ordinary Shares of Rs. 100 each)		
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.3 Paid up Capital	**2,898,000,000**	**2,760,000,000**
a. 28,980,000 Ordinary Shares of Rs 100 each fully paid up	2,898,000,000	2,760,000,000
(Previous year 27,600,000 Ordinary Shares of Rs 100 each fully paid up)		
b. Non-redeemable Preference Shares	-	-
c. Redeemable Preference Shares	-	-
1.4 Proposed Bonus Shares	**434,700,000**	**138,000,000**
1.5 Calls-in-advance		
1.6 Total	**3,332,700,000**	**2,898,000,000**

SHARE OWNNERSHIP

Amount in Rs.

Particulars	Current Year		Previous Year	
	%	Share Capital	%	Share Capital
1. Domestic Ownership	**80.00**	**2,318,400,000**	**80**	**2,208,000,000**
1.1 Nepal Government	-	-	-	-
1.2 "A" Classs Licensed Institutions	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Entities	65.00	1,883,700,000	65	1,794,000,000
1.5 General Public	15.00	434,700,000	15	414,000,000
1.6 Others	-	-	-	-
2. Foreign Ownership	**20.00**	**579,600,000**	**20**	**552,000,000**
Total	**100.00**	**2,898,000,000**	**100**	**2,760,000,000**

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

Amount in Rs.

Name of Shareholder	Number of Shares	%	Share Capital
Habib Bank Limited	5,795,999	20.00	579,599,900
Karmachari Sanchaya Kosh	4,057,199	14.00	405,719,900
N. Trading Co. Pvt. Ltd.	3,682,878	12.71	368,287,800
Mutual Trading Co. Pvt. Ltd.	3,657,275	12.62	365,727,500
Ava International Pvt. Ltd.	3,299,189	11.38	329,918,900
Chhaya International Pvt. Ltd.	2,575,849	8.89	257,584,900
Shashi Kanta Agrawal	667,635	2.30	66,763,500
Syakar Co. Ltd.	286,903	0.99	28,690,300
Sharma & Co. Pvt. Ltd.	191,268	0.66	19,126,800
Total	**24,214,195**	**83.55**	**2,421,419,500**

RESERVES AND FUNDS

SCHEDULE 2
Amount in Rs.

Particulars	Current Year	Previous Year
1. General Reserve Fund	**1,763,712,138**	**1,571,890,689**
2. Capital Reserve Fund	**-**	**-**
3. Capital Redemption Reserve	**-**	**-**
4. Capital Adjustment Fund	**-**	**-**
5. Other Reserve Fund	**937,103,805**	**795,362,388**
a. Contingent Reserve	212,516,333	212,516,333
b. Institution Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	4,000,000	4,000,000
e. Assets Revaluation Reserve	-	-
f. Deferred Tax Reserve	47,485,624	62,887,064
g. Other Free Reserves	-	-
h. Bond Redemption Reserve	671,428,570	514,285,713
i. Investment Adjustment Reserve	1,673,278	1,673,278
6. Accumulated Profit / (Loss)	**18,357,988**	**4,685,148**
7. Exchange Fluctuation Fund	**31,537,085**	**29,769,898**
Total	**2,750,711,016**	**2,401,708,123**

DEBENTURES AND BONDS

SCHEDULE 3
Amount in Rs.

DEPOSITS

SCHEDULE 5

Amount in Rs.

Particulars	Current Year	Previous Year
1. Non Interest Bearing accounts		
A. Current Deposits	**6,407,989,296**	**5,844,054,504**
1. Local Currency	**5,055,369,195**	**4,607,905,855**
1.1 Nepal Government	395,569,475	92,768,685
1.2 "A" Classs Licensed Institutions	257,873,707	177,644,003
1.3 Other Licensed Institutions	1,065,261,762	227,112,368
1.4 Other Organized Institutions	3,194,815,890	3,471,289,446
1.5 Individuals	141,848,361	639,091,353
1.6 Others	-	-
2. Foreign Currency	**1,352,620,101**	**1,236,148,649**
2.1 Nepal Government	47,253,027	21,193,119
2.2 "A" Classs Licensed Institutions	10,825,856	15,780,941
2.3 Other Licensed Institutions	394,400,418	109,585
2.4 Other Organized Institutions	892,990,933	1,035,964,115
2.5 Individuals	7,149,867	163,100,889
2.6 Others	-	-
B. Margin Deposits	**1,242,331,037**	**920,948,609**
1. Employees Guarantee	-	-
2. Guarantee Margin	244,206,943	354,771,943
3. Letters of Credit Margin	998,124,094	566,176,666
C. Others	**-**	**-**
1. Local Currency	**-**	**-**
1.1 Financial Institutions	-	-
1.2 Other Organized Institution	-	-
1.3 Individual	-	-
2. Foreign Currency	**-**	**-**
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
Total of Non-Interest Bearing Accounts	**7,650,320,333**	**6,765,003,113**

continued...

continued...

DEPOSITS

SCHEDULE 5

Amount in Rs.

Particulars	Current Year	Previous Year
2. Interest Bearing accounts		
A. Saving Deposits	**32,843,446,256**	**26,484,280,238**
1. Local Currency	**31,788,206,758**	**25,652,046,435**
1.1 Organized Institutions	681,464,154	547,107,486
1.2 Individuals	31,106,742,604	25,104,938,949
1.3 Others	-	-
2. Foreign Currency	1,055,239,498	832,233,803
2.1 Organized Institutions	30,715,214	24,060,831
2.2 Individuals	1,024,524,284	808,172,972
2.3 Others	-	-
B. Fixed Deposits	**13,589,370,348**	**13,964,638,491**
1. Local Currency	**11,422,641,691**	**12,714,880,328**
1.1 Organized Institutions	5,699,476,436	4,954,619,695
1.2 Individuals	5,723,165,255	7,760,260,633
1.3 Others	-	-
2. Foreign Currency	2,166,728,657	1,249,758,163
2.1 Organized Institutions	2,023,986,880	1,099,586,320
2.2 Individuals	142,741,777	150,171,843
2.3 Others	-	-
C. Call Deposits	**10,591,711,358**	**5,858,397,645**
1. Local Currency	**6,664,521,264**	**4,637,502,959**
1.2 "A" Classs Licensed Institutions	-	-
1.3 Other Licensed Institutions	829,198	248,430,370
1.4 Other Organized Institutions	6,581,813,874	4,094,593,617
1.5 Individuals	81,878,192	294,478,972
1.6 Others	-	-
2. Foreign Currency	**3,927,190,094**	**1,220,894,686**
2.1 "A" Classs Licensed Institutions	-	-
2.2 Other Licensed Institutions	284,089	90,864
2.3 Other Organized Institutions	3,920,558,804	735,198,905
2.4 Individuals	6,347,201	485,604,917
2.5 Others	-	-
D. Certificate of Deposits	**-**	**-**
1. Other Organized Institutions	**-**	**-**
2. Individual	**-**	**-**
3. Other	**-**	**-**
Total of Interest Bearing Accounts	**57,024,527,962**	**46,307,316,374**
Total Deposits	**64,674,848,295**	**53,072,319,487**

BILL PAYABLES

SCHEDULE 6

Amount in Rs.

Particulars	Current Year	Previous Year
1. Local Currency	94,078,321	24,179,856
2. Foreign Currency	1,108,836	88,104
Total	**95,187,157**	**24,267,960**

OTHER LIABILITIES

SCHEDULE 7

Amount in Rs.

Particulars	Current Year	Previous Year
1. Pension / Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	162,116,103	137,669,271
5. Interest Payable on Deposit	105,654,778	166,390,915
6. Interest Payable on Borrowings/Bonds	41,467,903	19,266,931
7. Unearned Discount & Commission	-	-
8. Sundry Creditors	140,134,791	122,719,916
9. Branch Adjustment Account	-	10,715,257
10. Deferred Tax Liability	-	-
11. Dividend Payable	35,894,005	32,555,469
12. Others		
a. Provision for Audit Fee	820,380	745,800
b. Provision for leave encashment	194,895,280	178,408,291
c. Matured HBL Bond Payable	275,000	415,000
d. Provision for Gratuity	64,166,508	55,767,371
e. Others	657,994,497	494,831,959
Total	**1,403,419,245**	**1,219,486,180**

CASH BALANCE

SCHEDULE 8
Amount in Rs.

Particulars	Current Year	Previous Year
1 Local Currency (Including coins)	1,063,025,807	810,375,805
2. Foreign Currency	49,439,656	54,684,123
Total	**1,112,465,463**	**865,059,928**

BALANCE WITH NEPAL RASTRA BANK

SCHEDULE 9
Amount in Rs.

Particulars	Local Currency	Foreign Currency			Current Year	Previous Year
		INR	Convertible Currency	Total		
1. Nepal Rastra Bank	3,666,314,553	-	99,840,284	99,840,284	3,766,154,837	2,427,014,381
a. Current Account	3,666,314,553	-	99,840,284	99,840,284	3,766,154,837	2,427,014,381
b. Other Account	-	-	-	-	-	-
Total	**3,666,314,553**	**-**	**99,840,284**	**99,840,284**	**3,766,154,837**	**2,427,014,381**

Note: Total balance as per the statement of Nepal Rastra Bank is Rs 3,845,524,661

BALANCE WITH BANKS/ FINANCIAL INSTITUTIONS

SCHEDULE 10
Amount in Rs.

Particulars	Local Currency	Foreign Currency			Current Year	Previous Year
		INR	Convertible Currency	Total		
1.Local Licensed Institutions	235,975,820	-	-	-	235,975,820	95,218,373
a. Current Account	235,975,820	-	-	-	235,975,820	95,218,373
b. Other Account	-	-	-	-	-	-
2. Foreign Bank	-	79,279,425	348,714,457	427,993,882	427,993,882	260,905,970
a. Current Account	-	79,279,425	348,714,457	427,993,882	427,993,882	260,905,970
b. Other Account	-	-	-	-	-	-
Total	**235,975,820**	**79,279,425**	**348,714,457**	**427,993,882**	**663,969,702**	**356,124,343**

Note: Total balance as per the statement received from respective bank is Rs 995,657,223

MONEY AT CALL AND SHORT NOTICE

SCHEDULE 11
Amount in Rs.

Particulars	Current Year	Previous Year
1. Local Currency	100,000,000	50,000,000
2. Foreign Currency	96,100,000	2,011,831,588
Total	**196,100,000**	**2,061,831,588**

INVESTMENTS

SCHEDULE 12
Amount in Rs.

Particulars	Purpose		Current Year	Previous Year
	Trading	Other		
1.Nepal Government Treasury Bills	-	10,158,618,779	10,158,618,779	7,279,759,154
2 Nepal Government Saving Bond	-	-	-	-
3.Nepal Government Other Securities	-	2,024,355,644	2,024,355,644	2,607,001,327
4. NRB Bonds	-	-	-	-
5. Foreign Bonds	-	-	-	-
6. Local Licensed Institutions	-	1,288,873,410	1,288,873,410	1,218,946,916
7. Foreign Banks	-	6,281,425,252	6,281,425,252	1,797,550,175
8.Corporate Shares	-	90,002,059	90,002,059	90,002,059
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	**-**	**19,843,275,144**	**19,843,275,144**	**12,993,259,631**
Provision			**1,214,859**	**1,214,859**
Net Investment			**19,842,060,285**	**12,992,044,772**

INVESTMENTS IN SHARES, DEBENTURES AND BONDS

SCHEDULE 12 (A)

Amount in Rs.

Particulars	Cost Price	Market value	Provision	Current Year	Previous Year
1. Investment in Shares					
1.1 Rural Microfinance Dev Centre	48,000,000	407,040,000	-	48,000,000	48,000,000
480,000 Shares @ Rs. 100 per share, fully paid up					
1.2 Western Rural Development Bank	3,000,000	3,795,000	-	3,000,000	3,000,000
37,950 Shares (including 7,950 bonus shares)					
@ Rs. 100 per share, fully paid up					
1.3 Nirdhan Utthan Bank Ltd.	12,793,300	350,165,400	-	12,793,300	12,793,300
269,358 Shares (including 141,425 bonus shares)					
@ Rs.100 per share, fully paid up					
1.4 Chhimek Laghu Bitta Bikas Bank Ltd.	7,380,100	368,409,734	-	7,380,100	7,380,100
251,818 Shares (including 178,017 bonus shares)					
@ Rs. 100 per share, fully paid up					
1.5 Swabalamban Laghu Bitta Bikas Bank Ltd.	12,490,500	280,178,345	-	12,490,500	12,490,500
180,179 Shares (including 55,274 bonus shares)					
@ Rs. 100 per share, fully paid up					
1.6 Swift SC	1,214,859	1,214,859	1,214,859	1,214,859	1,214,859
6 Shares					
1.7 Credit Information Corporation Limited	1,423,300	3,930,400	-	1,423,300	1,423,300
39,304 shares (including 25,071 bonus shares)					
@ Rs. 100 per share, fully paid up					
1.8 Nepal Clearing House Ltd.	2,500,000	2,500,000	-	2,500,000	2,500,000
25,000 shares @ Rs. 100 each, fully paid up					
1.9 VISA Card International	-	-	-	-	-
5,860 nos. of Common Stock					
1.10 National Banking Institute Limited	1,200,000	1,200,000		1,200,000	1,200,000
12,000 shares of Rs. 100 each, fully paid up					
2. Investment in Debentures and Bonds					
2.1 ……..					
2.2 ……..					
2.3 ……..					
Total Investment	**90,002,059**	**1,418,433,738**	**1,214,859**	**90,002,059**	**90,002,059**
3. Provision for Loss					
3.1 Up to previous year			1,214,859	1,214,859	1,214,859
3.2 Addition this year			-	-	-
Total Provision			**1,214,859**	**1,214,859**	**1,214,859**
Net Investment				**88,787,200**	**88,787,200**

Note:

1. Shares of Chhimek Laghu Bitta Bikas Bank Limited, Nirdhan Utthan Bank Limited, Swabalamban Laghu Bitta Bikas Bank Limited and Rural Micro Finance Development Centre are listed in Nepal Stock Exchange.
2. Companies except RMDC, Chhimek Laghu Bitta Bikas Bank Limited, Nirdhan Utthan Bank Limited, Western Rural Development Bank, Swabalamban Laghu Bitta Bikas Bank Limited, National Banking Institute Limited and Credit Information Corporation Limited have not declared dividend in the last three Years.

HELD FOR TRADING INVSTMENTS

SCHEDULE 12.1
Amount in Rs.

Particulars	Cost price	Market Price As At		Profit / Loss		Remarks
		15-Jul-2013	16-Jul-2014	Current Year	Previous Year	
1. Nepal Government Treasury Bills	-	-	-	-	-	
2. Nepal Government Saving Bonds	-	-	-	-	-	
3. Nepal Government Other Securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debentures and Bonds of Local Licensed Institution	-	-	-	-	-	
8. Shares, Debentures and Bonds of	-	-	-	-	-	
Local Organised Institutions	-	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Inter Bank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
Total Investments	-	-	-	-	-	

HELD TO MATURITY INVESTMENTS

SCHEDULE 12.2
Amount in Rs.

Particulars	Cost Price	Impaired Amount till		Profit / Loss		Remarks
		15-Jul-2013	16-Jul-2014	Current Year	Previous Year	
1. Nepal Government Treasury Bills	10,158,618,779	-	-			
2. Nepal Government Saving Bonds	-	-	-			
3. Nepal Government Other Securities	2,024,355,644					
4. Nepal Rastra Bank Bonds	-					
5. Foreign Bonds	-					
6. Shares of Local Licensed Institutions	-					
7. Debentures and Bonds of Local Lice-	-					
nsed Institutions	-					
8. Shares, Debentures and Bonds of	-					
Local Organised Institutions	-					
9. Placement in Foreign Banks	6,281,425,252	-	-			
10. Other Investments	1,288,873,410	-	-			
Total Investments	**19,753,273,085**					

AVAILABLE FOR SALE INVESTMENTS

SCHEDULE 12.3

Amount in Rs.

Particulars	Cost price	Market Price As At		Profit / Loss		Remarks
		15-Jul-2013	16-Jul-2014	Current Year	Previous Year	
1. Nepal Government Treasury Bills	-					
2. Nepal Government Saving Bonds	-					
3. Nepal Government Other Securities	-					
4. Nepal Rastra Bank Bonds	-					
5. Foreign Bonds	-					
6. Shares of Local Licensed Institutions	83,663,900	262,571,461	1,409,588,479			
7. Debentures and Bonds of Local Licensed Institution	-					
8. Shares, Debentures and Bonds of	5,123,300	6,975,300	7,630,400			
Local Organised Institutions	-					
9. Placement in Foreign Banks	-					
10. Other Investments	1,214,859	1,214,859	1,214,859			
Total Investments	**90,002,059**	**270,761,620**	**1,418,433,738**			

*For the shares, which are not listed in Nepal Stock Exchange, cost of acquisition is considered as the market price.

CLASSIFICATION OF LOANS AND BILLS PURCHASED AND PROVISIONING

SCHEDULE 13

Amount in Rs.

Particulars	Loans & Advances					Bills Purchased & Discounted			Current Year	Previous Year
	Domestic			Foreign	Total	Local	Foreign	Total		
	Priority		Other							
	Insured	Un-insured								
1. Performing Loan	-	-	42,899,192,698	591,334,407	43,490,527,105	44,280,008	2,003,007,319	2,047,287,327	45,537,814,432	39,871,207,583
1.1 Pass Loan	-	-	42,899,192,698	591,334,407	43,490,527,105	44,280,008	2,003,007,319	2,047,287,327	45,537,814,432	39,871,207,583
2. Non-Performing Loan	-	-	879,051,190	30,276,413	909,327,603	2,000,000	187,395	2,187,395	911,514,998	1,186,189,950
1.2 Re-structured	-		151,102,227	-	151,102,227	-	-	-	151,102,227	153,485,973
2.1 Substandard	-	-	235,258,043	-	235,258,043	2,000,000	-	2,000,000	237,258,043	73,774,236
2.2 Doubtful	-	-	74,432,313	-	74,432,313	-	-	-	74,432,313	456,150,359
2.3 Loss	-	-	418,258,607	30,276,413	448,535,020	-	187,395	187,395	448,722,415	502,779,382
(A) Total Loan	**-**	**-**	**43,778,243,888**	**621,610,820**	**44,399,854,708**	**46,280,008**	**2,003,194,714**	**2,049,474,722**	**46,449,329,430**	**41,057,397,533**
3. Loan Loss Provision										
3.1 Pass	-		434,301,753	5,913,344	440,215,097	442,800	20,030,073	20,472,873	460,687,970	470,949,511
3.2 Re-structured	-	-	123,029,134	-	123,029,134	-	-	-	123,029,134	113,344,335
3.3 Substandard	-	-	58,814,511	-	58,814,511	500,000	-	500,000	59,314,511	18,443,559
3.4 Doubtful	-		37,216,156	-	37,216,156	-	-	-	37,216,156	228,075,180
3.5 Loss	-	-	418,258,607	30,276,413	448,535,020	-	187,395	187,395	448,722,415	502,779,382
(B) Total Provisioning	**-**	**-**	**1,071,620,161**	**36,189,757**	**1,107,809,918**	**942,800**	**20,217,468**	**21,160,268**	**1,128,970,186**	**1,333,591,967**
4. Provisioning up to Previous Year										
4.1 Pass	-		450,017,234	6,847,221	456,864,455	276,702	13,808,354	14,085,056	470,949,511	359,029,377
4.2 Re-structured	-	-	113,344,335	-	113,344,335	-	-	-	113,344,335	104,973,933
4.3 Substandard	-	-	18,443,559	-	18,443,559	-	-	-	18,443,559	19,101,417
4.4 Doubtful	-		228,075,180	-	228,075,180	-	-	-	228,075,180	31,033,894
4.5 Loss	-	-	499,035,937	3,544,340	502,580,277	-	199,105	199,105	502,779,382	488,900,318
(C) Total Provison up to Last Year	**-**	**-**	**1,308,916,245**	**10,391,561**	**1,319,307,806**	**276,702**	**14,007,459**	**14,284,161**	**1,333,591,967**	**1,003,038,939**
(D) Provision written back this year		**-**	**(768,036,539)**	**(2,780,256)**	**(770,816,795)**	**(121,702)**	**(3,080,915)**	**(3,202,617)**	**(774,019,412)**	**(368,625,160)**
(E) This year's additional provision			**530,740,455**	**28,578,452**	**559,318,907**	**787,800**	**9,290,924**	**10,078,724**	**569,397,631**	**699,178,188**
(F) Net adjustment during the year	**-**	**-**	**(237,296,084)**	**25,798,196**	**(211,497,888)**	**666,098**	**6,210,009**	**6,876,107**	**(204,621,781)**	**330,553,028**
Net Loan (A - B)	**-**	**-**	**42,706,623,727**	**585,421,063**	**43,292,044,790**	**45,337,208**	**1,982,977,246**	**2,028,314,454**	**45,320,359,244**	**39,723,805,566**

SECURITY WISE DETAIL OF LOANS, ADVANCES AND BILLS PURCHASED

SCHEDULE 13 (A)
Amount in Rs.

Particulars	Current Year	Previous Year
(A) Secured	**46,449,329,430**	**41,057,397,533**
1. Movable / Immovable Assets	41,324,734,863	37,077,239,290
2. Guarantee of Local Licensed Institutions	-	-
3. Government Guarantee	-	-
4. Internationally Rated Bank Guarantee	60,522,484	28,066,673
5. Export Documents	2,049,474,722	1,408,704,678
6. Fixed Deposit Receipts	418,806,021	519,850,811
a. Own FDR	418,806,021	519,850,811
b. FDR of other Licensed Institutions	-	-
7. Nepal Government Bonds	-	240,000
8. Counter Guarantee	1,895,300,617	1,426,919,932
9. Personal Guarantee	56,249,128	32,324,781
10. Other Securities	644,241,595	564,051,368
(B) Unsecured	**-**	**-**
Total	**46,449,329,430**	**41,057,397,533**

FIXED ASSETS

SCHEDULE 14
Amount in Rs.

NON BANKING ASSETS

SCHEDULE 15

Amount in Rs.

Name & Address of Borrower or Party	Date of Assuming Non-Banking Assets	Total amount of Non-Banking Assets	Loss Provision		Current Year	Previous Year
			%	in Amount		
Ramesh Babu Shrestha	2010.12.09	376,000	100	376,000	-	376,000
Everest Floriculture	2013.07.15	83,109,039	100	83,109,039	-	83,109,039
Everest Floriculture	2013.10.02	112,590,645	100	112,590,645	112,590,645	-
Everest Floriculture	2014.06.23	16,864,072	100	16,864,072	16,864,072	-
Prism International	2013.10.17	53,000,000	100	53,000,000	53,000,000	-
Grand Total		**265,939,756**		**265,939,756**	**182,454,717**	**83,485,039**
Opening Balance of NBA Provision		83,485,039				376,000
Addition during the year		182,454,717				83,109,039
Closing provision on NBA		265,939,756				83,485,039
Net Non-banking Assets		**-**				**-**

OTHER ASSETS

SCHEDULE 16

Amount in Rs.

Particulars		Current Year	Previous Year
1. Stock of Stationery		26,699,457	21,729,453
2. Income Receivable on investments		51,952,149	60,283,463
3. Accrued Interest on Loan	449,463,362		651,046,236
Less : Interest Suspense Amount	(409,263,389)	40,199,973	(651,046,236)
4. Commission Receivable		-	-
5. Sundry Debtors		-	-
6. Staff Loan and Advances		863,958,962	799,601,079
7. Prepayments		64,319,140	53,556,249
8. Cash in Transit		-	-
9. Other Transit Items(Including Cheques)		6,788	-
10. Drafts Paid without Notice		-	-
11. Expenses not written off		167,315,022	195,079,123
12. Branch Adjustment Account		960,318	-
13. Deferred Tax Assets		47,485,624	62,887,064
14. Others		103,024,254	185,710,671
a. Advance for capital works	9,055,230		19,720,216
b. Advance Corporate Tax	-		-
c.Others	276,722,146		338,600,373
Less: Provision for possible losses	(182,753,122)		(172,609,918)
Total		**1,365,921,687**	**1,378,847,102**

OTHER ASSETS (Additional Statement)

SCHEDULE 16 (A)

Amount in Rs.

Particulars	Current Year				Previous Year
	Upto 1 year	1 to 3 Year	Above 3 Years	Total	
1. Accured interest on Loan	249,202,580	125,977,911	74,282,871	449,463,362	651,046,236
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment A/c	-	-	-	-	-
4. Agency Balance					
Total	**249,202,580**	**125,977,911**	**74,282,871**	**449,463,362**	**651,046,236**

CONTINGENT LIABILITIES

SCHEDULE 17

Amount in Rs.

Particulars	Current Year	Previous Year
1. Claims on Institutions but not accepted by bank	653,105,239	657,703,739
2. Letters of Credit (full amount)	6,862,523,097	3,697,028,276
a. Less than 6 months maturity	5,915,111,928	3,407,349,096
b. More than 6 months maturity	947,411,169	289,679,180
3. Rediscounted Bills		
4. Unmatured Guarantees/Bonds	2,293,792,130	1,786,121,157
a. Bid Bond	233,829,552	138,921,351
b. Performance Bond	1,568,767,631	1,377,795,689
c. Other Guarantees/ Bonds	491,194,947	269,404,117
5. Unpaid Shares in Investment	-	-
6. Forward Exchage contract liablities	607,819,643	174,794,978
7. Bills under collection	3,021,093,483	2,352,049,320
8. Acceptance and Endorsements	1,043,767,670	1,132,497,904
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	4,205,049,312	3,573,845,874
11. Counter Guarantee of internationally Rated Banks	661,251,268	569,722,321
12. Advance Payment Guarantee	447,489,324	393,250,015
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	56,690,052	44,291,281
15. Others	-	-
Total	**19,852,581,218**	**14,381,304,865**

INTEREST INCOME

SCHEDULE 18

Amount in Rs.

Particulars	Current Year	Previous Year
A. On Loan, Advances and Overdraft	**4,380,824,588**	**4,261,373,692**
1. Loan and Advances	3,319,241,072	3,090,912,514
2. Overdraft	1,061,583,516	1,170,461,178
B. On Investment	**289,002,310**	**326,766,166**
1. Nepal Government Securities	289,002,310	326,766,166
a. Treasury Bills	111,464,109	137,281,229
b. Development Bonds	177,538,201	189,484,937
c. National Saving Certificate	-	-
2. Foreign Securities	-	-
a.	-	-
b.....	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture and Bonds	-	-
5. Interest on Inter Bank Lending	-	-
A. Bank/Financial Institutions	-	-
B. Other Organizations	-	-
C. On Agency Balances	**929,656**	**459,593**
1. Local Banks	-	-
2. Foreign Banks	929,656	459,593
D. On Money at Call and Short Notice	**1,973,468**	**3,128,456**
1. Local Banks	1,913,237	3,117,083
2. Foreign Banks	60,231	11,373
E. On Others	**70,245,458**	**35,607,317**
1.Certificate of Deposits	-	-
2. Inter-Bank Loan	20,757,208	8,519,059
3. FCY Placements	49,488,250	27,088,258
Total	**4,742,975,480**	**4,627,335,224**

INTEREST EXPENSES

SCHEDULE 19
Amount in Rs.

Particulars	Current Year	Previous Year
A. On Deposit Liabilites		
1. Fixed Deposits	**929,807,290**	**941,259,831**
1.1 Local Currency	901,664,130	916,931,689
1.2 Foreign Currency	28,143,160	24,328,142
2. Saving Deposits	**947,977,973**	**844,894,776**
2.1 Local Currency	942,251,633	840,403,834
2.2 Foreign Currency	5,726,340	4,490,942
3. Call Deposit	**240,368,154**	**230,617,935**
3.1 Local Currency	220,365,030	206,289,793
3.2 Foreign Currency	20,003,124	24,328,142
4. Certificate of Deposits	**-**	**-**
B. On Borrowings	**130,644,295**	**102,289,612**
1. Debentures and Bonds	88,000,000	40,131,507
2. Loan from Nepal Rastra Bank	494,233	6,209,781
3. Inter Bank/Financial Institutions Borrowing	42,150,062	55,948,324
4. Other Corporate Bodies	-	-
5. Other Loans	-	-
C. Others	**-**	**-**
Total	**2,248,797,712**	**2,119,062,154**

COMMISSION AND DISCOUNT INCOME

SCHEDULE 20
Amount in Rs.

Particulars	Current Year	Previous Year
A. Bills Purchased and Discounted	**69,261,133**	**58,086,129**
1. Local	10,163,049	10,491,907
2. Foreign	59,098,084	47,594,222
B. Commission	**502,472,501**	**405,062,257**
1. Letters of Credit	50,317,539	34,072,986
2. Guarantees	51,355,121	64,242,337
3. Collection Fees	30,078,704	25,416,114
4. Remittance Fees	118,624,131	95,559,852
5. Credit Cards Fee	252,097,006	185,770,968
6. Share Underwriting /Issue	-	-
7. Government Trasactions	-	-
8. Agency Commissions	-	-
9. Exchange Fees	-	-
C. Others	**85,564,466**	**87,000,682**
Total	**657,298,100**	**550,149,068**

OTHER OPERATING INCOME

SCHEDULE 21
Amount in Rs.

Particulars	Current Year	Previous Year
1. Safe Deposit Lockers Rental	15,231,487	9,306,707
2. Issue and Renewal of Credit Cards	71,793,046	51,806,748
3. Issue and Renewals of ATM Cards	33,878,828	36,420,170
4. Telex/ T. T	17,808,589	14,828,973
5. Service Charges	-	-
6. Renewal Fees	-	-
7. Others	68,102,243	52,709,108
Total	**206,814,193**	**165,071,706**

EXCHANGE GAIN / (LOSS)

SCHEDULE 22
Amount in Rs.

Particulars	Current Year	Previous Year
A. Revaluation Gain/(Loss)	7,068,746	(43,691,223)
B. Trading Gain (including exchange Fee on INR)	378,032,829	344,160,321
Total Income / (Loss)	**385,101,575**	**300,469,098**

STAFF EXPENSES

SCHEDULE 23
Amount in Rs.

Particulars	Current Year	Previous Year
1. Salary	267,887,314	254,821,527
2. Allowances	291,931,480	280,202,263
3. Contribution to Provident Fund	25,337,520	23,433,855
4. Training Expenses	3,504,526	5,075,617
5. Uniform	6,448,600	5,672,515
6. Medical	-	-
7. Insurance	29,381,946	28,137,848
8. Pension and Gratuity	64,166,508	55,767,371
9. Others	25,171,812	29,867,118
Total	**713,829,706**	**682,978,114**

OTHER OPERATING EXPENSES

SCHEDULE 24
Amount in Rs.

Particulars		Current Year	Previous Year
1. Office Rent		102,995,984	95,436,822
2. Electricity & Water		19,344,477	17,695,143
3. Repairs and Maintenance		70,069,017	68,477,681
a. Building	1,871,048		2,785,845
b. Vehicles	2,078,673		1,887,509
c. Others	66,119,296		63,804,327
4. Insurance		15,789,574	11,598,315
5. Postage Telex, Telephone, Fax		40,684,981	30,999,399
6. Office Equipment & Furniture- Repairs		490,412	634,219
7.Travelling Allowances and Expenses		46,739,721	38,986,002
8. Printing and Stationery		25,889,005	29,141,535
9. Books and Periodicals		1,019,176	1,173,293
10 Advertisements		34,923,946	30,780,423
11. Legal Expenses		1,439,693	18,692,091
12. Donations		196,255	459,051
13. Expenses Relating to Board of Directors		6,703,788	5,856,202
a. Meeting Fees	1,152,500		944,500
b. Other Expenses	5,551,288		4,911,702
14. Annual General Meeting Expenses		1,158,990	966,518
15. Expenses Relating to Audit		1,456,423	1,390,080
a. Audit Fees	820,380		745,800
b. Other Expenses	636,043		644,280
16. Commission on Remittances			
17. Depreciation on Fixed Assets		106,164,870	107,192,847
18. Amortization		87,838,558	83,343,488
19. Share Issue Expenses		-	-
20 Technical Services Fee		-	-
21. Entertainment		1,380,187	1,505,969
22. Written off Expenses		1,693,789	758,572
23. Security Expenses		31,117,667	23,563,695
24. Credit Guarantee Premium		24,864,456	23,127,190
25. Commission and Discount		7,839,498	7,494,521
26. Others		336,319,252	252,837,690
a. Registration Fee and Charges	43,919,658		32,655,408
b. Card Membership and other expenses	206,126,682		154,500,394
c. Committee Meeting Fees	799,600		960,800
d. Fuel, Janitorial & Cleaning	57,493,269		49,588,315
e. Others	27,980,043		15,132,773
Total		**966,119,719**	**852,110,746**

PROVISION FOR POSSIBLE LOSSES

SCHEDULE 25
Amount in Rs.

Particulars	Current Year	Previous Year
1. Increase in Loan Loss Provision	569,397,631	699,178,188
2. Increase in Provision for Loss on Investment	-	-
3. Provision against Non-Banking Assets	182,454,717	83,109,039
4. Provision against Other Assets	9,237,995	60,612,862
5. Provision for Performance Bond Guarantee Claim of MWSDB	319,772,750	-
Total	**1,080,863,093**	**842,900,089**

NON OPERATING INCOME / (LOSS)

SCHEDULE 26
Amount in Rs.

Particulars	Current Year	Previous Year
1. Profit/(Loss) on Sale on Investment	-	-
2. Profit / (Loss) on Sale of Assets	3,007,208	2,959,366
[Includes profit on sale of NBA Rs.2,454,495]		
3. Dividend	14,479,955	3,039,791
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. interest subsidy	-	-
c. Exchage counter	-	-
5. Others	-	-
Total Non- Operating Income (Loss)	**17,487,163**	**5,999,157**

LOSS PROVISIONS WRITTEN BACK

SCHEDULE 27
Amount in Rs.

Particulars	Current Year	Previous Year
1. Loan Loss Provision Written Back	774,268,452	368,625,160
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written Back	296,591	767,557
Total	**774,565,043**	**369,392,717**

PROFIT/ (LOSS) FROM EXTRA-ORDINARY ACTIVITIES

SCHEDULE 28
Amount in Rs.

Particulars	Current Year	Previous Year
1. Recovery of Writen off Loan	18,345,299	9,635,805
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write/offs [Schedule 28 (A)]	(9,699,493)	(16,639,686)
4. Other Expenses/Income	-	-
Total	**8,645,806**	**(7,003,881)**

STATEMENT OF LOANS WRITTEN-OFF

SCHEDULE 28A

Amount in Rs.

S. N.	Type of Loan	Amount Written off	Security Detail	Basis of valuation	Approving authority	Recovery steps taken	Remarks
1	Overdrafts	2,366,420	Mortgage of fixed assets (land and building)	70% market value 30% government value	BM/SGM	Follow-up through telephonic calls, served various follow-up letters, 35 days notice published in newspaper, borrowers blacklisted, NBA take over	
2	Hire Purchase	2,528,121	Vehicle registered in favour of bank	Purchased / invoice value	BM/EC/DGM	Served various follow-up letters, 35 days notice published in newspaper, borrowers blacklisted.	
3	Credit Card Loan	4,804,952	Personal Guarantee	NA	BM/ECO/DGM/SGM	Follow-up through telephonic calls, written notices served to the card holders, 35 days notice published in newspaper along with the photographs, cardholders balcklisted	
	Total Loan	**9,699,493**					

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

Out of toal Bills Purchased and Discounted, Loans, Advances and Overdraft, amount provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to individual members of their undivided family or against the guarantee of such persons or to the organizations or companies in which such individuals are managing agent, are as follows:

SCHEDULE 29

Amount in Rs.

Name of Promoters / Directors /Chief Executive	Previous Years's Balance		This Year Recovery		This Year Additions	Balance as of Ashad 32, 2068	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors							
1. ……..	-	-	-	-	-	-	-
2. ……..	-	-	-	-	-	-	-
3. ……..	-	-	-	-	-	-	-
(B) Chief Executives							
1. ……..	-	-	-	-	-	-	-
2. ……..	-	-	-	-	-	-	-
3. ……..	-	-	-	-	-	-	-
(C) Promoters							
1. ……..	-	-	-	-	-	-	-
2. ……..	-	-	-	-	-	-	-
3. ……..	-	-	-	-	-	-	-
(D) Employees							
1. ……..	-	-	-	-	-	-	-
2. ……..	-	-	-	-	-	-	-
3. ……..	-	-	-	-	-	-	-
(E) Shareholders							
1. ……..	-	-	-	-	-	-	-
2. ……..	-	-	-	-	-	-	-
3. ……..	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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

TABLE OF CAPITAL FUND

AS AT ASHAD 32, 2071 (JULY 16, 2014)

SCHEDULE 30A

Amount in Rs.

	PARTICULARS	Current Year	Previous Year
1.1	**RISK WEIGHTED EXPOSURES**		
a	Risk Weighted Exposure for Credit Risk	55,329,593,123	49,526,322,948
b	Risk Weighted Exposure for Operational Risk	4,586,360,657	3,906,766,930
c	Risk Weighted Exposure for Market Risk	189,690,740	442,298,029
	Adjustment under Pillar II		
	Add 5% of gross income for operational risk	1,820,321,497	567,753,622
	Add: 3% of total RWE for overalll risk	1,803,169,336	1,077,507,758
Total Risk Weighted Exposures (a+b+c)		**63,729,135,353**	**55,520,649,287**
1.2	**CAPITAL**		
Core Capital (Tier I)		**5,754,474,636**	**4,972,173,697**
a	Paid up Equity Share Capital	2,898,000,000	2,760,000,000
b	Irredeemable Non-cumulative preference shares	-	-
c	Share Premium	-	-
d	Proposed Bonus Equity Shares	434,700,000	138,000,000
e	Statutory General Reserves	1,763,712,138	1,571,890,689
f	Retained Earnings	18,357,988	4,685,148
g	Current year profit/(loss)	-	-
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	-	-
j	Dividend Equalization Reserves	-	-
k	Debenture Redemption Reserve	671,428,570	514,285,713
l	Special Reserve	4,000,000	4,000,000
m	Deferred Tax Reserve	47,485,624	62,887,064
n	Less: Goodwill	-	-
o	Less: Miscellaneous Expenditure not written off	283,657	500,856
p	Less: Investment in equity in licensed Financial Institutions	-	-
q	Less: Investment in equity of institutions with financial interests	-	-
r	Less: Investment in equity of institutions in excess of limits	-	-
s	Less: Investments arising out of underwriting commitments	-	-
t	Less: Reciprocal crossholdings	-	-
u	Less: Other Deductions	82,926,027	83,074,061
Adjustment under Pillar II			
	Less shortfall in Provision	-	-
	Less loans and facilities extended to related parties and restricted lending	-	-
Supplementary Capital (Tier II)		**1,401,104,840**	**1,442,263,755**
a	Cumulative and/or Redeemable Preference Share	-	-
b	Subordinated Term Debt	700,000,000	800,000,000
c	Hybrid Capital Instruments	-	-
d	General loan loss provision	455,378,144	398,304,246
e	Exchange Equalization Reserve	31,537,085	29,769,898
f	Investment Adjustment Reserve	1,673,278	1,673,278
g	Assets Revaluation Reserve	-	-
h	Other Reserves	212,516,333	212,516,333
Total Capital Fund (Tier I and Tier II)		**7,155,579,476**	**6,414,437,452**
1.3	**CAPITAL ADEQUACY RATIOS**		
	Tier 1 Capital to Total Risk Weighted Exposures	9.03	8.96
	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	11.23	11.55

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 32, 2071 (JULY 16, 2014)

SCHEDULE 30 (B)

Amount in Rs.

	Current Year						Previoius Year	
PARTICULARS	BOOK VALUE A	SPECIFIC PROVISION B	ELIGIBLE CRM C	NET VALUE D=A-B-C	RISK WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHTED EXPOSURE
A. BALANCE SHEET EXOSURES								
Cash Balance	1,112,465,462	-	-	1,112,465,462	0%	-	865,059,928	-
Balance With Nepal Rastra Bank	3,766,154,836	-	-	3,766,154,836	0%	-	2,427,014,381	-
Gold	-						-	-
Investment in Nepalese Government Securities	12,182,974,423	-	-	12,182,974,423	0%	-	9,886,760,481	-
All Claims on Government of Nepal	255,195,221	-	-	255,195,221	0%	-	255,195,221-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All Claims on Nepal Rastra Bank	2,287,981	-	-	2,287,981	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)	415,571,710	-	149,589,306	265,982,404	150%	398,973,606	184,537,810	276,806,715
Claims on domestic banks that meet capital adequacy requirements	1,251,732,463	-	-	1,251,732,463	20%	250,346,493	1,437,816,109	287,563,222
Claims on domestic banks that do not meet capital adequacy requirements	478,324,810	-	-	478,324,810	100%	478,324,810	606,658,983	606,658,983
Claims on foreign bank (ECA Rating 0-1)	1,432,267,034	-	-	1,432,267,034	20%	286,453,407	1,679,208,302	335,841,660
Claims on foreign bank (ECA Rating 2)	62,719,570	-	-	62,719,570	50%	31,359,785	1,173,567,852	586,783,926
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	5,228,317,460	-	-	5,228,317,460	20%	1,045,663,492	1,045,871,779	209,174,356
Claims on Domestic Corporates	29,734,017,616	4,160,000	122,209,062	29,607,648,554	100%	29,607,648,554	25,169,635,117	25,169,635,117
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	5,106,915,974	255,047	151,016,073	4,955,644,854	75%	3,716,733,641	4,493,551,663	3,370,163,747
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	-	-
Claims secured by residential properties	3,871,528,809	-	-	3,871,528,809	60%	2,322,917,285	2,686,284,955	1,611,770,973
Claims not fully secured by residential properties	193,946,997	-	-	193,946,997	150%	290,920,496	268,542,977	402,814,466
Claims secured by residential properties (Overdue)	111,529,676	19,207,545	-	92,322,131	100%	92,322,131	47,313,239	47,313,239
Claims secured by Commercial real estate	926,899,988	894,779	-	926,005,209	100%	926,005,209	1,169,767,626	1,169,767,626
Past due claims (except for claim secured by residential properties)	1,760,977,355	630,125,337	-	1,130,852,018	150%	1,696,278,027	1,159,984,060	1,739,976,090
High Risk claims	4,072,746,083	18,949,333	83,788,019	3,970,008,731	150%	5,955,013,097	4,017,584,990	6,026,377,485
Investments in equity and other capital instruments of institutions listed in the stock exchange	83,663,900	-	-	83,663,900	100%	83,663,900	83,663,900	83,663,900
Investments in equity and other capital instruments of institutions not listed in the stock exchange	6,338,159	1,214,859	-	5,123,300	150%	7,684,950	5,123,300	7,684,950
Staff loan secured by residential Property	762,536,635	-	-	762,536,635	60%	457,521,981	720,151,739	432,011,043
Interest Receivable/Claim on Government securities	35,906,711	-	-	35,906,711	0%	-	54,845,685	-
Cash in transit & other cash items in the process of collection	6,788	-	-	6,788	20%	1,358	-	-
Other Assets	3,962,570,688	2,080,374,063	-	1,882,196,625	100%	1,882,196,625	1,820,256,900	1,820,256,900
TOTAL	**76,817,596,349**	**2,755,180,963**	**506,602,460**	**73,555,812,926**		**49,530,028,847**	**61,258,396,997**	**44,184,344,398**

CONTINUE...

RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS AT ASHAD 32, 2071 (JULY 16, 2014)

CONTINUE...

SCHEDULE 30 (B)

Amount in Rs.

PARTICULARS	Current Year						Previous Year	
	BOOK VALUE A	SPECIFIC PROVISION B	ELIGIBLE CRM C	NET VALUE D=A-B-C	RISK WEIGHT E	RISK WEIGHTED EXPOSURES F=D*E	NET VALUE	RISK WEIGHTED EXPOSURE
B. Off Balance Sheet Exposures								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	3,021,093,483	-	-	3,021,093,483	0%	-	2,352,049,320	-
Forward Exchange Contract Liabilities	607,819,643	-	-	607,819,643	10%	60,781,964	174,794,978	17,479,498
LC Commitments With Original Maturity Upto 6 months domestic counterparty	5,915,111,928	-	479,689,656	5,435,422,272	20%	1,087,084,454	2,950,206,324	590,041,265
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	947,411,169	-	210,081,481	737,329,688	50%	368,664,844	244,771,962	122,385,981
foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	2,293,792,130	-	195,146,627	2,098,645,503	50%	1,049,322,752	1,653,716,038	826,858,019
foreign counterparty (ECA Rating 0-1)	73,143,309	-	439,286	72,704,023	20%	14,540,805	84,213,739	16,842,748
foreign counterparty (ECA Rating 2)	198,506,644	-	-	198,506,644	50%	99,253,322	275,712,236	137,856,118
foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	1,437,000	1,437,000
foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	447,489,324	-	13,422,535	434,066,789	100%	434,066,789	377,327,179	377,327,179
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	1,043,767,670	-	-	1,043,767,670	100%	1,043,767,670	1,132,497,904	1,132,497,904
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	4,196,106,199	-	-	4,196,106,199	20%	839,221,240	3,573,845,874	714,769,175
Irrevocable Credit commitments (long term)	8,943,113	-	-	8,943,113	50%	4,471,557	14,644,047	7,322,024
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	389,601,315	-	280,131	389,321,184	20%	77,864,237	208,359,347	41,671,869
Other Contingent Liabilities	56,690,052	-	-	56,690,052	100%	56,690,052	44,291,281	44,291,281
Unpaid guarantee claims	653,105,239	319,772,750	1,415,194	331,917,295	200%	663,834,590	655,599,245	1,311,198,490
TOTAL	**19,852,581,218**	**319,772,750**	**900,474,910**	**18,632,333,558**		**5,799,564,276**	**13,743,466,474**	**5,341,978,550**
Total RWE for credit Risk (A) +(B)	**96,670,177,567**	**3,074,953,713**	**1,407,077,370**	**92,188,146,484**		**55,329,593,123**	**75,001,863,471**	**49,526,322,948**
Adjustment under Pillar II								
Add:10% of the loan and facilities in excess of Single Obligor Limits								
Add:1% of the contract(sale) value in case of the sale of credit with recourse								
Total RWE for credit Risk (A)+(B)+(C)	**96,670,177,567**	**3,074,953,713**	**1,407,077,370**	**92,188,146,484**		**55,329,593,123**	**75,001,863,471**	**49,526,322,948**

ELIGIBLE CREDIT RISK MITIGANTS AS AT ASHAD 32, 2071 (JULY 16, 2014)

SCHEDULE 30 (C)

Amount in Rs.

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT. & NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
A. BALANCE SHEET EXOSURES										
Cash Balance	-	-	-	-	-	-	-	-	-	-
Balance With Nepal Rastra Bank		-	-	-	-	-	-	-	-	-
Gold	-	-	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	-	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	149,589,306	-	-	-	-	-	-	-	-	149,589,306
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	86,955,792	-	-	-	-	-	-	-	35,253,271	122,209,063
Claims on Foreign Corporates (ECA 0-1)	-		-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	151,016,073	-	-	-	-	-	-	-	-	151,016,073
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial real estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claim secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	83,788,018	-	-	-	-	-	-	-	-	83,788,018
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	471,349,189	-	-	-	-	-	-	-	35,253,271	506,602,460

CONTINUED...

ELIGIBLE CREDIT RISK MITIGANTS
AS AT ASHAD 32, 2071 (JULY 16, 2014)

CONTINUED...

SCHEDULE 30 (C)

Amount in Rs.

CREDIT EXPOSURES	DEPOSITS WITH BANK (A)	DEPOSITS WITH OTHER BANKS/FI (B)	GOLD (C)	GOVT.& NRB SECURITIES (D)	G'TEE OF GOVT. OF NEPAL (E)	SEC/G'TEE OF OTHER SOVEREIGNS (F)	G'TEE OF DOMESTIC BANKS (G)	G'TEE OF MDBS (H)	SEC/G'TEE OF FOREIGN BANKS (I)	TOTAL
B. Off Balance Sheet Exposures										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	479,689,656	-	-	-	-	-	-	-	-	479,689,656
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	210,081,481	-	-	-	-	-	-	-	-	210,081,481
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	195,146,627	-	-	-	-	-	-	-	-	195,146,627
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	439,286	439,286
foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	13,422,535	-	-	-	-	-	-	-	-	13,422,535
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	280,131	280,131
Irrevocable Credit commitments	-	-	-	-	-	-	-	-	-	-
Unpaid Claims on Guarantees	1,415,194	-	-	-	-	-	-	-	-	1,415,194
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	**899,755,493**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**719,417**	**900,474,910**
Total (a+b)										**1,407,077,370**

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

SCHEDULE 30 (D)

Amount in Rs.

Particulars	16 July 2011	15 July 2012	15 July 2013	Previous Year
Net Interest Income	**1,911,333,345**	**1,908,445,919**	**2,508,273,070**	
Commission and Discount Income	350,365,112	510,840,279	550,149,068	
Other Operating Income	129,516,981	182,028,635	165,071,706	
Exchange Fluctutation Income	195,528,538	309,897,962	300,469,098	
Additional/Deduction in Interest Suspense during the period	106,566,235	(72,444,685)	116,680,051	
Gross Income (a)	**2,693,310,211**	**2,838,768,110**	**3,640,642,993**	
Alfa (b)	0.15	0.15	0.15	
Fixed percentage of Gross Income [c=(a*b)]	**403,996,532**	**425,815,217**	**546,096,449**	
Capital Requirement for operational risk (d) (average of c)			458,636,066	390,676,693
Risk Weight (reciprocal of capital requirement of 10% times) (e)			10	10
Equivalent Risk Weight Exposure [f=(d*e)]			**4,586,360,657**	**3,906,766,930**

RISK WEIGHTED EXPOSURE FOR MARKET RISK

SCHEDULE 30 (E)

Amount in Rs.

S.No.	Currency	Open Position (FCY)	Mid Rate	Open Position (NPR)	Relevant Open Position	Previous Year Relevant Open Position
1	AED	(66,435)	25.09	(1,666,522)	1,666,522	1,143,250
2	AUD	(74,497)	89.67	(6,679,814)	6,679,814	1,088,708
3	CAD	(11,353)	88.96	(1,009,977)	1,009,977	4,478,512
4	CHF	(31,634)	106.75	(3,376,747)	3,376,747	16,169,689
5	CNY	(67,346)	15.31	(1,030,731)	1,030,731	480,170
6	DKK	(15,600)	17.54	(273,546)	273,546	260,988
7	EUR	(75,218)	130.18	(9,791,507)	9,791,507	2,149,015
8	GBP	(49,184)	164.66	(8,098,675)	8,098,675	3,318,975
9	HKD	(16,503)	12.36	(203,976)	203,976	152,926
10	INR	(44,908,996)	1.60075	(71,888,075)	71,888,075	299,522,501
11	JPY	(2,639,848)	0.94	(2,493,468)	2,493,468	1,485,944
12	MYR	(26,995)	29.31	(791,088)	791,088	194,398
13	NOK	(2,650)	16.67	(44,176)	44,176	41,883
14	QAR	(76,700)	25.44	(1,951,248)	1,951,248	1,154,591
15	SAR	(156,029)	24.45	(3,814,129)	3,814,129	1,872,791
16	SEK	(8,470)	13.84	(117,182)	117,182	200,292
17	SGD	(56,025)	77.24	(4,327,119)	4,327,119	1,877,406
18	THB	(56,980)	2.85	(162,393)	162,393	6,486
19	USD	2,722,800	96.10	261,661,108	261,661,108	548,997,534
Total Open Position (a)					**379,381,480**	**884,596,059**
Fixed Percentage (b)					**5%**	**5%**
Capital Charge for Market Risk [c=(a×b)]					**18,969,074**	**44,229,803**
Risk Weight (reciprocal of capital requirement of 10%) times (d)					**10**	**10**
Equivalent Risk Weight Exposure [e=(c×d)]					**189,690,740**	**442,298,029**

PRINCIPAL INDICATORS FOR LAST FIVE YEARS

SCHEDULE 31

Amount in Rs.

Particulars	Unit	FY 2009/2010 2066/2067	FY 2010/2011 2067/2068	FY 2011/2012 2068/2069	FY 2012/2013 2069/2070	FY 2013/2014 2070/2071
Net Profit/Total Income	Percent	22.13	25.46	24.65	25.19	26.25
Per Share Income	Rs.	31.80	44.66	39.94	34.19	33.10
Per Share Market Value	Rs.	816	575	653	700	941
Price Earning Ratio	Ratio	25.66	12.88	16.35	20.47	28.43
Dividend on Share Capital (Including Bonus)	Percent	36.84	36.84	28.42	15.00	21.05
Cash Dividend on Share Capital	Percent	11.84	16.84	13.42	10.00	6.05
Interest Income/Loan and Advances	Percent	10.81	13.12	13.14	11.27	10.21
Staff Expenses/Total Operating Expenses	Percent	46.83	47.06	47.03	44.49	42.49
Interest Expenses on Total Deposit	Percent	4.13	5.90	5.90	3.99	3.48
FX Fluctuation Gain/Total Income	Percent	4.80	3.66	5.00	5.00	5.67
Staff Bonus/Total Staff Expenses	Percent	15.41	19.30	17.97	16.78	18.51
Net Profit/Loan and Advances	Percent	1.82	2.83	2.74	2.38	2.12
Net Profit/Total Assets	Ratio	1.19	1.91	1.76	1.54	1.30
Total Loan/Deposits	Percent	77.43	80.57	75.36	77.36	71.82
Total Operating Expenses/Total Income	Percent	25.60	22.88	24.00	27.83	27.12
Capital Adequacy Ratio:						
A. Core Capital	Percent	8.68	8.88	9.60	8.96	9.03
B. Supplementary Capital	Percent	2.04	1.80	1.43	2.60	2.20
C. Total Capital Fund	Percent	10.72	10.68	11.02	11.55	11.23
Liquidity (CRR)	Percent	6.76	5.75	8.72	6.08	8.72
Non-performing Loan/Total Loan	Percent	3.52	4.22	2.09	2.89	1.96
Weighted Average Interest Rate Spread	Percent	4.21	3.96	4.25	4.25	4.25
Book Networth per share	Rs.	226.79	199.77	193.00	192.02	209.92
Total Share	Number	16,000,000	20,000,000	24,000,000	27,600,000	28,980,000
Total Staff	Number	577	647	793	830	835

1. General Information

Himalayan Bank Limited ("the Bank") is a public limited liability company domiciled in Nepal, with its registered office as G.P.O. Box No. 20590, Kamaladi, Kathmandu, Nepal. The Bank is a Joint-

2.13. Investments

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

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

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

c) Available for Sale: These are investments not falling under "Held for Trading" or "Held Till Maturity" and are marked to market on regular basis. The investments classified under this category but not listed in the stock exchange, are carried at cost at the Balance Sheet. Amount equivalent to at least 2% of this portfolio is earmarked as Investment Adjustment Reserve from the Retained Earnings in line with NRB Directives.

2.14. Fixed Assets and Depreciation

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

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

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

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

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

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

2.15. Amortization

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

2.16. Lease Rental

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

2.17. Retirement Benefits

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

2.18. Staff Leave Encashment Provision

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

2.19. Employees' Housing Scheme

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

2.20. Income and Deferred Taxes

a. Corporate Tax:

Corporate Income Tax liability has been calculated as per the provisions of Income-Tax Act, 2058.

b. Deferred Tax:

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

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

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

2.21. Non- Banking Assets

Non-Banking Assets are the assets obtained as security for loans & advances subsequently taken over by the Bank in the course of loan recovery. Such assets are valued at fair market value (Panchakrit Mulya) or total amount due from the borrower, whichever is lower and the balance loan remaining is charged to profit and loss account in the same year as per NRB directives. Provision for possible losses on non banking assets is made as per the directives of Nepal Rastra Bank.

NOTES TO ACCOUNTS

For the Financial Year July 16, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

SCHEDULE 33

Amount in Rs.

1. Status of Bank Reconciliation

With Nepal Rastra Bank (In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	-	41,062,149	5,088,085	30,635,292
1 to 3 months	-	6,894,879	-	1,080,642
3 to 6 months	-	2,345,175	-	-
6 to 12 months	-	-	-	-
1 to 2 years	2,511,424	1,525,000	-	10,155,844
above 2 years	-	-	-	2,470,354
Total	**2,511,424**	**51,827,203**	**5,088,085**	**44,342,132**

With Other Authorized Local Financial Institutions (In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	12,740	8,207	-	2,202,208
1 to 3 months	6,845	-	-	-
3 to 6 months	-	-	-	-
6 to 12 months	-	-	-	65,320
1 to 2 years	-	-	-	11,640,108
above 2 years	-	-	-	49,800
Total	**19,585**	**8,207**	**-**	**13,957,436**

With Foreign Banks (In Rs.)

Period	LEDGER DEBIT	LEDGER CREDIT	STATEMENT DEBIT	STATEMENT CREDIT
Up to 1 months	88,731,213	145,307,715	91,808,981	334,939,989
1 to 3 months	126,382	20,200,416	41,596	4,505,624
3 to 6 months	1,735,974	1,984,718	53	1,814,003
6 to 12 months	47,001,000	8,026,455	-	6,170,813
1 to 2 years	4,119,785	5,692,897	154,472	747,853
above 2 years	-	-	-	22,406,438
Total	**141,714,354**	**181,212,201**	**92,005,102**	**370,584,720**

A sum of **Rs.960,318 (Debit Balance)** is outstanding in Inter Branch Account. Major part of these pending entries pertain to payments made by branches through Head Office, inter-branch transfers etc.

2. Amortization of expenses not written off

Expenses incurred by way of construction and other improvements on the leased banking premises are capitalized as "Leasehold Improvements". The Bank has adopted the policy of amortizing the same on a yearly basis in equal instalments over the lease period. Accordingly, Rs.20,448,228 has been amortized during the year, leaving a balance of Rs. 62,768,762 for future amortization (Previous year amortized Rs. 20,663,042 and balance Rs. 77,730,770).

The computer software has been capitalized as Deferred Revenue Expenditure for amortization within five years effective from the date of commencement of operation and from the date of purchase including any subsequent purchase. Accordingly, a sum of Rs. 67,149,132 has been amortized during the year, leaving a balance of Rs. 167,031,364 for future amortization (Previous year amortized Rs. 62,460,164 and balance Rs. 194,578,267).

Expenses incurred on office furnishing are capitalized as deferred revenue expenditure for amortization in three years effective from the date of purchase. Accordingly, a sum of Rs. 241,199 has been amortized during the year under review, leaving a balance of Rs. 283,657 (Previous year amortized Rs 220,282 and balance Rs 500,856)

3. Summary of Loans and Advances

Rs. in '000

Particulars	2012-13	2013-14	Change %
Loan & Advances outstanding as at the year end	41,057,398	46,449,329	13.13
Loan Written-off during the year	16,640	9,699	(41.71)

4.Summary of Changes in Deposit Liabilities

Rs. in '000

Particulars	2012-13	2013-14	Change %
Interest Free Deposits	6,765,003	7,650,320	13.08
Interest Bearing Deposits	46,307,316	57,024,528	23.14
Total	**53,072,319**	**64,674,848**	**21.86**

5. Weighted Average Interest Rate Spread

Particulars	Rate %
Weighted Average Interest Rate on Loans and Investments	8.80
Weighted Average Interest Rate on Deposits, Bonds and Borrowing	4.26
Net Spread	**4.54**

Note: Average interest spread calculated as per NRB Directives as at the year-end is 4.93%.

6. Details of Deferred Expenses

Rs. in '000

Particulars	2012-13	2013-14
1. At Cost	426,444	466,070
a) Upto Last Year	262,246	426,444
b) Addition this year	164,198	39,626
c) Deduction this year	-	-
2. Amortization	231,365	298,755
3. Remaining Value	195,079	167,315

7. Summary of Concentration of Exposure

Figures in Rs. in '000

Particulars	Loan and Advances	Contingent
Total Amount as on 16 July 2014	46,449,329	11,916,643
Highest Exposure to single group	883,079	370,288
Highest % of exposure to single group	1.90%	3.12%

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

Figures in Rs. in '000

Particulars	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Above 1 Yr.	Total
Assets						
Cash Balance	1,112,465	-	-	-	-	1,112,465
Balance with Banks	1,775,052	-	-	-	2,655,073	4,430,125
Money at Call	196,100	-	-	-	-	196,100
Treasury Bills	5,490,785	3,476,541	794,349	396,944		10,158,619
Govt. Bonds	-	-	615,967	701,036	707,353	2,024,356
Other Investments	476,903	4,197,388	1,162,646	528,836	1,294,528	7,660,301
Loans & Advances /Bills purchase	20,090,757	5,950,955	3,693,299	2,595,854	14,118,464	46,449,329
Fixed Assets	-	-	-	-	1,322,814	1,322,814
Other Assets	373,159	53,335	40,425	37,388	861,615	1,365,922
Total Assets (A)	**29,515,221**	**13,678,219**	**6,306,686**	**4,260,058**	**20,959,847**	**74,720,031**
Liabilities						
Borrowings						
Current Deposits	1,596,574	1,283,044	1,603,805	1,603,805	320,761	6,407,989
Call Deposits	10,591,711	-	-	-	-	10,591,711
Saving Deposits	8,210,862	3,284,345	1,642,172	8,210,862	11,495,206	32,843,447
Fixed Deposits	3,002,698	1,509,372	2,257,898	4,128,495	2,690,907	13,589,370
Margin Deposits	1,242,331	-	-	-	-	1,242,331
Bills Payable	95,187	-	-	-	-	95,187
Bonds	-	-	-	500,000	600,000	1,100,000
Share Capital & Reserves	-	-	-	-	6,083,411	6,083,411
Other Liabilities	767,775	279,793	3,310	3,310	1,712,397	2,766,585
Total Liabilities (B)	**25,507,138**	**6,356,554**	**5,507,185**	**14,446,472**	**22,902,682**	**74,720,031**
Net Financial Assets (A-B)	**4,008,083**	**7,321,665**	**799,501**	**(10,186,414)**	**(1,942,835)**	**-**
Cumulative Net Financial Assets	**4,008,083**	**11,329,748**	**12,129,249**	**1,942,835**	**-**	**-**

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

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

9. Paid up Share Capital

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

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

10. Dividend and Bonus

The Board of Directors has recommended 6.0526% cash dividend & 15% stock dividend for the financial year.

11. Unpaid Dividend

As on the balance sheet date, unpaid dividend over five years amounts to Rs.6,756,653.

12. Deferred Tax

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

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

	Balance 15 Jul 2013	Balance 16 Jul 2014
Opening Deferred Tax Assets / (Liabilities)	23,374,082	62,887,064
Movement During the Year	39,512,982	(15,401,440)
Closing Deferred Tax Assets / (Liabilities)	62,887,064	47,485,624

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

13. Provision for Gratuity

During the year, the Bank has provided Rs. 64,166,508 (Previous Year Rs. 55,767,371) on account of gratuity which has been subsequently transferred to HBL Staff Retirement Fund.

14. Provision for Bonus

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

15. Staff Leave Encashment Provision

Provision for staff leave expenses amounting to Rs. 29,345,957 has been charged to the profit and loss account during the year.

16. Dividend Income

A total of Rs. 14,479,995 has been received as dividend during the year from investment in shares made by the bank.

17. Investments in Visa Card International

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

18. Interest suspense

A sum of Rs. 409,263,389 has been provided till the year end as interest suspense representing interest accrued on loans but not realised as at the year-end.

Interest accrued on loans and advances as at the yea-end and realised within 15 days of Shrawan 2071 amounting to Rs. 40,199,973 has been recognised as income of the year and interest suspense for the same has not been provided.

19. Contingent Liability

Beneficiaries of bank guarantees have claimed Rs. 13,559,739 which the bank has not accepted as debt. In addition to this, the bank has received a claim of USD 6,655,000 made by Melamchi Water Supply Development Board against a performance bond guarantee issued by the bank on behalf of CRCC 15 Bureau J/V, China against the counter guarantee of China Construction Bank, which has also been shown as contingent liability. The claim is sub-judice in Zhengzhou Intermediate People's Court, China as well as in Kathmandu District Court, Nepal. An equivalent amount in NPR has been blocked in the bank's account maintained with Nepal Rastra Bank till the conclusion of the case as per the decision of Patan Appellate Court. The bank has not accepted the liability under the said case, however, under instruction of Nepal Rastra Bank, a sum of Rs. 319,772,750 equivalent to 50% of the claim amount has been provided in the accounts for possible losses on account of the claim which is disclosed separately in schedule 25. The bank also has a reserve of Rs. 212,516,333 appropriated to a contingent reserve for the claim in the accounts of previous year under instruction of Nepal Rastra Bank.

Self assessment returns filed by the bank for the financial years 2010-11 (2067-68), 2011-12 (2068-69) and 2012-13 (2069-70) are pending for assessment with Inland Revenue Department. Assessments of the years prior to those mentioned above have been completed and taxes fully settled. However, the bank has filed appeal with the Revenue Tribunal against the assessment done by Large Tax Payers Office & the Inland Revenue Department pertaining to 2007-08 (2064-65 BS), 2008-09 (2065-66) & 2009-10 (2066-67) and with the Supreme Court pertaining to FY 2006-07 (2063-64), with respect to which a sum of Rs. 56,690,052 has been shown as contingent liability.

20. Related Parties Disclosure

Habib Bank Ltd. is a joint venture partner with the bank holding 20% of total share capital. During the review period Rs. 51,060,000 (net of tax) has been repatriated to Habib Bank on account of dividend payable for F.Y. 2012-13 (2069-70).

Key Management Personnel

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

Mr. Manoj Bahadur Shrestha	Chairman
Mr. Salim Amlani	Vice Chairman
Mr. Prem Prakash Khetan	Second Vice Chairman
Mr. Prachanda Bahadur Shrestha	Director
Mr. Radha Krishna Pote	Director
Mr. Sushil Bikram Thapa	Director
Mr. Upendra Keshari Poudyal	Director
Mrs. Ranjana Shrestha	Alternate Director
Mr. Surendra Silwal	Alternate Director
Ms. Menuka Shrestha	Alternate Director
Mr. Himalaya Shiwakoti	Alternate Director
Mr. Torup Prasai	Alternate Director
Mr. Ashoke S. Rana	Chief Executive Officer

Compensation to Key Management Personnel of the Bank

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

a) Total Salary & Allowances	Rs. 9,483,500
b) Utilities Payment	Rs. 1,267,358
d) Medical and Accidental Insurance Premium	Rs. 12,939
Total Staff Expenses of this FY	Rs. 713,829,706

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

i) Bonus to local staff as per Bonus Act,

ii) Vehicle Facility

Transaction with Key Management Personnel of the Bank

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

Nature of Transaction	Current Year
Meeting Fees Paid	1,152,500
Allowance and other fees & expenses	5,551,288

21. Operating Lease Commitment

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

22. Disclosure under New Capital Adequacy Framework

I. Capital structure and capital adequacy

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

SN	PARTICULARS	AMT IN RS.
	Core Capital (Tier I)	**5,754,474,636**
1	Paid up Equity Share Capital	2,898,000,000
2	Statutory General Reserves	1,763,712,138
3	Retained Earnings	18,357,988
4	Proposed Bonus Equity Shares	434,700,000
5	Capital Adjustment Reserve	-
6	Debenture Redemption Reserve	671,428,570
7	Special Reserve	4,000,000
8	Deferred Tax Reserve	47,485,624
9	Miscellaneous Expenditure not w/off	(83,209,684)

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

SN	PARTICULARS	AMT IN RS.
	Supplementary Capital (Tier II)	**1,401,104,840**
1	Subordinated Term Debt	700,000,000
2	General loan loss provision	455,378,144
3	Exchange Equalization Reserve	31,537,085
4	Investment Adjustment Reserve	1,673,278
5	Other Reserves	212,516,333

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

Bond Issued	HBL Bond 2072	HBL Bond 2077
Outstanding Amount	NPR 500,000,000	NPR 600,000,000
Interest Rate	8%	8%
Maturity Date	July 2015	July 2020
Interest Payment	Half Yearly Basis	Half Yearly Basis
Tenor	7 Years	7 Years
Amount recognised as capital	NPR 100,000,000	NPR 600,000,000

d. Total qualifying capital:

SN	PARTICULARS	AMT IN RS.
1	Core Capital (Tier I)	5,754,474,636
2	Supplementary Capital (Tier II)	1,401,104,840
	Total	**7,155,579,476**

e. Capital adequacy ratio:

Core Capital to Total Risk weighted Exposure	9.03
Total Capital to Total Risk Weighted Exposure	11.23

II. Risk exposures

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

SN	PARTICULARS	AMT IN RS.
a	Risk Weighted Exposure for Credit Risk	55,329,593,123
b	Risk Weighted Exposure for Operational Risk	4,586,360,657
c	Risk Weighted Exposure for Market Risk	189,690,740
	Adjustment under Pillar II	
	Add 5% of gross income for operational risk	1,820,321,497
	Add: 3% of total RWE for overalll risk	1,803,169,336
	Total Risk Weighted Exposures (a+b+c)	**63,729,135,353**

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

SN	PARTICULARS	AMT IN RS.
1	Claims on government & central bank	-
2	Claims on other official entities	398,973,606
3	Claims on banks	2,092,147,987
4	Claims on domestic corporates & securities firms	29,607,648,554
5	Claims on regulatory retail portfolio	3,716,733,641
6	Claims secured by residential properties	3,071,359,762
7	Claims secured by commercial real estate	926,005,209
8	Past due claims	1,788,600,158
9	High risk claims	5,955,013,097
10	Other assets	1,973,546,833
11	Off balance sheet items	5,799,564,276
	Total	**55,329,593,123**

c. Total Risk Weight Exposures calculation table

SN	PARTICULARS	AMT IN RS.
1	Total Risk Weighted Exposure	63,729,135,353
2	Total Core Capital Fund (Tier I)	5,754,474,636
3	Total Capital Fund (Tier I & II)	7,155,579,476
	Total Core Capital to Total RWE	**9.03**
	Total Capital to Total RWE	**11.23**

d. Amount of NPAs

SN	LOAN CLASSIFICATION	GROSS AMOUNT	PROVISION	NET NPA
1	Restrucutred Loan	151,102,227	123,029,134	28,073,093
2	Substandard Loan	237,258,043	59,314,511	177,943,532
3	Doubtful Loan	74,432,313	37,216,156	37,216,157
4	Loss Loan	448,722,415	448,722,415	-
	Total	**911,514,998**	**668,282,216**	**243,232,782**

e. NPA ratios

PARTICULARS	PEERCENTAGE
Gross NPA to Gross Advances	1.96
Net NPA to Net Advances	0.54

f. Movement of Non Performing Assets

SN	LOAN CLASSIFICATION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Restrucutred Loan	151,102,227	153,485,973	(1.55)
2	Substandard Loan	237,258,043	73,774,236	221.60
3	Doubtful Loan	74,432,313	456,150,359	(83.68)
4	Loss Loan	448,722,415	502,779,382	(10.75)
	Total	**911,514,998**	**1,186,189,950**	**(30.13)**

g. Write off of Loans and Interest Suspense

PRINCIPAL	INTEREST	TOTAL (Rs)
9,699,493	226,405,295	236,104,788

h. Movements in Loan Loss Provisions and Interest Suspense

• Movement in Loan Loss Provision

SN	LOAN LOSS PROVISION	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
1	Pass Loan	460,687,970	470,949,511	(2.18)
2	Restrucutred Loan	123,029,134	113,344,335	8.54
3	Substandard Loan	59,314,511	18,443,559	221.60
4	Doubtful Loan	37,216,156	228,075,180	(83.68)
5	Loss Loan	448,722,415	502,779,382	(10.75)
	Total	**1,128,970,186**	**1,333,591,967**	**(15.34)**

• Movement in Interest Suspense

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	MOVEMENT (%)
Interest Suspense	409,263,389	651,046,236	(37.14)

i. Segregation of Investment Portfolio

PARTICULARS	AMT IN RS.
Available for Sale	
Investment in equity	90,002,059
Held to Maturity	
Investment in Treasury Bills	10,158,618,779
Investment in Government Bonds	2,024,355,644
Placements	7,766,398,662
	19,949,373,085

III. Risk Management

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

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

The bank recognizes operational risk as a significant potential risk faced by financial institutions. For proper management of the risk, the bank has developed and implemented different operation manuals like Cash & Customer Service Manual, Bills and Remittance Manual, Fund Transfer Manual, SMS and Internet Banking Manual, IT Policy, IT Security Policy, Document Retention Manual, Record & Reconciliation Manual etc. which define policy as well as procedural matters for operation of banking activities at different levels. Compliance to these policy & procedures, prudential guidelines and other directives and circulars issued by Nepal Rastra Bank is monitored at branch level by KYC Officers & centrally by Compliance & Internal Control Department. Heads of each business unit and branch managers further collect data related to operational risks at local level and make reports to the Executive Operating Officer and General Manager at the Head Office. The management analyses these data, assesses risk and related internal control systems and takes corrective & preventive actions to remedy any breakdown in the system. Capital charge on account of exposure to operational risk is measured and reviewed

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT F.Y. 2013/14

SCHEDULE 35

Amount in NPR in thousand

S.N.	PARTICULARS	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance	Variance %	Reasons for Variance
1.	**TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)**	**74,992,922**	**74,718,815**	**(274,107)**	**(0.37)**	
1.1	Paid Up Capital	2,898,000	3,332,700	434,700	15.00	declaration of bonus shares
1.2	Reserve And Surplus	3,504,515	2,750,711	(753,804)	(21.51)	adjustment of provisions, post year-end adjustments, declaration of bonus shares & cash dividend
1.3	Debenture And Bond	1,100,000	1,100,000	–	–	
1.4	Borrowings	–	–	–	–	
1.5	Deposits	64,674,848	64,674,848	–	–	
1.6	Income Tax Liability	–	57,576	57,576	–	Additional Tax provision after audit
1.7	Other Liabilities	2,815,559	2,802,980	(12,579)	(0.45)	adjustment of provisions, regrouping of account balances, post year-end adjustments, declaration of cash dividend
2.	**TOTAL ASSETS (2.1 TO 2.7)**	**74,992,922**	**74,718,815**	**(274,107)**	**(0.37)**	
2.1	Cash And Bank Balance	5,542,590	5,542,590	–	–	
2.2	Money At Call And Short Notice	196,100	196,100	–	–	
2.3	Investments	19,842,060	19,842,060	–	–	
2.4	Loans And Advances	46,449,329	46,449,329	–	–	
2.5	Fixed Assets	1,322,778	1,322,814	36	0.00	adjustment of excess depreciation
2.6	Non Banking Assets	–	–	–	–	
2.7	Other Assets	1,640,065	1,365,922	(274,143)	(16.72)	adjustment of provisions, regrouping of account balances, post year-end adjustments
3.	**PROFIT AND LOSS ACCOUNT**					
3.1	Interest Income	4,744,599	4,742,975	(1,624)	(0.03)	post year-end adjustments, regrouping of account balances
3.2	Interest Expense	2,248,798	2,248,798	–	–	
	A. Net Interest Income (3.1–3.2)	**2,495,801**	**2,494,178**	**(1,623)**	**(0.07)**	
3.3	Fees, Commission And Discount	657,823	657,298	(525)	(0.08)	post year-end adjustments, regrouping of account balances
3.4	Other Operating Income	206,450	206,814	–	–	
3.5	Foreign Exchange Gain/Loss (Net)	385,102	385,102	–	–	
	B. Total Operating Income (A. + 3.3 + 3.4 + 3.5)	**3,745,176**	**3,743,392**	**(1,784)**	**(0.05)**	
3.6	Staff Expenses	713,823	713,830	7	0.00	adjustment of provisions
3.7	Other Operating Expenses	965,894	966,120	226	0.02	post year-end adjustments, regrouping of account balances
	C. Operating Profit Before Provision (B.–3.6–3.7)	**2,065,459**	**2,063,442**	**(2,017)**	**(0.10)**	
3.8	Provision For Possible Losses	278,546	1,080,863	802,317	288.04	additional provisions, expenses for provision shown separately
	D. Operating Profit (C.–3.8)	**1,786,913**	**982,579**	**(804,334)**	**(45.01)**	
3.9	Non Operating Income / Expenses (Net)	15,033	17,487	2,454	16.33	post year-end adjustments, regrouping of account balances
3.10	Write Back Of Provision For Possible Loss	297	774,565	774,268	-	reversal of provisions made during the year shown separately
	E. Profit From Regular Activities (D. + 3.9 + 3.10)	**1,802,243**	**1,774,631**	**(27,612)**	**(1.53)**	
3.11	Extraordinary Income / Expenses (Net)	18,338	8,646	(9,692)	(52.85)	loan written off disclosed separately
	F. Profit Before Bonus And Taxes (E. + 3.11)	**1,820,581**	**1,783,277**	**(37,304)**	**(2.05)**	
3.12	Provision For Staff Bonus	165,507	162,116	(3,391)	(2.05)	post audit changes in profit
3.13	Provision For Tax	552,268	662,054	109,786	19.88	post audit changes in profit and tax liability
	G. Net Profit / Loss (F. - 3.12 - 3.13)	**1,102,806**	**959,107**	**(143,699)**	**(13.03)**	

UNAUDITED FINANCIAL RESULTS (Fourth Quarter)

SCHEDULE 36

Amount in NPR in thousand

S.N.	PARTICULARS	This Quarter Ending	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
1.	**TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)**	**74,992,922**	**73,753,417**	**62,486,557**
1.1	PAID UP CAPITAL	2,898,000	2,898,000	2,898,000
1.2	RESERVE AND SURPLUS	3,504,515	3,194,561	2,401,708
1.3	DEBENTURE AND BOND	1,100,000	1,100,000	1,100,000
1.4	BORROWINGS	–	192,500	88,429
1.5	DEPOSITS (A + B)	64,674,848	62,917,185	53,072,319
	A. DOMESTIC CURRENCY	55,935,740	54,922,521	48,338,972
	B. FOREIGN CURRENCY	8,739,108	7,994,664	4,733,348
1.6	INCOME TAX LIABILITY	–	–	33,290
1.7	OTHER LIABILITIES	2,815,559	3,451,171	2,892,810
2.	**TOTAL ASSETS (2.1 TO 2.7)**	**74,992,922**	**73,753,417**	**62,486,557**
2.1	CASH AND BANK BALANCE	5,542,590	5,961,787	3,648,199
2.2	MONEY AT CALL AND SHORT NOTICE	196,100	625,625	2,061,832
2.3	INVESTMENTS	19,842,060	17,971,768	12,992,045
2.4	LOANS AND ADVANCES	46,449,329	45,715,752	41,057,398
	a. Real Estate Loan	2,735,573	2,886,065	3,154,574
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	665,907	555,450	431,623
	2. Business Complex & Residential Apartment Construction	397,346	602,383	934,681
	3. Income Generating Commercial Complex Loan	60,741	68,090	144,279
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,611,578	1,660,142	1,643,991
	b. Personal Home Loan of Rs. 10 Mil or less	3,525,954	3,257,623	2,591,601
	c. Margin Type Loan	549,964	951,626	631,126
	d. Term Loan	5,676,510	5,501,983	6,198,857
	e. Overdraft Loan/TR Loan/WC Loan	25,490,539	25,295,170	22,165,293
	f. Others	8,470,789	7,823,285	6,315,947
2.5	FIXED ASSETS	1,322,778	1,307,174	1,308,774
2.6	NON BANKING ASSETS	–	–	-
2.7	OTHER ASSETS	1,640,065	2,171,311	1,418,311
3.	**PROFIT AND LOSS ACCOUNT**			
3.1	INTEREST INCOME	4,744,599	3,528,870	4,627,335
3.2	INTEREST EXPENSE	2,248,798	1,733,624	2,119,062
	A. NET INTEREST INCOME (3.1–3.2)	**2,495,801**	**1,795,246**	**2,508,273**
3.3	FEES, COMMISSION AND DISCOUNT	657,823	456,148	550,149
3.4	OTHER OPERATING INCOME	206,450	130,050	165,072
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	385,102	297,302	300,469
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	**3,745,176**	**2,678,746**	**3,523,963**
3.6	STAFF EXPENSES	713,823	480,054	682,978
3.7	OTHER OPERATING EXPENSES	965,894	673,046	852,111
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	**2,065,459**	**1,525,646**	**1,988,874**
3.8	PROVISION FOR POSSIBLE LOSSES	278,546	299,182	842,900
	D. OPERATING PROFIT (C–3.8)	**1,786,913**	**1,226,464**	**1,145,974**
3.9	NON OPERATING INCOME / EXPENSES (NET)	15,033	14,653	5,999
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	297	258	369,393
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	**1,802,243**	**1,241,375**	**1,521,366**
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	18,338	5,298	(7,004)
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	**1,820,581**	**1,246,673**	**1,514,362**
3.12	PROVISION FOR STAFF BONUS	165,507	113,334	137,669
3.13	PROVISION FOR TAX	552,268	340,487	432,995
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	**1,102,806**	**792,852**	**943,698**

10 YEAR'S FINANCIAL SUMMARY BALANCE SHEET

Amount in NPR in thousand

PARTICULARS	2004/05 2061/62	2005/06 2062/63	2006/07 2063/64	2007/08 2064/65	2008/09 2065/66	2009/10 2066/67	2010/11 2067/68	2011/12 2068/69	2012/13 2069/70	2013/14 2070/71
Assets										
Cash & Bank Balances	2,014,471	1,717,352	1,757,341	1,448,143	3,048,527	3,866,491	2,964,651	6,362,296	3,648,199	5,542,590
Money at Call	441,081	1,005,280	1,710,024	518,530	1,170,794	308,840	734,000	264,600	2,061,832	196,100
Investments	11,692,342	10,889,031	11,822,985	13,340,177	8,710,691	8,444,910	8,769,939	10,031,580	12,992,045	19,842,060
Loans,Advances & Bills Purchased	13,451,168	15,761,977	17,793,724	20,179,613	25,519,519	29,123,755	32,968,270	35,968,473	41,057,398	46,449,329
Fixed Assets	295,822	540,825	574,060	795,310	952,196	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814
Other Assets	976,459	665,343	656,734	575,852	644,959	1,054,384	1,513,144	1,435,153	1,418,311	1,365,922
Total Assets	**28,871,343**	**30,579,808**	**34,314,868**	**36,857,624**	**40,046,686**	**43,860,251**	**48,137,497**	**55,367,467**	**62,486,557**	**74,718,816**
Liabilities										
Borrowings	506,048	504,625	595,968	943,178	500,000	500,000	510,000	500,000	1,188,429	1,100,000
Deposit Liabilities	24,814,012	26,490,852	30,048,418	31,842,789	34,681,345	37,611,202	40,920,627	47,730,994	53,072,319	64,674,848
Reserve for Doubtful Debts	1,026,648	1,119,417	795,727	682,093	726,364	1,143,126	1,401,294	1,003,039	1,333,592	1,128,970
Other Liabilities	982,888	698,738	728,256	876,573	1,019,096	1,166,717	1,310,099	1,501,424	1,592,509	1,731,586
Total Liabilities	**27,329,596**	**28,813,632**	**32,168,368**	**34,344,633**	**36,926,805**	**40,421,046**	**44,142,019**	**50,735,457**	**57,186,849**	**68,635,405**
Net Assets	**1,541,747**	**1,766,176**	**2,146,500**	**2,512,992**	**3,119,881**	**3,439,205**	**3,995,478**	**4,632,010**	**5,299,708**	**6,083,411**
Shareholders' Equity										
Paid up Capital	643,500	772,200	810,810	1,013,513	1,216,215	1,600,000	2,000,000	2,400,000	2,760,000	2,898,000
Proposed capitalisation of profits	128,700	38,610	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700
Reserves	611,372	798,808	948,601	1,199,934	1,483,355	1,302,618	1,562,546	1,799,111	2,397,023	2,732,353
Retained Earnings	158,175	156,558	184,386	96,842	36,526	136,587	32,932	72,899	4,685	18,358
Total Shareholders' Equity	**1,541,747**	**1,766,176**	**2,146,500**	**2,512,992**	**3,119,881**	**3,439,205**	**3,995,478**	**4,632,010**	**5,299,708**	**6,083,411**
Total Capital + Liabilities	**28,871,343**	**30,579,808**	**34,314,868**	**36,857,624**	**40,046,686**	**43,860,251**	**48,137,497**	**55,367,467**	**62,486,557**	**74,718,816**
Contingent Liabilities										
Letter of Credit	3,469,134	3,068,891	2,916,470	6,125,565	7,042,307	5,294,496	3,574,914	3,983,150	3,697,028	6,862,523
Guarantees	3,451,242	3,423,337	3,449,207	1,644,703	1,701,268	4,104,631	3,292,959	3,371,855	2,355,843	2,955,043
Forward Exchange Contract	2,818	–	165,278	13,998	169,911	5,603	821,620	199,188	174,795	607,820
Other Contingent Liabilities	795,554	86,880	322,681	3,087,675	5,836,222	3,513,372	5,743,679	6,882,662	8,153,638	9,427,195
Total Contingent Liabilities	**7,718,748**	**6,579,108**	**6,853,636**	**10,871,941**	**14,749,708**	**12,918,103**	**13,433,171**	**14,436,855**	**14,381,305**	**19,852,581**

10 YEAR'S FINANCIAL SUMMARY PROFIT AND LOSS ACCOUNT

PARTICULARS	2004/05 2061/62	2005/06 2062/63	2006/07 2063/64	2007/08 2064/65	2008/09 2065/66	2009/10 2066/67	2010/11 2067/68	2011/12 2068/69	2012/13 2069/70	2013/14 2070/71
Income										
Interest Income	1,446,468	1,626,474	1,775,583	1,963,647	2,342,198	3,148,605	4,326,141	4,724,887	4,627,335	4,742,975
Interest Expense	561,964	648,842	767,411	823,745	934,778	1,553,531	2,414,807	2,816,441	2,119,062	2,248,798
Net Interest Income	**884,504**	**977,632**	**1,008,171**	**1,139,903**	**1,407,420**	**1,595,075**	**1,911,333**	**1,908,446**	**2,508,273**	**2,494,178**
Commission & Discount	132,816	165,448	193,224	187,820	284,302	270,259	350,365	510,840	550,149	657,298
Foreign Exchange Income	137,301	198,130	151,637	207,669	249,983	180,279	195,529	309,898	300,469	385,102
Other Income	41,301	52,325	40,329	62,103	46,343	112,346	129,517	182,029	165,072	206,814
Non Operating Income	2,795	1,887	3,493	9,700	3,810	12,382	15,856	8,006	5,999	17,487
Total Income	**1,198,717**	**1,395,422**	**1,396,855**	**1,607,196**	**1,991,858**	**2,170,341**	**2,602,600**	**2,919,218**	**3,529,962**	**3,760,879**
Expenses										
Staff Expenses	178,589	234,589	290,921	292,213	360,981	414,984	517,592	634,229	682,978	713,830
Operating Expenses	277,375	329,699	322,865	344,321	398,317	471,103	582,210	714,436	852,111	966,120
Provision for Doubtful Debts	147,139	88,593	90,689	6,008	68,806	692,640	471,729	505,491	842,900	1,080,863
Provision for Staff Bonus	58,060	67,240	71,740	94,884	106,661	75,573	123,773	138,909	137,669	162,116
Non-Operating Expenses	15,012	2,902	(96,763)	(79,069)	(9,511)	(239,686)	(330,438)	(462,939)	(362,389)	(783,211)
Total Expenses	**676,175**	**723,023**	**679,452**	**658,357**	**925,252**	**1,414,614**	**1,364,866**	**1,530,127**	**2,153,269**	**2,139,718**
Profit before Tax	522,542	672,399	717,404	948,839	1,066,606	755,727	1,237,734	1,389,092	1,376,693	1,621,161
Income Tax provision	214,265	214,941	225,580	312,970	313,771	246,929	344,619	430,453	432,995	662,054
Net Profit after Tax	**308,277**	**457,458**	**491,823**	**635,869**	**752,835**	**508,798**	**893,115**	**958,638**	**943,698**	**959,107**
P/L Appropriation										
Profit/Loss carried down	478,244	615,633	648,380	820,254	849,676	901,324	1,073,766	1,038,634	1,016,597	979,194
Interest Spread Reserve reversed	-	-	-	-	-	-	-	-	-	-
Statutory General Reserve	61,655	91,492	98,365	127,174	150,567	101,760	178,623	191,728	188,740	191,821
Exchange Equalisation Fund	-	5,906	-	1,302	2,237	-	6,682	-	-	1,767
Interest Spread Reserve Fund	-	-	-	-	-	-	-	-	-	-
HBL Bond redemption fund	51,429	51,429	51,429	122,857	122,857	71,429	71,429	71,429	157,143	157,143
Interim Dividend	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	74,511	231,660	121,622	253,378	145,946	189,474	336,842	322,106	276,000	175,404
Transfer to Paid up Capital	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Adjustment A/c		38,610				-	-	-	-	-
Proposed capitalisation of profit-Bonus Share	128,700	38,610	202,703	202,703	383,785	400,000	400,000	360,000	138,000	434,700
Income Tax of last year	3,774	1,369	(10,122)	15,998	-	-	-	-	-	-
Deferred Tax Reserve					7,760	596	-	20,473	39,513	-
Investment Adjustment Reserve	-	-	-	-	-	1,479	47,259	-	-	-
Contingent Reserve									212,516	-
Profit Transferred to Balance Sheet	**158,175**	**156,557**	**184,385**	**96,842**	**36,525**	**136,587**	**32,932**	**72,899**	**4,685**	**18,358**

Instruction issued by Nepal Rastra Bank in the course of approval of Financial Statements of FY 2013/14:

(a) To resolve the observations raised in the audit report and to ensure that similar observations are not repeated.

(b) To freeze cash dividend and bonus shares due to promoter shareholders with holding in excess of provision under clause 7 of Unified Directive 10/070 till the said ceiling is complied with.

[Head Office and Branches]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sohrakhutte Branch
Sorahkhutte Chowk, Kathmandu
Tel: 01-4389035, Fax: 977-1-4389036
Email: sorahkhutte@himalayanbank.com

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

Dillibazar Branch
Kalikasthan, Kathmandu
Tel: 01-4431658, Fax: 977-1-4431659
Email: dillibazar@himalayanbank.com

Nepalgunj Branch
Dhamboji, Nepalgunj
Tel: 081-411290, 411292, Fax: 977-411291
Email: nepalgunj@himalayanbank.com

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

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

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

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

Tandi Branch
Sauraha Chowk, Tandi
Tel: 056-560750, Fax: 977-56-561850
Email : tandi@himalayanbank.com

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

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

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

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

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

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

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

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

Kawasoti Branch
Shabhapati Chowk-5, Nawalparasi
Tel: 078-541040, Fax: 977-78-541045
Email: kawasoti@himalayanbank.com

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

Trishuli Branch
Bidur Chowk, Bidur, Trisuli
Tel: 010-561696, Fax: 977-10-561697
Email: trishuli@himalayanbank.com

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

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

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

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

Dhading Branch
Dhading Besi, Dhading
Tel: 010-521111, Fax: 977-10-521110
Email : dhading@himalayanbank.com

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

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

Thamel Branch
Karmachari Sanchaya Kosh Building, Tridevi Marg, Thamel
Phone : 4250202, 4250359
Fax: 977-1-4250356
Email : thamel@himalayanbank.com

www.himalayanbank.com