

BALANCE SHEET

AS ON 16 JULY 2003 (32 ASHAD 2060)

Capital and Liabilities	Schedule	Previous Year Rs.	This Year Rs.	Assets	Schedule	Previous Year Rs.	This Year Rs.
Share Capital	1	390,000,000	429,000,000	Cash Balance	7	462,776,725	397,189,317
Reserve Funds	2	468,114,868	634,132,203	Balance	8	801,895,073	1,582,019,679
Borrowings	3	534,013,018	645,839,709	with Banks	9	352,350,000	150,100,000
Deposit	4	18,619,375,077	21,007,379,489	Money at call and			
Accounts	5	55,576,127	46,727,205	Short Notice	10	9,157,106,656	10,175,435,017
Bills Payable	6	605,354,764	592,144,522	Investments	11	8,913,723,565	10,001,848,185
Other Liabilities				Loan, Advances and			
				Bills Purchase	12	318,843,964	229,871,112
				Fixed Assets	13	665,737,871	818,759,818
				Other Assets			
Total Liabilities		20,672,433,854	23,355,223,128	Total Assets		20,672,433,854	23,355,223,128

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Schedules 1 to 14 form integral part of the Balance Sheet

Sd. Raju Nepal Manager-Accounts	Sd. Sushiel Joshi Dy. General Manager	Sd. Ashoke S. Rana Senior General Manager	Directors 1. Sd. Prem Prakash Khetan 2. Sd. Prachanda Bahadur Shrestha 3. Sd. Dr. Ramesh Kumar Bhattarai 4. Sd. Bijay Bahadur Shrestha	Sd. Manoj Bahadur Shrestha Second Vice Chairman	Sd. Himalaya SJB Rana Chairman	As per our report of even date attached Sd. P.L. Shrestha, FCA P.L. Shrestha & Co. Chartered Accountants Date: Jan. 22, 2004
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PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 17 JULY 2002 TO 16 JULY 2003

Expense	Schedule	Previous Year Rs.	This Year Rs.	Income	Schedule	Previous Year Rs.	This Year Rs.
Interest Expenses	15	578,133,464	554,128,247	Interest	18	1,148,998,491	1,201,233,722
Employees Expenses	16	101,537,710	120,146,464	Income	19	101,704,124	102,560,741
Office Overhead Expenses	17	155,786,297	177,132,463	Commission	20	104,601,011	109,599,294
Exchange Loss	20	-	-	and Discount	21	2,450,921	10,759,557
Non-Operating Expenses	21	-	-	Exchange	22	32,037,501	30,153,519
Bad Debts Written off		-	-	Gain		-	-
Provision for loan Loss		166,505,530	-	Non-			
Provision for Staff Bonus		38,782,905	202,872,613	Operating			
Provision for Income Tax		114,022,632	40,002,705	Income			
Net Profit Carried Down		235,023,510	147,895,856	Other Income			
Total		1,389,792,048	212,128,485	Net Loss			
			1,454,306,833	Carried Down			
				Total		1,389,792,048	1,454,306,833

Schedules 15 to 22 form integral part of the Profit and Loss Account

Sd. Raju Nepal Manager-Accounts	Sd. Sushiel Joshi Dy. General Manager	Sd. Ashoke S. Rana Senior General Manager	Directors 1. Sd. Prem Prakash Khetan 2. Sd. Prachanda Bahadur Shrestha 3. Sd. Dr. Ramesh Kumar Bhattarai 4. Sd. Bijay Bahadur Shrestha	Sd. Manoj Bahadur Shrestha Second Vice Chairman	Sd. Himalaya SJB Rana Chairman	As per our report of even date attached Sd. P.L. Shrestha, FCA P.L. Shrestha & Co. Chartered Accountants Date: Jan. 22, 2004
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PROFIT AND LOSS APPROPRIATION ACCOUNT

FISCAL YEAR 2002/03 (F.Y. 2059-2060)

Particulars	Previous Year Rs.	This Year Rs.	Particulars	Previous Year Rs.	This Year Rs.
Accumulated loss upto last year	-	-	Accumulated Profit upto Last Year	68,912,074	119,530,369
This year's Loss	47,004,702	42,425,697	Add: Interest Spread		120,300,369
General Reserve Fund	-	-	Reserve Fund	235,023,510	212,128,485
Contingent Reserve	-	-		-	-
Bank Development Fund	-	-	This Year's Profit		
Dividend Equalization Fund	-	-	Accumulated Loss		
Employees Related Fund	97,500,000	5,644,737			
Interim and Proposed Dividend	39,000,000	107,250,000			
Issue of Bonus Share	900,514	1,719,773			
Special Reserve Fund		1,466,414			
Exchange Fluctuation Reserve	119,530,368 303,935,584	122,493,662 332,428,854	Total	303,935,584	332,428,854
Prior Period Tax					
Accumulated Profit Total					

Sd. Raju Nepal Manager-Accounts	Sd. Sushiel Joshi Dy. General Manager	Sd. Ashoke S. Rana Senior General Manager	Directors 1. Sd. Prem Prakash Khetan 2. Sd. Prachanda Bahadur Shrestha 3. Sd. Dr. Ramesh Kumar Bhattarai 4. Sd. Bijay Bahadur Shrestha	Sd. Manoj Bahadur Shrestha Second Vice Chairman	Sd. Himalaya SJB Rana Chairman	As per our report of even date attached Sd. P.L. Shrestha, FCA P.L. Shrestha & Co. Chartered Accountants Date: Jan. 22, 2004
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Schedule 1 : Share Capital and Ownership

Particulars	Previous Year Rs.	This Year Rs.
1. Share Capital		
1.1 Authorized Capital	1,000,000,000	1,000,000,000
a. 10,000,000 Ordinary Shares of Rs. 100 each.	1,000,000,000	1,000,000,000
b. Non-redeemable shares of Rs. each		-
c. Redeemable shares of Rs. each		-
1.2 Issued Capital	650,000,000	650,000,000
a. 6,500,000 Ordinary Shares of Rs. 100 each	650,000,000	650,000,000
b. Non-redeemable shares of Rs. each		-
c. Redeemable shares of Rs. each		-
1.3 Paid up Capital	390,000,000	429,000,000
a. 4,290,000 Ordinary Shares of Rs. 100 each (Last year 3,900,000 ordinary shares of 100 each)	390,000,000	-
b. Non-redeemable shares of Rs. each		-
c. Redeemable shares of Rs. each		

Share Ownership

Particulars	%	Previous Year Rs.	This Year Rs.
1. Local Ownership	80.00	312,000,000	343,200,000
1.1 His Majesty's Government	-	-	-
1.2 Commercial Banks	-	-	-
1.3 Financial Institutions	15.41	59,886,500	66,108,900
1.4 Organized Institutions	50.93	198,651,300	218,489,700
1.5 General Public	13.56	52,955,200	58,172,400
1.6 Others	0.10	507,000	429,000
2. Foreign Ownership	20.00	78,000,000	85,800,000
Total	100.00	390,000,000	429,000,000

4,290,000 Ordinary Shares of Rs. 100 each fully paid up, which includes:

Year Particulars

F.Y. 1994-95	Rs. 60,000,000 capitalized
F.Y. 1997-98	Issued 720,000 Bonus Shares of Rs. 100 each fully paid up
F.Y. 1998-99	Issued 480,000 Bonus Shares of Rs. 100 each fully paid up
F.Y. 1999-00	Issued 600,000 Bonus Shares of Rs. 100 each fully paid up
F.Y. 2000-01	Issued 900,000 Bonus Shares of Rs. 100 each fully paid up
F.Y. 2001-02	Issued 390,000 Bonus Shares of Rs. 100 each fully paid up

Schedule 2 : Reserve and Funds

Particulars	Previous Year Rs.	Rs.	This Year	
1. General Reserve Fund	286,752,570			329,178,267
2. Capital Reserve Fund	-			-
3. Share Premium	-			-
4. Other Reserve Fund	61,831,930			182,460,274
a. Contingent Reserve	-		-	
b. Bank Development Fund	-		-	
c. Dividend Equalization Fund	22,061,930		23,781,703	
d. Exchange Fluctuation Reserve	-		51,428,571	
e. Special Reserve Fund (HBL Bond 2066)	770,000	-	107,250,000	
f. Proposed Bonus Share	119,530,368			122,493,662
g. Other Free Reserves (Interest Spread Reserve Fund)	468,114,868			634,132,203
5. Accumulated Profit/Loss				
Total				

Schedule 3 : Borrowings

Particulars	Previous Year Rs.		This Year Rs.
A. Local			
1. His Majesty's Government			-
1.1 Earthquake affected sector reconstruction			-
2. Nepal Rastra Bank			43,666,950
2.1 Loan		-	
2.2 Refinance		43,666,950	
3. Inter Bank			172,797,251
3.1 Borrowings		135,090,000	
3.2 Loan		37,707,251	
3.3 Agency Account Overdrawn		-	
4. Other Financial Institutions			-
5. Other (8.5% HBL BOND 2066)			360,000,000
Total (1+2+3+4+5)			576,464,201
B. Foreign			69,375,508
1. Banks			-
1.1 Overdraft			-
1.2 Agency Account Overdrawn		69,375,508	
Total			69,375,508
Total (A+B)	645,839,709		

Schedule 4 : Statement of Deposits

Particulars	Previous Year Rs.		This Year Rs.
1. Non-Interest Bearing Accounts			
A. Current Deposits	2,634,369,951		3,503,143,919
1. Local Currency	1,724,182,004	2,111,447,359	
1.1 His Majesty's Government	152,535,492	446,805,185	
1.2 Commercial Banks	14,873,335	10,456,777	
1.3 Financial Institutions	118,721,104	390,787,662	
1.4 Other Organized Institutions	1,179,621,642	1,120,184,921	
1.5 Individuals	157,077,386	58,046,239	
1.6 Others	101,353,045	85,166,575	
2. Foreign Currency	910,187,947	1,391,696,560	
2.1 His Majesty's Government	-	821,972,227	
2.2 Commercial Banks	136,113,388	456	
2.3 Financial Institutions	21,348,841	477,634	
2.4 Other Organized Institutions	702,197,591	498,252,067	
2.5 Individuals	19,931,155	9,568,518	
2.6 Others	30,596,972	61,425,658	
B. Margin Deposit	434,752,898		
1. Employees Guarantee	-	91,551,745	386,830,523
2. Guarantee Margin	135,547,311	295,278,778	
3. Letters of Credit Margin	299,205,587		
C. Others	21,862,404		
1. Local Currency	-		
1.1 Financial Institutions	-		
1.2 Other Organized Institutions	-		
1.3 Individual	-		
2. Foreign Currency	21,862,404		
2.1 Financial Institutions	5,702,325		
2.2 Other Organized Institutions	16,160,079		
2.3 Individual	-		
Total of Non-Interest Bearing Accounts	3,090,985,253		3,889,974,442

Previous Year Rs.	Particulars	This Year Rs.
2.	Interest Bearing Accounts	
A.	Saving Deposits	10,870,542,377
1.	Local Currency	9,708,766,376
1.1	Organized Institutions	822,101,069
1.2	Individuals	8,710,613,990
1.3	Others	176,051,317
2.	Foreign Currency	1,161,776,001
2.1	Organized Institutions	93,751,865
2.2	Individuals	1,013,228,818
2.3	Others	54,795,318
B.	Fixed Deposits	3,205,372,779
1.	Local Currency	1,916,234,237
1.1	Organized Institutions	708,735,094
1.2	Individuals	1,171,524,322
1.3	Others	35,974,821
2.	Foreign Currency	1,289,138,542
2.1	Organized Institutions	1,168,221,518
2.2	Individuals	117,743,309
2.3	Others	3,173,715
C.	Call Deposits	3,041,489,891
1.	Local Currency	345,260,799
1.1	Organized Institutions	332,020,698
1.2	Individuals	9,146,101
1.3	Others	4,094,000
2.	Foreign Currency	2,696,229,092
2.1	Organized Institutions	2,682,630,933
2.2	Individuals	13,598,159
2.3	Others	-
D.	Certificate of Deposit	-
	Total of Interest Bearing Accounts	17,117,405,047
	Total Deposit	21,007,379,489

Schedule 5 : Bills Payable

Particulars	Previous Year Rs.	This Year Rs.
1. Local Currency	43,524,481	46,221,388
2. Foreign Currency	12,051,646	505,817
Total	55,576,127	46,727,205

Schedule 6 : Other Liabilities

Particulars	Previous Year Rs.	This Year Rs.
Gratuity Fund (Provision)	21,071,655	32,156,443
Employees Provident Fund	-	-
Employees Welfare Fund	-	-
Provision for Staff Bonus	38,782,905	40,002,705
Unpaid Dividend	6,439,179	7,863,992
Provision for Income Tax (less advance tax paid)	-	-
	9,910,923	6,969,989
Interest Payable on Deposit	912,202	16,941,905
Interest Payable on Borrowings	-	-
Unearned Discount and Commission	97,500,000	5,644,737
Proposed Dividend	249,586,857	322,671,871
Interest Suspense	6,087,709	7,678,700
Sundry Creditors	43,202,728	43,239,079
Branch Adjustment Account	131,860,606	108,975,101
Others	605,354,764	592,144,522
Total		

Schedule 7 : Cash Balance

Particulars	Previous Year Rs.	This Year Rs.
Local Currency (Including coins)	426,412,692	315,807,099
Foreign Currency	36,364,033	81,382,218
Total	462,776,725	397,189,317

Schedule 8 : Balance with Banks

Particulars	Previous Year Rs.	This Year Rs.
1. Nepal Rastra Bank	695,378,654	1,153,139,483
a. Current Account	695,378,654	1,153,139,483
b. Other Account	-	-
2. Other Local Banks	37,545,578	41,522,411
a. Current Account	37,545,578	41,522,411
b. Other Account	-	-
3. Foreign Banks	68,970,841	387,357,785
a. Current Account	68,970,841	387,357,785
b. Other Account	-	-
Total	801,895,073	1,582,019,679

Schedule 9 : Money At Call and Short Notice

Particulars	Previous Year Rs.	This Year Rs.
1. Local Currency	-	-
2. Foreign Currency	352,350,000	150,100,000
Total	352,350,000	150,100,000

Schedule 10 : Investments

Particulars	Previous Year Rs.	Purpose		This Year Rs.
		Trading	Other	
1. HMG Securities	2,588,562,224	-	-	3,347,102,490
a. Treasury Bills	2,588,562,224	-	3,334,766,550	
b. Development Bonds	-	-	-	
c. National Saving Bonds	-	-	-	
d. HMG Special Bonds	-	-	12,335,940	
2. Foreign Govt. Securities		-	-	
3. Nepal Rastra Bank Bonds	459,193,135	-	651,768,000	651,768,000
4. Shares, Debentures and Bonds	34,265,797	-	34,265,797	34,265,797
	6,075,085,500	-	-	6,142,298,730
5. Other Investments	21,625,000	-	-	
a. Certificate of Deposits	-	-	-	
b. Mutual Fund	-	-	120,000,000	
c. Local Banks	6,053,460,500	-	6,001,298,730	
d. Foreign Banks		-	21,000,000	
e. Others	9,157,106,656	-	10,175,435,017	10,175,435,017
Total Investment	-	-	-	
Provision	9,157,106,656	-	10,175,435,017	10,175,435,017
Net Investment				

Schedule 10 (A) : Investments in Shares, Debentures and Bonds

Previous Year Rs.	Particulars	This Year Rs.
1. Investment in Shares	22,356,000	22,356,000
1.1 Himalayan Distillery Ltd. 223,560 Shares @ Rs. 100	5,195,000	5,195,000
1.2 Rural Microfinance Dev. Centre 51,950 Shares @ Rs. 100	3,000,000	3,000,000
1.3 Western Rural Development Bank 30,000 Shares @ Rs. 100	1,200,000	1,200,000
1.4 Nirdhan Utthan Bank Ltd. 12,000 Shares @ Rs. 100	1,200,000	1,200,000
1.4 Neighbourhood Society Service 12,000 Shares @ Rs. 100	1,200,000	1,200,000
1.6 Centre For Self Help Dev. 12,000 Shares @ Rs. 100	114,797	114,797
1.7 Swift SC 1 Share @ BEF 61,000	-	-
2. Investment in Debentures and Bonds	34,265,797	-
Total Investment	-	34,265,797
3. Provision for Loss	-	-
3.1 Upto previous year	-	-
3.2 Addition this year	-	-
Total Provision	-	-

SCHEDULE 11 : Classification of Loans, Advances and Bills Purchased and Provisioning

Particulars	Previous Year Rs.	Priority			Foreign	Total	Priority Foreign		For-	Total Rs.	This Year
		Insured	Uninsured	Other			In-sured	Uninsured			
1. Performing Loan	8,759,527,970	123,816,499	360,576,785	8,963,136,274	9,447,529,558		304,229,943	304,229,943		9,751,759,501	
Pass Loan	8,401,096,542	123,816,499	360,576,785	8,777,822,504	9,262,215,788		304,229,943	304,229,943		9,566,445,731	
Restructured	358,431,428	-	-	185,313,770	185,313,770		-	-		185,313,770	
2. Non-Performing Loan	797,610,034	39,947,965		1,049,221,371	1,089,169,336		3,670,151	3,670,151		1,092,839,487	
2.1 Sub-Standard	246,746,162	6,743,434		217,574,624	224,318,058					224,318,058	
2.2 Doubtful	140,455,627	10,814,595		364,203,269	375,017,864					375,017,864	
2.3 Loss	410,408,245	22,389,936		467,443,478	489,833,414		3,670,151	3,670,151		493,503,565	
(A) Total Loan	9,557,138,004	163,764,464	360,576,785	10,012,357,645	10,536,698,894		307,900,094	307,900,094		10,844,598,988	
3. Loan Loss Provision											
3.1 Pass	83,123,176	309,541	3,605,768	89,059,202	92,974,511		3,042,299	3,042,299		96,016,810	
3.2 Restructured	44,803,929	-	-	23,164,221	23,164,221		-	-		23,164,221	
3.3 Sub-Standard	59,933,183	421,465	-	62,207,426	62,628,890		-	-		62,628,890	
3.4 Doubtful	67,729,448	1,351,824	-	182,877,944	184,229,769		-	-		184,229,769	
3.5 Loss	387,824,703	5,597,484	-	467,443,478	473,040,962		3,670,151	3,670,151		476,711,113	
(B) Total Provision	643,414,439	7,680,314	3,605,768	824,752,271	836,038,353		6,712,450	6,712,450		842,750,803	
4. Provision upto previous year		-	-	-	-		-	-		-	
4.1 Pass		-	-	-	-		-	-		83,123,176	
4.2 Restructured		-	-	-	-		-	-		44,803,929	
4.3 Sub-Standard		-	-	-	-		-	-		59,933,183	
4.4 Doubtful		-	-	-	-		-	-		67,729,448	
4.5 Loss		-	-	-	-		-	-		387,824,703	
(C) Total Previous year provision	477,681,111									643,414,439	
(D) Addition this year	166,505,530									202,872,613	
Net Loan (A-B)	8,913,723,565	156,084,150	356,971,017	9,187,605,374	9,700,660,541		301,187,644	301,187,644		10,001,848,185	

Schedule 12 : Fixed Assets

Particulars	Previous Year Rs.	Building	Vehicles	Assets			This Year Rs.
				Machinery	Office Equipment	Others (Land)	
1. At Cost	277,767,342	31,957,413					
(a) Previous year balance	143,923,775	484,961	50,181,438	93,368,172	76,575,752	163,967,484	416,050,259
(b) Addition this year	(5,640,859)	(8,158,296)	-	-	-	-	-
(c) Revaluation	416,050,258	24,284,078	-	-	-	-	-
(d) This year sold	78,836,878	3,597,613	24,284,078	97,984,493	84,968,473	76,259,715	346,077,857
(e) This year written off	23,738,142	1,237,196	3,597,613	46,550,778	32,349,078	-	99,265,123
Total Cost (a+b+c+d+e)	99,264,826	4,299,421	(535,388)	(110,489)	(513,727)	-	(3,865,259)
2. Depreciation	316,785,432	19,984,657	4,299,421	55,898,357	38,223,082	-	118,678,686
(a) Upto previous year	2,058,532	2,471,941	19,984,657	42,086,136	46,745,391	76,259,715	227,399,171
(b) For this year	318,843,964	22,456,598	-	-	-	-	-
(c) Depreciation on sale of Assets	-	-	2,471,941	-	-	-	2,471,941
Total Depreciation	318,843,964	22,456,598	2,471,941	42,086,136	46,745,391	76,259,715	229,871,112
3. Book Value (WDV) (1-2)							
4. Capital Construction (Pending Capitalization)							
5. Leasehold Assets							
Total (3+4+5)							

Schedule 12 (A) : Securities Against Loans, Advances and Bills Purchased

Particulars	Previous Year Rs.	This Year Rs.	
(A) Secured	9,557,138,003		10,844,598,989
1. Collateral of Movable / Immovable Assets	8,124,981,003		9,473,278,734
2. Guarantee of Local Banks and Financial Institutions	15,249,000		69,857,000
3. HMG Guarantee	-		-
4. Guarantee of Foreign Banks	26,431,000		16,460,000
5. Export Documents	139,277,000		108,600,000
6. Fixed Deposit Receipts	525,163,000		212,999,620
(a) Own FDR	-	212,616,675	
(b) FDR of other Banks	-	382,945	
7. Government Bonds	235,323,000		299,275,000
8. Counter Guarantee	-		-
9. Personal Guarantee	14,432,000		50,339,847
10. Other Securities	476,282,000		613,788,788
(B) Unsecured	-		-
Total	9,557,138,003		10,844,598,989

Schedule 13 : Other Assets

Particulars	Previous Year Rs.	This Year Rs.	
1. Stock of Stationery	6,372,270		5,933,549
2. Income Receivable on Investments	54,993,975		48,071,237
3. Accrued Interest on Loan	330,384,478		418,462,401
4. Commission Receivable	-		-
5. Sundry Debtors	2,411,069		10,396,597
6. Staff Loan and Advances	27,044,432		30,391,867
7. Prepayments	10,134,923		12,114,685
8. Cash in Transit	-		-
9. Other Transit Items (Including Cheques)	-		-
10. Drafts paid without notice	-		-
11. Expenses not written off	37,723,759		30,881,796
12. Non-Banking Assets	41,191,655		36,456,595
13. Branch Adjustment Account	-		-
14. Others	155,481,310	75,881,824	226,051,091
a. Advance Income Tax deposited	79,796,657	150,169,267	
b. Others	75,684,653		
Total	665,737,871		818,759,818

Schedule 13 (A) : Other Assets (Additional Statement)

Particulars	Previous Year Rs.	Upto 1 year	This Year (Rs.)		Total
			1 to 3 Year	Above 3 Years	
Accrued Interest on Loan	330,384,478	240,448,972	86,257,986	91,755,443	418,462,401
Drafts Paid without notice	-	-	-	-	-
Branch Adjustment A/c	-	-	-	-	-

Schedule 14 : Contingent Liabilities

Particulars	Previous Year Rs.	This Year Rs.	
1. Claims on Bank not acknowledged as liabilities by the Bank	37,437,770		-
2. Letters of Credit (full amount)	2,445,699,428		2,008,618,405
a. Less than 6 months maturity	-	2,004,614,655	
b. More than 6 months maturity	-	4,003,750	
3. Rediscounted Bills	-		-
4. Unmatured Guarantees / Bonds	1,174,026,628		2,006,486,686
a. Bid Bonds	-	301,449,597	
b. Performance Bonds	-	1,705,037,089	
5. Unpaid amount on Share Investments	-		-
6. Forward Exchange Contract Liabilities	224,348,635		19,994,587
7. Bills under Collection	81,420,336		85,757,348
8. Acceptance & Endorsements	-		518,109,529
9. Underwriting Commitment	-		-
10. Irrevocable Loan Commitments	-		-
11. Counter Guarantee of Internationally Rated Banks	1,179,345,640		595,416,509
12. Advance Payment Guarantee	218,244,369		234,037,211
13. Financial Guarantee	414,852		40,000,000
14. Contingent Liabilities on Income Tax	20,975,483		20,975,483
15. Others	3,140,765		-
Total	5,385,053,906		5,529,395,758

Schedule 15 : Interest Expenses

Particulars	Previous Year Rs.	This Year Rs.	
A. On Deposit Liabilities			
1. Fixed Deposits	220,119,110		176,057,060
1.1 Local Currency	117,161,876	109,254,947	
1.2 Foreign Currency	102,957,234	66,802,113	
2. Saving Deposits	308,210,899		289,783,760
2.1 Local Currency	298,305,159	283,646,016	
2.2 Foreign Currency	9,905,740	6,137,744	
3. Call Deposits	43,312,914		52,146,244
1.1 Local Currency	29,600,994	36,582,522	
1.2 Foreign Currency	13,711,920	15,563,722	
4. Certificate of Deposits	-		-
B. On Borrowings	5,358,882		4,820,861
1. Overdrafts	-	-	
2. Loan from Nepal Rastra Bank	254,202	-	
3. Inter Bank Borrowing	5,104,680	4,820,861	
4. Other Loan and Refinances		-	
C. Others	1,131,659		31,320,323
1. HBL Bond	1,131,659	30,919,870	
2. Credit Card Deposit		400,453	554,128,248
Total	578,133,464	-	

Schedule 16 : Expenses Relating to Employees

Particulars	Previous Year Rs.	This Year Rs.
1. Salary	45,697,479	52,455,619
2. Allowances	34,530,757	40,089,485
3. Contribution to Provident Fund	4,150,229	4,334,121
4. Training Expenses	2,305,176	2,652,248
5. Uniform	1,316,545	1,464,899
6. Medical	-	-
7. Insurance	3,403,223	3,719,574
8. Provision for Gratuity	8,224,935	12,578,368
9. Others	1,909,366	2,852,150
Total	101,537,710	120,146,464

Schedule 17 : Office Overhead Expenses

Particulars	Previous Year Rs.		This Year Rs.
1. House Rent	20,190,037		21,252,283
2. Electricity and Water	7,268,833		7,080,340
3. Repair and Maintenance	-		8,895,256
a. Building	2,650,259	1,914,650	
b. Vehicles	646,636	543,782	
c. Others	5,638,290	6,436,824	
4. Insurance	6,874,923		6,627,078
5. Postage, Telex, Telephone, Fax	11,420,611		11,599,970
6. Repair of Office Equipments & Furniture	397,067		501,636
7. Travelling Allowances and Expenses	2,828,787		6,920,338
8. Stationery and Printing	8,137,468		8,835,269
9. Books and Periodicals	338,373		435,863
10. Advertisements	10,471,172		9,660,169
11. Legal Expenses	968,438		110,203
12. Donations	63,750		40,070
13. Expenses Relating to Board of Directors	-		881,490
a. Meeting Fees	269,200	262,400	
b. Other Expenses	637,004	619,090	
14. Annual General Meeting Expenses	966,418		1,295,766
15. Expenses Relating to Audit			218,536
a. Audit Fees	115,000	115,000	
b. Other Expenses	20,000	103,536	
16. Commission on Remittances	-		-
17. Depreciation on Fixed Assets	23,738,142		23,278,821
18. Amortization of Preliminary Expenses	-		-
19. Share Issue Expenses	-		-
20. Technical Services Fee	9,140,477		3,582,940
21. Entertainment	1,834,827		1,993,536
22. Written off Expenses	-		-
23. Security Expenses	2,861,809		2,961,137
24. Credit Guarantee Premium	2,149,405		1,931,745
25. Commission and Discount	3,963,652		15,433,216
26. Others	-		43,596,801
A. Registration Fee and Charges	10,467,059	18,130,703	
B. Amortization	11,669,599	10,382,879	
C. Others	10,059,061	15,083,219	
Total	155,786,297		177,132,463

Schedule 18 : Interest Income

Particulars	Previous Year Rs.		This Year Rs.	
A. On Loan, Advances and Overdraft	853,429,380			903,838,860
1. Loan and Advances	634,678,468		674,783,063	
2. Overdraft	218,750,912		229,055,797	
B. On Investment				121,543,735
1. HMG Securities	79,894,549			
a. Treasury Bills	79,894,549	121,543,735		
b. Development Bonds	-	-		
c. National Saving Certificate	-	-		
2. Foreign Securities	-	-		
3. Nepal Rastra Bank Bonds	-	-		
4. Debenture and Bonds		-		
a. Financial Institutions		-		
b. Other Organizations	19,829		-	
C. On Agency Balance	19,829		-	
1. Local Banks	-			
2. Foreign Banks	22,706,749		2,622,656	4,618,868
D. On Money at Call and Short Notice	19,703,548		1,996,212	
1. Local Banks	3,003,201			
2. Foreign Banks	192,947,984		-	171,232,259
E. On Others	1,461,393		335,000	
1. Certificate of Deposits	-			
2. Inter-Bank Loan	191,486,591	170,897,259		
3. Others	1,148,998,491			
Total				1,201,233,722

Schedule 19 : Commission and Discount

Particulars		Previous Year Rs.	This Year Rs.	
A.	Bills Purchase and Discount	25,190,737		19,283,904
	1. Local	-		-
	2. Foreign	-		-
B.	Commission	60,326,039		68,661,213
	1. Letters of Credit	23,533,030	27,909,253	
	2. Guarantees	19,008,623	19,174,284	
	3. Collection Fees	2,774,679	2,833,022	
	4. Remittance Fees	8,300,936	12,552,137	
	5. Credit Cards	6,496,126	5,913,345	
	6. Share Underwriting/Issues	38,475	-	
	7. Government Transactions	174,170	279,172	
	8. Agency Commission	-	-	
	9. Exchange Fees	-	-	
C.	Others	16,187,348		14,615,624
	Total	101,704,124		102,560,741

Schedule 20 : Exchange Gain / Loss

Particulars	Previous Year Rs.	This Year Rs.
(A) Revaluation Gain	3,602,054	6,879,092
(B) Trading Gain (except Exchange Fees)	100,998,957	102,720,202
Total Income (Loss)	104,601,011	109,599,294

Schedule 21 : Non-Operating Income/Loss

Previous Year Rs.	Particulars	This Year Rs.
-	1. Profit (Loss) on Sale on Investment	
1,098,140	2. Profit (Loss) on Sale of Assets	9,288,482
-	3. Dividend	-
	a. Commercial Banks	-
	b. Grameen Banks	-
	c. Financial Institutions	-
	d. Other Organized Institutions	-
	1. Subsidiary Companies	-
	2. Others	-
-	4. Subsidies received from Nepal Rastra Bank	-
	a. Reimbursement of losses of specified branches	-
	b. Interest Subsidy	-
	c. Exchange Counter	-
2,450,921	5. Others	1,471,075
1,352,781	Total Non-Operating Income (Loss)	10,759,557

Schedule 22 : Other Income

Particulars	Previous Year Rs.	This Year Rs.
1. Rental on Safe Deposit Lockers	3,764,870	3,726,400
2. Issue and Renewals of Credit Cards	3,071,645	3,997,599
3. Issue and Renewals of ATM Cards	297,900	314,900
4. Telex / T.T.	15,593,513	15,424,244
5. Service Charges	-	-
6. Renewal Fees	-	-
7. Loss Provision Written Back	-	-
8. Others	9,309,573	6,690,376
Total	32,037,501	30,153,519

Schedule 23 : Statement of Loans and Advances Extended to Directors/Chief Executive/Promoters/Employees and Shareholders Holding more than 1% Shares

Name of Promoter/ Director/CEO	Outstanding upto Last Year		Recovered in Current Year		Additional Lending in this Current Year	Outstanding upto This Year	
	Principal	Interest	Principal	Interest		Principal	Interest
A. Director							
B. Chief Executive							
C. Promoter	36,854,844		9,548,701	2,274,945		27,306,143	
Sykar Company Pvt. Ltd.	36,854,844		9,548,701	2,274,945		27,306,143	
D. Employees							
E. Shareholders holding more than 1% Shares							
Total	3,68,54,844		9,548,701	2,274,945		27,306,143	

Schedule 24: Capital Adequacy

Particulars	Previous Year Rs.	This Year Rs.
A. Core Capital	834,552,938	1,038,620,500
1 Paid Up Capital	390,000,000	429,000,000
2 Share Premium	–	–
3 Non-Redeemable Preference Share	–	–
4 General Reserve Fund	286,752,570	329,178,267
5 Cumulative Profit/Loss (Upto previous year)	68,912,074	119,530,369
6 Current Year Profit/Loss as per Balance Sheet	89,618,294	110,213,293
7 Bond Redemption Reserve (HBL Bond 2066)		51,428,571
8 Excess Investment in Shares	(730,000)	(730,000)
B. Supplementary Capital	638,421,665	565,591,625
1. Loan Loss Provision	255,589,735	181,809,922
2. Exchange Equalization Reserve	22,061,930	23,781,703
3. Assets Revaluation Reserve	–	–
4. Hybrid Capital Instruments	–	–
5. Unsecured Subordinated Term Debt	360,000,000	360,000,000
6. Interest Spread Reserve Fund	770,000	–
7. Other Free Reserves	–	–
C. Total Capital Fund (A+B)	1,472,974,603	1,604,212,125
D. Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets	11.56	10.93
Capital Fund	6.55	7.07
Core Capital	2.56	0.93
Capital Fund Excess / Short	2.05	2.07
Core Capital Excess / Short		

Schedule 24 : Table of Risk Weighted Assets Statement

On-Balance-sheet Assets	Weightage	Previous Year Rs.		This Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0%	462,776,725	-	397,189,317	-
Gold (Tradable)	0%	-	-	-	-
Balance with Nepal Rastra Bank	0%	695,378,654	-	1,153,139,483	-
Investment in Govt. Securities	0%	2,588,562,224	-	3,347,102,490	-
Investment in NRB Bonds	0%	459,193,135	-	651,768,000	-
Fully Secured Loan against Own Fixed Deposit	0%	525,163,000	-	212,616,675	-
Receipt	0%	235,323,000	-	299,275,000	-
Fully Secured Loan against Govt. Securities	20%	59,170,578	11,834,116	41,522,411	8,304,482
	20%	-	-	382,946	76,589
Balance with Domestic Banks and Financial Institutions	20%	68,970,841	13,794,168	387,357,785	77,471,557
Fully Secured FDR Loan against FDR of Other Banks	20%	352,350,000	70,470,000	150,100,000	30,020,000
Balance with Foreign Banks	20%	26,431,000	5,286,200	16,460,000	3,292,000
Money at Call	20%	6,053,460,500	1,210,692,100	6,001,298,730	1,200,259,747
Loan against the Guarantee of Internationally Rated Banks	100%	34,265,797	34,265,797	34,265,797	34,265,797
Other Investments in Internationally Rated Banks	100%	-	-	141,000,000	141,000,000
Investment in Shares, Debentures and Bonds	100%	8,770,221,003	8,770,221,003	10,315,864,368	10,315,864,368
Other Investments	100%	318,843,964	318,843,964	229,871,112	229,871,112
Loans, Advances and Bills Purchased / Discounted	100%	665,737,871	665,737,871	818,759,818	818,759,818
Fixed Assets	100%	21,315,848,292	11,101,145,219	24,197,973,932	12,859,185,470
All other assets	0%	81,420,336	-	85,757,348	-
Total (A)	10%	224,348,635	22,434,863	19,994,587	1,999,459
Off - Balance Sheet Items	20%	2,344,503,105	468,900,621	2,004,614,655	400,922,931
Bills Collection	20%	1,179,345,640	235,869,128	595,416,509	119,083,302
Forward Foreign Exchange Contract	50%	101,196,323	50,598,162	4,003,750	2,001,875
Letters of Credit with maturity of less than 6 months	50%	199,056,539	99,528,269	301,449,597	150,724,798
Guarantees provided against Counter Guarantee of Internationally Rated Foreign Banks	50%	974,970,089	487,485,045	1,705,037,089	852,518,544
Letter of Credit with more than 6 months	100%	218,244,369	218,244,369	234,037,211	234,037,211
Bid Bond	100%	414,852	414,852	40,000,000	40,000,000
Performance Bond	100%	-	-	-	-
Advance Payment Guarantee	100%	20,975,483	20,975,483	20,975,483	20,975,483
Financial Guarantee	100%	40,578,535	40,578,535	-	-
Other Guarantee		5,385,053,906	1,645,029,327	5,011,286,229	1,822,263,603
Irrevocable Loan Commitment		26,700,902,198	12,746,174,546	29,209,260,161	14,681,449,073
Contingent Liabilities in respect of Income Tax					
All other Contingent Liabilities					
Total (B)					
Total Risk Weighted Assets (A+B)					

Schedule 25 : Key Indicators of Last Five Years

Particulars	Unit	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.
		1998/99 2055/2056	1999/00 2056/2057	2000/01 2057/2058	2001/02 2058/20 59	2059/2060
1. Net Profit / Total Income	Percent	32.98	30.77	33.39	28.96	27.51
Percent	Rs.	86.07	83.08	93.57	60.26	49.45
2 Per Share Income	Rs.	1000.00	1700.00	1500.00	1000.00	836
3 Per Share Market Value	Ratio	11.62	20.46	16.03	16.59	16.91
4 Price Earning Ratio	Percent	75.00	75.00	57.50	35.00	26.32
5 Dividend in Share Capital	Percent	50.00	50.00	27.50	25.00	1.32
(Including Bonus)	Percent	16.43	14.31	14.71	12.89	11.08
6 Cash Dividend in Share	Percent	0.41	0.42	0.46	0.48	0.39
Capital	Percent	5.50	4.24	4.19	3.11	2.64
7 Interest Income/Loan and	Percent	19.47	19.90	19.30	12.89	7.54
Advances	Percent	37.10	36.79	38.60	27.63	24.98
8 Staff Expenses / Total	Percent	3.15	2.76	3.11	2.64	2.12
Operating Expenses	Ratio	1.47	1.26	1.44	1.14	0.91
9 Interest Expenses in Total	Percent	53.68	51.45	51.42	47.89	47.61
Deposit	Percen	31.35	29.70	26.43	21.31	23.19
10 FX Fluctuation Gain/Total						
Income	Percent	5.06	4.44	4.67	6.55	7.07
11 Staff Bonus / Total Staff	Percent	3.36	3.59	3.34	5.01	3.85
Expenses	Percent	8.42	8.03	8.01	11.56	10.93
12 Net Profit / Loan and	Percent	-	10.47	11.77	11.69	8.30
Advances	Percent	-	-	-	12.10	10.08
13 Net Profit / Total Assets	Percent	4.15	3.87	4.05	3.53	3.33

14 Total Loan / Deposits	Rs.	362.03	362.70	399.42	393.34	444.26
15 Total Operating Expenses /	Number	1,920,000	2,400,000	3,000,000	3,900,00	4,290,000
Total Income	Number	290	311	359	0	385
16 Capital Adequacy Ratio:					357	
a. Core Capital						
b. Supplementary Capital						
c. Total Capital Fund						
17. Liquidity (CRR)						
18. Non-performing Loan/Total Loan						
19 Weighted Average Interest Rate Spread						
20. Book Networth						
21. Total Share						
22. Total Staff						

Schedule 26 : Cash Flow Statement

Particulars	Previous Year Rs.	This Year Rs.
A. Cash Flow from Operations	589,742,318	636,561,358
1 Cash Receipt	1,389,792,048	1,454,306,833
1.1 Interest Income	1,148,998,491	1,201,233,722
1.2 Commission and Discount	101,704,124	102,560,741
1.4 Exchange Income	104,601,011	109,599,294
1.5 Non - Operating Income	2,450,921	10,759,557
1.6 Other Income	32,037,501	30,153,519
2. Cash Payment	800,049,730	817,745,475
2.1 Interest Expenses	578,133,464	554,128,248
2.2 Staff Expenses	101,537,710	120,146,464
2.3 Operating Expenses	120,378,556	143,470,763
2.4 Exchange Fluctuation Loss	-	-
2.5 Non Operating Expenses	-	-
2.6 Other Expenses	-	-
B. Cash Flow from Investing Activities	1,524,219,516	3,134,273,263
1. Increase/(Decrease) in Bank Balances	(483,321,115)	780,124,606
2. Increase/(Decrease) in Money at Call	(3,705,304,500)	(202,250,000)
3. Increase/(Decrease) in Investments	5,073,946,670	1,018,328,361
4. Increase/(Decrease) in Loan and Advances and	376,057,481	1,088,124,619
BP	140,903,170	(65,694,032)
5. Increase/(Decrease) in Fixed Assets	121,937,810	515,639,709
6. Increase/(Decrease) in Other Assets	1,247,295,312	2,432,124,497

C. Cash Flow From Financing Activities	454,485,573	111,826,692
1. Increase/(Decrease) in Borrowing	982,528,261	2,388,004,411
2. Increase/(Decrease) in Deposits	29,657,398	(8,848,922)
3. Increase/(Decrease) in Bills Payable	(219,375,920)	(58,857,684)
4. Increase/(Decrease) in Other Liabilities	312,818,114	(65,587,408)
D. Net Cash Flow for the Year	149,958,611	462,776,725
E. Opening Cash Balance	462,776,725	397,189,317
F. Closing Cash Balance		